



# 2019 Q1 Earnings Report

05.28.19



# Safe Harbor Statement

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This report includes forward-looking statements. Because such statements deal with future events, they are subject to various risks and uncertainties and actual results, performance or achievements of the Company or the industry in which the Company operates could differ materially from the Company's current expectations.

When used in this report, forward-looking statements, including estimates of capacity, selling price and other material considerations, are identified by words such as "anticipates," "projects," "expects," "plans," "intends," "believes," "estimates," "targets," "can", "could", "may", "might", "will", "would" or other similar expressions that indicate trends and future events.

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Thinfilm financial reports may be accessed via the following web page:

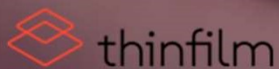
<http://www.thinfilm.no/investor-relations/reports-presentations/>

# Bringing Intelligence and Connectivity to Protect & Engage Brands



## Thinfilm 2019 Q1 Highlights

- Announced transformation into integrated solutions company
- Paused development of (PDPS) technology
- Delivered nearly 500k NFC tags
- Shipped over 5M EAS units to our go-to-market partner
- Re-order from Kilchoman Malt Whisky
- Notable deployments with Martell Cognac, Slikhaar, Boehringer Ingelheim
- Entered exclusive joint partnerships with Tapi Group & BERICAP



# Transformation - Key highlights

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1.

Restructuring brings \$21m lower OpEx and higher gross margin

2.

New channel partner strategy to achieve scale

3.

New product strategy with unmatched cost and value

4.

Clear path to break-even in 2021

# New Strategy

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## 1 Product Solutions Business

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### Go-to-Market

- Scale with strategic channel partner
- Authentication focus for immediate value
- Global approach for strategic adoption

### Solutions

- Leverage solutions market leadership
- Best-in-class integrated secure HW & SW
- Deliver differentiated NFC silicon

## 2 Printed Electronics Business

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- Realizing value from San Jose facility
- Engage beyond NFC to leverage technology
- Maximize independent potential of factory

## 3 Financials

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- Reducing CapEx and OpEx cash requirement
- Improving & accelerating gross margins
- Target of break even in 2021

# Pursuing Options in our Roll to Roll Printed Electronics

## Opportunities in Flexible Large Area Electronics Applications

- Robust TFT
- Flexible Sensors
- Novel Energy Conversion
- Battery - Supercapacitors
- Display/Barriers

