2019

ANNUAL REPORT

Hiddn Solutions ASA

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REPORT FROM THE BOARD OF DIRECTORS

Hiddn Solutions ASA main operational unit, Hiddn Security AS, filed for bankruptcy in May 2019. The strategy for Hiddn Solutions ASA going forward is to focus on opportunities that may result in a business combination in which the Group can capitalise on its broad shareholder base, strong cash position and listing on the Oslo Stock Exchange. In December 2019, the Group attracted a new major shareholder, Tycoon Industries AS that provided the Company with working capital to pursue its strategy, as well as maintaining its remaining business activities carried out by Finn Clausen Sikkerhetssystemer AS

2019 financial review

The operations from Hiddn Security AS, that filed for bankruptcy in May 2019, is in the Profit and Loss statement shown as discontinued operations on a separate line.

Major cost adjustments were introduced after the bankruptcy of Hiddn Security, and the company has only three full time employees, all working in Finn Clausen Sikkerhetssystemer AS. The parent company Hiddn Solutions ASA has part-time CEO and CFO, both through management for hire agreements.

Revenue for the Group decreased by 39 per cent to MNOK 8.5 (14.0).

Loss from operations increased by 113 per cent to MNOK 31.4 (14.8). The increase was affected by the impairment of goodwill and intangible assets related to the acquisition of Finn Clausen Sikkerhetssystemer AS in 2017, and severance packages and settlements with former employees and consultants.

Total Assets for the Group per 31 December 2019 were MNOK 6.1, and the equity was negative with MNOK 2.0.

Cash flow from operations were minus MNOK 20.1 (38.8)

Events after the balance sheet date

To improve the financial situation and strengthen the equity, a private placement of MNOK 8.5 towards Tycoon Industries AS was conducted on 19 December 2019. This share capital was not registered until 17 January 2020.

An additional private placement was announced on 20 January 2020, with commitments for a fully subscribed private placement of 41,666,666 new shares with gross proceeds of approximately MNOK 50. This was followed by a guaranteed subsequent offering of 25,000,000 new shares, raising an additional MNOK 30.

Reporting Segments

After the bankruptcy of Hiddn Security AS, the only reporting segment left is Finn Clausen Sikkerhetssystemer AS. This segment imports and sells archives, storage and security cabinets for filing of paper documents.

Due to the size of this segment it has not previously been divided into subsegments.

Employees and organization

The Group has three full time employees (one woman). Hiddn Solutions ASA has engaged CEO and CFO through part-time management for hire agreements. Hiddn aims to be a workplace with a good working environment. The Group has taken measures aimed at promoting employee professional development, preventing sick leave and improving the overall working environment. All employees in the subsidiaries have standardised employment contracts. Total sick leave in the company were estimated at three per cent. The group aims to be an inclusive workplace with full equality between women and men, based on qualifications, without regard to age, religion or origin. The Groups Board of Directors comprises of 33 per cent women. 1 of the 3 employees in the Group are women. The Group has not put in place any special measures to promote the inclusion of groups underrepresented in the labour market. Qualifications will be decisive in the hiring of future employees.

Risk

The group does not have any significant trade receivables or other significant receivables with any credit risk and does not hold any financial instruments in the balance sheet or any such instruments outside the balance sheet. The group is exposed to foreign exchange risk in its ordinary business activities, which can impact profit margins. The group does not use financial instruments to hedge this risk.

Due to the limited operations in the Group we do not expect any significant operational effects from the Corona virus. It is too early to say how this will affect our strategic work focusing on new opportunities that may result in a business combination.

In the opinion of the Board, the income statement, balance sheet and notes presented are a true and fair view of the company's position and loss from activities in 2019. The Board of Directors are not aware of any other matters relevant for assessing the company besides what is stated in the annual report.

Going Concern

The Group is not profitable, and the equity was lost as per 31.12.2019. Measures were taken to strengthen the equity, through a share issue announced on the 19.12.2019. Several operational changes were implemented to reduce operational costs significantly. The least profitable segment, Hiddn Security AS, was declared bankrupt, and cost cuts were introduced for the remaining business segment, Finn Clausen Sikkerhetssystemer AS. The holding company, Hiddn Solutions ASA, has been scaled down to a minimum level while the process of searching for new opportunities are ongoing.

With the proceeds from the share issue announced in December 2019, Hiddn has sufficient funds to cover operating losses, meet financial obligations and financing the ongoing operations for at least 12 months. An additional private placement was announced on 20 January 2020, with commitments for a fully subscribed private placement of approximately MNOK 50. This was followed by a guaranteed subsequent offering raising an additional MNOK 30.

Based on Hiddn's long-term strategy, forecasts and the share issues disclosed above, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist. The financial statements have been prepared based on a going concern basis.

Ownership and corporate governance

Hiddn's policy on corporate governance is presented at the end of the group's annual report and on the website. The policy contains information pursuant to Section 3-3b of the Accounting Act and seek to comply with the Norwegian code of Practice for Corporate Governance, dated 17 October 2018. Considering the size and maturity of the company there may be deviations from the code, in these cases, the company will explain the deviations. Please see Corporate Governance section of this annual report for further information. The Group's strategy, organisation and capital structure were the main focus of Board meetings after the bankruptcy of Hiddn Security in 2019.

The Board does not have subcommittees, and the entire board acts as an audit committee and remuneration committee that reviewed quarterly and annual financial statements, as well as the group's main risk categories. The committee also assessed its internal controls, including internal controls related to financial reporting, as well as the quality of risk management systems and audit work.

Shareholder relations

The company has one class of shares. The shares are listed on the Oslo Stock Exchange main list and may be traded without restrictions. The company had 3 210 shareholders at the end of 2019. The issued share capital of the company at the end of 2019 amounted to MNOK 16.1 consisting of 16 077 403 ordinary shares each with a nominal value of NOK 1.0. The company raised MNOK 30.3 in gross proceeds in 3 shares issues. A reverse share-split of 1:20 was made to increase the nominal value to NOK 1.0. No options were outstanding at the end of 2019.

Corporate Social Responsibility

The company's guidelines for social responsibilities, are in accordance with the Norwegian Accounting Act §3-3c. The Group's operations shall always be in accordance with applicable environmental legislation. The company does not own or operate manufacturing facilities. For further information, please see separate section for Corporate Social Responsibility Report of this annual report.

Parent company – Hiddn Solutions ASA

Hiddn Solutions ASA is the holding company for the Group. The company is listed on the Oslo Stock Exchange under the ticker "HIDDN". The parent company does not have any employees but have a part-time CEO and CFO as management for hire.

Hiddn Solutions ASA's profit for the year was MNOK -130.6 compared to MNOK -82.4 in 2018. Net financial result for the year was MNOK - 13.6 in 2019 (-69.4).

Proposal for allocation of loss for the year

The Board of Directors will propose to the general meeting the following allocation of profit for the year in the parent company Hiddn Solutions ASA for 2019:

Profit for the year: MNOK -130.6
Transferred to other equity: MNOK -130.6

Oslo, 26 March 2020

Sign.	Sign.	Sign.
Yvonne Litsheim Sandvold	Martin Nes	Øystein Stray Spetalen
Board member	chairman	Board member
		Sign.
		Jørgen Waaler
		CEO

FINANCIAL STATEMENTS GROUP 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in NOK thousands	NOTE	2019	2018
Revenues	3	8 563	14 015
Other income		97	-
Total revenue and other income		**8 660**	**14 015**
Cost of materials and services		(5 542)	(8 139)
Payroll expenses	5,6	(7 091)	(8 696)
Depreciation & amortization	11,12	(520)	(639)
Impairment of goodwill and intangible assets	11	(11 217)	-
Other operating expenses	7	(15 009)	(10 928)
Operating loss		**(30 719)**	**(14 387)**
Interest income	8	16	8
Other financial income	8	7	14
Interest expense	8	(367)	(155)
Other financial expenses	8	(377)	(251)
Net financial items		**(721)**	**(384)**
Loss from continuing operations		**(31 440)**	**(14 771)**
Income tax	9	-	-
Profit for the year from continuing operations		**(31 440)**	**(14 771)**
Discontinued operations:			
Result from discontinued operations	4	(1 946)	(27 526)
Loss for the period		**(33 386)**	**(42 297)**
Profit/(loss) attributable to:			
Equity holders of parent company		(33 386)	(42 297)
Non-controlling interest		-	-
Basic and diluted earnings per share		(4,17)	(9,74)
Basic and diluted earnings per share continued operations		(3,93)	(3,40)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousands	NOTE	2019	2018
Total comprehensive income for the period		**(33 386)**	**(42 297)**

CONSOLIDATED BALANCE SHEET

Amounts in NOK thousands	NOTES	2019	2018
ASSETS			
Non-current assets			
Property, plant, and equipment	12,22	200	153
Goodwill	11,12	-	7 771
Other intangible assets	11,12	-	3 738
Total non-current assets		**200**	**11 662**
Current assets			
Inventory	13,22	1 453	5 618
Accounts receivable	20,22	1 042	4 983
Other receivables	14	61	1 901
Cash and short-term deposits	15,22	3 358	1 310
Total current assets		**5 914**	**13 812**
TOTAL ASSETS		**6 114**	**25 474**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	16 077	31 192
Additional paid-in capital		210 027	199 016
Other paid-in-capital		14 345	15 240
Accumulated losses		(242 476)	(242 610)
Total equity		**(2 027)**	**2 838**
Current liabilities			
Current portion of long-term debt	17	77	7 056
Overdraft facilities	15,22	-	2 644
Trade payables	22	2 922	5 620
Social security payable, etc.		772	1 140
Other short-term debt	18,22	4 370	6 176
Total current liabilities		**8 141**	**22 636**
Total liabilities		**8 141**	**22 636**
TOTAL EQUITY AND LIABILITIES		**6 114**	**25 474**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK thousands	2019	2018
Cash flow from operating activities:		
Loss before income tax from continuing operations	(31 440)	(14 771)
Loss before income tax from discontinued operations	(1 946)	(27 526)
Depreciation & amortization	520	712
Impairment of goodwill and other intangible assets	11 217	-
Non-cash amortization of interest	49	229
Gain on sale of property, plant and equipment	(97)	-
Gain on discontinued operations	(4 735)	-
Net effect discontinued operations	3 231	-
Share-based expenses	(895)	1 997
Inventory	(3 969)	1 233
Accounts receivable	3 831	(1 698)
Other receivables	983	5 007
Trade payables	1 414	(3 681)
Social security payable, etc.	(113)	47
Other short-term debt	1 870	(344)
Other items	21	-
Net cash used in operating activities	**(20 059)**	**(38 795)**
Cash flow from investing activities:		
Write-off in intangible assets	(3 617)	-
Investments in tangible assets	(200)	-
Proceeds from sale of property, plant and equipment	130	
Net cash from investing activities	**(3 687)**	**-**
Cash flow from financing activities:		
Share issuance	30 327	30 000
Transaction cost related to share issue	(911)	(3 401)
Proceeds from short-term loans	-	10 000
Repayment of short-term loans	-	(10 000)
Repayment of current debt	(881)	(1 143)
Repayment of lease liabilities	(97)	-
Net cash from financing activities	**28 438**	**25 456**
Net change in cash and cash equivalents	4 692	(13 339)
Cash, cash equivalents and overdraft at beginning of period	(1 334)	12 005
Cash, cash equivalents and overdraft-end of period	**3 358**	**(1 334)**
Cash and cash equivalents	3 358	1 310
Overdraft	-	(2 644)
Net cash at end of period	**3 358**	**(1 334)**

