THIN FILM ELECTRONICS ASA
(a public limited liability company organized under the laws of the Kingdom of Norway)
Business registration number: 889 186 232

Prospectus in connection with the admission to trading on Oslo Børs of 120,000,000 new shares (the "**New Shares**") that have been issued in a private placement (the "**Private Placement**"), all with a par value of NOK 0.11 per share.

DATE: 30 March 2016

IMPORTANT INFORMATION

For the definition of certain capitalized terms used throughout this Prospectus, please see Section 15 “Definitions and Glossary Of Terms” which also applies to the front page.

Readers are expressly advised that the Shares are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 “Risk Factors”. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal adviser, independent financial advisor or tax adviser for legal, financial or tax advice.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no.75 (the “**Norwegian Securities Trading Act**”) and related legislation and regulations, including the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, as amended from time to time and as implemented in Norway (the “**EU Prospectus Directive**”). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (Nw. Finanstilsynet) (the **“Financial Supervisory Authority**”) has reviewed and approved this Prospectus in accordance with Section 7-7 and 7-8, cf. Section 7-3 of the Norwegian Securities Trading Act. The Financial Supervisory Authority has not controlled or approved the accuracy or completeness of the information contained in this Prospectus. The Financial Supervisory Authority’s control and approval relate solely to the fact that the issuer has included descriptions in accordance with a pre-defined checklist of requirements. Moreover, the Financial Supervisory Authority has not undertaken any form of control or approval of the corporate law matters described in or covered by the Prospectus.

All inquiries relating to this Prospectus should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Private Placement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. There may have been changes affecting the Company or the Group subsequent to the date of this Prospectus. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time when this Prospectus is approved and the date of listing of the New Shares at Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Group’s affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. The Company requires persons in possession of this Prospectus to inform themselves about the shares being offered and to observe any such Prospectus distribution restrictions.

For further information on the sale and transfer restrictions of the Shares, see Section 11.21 “Restrictions on sale and transfer”.

This Prospectus does not constitute an offer to subscribe for Shares in the Company.

The Prospectus is subject to Norwegian law. Any dispute arising in respect of or in connection with this Prospectus is subject to the exclusive jurisdiction of Norwegian courts with Oslo District Court as legal venue in the first instance.

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a Summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of "not applicable".

1.1 SECTION A – INTRODUCTION AND WARNINGS

Element	Description of Element	Disclosure requirements
A.1	Warnings	This Summary should be read as an introduction to the Prospectus. Any decision to invest should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might under the applicable national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any transactions thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale and final placement by financial intermediaries	Not applicable. No resale will take place. No financial intermediaries will be used for the Private Placement.

1.2 SECTION B-ISSUER

Element	Description of Element	Disclosure requirements
B.1	Legal and Commercial Name	Thin Film Electronics ASA ("Thinfilm")
B.2	Domicile/Legal Form/Legislation/ Country of Incorporation	Thinfilm is a Norwegian public limited company incorporated under the Norwegian Public Limited Companies Act. The Company was incorporated on 22 December 2005 with the name Thin Film NewCo ASA, which name was changed to Thin Film Electronics ASA on 11 May 2006. Thinfilm has its registered address at Henrik Ibsens gate 100, 0255 Oslo, Norway. The postal address is P.O. Box 2911 Solli, NO-0230 Oslo, Norway. The organisation number of Thinfilm is NO 889 186 232. The Company can be reached on telephone +47 23 27 51 59. The Company's website is www.thinfilm.no
B.3	Key factors relating to current operations and activities, main categories of products sold and principal markets	Thinfilm is a global leader in the development and commercialization of Printed Electronics. Thinfilm uses leading edge Printed Electronics technology to produce products in ultra-high volumes and at relatively low unit costs. This unique combination of technology, scale, and affordability presents a compelling alternative to traditional electronic offerings. Today, Thinfilm is delivering on its mission to make everyday objects just smart enough, to expand the boundaries of the Internet of Things, and to help create a truly connected world. Thinfilm's business model is based on the following products: **Products** Thinfilm products include: • Thinfilm Memory™ - Rewritable memory labels released to market commercially early in 2014; technology licensed to Xerox Corporation in January 2015 for mass production and distribution. • EAS - Electronic article surveillance tags in market commercially; currently in global rollout with leading global fast-fashion retailer (11.2 million units shipped in 2015). Commercial go-to-market partnership with Nedap Retail, a leading European supplier of retail loss prevention solutions, with tags sold under Nedap !Fast brand. • NFC SpeedTap™ - High-frequency RF (radio frequency) tags that communicate a 128-bit unique item-level identifier to appropriately-configured NFC-enabled smart phones. They are made using Thinfilm's patented Printed-Dopant Polysilicon manufacturing process. • NFC OpenSense™ – High-frequency RF tags that

		communicate on of two encoded 128-bit unique item-level identifiers to appropriately-configured NFC-enabled smart phones; can detect both "factory sealed" and "open" states of product; Launched prototype in 2015 with Diageo (world's largest spirits manufacturer) as "connected smart bottle"; additional agreements signed with leading consumer packaged goods companies during Q2-Q4 2015. • Sensor Labels - Integrated system products that feature sensors, logic, displays, and/or NFC communication; agreements in place with go-to market partners for pharma (Temptime) and food products (PakSense); samples of temperature sensor smart labels delivered in late 2014 for customer demonstrations, engineering quantities expected to be delivered in Q3 2016. Thinfilm's business model calls for revenue generation from product sales and through the licensing of its technology/IP. At the moment, many of the key players in the Printed Electronics industry are research houses or government-based organizations and relatively few are developing commercial solutions. Major electronics firms such as Samsung and Sony are developing Printed Electronics, but are more focused on the application of Printed Electronics to large-screen displays and other large-area applications. PragmatIC and PolyIC, a division of Kurz, are companies that have developed, logic-based printed systems but have not demonstrated technologies compatible with industry-standards for RF communications. Thinfilm's products also compete against certain traditional electronic components featuring silicon chips. Thinfilm Memory™ may, for example, be compared to EEPROMs, though with substantially lower capacity, and Thinfilm OpenSense™ may be compared to RFID labels, from manufacturers such as NXP, a Dutch electronics company. In practice, silicon-based devices will have a different set of use cases, and it is not expected that Thinfilm printed memories or printed smart label systems will displace silicon on performance specifications. Displacement could occur through an enhanced cost/functionality trade-off, with Thinfilm products delivering functionality for simple applications. Thinfilm products are relatively less costly to produce, with process steps that are more scalable and amenable to high-throughput Roll-to-Roll processing. As a result, Printed Electronics can address markets, segments and applications for which silicon-based electronics simply do not make economic sense.
B.4a	Significant recent trends affecting the	The Printed Electronics market is still in its early stages, and according to industry analyst group IDTechEx, the market for

	issuer and the industries in which it operates	printed and potentially printed products is expected to grow from more than USD 29.8 billion in 2013 to nearly USD 74 billion in value in 2025. IDTechEx predicts that smart labels (i.e., memory, circuits, transistors, sensors and even wireless communication) will have “huge growth potential” over this period.[1] Individual item-level labeling is the largest single market opportunity for application of several of Thinfilm’s products, including Thinfilm NFC OpenSense™, Thinfilm NFC SpeedTap™, and Thinfilm Memory™. Also, the trend to replace clunky traditional EAS tags with sleek, flexible and integrated soft tags is expected to continue. Thinfilm’s EAS labels – unique “permanent kill” tags that do not reactivate - were rolled out with a leading global fashion retailer in 2015. Smart Labels are expected to constitute a significant opportunity for Thinfilm. Temperature sensor applications are being developed together with Thinfilm's customers in numerous markets, including monitoring freshness in perishable foods, floral, and temperature sensitive pharmaceuticals. NFC OpenSense™ target markets include wine & spirits, specialized foods, tobacco, over-the-counter pharmaceuticals, medical devices, cosmetics, health and beauty, and other fast moving consumer goods (FMCG). Thinfilm sensing smart labels offer data reading via display, and future versions will offer an NFC option. Thinfilm’s wireless products, featuring contactless near-field communication (“NFC”), are believed to hold the most potential for success and are expected to be a primary focus of Thinfilm in 2016 and beyond. The market interest – particularly in NFC OpenSense™ – is substantial, and is being fueled by the megatrend known as the “Internet of Things” (“IoT”). Within IoT, individual inanimate objects gain the ability to communicate with consumers through the use of RF-based NFC. Thinfilm’s NFC OpenSense™, which was launched in February of 2015, is generating significant interest from leading organizations in wine and spirits, cosmetics, pharmaceuticals, and fast moving consumer goods (“FMCG”). NFC OpenSense™ tags are thin, flexible tags that can detect a product’s sealed and open states and wirelessly communicate contextual content with the tap of an NFC-enabled smartphone or device. The tags contain unique identifiers that make it possible for companies to track products to the individual-item level. In addition, the tags remain active even after a product’s factory seal has been broken – empowering brands to extend the dialogue and strengthen

[1] IDTechEx, January 2015, Printed, Organic & Flexible Electronics Forecasts, Players & Opportunities 2015-2025.

<table>
<tr><td></td><td></td><td>relationships with consumers.

While the ubiquity of NFC systems and mobile networks makes this area particularly compelling for Thinfilm, the Company has also developed intellectual property and potential product opportunities in sub-gigahertz UHF RFID[2] systems. IDTechEx forecasts these additional markets to grow globally from 12 million tags in 2011 to 209 billion in 2021[3].</td></tr>
<tr><td>B.5</td><td>Group/ issuer's position within the Group</td><td>The Thinfilm Group comprises the parent company Thinfilm in Oslo, Norway; the wholly-owned subsidiary Thin Film Electronics AB in Linköping, Sweden; the two wholly-owned (directly and indirectly) US subsidiaries TFE Holding and Thin Film Electronics, Inc.; the wholly-owned Japanese subsidiary, Thinfilm Japan Co. Ltd and the wholly owned Chinese subsidiary Thin Film Electronics HK Limited in Hong Kong, China.</td></tr>
<tr><td>B.6</td><td>Persons having an interest in the issuer's capital or voting rights</td><td>At the date of this Prospectus[4], Thinfilm has 4,887 shareholders registered, 4,606 of them Norwegian and 281 of them foreign. As of the same date, Norwegian shareholders held 53% of the shares and foreign shareholders held 47% of the shares. Members of the Board and Executive Management hold or control a total of 0.8% of the shares. The Company's largest shareholder is Invesco Ltd., holding 18.5% of the issued and outstanding shares.

As of the date of the Prospectus, the following registered shareholders have holdings in excess of the statutory threshold for disclosure requirements. Note: The list may include nominee shareholders, which holdings may belong to one or several beneficial owners. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the shares.
<table><tr><th>Shareholder</th><th>Number of shares (mill. shares)</th><th>Per cent</th></tr><tr><td>Invesco Ltd.,</td><td>102,685,101</td><td>18.5</td></tr><tr><td>Ferd AS</td><td>46,768,026</td><td>8.4</td></tr></table>
All shares in the Company have equal voting rights, with each share carrying the right to one vote at the general meeting of shareholders.

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may result in a change in control of Thinfilm. To the best of the Company's knowledge and belief, no shareholder, or group of</td></tr>
</table>

[2] Ultra High Frequency Radio Frequency Identification
[3] "Printed and Chipless RFID Forecasts, Technologies & Players 2011-2021", IDTechEx, August 2010.
[4] The information is based on a VPS data as of 23 March 2016.

		shareholders, controls the Company, directly or indirectly.
B.7	Selected historical key financial information	Thinfilm's audited annual consolidated financial statements for 2013 and subsequent years as well as the unaudited interim financial statements for the four quarters of 2015 have been prepared in accordance with IFRS as adopted by EU.

Profit and loss statements

Condensed consolidated statements of comprehensive income

Amounts in USD 1,000	1 October - 31 December 2015	1 October - 31 December 2014	1 January - 31 December 2015 (unaudited)	1 January - 31 December 2014 (audited)	1 January - 31 December, 2013 (audited)
Sales revenue	989	514	2 214	1 849	905
Other operating revenue	485	686	1 791	2 140	1053
Other income	125	(11)	408	490	-
Total revenue & Other Income	1 599	1 189	4 413	4 479	1 958
Operating costs	(10 859)	(8 633)	(34 664)	(28 970)	(15 831)
Depreciation, amortization and impairment loss	(458)	(378)	(1 537)	(1 305)	(278)
Operating profit (loss)	(9 718)	(7 822)	(31 788)	(25 796)	(14 152)
Net financial items	368	133	2 406	701	313
Profit (loss) before income tax	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Income tax expense	-	-	-	-	-
Profit (loss) for the period	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Profit (loss) attributable to owners of the parent	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)

Amounts in USD 1,000					
Profit (loss) for the period	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Other comprehensive income					
Currency translation	(516)	(4 386)	(5 120)	(6 391)	(2 871)
Total comprehensive income for the period, net of tax	(9 866)	(12 075)	(34 502)	(31 487)	(16 710)

Balance sheets

Condensed consolidated statements of financial position

Amounts in USD 1,000	31 December, 2015 (unaudited)	31 December, 2014 (audited)	31 December, 2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7 788	4 870	3 112
Intangible assets	2 602	2 319	-
Current assets			
Trade and other receivables	3 118	2 565	1 318
Inventory	367	451	-
Cash and cash equivalents	15 940	30 854	43 803
Total current assets	19 425	33 870	45 121
TOTAL ASSETS	29 815	41 059	48 234
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	10 466	9 898	8 529
Share premium			
Other paid-in equity	119 906	97 637	47 250
Currency translation	(14 719)	(9 599)	427
Retained earnings	(91 008)	(61 626)	(13 839)
Total equity	24 645	36 311	42 367
Liabilities			
Trade and other payables	5 170	4 748	3 247
Total liabilities	5 170	4 748	2 620
TOTAL EQUITY AND LIABILITIES	29 815	41 059	45 614

Cash flow statements

Condensed consolidated cash flow statements

Amounts in USD 1,000	1 October - 31 December 2015	1 October - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2014	1 January - 31 December 2013
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit (loss)	(9 718)	(7 822)	(31 788)	(25 796)	(14 152)
Share-based payment (equity part)	517	575	1 707	1 903	874
Depreciation and amortization	458	380	1 537	1 307	278
Write down inventory	243	-	243	-	0
Loss on sale of fixed assets	39	-	130	-	0
Changes in working capital and other changes	683	476	2 135	(1 794)	3 452
Net cash from operating activities	(7 779)	(6 391)	(26 036)	(24 381)	(9 548)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	37	(287)	(4 809)	(3 191)	(2 897)
Purchases of intangible assets	(62)	-	(799)	-	-
Acquisition of business activity	-	-	-	(2 700)	-
Capitalized development expenses	(21)	(26)	(112)	(26)	-
Proceeds from sale of fixed assets	15	-	170	-	-
Interest received	1	109	146	570	245
Net cash from investing activities	(30)	(204)	(5 404)	(5 347)	(2 652)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares	22	21 431	21 130	22 289	53 137
Net cash from financing activities	22	21 431	21 130	22 289	53 137
Currency translation effects on cash and bank deposits	(894)	(3 895)	(4 603)	(5 509)	(3 034)
Net increase (decrease) in cash and bank deposits	(8 681)	10 940	(14 913)	(12 948)	37 903
Cash and bank deposits at the beginning of the period	24 622	19 915	30 854	43 803	5 900
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD	15 940	30 854	15 940	30 854	43 803

Investments are discussed in more detail in the Balance Sheet section above. A clear step up in investments is notable in the first half of 2013 as printing machinery for manufacturing printed memory and displays was commissioned in Linköping, and in the second half of 2015, as de-bottlenecking of production at the San Jose/Zanker Road facility commenced.

The cash inflows from financing activities in 2012-2015 have come from shareholders in share issues by way of private placements or rights issues.

B.8	Pro forma financial information	Not applicable.
B.9	Profit forecast or estimate	Not applicable. The Prospectus does not contain any profit forecasts or estimates.
B.10	Qualifications in audit report	Not applicable. The audit reports do not include any qualifications.
B.11	Working capital	In the opinion of the Company, the Group has sufficient working capital for its present requirements for the next twelve months.

1.3 SECTION C-SECURITIES

Element	Description of Element	Disclosure requirements
C.1	Type of class of securities being offered	On 16 March 2016, the Extraordinary General Meeting of Thinfilm resolved the issuance of a total of 120,000,000 New Shares, in a private placement, each share having a par value of NOK 0.11, to funds under management of Woodford Investment Management LLP. The Subscription Price per share was NOK 3.00, totaling NOK 360,000,000. The Subscription Price in the Private Placement will be paid in full on or about 1 April 2016 and the share capital increase is expected to be registered in the Company Registry on or about 5 April 2016. The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence, of the Norwegian Public Limited Companies Act. The Shares are registered with the VPS registrar and carry the securities identification code ISIN NO 0010299068. The New Shares are in all respects equal to the existing Shares of the Company.
C.2	Currency	The Shares are issued in NOK and are quoted and traded in NOK on Oslo Børs.
C.3	Number of shares and par value	Following the Private Placement, Thinfilm's share capital is NOK 74,383,359.27, divided into 676,212,357 ordinary Shares, each Share fully paid and having a par value of NOK 0.11.
C.4	Rights attached	The New Shares are ordinary Shares in the Company, i.e., the same class as the Shares already in issue and listed on Oslo Børs. The New Shares will obtain rights to receive dividends from the time the New Shares are issued. The Company's shares have equal rights to the Company's profits, in the event of liquidation and to receive dividends unless all the shareholders approve otherwise. Each Share in the Company gives the holder the right to cast one vote at the general meetings of shareholders of the Company.
C.5	Restrictions on free transferability	The Company's Shares are freely transferable according to Norwegian law and the Company's Articles of Association.
C.6	Listing and admission to trading	The Company's shares have been listed on Oslo Børs since 27 February 2015 under the ticker symbol "THIN". The listing on Oslo Børs of the New Shares is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 30 March 2016.

		The first day of trading of the New Shares on Oslo Børs, will be on or about 7 April 2016. The New Shares are not to be offered or admitted to trading at any other market than Oslo Børs.
C.7	Dividend policy	Thinfilm does not have any established dividend policy in place except to say that the Company's aim and focus is to enhance shareholder value and provide an active market in its shares. Thinfilm has historically never declared or paid any dividends on its shares and does not anticipate paying any cash dividends for 2016 or the next few years. Thinfilm intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operation and capital requirements.

1.4 SECTION D – RISKS

Element	**Description of Element**	**Disclosure requirements**
D.1	Key risks specific to the issuer or its industry	Risk related to the Group and the industry it operates in: • Thinfilm's business is difficult to evaluate because the Company has a limited operating history • Thinfilm's quarterly operating results will likely be volatile and may not be a reliable indicator of the Company's future performance • Thinfilm has a history of losses and expects additional losses in the future • Thinfilm's business plan depends heavily on revenues from new technology, the commercial acceptance of which remains unproven • Thinfilm's markets are immature and highly competitive • Thinfilm's markets are undergoing rapid technological change, and the Company's future success will depend on its ability to meet the changing needs of the industry • Thinfilm's business and prospects will suffer if the market for Printed Electronics does not develop as the Company expects • Thinfilm is highly dependent on IP and the Company's methods of protecting its IP may not be adequate • The exercise of new and existing warrants will reduce the ownership interests of shareholders
D.3	Key risks specific to securities	• The Company does not expect to pay any cash dividends for the foreseeable future. • Foreign shareholders may be restricted to

		participate in rights issues. Future sales of Shares could reduce the market price of the Shares and adversely affect the Company's ability to raise additional capital. • Investors may not be able to exercise their voting rights for Shares registered in a nominee account. • The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions. • Thinfilm faces risks of claims for IP infringement.

1.5 SECTION E- OFFER

Element	Description of Element	Disclosure requirements
E.1	Net proceeds/Estimated Expenses	The Subscription Price per New Share was NOK 3.00, amounting to an aggregate subscription price and gross proceeds of NOK 360,000,000. Transaction costs related to the New Shares and all other directly attributable costs in connection with the Private Placement will be paid by the Company. The total costs is expected to be up to about NOK 22 100 000, implying net proceeds from the New Shares of about NOK 337 900 000.
E.2a	Reasons for offer/Use of proceeds	The Board has sought to obtain a broader shareholder base, with more international institutional investors. Having funds under management of Woodford Investment Management LLP acquire a significant interest in the Group is a reflection of increasing international presence. This is an investor of high quality and the amount of the investment is in a magnitude, which cannot be easily obtained in the current market. The capital raised through the Private Placement will be used to fund capacity increases of the Company's EAS and NFC products line in San Jose and at back-end assembly partners, in Asia, to progress the Roll-to-Roll program, to strengthen the Company's balance sheet and liquidity position as well as for general corporate purposes.
E.3	Terms and conditions of the offer	On 16 March 2016, the Company raised NOK 360 million in gross proceeds through a Private Placement of 120,000,000 New Shares, each with a par value of NOK 0.11 and a Subscription Price of NOK 3.00 per New Share. The Private Placement was directed towards funds under management of Woodford Investment Management LLP.

<table>
<tr><td></td><td></td><td>Below is an overview of the terms and timetable for the Private Placement:

<table>
<tr><td>Number of New Shares in the Private Placement:</td><td>120,000,000</td></tr>
<tr><td>Subscription Price per New Share:</td><td>NOK 3.00</td></tr>
<tr><td>Payment Date</td><td>On or about 1 April 2016.</td></tr>
<tr><td>Registration of share capital increase:</td><td>On or about 5 April 2016.</td></tr>
<tr><td>Delivery of New Shares:</td><td>On or about 5 April 2016</td></tr>
<tr><td>Trading of the New Shares:</td><td>Expected first day of trading of the New Shares on Oslo Børs is on or about 7 April 2016.</td></tr>
<tr><td>Number of Shares pre Private Placement</td><td>556,212,357, each Share with a par value of NOK 0.11.</td></tr>
<tr><td>Number of Shares post Private Placement</td><td>676,212,357, each Share with a par value of NOK 0.11.</td></tr>
<tr><td>Rights of the New Shares:</td><td>The New Shares are in all respects equal to the ordinary Shares of the Company.</td></tr>
<tr><td>Dilution:</td><td>The percentage of immediate dilution resulting from the Private Placement for the Company’s existing shareholders who did not participate in the Private Placement is approximately 17.75 %.</td></tr>
</table></td></tr>
<tr><td>E.4</td><td>Manager and material interests in the offer</td><td>Cenkos Securities plc and Charles Street International Ltd who assisted Thinfilm with the implementation of the Private Placement, receives a performance fee equal to respectively 4 % and 2 % of the investment amount in the Private Placement .

Except for the above mentioned, there are no interests of natural and legal persons involved in the issue, including conflicting ones that are material to the issue.</td></tr>
<tr><td>E.5</td><td>Manager/Lock-up</td><td>Cenkos Securities plc and Charles Street International Ltd have assisted the Company with the Private Placement. No lock-up agreements have been entered into.</td></tr>
<tr><td>E.6</td><td>Dilution</td><td>Thinfilm had 556,212,357 outstanding shares prior to the Private Placement. A total of 120,000,000 New Shares</td></tr>
</table>

		were issued in the Private Placement, resulting in an immediate dilution of approximately 17.75 % for existing shareholders of the Company who did not participate in the Private Placement. Following the Private Placement, the Company has 676,212,357 outstanding Shares.
E.7	Estimated Expense charged to the investor	Not applicable. The Company will not charge any costs, expenses or taxes directly to any shareholder or to the investor in connection with the Private Placement.

2 RISK FACTORS

Investing in Shares in the Company involves a high degree of risk. An investor considering an investment in the Shares should consider carefully the following risk factors, as well as the other publicly available information regarding the Company that the Company displays on its website or makes available through the Oslo Stock Exchange's information system, www.newsweb.no. Should any of the following risks occur, it could have a material adverse effect on the Company's business, prospects, results of operations, cash flows and financial position, and the price of the Shares may decline, causing investors to lose all or part of their invested capital. The risk factors identified below are the material risk factors known the Company as of the date of the Prospectus.

It is not possible to quantify the significance to the Company of each individual risk factor, as each of the risk factors mentioned below may materialize to a greater or lesser degree. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 Risks Related to the Company's Financial Condition and Business Model

2.1.1 Thinfilm's business is difficult to evaluate because the Company has a relatively limited operating history

Because of its relatively limited operating history, it is difficult to evaluate the Company's business and prospects. Thinfilm's revenue and income-producing potential is unproven, and the Company's business model and strategy continue to evolve. To date, Thinfilm has earned only insignificant revenues. Future revenues are contingent upon several factors, such as the Company's ability to develop relationships with customers and the widespread commercial acceptance of the Company's technology. An investor in the Shares must evaluate the Company's prospects based on limited operating and financial information while considering the risks and difficulties frequently encountered by early stage companies in new and rapidly changing markets.

2.1.2 Thinfilm's quarterly operating results will likely be volatile and may not be a reliable indicator of the Company's future performance

The Company's revenues and operating results may in the future vary significantly from quarter to quarter due to a number of factors, including:

- fluctuations in demand for the Company's technology
- timing of the Company's entry into major contracts with customers; and
- delays in introducing new technology.

Thinfilm expects that its quarterly revenues may be volatile as the Company develops new technology and obtains new customers in the future. The volume and timing of commercial agreements are difficult to predict because the market for the Company's technology is not mature, and the sales cycle may vary substantially from customer to customer. Thinfilm believes that quarter-to-quarter comparisons of its operating results are not likely to be a good indication of the Company's future performance. As a consequence, in future quarters, the Company's operating results might be below the expectations of public market analysts and investors, which might cause the prices of the Shares to fall.