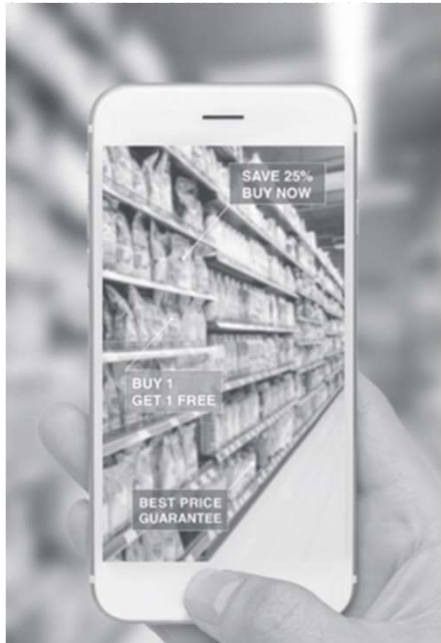
## Framework and Process in Place

- Engagements with multiple parties
- Structured approach





# Transforming into a fully integrated solutions company



## Huge Opportunity

Brands Face  
Disruptive Challenges



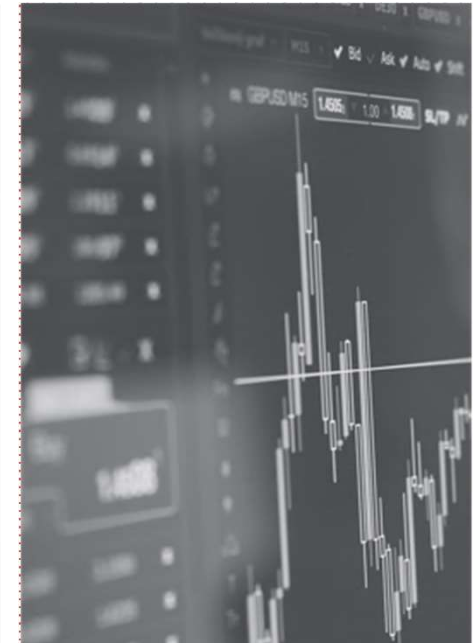
## Strategy

Focus on Vertical Markets  
Scaled Channel Partners



## Solutions

Secure Integrated Solution  
Independent Silicon



## Financials

Lowering Breakeven  
Accelerating Gross  
Margins

# Vertical Industry Target Markets Opportunity

## Wine and Spirits



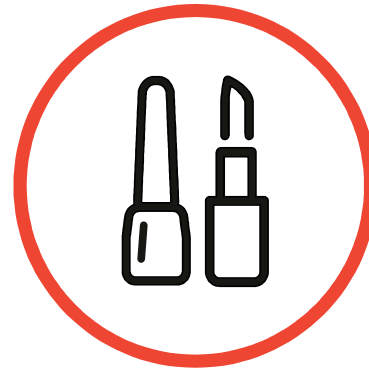
TAM

65-70Bu\*

SAM

3-4Bu  
Worldwide  
premium segment\*\*, \*\*\*

## Health and Beauty



20-30Bu\*\*

Worldwide  
luxury segment

2-3Bu

Excludes small  
package formats\*\*

## Pharmaceuticals



20-25Bu\*\*\*

High-value  
branded segment

1-2Bu

NA, Europe,  
Singapore & China\*\*\*



# Shift from Campaigns to Integrated Platform Solutions



“World Cup”  
neck hanger  
campaign

4 Weeks

- ☑ Consumer engagement

On-product  
Platform



Ongoing

- ☑ Brand protection
- ☑ Supply chain insights
- ☑ Consumer engagement

# Building a GTM Partner Pipeline

- Initial focus on brand protection use case
- Broaden packaging innovation elements
- Convert vendor into channel partners