All cash flow items from financing activities corresponds to changes balance items

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousands	Share capital	Share premium	Other paid-in capital	Accumulated losses	Total equity
Equity 1 January 2018	**25 364**	**178 245**	**13 243**	**(200 313)**	**16 539**
Loss for period	-	-	-	(42 297)	**(42 297)**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	(42 297)	**(42 297)**
Share-based compensation	-	-	1 997	-	**1 997**
Issue of shares	5 828	24 172	-	-	**30 000**
Transaction costs	-	(3 401)	-	-	**(3 401)**
Equity 31 December 2018	**31 192**	**199 016**	**15 240**	**(242 610)**	**2 838**
Equity 1 January 2019	**31 192**	**199 016**	**15 240**	**(242 610)**	**2 838**
Loss for period	-	-	-	(33 386)	(33 386)
Other comprehensive income	**-**	**-**	**-**	**-**	-
Total comprehensive income				**(33 386)**	**(33 386)**
Share-based compensation	-	-	(895)	-	(895)
Shares issue	8 107	11 922	-	-	20 029
Reduction of share capital	(33 520)			33 520	-
Share issue	10 298				10 298
Transaction costs		(911)	-	-	(911)
Equity 31 December 2019	**16 077**	**210 027**	**14 345**	**(242 476)**	**(2 027)**

Oslo, 26 March 2020

Sign.	Sign.	Sign.
Yvonne Litsheim Sandvold Board member	Martin Nes chairman	Øystein Stray Spetalen Board member

Sign.
Jørgen Waaler
CEO

BOARD OF DIRECTORS OF HIDDN SOLUTIONS ASA

Yvonne Listheim Sandvold
Board member

Ms Sandvold is the founder and CEO of YLS Næringseiendom and the marketing manager of Frognerbygg AS. She has extensive experience from the Norwegian real estate industry. Ms Sandvold currently serves on the Board of several public and private companies.
Ms Sandvold holds a cand. Psychol. degree from the University of Oslo. She is a Norwegian citizen and resides in Norway. Ms. Sandvold has served the Board in Hiddn Solutions since February 2020.

Øystein Stray Spetalen
Board member

Mr. Spetalen is Chairman and owner of investment firm Ferncliff TIH AS. He is an independent investor. He has worked in the Kistefos Group as an investment manager, as corporate advisor in different investment banks and as a portfolio manager in Gjensidige Forsikring.
Mr. Spetalen is a chartered petroleum's engineer from NTNU. Mr. Spetalen is a Norwegian citizen and resides in Norway.
Mr. Spetalen has served the Board in Hiddn Solutions ASA since February 2020.

Martin Nes
Chairman

Martin Nes has been CEO in Ferncliff since 2010. He holds a law degree from the University of Oslo, and also holds a Master of Laws degree from University of Southampton, England. Prior to joining Ferncliff, he spent several years with the Norwegian law firm Wikborg Rein, working in both the Oslo and London offices, and with the shipping law firm Evensen & Co. Mr Nes has extensive corporate experience and is/has been chairman and/or a member of the boards of several listed companies, including SD Standard Drilling Plc, Aqualis ASA, Nickel Mountain Group AB, Saga Tankers ASA, NEL ASA and Weifa ASA. He is a Norwegian citizen and resides in Norway. Mr. Nes has served the Board in Hiddn Solutions

NOTES TO FINANCIAL STATEMENTS - GROUP

NOTE 1 Information about the group

Hiddn Solutions ASA (the "Company") is a public limited company situated in Oslo, Norway. It is listed on Oslo Stock Exchange under the ticker HIDDN. The Company's operating activities are reported through the remaining subsidiary Finn Clausen Sikkerhetssystemer AS, referred to as ("Hiddn" or the "Group"). The Company is headquartered in Cort Adelersgate 17, 0254 Oslo. The Board of Directors approved the report on 26 March 2020.

The Group is supplying secure cabinets and physical filing systems through Finn Clausen Sikkerhetssystemer AS ("FCS"). As of 31 December 2019, the Group had 3 full time employees, and a part-time Group CEO.

NOTE 2 Significant accounting policies

BASIS OF PREPARATION
The financial statements for 2019 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with current IFRS standards. The financial statements have been prepared on a historical cost basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. Acquisition-related costs are expensed as incurred and are included in other operating expenses.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Foreign currency – Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at the NOK spot rate at the date the transaction first qualifies for recognition. The functional currency of each company in the Group is NOK. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as finance income or finance expense in the income statement.

Current vs non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue

The Group is in the business of providing archive, storage and security products for paper documents. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from sale of the Group's products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer

The Group provides warranty for general repairs for one year on all its products sold, in line with industry practice. The warranty is based on back-to-back agreements with our suppliers. The warranty costs are accrued in accordance with IAS 37 Provisions, contingent liabilities and contingent assets

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Separately acquired intangible assets are recognized at fair value at the time of acquisition.

Property, plant and equipment

The Group's property, plant and equipment, currently consisting of computers and equipment, are recorded at cost less accumulated depreciation. Acquisition costs include costs directly attributable to the acquisition of the asset. Depreciation is calculated on a straight-line basis over the useful life of the asset (land is not depreciated):

- Machinery and equipment: 3-5 years

Residual value and useful lives are reviewed annually.

Impairment of non-financial assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventory

Inventories are stated at the lower of cost, using the first in, first-out method ("FIFO"), and net realizable value. Net realizable value is estimated sales price reduced by sales costs. The Group use contract manufacturers to produce its components.

Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The Group recognizes an allowance for expected credit losses (ECLs) for receivables measured at amortized costs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and other short-term highly liquid investments with original maturities of three months or less.

Interest-bearing debt

Interest-bearing debt is recognized initially at fair value less direct transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost with any difference between cost and redemption being recognized in the statement of income over the period of the borrowings on an effective interest basis.

Convertible debt

Convertible debt is separated into liability and equity components based on the terms of the contract. On issuance of the convertible debt, the fair value of the liability component is determined using a market rate for an equivalent nonconvertible bond. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Income taxes

Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Group has a history of operating losses and is currently not able to demonstrate that it is probable that future tax profits will be available against which tax loss carry forwards can be utilized.

Share-based compensation

The Group used share-based equity settled options as part of the compensation for senior management. There are no longer any valid options. The fair value of the services received was historically recognized as an expense in the financial statements over the period the options vest. Share-based compensation to employees was measured by reference to the fair value of equity instruments issued. Fair value of warrants is estimated using the Black Scholes model.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Use of estimates and assumptions in preparing the financial statements

Goodwill and other intangible assets

The Group tests goodwill for impairment on an annual basis. Recoverable amount is estimated using value-in-use which involves estimating future cash flows and appropriate discount rates. See note 11 for further disclosure regarding the impairment test of goodwill. There is no goodwill as per 31 December 2019.

Share-based payment
The measurement of share-based compensation using the Black Scholes model involves determining appropriate inputs into the model including volatility, expected life, etc. See note 6 regarding the input used in measuring fair value of options granted.

Going concern assumption
The Group completed three rights (share) issues in 2019 raising net proceeds of MNOK 30.3. In addition, the Group had commitment for an additional share issue that was completed in 2020. The proceeds are sufficient to fund operating losses and meet financial obligations for a period of at least 12 months. See note 23. Events after the Balance Sheet Date.

Income taxes
The Group has incurred significant tax loss carry forwards but has not recognized a deferred tax asset related to these tax losses beyond offsetting deferred tax liabilities. The Group has a history of operating losses and is unable to demonstrate that it is probable that it will generate sufficient income to utilize the tax loss carry forwards. See note 9 Income taxes.

New accounting standards

Standards implemented in 2019:

IFRS 16 leases was issued in January 2016 and applies to annual periods beginning after 1 January 2019. IFRS 16 specifies how to recognize, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. See note 22.

Standards and interpretations not yet implemented:

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Amendments to IFRS 3 Definition of a Business
The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments must be applied to transactions for which the acquisition date is on or after the first the beginning of the first annual reporting period beginning on or after 1 January 2020. Early application is permitted. The Group does not intend to early adopt the amendments. It is expected that the amendments may have the

Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform
The amendments provide companies with temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period. The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. The Group does not intend to early adopt the amendments. The amendments may be applicable for 2020.

The changes may affect Hiddn in case of a transaction in 2020.

Note 3 Segment information

SEGMENT
After the bankruptcy of Hiddn Security AS, the only remaining segment is Archive, storage and security products. This is currently not divided into subsegments, but we have done so in this report.