2.1.3 Thinfilm has a history of losses and expects additional losses in the future

To date, Thinfilm has not achieved profitability. Thinfilm will need to increase its revenues significantly in order to achieve profitability. If Thinfilm does achieve profitability, the Company cannot assure that it can sustain or increase profitability on a quarterly or annual basis in the future.

Revenues from the Company's business depend among other things on market factors, which are beyond Thinfilm's control. See "Risks Related to the Company's Markets" in Section 2.2.

2.1.4 Thinfilm may have difficulty developing relationships with key customers

Thinfilm intends to set up strategic alliances that complete a value chain in the emerging market of Printed Electronics. The Company's business depends extensively on these relationships. Because Thinfilm's agreements with these third parties typically do not provide the Company with exclusive rights, the Company's competitors may seek to establish relationships with these same partners, which could adversely impact the relationships with Thinfilm's existing and prospective partners. Thinfilm may not be able to establish or maintain these relationships or renew them on terms that are as financially attractive.

Thinfilm's plan to develop additional relationships in the future may be difficult to implement, since many of the Company's competitors already have established strategic relationships. Consequently, the Company's efforts may not be successful.

2.1.5 Thinfilm's business plan depends heavily on revenues from new technology, the commercial acceptance of which remains unproven

Thinfilm's future growth depends on the commercial success of its technology. The Company is initially targeting the printed memory volume markets. It is not certain that Thinfilm's target customers will choose the Company's technology for technical, cost, support or commercial reasons. Many of Thinfilm's target customers may have established successful businesses using other technologies or solutions and may find it difficult or unattractive to switch to Thinfilm's technology. If Thinfilm's target customers do not widely adopt and purchase the Company's technology, the future growth will be limited. Further, Thinfilm's resources, facilities and investments may not be adequate in order to achieve the targeted level of manufacturing and commercialization set out in the Company's business plan.

2.1.6 The Company may not be able to effectively manage growth

Thinfilm will not be successful unless the Company manages to generate recurring revenue and grow its business.

Thinfilm might need to hire additional employees and expand its technology, product, development, sales and marketing divisions in order to achieve the Company's business plan.

Future growth may place a significant strain on Thinfilm's management systems and resources. Thinfilm will need to continuously improve its financial and managerial controls and reporting systems and procedures, and expand, train and manage its work force worldwide. The Company may not be successful if it fails to manage any of these aspects of its growth.

Thinfilm has entered into and anticipates that it will continue to enter into non-exclusive, royalty-bearing outbound technology licensing agreements. The extent to which such licenses will generate substantive future revenue streams is heavily dependent on the ability of Thinfilm's licensees to successfully produce and sell products utilizing Thinfilm technology and IP. Such companies may not be successful in such commercial efforts and such licenses may fail to provide substantive future revenue.

2.1.7 Thinfilm may need additional capital, which, if obtainable, could dilute the ownership interest of investors

The Company has raised NOK 360 million (42 million USD) in gross proceeds from this Private Placement. Since its inception in 2005, the Company has experienced negative cash flow from operations and investments and expects to experience significant negative cash flow from operations in the future. To the extent that cash from operations and the cash proceeds from the Private Placement are insufficient to fund the Company's operations, including the additional investments in equipment and technology that may be required, Thinfilm may need to raise additional funds through the issuance of equity, equity-related or convertible debt securities. Thinfilm cannot be certain that additional financing will be available to the Company on acceptable terms when required, or at all.

If the Company issues additional equity securities or securities convertible into equity securities, the ownership interest of existing shareholders will decrease. Additionally, sales of substantial amounts of the Company's equity securities, or the perception that these sales may occur, could have an adverse effect on the market value of the Shares and the Company's ability to raise capital through future capital increases.

2.1.8 Thinfilm's operations expose it to the risk of fluctuations in currency exchange rates

Thinfilm's costs are largely denominated in foreign currencies, such as USD, SEK, EUR, JPY and HKD, as well as NOK. The Company's commercial revenues are largely denominated in USD or NOK, and government grants are denoted in USD and NOK. The uncertainty about the Company's revenue streams means that the risk of currency rate fluctuations cannot be hedged reliably. Until the Company earns recurring revenue, the Company does not intend to enter into transactions intended to hedge this currency risk and foreign currency assets/liabilities are minimized.

2.1.9 Thinfilm is subject to risks related to tax issues, and current tax rates and rules in Norway and elsewhere may change

Thinfilm is incorporated and tax resident in Norway, and has subsidiaries in the U.S., Sweden, Japan and Hong Kong. Thinfilm makes sales to customers in several jurisdictions. The Company's overall tax liability will depend on where the source of revenues is and/or where profits are accumulated and subject to taxation, as the different jurisdictions have differing tax regimes and taxation rates.

The taxation rules to which the Company is subject are of a complicated nature, and differences in interpretation between the Company and the relevant tax authorities may lead to the Company or its Subsidiaries being subject to unexpected claims for unpaid taxes or sanctions as a consequence of breach of applicable tax legislation. The tax liability may also depend on the tax residence of the shareholders (and in certain instances indirect shareholders) of the Company, which may vary from time to time as the Shares are subject to trading.

The Company's interpretation and implementation of applicable legislation, tax agreements and regulations and/or interpretation and implementation of the administrative practice of the relevant authorities may not be correct, and there is a risk that such rules may be subject to change, possibly with retroactive effect. The Company's tax situation, including its future effective tax rate and the usability of its net operating loss carry forwards, may change as a result of determinations by relevant tax authorities and could have a material adverse effect on the Company's business, prospects, financial position and results of operations.

2.2 Risks Related to the Company's Markets

2.2.1 Thinfilm's markets are immature and highly competitive

Thinfilm competes in the following market segments with its various products: Fast Moving Consumer Goods (FMCG); fast-fashion retail; logistics; labels; packaging; and pharma & medical devices. The use of printed electronic components in these markets is new and immature and such markets are in this respect highly fragmented, rapidly changing and expected to be competitive. The Company expects to experience competition from current and potential competitors, some of which may be better established and have significantly greater financial, technical, marketing and distribution resources. In the future, Thinfilm may encounter competition from larger, well-established and well-financed entities that may continue to acquire, invest in or form joint ventures with producers of other printed memory technologies or alternative conventional silicon-based storage, and existing producers may elect to consolidate. Thinfilm's competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than the Company can. Consolidation among companies operating in the markets that the Company serves may reduce the number of prospective customers that are available to it. Thinfilm's position in existing markets could be eroded rapidly by product or technology enhancements or the development of new, superior products and technology by competitors. Also, current and potential competitors may have greater name recognition and more extensive customer bases. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, thereby reducing the trading price of the Shares.

2.2.2 Thinfilm's markets are undergoing rapid technological change, and the Company's future success will depend on its ability to meet the changing needs of the industry

For the Company's business to survive and grow, Thinfilm must continue to enhance and improve its technology to address its customers' changing needs. If new industry standards and practices emerge, its existing technology may become obsolete. Thinfilm's future success will depend on its ability to:

- develop and license new technologies that address the increasingly sophisticated and varied needs of prospective customers; and

- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Developing technology entails significant technical and business risks and substantial costs. Thinfilm may use new technologies ineffectively, or the Company may fail to adapt its technology to user requirements or emerging industry standards. Industry standards may not be established and, if they become established, the Company may not be able to conform to these new standards in a timely fashion or maintain a competitive position in the market. If Thinfilm faces material delays in introducing new technology and enhancements, the Company may fail to attract new customers.

2.2.3 Thinfilm depends substantially on highly qualified managerial, sales and technical personnel who are difficult to hire and retain

Thinfilm's future success depends on the continued services of the Company's executive officers and key personnel and on having a sophisticated sales force with a strong knowledge of Thinfilm's complex technology and the industries the Company serves.

Thinfilm may not be able to hire or retain the kind and number of managerial, sales and technical personnel necessary for future success. The Company will need to devote considerable resources to ensure that it retains its employees in the face of a highly competitive market for talented personnel. If Thinfilm fails to attract and retain the skilled employees required, this could harm the Company's business and hamper future expansion of its sales and support operations.

2.2.4 Thinfilm faces risks associated with international expansion and operating in multiple jurisdictions

Thinfilm has limited experience operating outside Norway, Sweden, the United States, Japan and Hong Kong. The Company expects to have an international customer base. Key customers may require Thinfilm to provide worldwide service and support. The Company may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may strain existing management resources and cause the Company to mismanage aspects of its business.

Thinfilm's international operations are also subject to other inherent risks, including:

- unexpected changes in regulatory requirements;

- reduced protection for IPR in some countries or delays and costs of achieving IP protection;

- potentially adverse tax consequences; and

- increased exposure to political, governmental and economic instability.

2.2.5 Thinfilm faces risks relating to potential acquisitions of complementary companies, products or technologies

As part of its business strategy, Thinfilm intends to pursue joint ventures, strategic relationships and acquisition prospects that the Company expects will complement its existing business.

Thinfilm's growth may be impaired if the Company fails to identify or finance opportunities to expand its operations.

The Company may not realize the anticipated benefits of future investments or acquisitions, and these transactions could be detrimental to its business. If Thinfilm acquires a business, the Company could have difficulty assimilating its personnel and operations, or the key personnel of the acquired business may decide not to work for the Company. Thinfilm could also have difficulty assimilating acquired technology or products into its operations. These difficulties could disrupt ongoing business, distract management and employees and increase expenses.

2.2.6 Thinfilm's business and prospects will suffer if the market for Printed Electronics does not develop as the Company expects

Thinfilm regards the use of Printed Electronics within the Fast Moving Consumer Goods (FMCG), fast-fashion retail and medical devices to be its most important market segments. The prospects of the technology may to a high degree depend on the development and utilization of the Company's existing technology. If the use of Printed Electronics in these markets does not develop as the Company expects, this might cause reduced or delayed revenue and allow for competing technologies to evolve.

2.3 Risks Related to Legal and Regulatory Matters

2.3.1 Thinfilm is highly dependent on IP and the Company's methods of protecting its IP may not be adequate

Thinfilm relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect the Company's IPR. Thinfilm has a portfolio of registered and pending patents in the area of non-volatile memories, anti-theft (EAS) tags, and near field communication tags/labels (including OpenSense).

Thinfilm cannot be certain that it will be able to obtain patent protection on the key components of its technology or that the Company will be able to obtain patents in key jurisdictions such as the United States or EU. Thinfilm cannot give assurances that the Company will develop new products or technologies that are patentable, that any issued patent will provide the Company with any competitive advantages or will not be challenged by third parties, or that the patents of others will not impair the Company's ability to do business.

Thinfilm cannot guarantee that the applicable governmental authorities will approve any of the trademark applications of the Company. Even if the applications are approved, third parties may seek to oppose or challenge these registrations. A failure to obtain trademark registrations in jurisdictions outside Norway could limit Thinfilm's ability to use the Company's trademarks and impede its marketing efforts in those jurisdictions.

Despite Thinfilm's efforts to protect the Company's IP, unauthorized parties may attempt to copy or obtain and use the Company's technology. Policing the unauthorized use of Thinfilm's technology is difficult, and there can be no assurance that the steps taken by the Company will prevent misappropriation of its technology.

Thinfilm cannot give assurances that the Company's measures for preserving the secrecy of its trade secrets and confidential information are sufficient to prevent others from obtaining that information.

Thinfilm generally requires its employees, consultants and corporate partners to sign confidentiality and non-disclosure agreements prohibiting them from disclosing any of the Company's trade secrets. The Company's employment agreements and consulting agreements also contain confidentiality undertakings, as well as non-compete provisions, which prohibit employees and consultants from competing against the Company for an agreed period of time after termination of the employment/consultancy.

Despite the Company's efforts to preserve the secrecy of its trade secrets and confidential information, the Company may not have adequate remedies to preserve its trade secrets or to compensate the Company fully for its loss if employees, consultants or corporate partners breach confidentiality agreements with the Company. Thinfilm cannot give assurances that the Company's trade secrets will provide any competitive advantage, as they may become known to or be independently developed by competitors, regardless of the success of any measures Thinfilm may take to try to preserve their confidentiality.

2.3.2 Thinfilm faces risks of claims for IP infringement

Thinfilm's competitors or other persons may have already obtained or may in the future obtain patents relating to one or more aspects of the Company's technology. If Thinfilm is sued for patent other intellectual property right infringement, the Company may be forced to incur substantial costs in defending itself. If litigation were to result in a judgment that Thinfilm infringed a valid and enforceable patent or other intellectual property right, a court may order the Company to pay substantial damages to the owner of the patent or other intellectual property right and to stop using any infringing technology or products. This could cause a significant disruption in Thinfilm's business and force the Company to incur substantial costs to develop and implement alternative, non-infringing technology or products, or to obtain a license from the patent or other intellectual property right owner. This could also lead Thinfilm's licensees and customers to bring warranty claims against the Company. Thinfilm cannot give assurance that the Company would be able to develop non-infringing alternatives at a reasonable cost that would be commercially acceptable, or that the Company would be able to obtain a license from any patent or other intellectual property right owner on commercially reasonable terms, if at all.

2.3.3 Thinfilm may become subject to burdensome government regulations affecting the industry, which could adversely affect the Company's business

The laws and regulations applicable to the industries in which the Company operates and Thinfilm's business are evolving and could increase the costs of doing business or otherwise affect the Company's business. There can be no assurance that new legislation will not impose significant additional costs on Thinfilm's business or subject the Company to additional liabilities. Thinfilm may be subject to claims that its operations violate these laws.

2.3.4 If Thinfilm incurs substantial losses, the Company could be liquidated, resulting in the Shares losing all of their value

Thinfilm is incorporated in Norway. Under the Norwegian Public Limited Companies Act, if the losses reduce the market value of the Company's equity to an amount that is less than half of the

Company's share capital, or the market value of the Company's equity becomes inadequate compared to the risks and the extent of the activities of the business, the Board would be obligated by law to convene a general shareholders' meeting. If the market value of the Company's equity is reduced to less than 50% of the Company's share capital, but the Board nevertheless believes that the equity is adequate, the Board does not have to propose any specific measures, such as a recapitalization. However, if the Board believes that the equity is inadequate, and the Board is unable to find a basis for proposing any immediate specific measures or these measures cannot be completed, then the Board must propose to liquidate the Company.

Thinfilm expects to incur losses that will reduce the Company's equity. If reductions in the Company's equity are substantial, they could ultimately result in the liquidation or bankruptcy of the Company, which would likely result in the Shares losing all of its value.

2.4 Risk factors relating to the Shares

2.4.1 The market price of the Shares may be highly volatile and investors in the Shares could suffer substantial losses

The market price of the Shares may be highly volatile and investors in the Shares could suffer substantial losses. An investment in the Shares involves a high degree of risk, and investors should be able to withstand substantial losses and/or wide fluctuations in the market price of the shares.

The market price of the Shares could fluctuate significantly due to a number of factors, including but not limited to risk factors mentioned in this Section as well as quarterly variations in operating results, adverse business development, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Group or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the Group, its products or its competitors, lawsuits against the Group, unforeseen liabilities, changes in management or general market conditions.

In addition, the stock markets in general, and the market for developing tech companies in particular, have experienced high volatility that has often been unrelated to the operating performance of the issuer. No assurances can be given that stock market fluctuations, even if otherwise unrelated to the Group's activities, will not have a material adverse effect on the market price of the Shares.

2.4.2 The Company does not expect to pay any cash dividends for the foreseeable future

The Company has never paid dividends to its shareholders. Anyone considering investing in the Shares should not rely on such investment to provide dividend income. The Company does not anticipate that it will pay any cash dividends to holders of Shares in the foreseeable future. Instead, the Company plans to retain any earnings to maintain and expand its existing operations. In addition, any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on the Shares. Accordingly, investors must rely on sales of their Shares after price appreciation, which may never occur, as the only way to realize any return on their investment.

2.4.3 Shareholders are subject to exchange rate risk

The Shares are priced in NOK, and any future payments of dividends on the shares will be denominated in NOK. Accordingly, investors outside Norway are subject to adverse movements in the NOK against their local currency, as the price received in connection with any sale of the Shares could be materially adversely affected, and investors outside Norway are subject to adverse movements in NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares could be materially adversely affected.

2.4.4 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

On 16 March 2016, the Company's Extraordinary General Meeting resolved to issue a total of 40,000,000 Warrants to the subscriber in the Private Placement. These Warrants are exercisable at any time after the one-year anniversary of the date of the 16 March 2016 Extraordinary General Meeting and thereafter until 16 March 2018.

Furthermore, Thinfilm issued a total of 17,017,326 warrants to subscribers in a Private Placement resolved by the Company's Extraordinary General Meeting on 14 July 2015. The warrants expire in July 2018. As of the date of this Prospectus, none of these warrants have been exercised.

In addition, in connection with a private placement towards Ferd AS in November 2014, Ferd AS also received 31,250,000 warrants. The warrants expire in November 2017. As of the date of this Prospectus, Ferd has not yet exercised any of these warrants.

Further, a total of 34,090,000 incentive subscription rights are issued and outstanding under the Company incentive subscription rights plans.

Any issuance of New Shares upon the conversion of warrants and incentive subscription rights will result in the dilution of the ownership interests of the Company's existing shareholders.

In addition, the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. There is no assurance that the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted.

2.4.5 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

2.4.6 Norwegian law may limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will take priority over actions brought by shareholders claiming compensation in respect of such acts. As a result, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in jurisdictions other than Norway.

2.4.7 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

2.4.8 Market interest rates could influence the price of the Shares

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 STATEMENTS

3.1 Statement of Responsibility for the Prospectus

The Prospectus has been prepared by the Board of Directors and the management in Thin Film Electronics ASA ("Thinfilm") to provide information in connection with the listing of the New Shares issued in the Private Placement, as described herein.

The Board of Directors of Thinfilm accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 30 March 2016

Rita Glenne, Board Member	Morten Opstad, Chairman	Preeti Mardia, Board Member
Tor Mesøy, Board Member		Rolf Knut Lennart Åberg, Board Member

3.2 Statement regarding third party information

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and that as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Thin Film Electronics ASA
Oslo, 30 March 2016

Rita Glenne, Board Member	Morten Opstad, Chairman	Preeti Mardia, Board Member
Tor Mesøy, Board Member		Rolf Knut Lennart Åberg, Board Member

4 CAUTONERY NOTE REGARDING FORWARD LOOKING STATEMENT

This Prospectus includes “forward-looking” statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy, plans and objectives. All forward-looking statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company’s expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “seek to” and similar expressions, as they relate to the Company, its Subsidiaries or its management, are intended to identify forward-looking statements. The Company can make no assurance as to the correctness of such forward-looking statements and investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its Subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Company and its Subsidiaries operate.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements. Such forward-looking statements are included in sections 2.1.2, 2.1.3, 2.1.4, 2.1.6, 2.1.7, 2.2.1, 2.2.4, 2.2.5, 2.2.6, 2.3.1, 2.3.4, 2.4.1, 2.4.2, 2.4.7, 5.1, 5.2.4, 6.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5, 6.1.6, 6.2.1, 6.2.2, 6.3, 6.4, 6.6, 6.6.2, 6.6.3, 6.7, 6.8.1, 8.3, 8.6 and 9.1.1.

5 INFORMATION CONCERNING THE SECURITIES BEING ADMITTED TO TRADING

This Section provides information on the Private Placement. Please note that the New Shares issued in the Private Placement have already been subscribed for.

5.1 The background for, the purpose of and the use of proceeds

Since the launch of NFC OpenSense™ in late February 2015, Thinfilm has experienced significant interest in its high-frequency RFID products, which can communicate a unique ID to appropriately configured NFC-enabled smartphones. During 2015 and into early 2016, Thinfilm has delivered prototypes and received orders for pilot volumes for Thinfilm's NFC products. The opportunities at hand may outstrip the Company's installed capacity to produce, assemble and deliver NFC products, if customers now placing pilot orders continue with plans for field trials and global rollouts.

The Private Placement ensures funding to continue to de-bottleneck the currently installed capacity that will enable Thinfilm to deliver NFC products in significantly higher volumes than previously. Already during the second half of 2015, some de-bottlenecking investments have been made, and by end-Q1 2016, 40M units of annual capacity, based on NFC front-end equivalents, is expected to be installed. This capacity is shared between the EAS, OpenSense™, SpeedTap™, and Sensor Platform product lines, so demand for any of these in excess of capacity, or a combination of them, will require additional investments, now funded through the Private Placement. As communicated in June 2015, full de-bottlenecking of 100M+ units is expected to require a maximum CAPEX of USD 17.5 million. As per Q4 2015, USD 4.2 million of this had been spent. Consequently, it is expected that no more than 25% of the proceeds will be committed to further de-bottlenecking.

In addition, the funding allows Thinfilm to continue to progress the engineering design of Roll-to-Roll printed-dopant polysilicon transistor manufacturing lines that are expected to enable the Company to address significantly larger future volume opportunities for its EAS, NFC, and Sensor Platform products. While engineering design costs will thus be funded, the actual capital cost of a possible future Roll-to-Roll manufacturing line for printed-dopant polysilicon transistors is not contemplated financed by this investment. The transistor Roll-to-Roll line is expected to be commenced once Thinfilm receives indications such as commercial orders that provide visibility for demand for products that require a share of the estimated production capacity of such a line. This would indicate expected demand for 100's of millions of units of its wireless products, which in turn equate to substantial sales volume forecasts, in excess of $100M annually.

With an estimated capital cost of $20-25M, the transistor Roll-to-Roll manufacturing line would be fundable at a later date by a number of distinct methods, including through a strategic manufacturing partnership, debt financing, or potentially and partially, by cash-flow generated from operations, in addition to shareholder capital.

In summary, the capital raised through the Private Placement will be partially used to fund capacity increases of the Company's EAS and NFC products line in San Jose and at back-end assembly partners, in Asia, to progress the engineering design phase of the Roll-to-Roll manufacturing scale-up program, and to strengthen the Company's balance sheet and liquidity position as well as for general corporate purposes.

5.2 The Private Placement

5.2.1 Overview

The full terms and conditions of the Private Placement are set out in Section 5.2.6.

At the Extraordinary General Meeting of the Company held on 16 March 2016 it was resolved to increase the share capital of the Company with NOK 13,200,000 through the issue of 120,000,000 New Shares, at a Subscription Price per Share of NOK 3.00. The Private Placement was directed towards funds under management of Woodford Investment Management LLP. The total gross proceeds from the Private Placement amounted to NOK 360,000,000.

The Private Placement did not include any retail tranche or tranche for Company employees and no allotment method was consequently used by over-subscription of such tranches. No subscription period was applied in connection with the Private Placement other than the subscription deadline for funds under management of Woodford Investment Management LLP to participate in the Private Placement. Multiple subscriptions were not admitted as the Private Placement was formalized by way of a Subscription Agreement with subsequent execution of subscription forms. Amounts allotted were communicated in the Subscription Agreement, and with final effect by way of notification of the resolution of the Extraordinary General Meeting held 16 March 2016.

Prior to the Private Placement the Company's share capital was NOK 61,183,359.27 divided into 556,212,357 Shares, each with par value of NOK 0.11. Upon registration of the share capital increase in connection with the Private Placement, the Company’s share capital is NOK 74,383,359.27 divided into 676,212,357 Shares, each with a par value of NOK 0.11.

It was also resolved in the same Extraordinary General Meeting to issue a total of 40,000,000 Warrants to funds under management of Woodford Investment Management LLP, who had subscribed for the New Shares in the Private Placement, each of the Warrants with an exercise price of NOK 4.50. The Warrants are exercisable at any time after the one-year anniversary of the date of the Extraordinary General Meeting on 16 March 2016 and thereafter until 16 March 2018. No separate consideration is paid for the Warrants. The Warrants will be issued according to the Norwegian Public Limited Companies Act, and the Company expects that the Warrants will be registered in the Company Registry on or about 5 April 2016. The Warrants are transferable. However, the Warrants will not be traded on Oslo Børs. See Section 10.6.2 “Warrants” for a further description of the terms and conditions of the warrant issuance.

At the 16 March 2016 Extraordinary General Meeting, the shareholders waived their pre-emptive right to subscribe for the New Shares, the Warrants and any Shares issuable upon the exercise of such Warrants in relation to the Private Placement.

5.2.2 Reasons for Subscription Price and other terms in the Private Placement

The Subscription Price per share, NOK 3.00, as well as other terms, hereunder those related to the Warrants, was determined through negotiations held between the Company and Woodford Investment Management LLP on behalf of funds under its management.

The agreed pricing of the New Shares is a result of negotiations between the Company and Woodford Investment Management LLP based on the market price of the Shares as reported by Oslo Børs at time the parties entered into the Subscription Agreement on 18 February 2016. The agreed Subscription Price was considered on or about market terms and deemed by the Board to be the best attainable price in order to secure the Private Placement. Given the nature of the investor and the level of the investment, the Private Placement will in the Board's opinion increase shareholder value. For the foregoing reasons, no proposal for a repair issue is being contemplated by the Board.

5.2.3 Disparity between Subscription Price and price to Related Parties

Members of management are among the participants in the Company's Subscription Rights Incentive Plans where subscription rights are granted on fair market value of the shares as of the date of grant. The exercise prices for the issued and outstanding subscription rights to members of management are set out in the table below.

