Thin Film Electronics ASA

First Quarter 2020

Interim Report and Financial Statements

thinfilm

Contents

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Thinfilmsystems.com

Business Review

During the first quarter of 2020, Thinfilm announced its new energy storage strategy along with its new corporate website, www.thinfilmsystems.com, and focused on three primary objectives: continuing work toward achieving milestones critical to its solid-state lithium battery ("SSLB") technology development, securing a private placement to raise capital, and continuing efforts to reduce its ongoing operating costs.

Despite certain disruptions related to the COVID-19 pandemic, Thinfilm's technical team has adapted plans to ensure continuity of its development efforts and mitigate potential delays. Technical achievements made during the first quarter of 2020 resulted in the filing of multiple provisional patent applications during the first half of April 2020. These initial filings serve to strengthen the Company's strategy to develop and produce a new and innovative class of ultrathin, ultrasafe SSLBs for wearable devices, connected sensors, and beyond. Further, these patent filings represent key Thinfilm intellectual property related to the encapsulation, assembly, and stacking of SSLB products based on stainless steel substrates. Thinfilm's technological advances are essential to the production of ultrathin, stackable milliamp-hour battery cells with the highest volumetric energy density in their class, enabling Thinfilm to minimize battery size and extend battery life for thinner, more comfortable wearable devices and connected sensors. Beyond manufacturing innovation, Thinfilm has also filed patents based on inventions in core battery technology, including solid-state battery materials and cell stack design. These core innovations are the work of Thinfilm's technical team, which has been expanded to include solid-state battery expertise. To further expand the company's intellectual property footprint in SSLB's and flexible electronics manufacturing, the Company is preparing additional patent filings in new and adjacent areas to expand the Company's IP portfolio in SSLB design and manufacturing. In addition, Thinfilm has partnered with a leading process technology development company to accelerate the development of ultrathin battery technology in the San Jose factory.

Thinfilm began a process to raise capital in the first quarter of 2020. On 28 February 2020, Management presented the Company's new SSLB strategy, market opportunity, technology, and product differentiation in an Investor Presentation in Oslo, Norway. Significant time was also spent meeting with potential investors and evaluating various financing alternatives. In April 2020, the Board received an offer from a consortium of investors, who provided a commitment to subscribe for shares for a total subscription amount of NOK 20 million, subject to certain conditions as to price and warrants subject to approval by extraordinary general meeting in May 2020.

The Board called for an Extraordinary General Meeting on 20 May 2020, whereby a Private Placement of NOK 25 million and a Repair Issue of NOK 7 million are proposed for approval. This will bring the Company NOK 32 million in funding. More than NOK 25 million is already committed as of the date of this report. As part of the Private Placement, two sets of Warrants will be issued. Warrant A will bring an additional up to NOK 32 million to the Company by the end of 2020, if exercised. Warrant B will bring up to NOK 72 million during their fifteen-month term, if exercised. In connection with the private placement, on 7 May 2020, lead investors provided a bridge loan of approximately USD 500 thousand, secured by a first priority pledge of certain intellectual property and shares of common stock in TFE Holding, owned by Thin Film Electronics ASA, to ensure adequate cash remains available to operate until the equity financing closes. Committed equity financing and subsequent equity offerings available through July 2020 are subject to approval of the proposed resolutions at the 20 May Extraordinary General Meeting ("May EGM"). Meanwhile the Board and Management continue to work on addressing the availability of additional capital both through outside financing alternatives and the implementation of continued cost saving measures.

Efforts to restructure the Company and reduce its ongoing operational costs remained an ongoing focus from 2019 into the first quarter of 2020, as Management began to execute its new SSLB battery strategy. These cost cutting measures included a further reduction of headcount in March of 2020, resulting in a final headcount of eighteen as of 31 March 2020. In addition, Management continued work to close non-operational entities worldwide, negotiated settlements of long-term contractual obligations for services no longer required under the new energy storage strategy and began initiating discussions to renegotiate payment terms tied to material agreements to enable working capital to be optimized and focused on the development of the SSLB technology development. Based on its overall progress in the first quarter, the Company believes it is on schedule to deliver samples of its SSLB products at the end of Q2, subject to approval of the private placement and other equity investment programs at the extraordinary general meeting scheduled for 20 May 2020 ("May EGM").

Additionally, discussions are underway to monetize its CNECT software platform and NFC related assets. The Company continued to facilitate due diligence requests from potential acquirors interested in deploying NFC solutions supported by a robust data analytics software platform.

About Thinfilm

Thinfilm is Energizing Innovation™ with ultrathin, flexible, and safe energy storage solutions for wearable devices, connected sensors, and beyond. Thinfilm's innovative solid-state lithium battery (SSLB) technology is uniquely positioned to enable the production of powerful, lightweight, and cost-effective rechargeable batteries for diverse applications. The company's state-of-the-art flexible electronics manufacturing facility, located in the heart of Silicon Valley, combines patented process technology and materials innovation with the scale of roll-to-roll production methods to bring the advantages of SSLB technology to established and expanding markets.

Thin Film Electronics ASA is a publicly listed company in Norway with corporate headquarters in Oslo and global headquarters in San Jose, California.

Condensed Consolidated Financial Report as of 31 March 2020

In 2019, Thinfilm rightsized and repositioned the Company for future growth by remaining focused on reducing the Company's cost structure and closed a $13.2 million debt financing in the third quarter, enabling the advancement of strategic initiatives and continued operations into the first quarter of 2020.

Evaluation of new and compelling applications for the San Jose, California based roll to roll ("R2R") manufacturing plant continued throughout 2019, with the objective of leveraging the Company's years of significant investment in its R2R manufacturing and process technology capabilities. The Company also focused on monetizing its remaining EAS inventory and was successful in selling a portion of its on-hand inventory in December 2019.

By the end of the first quarter of 2020, Thinfilm had materially reduced its headcount and cost structure. In addition, the Company continued the process of reducing its global footprint and focusing solely on its presence in Oslo, Norway and operations in San Jose, California. The significant cost savings resulting from operational decisions made throughout 2019 began to materialize in the fourth quarter, with further cost saving measures implemented during the first quarter of 2020, enabling the Company to preserve cash while finalizing its new energy storage business strategy for 2020.

Profit and Loss

Thinfilm's sales revenue in the first three months of 2020 was USD 491 thousand, compared to USD 402 thousand during the same period last year. For the first three months of 2020, the USD 491 thousand represented the sale of the EAS on-hand finished goods inventory that had been prepaid by the customer in December 2019 and delivered in January 2020. There was no income related to government grants and other funded projects during the first three months of 2020 (Q1 2019: USD 322 thousand). Government grant programs ended in mid-2019.