## Signed Partners

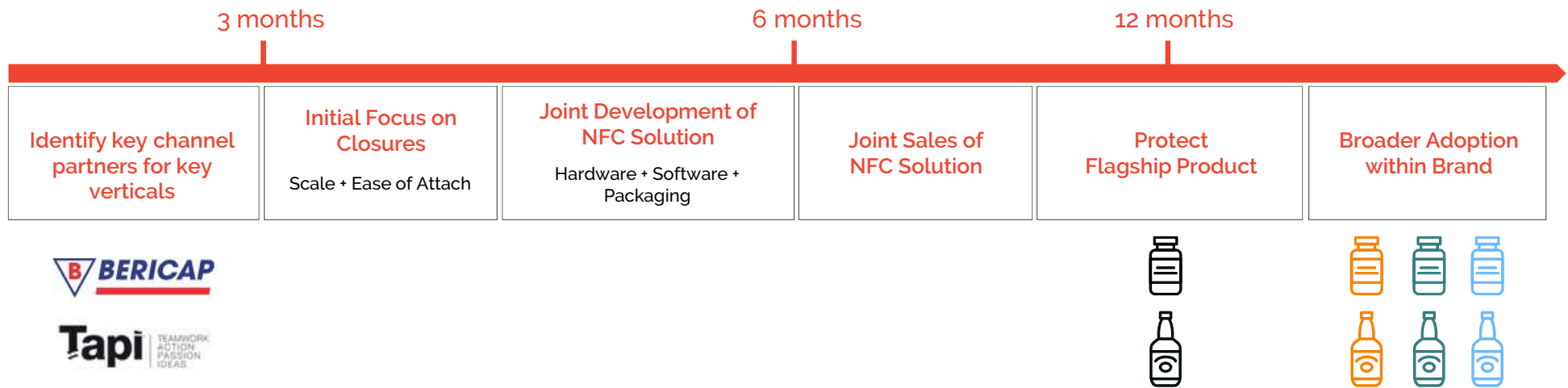


## Targeted Deals



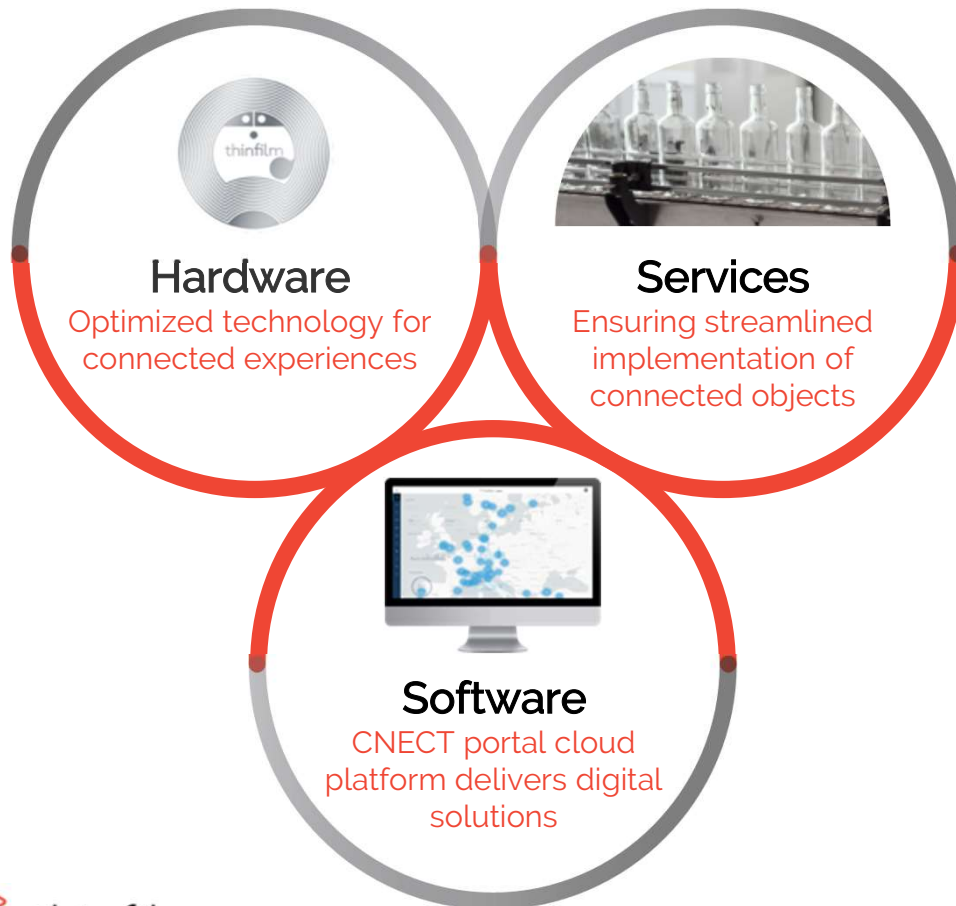
# Strategic channel partner engagement

- Able to contribute over 100m unit volumes annually
- Leadership position in key vertical
- Integral component across product portfolio
- Leverage broad distribution for scalability