Name	**Date of Grant**	**Subscription rights granted**	**Exercise price (NOK/ Share)**
Davor Sutija	5 November 2015	1,250,000	3.95
	6 November 2014	1,500,000	4.70
	7 November 2013	1,000,000	6.19
	8 November 2012	750,000	1.89
	2 November 2011	2,000,000	1.49
John Afzelius-Jenevall	5 November 2015	500,000	3.95
	6 November 2014	500,000	4.70
	7 November 2013	150,000	6.19
	5 August 2013	1,000,000	2.58
Christer Karlsson	5 November 2015	500,000	3.95
	6 November 2014	500,000	4.70
	7 November 2013	500,000	6.19
	8 November 2012	500,000	1.89
	2 November 2011	700,000	1,49
Peter Fischer	5 November 2015	500,000	3.95
	6 November 2014	500,000	4.70
	8 May 2013	450,000	2.48
Henrik Sjöberg	5 November 2015	500,000	3.95
	6 November 2014	500,000	4.70
	7 November 2013	250,000	6.19
	6 December 2012	400,000	1.85
Kai Leppänen	5 November 2015	500,000	3.95
	7 May 2015	500,000	6.34
	6 November 2014	300,000	4.70
	27 August 2013	400,000	2.55
Erwan Le Roy	5 November 2015	700,000	3.95

In addition, members of the Board have received shares in the Company at par value in lieu of cash board remuneration, as described in Section 7.3.1.

5.2.4 Issue and delivery of New Shares and Warrants

The Private Placement and allocation of New Shares and Warrants was formally resolved by the Company's Extraordinary General Meeting on 16 March 2016.

The Private Placement was announced on 19 February 2016 through Oslo Børs' electronic information system. The associated share capital increase will be registered in the Company Registry on or about 5 April 2016. The announcement regarding registration of the share issue in the Company Registry, is expected to be made on or about 5 April 2016. The New Shares and the Warrants will be delivered to funds under management of Woodford Investent Management LLP on or about 5 April 2016.

The New Shares will have the same VPS registrar and the same ISIN number as the Company's other Shares, ISIN NO 001 029 9068. The Warrants will be registered on the investors' VPS-account under ISIN NO 001 0760366.

No existing shareholders were allocated or subscribed for New Shares in the Private Placement.

5.2.5 Listing and Expected First Day of Trading of the New Shares

The Company' shares are listed on Oslo Børs under the ticker-code "THIN".

The listing on Oslo Børs of the New Shares issued in the Private Placement is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 30 March 2016.

The first day of trading on Oslo Børs of the New Shares issued in the Private Placement, will be on or about 7 April 2016. None of the Company's Shares (including the New Shares) are offered or admitted to trading at any other market than Oslo Børs. The Warrants will not be sought listed on Oslo Børs.

The registrar for the Shares is DnB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, NO-0191 Oslo, Norway.

The Company has not entered into any underwriting agreement, stabilisation agreements, market making agreements or similar agreements for trading of its Shares in relation to the Private Placement.

5.2.6 Resolution relating to the Private Placement and the issue of the New Shares

On 16 March 2016, the Company's Extraordinary General Meeting resolved to approve the Private Placement and to issue the New Shares (translated from Norwegian):

"The Company's share capital shall be increased by NOK 13,200 000 from NOK 61,183,359.27 to NOK 74,383,359.27 through the issuance of 120,000,000 shares in a private placement, at a subscription price of NOK 3.00 per share, each share having a par value of NOK 0.11. The total subscription amount is NOK 360,000,000 of which NOK 13,200,000 is added to the Company's share capital while NOK 346,800,000 is added to the Company's reserves in accordance with the provisions of the PLCA.

The shares will be issued to funds under management of Woodford Investment Management LLP, who have confirmed that they will, subject to approval of this general meeting and prospectus approval, subscribe for the shares in accordance with the provisions of the PLCA. Existing shareholders waive their preferential right to subscribe for shares under the PLCA in connection with the instant share capital increase.

The subscription for the shares and payment of the subscription price must be made latest on 22 March 2016; provided, however, that the Board, in case of particular circumstances, may allow an extended time period for subscription and payment (but being not later than 1 June 2016).

The new shares will be fully paid and carry rights to dividends from the time the shares are issued.

The costs of the share issue include a placement fee, as well as legal fees and costs related to the preparation of a listing prospectus in the amount of approximately NOK 500,000".

In order to secure the successful completion of the Private Placement, it was considered necessary to set aside the existing shareholders' preferential rights to the New Shares and the Warrants in accordance with Section 10-4, cf. Section 11-13 of the Norwegian Public Limited Companies Act to the benefit of the new investor. The beneficiaries of the waiver of the preferential rights are funds under management of Woodford Investment Management LLP. This is an investor with high quality and the amount of the investment is in a magnitude, which is not easily obtained in the current market. The share issue will, in the Board's opinion, increase shareholder value.

5.3 Shareholder's rights relating to the New Shares

The rights attached to the New Shares, will be the same as those attached to the Company's existing Shares. The New Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act and will rank pari passu with existing shares in all respects from such time as the share capital increase in connection with the issuance of the New Shares are registered in the Company Registry. The holders of the New Shares will be entitled to dividend from the date of registration of the respective share capital increase in the Company Registry. There are no particular restrictions or procedures in relation to the distribution of dividends to shareholders who are resident outside Norway, other than an obligation on part of the Company to deduct withholding tax as further described in Section 13.

Pursuant to the Norwegian Public Limited Companies Act, all shareholders have equal rights to the Company's profits, in the event of liquidation and to receive dividend, unless all the shareholders approve otherwise. Please see Section 11 on more details concerning the rights attached to the Shares and issues regarding shareholding in a Norwegian Public Limited Company.

5.4 Dilution

The immediate dilutive effect for the Company's shareholders who do not participate in the Private Placement is approximately 17.75 %.

5.5 Lock-up restrictions

No lock-up agreements were entered into in connection with the Private Placement.

5.6 Expenses and net proceeds

Transaction costs and all other directly attributable costs in connection with the Private Placement will be borne by the Company and are estimated to approximately NOK 22.1 million. Thus, the net proceeds to the Company from the Private Placement will be approximately NOK 337.9 million, however, excluding potential proceeds as a result of a future exercise of Warrants.

5.7 Advisors

Advokatfirma Ræder DA, Henrik Ibsens gate 100, P.O. Box 2944 Solli, NO-0230 Oslo, Norway serves as the legal counsel of the Company.

5.8 Jurisdiction and choice of law

The New Shares have been issued in accordance with the rules of the Norwegian Public Limited Companies Act.

This Prospectus, the Private Placement, and the New Shares are subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect to this Prospectus and the Private Placement, including the New Shares, shall be referred to the ordinary courts of Norway and is subject to the exclusive jurisdiction of Oslo City Court as legal venue.

5.9 Mandatory anti-money laundering procedures

The Private Placement is subject to the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "**Anti-Money Laundering Legislation**").

Participation in the Private Placement is conditional upon the subscriber holding a VPS account. The VPS account must be stated on the Subscription Form. VPS accounts can be established with authorized VPS registrars which can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority. Establishment of VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.10 Interest of Natural and Legal Persons involved in the Private Placement

Cenkos Securities plc, 6.7.8. Tokenhouse Yard, London, EC2R 7AS, England and Charles Street International Ltd., 4 rues des Marbriers, P.O. Box 5530,1211 Geneva 11, Switzerland, who assisted Thinfilm with the implementation of the Private Placement, receives a performance fee equal to respectively 4 % and 2 % of the investment amount in the Private Placement, payable in cash. Other than the foregoing, the Private Placement was conducted without the use of managers, coordinators or underwriters. No paying agents or depository agents were retained or engaged, other than the Company's VPS registrar, DNB Bank ASA, Securities Services, Dronning Eufemias gate 30, NO-0191 OSLO, Norway, for purposes of issuance of the New Shares and Warrants in the VPS. No major shareholder, member of Thinfilms's management, supervisory or administrative bodies subscribed in the Private Placement. Advokatfirma Ræder DA, Henrik Ibsens gate 100, P.O: Box 2944 Solli, NO-0230 Oslo, Norway serves as the legal counsel of Thinfilm in connection with the Private Placement and receives legal fees in this regard.

Other than the above mentioned, the Company is not aware of any interest of any natural or legal persons involved in the Private Placement

6 THE COMPANY AND ITS BUSINESS

6.1 Principal Activities

Thinfilm is a publicly listed Norwegian company with headquarters in Oslo, Norway; product development and production in Linköping, Sweden; product development, production, and business development in San Jose, California, USA; and sales offices in the United States, Hong Kong and Singapore. The Company currently has more than 100 employees.

Thinfilm specializes in Printed Electronics, an emerging technology area that allows for additive production of electronic components and systems, such as memory labels, sensor systems, and identification and anti-theft tags.

The Company's principal business activities include the manufacturing, development, sale, and licensing of products based on printed and Roll-to-Roll processed electronics. Printed Electronics is a branch of electronics manufacturing that uses printing and similar additive techniques to manufacture active electronics components and systems. Compared to traditional electronics systems, these products are relatively simple, low-cost, and can be produced at ultra-high volumes on highly scalable processes.

Thinfilm has targeted its use of Printed Electronics to market segments in which traditional, electronic technologies have achieved limited traction due to production and integration costs, and also to markets where unique price/performance tags can provide a solution to certain business-related "pain points" that have been identified. This includes applications involving everyday items for example, adding anti-theft protection to fast-fashion apparel, and adding ID labels to fast moving consumer goods ("FMCG"), pharmaceuticals, and other consumable items.

The Company executes the manufacturing, development, and sale of its products both directly (i.e., in-house) and indirectly through a growing network of ecosystem partners with domain expertise in related technologies, materials, software, distribution networks, etc.

Thinfilm's strategy is to first develop prototype products with lead customers, and thereby show both the technical feasibility and cost of manufacturing, and also determine the market need and unique selling propositions for the product. After establishing an addressable market for its products, Thinfilm then intends to scale the production from prototype to sheet-based manufacturing, and then to a minimum-sized Roll-to-Roll production facility that demonstrates the expected economics of ultra-high volume manufacturing. After demonstrating such commercial viability, the Company then intends to license its core technologies to external partners as a means of scaling production, enhancing market penetration, and generating further revenue through licensing royalties.

As a result, the economic model of the Company has continually evolved from initial reliance on development activities (from inception, through 2014, and still a significant source of revenue today), through own manufacturing (starting in early 2014 and continuing in 2016 and beyond) and, eventually, to an increasing reliance on licensing revenues (with recurring income from licensing expected to start in H2 2016).

In 2015, Thinfilm made significant progress in completing the first step of this evolution, as it took to market products based on own manufacturing at a scale that exceeded 10 million units during the year, while also completing its first product licensing deal, with Xerox. Xerox is building a 1.3 billion-unit manufacturing line for production of Thinfilm Memory™ in its facilities in Webster, New York. These steps support the notion that development, followed by commercialization, and then licensing to scale-up partners, is a successful way to maintain a capital-light manufacturing operation. It also enables the Company to expend significant efforts in furthering product and process development, while at the same time confirming that a high-gross-margin licensing model can be both viable and scalable.

6.1.1 Nature of Operations

Thinfilm's vision is to bring intelligence to everyday objects, by adding simple electronic devices such as ID and sensor labels to disposable products. These labels will usually include a component that communicates by radio-frequency (RF). The specific frequency used can either be 8 Mhz for anti-theft labels (to make them compatible with in-store alarm systems already prevalent in the marketplace) or 13.56 Mhz, also known as high-frequency RF or, more commonly, Near-Field Communication (NFC). NFC is distinguished by its use of very low power to communicate wirelessly, which means that each label on a disposable package can be kept simple, with no power source of its own.

The advantage to consumers from having smart labels on packages is that they are able to interact with physical objects using their smartphones, and can exchange information about the product. A unique ID on the label will guide the consumer to information in the cloud (i.e., on the internet) that can help educate the consumer on how to best use the product, determine authenticity, and from the perspective of the brand owner, enable a more complete understanding of the customer base, allowing individually-focused marketing with each separate consumer group.

Thinfilm intends to produce these smart labels by **manufacturing electronics in an entirely new way**, using a combination of additive, sheet-based, and Roll-to-Roll high-volume manufacturing processes to deliver scale and cost advantages over traditional technologies.

The Company maintains that Thinfilm has established itself as a technology and product leader in the field of printing integrated electronic systems. This is supported by numerous awards[5] and product launches[6]. The Company's objective is to deliver innovative solutions that can be manufactured in ultra-high volumes (100s of millions of units to the 10's of billions of units) with cost per functionality advantages over traditional processes.

It should be noted that the success of Thinfilm's NFC products, which are currently expected to be the Company's main growth drivers in the coming three years, depends in large part on leveraging the smartphone as an intelligent agent to help extend the traditional boundaries of the Internet of Things and create the Internet of Everything.

With NFC now established as one of four communication protocols included in most new smartphones, this means that consumers already have devices that, depending on manufacturer configuration, are capable of extracting information from smart objects containing Thinfilm NFC labels and sensor platforms. The choice of NFC to power payment

[5] 2012 Wall Street Journal Technology Innovation Award, 2012 CNN/Time World Technology Award, 2015 Gartner Cool Vendor, 2015 RFID Journal Finalist Best Product and Thinfilm Named Winner in 2014 CTIA Emerging Technology Awards,

[6] Please refer to Sections 6.1.4, 6.1.5 and 6.1.6 for additional detail.

systems such as Apple Pay and Samsung Pay meant that over the last 12-24 months, the number of smartphones with NFC functionality has risen to nearly 1 billion phones deployed in market. That number is expected to rise rapidly in 2016 – to 2 billion phones, according to GSMA and NXP, the leading producer of NFC controllers.

By bringing intelligence to ordinary objects, Thinfilm is enabling a dramatic boundary expansion within the megatrend known as the Internet of Things. By some estimates, the volume of items disposed of annually is 5-10 trillion in total. The clothing market has already exceeded 80 billion units annually[7]. If one estimates that Printed Electronics may contribute at least 1% to the retail value of these market segments, they collectively represent a $100 billion market opportunity beyond the traditional definition of IoT.[8]

The IoT market has been largely focused on the devices that operate at the edge of the network, and collect and transmit data. Beyond these devices, though, it is important to envision the billions other "things" that exist in the consumer and enterprise space that could be made interactive.

Due to economic barriers, however, scaling intelligence to this level (i.e., consumables, disposables) simply cannot be accomplished using traditional electronics production process. A paradigm shift is needed, and Thinfilm believes Printed Electronics technology, supported by Roll-to-Roll manufacturing, is the answer.

6.1.2 Printed Electronics

Printing functional electronic devices has the potential to transform the electronics industry.

It is an additive structuring and layering process that requires fewer processing steps than silicon wafer handling and other component manufacturing processes. Printing electronics uses materials and inks that are generally less costly and easier to dispose of than conventional electronics, resulting in significantly lower environmental impact.

In addition, factory capital costs can be dramatically lower than those of conventional electronics manufacturing. In 2013, with its partner Inktec in South Korea, Thinfilm demonstrated Roll-to-Roll production of a fully-printed rewritable 20-bit memory label. In 2014, Thinfilm launched this product using in-house production capabilities in Linköping. The illustration above shows a roll of 20-bit fully-printed memories from Thinfilm's Linköping manufacturing line.

In January of 2014, Thinfilm completed the acquisition of certain assets of Kovio, Inc., including its products, intellectual property, and manufacturing equipment. As a result, Thinfilm added Kovio's Printed Dopant Polysilicon ("PDPS") technology and the only

[7] Apparel Market, 2013
[8] Thinfilm calculations based on sources from; Gartner; World Bank; IMF; MarketLine; Apparel Market; Planet Forward.

industry-supported NFC interface in Printed Electronics to its IP portfolio. By May 2014, Thinfilm demonstrated the first NFC sensor tags based on PDPS and, in February 2015, launched its NFC OpenSense™ product, which can detect a product's "factory-sealed" and "opened" states.

Kovio's technology, originally based on manufacturing requiring a sheet of thin metal foil, is currently being scaled through de-bottlenecking of the acquired sheet-based line, but the Company is also using IP developed for in-line testing of Thinfilm Memory™, as well as optical alignment know-how, to re-engineer the PDPS line and make it amenable to Roll-to-Roll production, similarly to Thinfilm Memory™, albeit with a combination of additive and subtractive manufacturing steps.

The impetus for this engineering work on roll-to-roll manufacturing of memory and transistors is the avoidance of the immense capital expenditures traditionally associated with electronics manufacturing. The cost of building a current generation semiconductor fabrication plant – a fab – inclusive of capital expenses ("CAPEX") and facilities costs, regularly exceeds USD 3-5 billion, and averages USD 13 billion[9].

Based on preliminary engineering designs completed in 2015, Thinfilm's contemplated Roll-to-Roll printed-dopant polysilicon manufacturing line is expected to cost less than USD 25 million for a capacity of more than 1 billion front-end transistor die units annually, while a similarly sized printed memory line, built from scratch, would arguably be half that cost.

A similar comparison can be made for other printed components necessary to sensor labels. Display manufacturing plants are being installed by industry leaders for between USD 1.4 billion and over USD 3 billion[10], while Thinfilm is printing its low-performance, simple displays on a line costing approximately USD 2 million in its Linköping facility, in sufficient capacity to support an estimated $100 million of sensor system sales annually.

As these plants, currently under expansion or still under engineering design, have yet been completed and operated at capacity, operating-expense industry benchmarks for Printed Electronics are not available. However, both the additive nature of printing and Thinfilm's focus on Roll-to-Roll processes to increase batch size and accelerate throughput, are expected to drive lower operating expenses than traditional electronics. This combination of low CAPEX and low OPEX is expected to drive significant cost advantages for products based on Thinfilm's Printed Electronics process.

By changing the production paradigm, Thinfilm has the opportunity to extend the use of electronics to ubiquitous applications that previously would have been cost-prohibitive. Using printing to create integrated systems has the potential to expand the traditional boundaries of the IoT.

Throughout the remainder of this Prospectus, the Company will refer to advantages of Printed Electronics relative to manufacturing costs. The reader should note that the Company pursues a value-based pricing strategy, and may pursue average selling prices above or below the

[9] Gartner – Market Trends: Rising Costs of Production Limit Availability of Leading-Edge Fabs.
[10] Japan Display confirms new plant, source says for Apple, Reuters, http://www.reuters.com/article/2015/03/06/jdi-plant-idUSL4N0W828T20150306; LG Display To Build LCD Manufacturing Plant In China, Blaze Display, http://www.blazedisplay.com/article_381.html

nominal cost-plus approach on any given product introduction. As Printed Electronic solutions are expected to deliver significant cost advantages in manufacturing, a value-based approach is expected to provide optimal returns.

The Printed Electronics market is still in its early stage and, according to industry analyst group IDTechEx, the market for printed and potentially printed products is expected to grow from more than USD 29.8 billion in 2015 to nearly USD 74 billion in value in 2025. IDTechEx predicts that smart labels (i.e., memory, sensors and wireless communication devices) will have “huge growth potential” over this period.[11]

6.1.3 Product Overview

Thinfilm’s product overview is illustrated here:

Thinfilm has developed a series of commercially-launched products with increasing complexity since its decision in early 2010 to focus on bringing new integrated electronic systems based on printing to market.

At first, the focus was on developing manufacturing methods for individual components. Some of these components, though simpler and less complex than entire systems, are still sellable as stand-alone products. An example of this is the commercial launch in January 2014 of Thinfilm Memory™, a rewritable memory label which can store a small number of bits on a plastic substrate and, in September 2014, of EAS - electronic article surveillance tags.

In both cases, the component is included in a system with a custom reader or deactivator, and is, thus, most suitable for business-to-business applications. Thinfilm Memory™ has been sold, for example, to a luxury accessory manufacturer as a brand protection (i.e., anti-

[11] IDTechEx, January 2015, Printed, Organic & Flexible Electronics Forecasts, Players & Opportunities 2015-2025.

counterfeiting) device, while the EAS product is sold exclusively through Nedap, a leading electronic article surveillance (anti-theft) system manufacturer.

As the cost point of these component products is low – well below 10 cents each – it was necessary to find efficient ways of bringing the products to market at scale, through partnership with established firms that possessed the ability to do so cost-effectively. That is why Thinfilm partnered with Nedap on EAS, and licensed Thinfilm Memory™ technology to Xerox for scale-up manufacturing.

In 2015, Thinfilm launched its first NFC smart labels that supported NFC with appropriately equipped smartphones, initially those using the Android 5 and Android 6 operating systems. These smart labels can either have one unique ID (i.e., NFC SpeedTap™), or two unique IDs (NFC OpenSense™). With two IDs, it is possible to create labels that distinguish between the "factory sealed" and "opened" states and, by inference, determine whether a consumer is in-store contemplating a purchase decision or whether he/she has started using/consuming the product. As will be described, these two NFC products have attracted significant interest in the market, and it is believed by the Company that, as of the publication of this Prospectus, they represent the largest opportunity for sales growth in 2016 and beyond. With a price point of $.30-$.50 as wet inlays and converted white labels, their unit value is also consistent with a direct sales team go-to-market strategy as unit volumes, once launched, will likely range from 100s of thousands to 10s of millions per customer order.

In 2016, Thinfilm also expects to launch a temperature-sensing smart label for two specific markets – perishable foods and pharma products. For each of these markets, Thinfilm has selected a go-to-market distribution partner with relevant subject-matter expertise. Each of these products, their respective markets, and the method, by which the Company expect to scale production and sales, is described below.

6.1.4 Thinfilm Memory™

For Thinfilm Memory™, the Company has offered a 1) Brand Protection Solution that addresses anti-counterfeiting, product security, grey market tracking, and diversion monitoring, and 2) a Smart Consumables Solution that adds low-cost intelligence in a base-plus-refill scenario, i.e., where a base unit is refilled with a cartridge or similar item that contains the consumable. Primary markets cover a range of products, including printers, air/water filters, aerosol-based air fresheners, dispenser-based cleaning products, medical dispensing systems and other assorted refillable applications.

The Thinfilm Memory™ is applied to the individual product, be it an alcoholic beverage container, a tobacco product package, or a soap dispenser refill, as a label or sticker. When the memory is read by a contact-based reader, the authenticity of the label can be verified, and information on the label can be read and rewritten. The hand-held contact-based reader can take different shapes and forms, but a key component is the application-specific integrated circuit (ASIC) that Thinfilm has developed and has produced.

Thinfilm approaches identified markets for the sale of Thinfilm Memory™ primarily through a scale-up partnership with Xerox Corp. In January of 2015, Thinfilm announced a partnership agreement with Xerox for the mass production of Thinfilm Memory™. Xerox licensed Thinfilm's technology and has developed a marketing strategy targeting key existing and prospective customers in primary markets. The technology transfer from Thinfilm to

Xerox is largely complete as of the date of this Prospectus and test equipment has been delivered. Xerox is modifying an existing plant in Webster, New York, to accommodate the manufacturing needs. The plant is expected to have a capacity of 1.3 billion units. Sales and distribution of Thinfilm Memory™ will be conducted and fulfilled by Xerox under license from Thinfilm. While volume deliveries are expected to be supported by Xerox, Thinfilm's Roll-to-Roll printing line in Linköping may be used to support smaller-volume pilot orders and field trials.

In 2016, in addition to licensing revenues, Thinfilm expects to receive revenues from Xerox through agreements to support Xerox Printed Memory sales activities with Thinfilm's field application engineering staff. These activities involve engineering and support agreements covering test equipment delivered to Xerox through technology transfer activities completed in 2015, as well as through sales of ASICs, a component of the contact-based readers required to extract stored content from the memories. Additionally, Thinfilm has offered to, and may, produce Thinfilm Memory for Xerox during 2016, as an aid to qualify Xerox production and to support field trials for Xerox customers. Licensing revenues from the Xerox agreement will become material to Thinfilm once Xerox production begins to reach the planned factory output and, for an initial period, will exceed 10% of the sales price that Xerox receives from sales of such memory. Royalty percentages are expected to decline in future years, to royalty percentages in the mid-to-low single-digits, based on details included in the agreed non-exclusive licensing, once full factory utilization is attained. If Xerox uses Thinfilm Memory in its own products, a stipulated transfer price is used as the basis of calculating the royalty. As the agreement is non-exclusive, and Thinfilm may decide to enter similar agreements with other parties, the exact terms of the agreement cannot be disclosed for commercial reasons.

6.1.5 EAS

Thinfilm's EAS (electronic article surveillance) tags were the Company's first wireless/RF (radio frequency) product introduced to the market commercially (September 2014).

For Thinfilm's EAS tags, the primary target is the global fashion market covering apparel, shoes, and related accessories. Thinfilm's EAS tags are unique in that they are thin, flexible, and provide a "permanent kill" feature such that tags cannot reactivate, making them ideal for incorporation into fashion items during the manufacturing process. Thinfilm EAS tags are compatible with legacy installed 8.2MHz EAS systems.

To deliver Thinfilm's EAS, the Company partners with Nedap Retail, a leading developer and supplier of innovative solutions for the retail market. The partnership supplies global fashion brands with a high-value loss prevention system that incorporates Thinfilm's EAS tags under Nedap's !FaST brand. The Nedap partnership has resulted in volume orders for EAS tags, the first of which was completed in September of 2014. A follow-up order for 13 million units was received in December of 2014, 11.2 million of which were delivered through the end of 2015.