2019:

Amounts in NOK thousands	Direct Sales	Distributors	Group/Elim	Consolidated
Operating revenues	3 214	5 349	-	8 563
Segment result (operating income/(loss)	(432)	(1 377)	(28 910)	(30 719)

2018:

Amounts in NOK thousands	Direct Sales	Distributors	Group/Elim	Consolidated
Operating revenues	4 134	9 881	-	14 015
Segment result (operating income/(loss)	588	(817)	(14 158)	(14 387)

The following table reconciles the results from the reporting segments to consolidated results before tax:

Amounts in NOK thousand	2019	2018
Segment result from reportable segments	(1 809)	(229)
Non-allocated corporate costs	(17 106)	(13 697)
Elimination of intercompany sales	(93)	-
Amortization of allocated fair values in business combination	(11 711)	(460)
Net Finance	(721)	(384)
Loss before tax	**(31 440)**	**(14 771)**

Geographical location of revenues:

	2019			2018		
Amounts in NOK thousands	Direct Sales	Distributors	Total	Direct Sales	Distributors	Total
Norway	3 214	5 349	8 563	4 134	9 881	14 015
Total	**3 214**	**5 349**	**8 563**	**4 134**	9 881	**14 015**

All the Group's non-current operating assets are located in Norway.

	2019			2018		
Amounts in NOK thousands	Direct Sales	Distributors	Total	Direct Sales	Distributors	Total
Inventory	545	908	1 453	1 657	3 961	5 618
Accounts receivable	391	651	1 042	1 470	3 513	4 983
Other receivables	23	38	61	561	1 340	1 901

Note 4 Discontinued operations

On 21 May 2019, Hiddn Security AS declared bankruptcy. Hiddn Security AS was the Group's main operating segment, focusing on encryption. The table below shows the components of the results from discontinued operations:

(Amounts in NOK thousands)	**1.1-21.5.2019**	**2018**
Revenue	961	8 449
Expenses	(7 275)	(34 949)
Operating loss	(6 314)	(26 500)
Net finance items	(367)	(1 026)
Net gain on abandonment	4 735	-
Total result from discontinued operations before tax	(1 946)	27 526
Tax	-	-
Total result from discontinued operations after tax	**(1 946)**	**27 526**

Note 5 Employee compensation

(Amounts in NOK thousands)	**2019**	**2018**
Wages and salaries	5 118	5 856
Social security costs	900	1 014
Pension costs defined contribution plan	52	229
Board members, other governing bodies	875	771
Share-based payment	(51)	711
Other salary costs	197	115
Total	**7 091**	**8 696**
Average number of full-time employees	3	18
Per income statement	7 091	8 696

2019

The Group insourced CFO services through SLM Partners AS ("SLM"). SLM charged MNOK 3.2 for CFO services in 2019, including a settlement regarding the termination of the contract. For more information about charge from SLM – see Note 21 – Largest shareholders, shares controlled by management and related party information.

2018

The Group insourced CFO services through SLM Partners AS ("SLM"). SLM charged NOK 2.4 million for CFO services in 2018. For more information about charge from SLM – see Note 21 – Largest shareholders, shares controlled by management and related party information.

The Board of Directors will submit the following declaration in accordance with the Norwegian Public Limited Companies Act §6-16a for the General Meeting's approval:

Declaration of determination of salaries and other remuneration to the CEO and other Executive Management Hiddn Solutions ASA's main principle for management remuneration is that the compensation should be competitive, and market aligned when the combined salaries, fringe benefits and bonus are evaluated. Salaries and other remuneration to executives will take place in accordance with the above principle.

CEO and CFO are the only Executive Management, both are part-time on management for hire contracts. There are therefore no pension plans, bonus schemes, fringe benefits nor share programs for the executive management. CFO started in 2020. Both CFO and CEO have a 30 days' notice period.

Salaries to key management

2019

Amount in NOK thousands	Salary	Board fee	Other compensation	Pension cost	Share based comp.	Hired Managment services	Total
Carl Espen Wolleekk, CEO until July 15, 2019	2 719	-	196	32 -	51	-	2 896
Jørgen Waaler, CEO, management for hire, from July 30, 2019	-	-	-	-	-	175	175
Hege Anfindsen, management for hire, from SLM Partners AS	-	-	-	-	-	3 220	3 220
Øystein Tvenge, Chairman of the Board	-	*	-	-	-	-	-
Jan Christian Opsahl, board member	-	*	-	-	-	-	-
Siw Ødegaard, board member until OGF June 28, 2019	-	250	-	-	-	-	250
Jeanette Dyhre Kvisvik, board member from OGF 2019	-	188	-	-	-	-	188
Svein Willassen, board member until OGF 2019	-	188	-	-	-	-	188
Total	2 719	625	196	32 -	51	3 395	6 916

** Has renounced their renumerations*

2018

(Amounts in NOK thousands)	Salary	Board and election committee	Other compensation	Pension costs	Share based comp.	Hired Managment services	Total
Carl Espen Wolleekk, CEO	2 989	-	54	68	661		3 772
Hege Anfindsen, management for hire, from SLM Partners AS						2 400	2 400
Øystein Tvenge, Chairman of the Board	-	500	-	-	-		500
Jan Christian Opsahl, board member	-	250	-	-	-		250
Siw Ødegaard, board member	-	69	-	-	14		83
Jeanette Dyhre Kvisvik, board member	-	125	-	-	17		142
Svein Willassen, board member	-	125	-	-	17		142
Henning Astrup	-	3	-	-	-		3
Line Bakkevig	-	10	-	-	-		10
Ove Steinar Larsen, former election comm.	-	7	-	-	-		7
Cecilie Grue, former Board member	-	176	-	-	-		176
Truls Foss, former election committee	-	7	-	-	-		7
Total	2 989	1 272	54	68	709	2 400	7 492

Note 6 Share-based payment

In May 2018, the Shareholder meeting in Hiddn Solutions authorized issuance of up to 9,174,227 options to employees and others providing similar services.

The three remaining employees and the current members of the board has no options, and all options has been cancelled.

The following table illustrates the number and weighted average exercise prices of, and movements in share options during the year:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options*	Weighted average exercise price*
Outstanding 1 January	230 500	40.00	222 000	40.00
Granted during the year	-	-	25 500	40.00
Cancelled during the year	(124 000)	40.00	(12 500)	40.00
Exercised during the year	-	-	-	40.00
Expired during the year	(106 500)	40.00	(4 500)	40.00
Outstanding 31 December	**-**	**40.00**	**230 500**	**40.00**
Exercisable 31 December	**-**	**40.00**	**77 000**	**40.00**

The weighted-average assumptions used to estimate fair value under the Black Scholes model were as follows:

Weighted-average assumptions	2019	2018
Volatility	50 %	50 %
Expected life	-	3.00
Risk free interest	0.73 %	0.92 %
Share price	1.81	1.81
Exercise price	40.00*	40.00*

** adjusted for share merger 1:20 decided on annual general meeting in 2019*

Volatility was estimated based on historical volatility.

Note 7 Other operating expenses

(Amounts in NOK thousands)	2019	2018
Consultants, etc	1 403	2 153
Legal costs	4 073	426
R&D related costs	3	-
Management-for-hire	1 643	2 018
Computer and software costs	397	684
Leasing	1 391	2 040
Audit and accounting fees	1 635	1 119
Stock fees/Listing of shares	871	621
Settlement dispute	1 848	-
Other	1 744	1 867
Total	**15 008**	**10 928**

The following table shows audit fees for

Amounts in NOK thousands)	2019	2018
Statutory audit	275	600
Tax services	122	40
Other (advisory, due diligence, share issues, etc.)	370	128
Total	**767**	**768**

Note 8 Finance income and finance expense

(Amounts in NOK thousands)	2019	2018
Interest income on bank deposits	16	8
Foreign exchange gains	2	13
Other finance income	5	1
Finance income	**23**	**22**
Interest costs	(367)	(155)
Foreign exchange losses	(13)	(36)
Other finance costs	(364)	(215)
Finance costs	**(744)**	**(406)**
Net financial items	**(721)**	**(384)**

Note 9 Income taxes

The Group has incurred significant losses and has an accumulated tax loss carry forward of MNOK 73.1. Under Norwegian tax law, the tax loss carry forward do not expire.

The income tax expense for the period:

(Amounts in NOK thousands)	2019	2018
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	-	-

Tax effects of temporary differences and tax loss carry forwards at 31 December:

Amounts in thousands	2019	2018
Receivables*	26	11
Intangible assets	-	(823)
Provisions for obsolete goods	(542)	21
Property, plant, & equipment	(111)	110
Interest-bearing loans	-	(58)
Tax loss carry forwards	73 692	72 027
Total deferred taxes	**73 065**	**71 288**
Applicable nominal rate	22 %	22 %

** In 2019 the loss on receivables comes from the bankruptcy of Hiddn Security AS.*

Recognised on statement of financial position:

Amounts in thousands	2019	2018
Deferred tax asset	-	-
Deferred tax liability	-	-

As a result of significant operating losses in the previous years, the Group is unable to demonstrate that it is probable that there will be sufficient future taxable income to utilize the deferred tax assets. Net deferred tax assets have therefore not been recognized.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

Amounts in thousands	2019	2018
Loss before tax	(31 440)	(42 297)
Nominal tax rate	22 %	23 %
Expected tax	6 917	9 728
Non-deductible costs	(2 183)	(17)
Amortization of interest	-	(31)
Non-deductible share compensation costs	(215)	(459)
Non-deductible acquisition cost	(1 485)	-
Non-taxable interest	-	2
Effect of change in tax rate	-	(3 240)
Tax rate change on non-recognized tax assets	-	3 240
Non-recognized tax assets on current year result	(3 034)	(9 223)
Tax (expense)/income	-	-

Note 10 Earnings per share

(Amounts in NOK thousands and number of shares in thousands)	2019	2018
Earnings		
Attributable to ordinary shareholders	(33 386)	(42 297)
Number of shares		
Weighted average number of ordinary shares outstanding *	7 997 238	4 340 538
Earnings per share attributable to ordinary shareholders		
(amounts in NOK)		
Basic and diluted earnings per share	(4.17)	(9.74)

** Adjusted for the reverse share split*

Note 11 Goodwill and intangible assets

(Amounts in NOK thousands)	**Goodwill**	**Other intangible assets**
2018		
Acquisition costs per 01.01.	7 771	4 692
Additions		
Acquisition costs per 31.12.	**7 771**	**4 692**
Accumulated depreciations per 01.01.	-	367
Depreciation for period	-	587
Impairment for the period	-	-
Accumulated depreciations and impairments per 31.12.	-	954
Book value per 31.12.	**7 771**	**3 738**
2019		
Additions	**-**	-
Acquisition costs per 31.12.	**7 771**	**4 692**
Accumulated depreciation per 01.01.	-	954
Depreciation for period	-	292
Impairment for the period	7 771	3 446
Accumulated depreciations and impairments per 31.12.	7 771	4 692
Book value per 31.12.	**-**	**-**

GOODWILL IMPAIRMENT TESTING
The goodwill arose from the acquisition of Finn Clausen Sikkerhetssystemer AS in 2017.