Excluding government grants, other income amounted to USD 67 thousand in the first three months of 2020 (Q1 2019: USD 57 thousand), primarily related to sublease income from the second floor of its Junction Avenue, San Jose California facility. Other income in Q1 2019 also included gains on disposal of fixed assets. Disposed assets included those acquired when the Company secured the Junction Avenue facility, in addition to surplus Linköping, Sweden site assets.

Operating costs amounted to USD 2,634 thousand during the first three months of 2020, including the notional cost of share based compensation of USD 68 thousand. The corresponding figures for the same period last year were USD 11,620 thousand and USD 271 thousand, respectively. The decrease in operating costs during the first three months of 2020, compared to the same period of 2019, was USD 8,986 thousand, primarily attributable to a significant reduction in headcount and its overall cost structure. The expenses by major category are as follows:

1) USD 6,333 thousand lower payroll cost due to a reduction in headcount in 2019.

2) USD 1,074 thousand lower costs for premises and supplies. The worldwide downsizing of operations in 2019 led to a decrease in premises and supply costs.

3) USD 925 thousand lower services costs. Expenditures for consultants and contractors have decreased as a result of cost savings initiatives and lower activity levels.

4) USD 493 thousand lower sales and marketing costs. Cost saving initiatives and discontinuation of the NFC business resulted in reduced travel expenses and other sales and marketing-related costs during 2019.

5) USD 200 thousand lower employee share based remuneration costs. The fair value of granted employee subscription rights are valued based on the Black-Scholes formula and expensed over the vesting period.

Historically, Thinfilm had maintained a high level of R&D activity. During the first three months of 2020, minimal funds were spent developing manufacturing processes and operating procedures for R2R manufacturing and solid-state lithium battery technology development. The corresponding amount for the same period of 2019 was USD 1,882 thousand.

There were no investments in fixed and intangible assets during the first three months of 2020, compared to USD 1,592 thousand during the same period of 2019.

Net financial items for the first three months of 2020 amounted to an expense of USD 751 thousand (Q1 2019: USD 195 thousand gain), and were mainly related to interest expense offset by unrealized foreign currency gains.

The Company operates at a loss and there is a tax loss carryforward position in the parent company and in the Swedish and U.S. subsidiaries. The parent company in Norway has not incurred any tax during the first three months of 2020, nor in the same period of the prior year. The Company has not recognized any deferred tax assets on its balance sheet relating to these tax loss carryforward positions, as this potential asset does not yet qualify for inclusion.

The loss for the first three months of 2020 was USD 2,827 thousand, corresponding to a basic loss per share of USD 0.05. During the same period of 2019, the loss amounted to USD 11,775 thousand, corresponding to a basic loss per share of USD 0.20.

Cash Flow

The group's cash balance decreased by USD 4,307 thousand during the first three months of 2020, compared to a decrease of USD 12,543 thousand during the same period last year. The net decrease in cash balance is explained by the following principal elements:

1) USD 3,373 thousand outflow from operating activities,

2) USD 22 thousand inflow from investing activities, and

3) USD 956 thousand outflow from financing activities.

The USD 3,373 thousand outflow from operating activities is primarily explained by an operating loss excluding depreciation, amortization and impairment charges of USD 2,076 thousand. The cash balance on 31 March 2020 amounted to USD 4,565 thousand, while the cash balance on 31 March 2019 amounted to USD 20,045 thousand. The cash balance at 31 March 2020 includes restricted cash of USD 1,600 thousand, securing the letter of credit issued in 2017 by Thin Film Electronics ASA to the landlord of the San Jose, California facility. (see Note 12. Current and long-Term Debt for further detail).

Balance Sheet

Non-current assets amounted to USD 559 thousand (31 March 2019: USD 38,281 thousand). The decrease in non-current assets from 31 March 2019 to 31 March 2020 was mainly due to full impairment of the R2R production line in San Jose, California, intangible assets and the financial lease for the building lease in San Jose, California. Trade and other receivables amounted to USD 2,127 thousand as of 31 March 2020 (31 March 2019: USD 9,560 thousand). The reduction relates mainly to impairment of prepayments to suppliers and equipment vendors for R2R production line equipment not yet received. Non-current liabilities as of 31 March 2020 was USD 24,075 thousand (31 March 2019: 13,978 thousand) and was related to future lease payments for the Junction Avenue, San Jose, California premises and long-term debt relating to an equipment term loan facility with Utica. The equity ratio was negative 313 percent as of 31 March 2019, versus 68 percent as of 31 March 2020.

Principal Risks

Thinfilm is exposed to various risks of a financial and operational nature. The extraordinary current risks of the pandemic and its effect on the world economy are affecting everyone.

The Company's predominant risks are market and business risks, summarized in the following points:

I The board's authorization of a substantial restructuring of the business during 2019 resulted in an annualized savings of approximately USD 23 million year over year versus 2018. As of 30 April 2020, the Company had a cash balance of approximately USD 3.3 million (including restricted cash of USD 1.6 million), which is sufficient to fund the company into Q2 2020. In connection with the proposed NOK 32 million equity investment that the board is recommending shareholders approve at the upcoming 20 May 2020 Extraordinary General Meeting, lead participants in the investor consortium agreed to and have provided the Company with a NOK 20 million commitment as well as a USD 500 thousand bridge loan to ensure that the Company has sufficient levels of cash to continue its operations until such time that the equity financing closes. The Company has also received binding commitments for at least NOK 5 million, on the same terms from certain other investors, including from members of the Board and Management, at a subscription price per share equal to the subscription price in the private placement. In addition, the Company also expects to issue a subsequent offering of NOK 7 million. In aggregate the proposed equity offerings total NOK 32 million.

II Technology development and engineering sample availability on Thinfilm's sheet line can be adversely affected by several factors including but not limited to:

- Quality, composition and consistency of lithium-based materials, chemicals and unanticipated interactions of the various layers and processes resulting in longer than planned learning cycles and corrective actions, delaying customer sample engagements.
- Adequate environmental control of the manufacturing area and storage that might compromise the composition, performance and defectivity of the device.
- Equipment reliability, modifications needed, and process optimization learning cycle efficiency that may limit the uptime, throughput and quality of the devices produced.
- Issues encountered during handling, processing and assembly of ultrathin substrates and battery stacks.
- Need for new materials or processes and/or equipment to achieve full manufacturing qualification and product reliability.