EAS labels have been integrated in shoes through the end-customer's global supply chain and are currently on retail shelves. Conversion of portions of the initial volumes to wet inlays will be processed by Thinfilm's supply-chain partners during the first half of 2016. The Company is in negotiations with Nedap regarding scaled-up delivery quantities.

Demand for Thinfilm's EAS tags is expected to increase significantly with recent completion of the lead customer's installation of screeners and following qualification of the product for additional clothing categories, such as denims and select women's fashions.

An estimate made by Nedap's lead customer is that, by 2020, up to 20% of all articles sold through their fast-fashion stores might be soft-tagged using Thinfilm's EAS labels. That alone would result in a potential market in the 100s of millions of units, and would be a sufficient economic driver to justify investments by Thinfilm in Roll-to-Roll transistor manufacturing.

Thinfilm receives revenues from this product through direct sale of either dry inlays or converted wet inlays. The revenues received are expected to give positive contribution to margin based on standard production costs, and gross margin is expected to increase significantly once production using Roll-to-Roll methods is implemented, even if price discounts with increasing order volumes are negotiated with Nedap and their customer. Currently, Thinfilm is producing the EAS front-end printed integrated circuit (PIC) at its San Jose site. Sheets of the semi-finished product are then shipped to Thinfilm's back-end partners in Asia for backend assembly – i.e., bumping, dicing and attachment of the PIC to the antenna and substrate. The finished product is then shipped directly to Nedap's customer's distribution partners in Asia. As soon as the PDPS Roll-to-Roll production line, further described in Section 6.7, is operational, Thinfilm plans to migrate front-end production from the current S2S based line to Roll-to-Roll production to capture the expected significant scale and cost benefits.

6.1.6 NFC Labels: OpenSense™ and SpeedTap™

Thinfilm's second family of wireless communication products uses a simple and time-efficient NFC (near field communications) protocol, known as 'Tags talk first', to interact with appropriately-configured NFC-ready smartphones. At the time of the Kovio acquisition, Kovio had already demonstrated prototype manufacturing at low volume and moderate yield of NFC Barcode (renamed SpeedTap™ in Q3 2015), a unique-ID high-frequency RFID die, and sample quantities had been converted to functioning labels. Post-acquisition, the manufacture of NFC components was continued, primarily to demonstrate the suitability of these components to create NFC-enabled temperature labels (achieved in May, 2014).

While the initial focus of the Company at the time was to take EAS to market and to develop temperature sensors, Apple's announcement regarding Apple Pay in August 2014 renewed global-market interest in using NFC as a method to add an electronic labels to disposable objects. The Company then restarted work on completing the entire NFC label manufacturing process, including qualifying integration and assembly partners in East Asia, developing a ISO 9001 quality control system, and improving the process recipes for printed-dopant polysilicon (PDPS) manufacturing. While Apple's use of NFC is currently limited to payment systems, a decision by Apple to include other applications could reasonably be expected to have a positive material effect on demand for NFC labels, the Company's class of products.

Thinfilm believed then, and continues to believe, that the unique combination of fast read-times (up to 40 times faster than conventional encrypted NFC labels), its use of durable metal foil and thin flexible antenna substrates, and unique ID encoding during manufacturing, create a highly differentiated NFC product offering. As the unique ID is encoded during manufacturing, the ID cannot be re-written, or spoofed, that is hacking of the ID stored on the label is not possible by changing the ID itself. Further market research showed that detection of tamper evidence, and continued ability to read the ID of the tag after opening the package, would provide further value to consumers and brands. The Company then invented and developed, and applied for patents on, a new two-ID version of the NFC label, which the Company named NFC OpenSense™.

NFC OpenSense™ tags are thin, flexible tags that can detect whether a product has remained factory sealed or has been opened, and communicate, that information to an NFC-enabled smartphone or device. The tags contain unique identifiers that make it possible for companies to track products and consumer interactions to the individual-item level. The dual-state functionality is believed to be unique in the industry.

In February 2015, Thinfilm launched its NFC OpenSense™ product. Concurrent to the product launch, Thinfilm announced that, together with Diageo, the world’s largest spirits manufacturer, the companies had created a prototype “connected smart bottle” demonstrating NFC OpenSense™ on the Johnnie Walker Blue Label® brand of whiskey. The prototype bottle was unveiled and exhibited at Mobile World Congress in Barcelona, in March 2015.

In June 2015, Thinfilm announced that it had signed a series of additional prototype development and demonstration-system delivery agreements with leading companies in the spirits, tobacco, and FMCG industries. Pilot orders for NFC OpenSense™ have now been received from Diageo, Ferngrove, Barbadillo, as well as label conversion and specialised packaging firms, Constantia Flexibles and Jones Packaging. Volume production of NFC OpenSense™ logic circuits began in Q3 2015, and complete qualified high-volume production of wet inlays is currently scheduled to commence in Q2 2016. Among Thinfilm’s customers, Barbadillo has already placed NFC OpenSense™ on its Versos 1891 sherry, which was commercially launched in February 2016.

Thinfilm also plans to use PDPS circuit technology in the Company’s smart label platform to deliver low-cost, ubiquitous sensing and communication for IoT applications. Thinfilm’s first products in its sensor-label family are temperature-monitoring labels for perishable goods, including pharmaceuticals and food/floral products. Orders are currently pending for small-scale field trials in Q3 2016. These products are described in Section 6.2.2 (“Product roadmap”).

Primary markets for NFC OpenSense™ and NFC SpeedTap™ are global in nature and focus on spirits, wine, tobacco, cosmetics, pharmaceuticals, specialty foods, health and beauty, and other key FMCG and consumer packaged goods (“CPG”) arenas. Key applications for NFC OpenSense™ and NFC SpeedTap™ include product authentication/security, anti-counterfeiting, grey-market monitoring, supply-chain tracking, consumer engagement, and mobile marketing. NFC OpenSense™ has additional features beyond NFC SpeedTap™ that make it particularly suitable for refill-fraud prevention and certain types of mobile marketing that focus on consumer experience from store-shelf (point-of-sale) to use-of-product in home (consumption).

The expected price point for NFC OpenSense™ is $.30-$.50 for wet inlays and converted white labels, while for SpeedTap™ is expected to sell for 20% less, as it has no sensor and the area of the label is significantly smaller.

Thinfilm's NFC OpenSense™ and NFC SpeedTap™ products are marketed by the Company through its own direct sales, and through preferred converter partners like Jones Packaging and Constantia Flexibles that specialize in labeling and packaging. The Company currently has such a distribution agreement in place with CymMetrik, the largest label and packaging manufacturer for Greater China.

It is the intent of the Company to focus on NFC OpenSense™ and NFC SpeedTap™ as its main commercial products, to be sold by its direct sales force, over the next two to three years. It is also expected that EAS will remain an important revenue-generating product, but distribution will continue to occur exclusively through Nedap Retail.

Currently, as for EAS, Thinfilm is producing the NFC front-end printed integrated circuit (PIC) at its San Jose site. Sheets of the semi-finished product are then shipped to Thinfilm's back-end partners in Asia for backend assembly – i.e., bumping, dicing and attachment of the PIC to the antenna, conductive trace (if applicable) and substrate. As soon as the PDPS roll-to-roll production line, further described in Section 6.7 (R&D), is operational, Thinfilm plans to migrate front-end production from the current S2S based line to Roll-to-Roll production to capture the expected significant scale and cost benefits.

Investments in capacity expansion (of the sheet-based front-end capacity) already in progress will allow for increased manufacturing scale during 2016. Given sufficient commercial sales, this may lead to an increase in Company revenues. While visibility remains limited, as most customers are still in sampling mode, the size of and diversity of customer prospects makes management of the Company optimistic that product sales will grow in 2016 and 2017. By 2018, given sufficient sales demand, it may already be possible to start production on a Roll-to-Roll manufacturing line, if a decision is taken in 2016 to proceed with such an investment.

6.2 Principal Markets

Thinfilm strategically pursues a number of markets for its products based on the fact that conventional electronics has not been deployed in disposable objects for a number of reasons – primarily cost, disposability, and inherent limits in the cost-effective scalability of conventional silicon-wafer manufacturing.

In some cases, Thinfilm products will compete with traditional electronic systems whose manufacturing and assembly costs are generally significantly higher than printed alternatives. In others, Thinfilm will compete with non-electronic solutions such as chemical-based, color-changing labels for temperature monitoring, but will offer higher functionality.

6.2.1 Approach to market

Thinfilm is attempting to capitalize on the emergence of markets that can benefit from the cost and scaling advantages that Printed Electronics can deliver in various applications – advantages that Thinfilm believes simply cannot be realized by use of conventional electronics.

6.2.2 Product roadmap

Thinfilm expects to develop a series of products based on its core technologies in Printed Electronics.

The Company has demonstrated that it can integrate PDPS ("Printed Dopant Polysilicon") logic with low-cost, low-voltage printed displays, printed and surface-mounted sensors, and NFC communication.

In addition to utilizing Thinfilm's own technologies in memory and logic, the Company has entered agreements to use and/or produce an ultra-low-cost electrochromic display technology from Acreo Swedish ICT, printed organic logic technology from PARC (a Xerox Company), and novel printed, earth-friendly battery chemistry developed at Imprint Energy that is four times cheaper than industry standard Li-Ion. The breadth of this arsenal is believed to be unique in the Printed Electronics industry and should allow Thinfilm to produce a wide range of products in response to customer needs.

The product roadmap for Thinfilm's EAS tags will evolve with the needs of go-to-market partner Nedap Retail and lead customers. New products related to EAS are expected to be driven by changing form factors – such as novel antenna shapes – and incorporation of tags into fabric pouches, that should expand the serviceable addressable market.

For Thinfilm Memory™, Thinfilm's own production will provide second source manufacturing options for its licensee, Xerox Corporation. Thinfilm's internal development focus is on the further integration of its ferroelectric memory with printed and semi-printed (not all layers are fully printed) logic structures.

For NFC OpenSense™ and NFC SpeedTap™, Thinfilm expects to deliver to market various designs optimized for different market verticals and key customers. Near-term development activities focus on addition of complementary software offerings. To minimize risk of both market adoption and technical development, Thinfilm is building a robust set of tested, existing applications from open source and third-party suppliers that can be unified under a common Thinfilm architecture, the NFC OpenSense Software Platform. Additional product introductions are slated to increase capacity and incorporate novel printed materials that will improve reading of NFC tags on metal surfaces.

Smart Labels

In early 2014, Thinfilm announced partnerships with Temptime, global leader in the monitoring of pharmaceuticals and other sensitive medical goods, and PakSense, a leading provider of temperature-monitoring solutions for perishable food products such as meat, fish, dairy, and produce. Thinfilm delivered smart label samples to Temptime and other key partners in October of 2014.

The Company has identified further product opportunities by expanding from cold chain monitoring to other logistics and tracking-related applications such as humidity, chemical, or pressure, - both as individual sensors and combined with temperature for dual-property monitoring. Thinfilm retains IP that may also allow it to penetrate the UHF RFID[12] markets with similar systems. The Company believes additional market opportunities exist in healthcare, environmental monitoring, and sensors for consumer use.

[12] Ultra High Frequency Radio Frequency Identification

Currently, Thinfilm's core focus with respect to smart labels is on the temperature-sensing market. Thinfilm's temperature-sensor smart label is a compelling alternative to existing solutions and effectively addresses a gap between chemical-based tags and more complex and expensive time-temperature loggers. Key applications focus on the monitoring of sensitive pharmaceutical goods and food/floral perishables. The latter will focus first on high-value products that are core-temperature sensitive such as seafood, meat, flowers, berries, bananas, etc.

6.2.3 Product Status Summary

Product	**Internal Manufacturing**	**Externally Sourced**	**Current Status**
Memory	Memory	Conversion	In production
EAS	Deactivation logic (PDPS)	Antenna, assembly, conversion	In production
NFC OpenSense / NFC SpeedTap	NFC logic, memory (PDPS),	Antenna, assembly, conversion	In production
Smart Labels: Display and RF read-out	Sensor logic, memory, display	Antenna, assembly, conversion, batteries, sensors	In development. Engineering samples Q2 2016, product launch end 2016.

6.3 Competitors

Many of the key players in the Printed Electronics industry at the moment are research houses and relatively few are developing commercial solutions. Major electronics firms such as Samsung and Sony have previously invested in Printed Electronics, but are more focused on the application of Printed Electronics to large-screen displays and other large-area applications. Two companies to our knowledge, PragmatIC, and PolyIC, a Kurz subsidiary, have developed logic-based printed systems.

In addition, Thinfilm's NFC OpenSense™ and NFC SpeedTap™ products compete against traditional NFC labels based on silicon chips, but are specifically designed to include separate unique IDs for each of two distinct states – sealed and opened. Combined with Thinfilm's use of a "Tags-Talk-First" protocol, which decreases read-time to 5 milliseconds, this dynamic element makes NFC OpenSense™ uniquely suited for Internet of Things and high-volume manufacturing applications. PolyIC has claimed demonstrations of printed NFC, but it is believed that the inherent technology does not conform to and/or meet industry standards for near field communication protocol. Thinfilm NFC solutions are also competitive as they are believed to offer a more secure solution than unencrypted silicon chips while being cheaper than the encrypted varieties available in the market today (i.e., not-changeable unique ID etched in the chip, unique Thinfilm protocol and authentication App).

In practice, silicon-based devices will most often have a different set of use cases, and it is not expected that Thinfilm printed memories or printed smart label systems will displace silicon on performance specifications. Rather, Printed Electronics offer an enhanced cost/functionality trade-off - good enough for simple applications and less costly to produce. Printed process steps are highly scalable and amenable to high-throughput, Roll-to-Roll processing.

Thinfilm's competitive position to the companies mentioned previously, and any that may be formed as an outgrowth of research currently done in universities and research institutes, rests on three main pillars:

1) Patented IP, especially in the area of rewritable printed ferroelectric memory, Printed Dopant Polysilicon (PDPS) and applications thereof.

2) Process know-how, through development of advanced slot-die, gravure and screen printing methodologies, recipes and systems, as well as through the preparation and exclusive sourcing of solution-processable key materials, including ferroelectric copolymers, dielectrics, and semiconductors, and specially formulated interphase layers and buffers. This process know-how extends to printing electrochromic displays based on licensed IP from Acreo Swedish ICT, as well as certain printed sensors, and is expected to be extended to printed zinc-polymer batteries, based on technology licensed from Imprint Energy. More recently, the Company has also developed new methods to create a ferrite shield coating film which has applications in conjunction with the use of NFC labels on metallized containers.

3) An ecosystem of partners that is expected to allow Thinfilm to both scale manufacturing and access specific vertical markets through the expertise of its partners. Thinfilm currently has multiple bumping, dicing, assembly, and conversion partners, and has recently launched a Preferred Converter program, with the intent of developing reference designs of NFC labels together with specialized packaging companies in key vertical markets, such as wine and spirits, beverages, pharma, and specialty foods.

6.4 Technology

Thinfilm's original core memory technology is based on the use of printable, electrically switchable, ferro-electric, non-volatile bi-stable polymers. Information stored in non-volatile memory will not be lost when power is turned off.

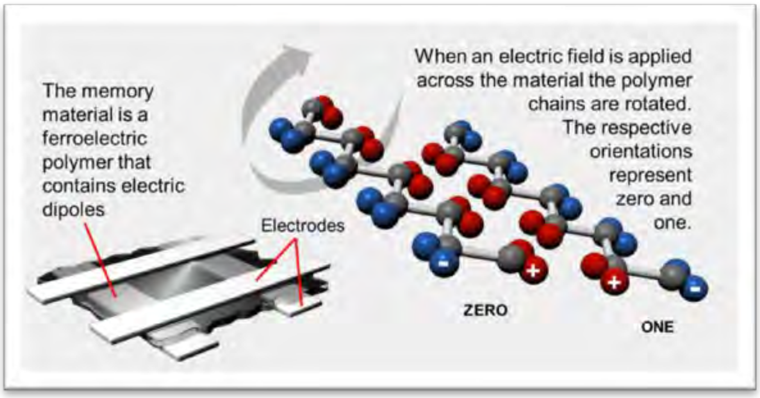


Figure 1: How it works.

The ferroelectric memory developed by Thinfilm consists of a thin ferroelectric film sandwiched between two sets of conductive lines (metals or polymers), creating a so-called passive matrix. Every cross point of the metal lines functions as a memory cell. The logic state of the memory cell is given by the direction of the ferroelectric polarization (either up or down). The logic state is changed or written by applying a voltage across the memory cell. This polling process is called polarization reversal or switching.

Thinfilm's EAS technology is the only anti-theft soft tag system that prevents reactivation after deactivation at the point-of-sale. By eliminating the so-called "Lazarus Effect", soft tags can be used as an invisible anti-theft system, and can extend the use of soft EAS tags to wearables categories, such as shoes.

Thinfilm PDPS technology allows for the creation of thin film transistors (“TFTs”) on flexible metal substrates, using a partially printed manufacturing methodology. Currently, this relies on depositing a nanometer-thick layer of silicon on stainless steel, followed by laser crystallization and printing and diffusion of dopants. The count of transistors per die now exceeds 1,500 in certain products, and allows for the creation of both NFC labels and mixed-signal sensor logic.

The Company has also licensed technology to print electrochromic displays, from Acreo Swedish ICT, and zinc polymer batteries, from Imprint Energy. It has also applied for patents for producing ferrite shields, a component of NFC labels, making them amenable for use on metallized containers. These last three technology areas have not been fully productized as of the writing of this Prospectus, but each is expected to be included in products that the Company brings to market in 2016 at pilot scale. Ferrite-shield sales, in particular, may be substantial from H2 2016 onwards, depending on the results of field trials currently planned with partners such as Jones Packaging, and a leading FMCG company that placed a pilot order with Thinfilm in February 2016.

6.5 History and Important Commercial Events

Thinfilm is a Norwegian technology company established on 22 December 2005, which acquired certain assets from Thin Film OldCo ASA, a subsidiary of Opticom ASA.

Opticom ASA’s vision was to store, and then find and retrieve, all of the world’s information. The subsidiary focusing on search technologies was Fast Search & Transfer ASA, a company acquired by Microsoft in 2008. Thin Film OldCo ASA developed Thinfilm memory technology in partnership with Intel from 1999 to 2005.

The following section details, chronologically, important agreements and milestones in the Company’s history, after the focus shifted from primarily developing printed memory alone, to developing printed integrated systems. This shift first required the acquisition of IP in the area of printed transistors, and the development of both manufacturing processes and products incorporating them.

In March 2011, Thinfilm entered into a joint development agreement with PARC, a Xerox company, to develop systems based on organic transistor technology. Within six months, Thinfilm and PARC demonstrated the first addressable memory, showing that printed transistors could address and write to a Thinfilm Memory™.

In July 2012, a strategic joint development agreement with The Bemis Company, an innovation leader in flexible packaging (200 billion packages/year) was signed to create an Intelligent Packaging Platform based on Thinfilm’s sensor label architecture. The partnership was extended in December 2013, and continued in-force through 2015. Currently, Bemis is evaluating the use of Thinfilm products, and includes them in their Innovation Center, open to select Bemis customers.

In December 2012, Thinfilm demonstrated an electronic temperature tracker in a label with all printed components. This triggered significant cross-industry interest, culminating in a commercial agreement in March 2013 with an international manufacturer of high-value labels, Temptime.

In March 2013, Thinfilm received its first order for a brand-protection trial system from a leading global consumer packaged goods company.

In June 2013, Thinfilm demonstrated a low-voltage display driver with complementary logic controlling an ultra-low-cost electrochromic display.

In June 2013, Thinfilm announced the build-up of its High-Definition Printing Facility, in Linköping, suitable for manufacturing Thinfilm Memory™ and electrochromic displays. This facility is also intended to be used, at a later date, for possible manufacture of printed zinc polymer batteries.

In January 2014, Thinfilm completed the acquisition of technology, IP, and manufacturing assets from Kovio, Inc., and announced the opening of its NFC Innovation Center in Silicon Valley, California.

In May 2014, Thinfilm and Nedap Retail, a leading developer and supplier of innovative solutions for the retail market, announced a partnership to supply global fashion brands with a high-value loss prevention system – featuring Thinfilm's EAS tags – that would go to market under Nedap's !FaST brand. Thinfilm also announced that it had received its first volume order for the EAS tags – the first such order for a Thinfilm RF (radio frequency) product. The order was delivered in October 2014.

Also in May 2014, Thinfilm announced that it had entered into new design and prototype agreements with two additional leading global companies in fast-moving consumer goods (FMCG) markets. Both programs focused on custom uses of Thinfilm's Printed Electronics technologies for smart labels.

In September 2014, Thinfilm and Flextronics, a leading end-to-end global supply-chain solutions company, announced a partnership to add Thinfilm technology to the Flextronics Open Innovation Platform, and offer Thinfilm's Printed Electronics products to Flextronics customers.

In December 2014, Thinfilm announced that it had received a follow-up volume production order for its electronic article surveillance (EAS) labels.

In January 2015, Thinfilm announced that Xerox Corp. had licensed Thinfilm's patents and know-how for the mass production of Thinfilm Memory™.

In February 2015, Thinfilm launched NFC OpenSense™, a new near field communication (NFC) sensor tag technology with the ability to drive enhanced consumer engagement and improved product security.

Also in February 2015, Thinfilm and Diageo, the world's largest spirits manufacturer, announced a collaboration to create a prototype "smart bottle" by incorporating NFC OpenSense™ technology in the Johnnie Walker Blue Label® brand of whiskey.

In May 2015, Thinfilm announced that its NFC products – specifically NFC OpenSense™ and NFC SpeedTap™ – would be the first NFC-based solutions to be included in the World Customs Organization (WCO) IPM anti-counterfeiting tool.

In June of 2015, Thinfilm announced it has signed additional agreements with leading companies in the spirits, tobacco, and fast moving consumer goods (FMCG) industries. These agreements included orders for demonstration systems featuring Thinfilm's NFC OpenSense™ product.

In July of 2015, Thinfilm announced a partnership with the G World Group, a global authentication company specializing in transparency and accountability solutions. The partners unveiled the industry's first "smart wine bottle" built using Printed Electronics technology at GSMA's Mobile World Congress Shanghai 2015.

In September of 2015, Thinfilm announced that Xerox, the global business services, digital printing, and document management company, launched two new products that feature Thinfilm Memory™ – Xerox® Printed Memory and Xerox® Printed Memory with Cryptographic Security.

In October of 2015, Thinfilm announced that it received a 5-figure unit order from Diageo, including pilot deployment of Thinfilm's NFC OpenSense™ technology.

In October of 2015, Thinfilm announced a collaboration with Ypsomed to incorporate NFC OpenSense™ technology into its line of YpsoMate autoinjection devices.

In December of 2015, Thinfilm announced that the Company had started delivering NFC OpenSense™ tags to lead customers for conversion and application to bottles and medical devices.

In December of 2015, Thinfilm announced a commercial partnership with Jones Packaging Inc., a world-class provider of premier packaging solutions for healthcare and consumer brands.

In January of 2016, Thinfilm announced a global alliance with Tata Consulting Services, the leading IT services, consulting and business solutions firm.

In February of 2016, Thinfilm announced that it received a 5-figure unit order for NFC SpeedTap™ tags from a leading global FMCG (fast moving consumer goods) brand.

In February of 2016, Thinfilm announced a partnership with Constantia Flexibles, one of the world's leading manufacturers of flexible packaging and labels, including a 6-figure order for NFC OpenSense™ tags.

In February of 2016, Thinfilm announced an exclusive partnership with Arc Worldwide, the shopper marketing and activation agency inside Leo Burnett.

In February of 2016, Thinfilm announced a partnership with SmartSign, a leading provider of digital security products and other technology-based solutions in Southeast Asia.

In February of 2016, Thinfilm announced that Barbadillo, a leading Spanish winemaker, unveiled a highly exclusive release of rare sherry in “smart bottles” protected by Thinfilm’s NFC-based authentication technology.

6.6 Intellectual Property Rights (IPR)

The Company maintains a substantial patent portfolio in order to protect the essential technologies of the Company and in order to ensure that competitors are sufficiently prevented from utilizing or developing technology that would threaten the Company’s commercial assets and market position. The Company and its business are dependent on its patent portfolio. The portfolio consists partly of granted patents and partly of pending patent applications. Pending patent applications may be subject to amendments before being granted, or may in worst case, not be granted. Based on the Company’s own considerations, however, it is likely that the majority of the patent applications will be granted.