The Group performed its second goodwill impairment test in June 2019. The recoverable amount was determined based on a value-in-use calculation based on cash flow projections from financial budgets approved by senior management covering 2019 and then conservative growth factors for revenue and costs. Based on this it was decided to write down the Goodwill.

There has been taken measures to reduce costs in Finn Clausen, but it is not certain that this is sufficient to make it profitable.

Note 12 Property, plant & equipment

(Amounts in NOK thousands)	Machinery & equipment	Cars	Total
2018			
Acquisition costs per 01.01.	-	111	111
Additions	-	-	-
Acquisition costs per 31.12.	**-**	**111**	**111**
Accumulated depreciations per 01.01.	-	-	-
Depreciation for period	-	52	52
Accumulated depreciations and impairments per 31.12.	**-**	**52**	**52**
Additions	-	-	-
31 December 2018	**-**	**59**	**59**
2019			
Additions	200	-	200
Sale of asset		111	111
Acquisition costs per 31.12.	**200**	**-**	**200**
Accumulated depreciations per 01.01.	-	52	52
Depreciation for period	-	26	26
Sale of asset		78	78
Accumulated depreciations and impairments per 31.12.	-	-	-
Book value per 31.12.	**200**	**-**	**200**

The Group acquired manufacturing equipment in 2019. This equipment will be used by one of our suppliers. it will be depreciated on a straight-line basis of 5 years.

Note 13 Inventory

(Amounts in thousands)	2019	2018
Finished goods inventory	1 995	5 686
Provisions for obsolete goods	542	68
Total inventory	**1 453**	**5 618**

Included in Cost of Goods Sold is a provision for obsolete goods of about NOK 542 thousand in 2019, and NOK 68 thousand in 2018.

Note 14 Other receivables

Amounts in thousands	2019	2018
VAT Receivable	-	955
Prepayments	61	362
Other financial assets	-	556
Other receivables	-	29
Total other receivables	**61**	**1 901**

Note 15 Cash & cash equivalents

(Amounts in thousands)	2019	2018
Bank deposits	3 358	1 310
Total cash and cash equivalents	**3 358**	**1 310**
Restricted cash:		
Cash held in tax withholding account	606	907

Note 16 Share capital

Number of shares outstanding in thousands	Ordinary Shares	Accumulated Ordinary Shares
Opening balance 01.01.2018	74 599	74 599
Share issue	17 143	91 742
31 December 2018	**91 742**	**91 742**
Opening balance 01.01.2019	91 742	**91 742**
Share issue registered 16.04.2018	23 845	115 587
Reverse split 1:20	(109 808)	5 779
Share issue registered 01.10.2019	8 550	14 329
Share issues registered 11.10.2019, subsequent offering	1 748	16 077
31 December 2019	**16 077**	**16 077**

The share had a reverse split 20:1. The par value was thereby increased from NOK 0.05 to NOK 1.00.

The par value was per 31. December 2019 NOK 1.0 per share. Only one share class is outstanding carrying the same rights.

Note 17 Interest-bearing debt

				Carrying amount	
Amounts in NOK thousands	Interest	Principal	Final Maturity	Pr 31.12 2019	Pr 31.12 2018
Overdraft facilities	NIBOR+3%			-	2 644
Non-secured long-term loan	NIBOR+3%	1 060	December 2020	77	1 033
Low interest loan from the Govenment	4,95 %	6 286	March 2024	-	6 023
Total loans				**77**	**9 700**
Less current portion of debt				77	9 700
Non-current liabilities				-	-

The Group is using factoring (see note 18), and the following assets are pledged as a part of the factoring agreement:

(Amounts in NOK thousands)	2019	2018
Accounts receivable	1 042	4 983
Inventory	1 453	2 335
Property, plant, and equipment		94
Total	**2 495**	**7 412**

Note 18 Other short-term debt

(Amounts in NOK thousands)	2019	2018
Accrued interest	-	134
Accrued expenses	194	879
Accrued salary	280	2 056
Board member fee payable	285	-
Factoring debt	1 345	2 072
Warranty accrual	-	96
Settlement with suppliers	1 676	
Other short-term debt	590	939
Total	**4 370**	**6 176**

Factoring debt is related to the accounts receivable factoring agreement in a subsidiary. Goods on stock of NOK 1 453 and accounts receivable of NOK 1 042 thousand were pledged as security for the debt. The outstanding debt carries an interest of 6 per cent (annual).

Note 19 Commitments

The Group has operating leases on offices, warehouses and office equipment. Future minimum rentals under non-cancellable operating leases:

(Amounts in NOK thousands)	**2019**	**2018**
Within a year	362	1 048
After 1 year but not more than 5 years	-	318
Total	**362**	**1 366**
Lease expense	1 391	2 047

Note 20 Risk management and financial instruments

Management of financial risk
The Group principal financial liabilities are trade payables, and other short-term operating payables. The main financial assets are goods on stock, trade receivables and cash. The Group did not have any derivative financial instruments in 2019 or 2018.

The Group is exposed to some types of financial risks related to its financial instruments, such as variable interest rate risk from its factory agreement on its trade receivables and purchases of goods in foreign currency. However, the risks are limited since the balances in the Statement of Financial Position are not significant enough to expose the Group to significant market risks. The Group has primarily been focused on management of capital resources and liquidity risk. The Group has incurred significant operating losses and development costs since it was founded. As a result, the Group has been dependent on continuous external equity and debt funding. Management has not been focused on developing risk policies for managing market risks due to limited exposure to such risks.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to pay financial obligations on their due date. In December 2019 the Company secured commitment from a new investor for a private placement of NOK 8.6 million. The private placement took place 17 January 2020.

On 20 January 2020, Hiddn Solutions ASA obtained commitments for a fully subscribed private placement with gross proceeds of approximately NOK 50 million. The Board of Directors proposed a subsequent offering raising an additional approximately NOK 30 million. The payment for the share issues was received on 19 March 2020, and the new shares are expected to be issued by the end of March 2020.

The Company is of the opinion that the working capital available to the Group following this is sufficient for the Group's present requirements for the period covering at least 12 months.

Market risk
Market risk consists of the risk that real value or future cash flow related to financial instruments will vary as a consequence of market prices. Market risk includes, but is not limited to, currency risk, interest rate risk and price risk from sales. The Group has limited market risk from financial instruments such as cash and cash equivalents and trade payables in foreign currency.

Credit risk
Credit risk is the risk of financial losses if a customer or counterpart of a financial instrument is unable to meet contractual obligations. The trade receivables as per 31 December 2019 and 2018 respectively represent the maximum credit exposure for the Group.

The Group has not recognized significant losses on receivables in 2019 or 2018. The Group recognized no loss in 2019 and NOK 25 thousand in 2018. The customer group includes government entities and a group of financially stable companies with recurring purchases and with established credit records. The credit risk evaluation is performed on a case-by-case basis. The receivables are considered to have a low credit risk.

Categories and fair value of financial instruments
Based on characteristics of the financial instruments recognized in the consolidated financial statements, these have been grouped in classes and categories as described below. The estimated fair value corresponds substantially carrying value.

	2019		**2018**	
(Amounts in NOK thousands)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at amortized cost:				
Accounts receivable	1 042	1 042	4 983	4 983
Other receivables	61	61	556	556
Cash and cash equivalents	3 358	3 358	1 310	1 310
Total financial assets	**4 461**	**4 461**	**6 849**	**6 849**
Financial liabilities measured at amortized cost:				
Convertible debt	-	-	1 033	1 033
Low-interest loan	-	-	6 023	6 286
Overdraft facility	-	-	5 620	5 620
Trade payables	2 922	2 922	2 644	2 644
Other current financial liabilities	3 780	3 780	5 141	5 141
Total financial liabilities	**6 702**	**6 702**	**20 461**	**20 724**

Capital management
For the purpose of the Group's capital management, capital includes issued capital, additional paid-in-capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value. The Group has a negative equity as per 31 December 2019.

In 2019, the primary source of financing to cover the Group's operating losses was equity financing. See further disclosure regarding the share issues in Note 16 and Note 23 Events after the Balance Sheet Date.

Note 21 Largest shareholders, shares controlled by management and related party

Largest shareholders per 31 December 2019

Shareholders	Number of shares	Percentage ownership	Note
Intelco Concept AS	1 794 486	11.16 %	(1)
Torstein Tvenge	1 000 001	6.22 %	
Olav Tvenge	803 869	5.00 %	
Øystein Tvenge	778 200	4.84 %	(1)
Wollebekkgruppen AS	570 505	3.55 %	
Nordnet Bank AB	409 858	2.55 %	
Holteøy AS	403 810	2.51 %	
Dallas Asset Managment AS	393 215	2.45 %	(2)
Even M. Norheim	391 648	2.44 %	
Eiliha AS	348 571	2.17 %	
Jaco Invest AS	340 377	2.12 %	
Nordnet Livsforsikring AS	301 991	1.88 %	
Tveit Invest AS	250 000	1.55 %	
Trond Bergensen	215 000	1.34 %	
Ingmar Jensen	200 001	1.24 %	
Marianne Tvenge	200 000	1.24 %	
Eirik V. Gudmundsen	153 604	0.96 %	
Chamar AS	143 303	0.89 %	
Dag-Jørgen Saltnes	140 001	0.87 %	
Pooya Poornikdast	136 175	0.85 %	
Total 20 largest shareholders	**8 974 615**	**55.82 %**	
Other shareholders	7 102 788	44.18 %	
Total number of shares outstanding	**16 077 403**	**100.00 %**	

Shares held by primary insiders

Name	Number of shares	Percent ownership	Note
Øystein Tvenge, Chairman of the Board until Feb. 2020	2 572 686	16.00 %	(1)
Jan Christian Opsahl, Board member until Feb. 2020	393 215	2.45 %	(2)
Jørgen Waaler, CEO	100 000	0.62 %	
Total	**3 065 901**	**19.07 %**	

1. Øystein Tvenge was the chairman of the board until the general assembly on 12 February 2020. He also controls 49.1 per cent of the shares in Intelco Concept AS.
2. Dallas Asset Management AS is owned by Jan Christian Opsahl who was the board member until the general assembly on 12 February 2020.