# Thinfilm Solution

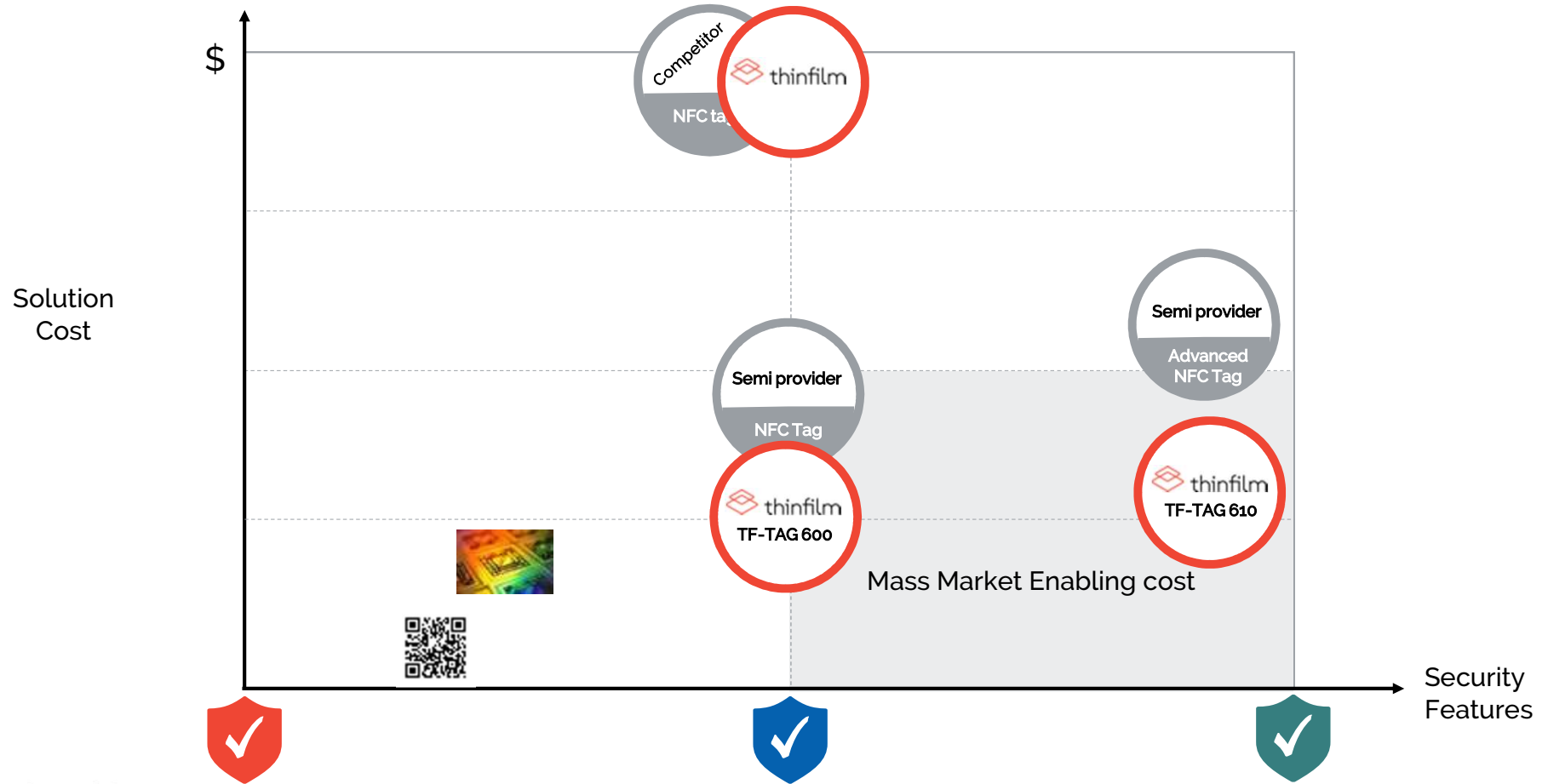
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## A fully **integrated platform**

- Full solution combining HW, SW, services
- In depth industry solution set experience
- Proven track record of deployments
- Growing partner ecosystem

# Thinfilm Silicon Based Product Positioning



# Vertical Market Customer Deployments



- Tap to learn more about the brand and win prizes
- Gamification to drive engagement and loyalty



