

To the General Meeting of Thin Film Electronics ASA

AUDITOR'S REPORT TO THE INTERIM BALANCE SHEET

Opinion

We have audited the Interim Balance Sheet of Thin Film Electronics ASA as at 31 December 2019 showing a negative equity of NOK 8 063 000. The Interim Balance Sheet comprise the balance sheet, a summary of significant accounting policies and notes. The Interim Balance Sheet is prepared by the Board of Directors and the Managing Director applying the accounting principles as set out in note 1 to the Interim Balance Sheet.

In our opinion, the accompanying Interim Balance Sheet in all material respects, express the financial position of the Company as at 31 December 2019 with the accounting principles as set out in note 1 to the Interim Balance Sheet.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the Interim Balance Sheet, which indicates that going concern is dependent upon a private placement and / or raising sufficient capital to restore the Company's equity. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of accounting

We draw attention to note 1 to the Interim Balance Sheet, which describes the basis of accounting. The Interim Balance Sheet is prepared as Thin Film Electronics ASA will conduct a reduction of capital (the Norwegian Public Liability Companies Act § 12-2). As a result, the Interim Balance Sheet may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Board of Directors and the Managing Director for the Interim Balance Sheet

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with the accounting principles as set out in note 1 to the Interim Balance Sheet, and for such internal control as management determines is necessary to enable the preparation of the Interim Balance Sheet that are free from material misstatement, whether due to fraud or error.

In preparing the Interim Balance Sheet, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The

Interim Balance Sheet use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Interim Balance Sheet

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Interim Balance Sheet, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used, and the reasonableness of the overall presentation of the interim balance sheet.

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

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

Oslo, 2 April 2020
Deloitte AS



Mette Herdlevær
State Authorised Public Accountant