The startup and product manufacturing yield ramp on the roll-to-roll line can also be negatively influenced by several of the conditions or events noted below (but not limited to):

- Achievement of return to manufacturing readiness and qualification of the tool set.
- On site availability of vendor personnel to assist in requalification of the machines with battery materials set.
- Electro-Static Discharge (ESD) or other phenomena that may cause the need for process or mechanical handling changes in the manufacturing line.
- Lower than anticipated throughputs and uptime of the equipment with the battery material set resulting in a lower capacity than planned.
- Adequate environmental control of the manufacturing area and storage that might compromise the composition, performance and defectivity of the device.
- New and unknown modes of yield loss necessitating process, practice or equipment modifications that can result in a slower than planned yield ramp.
- Issues encountered during roll handling, processing and assembly of ultrathin substrates and battery stacks.
- Our ability to provide OEMs with solutions that provide advantages in terms of size, reliability, durability, performance, and value-added features compared with alternative solutions.

III Many of the markets that Thinfilm targets in connection with its new energy storage strategy, will require time in order to gain traction, and there is a potential risk of delays in the timing of sales. Risks and delays may include, but are not limited to:

- Uncertain global economic conditions may adversely impact demand for our products or cause our customers and other business partners to suffer financial hardship, which could cause delays in market traction and adversely impact our business.

- Our ability to meet our growth targets depends on successful product, Marketing, and operations innovation and successful responses to competitive innovation and changing consumer habits that may result in changes in our customers' specifications.

The Company cannot assure that the business will be successful or that we will be able to generate significant revenue. If we fail to establish and build relationships with our customers, or our customers' products which utilize our solutions do not gain widespread market acceptance, we may not be able to generate significant revenue. We do not sell any products to end users, and we do not control or influence the manufacture, promotion, distribution, or pricing of the products that incorporate our solutions. Instead, we design various devices and products that our OEM customers incorporate into their products, and we depend on such OEM customers to successfully manufacture and distribute products incorporating our solutions and to generate consumer demand through marketing and promotional activities. As a result of this, our success depends almost entirely upon the widespread market acceptance of our OEM customers' products that incorporate our devices. Even if our technologies successfully meet our customers' price and performance goals, our sales could fail to develop if our customers do not achieve commercial success in selling their products that incorporate our devices.

Our ability to generate significant revenue from new markets will depend on various factors, including the following:

- The development and growth of these markets;
- The ability of our technologies and product solutions to address the needs of these markets, the price and performance requirements of OEMs, and the preferences of end users; and
- Our ability to provide OEMs with solutions that provide advantages in terms of size, reliability, durability, performance, and value-added features compared with alternative solutions.

IV To a certain extent, Thinfilm is dependent on continued collaboration with technology, material, and manufacturing partners.

There may be process and product-development risks that arise related to time to development and cost competitiveness of the energy storage products Thinfilm is developing. Many manufacturers of these products have well established relationships with competitive suppliers. Our ongoing success in these markets will require us to offer better performance alternatives to other solutions at competitive costs. The failure of any of these target markets to develop as we expect, or our failure to serve these markets to a significant extent, will impede our sales growth and could result in substantially reduced earnings and a restructuring of our operations. We cannot predict the size or growth rate of these markets or the market share we will achieve or maintain in these markets in the future. Shortages of components and materials may delay or reduce our sales and increase our costs, thereby harming our operating results. The inability to obtain sufficient quantities of components and other materials necessary for the production of our products could result in reduced or delayed sales or lost orders. Many of the materials used in the production of our products are available only from a limited number of foreign suppliers, particularly suppliers located in Asia.

V Our business results depend on our ability to successfully manage ongoing organizational changes. Our financial projections assume successfully executing certain of these organizational changes, including the motivation and retention of key employees and recruitment of qualified personnel, which is critical to our business success.

Factors that may affect our ability to attract and retain talented leadership, key individual contributors, and sufficient numbers of qualified employees include:

- Employee morale,
- Our reputation,
- Competition from other employers, and
- Availability of qualified personnel.

Our success is dependent on identifying, developing and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing and retaining organizational capabilities in key technology areas, where the depth of skilled or experienced employees may be limited and competition for these resources is intense.

VI Thinfilm is exposed to certain financial risks related to fluctuation of exchange rates and interest level.

Going Concern

The board confirms that the financial statements of the group, as well as the parent company, have been prepared under the going concern assumption. During 2019, a strategic decision was made to pivot away from the NFC business and follow an energy storage strategy that leveraged previous investments made in the San Jose, California R2R factory and related intellectual property. A significant level of restructuring occurred during 2019 and into the first and second quarters of 2020, in order to reduce the Company's cost structure.

Per the date of this report, the group and the parent company do not have sufficient funds to support operations throughout the financial year 2020. The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow. To address the funding requirements of the consolidated entity, the board of directors has, since early Q1 2020, undertaken the following initiatives:

- Securing commitments for equity funding from current and new shareholders, subject to approval at the May EGM;
- Undertaken a program to continue to monitor the consolidated entity's ongoing working capital requirements and minimum expenditure commitments; and
- Continued its focus on maintaining an appropriate level of corporate overhead that is in line with the consolidated entity's available cash resources.

As also noted in the announcement issued on 3 April 2020, the Board is mindful that its announced equity raise comes in the midst of the extraordinary global context of an expanding COVID 19 pandemic. As a consequence, the Company is now proposing to focus on raising only sufficient funds to provide adequate time to demonstrate its initial milestones. The objective is to reach key initial milestones on the other side of the pandemic surge. The two key milestones planned to be completed during the second quarter of 2020 are 1) to announce multiple battery-specific IP filings leveraging the Company's existing process technology patents and technology and 2) build the first solid-state lithium battery device using Thinfilm equipment. With the successful demonstration of these two milestones, the Company will be able to demonstrate its prototype battery devices to customers and potential partners in order to seek additional funding for its battery business according to the previously presented business plan. At that time, the Company plans to seek additional funds from the investor market, including the US market. Based on this premise, it is appropriate to prepare the financial statements on the going concern basis. However, if the consolidated entity is not able to successfully complete a fundraising as planned, significant uncertainty would exist as to whether the Company and consolidated entity will continue as going concerns.

The financial statements for the year ending 2019 reflect a full impairment of the Company's fixed assets and financial lease, given the uncertainty related to its cash position and new strategy. However, the financial statements do not include adjustments related to the amounts of liabilities that might be necessary, should the Company and the consolidated entity not continue as going concerns.