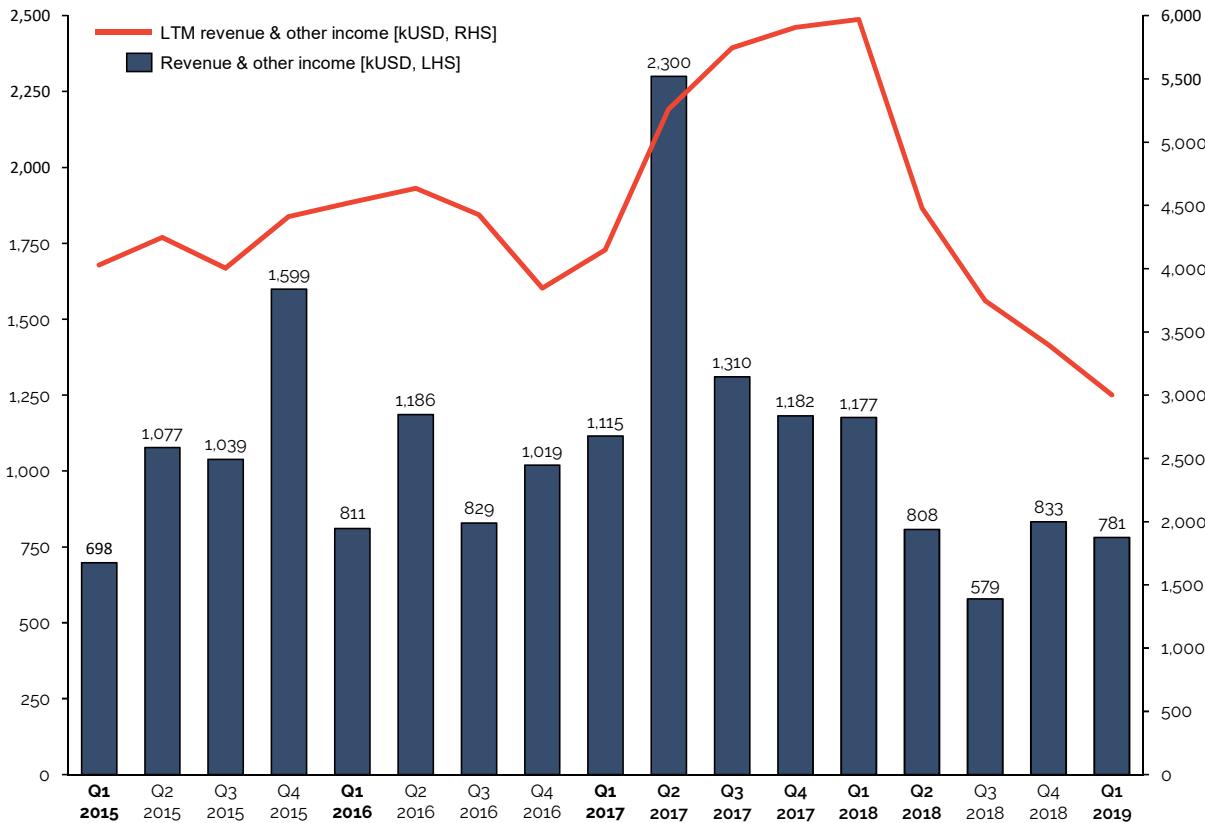
- Tap to connect consumers with Slikhaar TV YouTube channel (1.5 Million)
- Instantly join the Slikhaar community make online purchases



- Increase patient education with video engagement
- Reduce education burden on Doctors and Health Providers



# Q1 2019 Financials



- Q1 19 Revenues and Other Income USD 0.8 million, 34% reduction compared to similar period in 2018
  - Sales Revenues stable compared to similar period in 2018; 103% growth quarter-on-quarter (QOQ)
  - Other income down 51% compared to Q1 18, as 2018 had extraordinary accounting gains from sales of excess equipment
- Operating costs of USD 11.6 million
  - 16% reduction QOQ and compared to similar period in Q1 2018
  - Main contributors: Continued improved cost control and down-sizing of activities
  - Restructuring is forecast to reduce operating costs annually by USD 21 million
- CAPEX update
  - USD 1.6 million invested during the quarter in fixed and intangible assets, primarily R2R equipment
  - Prepayments made to equipment vendors per 31 March 2019 equal USD 5.0 million
  - PDPS development paused and currently no investments in the factory
- Cash balance of USD 20.0 million per end March 2019





**Thank you**