6.6.1 Intellectual property portfolio

Thinfilm has a patent portfolio of over 290 registered and pending patents. Patents are registered or pending in several countries and regions, in most cases including the US, Japan, and the EU. Patents are also registered in Korea, China, and other countries. Broader coverage ensues for the most important patents. All patents are in the name of the Company. The patents include:

- Several ferroelectric memory devices and methods for fabricating, reading, writing, and using them
- Several passive matrix addressable memory devices and methods for fabricating, reading, writing, addressing, and using them
- Cross-point ferroelectric memory that reduces the effects of bit-line to word-line shorts
- Short-circuit reduction in ferroelectric memory cells on flexible substrates
- Method for generating, electrically conducting, and/or semiconducting structures in two or three dimensions, a method for erasing the same structures and an electric field generator/modulator for use with the method
- Silicon inks: compositions, methods for using, doping, printing and curing
- Printed tags for Electronic Article Surveillance (EAS)
- Systems of customizable ID tags
- Permanent deactivation of RFID (radio frequency identification) tags
- “Tags-Talk-First” anti-collision schemes: methods, architecture, circuits, systems
- Precise printed capacitors, diodes, transistors, antennas and other electronic devices
- Printed Integrated Circuits (PICs), structures and methods for generating
- Printing antennas on ICs and PICs and/or other elements
- NFC OpenSense™ tag

Following is an overview of the Company's most important patents:

Short Title	Juris-diction	App No	Status	Patent Number	Patent issued	related products
Method Of Making Silane Compositions	US	10/789,317	Patent	7498015	3/3/2009	printed integrated circuits (PICs), tags
Silicon Compositions, Films, Structures	US	11/934,734	Patent	7799302	9/21/2010	
Method Of Making Silane Compositions	US	12/858,327	Patent	8124040	2/28/2012	
Method Of Making Silane Compositions	US	13/349,838	Patent	8367031	2/5/2013	
Silicon Compositions, Films, Structures	US	13/730,432	Patent	8603426	12/10/2013	
Silicon Films, Methods, Compositions, Structures	US	10/789,274	Applic.			PICs, tags
RF/RFID tag/device w/ Integrated Interposer, making & using methods	US	11/243,460	Applic.			tags with interposer
	US	13/428,668	Patent	8884765	11/11/2014	
RFID Tags, Structures, Methods for making	US	11/452,108	Patent	7687327	3/30/2010	PICs, tags
	US	12/689,703	Patent	9165238	10/20/2015	
	US	14/847,999	Applic.			
Printed Tags, Tags-Talk-First (TTF) Anticollision Protocol	US	11/544,366	Applic.			tags
Series Circuits And Devices	US	11/940,161	Patent	8891264	11/18/2014	PICs, rectifier
Silicon Polymers, Methods Of Polymerizing Silicon Compounds, And Methods Of Forming Thin Films	US	11/867,587	Patent	8092867	1/10/2012	PICs, tags
	US	13/299,318	Patent	8461284	6/11/2013	
	US	13/897,296	Patent	8846507	9/30/2014	
Print Processing For Patterned Conductor, Semiconductor And Dielectric Materials	US	12/114,741	Patent	8530589	9/10/2013	tags, printed devices, PICs
	US	13/975,231	Patent	9045653	6/2/2015	
High Precision Capacitors	US	12/249,841	Patent	8446706	5/21/2013	tags, high precision capacitors, EAS
Methods For Forming Electrically Precise Capacitors, And Structures Formed Therefrom	US	13/868,916	Patent	8973231	3/10/2015	
	US	14/613,178	Applic.			
Wireless Devices Including Printed Intgrated Cicuitry	US	12/249,707	Patent	9004366	4/14/2015	tags
Printed Antennas, Methods Of Printing An Antenna, And Devices Including The Printed Antenna	US	12/625,439	Patent	9016585	4/28/2015	tags, printed antennas
	US	14/599,972	Applic.			
Semiconductor Devices On Diffusion Barrier Coated Substrates, Methods	US	12/790,627	Applic.			NFC SpeedTap, EAS
Diffusion Barrier Coated Substrates, Methods	US	13/873,156	Patent	9183973	11/10/2015	NFC SpeedTap, EAS
NFC/RF Mechanism With Multiple Valid States For Detecting An Open Container, And Methods Of Making And Using The Same	US	14/820,378	Applic.			open detection, OpenSense TM
	PCT	PCT/US2015/056087	Applic.			
Sensor-Based NFC/RF Mechanism With Multiple Valid States …	US	62/146,105	Prov.			
Nanoparticles And The Formation Of Inks Therefrom	US	10/215,952	Patent	6878184	4/12/2005	antennas, tags, PICs
Reading passive matrix memory, reading device	US	10/289,419	Patent	6982895	1/3/2006	TF memory
Ferroelectric or electret memory device, operation	US	10/659,428	Patent	6937500	8/30/2005	TF memory
Read method and sensing device	US	11/231,895	Patent	7345906	3/18/2008	TF memory
Method to fabricate ferroelectric memory device	US	11/922,052	Applic.			TF memory

Card-like memory unit with separate read/write unit	US	11/917,571	Patent	8184467	5/22/2012	TF memory
Short circuit reduction in an electronic component comprising a stack of layers arranged on a flexible substrate	US	14/128,003	Applic.			TF memory
Short circuit reduction in a ferroelectric memory cell comprising a stack of layers arranged on a flexible substrate	US	14/128,011	Applic.			TF memory

6.6.2 Research, Development and Intellectual Property Policies

Thinfilm pursues research and development activities aligned with its vision to deliver Printed Electronic components and systems at differentiated price-per-function in market. Generally, the Company's research and development activities focus on advancing technology demonstrated at lab volumes or small-scale processing to commercial production readiness.

New priority-establishing patent applications and, after 12 months, PCT applications, are regularly filed, followed by applications in several different countries and Europe. The patent strategy has previously been research- and development driven, and patent protection has mainly been sought in countries possessing industrial and technical know-how sufficient to produce goods as defined under the scope of the patent. The current and future strategy is business-driven, meaning that the selection of countries where patent protection shall be obtained is guided by market considerations.

In order to ensure transfer of IPR from the inventors - i.e., employees of the Company or external consultants - the Company has included IPR-clauses in the employment and consultancy agreements. Additionally, the assignment documents from the inventors have routinely been gathered when filing patent applications, as required by the patent authorities. Finally, brainstorming sessions for generating invention disclosures complement the regular, self-generated flow of invention disclosures from employee inventors.

The business of the Company will partially be based on licensing already existing technology to third parties. Additionally, the business strategy is, to some degree, dependent upon transferring technology to larger-scale packaging and printing processes. Therefore, due to technology development and transfer related to ongoing projects, new and relevant patent applications will continuously be added to the patent portfolio.

Within ferroelectric memory and Printed Dopant Polysilicon, and the corresponding products in Thinfilm Memory™, EAS, NFC SpeedTap™ and NFC OpenSense™, the business of the Company is not dependent on third-party-owned technology. For its Smart Label products, as the Company has entered into joint development and in-licensing agreements with third parties, such as PARC, Acreo and Imprint Energy, the Company does use third-party-owned technology for parts of the devices. The Company has selected partners that offer complementary technology to its own, but the Company is not dependent on any single supplier of such licensed technology. However, as a result of such agreements, the patent portfolio may consist of co-owned inventions.

In 2002, Thin Film OldCo ASA entered into an agreement with Intel Corporation. The product development aspect of this agreement has been discontinued. However, Thin Film OldCo ASA granted IPR licenses to Intel Corporation, which remain in effect (with Thinfilm as the licensor following the asset transfer from Thin Film OldCo ASA in 2006). There are two licenses. Both are non-exclusive and, as such, do not limit the Company in exploiting its technology. But the licenses are worldwide, granted for an indefinite period and cover IPR developed after entry into force of the agreement. The licenses can essentially be used by Intel Corporation to produce polymer storage devices for use in relation to personal computers and gaming consoles, and to produce polymer storage cards in relation to digital camera, audio and video devices. Intel Corporation does not make use of the licenses in its business or research and development at the present, but if that changes Intel Corporation will have to pay royalties according to the agreement. The Company does not anticipate that Intel Corporation will make use of such licenses in the foreseeable future.

6.6.3 Licensed IPR

In addition to utilizing Thinfilm's own technologies in memory and logic, the Company has entered agreements to use and/or produce an ultra-low-cost electrochromic display technology from Acreo Swedish ICT, printed organic logic technology from PARC (a Xerox Company), and novel printed, earth-friendly battery chemistry developed at Imprint Energy.

PARC, a Xerox Company

In 2011, Thinfilm announced that PARC and Thinfilm would cooperate on developing organic transistors and integrating them with other components, including Thinfilm memory. The objective was to make Thinfilm memory addressable by printed transistors, making the technology scalable and suitable for integration into system products. In October 2011, Thinfilm and PARC demonstrated the world's first addressable memory, and in September 2012, the first temperature sensor system based on organic semiconductor logic.

As part of the joint development agreement entered into in 2011, Thinfilm licensed PARC background IP in the technology areas relevant to this objective. Further, in 2016, Thinfilm also agreed to contract with PARC for consulting work in regards to low-temperature polysilicon processing methodology, and obtained a right to further acquire PARC IP if deemed relevant to future product roadmaps. The original and additional agreements require Thinfilm to make both up-front and term payments based on a schedule detailed in the contracts. Each of these payments, as well as their sum, is capped. While Thinfilm maintains research efforts in the area of organic transistors, the Company has shifted focus to PDPS as its primary transistor technology, where the Company has significant own IP.

In 2016 Thinfilm does not expect to launch products that rely significantly on currently licensed IP, and henceforth there is no such dependence on such IP for the current product roadmap of the Company. However, development work continues, and further PARC IP, as described above, may be used in Thinfilm products.

Acreo Swedish ICT AB

In 2012, Thinfilm entered into a license and materials supply agreement with Acreo Swedish ICT AB, a research organization, with operations in Norrköping. This agreement gives Thinfilm the right to use Acreo IPR in the manufacture of electrochromic displays. Thinfilm has used this IPR to first demonstrate sheet-based printing of electrochromic displays, in deliveries to several partners in 2014 and later, and more recently, to demonstrate Roll-to-Roll printing of these components with high yield. This agreement requires Thinfilm to pay a royalty based on the number and value of electrochromic displays manufactured for commercial sale by Thinfilm, based on this IPR. While Thinfilm intends to use electrochromic displays in certain sensor platform products, the choice of IP needed to produce them is not limited to a single technology, and other display options may also be substituted for the licensed IP.

The Company is therefore not dependent of this IP as the sole source of technology for printed displays.

Imprint Energy, Inc.
In 2015, following several years of joint development, Thinfilm entered into a license and materials supply agreement with Imprint Energy with regards to Zinc Polymer battery systems. Thinfilm and Imprint Energy have demonstrated the ability to fully print such batteries, and are developing methods to scale this production to Roll-to-Roll manufacturing. If Thinfilm avails itself of certain manufacturing rights under this agreement, a lump six-figure payment to Imprint Energy is expected to be made, per agreement, in 2016. Currently, for sensor platform systems under development, Thinfilm has demonstrated the ability to use multiple battery systems as part of the platform, including both thin-film lithium and zinc batteries. The Imprint Energy work would be an example of a possible printed thin-film zinc battery.

Currently, the Company uses insourced batteries, not relying on Imprint Energy IP, for its sensor label engineering samples. Currently, Thinfilm has not identified an alternative zinc battery technology, other than Imprint's, providing the same longer term cost/capacity benefit, and is therefore to some degree dependent on the insourced IP to realize the cost and environmental targets for its complete range of battery powered smart labels.

6.7 Research and Development

Development of mass production techniques has been performed at two sites.

At Thinfilm's Linköping facility, Thinfilm has developed manufacturing processes on a high-registration accuracy, Roll-to-Roll printing line for Thinfilm Memory™, and for other components such as printed electrochromic displays, backplanes and batteries.

At its San Jose/Zanker Road facility, Thinfilm, based on the acquisition of technology from Kovio, has developed and scaled up a sheet-based process (sheet-to-sheet, herein abbreviated S2S) using a combination of printing and more traditional etching and deposition techniques, for the manufacture of transistors. It is intended that these S2S processes and recipes will be subsequently transferred to Roll-to-Roll (herein abbreviated as R2R) printing. The S2S equipment, mentioned previously, will be able to scale NFC OpenSense™ production in 2016 from 40 million units annually up to 100 million units annually, depending on the degree of de-bottlenecking that the Company proceeds with. Thinfilm expects that future capacity expansion beyond 100 million units annually will be based solely on R2R processes.

Printing equipment used for non-volatile memory, displays, batteries and carrier substrates is similar to printing equipment used in graphic arts and packaging production. Such equipment is available from several suppliers, limiting but not eliminating risks associated with capital equipment purchase and install. Suppliers of such equipment expect to customize the hardware for each production line, whether for their primary market in graphic arts and packaging, or for applications in Printed Electronics. No components of such production equipment are in scarce supply.

Equipment used in Thinfilm's manufacturing of PDPS is a combination of traditional graphic arts printing such as screen printing, combined with more conventional semiconductor lithographic processing. Upgrades to the existing production capacity at Thinfilm do not require any unique equipment in scarce supply, to the best of the Company's knowledge at this time. The planned Roll-to-Roll based manufacturing process will use equipment originally developed for Roll-to-Roll solar panel manufacturing. Such equipment will need to be retrofitted to Thinfilm's requirements for finer patterning. In addition, to convert Thinfilm's sheet-based logic manufacturing to Roll-to-Roll processing, an accelerated process for dopant activation has been demonstrated, but ongoing development is required and may carry risk associated with manufacturing-equipment availability.

Eventually, scale-up to ultra-high manufacturing volumes will be accomplished jointly with selected partners. The business model of Thinfilm is to identify such partners, jointly commission such production facilities as are necessary for scale-up and, to the extent possible, copy-exact the pilot processes being developed at its first-generation production sites.

Thinfilm has received funding from several industry- and government-related groups to help advance technologies within the Printed Electronics and IoT industries.

Funding for these research activities is partially provided by public-sector grants and tax-credit schemes, which contributed 41% of 2015 revenues and other income. Thinfilm also continues to pursue development activities with select industrial customers. Such customers in 2015 included Bemis, and separately, a leading industrial equipment company. Government programs that have supported Thinfilm R&D activities include:

Skattefunn
A tax-credit scheme to assist innovation investment by Norwegian companies contributed substantially in allowing the Company to pursue research and innovation activities across both research sites, and also in cooperation with external Norwegian research institutions and technology companies. The amount of funding from Skattefunn totaled NOK 6.6 million (USD 0.8 million) in 2015, and similar amounts have been approved for use in 2016.

European Commission
In June 2015, Thinfilm received a €444,000 grant from the European Union's "Horizon 2020" research and innovation program to participate in an initiative focused on the advancement of printed electronics technology.

FlexTech Alliance
The Company received $350,000 in funding through the FlexTech Alliance to create smart labels featuring next-generation sensors and near field communications (NFC) capabilities. FlexTech Alliance is a leading industry association focused on growth, profitability, and success throughout the manufacturing and distribution chain of flexible, printed electronics.

"TagItSmart" Project
In December 2015, Thinfilm was awarded a grant from the European Commission as part of its Horizon 2020 research and innovation initiative. The €472,312 grant will fund the "TagItSmart" project, through which Thinfilm will partner with Siemens, Unilever, and other organizations to create the world's first "Internet of Things" (IoT) platform featuring open-source architecture.

6.8 Potentially Material Agreements Entered Outside the Course of Normal Business

Section 6.5 enumerates a number of commercial agreements deemed by the management to be material at the time of their announcement, the majority of which were entered during the course of normal business. A small number of such agreements contain additional terms and provisions which may be considered material, as follows.

Palo Alto Research Center (PARC, a Xerox company) based in California, and Thinfilm on 13 October 2010, announced a research and evaluation services agreement, under which the companies would work together to provide next-generation memory and systems technology enabled through Printed Electronics. The relationship has resulted in a number of successful demonstrations of Printed Electronics functionality, and PARC, has on four occasions - most recently in December 2014 - acquired shares in Thinfilm as a part of the agreement between the two companies. In addition, Thinfilm has secured from PARC certain proprietary rights to technologies developed within the research and evaluation services agreement.

In January 2014, Thinfilm acquired the assets of Kovio, Inc., including technology, intellectual property, and manufacturing assets, and assumed the lease of Kovio's facilities in San Jose. The technology assets included core technology for Thinfilm's EAS and NFC-based products.

In December 2014, Thinfilm entered a licensing and manufacturing scale-up agreement with Xerox Corporation for the printing of Thinfilm Memory™. The agreement contains provisions for Xerox to receive right-of-first refusal on the processing and fulfillment of Memory orders secured in conjunction with Thinfilm. Thinfilm and its contract manufacturers may serve as second-source manufacturing for such customer orders.

In January 2016, Thinfilm entered into a collaboration agreement with the Leo Burnett Company Inc. The agreement contains a mutual limited exclusivity that implies that Thinfilm may not enter into a similar agreement with any other advertising agency for a period of six months, and that Leo Burnett will not enter into a similar agreement with any other NFC chip maker during the same time period.

6.8.1 Other material success criteria for the Company

In addition to the agreements specified in Sections 6.6.3 and 6.8 above, and the Roll-to-Roll process described primarily in Section 6.7 above, Thinfilm has entered into a number of agreements with customers, licensing partners, manufacturing subcontractors and go-to-market partners.

Customers

None of the customer agreements that Thinfilm has entered into at the date of this Prospectus is individually expected to contribute more than 10% of the revenue total of the Company. This is due to the fact that customers are generally in sampling or pilots, and have not yet launched products including Thinfilm's technology in volume roll-outs. However, Thinfilm is in negotiations with several prospective and existing customers for additional volume commitments that may become material. The Company is hence not significantly dependent on any single customer to break-through, but rather the implementation of its technology with a subset of them.

Licensing partners

As described in e.g. Section 6.1.4, Xerox has licensed Thinfilm's Memory technology. As Xerox are yet to ship significant volumes to its customers, Thinfilm has, as of the date of this Prospectus, not received royalties on the back of this agreement, and Thinfilm is hence from a revenue perspective not dependent on Xerox. However, since the Company has chosen Xerox to take Thinfilm Memory to market, the initial success of the Xerox product, and the potential future royalty stream is initially dependent on Xerox's success. While the agreement is not exclusive, it would take some time to negotiate with and transfer technology to a different licensing partner.

Manufacturing subcontractors

Thinfilm uses subcontractors primarily in its EAS and NFC product backend[13] for the manufacturing of non-core elements of the finished product. While qualifying such partners does take time and resources, Thinfilm is not highly dependent on any single one of them, and has a dual vendor strategy in place.

Go-to-market partners

Thinfilm has established go-to-market partners such as Leo Burnett[14] and Tata Consultancy Services, and preferred converters like Constantia Flexibles and Jones Packaging. While these are leaders in their respective markets and have significant customers, potentially interested in implementing Thinfilm's technology, thereby representing significant revenue opportunities, they are currently not significantly contributing to Thinfilm's revenue, and the Company is not currently significantly dependent on them.

[13] Please refer to Sections 6.1.5 and 6.1.6 for details.
[14] Described in Section 6.8.

7 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES

7.1 Board of Directors and management, other corporate committees

7.1.1 Board of Directors

The Company's Articles of Association provide that the number of directors shall be between three (3) and nine (9) members, as decided by the general meeting.

At the general meeting of shareholders, the Board members are normally elected to serve for a term of one or two years from the time of election. There are presently five (5) Board members including the Chairman. Morten Opstad (Chairman), Rita Glenne and Tor Mesøy were re-elected for a new term of two years, at the Annual General Meeting 7 May 2015, at which time Rolf Åberg and Preeti Mardia were re-elected for a new term of one year.

Morten Opstad, Chairman

Mr. Opstad has served as Chairman of the Board of the Company since 2 October 2006. He is a partner and Chairman of the Board of Directors in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies within this line of business. He is also Chairman of the Board of two other publicly listed technology companies; IDEX ASA (Oslo Børs) and Cxense ASA (Oslo Axess). His directorships over the last five years include current Board positions in Glommen Eiendom AS (Chairman), Chaos Capital AS (deputy), and K-Konsult AS (Chairman). Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953, is a Norwegian citizen and has a business address at Henrik Ibsens gate 100, NO-0255 Oslo, Norway.

Dr. Rita Glenne, Board Member

Dr. Glenne has served as Board Member of the Company since 11 May 2011. Dr. Glenne has diverse technology and management expertise from several business sectors. She has extensive experience in developing technology into processes and products with a business aspect. In addition, Dr. Glenne has developed processes and production equipment for high volume manufacturing, has experience with hands-on trouble shooting and management in start-up production, extensive collaboration with suppliers and customers. She previously worked at SINTEF, Norsk Hydro ASA, REC ASA and as Vice President of Technology within REC Solar AS. Dr. Glenne currently runs her own consulting company as an advisor for technology start-ups. In addition to Thinfilm, Dr. Glenne holds board positions at Cerpotech AS, CondAlign AS and Reactive Metal Particles AS, and previously served on the board of Polytechnic Association; Livelihoods and environmental threats. Dr. Glenne has a Ph.D. from the Technical University of Trondheim (NTNU) in Material Science. Dr. Rita Glenne was born in 1965, is a Norwegian citizen and has a business address at Risbekkveien 11C, 0778 Oslo, Norway.

Rolf Åberg, Board member

Since 2 October 2006 Mr. Åberg has been a Board Member in Thinfilm, where he previously was Managing Director between 2000 and 2006. He also served as acting Managing Director in Thinfilm in the period June 2009 through June 2010. Mr. Åberg is educated in computer science at Linköping University. He also has education in strategic sales and management from HAAS School of Business at Berkeley University. Mr. Åberg was born in 1951, is a

Swedish citizen and has a business address at Rua dos Hibiscos 33, Montinhos da Luz, 8600-124 Lagos, Portugal.

Preeti Mardia, Board member

Ms. Mardia has been a Board member in Thinfilm since 8 May 2013. She has diverse executive management and operations expertise across Electronics, Semi-conductors, Telecoms, Aerospace, and Food Industry sectors. Ms. Mardia is currently Senior Vice President of Operations at IDEX ASA, where she is responsible for the operational strategy and establishing manufacturing partnerships. Ms. Mardia previously worked within Moseley Wireless Group and Filtronic Plc as Operations Director and established commercial and supply relationships with Tier One OEMs for mobile telecoms infrastructure. She was responsible for implementing a world-class highly automated electronics manufacturing plant and establishing global supply chain partnerships. Ms. Mardia managed and scaled a semiconductor foundry from technology phase to high volume manufacturing of Gallium Arsenide semiconductor devices for the mobile handset, aerospace, and base-station markets. She has extensive FMCG experience in manufacturing, product development and quality assurance with Cadbury Schweppes Plc and supplied into major international retailers. She has a degree in Food Science & Technology and a Masters degree in Executive Management at Ashridge, UK. Ms. Mardia was born in 1967, is a British citizen and maintains a business address at the Fold, Rudding Dower, Rudding Lane, HG 3 ILL, Harrogate, England.

Tor Mesøy, Board member

Mr. Mesøy has been a Board member in Thinfilm since 8 May 2013. He has served as a management consultant for more than 25 years. He now heads up his own consulting company, but was formerly a partner with McKinsey & Company and with Accenture. Mr. Mesøy has extensive consulting and counseling experience from multiple sectors, including high-tech, telecommunications, healthcare, pharmaceuticals, public sector, energy, utilities, banking, insurance and oil & gas. He is the Managing Director of Agnus Consulting, a company focusing on leadership development and management consulting, and the Chairman of the Board of Agnus Invest AS. He is also a senior advisor to the Board of PurifAid, an NGO, and holds a Board position at the not-for-profit organization Impuls, a Norwegian youth movement. Mr. Mesøy received a Bachelor's degree from the University of Oslo (Computer Science, Mathematics), a Master's degree from the University of Minnesota (Mathematics, Philosophy), and has attended the Advanced Business Management Program at Kellogg Graduate School of Business at Northwestern University. Mr. Mesøy was born in 1962, is a Norwegian citizen, based in Hong Kong, and has a business address at Level 43, AIA Tower, 183 Electric Road, North Point, Hong Kong.

The composition of the Board is in compliance with Oslo Børs terms of listing and the applicable independency requirements. The Board also meets the statutory gender requirements.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the Board or management was selected as a member of the administrative, management or supervisory bodies or member of senior management.

7.1.2 Management

Dr. Davor P. Sutija, Managing Director/CEO

Davor P. Sutija has served as the Managing Director/CEO since 30 June 2010 and he is situated in Thinfilm's Oslo office. Mr. Sutija joined Thinfilm in January 2010 as Executive Vice President with responsibility for business development and marketing. Previously, he worked for Microsoft and Fast Search & Transfer ASA (since 2003, with Microsoft acquiring Fast Search & Transfer ASA in 2008), where he was Senior Vice President for Strategic Marketing. Mr. Sutija also has general management experience from Sinor AS. Dr. Sutija is currently a shareholder, managing director and Chairman of the Board of Directors in Dukah Consult AS. He also holds a board position in Comperio AS (recently sold to Uptime OU) and is a member of the Technical Advisory Council in Orbotech. He has also served on the boards of Norwegian technology firms SensoNor (2001-2002), Birdstep (2005-2007), Ping Communication AS (2003 – 2012) (initially Owera AS, which subsequently merged with and into Ping Communication AS) and the Organic Electronics Association (2012 - 2015). Mr. Sutija is a graduate of Wharton's Jerome Fisher Management and Technology program, and has a PhD from the University of California at Berkeley in 1991, where he developed novel microsensors. He has also worked at the Senter for Materialteknologi (Centre for materials technology) at the University of Oslo. Mr. Sutija was born in 1962, is a US citizen and maintains a business address at Henrik Ibsens gate 100, NO-0255 Oslo, Norway.

John Afzelius-Jenevall, Chief Financial Officer

Mr. Afzelius-Jenevall joined Thinfilm as CFO in August 2013, and he is situated in Thinfilm's Oslo office. From 2012 to 2013 he was Vice President, Corporate Development Strategy and M&A at Orkla ASA, and Project Manager in the same group from 2009 to 2012. He has also served as Portfolio Manager at Catella Capital Management (2007 – 2009) and as Assistant Portfolio Manager at Nordea Investment Management AB (2006 – 2007). Mr. Afzelius-Jenevall completed his MS in Engineering at the Royal Institute of Technology (KTH), Stockholm and is a CFA charterholder with a BS in Economics. Mr. Afzelius-Jenevall was born in 1978, is a Swedish citizen and maintains a business address at Henrik Ibsens gate 100, NO-0255 Oslo, Norway.