In April 2020, the Board received an offer from a consortium of investors, who provided a commitment to subscribe for shares for a total subscription amount of NOK 20 million, subject to certain conditions as to price and warrants subject to approval by extraordinary general meeting in May 2020.

The Board has called for an Extraordinary General Meeting on 20 May 2020, whereby a Private Placement of NOK 25 million and a Repair Issue of NOK 7 million are proposed for approval. This will bring the Company NOK 32 million in funding. More than NOK 25 million is already committed as of the date of this report. As part of the Private Placement, two sets of Warrants will be issued, as previously described in the Introduction of the Report from the Board of Directors. Warrant A will bring an additional up to NOK 32 million To the Company by the end of 2020, if exercised. Warrant B will bring up to NOK 72 million during their fifteen-month term, if exercised.

In connection with the private placement, lead investors have provided a bridge loan of approximately USD 500 thousand to the company to ensure adequate cash remains available to operate until the equity financing closes. Committed equity financing and subsequent equity offerings available through July 2020 are subject to approval of the proposed resolutions at the 20 May Extraordinary General Meeting ("May EGM"). Meanwhile the Board and Management continue to work on addressing the availability of additional capital both through outside financing alternatives and the implementation of continued cost saving measures. There is no assurance that the Company will be successful in raising funds. Failure to obtain future funding, when needed or on acceptable terms, would adversely affect its ability to continue as a going concern.

Outlook

In January 2020, Thinfilm announced its updated corporate strategy focused on the design, development, and production of innovative battery solutions targeting existing market demand with differentiated solutions to power wearable devices and connected sensors. This decision followed extensive evaluation of multiple markets to determine the most commercially compelling use of the Company's patented process technology innovations and state-of-the-art, production-scale roll-to-roll flexible electronics factory located in San Jose, California.

To address the sizeable existing and expanding applications for wearable devices and connected sensors, the Company is developing a family of rechargeable solid-state lithium battery ("SSLB") products that are ultrathin, flexible, reliable, safe, and cost effective. Thinfilm's facility, located in the heart of Silicon Valley, is ideally positioned to spark rapid development of differentiated products that will offer the wearable market, estimated by IDTechEx to reach $64 billion in 2020 and growing at a 9.5% CAGR through 2024, a superior alternative to today's pouch and coin cell batteries. Thinfilm's distinct value proposition will enable technology innovation by unleashing designers' creativity, previously limited by the lack of flexibility inherent in existing battery technology.

The Company's strategy is to develop a new class of premium microbatteries based on SSLB technology that will be highly desirable to companies developing portable electronics for use in existing market segments as well as emerging applications. Thinfilm's rechargeable batteries are designed to overcome certain limitations of traditional rechargeable batteries that are currently used in wearable electronics and distributed sensor applications. Specifically, Thinfilm SSLB products are designed to be fundamentally safe (without risk of excessive heat buildup, fire, or explosion), ultrathin, and capable of storing more energy in a fixed volume compared to others in their class.

By leveraging its core capabilities in materials and manufacturing innovation, the Company believes it can produce compelling energy storage products that provide greater battery life and improved reliability, with the form-factor flexibility to create unique battery shapes enabling sleek, comfortable end products. Thinfilm battery solutions incorporate an innovative solid electrolyte material that enables thinner, stackable cells that can endure more charging cycles and deliver more power at sub-freezing temperatures, compared to commonly used battery technologies. Because the solid electrolyte cannot catch fire or explode, Thinfilm SSLBs can also improve the safety profile for wearable and medical applications.

The Company will initially focus on key portions of the wearables and sensor markets, particularly the rapidly growing connected and wearable medical sensing market, in which continuous glucose monitoring alone is forecasted to double in volume to over 100 million units by 2023, according to IDTechEx. Beyond wearable medical sensing, Thinfilm has identified a number of additional growing applications in existing markets that are expected to provide meaningful opportunities for additional growth.

Based on the Company's decision to leverage existing intellectual property and manufacturing assets in the execution of its revised SSLB focused strategy, the Company believes it has identified a more compelling application of its large-area, roll-to-roll flexible electronics manufacturing capabilities and patented process innovation. Fundamental to the successful execution of this strategy is closing the private placement and other equity programs scheduled to be approved at the Extraordinary General Meeting scheduled for 20 May 2020 ("May EGM"). Upon approval of the private placement and subsequent offering at the May EGM, the Board plans to source additional investment from U.S. based investors in order to fully fund the continued working capital requirements to execute upon the SSLB strategy. Due to the uncertain economic environment resulting from the COVID-19 pandemic and the potential supply chain and development delays that could impact Thinfilm's ability to meet its second quarter milestone of producing viable SSLB samples, successfully attracting and raising additional capital in the U.S. or abroad is not guaranteed. If the Company fails to obtain additional investment commitments by the end of July 2020, the Board will consider proposing a dissolution of the Company. Should Thinfilm enter into liquidation, the costs to close as of the end of April 2020 are estimated to be approximately USD 3 million, excluding obligations related to its debt facility and building lease obligations.

Thin Film Electronics ASA Group
Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Amounts in USD 1,000	Note	1 January - 31 March 2020	1 January - 31 March 2019	1 January - 31 December 2019
Sales revenue		491	402	701
Other income		67	379	480
Total revenue & other income		**558**	**781**	**1,181**
Operating costs	10,11	(2,634)	(11,620)	(31,942)
Depreciation and amortization		—	(1,129)	(3,949)
Impairment loss	3,4,5	—	—	(42,379)
Operating profit (loss)		**(2,076)**	**(11,968)**	**(77,089)**
Net financial items		(751)	195	(1,367)
Profit (loss) before income tax		(2,827)	(11,773)	(78,456)
Income tax expense		—	(2)	10
Profit (loss) for the period		**(2,827)**	**(11,775)**	**(78,446)**
Profit (loss) attributable to owners of the parent		**(2,827)**	**(11,775)**	**(78,446)**
Profit (loss) per share basic and diluted	7	(USD0,05)	(USD0,20)	(USD1,34)
Profit (loss) for the period		(2,827)	(11,775)	(78,446)
Other comprehensive income				
Currency translation		(267)	(200)	(637)
Total comprehensive income for the period, net of tax		**(3,094)**	**(11,975)**	**(79,083)**

