



**THE NOMINATION COMMITTEE'S PROPOSAL TO
THE EXTRAORDINARY GENERAL MEETING IN
THIN FILM ELECTRONICS ASA (THE "COMPANY")
ON 19 AUGUST 2020**

Presentation of the work of the Nomination Committee

The Nomination Committee was elected at the Annual General Meeting ("AGM") on 3 June 2020 and has been comprised of Robert N. Keith (Chairman), Rune Sundvall, and Christian Schlytter Henriksen.

Agenda Item 8 in the Notice of Extraordinary General Meeting; Board remuneration; issuance of subscription rights

Reference is made to the Notice of the Extraordinary General Meeting to be held on 19 August 2020 regarding the grant of subscription rights to members of the Board of Directors.

In order to further incentivize the members of the Board, the Nomination Committee proposes that the Board members are granted incentive subscription rights on terms substantially equal to the 2020 Subscription Rights Incentive Plan, as proposed renewed and amended in Item 7 in the Notice. The number of subscription rights which may be issued to the members of the Board shall be a minimum number of one (1) subscription right and a maximum number of 34,764,937 subscription rights, the maximum representing 2% of the Company's Fully Diluted Share Capital as of the date of this resolution (Fully Diluted Share Capital includes issued and outstanding shares, including shares issued in the Private Placement resolved in Item 3 of the Notice, shares and warrants that may be issued in the Subsequent Offering in Item 4 of the Notice and warrants that are issued and outstanding, but excludes issued and outstanding incentive subscription rights under the Company's subscription rights programs); provided, however, that the maximum number of subscription rights that may be issued to Board members hereunder shall not exceed a number corresponding to 2% of the number of issued and outstanding shares in the Company at any given time. The exercise price of the subscription rights shall equal the subscription price in the Private Placement in Item 3 of this Notice, being NOK 0.15 per share.

The Nomination Committee considers such grant of incentive subscription rights appropriate, and, on this background, proposes to issue subscription rights to the Board members in accordance with this proposal.

The Nomination Committee proposes the following resolution to be approved by the Extraordinary General Meeting:

The Extraordinary General Meeting resolves to issue independent subscription rights to the Board Members of Thin Film Electronics ASA. The number of subscription rights which may be issued under this resolution shall be a minimum number of one (1) subscription right and a maximum number of 34,764,937 subscription rights, representing 2% of the Company's Fully Diluted Share Capital as of the date of this resolution (Fully Diluted Share Capital includes issued and outstanding shares, hereunder shares issued in the Private Placement in Item 3 of the Notice, shares and warrants that may be issued in the Subsequent Offering in Item 4 of the Notice and warrants that are issued and outstanding, but excludes issued and outstanding incentive subscription rights under the Company's subscription rights programs); provided, however, that the maximum number of subscription rights under this resolution shall not exceed a number corresponding to 2% of the number of issued and outstanding shares in the Company at any given time.



As an immediate grant hereunder, the Company grants 4,600,000 subscription rights to the Chair Morten Opstad, 4,600,000 subscription rights to Jon Castor, and 2,300,000 to each of Kelly Doss and Preeti Mardia, totaling 13,800,000 subscription rights (the "Initial Grant"). Any subsequent grant of subscription rights hereunder shall be allocated among the Chair and the Board members in the same proportion.

Each subscription right shall entitle the holder to demand the issuance of one share in the Company; provided, however, that in the event the Company's share capital or number of shares is changed by way of a capitalization issue, stock split, stock consolidation etc., the maximum number of subscription rights (see the first paragraph of this resolution) that may be issued under the subscription rights program for the Board members, and the consideration for the shares to be issued in the Company upon exercise of the subscription rights, shall be adjusted accordingly and rounded downwards to the nearest whole number.

For the avoidance of doubt, the subscription rights issued to the Board Members shall not be taken into consideration when considering the maximum number of subscription rights that may be issued under the 2020 Subscription Rights Incentive Plan, as proposed renewed and amended in Item 7 in the Notice.

The subscription rights in the Initial Grant shall be subscribed for by the Board Members no later than 31 August 2020. Any additional subscription rights that may be granted hereunder shall be subscribed for by no later than 31 December 2021. The nomination committee shall consider the status of the subscription rights plan for the Board members at the 2021 Annual General Meeting.

The subscription rights will be granted for no consideration.

The subscription rights shall be non-assignable otherwise than by will or by the laws of descent and distribution.

The vesting schedule for the Initial Grant shall be as follows: 50% of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the 2021 Annual General Meeting and 30 June 2021, and the remaining 50% of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the 2022 Annual General Meeting and 30 June 2022. The vesting schedule for subsequent grants (if any) shall be as follows: 50% of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the first Annual General Meeting after the date of grant and 30 June in the year of such Annual General Meeting, and the remaining 50% of the subscription rights will become vested and exercisable on the earliest of the date immediately preceding the Annual General Meeting in the subsequent year and 30 June in such subsequent year.

If a Board Member resigns without Good Reason and/or is terminated for Cause ("Good Reason" and "Cause" shall have the meaning ascribed to such terms in the detailed plan document for the 2020 Subscription Rights Incentive Plan), the subscription rights shall terminate immediately upon the leaving date to the extent not yet vested pursuant to the preceding paragraph.

Except as otherwise expressly determined by the Board, in the event of a Change of Control, subscription rights shall accelerate and immediately become one hundred per cent vested as of the date of the consummation of the Change of Control. For the purpose of this paragraph, Change of Control shall mean the occurrence of any of the



following events: (i) Any acquisition, sale or disposition of stock or assets of the Company or merger or other form of consolidation resulting in a change of ownership of all or substantially all of the Company's assets, (ii) any legal person becoming the beneficial owner, directly or indirectly, of securities of the Company representing 50 per cent or more of the combined voting power of the Company's then-outstanding securities; or (iii) the complete liquidation of the Company (pursuant to a plan approved by the shareholders of the Company).

In connection with the issuance of subscription rights, and the exercise of any of the subscription rights and the resulting share capital increase in the Company, the existing shareholders waive their preferential right to subscribe for subscription rights or shares, as the case may be, according to the PLCA.

As consideration for the shares to be issued in the Company upon exercise of the subscription rights hereunder, the holders of the subscription rights shall pay to the Company a sum per share of NOK 0.15. The Board retains discretion to set the NOK 0.15 exercise price higher to avoid any issues with taxation in the jurisdiction of the director.

The subscription rights granted to the Board Members may be exercised no later than the date of the 5-year anniversary of this resolution. However, if a Board Member resigns without Good Reason and/or is terminated for Cause, all issued and vested subscription rights issued to the Board Member in question may be exercised no later than ninety – 90 – days after the effective date of such resignation/termination.

Any shares that are issued by the Company under the subscription rights program for the Board members shall carry right to dividends declared subsequent to the subscriber having paid the subscription price and the associated share capital increase having been registered in the Company Registry. All other shareholder rights associated with these shares, hereunder those referenced in Section 11-12 (2) no.9 of the PLCA, shall attach from the date of issuance of the said shares.

18 August 2020

The Nomination Committee of Thin Film Electronics ASA