



**THE NOMINATION COMMITTEE'S PROPOSAL TO
THE ANNUAL GENERAL MEETING IN
THIN FILM ELECTRONICS ASA (THE "COMPANY" OR "THINFILM")
ON 3 JUNE 2021**

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-Henrichsen.

In addition to communicating with each other, the Nomination Committee has been in contact with the Company's management, the Chair of the Board, Board members and some of the largest shareholders in the Company. Information obtained from these contacts has formed the basis for a specification of the desired profile of the Board members.

As Thinfilm has become a company with most of the activity outside Norway, there has been a broad consensus that the Company needs board members with international experience and contact points with the major international players within the areas that the Company operates in. Being registered in Norway, the composition of the board must comply with Norwegian legislation regarding gender and nationality/residence of the Board members. Presently one out of four members has Norwegian nationality and residence, one is British and two are US citizens/residents. Two (50%) are female, and two (50%) reside in the EU/EEA (following Brexit, the Company sought and has in place a dispensation from the Norwegian Ministry of Trade in respect of the residence requirement for the British board member).

In general, the Nomination Committee has the opinion that the Board is well functioning, as is its cooperation with the management.

Agenda Item 12 in Notice of the Annual General Meeting; Board election

The current Board consists of Morten Opstad (Chair), Jon S. Castor, Kelly S. Doss and Preeti Mardia. The current Board members are presented in the 2020 annual report.

The seats of Morten Opstad, Jon S. Castor and Kelly S. Doss are up for election. Preeti Mardia was elected for a 2-year term at the 2020 Annual General Meeting.

Morten Opstad, Jon S. Castor and Kelly S. Doss have expressed a willingness to stand for re-election for a new 2-year term.

The Nomination Committee has in cooperation with the Company's CEO assessed candidates within the battery business to extend the Board with this competence. However, the committee has concluded that it is better for the time being to attract such competence through a technical advisory committee and not extend the Board at this time. Such advisory committee is under establishment. The current Board is proposed to be reelected.

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

Morten Opstad is re-elected as Chair of the Board for another two-year term. Jon S. Castor and Kelly S. Doss are re-elected as Board members for another two-year term. Preeti Mardia continues for the second year of her term.

Further to the foregoing, the proposal is therefore that the Board will consist of Morten Opstad (Chair), Jon S. Castor, Kelly S. Doss and Preeti Mardia.

Agenda Item 13 in Notice of the Annual General Meeting; Board remuneration

13.1 Remuneration to the members of the Board for the period 2021-2022

The remuneration to the members of the Board for the period from the Annual General Meeting in 2020 to the Annual General Meeting in 2021 was approved at the 2020 Annual General Meeting.

The Nomination Committee proposes the following resolution to be approved by the Annual General Meeting in respect of remuneration to the members of the Board for the period from the 2021 Annual General Meeting until the 2022 Annual General Meeting:

Board members Jon S. Castor, Kelly S. Doss, Preeti Mardia and Morten Opstad shall receive a remuneration of USD 40,000 (or an amount in NOK equivalent thereof) fixed annual fee paid quarterly in arrears with first payment due 31 August 2021 for service on the Board from the date of the 2021 Annual General Meeting until the date of the 2022 Annual General Meeting.

Board member Jon S. Castor shall further receive a remuneration of USD 60,000 (or an amount in NOK equivalent thereof) fixed annual fee paid quarterly in arrears with first payment due 31 August 2021 for service as Chair of the strategy committee supporting the CEO of the Company in relation to strategic questions from the date of the 2021 Annual General Meeting until the date of the 2022 Annual General Meeting.

13.2 Remuneration to Morten Opstad for services as Chair

The Company has had in place an agreement with Morten Opstad, the Chair of the Board, for remuneration for executive services beyond his board functions and role as Chair of the Board. This agreement was amended as part of the refinancing and funding of the Company in 2020, such amendment effective as of 1 January 2020. Under this amendment agreement, Morten Opstad shall receive an annual fee of NOK 230,000 for services rendered as Chair which are beyond the ordinary duties as Board member. The above-mentioned remuneration is subject to approval by the Annual General Meeting.

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

Chair of the Board, Morten Opstad, shall receive a remuneration of NOK 230,000 fixed annual fee for services as Chair which are beyond the ordinary Board member functions, from 1 January 2020 until the date of the 2022 Annual General Meeting.

Regarding approval and ratification of Anti-dilutive grants – Referenced in Agenda Item 9 in Notice of the Annual General Meeting:

At the Extraordinary General Meeting on 19 August 2020, it was stated that the Nomination Committee shall consider the status of the subscription rights plan for the Board members at the 2021 Annual General Meeting.