Consolidated Statements of Financial Position

Amounts in USD 1,000	Note	31 March 2020	31 March 2019	31 December 2019
ASSETS	8			
Non-current assets				
Property, plant and equipment	3	—	23,296	—
Building – financial lease	5	—	12,496	—
Intangible assets	4	—	2,489	—
Other financial receivables	9	559	—	559
Total non-current assets		**559**	**38,281**	**559**
Current assets				
Inventory		1	2,065	1
Trade and other receivables	9	2,127	9,560	2,806
Cash and cash equivalents		4,565	20,045	8,872
Total current assets		**6,693**	**31,670**	**11,679**
TOTAL ASSETS		**7,252**	**69,951**	**12,238**
EQUITY				
Ordinary shares	6	18,660	18,660	18,660
Other paid-in equity		—	321,846	—
Currency translation		(14,623)	(13,920)	(14,356)
Retained earnings		(26,723)	(279,059)	(23,964)
Total equity		**(22,686)**	**47,528**	**(19,660)**
LIABILITIES	8			
Non-current liabilities				
Long-term debt	12	11,081	—	11,812
Long-term financial lease liabilities		12,994	13,978	13,244
Total non-current liabilities		**24,075**	**13,978**	**25,056**
Current liabilities				
Trade and other payables		3,744	8,446	5,454
Current portion of long-term debt	12	2,119	—	1,388
Total current liabilities		**5,863**	**8,446**	**6,842**
TOTAL EQUITY AND LIABILITIES		**7,252**	**69,951**	**12,238**

Consolidated Statements of Changes in Equity

Amounts in USD 1,000	Share capital	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2020	18,660	—	(14,356)	(23,964)	(19,660)
Share based compensation	—	—	—	68	68
Comprehensive income	—	—	(267)	(2,827)	(3,094)
Balance at 31 March 2020	**18,660**	**—**	**(14,623)**	**(26,723)**	**(22,686)**

Amounts in USD 1,000	Share capital	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2019	18,660	321,575	(13,719)	(266,806)	59,709
Share based compensation	—	271	—	—	271
Impact of change in accounting policy*	—	—	—	(477)	(477)
Comprehensive income	—	—	(200)	(11,775)	(11,975)
Balance at 31 March 2019	**18,660**	**321,846**	**(13,920)**	**(279,059)**	**47,528**

Amounts in USD 1,000	Share capital	Other paid-in equity	Currency translation	Retained earnings	Total
Balance at 1 January 2019	18,660	321,575	(13,719)	(266,806)	59,709
Share based compensation	—	190	—	—	190
Impact of change in accounting policy*	—	—	—	(477)	(477)
Transfer for coverage of losses	—	(321,765)	—	321,765	—
Comprehensive income	—	—	(637)	(78,446)	(79,083)
Balance at 31 December 2019	**18,660**	**—**	**(14,356)**	**(23,964)**	**(19,660)**

*=IFRS 16 implementation. See note 2 & 5

Consolidated Cash Flow Statements

Amounts in USD 1,000	Note	1 January - 31 March 2020	1 January - 31 March 2019	1 January - 31 December 2019
Cash flow from operating activities				
Profit (loss) before tax		(2,827)	(11,773)	(78,456)
Share-based payment (equity part)	6	71	271	190
Depreciation and amortization	3,4,5	—	1,129	3,949
Write down inventory, machinery and intangible assets		—	—	42,379
Loss/(gain) on sale of fixed assets		—	(12)	(241)
Taxes paid for the period		—	(23)	10
Changes in working capital and non-cash items		(1,368)	426	1,748
Net financial items		751	—	1,367
Net cash from operating activities		**(3,373)**	**(9,982)**	**(29,054)**
Cash flow from investing activities				
Purchase of property, plant and equipment	3	—	(1,764)	(3,177)
Prepayments relating to purchase of property, plant and equipment		—	(342)	(1,653)
Capitalized development expenses	4	—	(174)	(353)
Proceeds from sale of fixed assets		—	12	112
Interest received		22	39	152
Net cash from investing activities		**22**	**(2,229)**	**(4,919)**
Cash flow from financing activities				
Proceeds from debt financing		—	—	13,200
Deposits		—	—	(558)
Interest paid		(720)	—	(1,525)
Lease payments		(236)	(458)	(860)
Net cash from financing activities		**(956)**	**(458)**	**10,257**
Currency translation effects on cash and bank deposits		—	126	—
Net increase (decrease) in cash and bank deposits		**(4,307)**	**(12,543)**	**(23,716)**
Cash and bank deposits at the beginning of the period		8,872	32,588	32,588
Cash and bank deposits at the end of the period		**4,565**	**20,045**	**8,872**

Notes to the Consolidated Financial Statements

1. Information about the group

Thin Film Electronics ASA ("Thinfilm" or "the Company") was founded on 22 December 2005. Thin Film Electronics ASA Group ("Thinfilm") consists of the parent company Thinfilm ASA and the subsidiaries Thin Film Electronics AB ("Thinfilm AB"), Thin Film Electronics Inc. ("Thinfilm Inc."), Thin Film Holding ("Thinfilm Holding"), Thin Film Electronics KK ("Thinfilm KK"), Thin Film Electronics HK Limited ("Thinfilm HK"), Thin Film Electronics UK Ltd. ("Thinfilm UK"), Thin Film Electronics Co. Ltd. ("Thinfilm China"), Thin Film Electronics Singapore pte. Ltd. ("Thinfilm SING"). The group was formed on 15 February 2006, when Thinfilm ASA purchased the business and assets, including the subsidiary Thinfilm AB, from Thin Film OldCo AS ("OldCo"). The Company is in the process of dissolving some of these subsidaries in 2020.

In 2019, a strategic decision was made to pivot away from the NFC business and follow an energy storage strategy that leveraged previous investments made in San Jose, California R2R factory and related intectual property.

The Company is a public limited-liability company incorporated and domiciled in Norway. The address of its registered office is Fridtjof Nansens Plass 4, Oslo, Norway. The Company's shares were admitted to listing at the Oslo Axess on 30 January 2008 and to the Oslo Børs on 27 February 2015. On 24 March 2015 Thinfilm's American Depository Receipts (ADRs) commenced trading in the United States on OTCQX International.

2. Basis of preparation, accounting policies, and resolutions

Basis of presentation

This condensed interim financial report for the first quarter of 2020 has been prepared in accordance with IAS 34 interim financial reporting. The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for 2019. The IFRS accounting policies applied in this condensed consolidated interim financial report are in all materiality consistent with those applied and described in the consolidated annual financial statements for 2019.