Related party information

SLM Partners AS
Øystein Tvenge, the Chairman of the Board in 2019, owned 25 per cent of SLM Partners AS (“SLM”) at 31 December 2018, as per 31 December 2019 he has no ownership in SLM Partners AS. Hege Anfindsen, the former CFO, owns an additional 25 per cent in SLM.

SLM charged the following fees:

Name	2019	2018
Hege Anfindsen, former CFO	3 220	2 400
Various personnel	49	1 528
Total	**3 269**	**3 928**

NOTE 22 Rent agreements - IFRS 16

The Group implemented IFRS 16 Leases 1 January 2019 with a modified retrospective method. Operational leasing agreements with a lifetime of more than one year and a rest value of more than KNOK 100 per 1 January 2019 is affected by IFRS 16. The effect of accounting for IFRS 16 is shown as an adjustment of the opening balance on 1 January 2019, without translating comparative figures. At the transition to IFRS 16, the Group listed MNOK 0,2 as a right of use in the balance sheet as an asset and correspondingly as a debt liability. The Group has used the actual discount rate on the leasing agreements where this is known and has used the average interest rate from financial leasing agreements per country on the agreements where we do not have an actual discount rate.

As per 1 January 2019 there is only one lease agreement that is classified according to IFRS 16.

	2019
Rent - restructuring*	(132)
Rent	(79)
EBITDA	(211)
Depreciations	201
Interest	8
Earnings before tax	(2)
Tangible assets IFRS 16 Other *	-
Leasing commitments ex. Interest	77

** The asset is not in use and has been written off as per 31.12.2019.*

Note 23 Events after the balance sheet date

On 19 December 2019, Hiddn Solutions ASA, resolved to issue 7,164,688 new shares at a subscription price of NOK 1.20 per share in a private placement towards Tycoon Industrier AS. These shares were registered on the 17 January 2020.

On 20 January 2020, Hiddn Solutions ASA obtained commitments for a fully subscribed private placement of 41,666,666 new shares through a private placement with gross proceeds of approximately NOK 50 million. The Private Placement was directed at existing shareholders, including Tycoon Industrier AS. The subscription price per Offer Share is NOK 1.20 per share. The Board of Directors proposed a subsequent offering of 25,000,000 new shares, raising an additional approximately NOK 30 million, in which shareholders of the Company as of close of trading on 17 January 2020 who were not allocated shares in the Private Placement received subscription rights. The payment for the share issues was received on 19 March 2020, and the new shares are expected to be issued by the end of March 2020.

FINANCIAL STATEMENTS HIDDN SOLUTIONS ASA 2019

STATEMENT OF PROFIT AND LOSS

Amounts in NOK thousands	NOTE	2019	2018
Other income		561	501
Total revenue and other income		**561**	**501**
Payroll expenses	2	(4 520)	(5 282)
Other operating expenses	3	(12 496)	(8 230)
Operating loss		**(16 455)**	**(13 012)**
Interest income		14	883
Other financial income		126	4
Write off shares in subsidiaries		-	(70 250)
Interest expense		(198)	-
Other financial expenses	4	(114 096)	(11)
Net financial items		**(114 154)**	**(69 374)**
Earnings before tax		**(130 609)**	**(82 386)**
Income tax	9	-	-
Profit after tax		**(130 609)**	**(82 386)**

BALANCE SHEET

Amounts in NOK thousands	NOTES	2019	2018
ASSETS			
Financial assets			
Investments in subsidiaries	5	-	74 615
Other receivables		-	536
Total non-current assets		**-**	**75 151**
Current assets			
Other receivables	9	8 634	483
Intercompany receivables	8	793	26 856
Cash and short-term deposits	11	2 969	348
Total current assets		**12 396**	**27 687**
TOTAL ASSETS		**12 396**	**102 838**
EQUITY AND LIABILITIES			
Equity			
Share capital	6,7	16 077	31 192
Share premium		211 916	200 904
Non-registered equity		8 598	-
Other equity		1 441	(2 597)
Accumulated losses		(230 604)	(128 583)
Total equity	7	**7 428**	**100 917**
Current liabilities			
Trade creditors		1 631	1 286
Public duties payable		592	234
Trade payables	22	-	5 620
Total liabilities		**4 968**	**1 921**
TOTAL EQUITY AND LIABILITIES		**12 396**	**102 838**

Oslo, 26 March 2020

Sign.	Sign.	Sign.
Yvonne Litsheim Sandvold	Martin Nes	Øystein Stray Spetalen
Board member	Chairman	Board member

Sign.
Jørgen Waaler, CEO

CASH FLOW

(Amounts in NOK thousands)	Note	2019	2018
Profit/loss before tax		(130 609)	(82 384)
Write off of shares in subsidiaries	5	75 270	70 250
Write off of intercompany loans		36 825	-
Share based compensation		266	-
Change in intercompany receivables *		(10 762)	-
Change in other receivables **		(833)	-
Changes in accounts payable		345	(1 174)
Change in other accruals		2 702	(23 886)
Net cashflow from operating activities		**(26 796)**	**(37 194)**
Payments for purchase of shares in other companies		-	(1 286)
Net Cashflow from investment activities		**-**	**(1 286)**
Proceeds from share issues	7	30 328	28 696
- Costs for share issue		(911)	-
Net Cashflow from financing activities		**29 417**	**28 696**
Net change in cash and cash equivalents		2 621	(9 885)
Cash and cash equivalents at the beginning of the period		348	10 233
Cash and cash equivalents at the end of the period		2 969	348

** Loss on loans to intercompany accounts for MNOK 36.8*

*** Non-registered equity and paid equity accounts for MNOK 8.6*

Notes

Note 1: Accounting principles

1.1 BASIS FOR PREPARATION OF THE COMPANY ACCOUNTS

The annual accounts are set up in accordance with the Accounting Act of 1998, Norwegian accounting principles (NGAAP) and generally accepted Norwegian accounting best practice (NGRS). The annual accounts consist of the income statement, balance sheet, cash flow statement and notes. The annual accounts constitute a whole.

The most important accounting principles that are used in the preparation of the annual accounts are as follows:

1.2 CURRENCY

Monetary items in foreign currencies are valued at the year-end exchange rate. Other assets and liabilities in foreign currency are valued according to general valuation regulations.

1.3 REVENUE

Revenues mainly consist of sales of services to other companies in the group. Income is entered in the accounts when it is earned. Entry of income normally occurs at the time of delivery for the sale of services. Dividends and group contributions from subsidiaries are recorded in the same year in which they are earned in the underlying companies, and when such distributions are expected to be resolved, and are included in the underlying companies' annual accounts. Interest income is entered as it is earned.

1.4 EXPENSES

Expenses are included with and expensed simultaneously with the income that the expenses are attributable to. Costs that cannot be directly attributed to income are expensed when incurred. Interest and fees are entered as these are earned as income or incurred as costs.

1.5 DEFINED CONTRIBUTION PENSION SCHEMES

Obligations for contributions to defined contribution pension schemes are entered as expenses in the income statement when incurred.

1.6 MAIN RULE FOR VALUATION AND CLASSIFICATION OF ASSETS AND LIABILITIES

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that shall be paid within a year are classed as current assets. Equivalent criteria are used as the basis for the classification of long-term and current liabilities. Fixed assets are valued at historical cost but written down to actual value when the reduction in value is not expected to be temporary. The write down is reversed when the basis for the write down no longer exists. Fixed assets with a limited economic lifetime are depreciated in accordance with a depreciation plan. Long-term loans are recorded at the nominal received value at the time of establishment. Current assets are valued at the lowest of the cost value and actual value. Long-term liabilities are recorded at the nominal received value at the time of establishment.

1.7 SHARES IN SUBSIDIARIES

In Hiddn Solutions ASA's company accounts, shares in subsidiaries are valued in accordance with the cost method. Group contributions are entered in the parent company's accounts as income in investment in subsidiaries under financial items, in the extent to which the distribution relates to the earnings accrued in the holding period. Other received group contributions are entered as a reduction of cost price of the shares. Provided group contributions net after tax are entered as increased investment in subsidiaries.

1.8 RECEIVABLES

Receivables are recorded at nominal value less provisions for expected losses. Provisions for losses are made based on an individual analysis of the individual receivables.

1.9 TAXES

Tax expenses consist of tax payable and the change in deferred tax. Deferred tax/ tax assets are calculated on all differences between accounting and tax values of assets and liabilities. Deferred tax is calculated at 22 % based on the temporary differences that exist between the accounting and tax values, and tax loss carried forward at the end of the financial year. Net deferred tax assets are recognised to the extent that it is likely that they could be utilised. Tax expenses and deferred tax are entered in the accounts directly against equity so far as the tax items relate to items recognised directly against equity.

1.10 LEASING AGREEMENTS

Leases where the most significant risks and returns associated with ownership of the asset are not acquired by the company are classified as operating lease agreements. Lease payments are classified as an operating expense and are recognised linearly over the contract period.

1.11 USE OF ESTIMATES

Management has used estimates and assumptions that affect the income statement and the valuation of assets and liabilities, as well as contingent assets and liabilities on the balance sheet date during the preparation of the annual accounts in accordance with generally accepted accounting principles.

1.12 CONTINGENCIES AND EVENTS AFTER THE BALANCE SHEET DATE

Contingent losses that are probable and quantifiable are expensed.