The Extraordinary General Meeting in the Company on 19 August 2020 resolved the issuance of subscription rights to the members of the Board of Directors. Under such resolution, additional subscription rights may be granted to the Board members pursuant to such resolution; provided, however, that the maximum number of subscription rights that may be issued to the Board pursuant to such resolution by the 19 August 2020 Extraordinary General Meeting shall not exceed 2% of the Company's Fully Diluted Share Capital as of the date of such Extraordinary General Meeting (Fully Diluted meaning inclusive warrants that were issued and outstanding as of such date), and under no circumstances exceeding a number corresponding to 2% of the number of issued and outstanding shares in the Company at any



given time. Practically speaking, this means, by way of illustration, that more incentive subscription rights may be issued to the Board once Warrants B and C become exercised, subject to the foregoing limitations.

The Nomination Committee acknowledges that share-based incentives represent a relatively customary and expected board remuneration and incentive in the US market. In line with this, and to ensure similar type of remuneration for all board members, the Nomination Committee remains of the view that it is in the Company's and shareholders' mutual best interest to make these grants in order to secure and retain the services of US-based board members and offer similar type remuneration to the entire Board. The Nomination Committee therefore believes that the subscription rights program for the Board of Directors shall continue in accordance with the terms and conditions resolved by the Extraordinary General Meeting dated 19 August 2020.

The consideration for the shares to be issued in the Company upon exercise of any new subscription rights to be granted thereunder shall be in accordance with the resolution by such Extraordinary General Meeting and, in the case of the US directors only (and as authorized by such Extraordinary General Meeting), at least equal the greater of; (i) the average closing price of the Company's share, as reported by Oslo Børs, over ten trading days immediately preceding the date of grant of the subscription rights, and (ii) the closing price of the Company's share, as reported by Oslo Børs, on the trading day immediately preceding the date of grant of the subscription rights.

The Nomination Committee has reviewed the Board's proposal regarding approval and ratification of Anti-dilutive grants. The Board's proposal, as referenced in agenda item 9 of the Notice to the Annual General Meeting, will temporarily cause the total number of issued and outstanding subscription rights to exceed the limit imposed by the 19 August 2020 Extraordinary General Meeting in respect of the subscription rights plan for the Board. The Anti-dilutive grants are therefore made subject to approval by the Annual General Meeting and, following such approval, the Nomination Committee considers that the Anti-dilution grants are fully consistent and in accordance with the subscription rights plan for the Board, as resolved on the 19 August 2020 Extraordinary General Meeting following a proposal by the Nomination Committee.

The foregoing is for information purposes only and no new resolution of the Annual General Meeting is required (other than the proposed resolution contained in agenda item 9 at the Annual General Meeting).

Regarding the authorization to the Board to issue shares in connection with Restricted Stock Units ("RSUs") – Referenced in Agenda Item 10 in Notice of the Annual General Meeting:

Reference is made to agenda item 10 of the Notice regarding the authorization to the Board to issue restricted stock units ("RSUs"), a type of option which in the future, subject to a vesting schedule, will entitle the holder to shares in the Company. The RSUs are proposed issued to, among others, US board members for the Valuation Gap (as defined in agenda item 9 in the Notice) by use of an authorization proposed given to the Board. Reference is also made to the resolutions in items 7 and 8 in the minutes of the Extraordinary General Meeting held on 19 August 2020.

The Nomination Committee recognizes that the Board's proposal is made solely so that the members of the Board are equally and fairly treated, and that such authorization will solely be used to achieve this purpose and ensure that they receive the economic terms intended by the 19 August 2020 Extraordinary General Meeting. However, as the issuance of RSUs, upon utilization of the proposed authorization, will consist of a type of option, and thus remuneration, to the members of the Board, the Nomination Committee would like to comment on and confirm its approval to the Board's proposal.

Given that RSUs are to be issued following the expiration date of Warrants B and C, respectively,



the proposal to the Annual General Meeting is for an authorization to the Board to issue such RSUs by utilizing the authorization following such expiration dates. The Nomination Committee agrees with the Board's reasoning and intent regarding the issuance of RSUs and the proposal for authorization to the Board by the Annual General Meeting.

The Nomination Committee confirms its approval of the proposed resolution/authorization in agenda item 10 of the Notice of Annual General Meeting and emphasizes that the resolution to issue such shares to US Board members shall be based on the same calculation methodology as applied in respect of the employees and be approved by the disinterested members of the Board.

Agenda Item 14 in Notice of the Annual General Meeting; Remuneration to the Nomination Committee

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

The Chairman of the Nomination Committee, Robert N. Keith, has waived his right to a remuneration fee. Each of the other members, Rune Sundvall and Christian Schlytter-Henrichsen, shall receive a remuneration of NOK 15,000 for service on the Nomination Committee from the date of the 2020 Annual General Meeting until the date of the 2021 Annual General Meeting.

Agenda Item 15 in Notice of the Annual General Meeting; Nomination Committee election

All Nomination Committee members have expressed a willingness to continue as members of the Committee. Hence, the Nomination Committee proposes that:

Members of the Nomination Committee Robert N. Keith, Rune Sundvall, and Christian Schlytter-Henrichsen are re-elected for a new one-year term.

1 June 2021

The Nomination Committee of Thin Film Electronics ASA