Going concern

The financial statements of the group have been prepared under the going concern assumption. It became evident by the end of 2018 that the slower than anticipated customer adoption of NFC tags on-package would significantly delay the Company's ability to reach cash break-even. During 2019, a strategic decision was made to pivot away from the NFC business and follow an energy storage strategy that leveraged previous investments made in the San Jose, California R2R factory and related intellectual property. A significant level of restructuring occurred during 2019, in order to reduce the Company's cost structure. Per the date of this report, the group and the parent company do not have sufficient funds to support operations throughout the financial year 2020. The board of directors monitors the financial position closely and receives frequent reports and forecasts on expenditure and cash flow.

The board's authorization of a substantial restructuring of the business during 2019 resulted in an annualized savings of approximately USD 23 million year over year versus 2018. As of 30 April 2020, the Company had a cash balance of approximately USD 3.3 million, which is sufficient to fund the company into Q2 2020. The Board has called for an Extraordinary General Meeting on 20 May 2020, whereby a Private Placement of NOK 25 million and a Repair Issue of NOK 7 million are proposed for approval. This will bring the Company NOK 32 million in funding. More than NOK 25 million is already committed as of the date of this report. As part of the Private Placement, two sets of Warrants will be issued, as previously described in the Introduction of the Report from the Board of Directors.

Warrant A will bring an additional up to NOK 32 million To the Company by the end of 2020, if exercised. Warrant B will bring up to NOK 72 million during their fifteen-month term, if exercised.

In connection with the private placement, lead investors have provided a bridge loan of approximately USD 500 thousand to the company to ensure adequate cash remains available to operate until the equity financing closes. Committed equity financing and subsequent equity offerings available through July 2020 are subject to approval of the proposed resolutions at the 20 May Extraordinary General Meeting ("May EGM"). Meanwhile the Board and Management continue to work on addressing the availability of additional capital both through outside financing alternatives and the implementation of continued cost saving measures. There is no assurance that the Company will be successful in raising funds. Failure to obtain future funding, when needed or on acceptable terms, would adversely affect its ability to continue as a going concern.

To address the funding requirements of the consolidated entity, the board of directors has, since early Q1 2020, undertaken the following initiatives:

- Initiated the process to close a Private Placement and secure a bridge loan from current and new shareholders by May 2020;
- Undertaken a program to continue to monitor the consolidated entity's ongoing working capital requirements and minimum expenditure commitments; and
- Continued its focus on maintaining an appropriate level of corporate overhead that is in line with the consolidated entity's available cash resources.

As also noted in the announcement issued on 3 April 2020, the Board is mindful that its announced equity raise comes in the midst of the extraordinary global context of an expanding COVID 19 pandemic. As a consequence, the Company is now proposing to focus on raising only sufficient funds to provide adequate time to demonstrate its initial milestones. The objective is to reach key initial milestones on the other side of the pandemic surge. The two key milestones planned to be completed during the second quarter of 2020 are 1) to announce multiple battery-specific IP filings leveraging the Company's existing process technology patents and technology and 2) build the first solid-state lithium battery device using Thinfilm equipment. With the successful demonstration of these two milestones, the Company will be able to demonstrate its prototype battery devices to customers and potential partners in order to seek additional funding for its battery business according to the previously presented business plan. At that time, the Company plans to seek additional funds from the investor market, including the US market. Based on this premise, it is appropriate to prepare the financial statements on the going concern basis. However, if the consolidated entity is not able to successfully complete a fundraising as planned, significant uncertainty would exist as to whether the Company and consolidated entity will continue as going concerns.

Financial risk factors

Thinfilm is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk.

a. Market risk factors

(i) Currency risk

The Group has the majority of its operations in the USA. As of 31 March 2020, approximately 88% of the Company's cash balance was denominated in USD, in order to mitigate currency risk associated with the increased value of the USD relative to NOK. Management monitors this risk and will take the appropriate actions to address it as the situation requires. The currency risk related to the balance sheet is mostly related to the net investment in the Swedish subsidiary. Management monitors this risk but has not initiated any particular actions to reduce it.

(ii) Interest risk

Thin Film Electronics, Inc., the U.S. operating subsidiary and global headquarters of the Thin Film Electronics Group, closed an equipment term loan facility with Utica Leaseco, LLC for financing of USD 13.2 million, which funded in two tranches during the month of September 2019. The interest rate associated with this debt is fixed, and therefore, does not present the potential risk that would be associated with interest rate fluctuations.

b. Credit risk

The company has some credit risks relating to receivables. The loss on receivables has historically been low.

In connection with the relocation of Thinfilm's US headquarters in the first two quarters of 2017, a USD 1,600 thousand Letter of Credit was issued by Thin Film Electronics ASA to the new landlord of the Junction Avenue facility located in San Jose, California. In addition, the Company entered into a Tenancy Guaranty with the new landlord as additional security of the rent payments. The initial guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis by USD 500 thousand per year, commencing with the second lease year until the liability reaches zero dollars. As of 31 December 2019, the guaranty liability amounted to USD 4,000 thousand. Apart from that, Thinfilm has not issued additional material guarantees.

c. Liquidity risk

Aside from the equipment term loan facility of USD 13.2 million closed in September 2019, Thinfilm does not have any other material interest-bearing debt. In addition, the company has a continued obligation under a lease agreement signed in November 2016 relating to its U.S. headquarters in San Jose, California. The Company was unable to raise equity financing in 2019 and is not yet cash generative and operates at

a loss. There is uncertainty tied to the generation of future cash flow in connection with the Company's new business strategy. As described in Note 2. Basis of preparation, the Company is currently pursuing alternative forms of generating cash in order to meet its financial obligations. There is no assurance that the Company will be successful in raising funds. Failure to obtain future funding, when needed or on acceptable terms, would adversely affect its ability to continue as a going concern.

The report was resolved by the Board of Directors on 19 May 2020.

3. Property, plant and equipment

Amounts in USD 1,000	Tangible assets
Period ended 31 March 2020	
Net value on 1 January 2020	—
Additions	—
Disposals	—
Impairments	—
Depreciation	—
Net book value on 31 March 2020	**—**
Period ended 31 March 2019	
Net value on 1 January 2019	22,548
Additions	1,419
Exchange differences	(2)
Impairments	—
Depreciation	(669)
Net book value on 31 March 2019	**23,296**
Other receivables include USD 4,977 thousand prepayments related to investment in equipment and machinery that had not been received from the suppliers as of 31 March 2019.	
Year ended 31 December 2019	
Net value on 1 January 2019	22,548
Additions	6,187
Disposals	(571)
Exchange differences	(2)
Impairments	(25,778)
Depreciation	(2,384)
Net book value on 31 December 2019	**—**

The roll-to-roll equipment and certain sheet line tools located in the San Jose, California factory have been pledged as collateral under the Utica Leaseco LLC Master Lease Agreement executed in September 2019.