1.13 CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

NOTE 2: Employee compensation

(Amounts in NOK thousands)	2019	2018
Salaries	2 646	2 781
Board members and election committee fees	875	771
Pension costs, defined contribution plans	32	67
Share-based remuneration	(51)	711
Other personnel costs and accrued personnel costs	1 018	952
Total	**4 520**	**5 282**
Average FTE	-	1

Hiddn Solutions ASA has no full-time employees, only two consultants, CEO and CFO. Both engaged through part-time management for hire agreements. There are therefore no pension plans, bonus schemes, fringe benefits nor share programs for the executive management. Both CFO and CEO have a 30 days' notice period.

Pension: The company does not have any pension plan in 2019, as it has no employees. In 2018 the company had a pension plan according to Norwegian law about mandatory occupational pensions.

Benefits to employees in leading positions: The Group insourced CFO services through SLM Partners AS ("SLM"). Øystein Tvenge, who was Chairman of the Board in Hiddn Solutions ASA in 2018 and 2019, owned 25% of SLM. For more information about charge from SLM - see Note 21 - Largest shareholders, shares controlled by management and related party information in the Group financial statements.

Carl Espen Wollebekk was employed as new CEO until 15 July 2019. After the bankruptcy of Hiddn Security it was agreed that Carl Espen Wollebekk would be available to the board but be released from his duties on this day. He received salary until 31. October 2019. Hiddn Solutions ASA insourced the CEO services from Waaler AS from 1 August 2019.

In May 2018 the Shareholder meeting in Hiddn Solutions ASA authorised issuance of up to 9,174,227 options to employees and other providing similar services. The options had an exercise price of NOK 40.0 per share (adjusted for a reverse share-split, see note 16, in the Group financial statement). All options are expired.

Renumeration to management and board 2019

Amount in NOK thousands	Salary	Board fee	Other compensation	Pension cost	Share based comp.	Hired Managment services	Total
Carl Espen Wolleekk, CEO until July 15, 2019	2 719	-	196	32	- 51	-	2 896
Jørgen Waaler, CEO, managment for hire, from July 30, 2019	-	-	-	-	-	175	175
Hege Anfindsen, managment for hire, from SLM Partners AS	-	-	-	-	-	3 220	3 220
Øystein Tvenge, Chairman of the Board	-	*	-	-	-	-	-
Jan Christian Opsahl, board member	-	*	-	-	-	-	-
Siw Ødegaard, board member util OGF June 28, 2019	-	250	-	-	-	-	250
Jeanette Dyhre Kvisvik, board member from OGF 2019	-	188	-	-	-	-	188
Svein Willassen, board member until OGF 2019	-	188	-	-	-	-	188
Total	2 719	625	196	32	- 51	3 395	6 916

Renumeration to management and board 2018

(Amounts in NOK thousands)	Salary	Board and election committee	Other compensation	Pension costs	Share based comp.	Hired Managment services	Total
Carl Espen Wolleekk, CEO	2 989	-	54	68	661		3 772
Hege Anfindsen, managment for hire, from SLM Partners AS						2 400	2 400
Øystein Tvenge, Chairman of the Board	-	500	-	-	-		500
Jan Christian Opsahl, board member	-	250	-	-	-		250
Siw Ødegaard, board member	-	69	-	-	14		83
Jeanette Dyhre Kvisvik, board member	-	125	-	-	17		142
Svein Willassen, board member	-	125	-	-	17		142
Henning Astrup, election committee	-	3	-	-	-		3
Line Bakkevig, election committee	-	10	-	-	-		10
Ove Steinar Larsen, former election committee	-	7	-	-	-		7
Cecilie Grue, former Board member	-	176	-	-	-		176
Truls Foss, former election committee	-	7	-	-	-		7
Total	2 989	1 272	54	68	709	2 400	7 492

NOTE 3: Other operating expenses

(Amounts in NOK thousands)	**2019**	**2018**
Consultants, etc	1 021	1 771
Legal costs	3 880	426
R&D related costs	3	-
Management-for-hire (CFO/CEO)	2 025	2 400
Computer and software costs	256	432
Leasing	693	842
Audit and accounting fees *	924	698
Stock fees/Listing of shares	871	621
Settlement dispute	1 848	-
Other	975	1 039
Total	**12 496**	**8 230**

NOTE 4: Other financial expense

(Amounts in NOK thousands)	**2019**	**2018**
Write off shares in Hiddn Security AS	61 060	
Write off shares in Finn Clausen Sikkerhetssystemer AS	14 210	
Write off intercompany loan to Hiddn Security AS	36 825	
Other	2 002	11
Total	**114 096**	**11**

NOTE 5: Shares in subsidiaries and intercompany

(Amounts in NOK thousands)	Ownership	Book value of shares	Equity in subsidiary
Hiddn Solutions AS	100 %	0	(26)
Finn Clausen Sikkerhetssystemer AS	100 %	0	(831)
Total		**-**	**(857)**

The Group performed its second impairment test for the year in June 2019 after the bankruptcy of Hiddn Security AS. The recoverable amount was determined based on a value-in-use calculation based on cash flow projections from financial budgets approved by senior management covering 2019 and then conservative growth factors for revenue and costs. The subsidiaries have lost their equity. There has been taken measures to reduce costs in Finn Clausen, but it is not certain that this is enough to make it profitable. Hiddn Solutions AS has currently no operations.

Based on this it was decided to write down the value of the shares, see note 4.

NOTE 6: Share capital and shareholder information

The Company is listed on the Oslo Stock Exchange under the ticker HIDDN. Share capital in the company per 31 December 2019 consisted of 16 077 403 shares, each with a nominal value of NOK 1.00. Total share capital was NOK 16 077 403.

NOTE 7: Equity

Amounts in NOK thousands	Share capital	Share premium	Non-registered	Other equity	Total equity
Equity 1 January 2019	**31 192**	**200 904**	**-**	**(131 054)**	**101 043**
Share issue	18 405	11 923			**30 328**
Share issue resolved 19 December 2019*			8 598		**8 598**
Reduction of share capital	(33 520)			33 520	**-**
Other transactions				(1 806)	**(1 806)**
This year's loss	-	-		(130 735)	**(130 735)**
Equity 31 December 2019	**16 077**	**212 827**	**8 598**	**(230 074)**	**7 428**

** Resolved on the 19 December 2019, but the shares were not paid and registered until January 2020*

The Group is not profitable, and the equity was lost as per 31.12.2019. Measures were taken to strengthen the equity, through a share issue announced on the 19.12.2019. Several operational changes were implemented to reduce operational costs significantly. Hiddn Solutions ASA, has been scaled down to a minimum level while the process of searching for new opportunities are ongoing.

in thousands	Date	No. of shares	Amounts in NOK
Share issue	22.03.2019	23 845	20 030
Reduction of share capital	10.09.2019		33 520
Share issue	23.09.2019	0	0
Reverse share-split	23.09.2019	(109 808)	
Share issue	23.09.2019	6 897	6 897
Share issue - debt conversion	01.10.2019	1 653	1 653
Share issue	11.10.2019	1 748	1 748
Share issue not registered *	19.12.2019	7 165	8 598

** Resolved on the 19 December 2019, but the shares were not paid and registered until January 2020*

NOTE 8: Cash and short-term deposits

As per 31.12.2019 MNOK 0.58 of the cash and short-term deposits of MNOK 2.38 were restricted cash.

NOTE 9: Tax

Amounts in NOK thousands	**2019**	**2018**
Earnings before tax	(130 735)	(82 384)
Permanent differencees	78 729	61 104
Change in temporary differences	38 740	(14)
Taxable income	**(13 266)**	**(21 294)**
Payable tax on this year's result	**-**	**-**
Deferred tax	**-**	**-**

Deferred tax is not booked to the balance sheet. The Company is unable to demonstrate that there will be sufficient taxable income to utilize the deferred tax asset. Net deferred tax assets have therefore not been recognized.

Note 10 Events after the balance sheet date

On 19 December 2019, Hiddn Solutions ASA, resolved to issue 7,164,688 new shares at a subscription price of NOK 1.20 per share in a private placement towards Tycoon Industrier AS. These shares were registered on the 17 January 2020.

On 20 January 2020, Hiddn Solutions ASA obtained commitments for a fully subscribed private placement of 41,666,666 new shares through a private placement with gross proceeds of approximately NOK 50 million. The Private Placement was directed at existing shareholders, including Tycoon Industrier AS. The subscription price per

Offer Share is NOK 1.20 per share. The Board of Directors proposed a subsequent offering of 25,000,000 new shares, raising an additional approximately NOK 30 million, in which shareholders of the Company as of close of trading on 17 January 2020 who were not allocated shares in the Private Placement received subscription rights.

The Corona virus is not expected to affect Hiddn Solutions ASA significantly, as it already has secured its financing. It is too early to say how this will affect our strategic work focusing on new opportunities that may result in a business combination.

Based on Hiddn's long-term strategy, forecasts and the share issues disclosed above, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist. The financial statements have been prepared based on a going concern basis.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for 2019 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2019 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Hiddn Solutions ASA and the Hiddn Solutions Group for the period. We also confirm to the best of our knowledge that the board of directors' report includes a true and fair review of the development, performance and financial position of Hiddn Solutions ASA and the Hiddn Solutions Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 26 March 2020

Sign.	Sign.	Sign.
Yvonne Litsheim Sandvold	Martin Nes	Øystein Stray Spetalen
Board member	Chairman	Board member

Sign.

Jørgen Waaler, CEO

CORPORATE GOVERNANCE REPORT

This chapter describes Hiddn Solutions ASA's ("Hiddn" or "the Company") compliance with the Norwegian code of practice for corporate governance. The Company's Board of Directors embraces the principles for good corporate governance and is vigilant about the Company's adherence to these principles.

This report includes the information required to comply with §3-3b in the Norwegian Accounting Act. The Norwegian Accounting Act is available on www.lovdata.no

Corporate governance

As a security provider, understanding and adhering to rules and regulations is of the utmost importance to Hiddn. Good corporate governance benefits the Company's reputation and thus value, and vice versa.