Dr. Christer Karlsson, CTO

Dr. Karlsson has a Ph.D. from Linköping University in 1994 and served as a Researcher, Project Manager and Deputy Research Director at the National Defence Research Establishment, Linköping for six years thereafter working with research and development of novel laser systems. He joined TFE AB in 2000 where he has served as project manager, group manager and Technology Director working with development of ICs, printed memory, transistors and other devices as well as integrated products for a variety of applications. Dr. Karlsson is situated in the Linköping office. From 2004 until 2011 Mr. Karlsson served on the board of directors of Radionic AB. Dr. Karlsson was born in 1964, is a Swedish citizen and maintains a business address at Westmansgatan 27B, SE-582 16 Linköping, Sweden.

Dr. Peter Fischer, Chief Operating Officer

Dr. Fischer joined Thinfilm in January 2014 as Chief Product Officer, and he is situated in San Jose. He was named Chief Operating Officer in November 2015, and currently oversees manufacturing, supply chain, and technology transfer for the Company. Prior to joining Thinfilm, Dr. Fischer was CTO at Plastic Logic. He has also served as Director, Back-end Products at Qimonda and Senior Manager, Front-end Process Integration at Infineon Technologies. Dr. Fischer is the owner of the management and technology consulting company DPF consulting. He was elected to the board of the Organic Electronics Association in 2011, 2013 and 2015. In 2012, Dr. Fischer was named one of the top "Forty Innovators Building the Foundation of the Next-gen Electronics Industry" by EETimes. He holds a diploma and Ph.D. in Physics from the University of Magdeburg. Dr. Fischer was born in 1970, is a German citizen, based in California, and maintains a business address at 2865 Zanker Road, San Jose, California, 95134 USA..

Kai Leppänen, Chief Commercial Officer
Mr. Leppänen joined Thinfilm in August 2013 as Vice President of Sales and Business Development in Europe and is situated in Thinfilm's Oslo office. He leads global sales for Thinfilm and co-leads the Company's field application engineering group. Prior to joining Thinfilm, Mr. Leppänen was Senior Vice President of global tier-1 accounts at Opera Software ASA, where he successfully executed strategic deals that cemented Opera's growth in the Internet browser market. He also held senior roles at Symbian, 12snap Mobile Advertising, Anthropics Technology, and GP Bullhound in London, UK. Mr. Leppänen holds an MSc degree in Information System Management from South Bank University, London and a BA Hons degree in International Business from Greenwich University, London. Mr. Leppänen was born in 1974, is a Finnish citizen and maintains a business address at Henrik Ibsens gate 100, NO-0255 Oslo, Norway.

Dr. Henrik Sjöberg, Senior Vice President of Product Management
Dr. Sjöberg joined Thinfilm in March 2013 as Vice President, System Products, and is situated in Linköping. He joined Thinfilm's management team in Nov 2013. Prior to joining Thinfilm he held a number of Director positions, both within R&D and Product Management, at Micronic Mydata, and he also spent a few years with ACREO. He holds a Ph.D. in Physics from the Royal Institute of Technology in Stockholm. Dr. Sjöberg was born in 1970, is a Swedish citizen and maintains a business address at Westmansgatan 27B, SE-582 16 Linköping, Sweden.

Erwan Le Roy, Senior Vice President Product Marketing & General Manager, Sensor Platforms
Mr. Le Roy joined Thinfilm in September 2015 as Senior Vice President of Strategic Marketing and GM, Sensor Platforms and leads development of the roadmap and go-to-market strategies for Thinfilm's temperature sensor and smart label and future iterations of Thinfilm's sensor product line. Before joining Thinfilm, Mr. Le Roy worked at Veeco (formerly Solid State Equipment Company) where he drove the marketing strategy that resulted in SSEC achieving 90% market share and the resulting acquisition. Prior to SSEC, Mr. Le Roy held senior business development and marketing positions at KLA Tencor and Credence Diagnostics Systems, a division of Schlumberger. He holds an MBA from Duke University and dual Masters of Engineering from the Korea Advanced Institute of Science & Technology, Taejon, Korea and the National Institute of Applied Sciences, Lyon, France. Mr. Le Roy was born in 1976, is a French and American citizen and maintains a business address at 2865 Zanker Road. San Jose, California 95134, USA.

7.2 Conflicts of Interest, offences or other incidents

The Chairman of the Board, Morten Opstad, is a partner in Advokatfirma Ræder DA, which in the past has rendered and currently renders legal services for Thinfilm. Mr. Opstad and the Board are attentive to the fact that this, arguably, could represent a potential conflict of interest and monitor the situation closely to ensure that no conflict of interest materializes. No commitment has been made by the Board in relation to the use of Advokatfirma Ræder DA for future legal services and the Board selects the Company's professional advisors with the Company's best interests as the overriding priority. The legal services rendered by

Advokatfirma Ræder DA are to a large degree performed by other lawyers than Mr. Opstad. Mr. Opstad will abstain from voting on any Board matters concerning the Company's affiliation with Advokatfirma Ræder DA.

The Board member Rita Glenne, controls the company Glenne invest AS. Glenne Invest AS provided consulting services related to government grants to Thinfilm for a limited time period in 2015.

At the 2015 Annual General Meeting, Board members received the option to receive all or part of the board remuneration in the form of shares in the Company. As set out in Section 7.3.1, the following Board members subscribed for shares: Preeti Mardia and Tor Mesøy. These Board members have pledged to not sell the shares before the earliest of the Annual General Meeting of the Company in 2016 and 30 June 2016.

Other than the foregoing, there are no potential conflicts of interests between any duties to the Company and private interest or other duties of the members of the Board or management. There are no family relationships among the directors, management or key employees.

None of the members of the Board or management have during the last five years been subject to convictions in relation to fraudulent offences or been involved in any bankruptcies, receiverships or liquidations in his or her capacity as a member of the Board or management. Neither has any of the members of the Board or management been involved with any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor has any of them been disqualified by a court from acting as a member of the administrative management or supervisory body of a company or from acting in the management or conduct the affairs of a company for the last five years.

7.3 Remuneration and Benefits

7.3.1 Board remuneration

At the 2015 Annual General Meeting, Board remuneration for services from the 2014 Annual General Meeting until the 2015 Annual General Meeting was resolved as follows: each board member each received Board remuneration in the amount of NOK 175,000. In addition, the Chairman of the Board, Morten Opstad, received an additional remuneration of NOK 75,000. The Board members had an opportunity to elect to receive all or part of the board remuneration in the form of shares in the Company. Preeti Mardia and Tor Mesøy elected to receive a part of the remuneration in the form of 33,926 shares each instead of cash. Ms. Mardia and Mr. Mesøy paid a subscription price of NOK 0.11 per share.

There is no remuneration to any Board member for serving on the board of any of the Subsidiaries.

The Annual General Meeting on 8 May 2014 resolved remuneration to the chairman of the Board of NOK 225,000 and NOK 125,000 for each board member for the period from the Annual General Meeting in 2013 to the Annual General Meeting in 2014.

The accumulated number of issued and outstanding Shares to the Board members in the Company is presented in Section 7.6 of the Prospectus.

No Group company has granted any loans, guarantees or other commitments to any member of the Board and there are no unusual agreements regarding extraordinary bonuses or other compensation to any member of the Board.

Advokatfirma Ræder DA, in which Morten Opstad is a partner and Chairman, is the Company's current legal counsel. In 2015, Advokatfirma Ræder DA charged fees in the amount NOK 3.1 million (excluding VAT). Remuneration to Mr. Opstad for his service as chairman was not included in such amounts.

7.3.2 Remuneration and benefits to management

The following remuneration was paid to the current members of management in 2015:

Amounts in USD 1,000

USD thousands

2015	**Salary**	**Pension contribution**	**Bonus**	**Share-based remuneration**
Davor Sutija, CEO	245	6	120	272
John Afzelius-Jenevall, CFO	183	6	69	105
Kai Leppänen Leppanen, Chief Commercial Officer	130	6	72	88
Christer Karlsson, CTO	161	23	18	111
Henrik Sjöberg, Senior VP of Product Management	136	17	15	80
Peter Fischer, Chief Product Officer	278	4	43	72
Erwan Le Roy, Sr. VP, Product Marketing & General Manager, Sensor Platforms (from September 21, 201	67	2	49	9
Jennifer Ernst, Chief Strategy Officer (until December 1, 2015)	201	2	48	106

Salary and other benefits in the table above are amounts declared for income tax purposes plus accrued but not paid cash incentives for 2015, while pension contribution and share based remuneration are the expensed amounts. All amounts are excluding payroll taxes. Share based remuneration is proposed by the management and is subject to approval from the Board and are being based on their position within the Group, achievements and made in order to compensate key employees. For further details of the Company's share based remuneration, please see Section 10.6.

Thinfilm is required to have an occupational pension scheme in accordance with the Norwegian law of mandatory occupation pension (*Norwegian: lov om obligatorisk tjenestepensjon, OPT*). Thinfilm implemented the mandatory pension scheme effective 1 August 2010. The contribution is 4%/6% of gross salary in the interval 1-6/6-12 Norwegian social security base amounts. There are no additional obligations related to pension or other post-employment benefits. The Company's pension plan is a defined contribution plan. Pension contributions are paid and expensed when earned on a monthly basis.

Starting in March 2014, a 401(k) plan was put in place in Thin Film Electronics Inc. with a 4% match by the company.

The pension contribution rate to employees of Thin Film Electronics AB amounts to 15% of gross salary.

The pension schemes are fully insured defined contribution plans, and there is no other retirement or similar post-employment benefit obligations. Consequently, there are no pension plan-related assets or liabilities in the Group's balance sheet.

The accumulated number of issued and outstanding Shares and/or subscription rights to members of management is presented in Section 7.6.

There is a mutual 6-month termination notice period in the CEO’s employment agreement. Further, the CEO will receive an additional termination pay equaling base salary for three months if the Company has served notice of termination. In case Thinfilm invokes a non-compete clause for up to one year, he will receive 2/3 of the base salary in the restricted period. None of the other administrative, management or supervisory bodies’, hereunder the Board members’, service or employment contracts with Thinfilm or TFE AB provide for benefits or severance payments upon termination of employment (except that the employment agreements contain normal termination notice periods).

7.4 Employees and consultants

7.4.1 Employees

At the end of 2015, there are 106 Full Time Employees (“**FTEs**”) in the Group, of which 9 persons are employed by Thinfilm in Oslo, of which 2 are stationed abroad; in Sweden, and Singapore respectively. 36 FTEs are employed by TFE AB in Linköping, 60 FTEs are employed by Thin Film Electronics, Inc. in San Jose, while 1 person is employed by Thinfilm HK Limited in Hong Kong. In addition, Thinfilm makes use of various service providers and specialist contractors.

Thinfilm practices equal opportunities in all aspects. The Board considers the equality as well as can be, and has not found reason to initiate any particular program. Thinfilm offers flexible work hours to all employees, and several staff members have been equipped with home/portable office equipment.

The working environment at Thinfilm is pleasant, stimulating, safe, and beneficial for all employees. The working environment complies with the relevant laws and regulations. No specific actions have been considered necessary. There have not been any injuries to the Company’s employees at the place of work causing absence from work and no significant incidents involving the Company’s assets have occurred. The level of sick leave has been very low. There are no indications that any sick leave relates to the work or workplace.

7.4.2 Consultants

Thinfilm retains external consultants to support the Company within the below areas.

- Legal & HR legal services
- Bookkeeping services
- Design engineering services
- Hazardous materials & safety advice
- Tax return assistance
- IT support
- Manufacturing services

- Product development support services
- Business development support services
- Cleaning services
- Supply chain services

In addition the Company has a Technical Advisory Council, TAC, whose members also serve as consultants to the Company for a fixed annual remuneration. Their service includes bi-annual strategy reviews with the CTO and technical staff of the Company. The current members of the TAC are Ana Claudia Arias, Raj B Apte and Donald Lupo, all leading scientists in printed and organic electronics.

7.5 Board Practices and Corporate Governance, committees

7.5.1 Corporate governance

The Company's corporate governance practices were first adopted on 25 October 2007. The statement was last updated on 9 April 2015. Thinfilm's corporate governance is based on and will, except as set out below, comply with the Norwegian Code of Practice for Corporate Governance ("**Code of Practice**") dated 30 October 2014. The Code of Practice is a "comply or explain" guideline and the Board will state and explain derivation, if any, by the Company from the recommended guidelines in the annual report. The Company posts its corporate governance principles on its website and in the annual report.

At the date of this Prospectus, the Company does not comply with the following articles of the Code of Practice:

- Section 5 in the Code: The Company has imposed certain restrictions on the sale and transfer of Shares held by Board members. At the 2015 Annual General Meeting, Board members received the option to receive all or part of the board remuneration in the form of shares in the Company. As set out in Section 7.3.1, the following Board members subscribed for shares: Preeti Mardia and Tor Mesøy. Said Board members have pledged to not sell the shares before the earliest of the Annual General Meeting of the Company in 2016 and 30 June 2016.

- Section 9 in the Code: The full Board serves as the compensation committee. With a compact Board of only 5 members, the Board has not determined a need for a separate compensation committee. The full Board undertakes the tasks of the audit committee. The future need for any sub-committee(s) is reviewed minimum annually in connection with the annual review of the Company's corporate governance practices.

7.5.2 Audit Committee

In light of the small number of Board members of the Company, the Company's Audit Committee consists of all Board members who are not executives or have similar roles in the Company. The Audit Committee's tasks include, but are not limited to:

- Prepare the Board's follow-up on Thinfilm's financial reporting in terms of integrity of the reported result as well as the Company's ability to reliably predict and manage its business.
- Review the Company's organisation, procedures and systems for financial reporting, including transaction processing.
- Monitor and examine the internal control and risk management systems as well as the methods and outputs from the risk analyses.
- Ensure that policies and procedures for funds and other asset management are optimal.
- Ongoing contact with the auditor.
- Evaluate and monitor the auditor's independence and that the management's assignments to the auditor comply with the applicable policy.
- Prepare and draft the Board's proposal for election of auditor by the General Meeting.
- Ensure that Thinfilm operates a functional whistleblower channel.

7.5.3 Compensation Committee

The full Board serves as the compensation committee. The compensation policy is reviewed annually. The full Board determines the remuneration of the Managing Director (CEO) and determines the overall salary framework. The remuneration of the Managing Director (CEO) must be approved by the Chairman of the Board. The Board remuneration and the remuneration of the Nomination Committee is the responsibility of the Nomination Committee.

7.5.4 Nomination Committee

The Company has a Nomination Committee established by the Annual General Meeting on 7 May 2015, consisting of three members. The members are elected by the Annual General Meeting for a term of two years. The Nomination Committee currently consists of John Markus Lervik (Chairman), Christian Schlytter-Henrichsen and Robert Keith. The Nomination Committee's duties are to prepare and present proposals to the Annual General Meeting with respect to the following matters:

- Propose candidates for election to the Board.
- Propose the remuneration to be paid to the Board Members.
- Propose candidates for election to the Nomination Committee.
- Propose the remuneration to be paid to the members of the Nomination Committee.

7.6 Shareholdings and Subscription Rights owned by members of the Board of Directors and management

The following table sets forth the number of shares and/or independent subscription rights held by the members of the Board and management as of the date of this Prospectus (including shares and/or subscription rights owned by such persons' close associates, as that term is defined in the Securities Trading Act):

Name and position	**Number of Shares**[15]	**Number of subscription rights**
Board		
Morten Opstad, Chairman[16]	1,557,078	0
Tor Mesøy, Board member	63,926	0
Rita Glenne, Board member	98,646	0
Preeti Mardia, Board member	103,922	0
Rolf Åberg, Board member	406,501	0
Total	**2,230,073**	**0**
Management		
Davor Sutija, Managing Director/CEO[17]	2,200,000	6,500,000
John Afzelius-Jenevall, CFO	0	2,150,000
Christer Karlsson, CTO	215,000	2,700,000
Peter Fischer, CPO	0	1,450,000
Henrik Sjöberg, SVP Product Management	0	1,650,000
Kai Leppänen, CCO	0	1,700,000
Erwan Le Roy, SVP Product Marketing & General Manager, Sensor Platforms	0	700,000
Total	**2,415,000**	**16,850,000**

[15] Some of the Shares, held directly or indirectly, by members of the Board, are subject to certain restrictions. These Shares are released from restrictions on the earliest of the Annual General Meeting of the Company in 2016 and 30 June 2016.
[16] Owned partially in his own name and partially through Marc O Polo Norge AS, org. no. 961 021 502.
[17] 1.36 million of the mentioned Shares are held through Dukah Consult AS, org.no. 992 402 903

8 FINANCIAL INFORMATION

8.1 Financial report and auditor's reports

The Thinfilm group was formed on 15 February 2006 when Thinfilm acquired the business including the subsidiary TFE AB from Thin Film OldCo ASA. The financial situation of the Company has been presented in quarterly and annual reports since, most recently audited annual reports for 2013, 2014 as well as in the unaudited quarterly report for the four quarters of 2015. The audit reports for the annual reports for 2013 and 2014 do not include any qualifications.

The annual reports for 2013 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") and audited by Deloitte AS, the Group's independent auditor.

The unaudited quarterly reports for the four quarters of 2014 and 2015 have been prepared in accordance with International Accounting Standards ("IAS") 34.

Thinfilm initially applied the Norwegian Accounting Act of 1998 and NGAAP as expressed in Norwegian Accounting Standards. In connection with its application for listing on Oslo Axess, the Company implemented IFRS in 2007 with effect from the financial year 2006 for its consolidated financial statements. The transition from NGAAP to IFRS did not lead to any changes in the net result or the net equity of Thinfilm.

From January 1, 2015 the Group changed the presentation currency from NOK to USD. The change in presentation currency has been made since revenue and costs are increasingly denominated in USD and as the users of the financial statements are less and less NOK centric. The change in presentation currency has been treated as a change in accounting principles which in accordance with IAS 8 has been done retrospectively by translating comparative figures to USD as if this had always been the presentation currency.

The audited IFRS consolidated financial statements (with audit opinions) for 2013, 2014 and the unaudited IFRS interim report as of 31 December 2015 and 31 December 2014 are referenced herein with links to Thinfilm's website where the statements can be found, please see Section 14.5.

The audit opinions on the financial statements for 2013 and 2014 were unqualified.

Between 31 December 2015 and the date of this Prospectus, there have not been any substantial events which have had any material impact on the result for the first quarter of 2016 or the value of Thinfilm's assets and liabilities at 31 December 2015.

8.2 Historical Financial Information

The Company was established on 22 December 2005, and the Thinfilm group was formed on 15 February 2006 when Thinfilm acquired the business including the subsidiary TFE AB from Thin Film OldCo ASA. The parent and Subsidiaries are managed as one unified entity.

Operating segments, according to IFRS 8, are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions, has been identified as the Chief Executive Officer (CEO). It is therefore determined that Thinfilm has only one operating segment and no segment information is hence provided. The objective of Thinfilm is the research, development, production and commercialization of technology and products of physical storage of information, as well as related activities including participation in other companies with similar business.

The full audited report from the board of directors and annual financial statements for each of the years 2013, 2014 and the unaudited interim quarterly report for Q4 2014 and Q4 2015 are incorporated in this Prospectus by reference, see Section 14.5.

Profit and loss statements

Condensed consolidated statements of comprehensive income

Amounts in USD 1,000	1 October - 31 December 2015	1 October - 31 December 2014	1 January - 31 December 2015 (unaudited)	1 January - 31 December 2014 (audited)	1 January - 31 December, 2013 (audited)
Sales revenue	989	514	2 214	1 849	905
Other operating revenue	485	686	1 791	2 140	1053
Other income	125	(11)	408	490	-
Total revenue & Other Income	1 599	1 189	4 413	4 479	1 958
Operating costs	(10 859)	(8 633)	(34 664)	(28 970)	(15 831)
Depreciation, amortization and impairment loss	(458)	(378)	(1 537)	(1 305)	(278)
Operating profit (loss)	(9 718)	(7 822)	(31 788)	(25 796)	(14 152)
Net financial items	368	133	2 406	701	313
Profit (loss) before income tax	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Income tax expense	-	-	-	-	-
Profit (loss) for the period	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Profit (loss) attributable to owners of the parent	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)

Amounts in USD 1,000					
Profit (loss) for the period	(9 350)	(7 689)	(29 382)	(25 096)	(13 839)
Other comprehensive income					
Currency translation	(516)	(4 386)	(5 120)	(6 391)	(2 871)
Total comprehensive income for the period, net of tax	(9 866)	(12 075)	(34 502)	(31 487)	(16 710)

Balance sheets

Condensed consolidated statements of financial position

Amounts in USD 1,000	31 December, 2015 (unaudited)	31 December, 2014 (audited)	31 December, 2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7 788	4 870	3 112
Intangible assets	2 602	2 319	-
Current assets			
Trade and other receivables	3 118	2 565	1 318
Inventory	367	451	-
Cash and cash equivalents	15 940	30 854	43 803
Total current assets	19 425	33 870	45 121
TOTAL ASSETS	29 815	41 059	48 234
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	10 466	9 898	8 529
Share premium			
Other paid-in equity	119 906	97 637	47 250
Currency translation	(14 719)	(9 599)	427
Retained earnings	(91 008)	(61 626)	(13 839)
Total equity	24 645	36 311	42 367
Liabilities			
Trade and other payables	5 170	4 748	3 247
Total liabilities	5 170	4 748	2 620
TOTAL EQUITY AND LIABILITIES	29 815	41 059	45 614

Cash flow statements

Please refer to Section 9.1.2 for comments to the cash flow statements.

Condensed consolidated cash flow statements

Amounts in USD 1,000	1 October - 31 December 2015	1 October - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2014	1 January - 31 December 2013
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit (loss)	(9 718)	(7 822)	(31 788)	(25 796)	(14 152)
Share-based payment (equity part)	517	575	1 707	1 903	874
Depreciation and amortization	458	380	1 537	1 307	278
Write down inventory	243	-	243	-	0
Loss on sale of fixed assets	39	-	130	-	0
Changes in working capital and other changes	683	476	2 135	(1 794)	3 452
Net cash from operating activities	(7 779)	(6 391)	(26 036)	(24 381)	(9 548)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	37	(287)	(4 809)	(3 191)	(2 897)
Purchases of intangible assets	(62)	-	(799)	-	-
Acquisition of business activity	-	-	-	(2 700)	-
Capitalized development expenses	(21)	(26)	(112)	(26)	-
Proceeds from sale of fixed assets	15	-	170	-	-
Interest received	1	109	146	570	245
Net cash from investing activities	(30)	(204)	(5 404)	(5 347)	(2 652)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares	22	21 431	21 130	22 289	53 137
Net cash from financing activities	22	21 431	21 130	22 289	53 137
Currency translation effects on cash and bank deposits	(894)	(3 895)	(4 603)	(5 509)	(3 034)
Net increase (decrease) in cash and bank deposits	(8 681)	10 940	(14 913)	(12 948)	37 903
Cash and bank deposits at the beginning of the period	24 622	19 915	30 854	43 803	5 900
CASH AND BANK DEPOSITS AT THE END OF THE PERIOD	15 940	30 854	15 940	30 854	43 803

Changes in equity

Condensed consolidated statements of changes in equity

Amounts in USD 1,000	Share capital	Other paid-in equity	Currency translation	Retained earnings (uncovere	Total
Balance at 1 January 2015	9 898	97 637	(9 599)	(61 626)	36 311
Share issue employees	83	728			811
Share based compensation		1 707			1 707
Share issue board remuneration, May 29	1				1
Private placement US funds, June 18	483	19 834			20 317
Comprehensive income			(5 120)	(29 382)	(34 502)
Balance at 31 December 2015	10 466	119 906	(14 719)	(91 008)	24 645
Balance at 1 January 2014	9 173	72 931	(3 208)	(36 531)	42 366
Share issue employees	85	819			905
Share based compensation		1 903			1 903
Share issue Kovio-transaction, 29 January	19	984			1 003
Share issue 8 May, board remuneration	2				2
Share issue PARC, 26 September	6	230			236
Share issue Ferd, November 14	613	20 769			21 382
Comprehensive income			(6 391)	(25 096)	(31 487)
Balance at 31 December 2014	9 898	97 636	(9 599)	(61 627)	36 311
Balance at 1 January 2013	6 990	21 104	12	(22 690)	5 416
Warrants exercise 11-22 March	232	4 405			4 637
Share issue 8 May, board remuneration	2				2
Share based compensation		874			874
Share issue employees	25	208			233
Share issue Invesco, 02 October	1 024	21 048			22 072
Share issue PARC, 29 October	8	2 350			2 358
Share issue Invesco, 30 October	874	21 966			22 839
Share issue PARC, 20 December	20	977			997
Comprehensive income	-	-	(3 220)	(13 840)	(17 060)
Balance at 31 December 2013	2 184	72 931	(3 208)	(36 530)	42 366

8.3 Investments

Thinfilm has no financial investments or off-balance sheet assets. Cash is held in bank.

Thinfilm made significant investments in 2013 and even more so in 2014. The investments in 2013 were mainly related to printing machinery acquired in Linköping. In 2014 investments were mainly related to the acquisition of certain assets from Kovio Inc. as described in the section below. Thinfilm also made significant investments in 2015, these were mainly related to equipment and tools for the Printed Dopant Polysilicon (PDPS) line as well as improvements to the San Jose site, and also the licensing of technology.