4. Intangible assets

Amounts in USD 1,000	Intangible assets
Period ended 31 March 2020	
Net value on 1 January 2020	—
Additions	—
Disposals	—
Impairment	—
Amortization	—
Net book value on 31 March 2020	**—**
Period ended 31 March 2019	
Net value on 1 January 2019	2,353
Additions	173
Exchange differences	1
Impairment	—
Amortization	(38)
Net book value on 31 March 2019	**2,489**
Year ended 31 December 2019	
Net value on 1 January 2019	2,352
Additions	354
Impairment	(2,578)
Amortization	(128)
Net book value on 31 December 2019	**—**

5. Leases

The Company entered into a lease agreement in November 2016 relating to the property building of its new US headquarter in San Jose, CA. The lease in San Jose expires in September 2028.

	Lease Laibility
Lease liability recognized at 1 January 2020	14,214
Lease payment (see note below)	(492)
Interest expense	256
Lease liability as of 31 March 2020	**13,978**

In the statement of cash flow principle portion of lease payments are included in line Lease payment with an amount of USD 236 thousand, and interest portion of the payment are included in line Interest paid with an amount of USD 256 thousand. Both of them are presented as cash flow from financing activities.

For maturity schedule of minimum lease payments, see Note 12

Right of use assets

Amounts in USD 1,000	31 March 2020	31 March 2019	31 December 2019
Net value on 1 January	—	10,376	10,376
Adjustment*	—	2,543	2,543
Impairment	—	—	(11,504)
Amortization	—	(423)	(1,415)
Net book value at end of period	**—**	**12,496**	**—**

6. Shares, warrants and subscription rights

Number of shares	
Shares at 1 January 2020	58,593,581
Shares at 31 March 2020	**58,593,581**
Shares at 1 January 2019	58,593,581
Shares at 31 December 2019	**58,593,581**

Number of warrants and subscription rights	1 January - 31 March 2020	1 January - 31 March 2019	1 January - 31 December 2019
Warrants and subscription rights opening balance	5,373,230	4,412,622	4,412,622
Grant of incentive subscription rights	132,000	18,000	5,429,856
Terminated, forfeited and expired subscription rights	(527,891)	(144,438)	(4,469,248)
Exercise of subscription rights	—	—	—
Allotment of warrants	—	—	—
Exercise and expiry of warrants	—	—	—
Warrants and subscription rights closing balance	**4,977,339**	**4,286,184**	**5,373,230**

In connection with the reverse share split resolved by the extraordinary general meeting of the Company, on 23 October 2019, the general meeting authorized the Board to issue three (3) new shares at par value in order for the Company's registered number of shares to be dividable by 20 (the reverse share split ratio). Pursuant to such board authorization, the Board on 24 October 2019 resolved the issuance of three (3) new shares to an existing shareholder, which new shares subsequently will be used in connection with the rounding up of shareholdings of shareholders, who do not have a number of shares dividable by 20. Following the issue of the new shares, the Company's share capital will be NOK 128,905,878.20 divided into 58,593,581 registered shares each with a nominal value of NOK 2.20.

The Annual General Meeting of the Company resolved on 28 May 2019 an exchange offer program whereby continuing employees and consultants holding incentive subscription rights ("Eligible Holders") under the Company's 2015, 2016, 2017 and/or 2018 subscription rights programs (the "Former Plans") were entitled to exchange such subscription rights for new subscription rights to be granted under the Company's 2019 subscription right plan. Having been given the opportunity to participate in the exchange program, Eligible Holders holding a total of 1,864,372 subscription rights under the Former Plans have notified the Company that they wish to participate in the exchange program, whereupon such Eligible Holders explicitly waived any right to claim shares under Former Plans. As a result, the Board of Directors of the Company resolved on 25 September 2019 to grant a total of 1,864,372 incentive subscription rights to nineteen Eligible Holders. The grants were made under the Company's 2019 Subscription Rights Incentive Plan, as resolved at the Annual General Meeting on 28 May 2019.

The exercise price of the subscription rights is NOK 4.67 per share.

The new subscription rights will vest and become exercisable as follows: 33.3% of the shares subject to the new subscription rights will be vested on the grant date, and the remaining 66.7% will vest in approximately equal quarterly installments over the next 3 years, with approximately 5.55% vesting each quarter on each October 15, January 15, April 15 and July 15 thereafter, subject to the Eligible Holder's continued employment or service with the Company or its subsidiaries on each such date. The subscription rights expire on 28 May 2024.

The number of shares, warrants and subscription rights have been adjusted to reflect the reserve share split resolved by the extraordinary general meeting of the Company on 23 October 2019.

7. Profit (loss) per share

	1 January – 31 March 2020	1 January – 31 March 2019	1 January – 31 December 2019
Profit (loss) attributable to shareholders (USD 1000)	(2,827)	(11,775)	(78,446)
Weighted average basic number of shares in issue	58,593,581	58,593,581	58,593,581
Weighted average diluted number of shares	58,593,581	58,593,581	58,593,581
Profit (loss) per share, basic and diluted	**(USD0,05)**	**(USD0,20)**	**(USD1,34)**

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares, butthe diluted result per share equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the adjusted exercise price of subscription rights exceeds the average share price in the period, the subscription rights are not counted as being dilutive.

The weighted average basic and diluted number of shares have been adjusted to reflect the reserve share split resolved by the extraordinary general meeting of the Company on 23 October 2019.

8. Guarantees

As a part of the relocation of Thinfilm's US headquarters in the second quarter of 2017 a USD 1,600 thousand Letter of Credit has been issued by Thin Film Electronics ASA to the new landlord and is included in Company's cash balance as restricted cash. Thin Film Electronics ASA has in addition entered into a Tenancy Guaranty with the new landlord and is included in Company's cash balance. The Guaranty is given to secure payment of the lease rent. The initial Guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis of USD 500 thousand per year commencing with the second lease year until the liability reaches zero dollars. As at 31 March 2020, the Guaranty liability amounted to USD 4,000 thousand.

9. Trade and other receivables

On 31 March 2020, trade and other receivables amounted to USD 2,127 thousand. The components of this balance are specified below.

Amounts in USD 1,000	31 March 2020	31 March 2019	31 December 2019
Accounts receivable	723	948	928
Receivables from grants	-	1,562	-
VAT-related receivables	69	179	167
Pre-payments to suppliers	1,332	6,297	1,710
Other current receivables	3	574	1
Sum	**2,127**	**9,560**	**2,806**

Other non-current financial receivables of USD 559 thousand relates to security deposit held by Utica Leaseco, LLC.