The Company adheres to the following set of principles with regards to corporate governance:

Transparency
The communication between the Company and its stakeholders shall be based on transparency about matters that are relevant to evaluate the operations of the Company.

Independence
The Board of Directors shall act independently of the Company's executive management, to secure that decisions are made on fair and neutral grounds.

Equality
All shareholders shall be treated equally.

Control and governance
Good internal control and governance principles shall contribute to predictability and risk mitigation for owners and other stakeholders.

1. Corporate Governance at Hiddn Solutions ASA
   At all times, the Company seeks to comply with the most recent applicable legal framework for companies listed on the Norwegian stock exchange. The Company endorses the "Norwegian code of practice for Corporate Governance" ("NUES") in its most recent revision (October 2018), which is available on www.nues.no. The Company conducts annual corporate governance reviews to ensure continued compliance. Considering the size and maturity of the Company, there may be deviations from the code. Hiddn will adhere to the principle "declare or explain" regarding any non-compliance with respect to the code. The Company's policies, instructions and internal processes are continuously developed.
2. Operations and corporate social responsibility
   Hiddn is s offering secure cabinets and physical filing systems through Finn Clausen Sikkerhetssystemer AS. The Board of Directors prepares annual business plans that includes the goals, key strategies and risk profile for the Company, which shall be reviewed on an annual basis. The Company has implemented ethical and corporate social responsibility guidelines in accordance with its basic corporate values, which describes how the Company shall integrate its social considerations in its business. The guidelines are published on Hiddn's website, www.hiddnsolutions.no. A Corporate Social Responsibility Report is found in this annual report.

3. Equity and Dividend

<u>Equity:</u> The Company strives to maintain a healthy relation between the Company's equity and other forms of financing, given the Company's strategy and risk profile. The Board of Directors takes immediate and appropriate action should the equity or liquidity situation of the Company prove to be poorer than acceptable.

<u>Dividend policy:</u> The Company has not yet adopted a dividend policy, as it is in a transition phase. The Company will establish a dividend policy in due course. There has not been given, nor proposed to give, a mandate to the Board of Directors to approve a distribution of dividends.

<u>Board authorizations:</u> Authorisations to the Board of Directors to approve share capital increases shall be confined to defined purposes and should not be given for longer periods of time than until the next Ordinary General Meeting. If an authorization encompasses several purposes, each purpose should be treated as a separate issue at the General Meeting. This also applies to authorizations permitting the repurchase of shares. The Extraordinary General Meeting held 12 February 2020 gave the Board of Directors authorization to increase the Company's Share Capital by up to NOK 44 954 378. The authorizations are valid until next ordinary general assembly, and no later than 30 June 2020.

4. Equal treatment of shareholders and transaction with related parties

<u>Class of shares:</u> The Company has one class of shares, without any form of voting restriction imposed. Each share represents one vote at the Company's General Meeting. The par value per share is NOK 1.00.

<u>Pre-emption rights of existing shareholders:</u>

The Company's existing shareholders have pre-emption rights to subscribe for shares in the event of share capital increase, unless special circumstances necessitate a deviation from this principle. Any decision to deviate from the pre-emption rights of existing shareholders shall be justified and in accordance with the authorization given to the Board of Directors from the General Meeting. The justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

<u>Transactions with related parties:</u>

The Company's board members, management and significant shareholders are considered related parties. Any transactions with related parties are carried out on an arm's length basis. If the value of such a transaction is significant, the Board of Directors is responsible for assigning an independent third party to perform a valuation. Alternatively, the transaction in question can be treated as an issue at the General Meeting, in accordance with the Norwegian Public Limited Liability Companies Act.

5. Shares and negotiability

The shares in the Company are freely transferable, and there are no constraints in the Articles of Association preventing or contradicting this.

6. General meetings

The General Meeting is the main governing body of the Company. The Board shall facilitate so that all shareholders are given the opportunity to participate in General Meetings, and that the General Meetings are an effective forum for the views of shareholders and the Board of Directors.

Notification: No later than 21 days prior to the Ordinary General Meeting ("OGM"), an invitation will be made available on the Company's website, www.hiddnsolutions.no. Supporting information on resolutions to be considered, as well as the recommendations of the Nomination Committee will be presented in due time before the OGM. The Board of Directors seeks to ensure that all shareholders are provided with sufficient information to form qualified views on the matters discussed at the General Meeting. The Company's Articles of Association provides that the Company does not have to send documents relating to matters to be considered by the General Meeting by mail to shareholders when these documents are made available on the Company's website. Any such documents shall, however, be sent free of charge upon request from individual shareholders. Further, the right to participate and vote at the Company´s General Meeting can only be exercised for shares when the purchase of shares is listed in the shareholder register no later than five workdays prior to the General Meeting. Other than aforementioned, there are no provisions in the Articles of Association regarding General Meetings in the Company that deviates from the provisions of the Norwegian Public Limited Companies Act. The OGM will be held no later than 30 June each year. The OGM will be held in Oslo, unless otherwise is clearly specified.

Participation by shareholders in absentia: Shareholders that are unable to attend the General Meeting in person, are encouraged to vote by proxy. In connection with any General Meeting, the Company provides information on proxy voting, designate a person who will be available to vote on behalf of the shareholders in question, and prepare a form for the appointment of a proxy.

Attendance, agenda and execution: Board members, the Nomination Committee and the auditor are encouraged to attend the General Meeting in person. The Company will make arrangements to ensure that an independent chairman for the General Meeting can be elected.

7. Nomination Committee

Requirements for the Company's Nomination Committee are outlined in the Articles of Association, §6. According to the Company's Articles of Association section 6, the Company shall have a Nomination Committee consisting of 2-5 members by the further decision of the General Meeting. Pursuant to the guidelines for the Nomination Committee, the Nomination Committee shall, inter alia, assess the need for change in the Board of Directors, propose candidates for election to the Board of Directors and propose remuneration to be paid to such members. The Nomination Committee is responsible for assessing the need for change in the Board of Directors, proposing, in consultation with relevant shareholders, candidates for election to the Board of Directors, and proposing the remuneration to be paid to such members.

8. The Board of Directors – composition and independence

According to the Articles of Association, the Board of Directors should consist of three to seven members, chosen by the General Meeting. The Chairman of the Board is elected by the General Meeting. The composition of the Board shall ensure that the Board can attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity. It is of great importance to the Company that the board members have the relevant competencies to independently evaluate the cases presented to them by the executive management, as well as to monitor the daily operations of the Company. A presentation of the Board of Directors can be found at the Company's website, www.hiddnsoluitions.no The term of office for members of the Board of Directors shall not be longer than two years at the time.

Members of the Board of Directors may be re-elected. The Company's Board of Directors shall normally not include members of the executive management team. The Company strives to apply NUES' criteria to evaluate whether a director can be considered independent. The Board should have a composition that enables it to attend to the common interests of all shareholders and operate independently of special interests. Any deviation from the independency principle will be properly explained by the Company. Any director experiencing a change in his or her ability to act independently is obligated to notify the Chairman of the Board. At least two of the shareholder-elected board members shall be independent of the Company's main shareholders.

9. The Board of Directors – work and instructions

The formal responsibilities of the Board of Directors are mandated by Norwegian law. The fundamental responsibility of the directors is to oversee day-to-day management and evaluate strategy, to exercise their business judgment acting in what they reasonably believe to be the best interests of the Company and its shareholders. The Board of Directors is also to oversee such matters as are required by statutory law, the Company's Articles of Association, policies, instructions and procedures as well as resolutions or the resolutions of the General Meeting. It is the duty of the Board of Directors to monitor management's performance to ensure that the Company operates in an effective and ethical manner, focused on creating value for the Company's shareholders. The Board of Directors also evaluates the Company's overall strategy and evaluates performance against the management's operating plan. The Board of Directors is responsible for supervising strategic, financial and execution risks, as well as exposures associated with the Company's business strategy, product innovation and sales road map, policy matters, significant litigation and regulatory exposures, and other current matters that may present material risk to the Company's financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures. Furthermore, the Board of Directors shall control the ongoing activities of the Company in a satisfactory manner.

Instructions for the Board of Directors: The Board of Directors shall issue instructions for its own work as well as for the executive personnel with emphasis on clear internal allocation of responsibilities and duties. In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board's consideration of such matters shall be chaired by some other members of the Board.

Instructions for the CEO: Executive management and Board of Directors' responsibilities are clearly segregated. The CEO shall follow the guidelines and instructions issued by the Board of Directors. The CEO is responsible for day-to-day management of the Company pursuant to section 6-14 of the Norwegian Public Limited Companies Act. The CEO represents the Company externally in matters that form part of the day-to-day management. The day to day management does not cover matters of extraordinary nature or of major importance. However, the CEO is authorized to decide on matters of extraordinary nature or of major importance in cases, where the decisions of the Board of Directors cannot be awaited without serious detriment for the Company. The Board of Directors shall be notified of the decision as soon as possible.

Financial reporting: The Board of Directors is responsible for ensuring the integrity of financial information. The Board evaluates the integrity of the Company's accounting and financial reporting systems, including the audit of the Company's annual financial statements by the independent auditor, and that there are appropriate systems of internal control in place. The main purpose of risk management and internal control is to provide reasonable assurance that the group will achieve:

- Compliance with legislation and regulations, as well as internal guidelines » Quality and efficiency within internal operations
- Reliable internal and external reporting Quarterly and annual financial reports are reviewed and approved at board meetings and form the basis for external financial reporting. Upon the presentation of year-end financial statements, the CEO and the CFO declare that the accounts have been prepared in accordance with generally accepted accounting principles, and that to the best of their knowledge, all information is accurate, and no material information has been omitted. The Company uses an external accounting agency for all Group companies.

Disqualification: The CEO or a member of the board may not participate in the discussion on Board issues that are of special financial or personal interest to the individual in question.
Committees: Hiddn is a small company with 3 employees. Currently, the Board considers it premature to establish audit and remuneration committees. However, the Board will evaluate the need for such committees as the complexity and size of the operations increase.