8.3.1 Principal Historical Investments

In 2013 investments increased to USD 2.9 million (2012: USD 331 thousand) and was mainly related to the delivery of a high-volume, Roll-to-Roll production system and an Ohio GT rotogravure printer. All 2013 investments were made in Linköping.

In 2014, investments amounted to USD 5.9 million and were dominated by the acquisition of assets from Kovio, Inc., in January 2014 and complementary acquisitions of predominantly production equipment and tools for the two facilities in Linköping and San Jose. The assets acquired from Kovio included the Company's technology, intellectual property and manufacturing assets located in San Jose. Kovio also assigned certain contractual rights to Thinfilm, e.g. the property lease in San Jose.

The Company started to capitalize development expenses of Thinfilm Memory™ (from Q4 2014) and EAS-tags (from Q3 2015). As of 31 December 2015 USD 134 thousand had been recorded on the balance sheet. Until then research costs had been expensed in accordance with IFRS, because the activities did not satisfy the criteria for being added to the balance sheet as intangible assets. The amount of research & development expenditure recognized as an expense in 2015 amounted to USD 10,924 thousand (compared to USD 14,743 thousand in 2014 and USD 5,566 thousand in 2013).

The total investments in fixed and intangible assets in 2015 amounted to USD 5.7 million. This includes some USD 4.2 million related to the already mentioned Printed Dopant Polysilicon (PDPS) line as well as improvements to the San Jose site. Investments in intangible assets, mainly licensing of technology, amounted to USD 911 thousand, while purchases of tools and equipment at the site in Linköping, amounted to USD 647 thousand.

Investments in January 2016 amounted to some USD 240, and mainly relates to machinery and equipment acquired at the site in San Jose.

The investments in tangible assets are all made at either the Linköping facility or the facility in San Jose.

8.3.2 Principal Investments in Progress

At the date of this Prospectus there are assets ordered, but not yet fully paid. This relates mainly to smaller equipment and machinery in TFE Inc. and TFE AB. The Company does not have any obligations to make significant future investments in tangible or intangible assets, or financial assets. The Company does not have any committed plans to make significant future investments in intangible or financial assets. However, the Private Placement has provided Thinfilm with the necessary funds to continue the ongoing de-bottlenecking project of the PDPS line in San Jose[18]. The first step of this project is planned to be completed in the first half of 2016. The continuation will be staged linked to customer ramp of the EAS and NFC products.

The total capital expenditure for this project is estimated to amount to some USD 17.5 million[19], which includes necessary back-end related investments, in Asia. As per 31 December 2015 some USD 4.2 million had been spent. This explains the majority of the investments in 2015 which amounted to USD 5.7 million. Currently the Company is considering further investments within this project. Additional CAPEX of USD 1.4 million has been committed, financed through existing cash balance.

Thinfilm is also planning to invest an additional USD 550 thousand in equipment mainly relating to Roll-to-Roll printing of display and batteries at the site in Linköping.

The total investments in equipment and machinery in 2015 was USD 4.8 million. Out of this some USD 4.2 million was invested in San Jose, whilst USD 642 thousand was invested in Linköping.

Thinfilm will fund the ongoing R&D and commercialization activities and the ordered assets that are not yet fully paid from its own resources, supplemented by government grants and sales revenue. The Company has adequate funding for its planned activities, as stated in Section 9.2.

[18] As further described in Section 5.1.
[19] As further described in Section 5.1.

8.3.3 Future Investments

The Company has at the date of this Prospectus not made any further binding commitments for additional principal investments other than as mentioned in the section regarding Principal Investments in Progress above.

8.4 Property, Plant and Equipment

The Thinfilm group does not own real property. Thinfilm rents office premises at Henrik Ibsens gate 100, 0255 Oslo, Norway. The size of the office facilities are 36 square meters. These facilities are used for administrative functions only. Thinfilm’s employees in Singapore operate out of their home offices.

Thinfilm’s tangible assets are largely located in San Jose (Thin Film Electronics, Inc. (TFE Inc.)) and Linköping (TFE AB). The actively used assets are mainly production equipment, process tools, laboratory equipment and office equipment.

TFE Inc. leases office and laboratory facilities, including cleanroom, at Zanker Road, San Jose, California, USA of 61,656 square feet. Approximately 17,486 square feet of the Zanker Road facility is being sub-leased to a third party. In January 2014 Thinfilm acquired technology, intellectual property, and manufacturing assets from Kovio Inc., and assumed the lease of Kovio’s facilities in San Jose. In addition to office space, the facilities contain a cleanroom containing the Printed Dopant Polysilicon (PDPS) line, laboratories and storage areas. The PDPS line, if it were to be dedicated to OpenSense™ labels only, would have a capacity of 28 million die annually. The line is currently utilized continuously (24/7).

TFE AB rents laboratory, including cleanroom, and office facilities of about 3,280 square meters in Linköping, of which approximately 60% is being used as offices.

Thinfilm, in June 2013, commissioned a new high-definition printing facility, in cleanroom premises which it leases in Linköping. These facilities contain a combination of laboratory and pilot-scale printing and test equipment, which are primarily intended for product development and pilot scale production. If such equipment were to be used exclusively for production of memory labels, then the nominal annual production capacity would be approximately 200 million labels per year. The Roll-to-Roll printing line in Linköping is utilized on average 8 hours per day.

Thinfilm Japan does not rent any office, as there are currently no employees in the entity.

In addition, Thinfilm HK rents a desk in a shared office space at Silver Fortune Plaza, Central, Hong Kong.

The Company is, as of the date of this Prospectus, not aware of any environmental issues that may materially affect the Company’s utilization of the tangible fixed assets.

8.5 Financial Policies, Treasury

Thinfilm does not buy or issue financial instruments other than shares, warrants and subscription rights as resolved or authorized by the general meeting.

Thinfilm is funded solely by equity. The Company has not obtained financial loans. Subsidiaries should have a minimum equity ratio of 20%. Investments should be leased or funded by inter-company borrowing in the local currency of the subsidiary.

Thinfilm's cost basis is largely in USD, SEK, EUR, NOK, HKD and SGD. The commercial revenues are essentially EUR or USD based while government grants are denoted in NOK, SEK, USD and EUR. The former conceptually constitutes a currency risk, but the uncertainty about revenue streams means that the risk cannot be hedged reliably. Until the Company earns recurring revenue, currency hedging is not entered into and foreign currency assets/liabilities are minimized.

The Company does not borrow funds. The foregoing does not preclude normal trade accounts payable and short- and long-term liabilities to accrue in the balance sheet. Payables shall be settled on due date except when there is a valid reason to not do so.

Cash is held in reputable banks and in deposit accounts. Lock-up agreements may be entered into in order to increase yield. Any lockup must be approved by the CFO.

Credit limits and payment terms, other than customary, must be approved according to the Company's approval matrix.

Thinfilm does as a principle not provide company credit card to any staff member. However, in TFE AB and TFE Inc. certain employees have corporate credit cards backed by a personal credit. Thinfilm does not issue any loans to or guarantees in favor of any Thinfilm staff member, shareholder or business partner.

Thinfilm has taken up the mandatory insurances related to Thinfilm staff, such as workplace injury insurance, mandatory pension scheme and business travel insurance for all employees. The Company also has a business activity insurance securing employees' salaries in case of a business interruption and equipment insurance for all equipment in use and available for sale. Credit insurance has not been taken up.

8.6 Dividend Policy

Thinfilm has not any established dividend policy in place except to say that the Company's aim and focus is to enhance shareholder value and provide an active market in its shares.

Thinfilm has historically never declared or paid any dividends on its shares and does not anticipate paying any cash dividends for 2016 or the next few years. Thinfilm intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operations and capital requirements.

8.7 Significant Changes in Financial and Trading Position since 31 December 2015

Between 31 December 2015 and the date of this Prospectus, there has not been any significant change in the financial or trading position of Thinfilm and/or the Group. During this period there have not been any substantial events that have had any material impact on the result or the value of Thinfilm's assets and liabilities.

Further, in the opinion of management, to the best of its knowledge, there have been no material changes in recent trends as regards the operations of the Company, since 31 December 2015 to the date of this Prospectus.

9 CAPITAL RESOURCES

9.1 Cash Flow[20] and Liquidity

9.1.1 Liquidity

Thinfilm's main cash outflow over the past few years has mainly been related to operating expenditures, primarily payroll, external development costs as well as office and laboratory costs, the latter relates to operating the clean room[21] in Linköping and since January 2014, also the clean room in San Jose, as well as investments.

The Company will continue to invest in machinery and equipment to meet demand from customers as the Company focuses on ramping product revenue. Going forward, the main cash outflows will continue to be related to operating costs and such investments.

The main inflow to date has come from shareholders' investments. Revenues, both commercial revenues and revenues from government grants, are increasing, but are not expected to balance operating costs in the short term. Thinfilm has to report the costs incurred as well as submit reports on progress and achievements on the different R&D projects relating to the government grants. Apart of that, there are no unfilled conditions or other contingencies related to government grant revenue that has been recognized.

Thinfilm may obtain supplemental cash inflows from exercise of outstanding warrants held by Ferd AS, certain US professional investors, as well as Woodford Investment Management (see Section 10.6.2) and – in smaller amounts – exercise of employee incentive subscription rights.

Thinfilm holds the majority share of its cash in USD. The Company also holds significant cash in SEK and NOK. Payments from sales are predominantly in USD and are also held in that currency.

As part of assuming manufacturing assets of Kovio, Inc., Thinfilm in January 2014 issued a USD 600,000 Letter of Credit to the landlord of the Thinfilm Innovation Center. Apart from that, no cash resources are restricted.

There are no restrictions on transfer of funds either way between the parent and the Subsidiaries other than the conventional restrictions in the company law and accounting regulations in Norway, Sweden, US, Hong Kong and Japan. In these matters, the laws of the different countries are similar in all material aspects.

The liquidity situation at 31 December 2015 was acceptable. The cash position was USD 15.9 million and net short-term payables and accruals less receivables amounted to a net liability of USD 1.9 million. There was no material deterioration of the cash position between 31 December 2015 and the date of this Prospectus. Significant additional funding was obtained through the Private Placement.

[20] Cash flow statements are found in Section 8.2.
[21] A cleanroom or clean room is an environment, typically used in manufacturing, including of pharmaceutical products or scientific research, with a low level of environmental pollutants such as dust, airborne microbes, aerosol particles, and chemical vapours.

9.1.2 Cash Flow

Cash Flow from Operating Activities

The operating cash flows have been negative due to the stage of development the Company is in. Revenues are increasing, but operating expenses also grow as the Company approaches the commercial phase and therefore increases efforts to accelerate the development. Product revenue, product related revenue and technology transfer related revenue increased markedly in 2015, more than offsetting lower JDA[22]/project revenue as the Company increasingly focuses on product sales, instead of development projects. Payroll cost, office & laboratory costs and manufacturing materials costs explain the bulk of the negative operating cash flows.

In 2013, operating cash flow was mainly impacted by the USD 14.2 million operating loss. Revenues were USD 2.0 million, primarily related to government-funded projects, technology access fees and delivery of prototypes and products to strategic customers and partners. Operating costs were USD 15.8 million.

In 2014, operating cash flow was primarily determined by the USD 25.8 million operating loss. Operating costs in 2014 were USD 29.0 million and hence significantly higher than the USD 4.5 million revenue & other income. In 2014, revenue was primarily related to, like in 2013, government funded projects, technology access fees and delivery of prototypes and products to strategic customers and partners.

In 2015, operating cash flow was mainly impacted by the USD 31.8 million operating loss, largely explained by the USD 34.7 million operating costs not being sufficiently offset by the USD 4.4 million revenues & other income. Product revenue and product related revenue grew significantly, while JDA/project revenue was lower as resources were allocated to the launch of NFC products. Government funded projects were still a significant revenue contributor in 2015, while markedly lower than in 2014.

Operating cash flows in the fourth quarters of 2014 and 2015 were USD 6.4 million and USD 7.8 million respectively, and were largely explained by the same factors as for 2014 and 2015 respectively, as described above.

Cash Flow from Investing Activities

In 2013, investing cash flow was dominated by investments in fixed assets, largely related to provisioning of high-definition gravure printing machines and in particular the new roll-to-roll printing line in Linköping.

In 2014, investing cash flow was dominated by the acquisition of assets from Kovio, Inc., amounting to USD 2.7 million[23], in January 2014 and complementary acquisitions of equipment and tools for the two sites in Linköping and San Jose.

In 2015, investing cash flow was dominated by investments in fixed assets, primarily in San Jose, as the Company initiated a de-bottlenecking project of the Sheet-to-Sheet based NFC line, and some USD 4.2 million were invested here. In addition, Thinfilm acquired a license to print batteries from Imprint Energy that to a significant extent explained the USD 0.8 million investment in intangible assets in 2015.

[22] Joint Development Agreement
[23] Total consideration was USD 2.7 million in cash and USD 1.0 million in shares.

Investments in the fourth quarter of 2014 and 2015 were relatively low due to no major equipment deliveries. The positive number in the fourth quarter of 2015 is due to reversal of accruals exceeding actual purchases.

Cash Flow from Financing Activities
The cash inflows from financing activities in 2013-2015 have come from shareholders in share issues by way of private placements, and to some degree through exercises of employee subscription rights.

In 2013, the financing cash flow was dominated by the two private placements in October and November 2013 to Invesco Ltd. amounting to USD 46.5 million and representing about 18% of the shares issued at the date of this Prospectus.

In 2014, the private placement in November to Ferd AS, amounting to USD 21.3 million, largely explained the financing cash flow, and represents about 7% of the shares issued at the date of this Prospectus.

In 2015, the financing cash flow was largely explained by the private placement in June 2015 to certain US professional investors, amounting to USD 22.0 million, and representing about 6% of the shares issued at the date of this Prospectus.

The cash flow from financing activities in the fourth quarter of 2015 was insignificant and related to the exercise of employee incentive subscription rights.

In the period from 31 December 2015 up to the date of this Prospectus there were no material changes in the rate of cash flow from operating activities. Cash flow from investing activities was insignificant due to no major deliveries of new equipment in said period. Cash flow from financing activities relates to the exercise of employee incentive subscription rights, and the Private Placement.

9.2 Working Capital

As at 31 December 2014 (audited), the Company had a cash position of USD 30.9 million. Net short-term payables and accruals less receivables amounted to a net liability of USD 2.2 million. As at 31 December 2015 (unaudited), the Company had a cash position of USD 15.94 million. Net short-term payables and accruals less receivables amounted to a net liability of USD 1.9 million.

The net working capital as at 31 December 2015 amounted to USD 14.3 million. This amount includes a share-based liability of USD 554 thousand, i.e., provisions for employer's tax expense associated with exercise of subscription rights.

Under current planning assumptions, Thinfilm's expenses will exceed the revenues through the four quarters of 2016. Thinfilm does not have draft facilities or other working capital reserves but its cash.

As a result of the Private Placement, Thinfilm will receive additional gross proceeds of NOK 360,000,000. Proceeds from the Warrants, if exercised, may amount to an additional injection of NOK 180,000,000.

9.2.1 Working Capital Statement

Given the cash position presented above, including the additional funds provided through the Private Placement, and the planned future requirements, the Group, in the opinion of the Company, has sufficient working capital for its present requirements for the next twelve months.

9.3 Capitalization and Indebtedness prior to the Private Placement

The following table shows the Group's capitalization and indebtedness as of 31 December 2015 (unaudited).

Debt and shareholders' equity *USD thousands*	**31 December 2015** **(unaudited)**
Total Current debt:	5 170
Guaranteed	–
Secured	–
Unguaranteed/ Unsecured	5 170
Total Non-Current debt (excluding current portion of long-term debt)	–
Guaranteed	–
Secured	–
Unguaranteed/ Unsecured	–
Shareholders' equity	24 645
a. share capital	10 466
b. Legal Reserve	119 906
c. Other Reserves	(105 727)
Total debt and shareholders' equity	29 815

The current debt consists of accounts payable and accrued expenses as well as deferred revenue.

Thinfilm does not have any financial loans or credit lines. There is one internal loan agreement between Thinfilm and TFE Holding, where the latter borrows USD 20,000. The internal loan is eliminated on Group level and are hence not shown in the table above.

Net financial indebtedness *USD thousands*	**31 December 2015 (unaudited)**
A. Cash (in bank)	15 940
B. Cash equivalents	–
C. Trading securities	–
D. Liquidity (A+B+C)	15 940
E. Current financial receivable	3 118
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Other current financial debt	5 170
I. Current financial debt (F+G+H)	5 170
J. Net current financial indebtedness (I–E–D)	(13 888)
K. Non-current bank loans	–
L. Bonds issued	–
M. Other non-current loans	–
N Non-current financial indebtedness (K+L+M)	–
O. Net financial indebtedness (J+N)	(13 888)

Note: Negative sign on lines J or O means that the company has a net favourable cash position at the date.

Thinfilm has no indirect or contingent financial indebtedness.

Thinfilm has no indirect or contingent financial indebtedness, and has no plan to raise financial debt.

There have been no events subsequent of 31 December 2015, which would have a material impact on the capitalisation and indebtedness presented in the above table.

10 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

10.1 Company corporate registration

The Company's legal name is Thin Film Electronics ASA. In less formal circumstances and in the context of marketing, the Company/Group is often referred to as "Thinfilm". The Company is organized as a public limited liability company in accordance with the Norwegian Public Limited Companies Act, and is registered with the Company Registry under company organization no. 889 186 232.

The Company was incorporated on 22 December 2005 with the name Thin Film NewCo ASA, which name was changed to Thin Film Electronics ASA on 11 May 2006.

The Company's registered office is at Henrik Ibsens gate 100, 0255 Oslo, Norway. The postal address is P.O. Box 2911 Solli, NO-0230 Oslo, Norway. The Company can be reached on telephone + 47 23 27 51 59.

10.2 Organizational and legal structure

The Group comprises the parent company Thinfilm in Oslo, Norway and the Subsidiaries as further described below (hereinafter the "**Group**"). Thin Film is headquartered in Oslo, Norway, from where the Group is administered and where the main part of management is situated. The Oslo office is also active in communication, business development, sales and marketing and other Group activities.

Thinfilm's Subsidiaries are listed below:

I. <u>TFE AB:</u>
Thinfilm has a wholly owned Swedish subsidiary, TFE AB, situated in Linköping, Sweden. TFE AB is registered in the Swedish corporate registry (Swedish "Bolagsverket") with organization number SE 556547-7873. Its registered address is Westmansgatan 27B, 58 216 Linköping, Sweden. The issued share capital in TFE AB is SEK 1,000,000 divided into 20,000 shares, each share having a par value of SEK 50. TFE AB provides technical and commercial work for Thinfilm and operates the facilities where the work is carried out. TFE AB is consolidated into the Group's annual and quarterly financial statements.

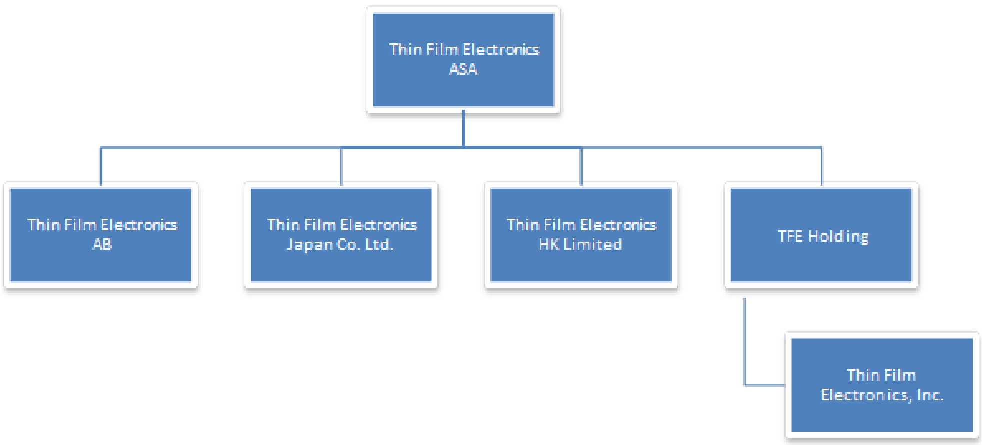
II. <u>TFE Holding/Thin Film Electronics, Inc.</u>:
Thinfilm has a wholly owned subsidiary, TFE Holding, which is incorporated in the State of Nevada, United States. TFE Holding, in turn owns 100% of shares in the US operating company, Thin Film Electronics, Inc., a California corporation. TFE Holding maintains its registered office at 3250 Retail Drive, Suite 135, Carson City, Nevada 89706, while Thin Film Electronics, Inc. maintains its registered office at 2865 Zanker Road. San Jose, California 95134, USA. The share capital of TFE Holding is USD 1,000 divided into 1,000 shares each having a par value of USD 1. The share capital of Thin Film Electronics, Inc. is USD 20,000 divided into 20,000 shares each having a par value of USD 1. Thin Film Electronics, Inc. provides Marketing, Manufacturing, Research and Development Services for Thinfilm and operates the facilities where these activities are carried out. Thin Film Electronics Inc. is consolidated into the Group's annual and quarterly financial statements.

III. <u>Thinfilm Japan:</u>
Thinfilm has a wholly owned subsidiary in Japan, namely Thinfilm Japan, which maintains its registered office at 6F Ginza Daiei Building 1-16-7 Ginza Chuco-ku, Tokyo 104-0061, Japan. Thinfilm Japan has a share capital of JPY 5,000,000 divided into 50,000 shares, each having a par value of JPY 100.Thinfilm Japan is consolidated into the Group's annual and quarterly financial statements.

IV. <u>Thinflm HK Limited:</u>
Thinfilm has a wholly owned subsidiary in Hong Kong, China, namely Thinfilm HK, which maintains its registered office at Level 16 & 17, China Building 29, Queen's Rd, Hong Kong. Thinfilm HK has a share capital of HKD 10,000 divided into 10,000 shares, each having a par value of HKD 1. Thinfilm HK provides Supply chain Services for Thinfilm. Thinfilm HK is consolidated into the Group's annual and quarterly financial statements since 1 August 2015.

The Thinfilm facilities in Linköping are active in product development, pilot production and similar activities. Thin Film Electronics, Inc is active in product development, production and business development. The Thinfilm offices in the US (apart from San Jose), and Singapore are sales offices.

The following figure illustrates the Group structure (all Subsidiaries are wholly owned):



10.3 The Shares and the share capital

As of the date of this Prospectus, the Company's share capital is NOK 74,383,359.27 divided into 676,212,357 Shares. The Company's Shares are denominated in Norwegian kroner, each with a par value of NOK 0.11 (11 Norwegian øre).

The Company's shares have been listed and traded on Oslo Børs since February 25, 2015. Prior to this, since 30 January 2008, the Company's shares had been listed on Oslo Axess.

In addition, Thinfilm has established a sponsored Level 1 American Depositary Receipt (ADR) program. On March 24 2015, Thinfilm's ADRs were available for trading in the United States on the OTCQX under the symbol "TFECY".

The Company's shares are not listed on any other stock exchange, regulated market or other equivalent markets and no such other listing is sought or contemplated.

Company's Shares have equal rights to the Company's profits, in the event of liquidation and to receive dividends unless all the shareholders approve otherwise. The Shares are issued under Norwegian law and pursuant to the Norwegian Public Limited Companies Act. All Shares have been fully paid. The Company's Articles of Association as of the date of this Prospectus are incorporated hereto by reference, see Section 14.5.

Further, there are no dividend restrictions or specific procedure for non-Norwegian resident shareholders in the Norwegian Public Limited Companies Act or otherwise applicable for the Company.

For the New Shares issued under the Private Placement, the subscribers will obtain rights to receive dividends from the time at which the share capital increase and share issue was registered in the Company Registry, being on or about 5 April 2016.

The Company's Shares are freely transferable according to Norwegian law and the Company's Articles of Association. There are no voting restrictions in the Company. The Articles of Association of the Company does not contain any provisions restricting foreign ownership of Shares.

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may result in a change in control in Thinfilm. To the best of the Company's knowledge and belief, no shareholders, or group of shareholders, control the Company, directly or indirectly.