10. Related party transactions

In the period 1 January – 31 March 2020 and 2019, Thinfilm has recorded USD 27 thousand and USD 128 thousand, respectively (net of VAT) for legal services provided by law firm Ræder, in which Thinfilm's Chairman is a partner. There were no outstanding balances in Trade and other payables as of 31 March 2020.

11. Operating costs

Amounts in USD 1,000	1 January - 31 March 2020	1 January - 31 March 2019	1 January - 31 December 2019
Payroll	820	7,153	17,638
Share based remuneration	71	271	190
Services	229	1,154	4,138
Premises, supplies	962	2,036	7,094
Sales and marketing	22	515	1,059
Other expenses	530	491	1,823
Total operating costs	**2,634**	**11,620**	**31,942**

12. Current and long-term debt

In September 2019, the subsidiary in US, Thinfilm Electronics, Inc., closed an equipment term loan facility with Utica for USD 13,200 thousand secured by select fixed assets (see Note 3). The terms of the agreement were interest-only monthly payments for the first six months, followed by three months of interim payments, and thereafter a four-year amortization period during which monthly principal and interest payments are due. For the three months ended March 31, 2020, the current portion of the loan principal of USD 2,119 thousand and the long-term portion of the principal of USD 11,081 thousand is recorded as Long-term Debt in the Consolidated Statements of Financial Position.

The Company has pledged its roll-to-roll production line equipment and certain sheet-line tools as a collateral against Utica Loan.

The interest rate for the financing is at 14%. Table below disclosures principal payment obligations for the company.

The Company entered into a lease agreement in November 2016 relating to its new US headquarters in San Jose, California. The lease in San Jose expires in September 2028. The building element of the lease agreement is classified as a financial lease. The land element of the lease became classified as a financial lease from 1 January 2019, with the implementation of IFRS 16, having previously been accounted for separately as an operating lease. As a part of the relocation of Thinfilm's US headquarters in the second quarter of 2017, a USD 1,600 thousand Letter of Credit was issued by Thin Film Electronics ASA to the new landlord. The restricted cash of USD 1,600 thousand securing the Letter of Credit is included in the Company's cash and cash equivalents. Thin Film Electronics ASA, in addition, entered into a Tenancy Guaranty with the new landlord. The guaranty was given to secure payment of the lease rent. The initial Guaranty liability amounted to USD 5,000 thousand and reduces on an annual basis of USD 500 thousand per year commencing with the second lease year until the liability reaches zero dollars. As of 31 December 2019, the Guaranty liability amounted to USD 4,000 thousand.

The San Jose California lease is reflected under this caption and the table below. In addition, see Note 8.

Maturity schedule— liabilities

Amounts in USD 1,000	Principal and Interest Due							
31 March 2020	Within 1 year			1–2 Years	2–3 Years	3–4 Years	4–5 Years	Over 5 Years
	Q2	Q3	Q4					
Principal obligations due	—	682	706	3,084	3,544	5,184	—	—
Interest payments	1,136	454	430	1,461	1,000	497	—	—
Lease payments	490	490	490	1,996	2,120	2,182	2,245	9,008
Total	**1,626**	**1,626**	**1,626**	**6,541**	**6,664**	**7,863**	**2,245**	**9,008**

13. Events occuring after the balance sheet date

- In connection with the 15 April 2020 Extraordinary General Meeting, the Company conducted a reduction of paid in capital by reduction in par value of shares in accordance with the Norwegian Public Limited Companies Act to cover the losses. The implication of this is that a resolution to distribute dividends may not be adopted until three years have elapsed from the registration in the Register of Business Enterprises, unless the share capital subsequently has been increased by an amount at least equal to the reduction.
- On 14 April 2020, Thinfilm announced the filing of multiple provisional patent applications, strengthening the Company's strategy to develop and produce a new and innovative class of ultrathin, ultrasafe solid-state lithium batteries (SSLB) for wearable devices, connected sensors, and beyond. The Company also confirmed that, despite certain disruptions related to the COVID-19 pandemic, Thinfilm's technical team has adapted plans to ensure the continuity of its development efforts and mitigate potential delays. If the Company is successful in raising additional capital, management believes that it can continue to deliver samples of its SSLB products at the end of Q2, as previously communicated.
- On 15 April 2020, Thinfilm held an Extraordinary General Meeting to obtain shareholder approval for a private placement; issuance of new shares and the amendment of the Company's Articles of Association. In connection with the Private Placement, shareholder approval was also requested for the issuance of new shares and warrants in connection with a contemplated subsequent offering, and the associated amendment of the Company's Articles of Association.
- At the 15 April 2020 Extraordinary General Meeting, the Board proposed and the shareholders approved a reduction in share capital by a reduction of the par value of the shares from NOK 2.20 to NOK 0.11 per share to cover losses.
- In connection with its equity financing process, on 29 April 2020, Thinfilm announced an Extraordinary General Meeting in Thin Film Electronics ASA to be held on 20 May 2020 to obtain shareholder approval for a private placement and subsequent equity offerings. Should the proposed resolutions be approved, the Company's share capital shall be increased with NOK 24,999,999.97 from NOK 6,445,293.91 to NOK 31,445,293.88, by issuance of 227,272,727 new shares, each share having a par value of NOK 0.11, at a subscription price per share of NOK 0.11. The total subscription amount is NOK 24,999,999.97, all constituting share capital.

- In connection with the private placement, on 7 May 2020, lead investors provided a bridge loan of approximately USD 500 thousand, secured by a first priority pledge of certain intellectual property and shares of common stock in TFE Holding, owned by Thin Film Electronics ASA, to ensure adequate cash remains available to operate until the equity financing closes.
- On 15 May 2020, Management became aware that its Thin Film Electronics Hong Kong Limited entity was victim to a cybersecurity breach resulting in the loss of approximately USD 236 thousand. Thinfilm maintains both crime and cyber insurance policies that are expected to cover the loss. The Company has contacted the relevant legal authorities and has reviewed its internal controls and policies related to cybersecurity risks and incidents. Accordingly, additional controls have been implemented to mitigate future risk of cyber incidents.
- On 18 May 2020, Thin Film Electronics ASA announced the registration of a share capital increase of 5,859,357 shares. The share capital increase associated with the private placement was duly registered in the Register of Business Enterprises. Following the share capital increase, the Company's share capital is NOK 7,089,823.18 divided into 64,452,938 shares, each share having a par value of NOK 0.11.