10. Risk management and internal control
The Board of Directors performs an annual audit of the main risks and internal control routines of the Company. The audit shall encompass the issues that have been brought to the Board of Directors' attention throughout the year. The routines for internal control shall encompass the Company's adherence to its values, and its guidelines on ethics and corporate social responsibility.
11. Remuneration of the Board of Directors
The Ordinary General Meeting approves the remuneration paid to the Board of Directors. The Nomination Committee is responsible for issuing a proposal on the remuneration terms to the OGM.
12. Remuneration of executive management
In accordance with the Norwegian Public Limited Liability Companies Act, the Board of Directors establishes guidelines for the remuneration of the executive management team. These guidelines are presented to the General Meeting through a statement on remuneration for executive management. The statement is presented for an advisory vote, which is subject to the General Meeting's approval. The Company's general principle for management remuneration is to offer competitive terms, in order to attract and retain the competence it needs.
13. Information and communication
Regular information to the Company's shareholders and the market is provided through the annual report, quarterly reports and open presentations. All reports and notices are issued and distributed according to the rules and regulations of the Oslo Stock Exchange. Insider information is treated in accordance with Norwegian law. Shareholder information, including the financial calendar, is available on www.hiddnsolutions.no. The Company's CEO is responsible for all investor relations. The Company has established procedures for discussions with shareholders other than Ordinary General Meetings. All information distributed to the Company's shareholders is published on the Company's website at the same time as it is sent to shareholders.
14. Take-overs

There are no defence mechanisms against take-over bids in the Company's Articles of Association or in any underlying steering document. In corporate take-overs or restructuring situations, the Board shall exercise due and proper care so that all shareholder values and interests are preserved. The Board of Directors will ensure that the shareholders are given enough information and time to form a view of the offer in a bid situation. The Board of Directors will handle take-over bids in accordance with Norwegian laws and regulations. Furthermore, the Board of Directors will seek to comply with the recommendations set out in the NUES, including arranging for a valuation from an independent expert and making a recommendation as to whether the shareholders should accept the bid. Other than the guidelines described above, the Board of Directors has not found it appropriate to establish any other written explicit principles for how it will act in the event of a take-over bid.

15. Auditor

The external auditor is elected by the General Meeting. The auditor is fully independent of the Company. Ernst & Young is the Company's auditor. Each year the auditor presents the Board of Directors with a plan for the implementation of the audit, and a written confirmation that the auditor satisfies established requirements pertaining to independence and objectivity. Upon request, the auditor participates in board meetings. The auditor provides the Board with its perspectives on the annual statement and informs of any disagreements between the auditor and the executive management. The Board of Directors also has contact with the auditor when required outside the situations mentioned above. At least once a year, the auditor attends a meeting with the Board of Directors in which no representatives from the Company's executive management will be present. During 2019, the auditor attended 1 board meetings. The auditor is present at the General Meeting, where the Board of Directors also informs about the compensation for the auditory work required by law and remuneration associated with other assignments. Information of the fees paid to the auditor in 2019, including breakdown between statutory auditing and other assistance/service is presented in note 7 to the consolidated financial statements. In connection with the auditor's presentation to the Board of Directors of the annual work plan, the Board of Directors considers if the auditor to a satisfactory degree also carries out a control function.

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hiddn Solutions ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hiddn Solutions ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement, statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2019, income statement, statements of comprehensive income], cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of Goodwill

Goodwill related to the acquisition of Finn Clausen Sikkerhetssystemer AS in 2017 amounted to TNOK 7.771. The profitability of the company has been lower than originally expected, and the impairment test involves significant management judgement regarding future growth and related cash flows as well as determination of the discount rate. In June 2019 the company recognized an impairment of goodwill. The value-in-use calculation is based on cash flow projections from financial budgets and with conservative growth factors. Because of significance of the amount and the judgement involved we considered impairment testing of goodwill as a key audit matter.

We assessed the assumptions used in the value in use model, including estimates related to forecasted future cash flows and the estimated discount rate (WACC). We discussed the forecasted sales, the current market situation and expectations about future growth with management. We also tested supporting documentation related to budgets and sales forecasts, the mathematical accuracy of the value in use calculation and assessed sensitivity analysis of the critical assumptions prepared by management.

The estimation uncertainty related to impairment testing is disclosed in note 2 and note 11 to the annual report.

Funding and financing

As of 31 December 2019 the Group had negative equity, and share capital increases raising additional equity of MNOK 88.6 have been completed in 2020. The activity level of the group changed significantly in 2019 and further changes may occur during 2020 that may have impact on the funding required for the activities. The company raised new equity of MNOK 30 in 2019. The assessment of the completed transactions and the assumptions and disclosures related to funding and capital requirements was a key audit matter due to the significance of the transactions and the basis for the going concern assumption.

We obtained and assessed the budget for 2020. We read the minutes from the Board of Directors and obtained confirmation of the share issues completed in 2019 and 2020. We assessed the disclosures related to funding and financing in note 2, 20 and 23.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 30 March 2020
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

CORPORATE RESPONSIBILITY REPORT

Pursuant to section 3-3c of the Norwegian Accounting Act, the Group has prepared this report of the Group's Corporate Social Responsibility principles and practice.

Guidelines

At the date of this report, Hiddn's business consists of sale of secure physical storage and filing systems. Hiddn is committed to be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings. Hiddn's Board of Directors has implemented guidelines for Ethical and Corporate Social Responsibility. The purpose of these guidelines is to create a sound corporate culture and to preserve the integrity of Hiddn by helping employees to promote standards of good business practice. Hiddn's guidelines on Ethical and Social Responsibilities applies to all employees of the Group and to anyone who holds a position of trust in the Group, including members of the boards and consultants acting on behalf of the Group. The principles and standards provided therein aim to provide guidance to Hiddn's people for a common platform and to support Hiddn's vision, core values and principles. These guidelines are instrumental for Hiddn's approach to human rights, fair working environment and equal rights, health and safety, environment, business ethics and anticorruption. The Group regularly reviews the guidelines and will continue its ongoing efforts to educate the organization on the prevailing standards and principles. Hiddn's Ethical and Corporate Social Responsibility Guideline is publicly available on Hiddn's website.

Human rights

Hiddn adheres to and conducts its business in line with fundamental international rules, including those described in international human rights conventions such as the UN Convention on Human Rights and the labour rights conventions of the International Labour Organization (ILO). The Group respects the right to freedom of association and opposes any form of child labour, forced labour or discrimination. Hiddn practices equal opportunities and rights and encourage all business relations to follow the same principles. Any violations of basic human rights are unacceptable to the Group.

Working environment

The Group has business contacts of different nationalities and cultures and has built an international mindset for years. Employees are encouraged to treat each other and business contacts with respect and act according to local laws and regulations, as well as to pay attention to local values and norms for social conduct. The Group does not tolerate derogatory treatment of any employee. The Board of Directors and Management seeks to create a working environment that is pleasant, stimulating, safe and beneficial to all employees. The Group's working environment complies with applicable rules and regulations and the Board of Directors has not found reason to implement any special measures in this respect. No employee has suffered work-related injuries resulting in sick leave and no accidents or incidents involving the operations or assets of the Group have occurred in 2019. Going forward, Hiddn commits to actively continue its work for a safe and nurturing working environment in accordance with applicable rules and regulations.

Equal rights

Hiddn has a personnel policy designed to prevent discrimination on the grounds of race, colour, gender, sexual orientation, age, disability, language, religion, legitimate political or other opinions, national or social origin, property, birth or other status. All of the Group's facilities are equally well equipped for females and males. The Company complies with Norwegian legal requirements with respect to gender representation in the Board of Directors. The Board of Directors will continue its efforts to ensure that the principle of equal treatment is carried out in accordance with the adopted policy. Both recruitment of new personnel and professional development for the Group's existing employees will be based on qualifications, achievements and equal opportunities.

Health and safety

Health and safety are indispensable components of all the Group's activities. All hazards and risks to health and safety must be avoided. Generally, Hiddn's business involves low risk in the day-to-day activities, without use of chemicals, heavy machinery or equipment that can cause damage or injuries. Production of Hiddn's products is done by leading manufacturers with good reputations. The Group will take into consideration potential safety risks associated with production and/ or manufacturing procedures when introducing new suppliers or manufacturers to the Group's operations.

Environment

The Group's operations shall always be in accordance with applicable environmental legislation. Hiddn's guidelines on Social and Corporate Responsibility provide that the Group shall always strive for improvements that may reduce its environmental impact. Hiddn does not own or operate manufacturing facilities. Hiddn seeks to limit its resource consumption, prevent unnecessary environmental pollution, including optimizing transportation of goods, and manage waste in an environment friendly and resource efficient manner.

Business ethics & anti-corruption

The Group's operations depend on the trust of contractual parties, authorities, shareholders, employees and the society in general. In order to gain trust, the Group is dependent upon professionalism, expertise and high ethical standards in all aspects of the Group's work. This applies to the way the Group operates and the conduct of everyone associated with the Group. All employees are expected to behave with care, integrity and professionalism and abstain from actions that may weaken confidence in the Group. The Group's Ethical and Corporate Social Responsibility Guidelines contain guidelines on ethical behaviour in business relations and are applicable to all employees in the Group. These guidelines clearly state that Hiddn has a zero-tolerance policy for any form of corruption or bribery and encourages reporting of suspected misconduct. The Group's guidelines explicitly govern conflict of interests, gifts and money laundering. No employee may receive benefits for themselves or for others from the Group's business contacts if such benefits are based on the employment relationship. Correspondingly, no one shall give such benefits to the Group's business contacts. Business courtesies of modest value, conforming to normal social customs and not intended for influence, are not considered bribes. All gifts with an estimated value of more than NOK 1,000 must be reported to the Group's CFO, who will assess whether the relevant gift can be received on a case-by-case basis. Hiddn has to-date not been accused of, or involved in, any cases pertaining to any form of corruption or bribery. Hiddn encourages each employee to report on possible censurable incidents. Hiddn's employees have an obligation to report on criminal activity and on incidents that could endanger life or health. Raising awareness of Hiddn's existing guidelines has been the Group's main action with regards to business ethics and anti-corruption, and the Group will continue such work going forward. Neither the Board of Directors nor management are aware of any breach of the Group's ethical code of conduct.