10.4 Development of the share capital

The following table shows the development of the Company's share capital since 1 January 2013:

Date	**Event and Share Capital**
11 April 2013	Share capital increase with NOK 1,338,975 by issuance of 12,172,500 Shares upon exercise of warrants, at a subscription price per share of NOK 2.20. New share capital is NOK 40,257,128.12.
8 May 2013	Share capital increase with NOK 9,240 by issuance of 84,000 shares to Board Members Rita Glenne (28,000 shares), William R. Salaneck (28,000 shares) and Margareta Josefsson (28,000), as board remuneration, at a subscription price per share of NOK 0.11. New share capital is NOK 40,266,368.12.
15 August 2013	Share capital increase with NOK 6,875 by issuance of 62,500 Shares under the Company's 2011 Subscription Rights Plan, at a subscription price per share of NOK 1.01. New share capital is NOK 40,273,243.12.
27 August 2013	Share capital increase with NOK 27,500 by issuance of 250,000 Shares under the Company's 2010 Subscription Rights Plan, at a subscription price per share of NOK 0.80. New share capital is NOK 40,300,743.12.
23 September 2013	Share capital increase with NOK 82,500 by issuance of 750,000 Shares under the Company's 2010 Subscription Rights Plan, at a subscription price per share of NOK 1.01. New share capital is NOK

	40,383,243.12
2 October 2013	Share capital increase with NOK 6,160,000 by issuance of 56,000,000 Shares in a private placement, at a subscription price of NOK 2.50 per share. New share capital is NOK 46,543,243.12.
30 October 2013	Share capital increase with NOK 48,170.21 by issuance of 437,911 Shares in a private placement of shares, at a subscription price per share of NOK 5.475. New share capital is NOK 46,591,413.33.
30 October 2013	Share capital increase with NOK 19,250 by issuance of 175,000 Shares under the Company’s 2011 Subscription Rights Incentive Plan, at a subscription price per share of NOK 1.49. New share capital is NOK 46,610,663.33.
30 October 2013	Share capital increase with NOK 5,133,333.26 by issuance of 46,666,666 shares in a private placement of Shares, at a subscription price of NOK 3 per share. New share capital is NOK 51,743,996.59.
7 November 2013	Share capital increase with NOK 9,625 by issuance of 87,500 Shares under the Company’s 2011 Subscription Rights Incentive Plan. 50,000 shares were issued at a subscription price per Share of NOK 1.01 and 37,500 Shares were issued at a subscription price per share of NOK 1.71. New share capital is NOK 51,753,621.59.
5 December 2013	Share capital increase with NOK 4,125 by issuance of 37,500 Shares under the Company’s 2011 Subscription Rights Incentive Plan, at a subscription price per Share of NOK 1.71. New share capital is NOK 51,757,746.59.
20 December 2013	Share capital increase with NOK 121,092.73 by issuance of 1,100,843 Shares to PARC in a private placement of shares, at a subscription price per Share of NOK 5.578. New share capital is NOK 51,878,839.31.
29 January 2014	Share capital increase with NOK 114,574.24 by issuance of 1,041,584 Shares in a private placement of shares in connection with the Kovio transaction, at a subscription price per Share of NOK 5.923. New share capital is NOK 51,993,413.56.
27 February 2014	Share capital increase with NOK 462,000 by the issuance of 4,200,000 shares under the Company’s 2009, 2011 and 2012 Subscription Rights Incentive Plan, at an average subscription price per share of NOK 1.16. New share capital is NOK 52,455,413.56.
8 May 2014	Share capital increase with NOK 13,227.94 by issuance of 120,254 Shares to Board Members Morten Opstad (56,962 shares), Rita Glenne (31,646 shares) and Preeti Mardia (31,646 shares), as board remuneration, at a subscription price per Share of NOK 0.11. New share capital is NOK 52,468,641.50.
14 August 2014	Share capital increase with NOK 20,625 by issuance of 187,500 Shares under the Company’s 2011 and 2012 Subscription Rights Incentive Plans, respectively, at an average subscription price per Share of NOK 2.01. New share capital is NOK 52,489,266.50.
16 September 2014	Share capital increase with NOK 36,817.22 by issuance of 334,702 Shares to PARC in a private placement of shares, at a subscription price per Share of NOK 4.628. New share capital is NOK 52,526,083.72
7 November 2014	Share capital increase with NOK 38,500 by issuance of 350,000 shares under the Company’s 2010 and 2011 Subscription Rights

	Incentive Plans, respectively. 300, 000 shares were issued at a subscription price per share of NOK 0.80 and 50,000 shares were issued at a subscription price per share of NOK 1.01. New share capital is NOK 52,564,583.72.
14 November 2014	Share capital increase with NOK 4,125,000 by issuance of 37,500,000 Shares in a private placement of shares, at a subscription price of NOK 4 per Share. New share capital in NOK 56,689,583.72.
27 February 2015	Share capital increase with NOK 636,625 by issuance of 5,787,500 Shares upon exercise of subscription rights, at a weighted average subscription price per Share of NOK1.06. New share capital is NOK 57,326,208.72.
8 May 2015	Share capital increase with NOK 7,463.72 by issuance of 67,852 Shares to Board Members Preeti Mardia (33,926 shares) and Tor Mesøy (33,926 shares), as board remuneration, at a subscription price per Share of NOK 0.11. New share capital is NOK 57,333,672.44.
18 June 2015	Share capital increase with NOK 3,743,811.83 by issuance of 34,034,653 new Shares in a private placement of shares, at a subscription price per share of NOK 5.0056. New share capital is NOK 61,077,484.27.
5 November 2015	Share capital increase with NOK 5,500 by issuance of 50,000 new Shares upon exercise of subscription rights, at a weighted average subscription price per Share of NOK 1.01. New share capital is NOK 61,082,984.27.
2 December 2015	Share capital increase with NOK 8,250 by issuance of 75,000 new Shares upon exercise of subscription rights. New share capital is NOK 61,091,234.27.
25 February 2016	Share capital increase with NOK 92,125 by issuance of 837,500 new Shares upon exercise of subscription rights. 37,500 Shares were subscribed for at a subscription price per Share of NOK 1.71, 350,000 Shares were subscribed for at a subscription price per Share of NOK 1.49 and 450,000 Shares were subscribed for at a subscription price of NOK 1.89 per Share. New share capital is NOK 61,183,359.27
16 March 2016	Share capital increase with NOK 13,200,000 by issuance of 120,000,000 New Shares in a private placement of shares, at a Subscription Price per share of NOK 3.00. New share capital is NOK 74,383,359.27.

As at 31 December 2015 and 1 January 2016, the Company's issued share capital was NOK 61,091,234.27 divided into 555,374,857 Shares, each with a nominal value of NOK 0.11, all of which fully paid. As at 31 December 2014 and 1 January 2015, the Company's issued share capital was NOK 56,689,583.72 divided into 515,359,852 Shares, each with a nominal value of NOK 0.11, all of which fully paid. As at 31 December 2013 and 1 January 2014, the Company's issued share capital was NOK 51,878,839.32 divided into 471,625,812 Shares, each with a nominal value of NOK 0.11, all of which fully paid. As at 31 December 2012 and 1 January 2013, the Company's share capital was NOK 38,918,153.12 divided into 353,801,392 shares, each with a nominal value of NOK 0.11, all of which is fully paid.

As of the date of this Prospectus, the share capital is NOK 74,383,359.27 divided into 676,212,357 Shares, each Share having a par value of NOK 0.11.

10.5 Board Authorization to issue Shares

On 7 May 2015, the Annual General Meeting approved a Board authorization to issue a maximum of 52,114,735 new shares, with a maximum total nominal value of NOK 5,732,620.87 (representing 10% of the share capital of the Company at the time of the authorization). The authorization is valid until the 2016 Annual General Meeting, however no later than 30 June 2016. All previous authorizations where withdrawn by the shareholders with effect from the date the 7 May 2015 authorization was registered in the Company Registry.

The Board authorization has the following purposes and limitations:

i) The authorization may be used in connection with private placements and share issues to suitable investors, in an amount limited to a nominal value of NOK 5,732,620.87 (representing 10% of the registered share capital at the time of the authorization). The Company's shareholders' pre-emptive rights may be set aside;

ii) The authorization may be used in connection with rights issues, in an amount limited to a nominal value of NOK 5,732,620.87 (representing 10% of the registered share capital at the time of the authorization); provided, however, that the authorizations for private placements and rights issues shall collectively be limited to 10% of the registered share capital at the time of the authorization. The Company's shareholders' pre-emptive rights may not be set aside in connection with use of the board authorization for a rights issue;

In the Board authorization, the Board was authorized to determine the subscription price in regard to share issues. The subscription price may be paid by way of non-cash consideration pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The Board was also authorized to decide upon the other subscription terms. The new shares which may be subscribed for according to the authorizations shall have rights 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. In other respects, the Shares shall have shareholder rights from the time of issuance, unless the Board otherwise determines.

The Board authorization to issue shares was duly registered in the Company Registry on 29 May 2015.

As of the date of this Prospectus, NOK 3,743,811.83 has been used out of the authorization.

There are no other board authorizations to issue shares in effect as of the date of this Prospectus.

10.6 Subscription Rights, Warrants and Other Financial Instruments

10.6.1 Subscription Rights

At the 7 May 2015 Annual General Meeting, the shareholders adopted a new subscription rights plan available for employees and individual consultants in the Company or its Subsidiaries ("the 2015 Plan"). A similar plan had been in place for 2011 ("the 2011 Plan"), 2012 ("the 2012 Plan"), 2013 ("the 2013 Plan") and 2014 ("the 2014 Plan"). To enable four years vesting period, Thinfilm renews its subscription right plans each year at the annual general meetings, whereby the preceding plan is closed for new grants when the new plan takes effect. The maximum number of subscription rights, which may be issued under the 2015 Plan, may not exceed 52,114,735 subscription rights; provided, that the maximum number of subscription rights that may be issued and outstanding under all the plans may not exceed 10 % of the total number of shares in the Company at any given time. Each subscription right entitles the holder to demand the issuance of one share in the Company. The exercise price for each granted subscription right under the 2015 Plan shall, at a minimum, equal the greater of (i) the average closing price on the Company's share, as reported on Oslo Børs, over a period of 10 (ten) trading days immediately preceding the date of grant of the subscription right, 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 independent subscription rights under the 2015 Plan will expire on 7 May 2020.

The subscription rights may become exercisable in installments over the individual's period of employment or service and will be subject to earlier termination if the individual is no longer employed or retained by Thinfilm or it subsidiary. The subscription rights generally vest 25% each year, commencing one year from the date of grant. In case the subscription right holder resigns or is terminated, without cause, he or she will be entitled to exercise the subscription rights that have vested at the expiration of the employment or service notice period. The Board may determine an accelerated vesting schedule, if deemed appropriate. In case the subscription right holder is terminated for cause, all non-exercised subscription rights will be cancelled. The terms and conditions for vesting and exercise of subscription rights under the 2011 Plan, 2012 Plan, 2013 Plan and 2014 Plan are substantially similar to the terms and conditions under the 2015 Plan. The subscription rights are non-assignable other than by will or by the laws of descent and distribution.

As of the date of this Prospectus, 3,637,500 independent subscription rights have been granted and are outstanding under the 2011 Plan, 2,800,000 subscription rights have been granted and are outstanding under the 2012 Plan, 8,037,500 subscription rights have been granted and are outstanding under the 2013 Plan. 8,120,000 subscription rights have been granted and are outstanding under the 2014 Plan, and 11,495,000 subscription rights have been granted and are outstanding under the 2015 Plan. The total number of subscription rights outstanding under all plans is 34,090,000 with a weighted average exercise price of NOK 4.1107.

If all the subscription rights are exercised, the share capital will increase with NOK 3,749,900.

10.6.2 Warrants

In November 2014, Ferd AS subscribed for 37,500,000 shares in the Company in a private placement of shares. In connection with the private placement, Ferd AS also acquired 31,250,000 warrants, each with an exercise price of NOK 4.80. The warrants are exercisable after a 12-month holding period, and expire on 14 November 2017. The warrants are transferable.

On 18 June 2015, pursuant to an authorization from the Annual General Meeting dated 7 May 2015, the Board resolved a private placement of a total of 34,034,653 shares to professional US Investors. In addition, the Company's Extraordinary General Meeting on 14 July 2015 resolved that, that for every two shares subscribed for in private placement resolved on 18 June 2015, the subscriber will be granted one warrant, thereby totalling 17,017,326 warrants. The warrants are exercisable at any time after the date of the resolution of said Extraordinary General Meeting and thereafter until 14 July 2018. The exercise price for the warrants is NOK 6.10 per share. The warrants are transferable.

On 16 March 2016 the Company's Extraordinary General Meeting resolved a Private Placement of a total of 120,000,000 shares to funds under management of Woodford Investment Management LLP. At the same Extraordinary General Meeting, it was also resolved to issue a total of 40,000,000 Warrant to the subscriber in the Private Placement, each with an exercise price of NOK 4.50 per share. The Warrants are exercisable after a 12-month holding period, and expire on 16 March 2018. The Warrants are transferable.

In the event of the Company's share capital or number of shares is changed by way of a capitalization issue, stock split, etc., the number of Warrants issued hereunder, and the consideration for the shares to be issued in the Company upon exercise of the Warrants, shall be adjusted accordingly and, if necessary, rounded downwards to the nearest whole number.

10.6.3 Other Financial instruments

The Company currently has no other outstanding rights shares, convertible loans, convertible securities, exchangeable securities, securities with warrants or other financial instruments in issue giving the holder the right to subscribe for shares in the Company.

No third party has any financial instruments or rights entitling them to subscribe for or acquire shares in any Group company.

10.7 Authority to Repurchase Shares

No shares in Thinfilm are held by or on behalf of the Company itself or by any of its Subsidiaries. At the 7 May 2015 Annual General Meeting, the Board was authorized to purchase up to 10% of the Company's shares for a maximum price of NOK 1,000 per share. The Board was authorized to decide upon the manner and terms of the acquisition, disposition, transfer and sale of own shares. The authorization expires at the date of the 2016 Annual General Meeting, but no later than 30 June 2016.

As of the date of this Prospectus, this authorization has not been used.

10.8 Shareholder Structure

10.8.1 Overview

As of the date of this Prospectus, Thinfilm has a total of 4,887 registered shareholders, 4,606 of them Norwegian and 281 of them foreign.[24] As of the same date, the Norwegian shareholders owned 53 % of the issued and outstanding shares in the Company, while foreign shareholders held 47 % of the shares. Members of the Board and Executive Management own

[24] The information is based on VPS data as of 23 March 2016.

a total of 0.8 % of the shares. The Company's largest shareholder is Invesco Ltd., holding 18.5 % of the issued and outstanding shares.

Largest shareholders
The top 20 registered shareholders with the largest shareholdings as of the date of this Prospectus[25] are listed below:

Name of shareholder	Number of shares	Share (%)
INVESCO PERP HIGH INCOME FUND BNY MELLON	58 308 255	10.5 %
FERD AS PB 34	46 768 026	8.4 %
THE BANK OF NEW YORK MELLON SA/NV BNYM	44 376 846	8.0 %
EUROCLEAR BANK S.A./N.V. ('BA') 25% CLIENTS	27 140 859	4.9 %
SIMPSON FINANCIAL LTD	17 123 940	3.1 %
NORDNET BANK AB	17 035 276	3.1 %
SUNDVALL HOLDING AS	15 817 165	2.8 %
ASAH AS	13 000 000	2.3 %
STATOIL PENSJON C/O JP MORGAN CHASE BANK, NA	10 551 467	1.9 %
RUNAR FORSLAND	7 707 487	1.4 %
DANSKE BANK A/S 3887 OPERATIONS SEC.	7 578 928	1.4 %
JP MORGAN CHASE BANK, HANDELSBANKEN NORDIC	6 857 455	1.2 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	6 554 627	1.2 %
CHARLES STREET INTERNATIONAL LTD	5 728 174	1.0 %
AVANZA BANK AB	5 714 228	1.0 %
NORDNET LIVSFORSIKRING AS	5 661 453	1.0 %
KLP AKSJENORGE INDEKS	5 201 327	0.9 %
NORDEA BANK DANMARK A/S S/A NORDEA (DK) CCA	4 923 864	0.9 %
CITIBANK, N.A. S/A NWB TRUST OLD MUT WOODF	4 700 000	0.8 %
HÅVI AS	4 626 203	0.8 %

Note that the foregoing table does not include the New Shares. Following completion of the Private Placement, funds under management of Woodford Investment Management LLP will own 120,000,000 Shares, representing 17.75 % of the enlarged share capital.

Note that shareholders may have several accounts and/or their shares may be held by one or more nominee(s). All shares in the Company have equal voting rights, with each share carrying the right to one vote at the general meeting of shareholders.

10.8.2 Programs for employee share purchases

There is no program for employee share purchases except the subscription rights program (the 2015 Plan) outlined in Section 10.6.1 above.

[25] The information is based on VPS data as of 23 March 2016.

10.9 Articles of Association

The Articles of Association of the Company are incorporated by reference to this Prospectus; see Section 14.6 “Incorporation by reference”.

The Company’s purpose according to Section 2 of the Articles of Association is “*commercialization, research, development and production of technology and products related to printed electronics components and smart systems. These objectives may be carried out in full internally, or in whole or in part externally through collaborative efforts with one or more of the Company’s ecosystem partners.*”

According to Section 5 of the Articles of Association, the Board shall have from 3 up to 9 members, as decided by the general meeting. The Board may grant powers of procuration. Other than the foregoing, there are no provisions in the Articles of Association of the Company that relate to the Board or management.

The Articles of Association of the Company does not contain any provisions stricter than is required by law in relation to changing the capital of holders of the shares. The statutory requirements in this regard are set forth in Section 11.2 under “Voting Rights” below.

11 SHAREHOLDER MATTERS AND COMPANY AND SECURITIES LAW

11.1 Introduction

This section includes certain aspects of Norwegian legislation relating to shareholding in a Norwegian public limited liability company, with its shares listed on Oslo Børs, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares.

The Company is a Norwegian public limited company and is as such subject to, inter alia, Norwegian company and securities law, including the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act with regard to disclosure of inside information and ongoing disclosure requirements, market abuse, mandatory take-overs, squeeze-out, etc.

11.2 Voting rights

Each share in the Company gives the holder the right to cast one vote at general meetings of shareholders. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

As a general rule, resolutions that shareholders are entitled to make pursuant to the Norwegian Public Limited Companies Act or the Company's Articles of Association require a simple majority of the votes cast. In the case of election of directors to the Board of Directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting.

Norwegian law further requires that certain decisions which have the effect of substantially altering the rights and preferences of any Shares or class of Shares receive the approval of the holders of such Shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such Shares as nominees. Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered Shares. For example, Oslo Børs has held that in its opinion "nominee-shareholders" may vote in general meetings if they actually prove their shareholding prior to the general meeting.

11.3 General meetings of shareholders

Through the general meeting, the Company's shareholders exercise the supreme authority in the Company, subject to the limitations provided under the Norwegian Public Limited Companies Act.

All shareholders in the Company are entitled to attend and vote at general meetings, either in person or by proxy. See "Voting rights" (above) with regard to certain restrictions on voting right applying for nominee-registered Shares, etc.

General meetings are convened by the Company's Board. In a public limited liability company a notice of a general meeting shall be sent at the latest two weeks before the date of the meeting, however, in a company whose shares are listed on a regulated market (such as Thinfilm), the notice period is three weeks. In addition, the Board shall call an extraordinary general meeting whenever so demanded in writing by the auditor or shareholders representing at least 5% of the share capital, in order to deal with a specific subject. The extraordinary general meeting must be held within one month from the date of the demand. The notice shall include a proposal for an agenda for the meeting. A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in writing to the Board in such good time that it can be entered on the agenda of the meeting.

The annual general meeting shall be called by the Board such that it can be held within six months from the end of each financial year. The annual general meeting shall deal with and decide on the adoption of the annual financial statement and annual report, the question of declaring dividend and such other matters as may be set out in the notice calling the meeting.

11.4 Additional issuances and preferential rights

All issuances of Shares by the Company, including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association. Furthermore, under Norwegian law, the Company's shareholders have a preferential right to subscribe for issues of new Shares by the Company. The preferential rights to subscribe in an issue may be waived by a resolution in a general meeting by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be effected either by issuing Shares or by increasing the par value of the Shares outstanding.

11.5 Dividends

Dividends may be paid in cash or in some instances in kind. Pursuant to the Norwegian Public Limited Companies Act, a public limited liability company may only distribute dividends to the extent it will have net assets covering the company's share capital and other restricted equity after the distribution has been made. The calculation shall be made on the basis of the balance sheet in the Company's last approved financial statements, provided, however, that it is the registered share capital on the time of decision that applies. Further, extraordinary dividend payments may be resolved based upon an interim balance sheet not older than 6 months.

In the amount that may be distributed, a deduction shall be made for (i) the aggregate nominal value of treasury shares held by the company, (ii) credit and collateral pursuant to Sections 8-7 and 8-10 of the Norwegian Public Limited Companies Act, with the exception of credit and collateral repaid or settled prior to the time of decision or credit which is settled by a netting in the dividend and (iii) other dispositions after the balance day which pursuant to law shall lie within the scope of the funds that the Company may use to distribute dividend. Even if all other requirements are fulfilled, the Company may only distribute dividend to the extent that it after the distribution has a sound equity and liquidity.

Distribution of dividends is resolved by a majority vote at the general meeting of the shareholders of the Company, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors. The general meeting can also provide the Board of Directors with an authorization to resolve an extraordinary dividend payment. Such authorization is however limited in time to the next ordinary General Meeting.

According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses. Under the Norwegian Limitations Act, the general period of limitation is three years from the date on which an obligation is due. The payment date may not be set later than six months from the resolution to distribute dividends. Further, there are no dividend restrictions or specific procedures for non – Norwegian resident shareholders in the Norwegian Public Limited Companies Act.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval except for the physical transfer of payments in currency, which is restricted to licensed banks. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made only through a licensed bank.

Any potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar based on information received from the VPS. Investors registered in the VPS with an address outside Norway who have not supplied VPS with their bank account details or who do not have valid bank account number will receive a letter from the Company's VPS registrar, which needs to be returned before the dividend payment can take place.

11.6 Rights on liquidation

Under Norwegian law, a company may be liquidated by a resolution in a general meeting of the Company passed by a two thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank pari passu in the event of a return on capital by the Company upon a liquidation or otherwise.

11.7 Competition filing connected to concentrations

The Competition Act requires that concentrations (mergers, acquisitions, etc.) wherein the undertakings concerned have a combined annual turnover in Norway exceeding NOK 1 billion, shall be notified to the Norwegian Competition Authority (Konkurransetilsynet) (hereinafter "**NCA**") by way of a notification. If, however, only one of the undertakings concerned has an annual turnover in Norway exceeding NOK 100 million, notification is not required. The NCA may, however, order the submission of a notification even below these thresholds. The deadline to order such submission is the earlier of three (3) months from: (i) a final agreement is entered into or (ii) when control is acquired.

A notification shall contain detailed information on the concentration. The requirements are similar to that of the Commission's form CO.

All notifications are published on the NCA's website. Such publication includes information on the names and enterprise registration numbers of the undertakings concerned, on the concentration, and on affected markets.

Transactions requiring notifications are prohibited from being implemented (consummated) before they have been notified to and reviewed by the NCA. There is no deadline for notifying concentrations to the NCA, provided that the parties have not started to implement the concentration.

11.8 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system TradElect. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16.20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is two trading days (T+2).

Oslo Clearing ASA has a license from the Financial Supervisory Authority to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Financial Supervisory Authority or Oslo Børs except for the general obligation of investment firms that are members of the Oslo Børs to report all trades in stock exchange listed securities.

11.9 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Financial Supervisory Authority controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

11.10 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

As of the date of this Prospectus[26] and based on the table set out in Section 10.8, the following registered shareholders have holdings in excess of the statutory thresholds for disclosure requirements. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares.

No.of Shares:	***Percentage:***	***Name:***
102,685,101	*18.5 %*	*Invesco Ltd.,*
46,768,026	*8.4 %*	*Ferd AS*

[26] The information is based on VPS data as of 23 March 2016.

Shares held or acquired or disposed of by close associates, as defined in Section 2-5 of the Securities Trading Act, are regarded as equivalent to the acquirer's or disposer's own Shares.

Other than the foregoing and primary insiders' mandatory obligation to disclose trades, the Board is not aware of any person having an interest in the Company's share capital or voting rights that must be disclosed under Norwegian law.

11.11 Notification and Publication Requirements

The Company provides its shareholders, Oslo Børs and the market as a whole with timely and accurate information. Notices are published through Oslo Børs' information system and on the Company's web site, www.thinfilm.no.

11.12 Reports to Shareholders

The Company publishes annual and interim reports that include financial statements for the Group in accordance with IFRS.

11.13 The VPS and transfer of Shares

The Company's principal share register is operated through the VPS under the securities identification code ISIN NO 0010299068. The Company's registrar is DNB Bank ASA, Securities Services, Dronning Eufemias gate 30, NO-0191 Oslo, Norway.

The VPS is the Norwegian paperless centralized securities register. It is an electronic book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's by-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Financial Supervisory Authority on an ongoing basis, as well as any information that the Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

11.14 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Financial Supervisory Authority. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

11.15 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

11.16 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

11.17 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

11.18 Public takeover bids

The Board is not aware of any public takeover bids with respect to the shares in Thinfilm having occurred during the last or current financial year. The Board is not aware of any mandatory takeover bids in relation to the shares in Thinfilm.

11.19 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

11.20 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Financial Supervisory Authority have electronic access to the data in this register.

11.21 Restrictions on sale and transfer

No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of any documents relating to the Private Placement, including but not limited to this Prospectus, in any country or jurisdiction where specific action for that purpose is required. In particular, the Private Placement and this Prospectus neither have nor will be registered under the U.S. Securities Act of 1933, as amended, or under any other state securities laws.

12 LEGAL MATTERS

12.1 Legal and arbitration proceedings

The Group is not involved in any governmental, legal or arbitration proceedings, nor is the Company aware of any such pending or threatened proceedings, nor has the Group since its inception been involved in any governmental, legal or arbitration proceedings, which may have or have had any significant effects on the Group's financial position or profitability.

12.2 Related Party Transactions since 31 December 2013 until the date of the Prospectus

TFE AB and Thin Film Electronics Inc. are related parties to the parent company. Thinfilm holds title to all IP/IPR and the commercial relations of the Thinfilm group. TFE AB and Thin Film Electronics Inc. employ all scientific staff and operate the facilities in Linköping and San Jose respectively, where the technical, commercial and manufacturing work is carried out.

There is an intercompany Technical and Commercial Services Agreement in effect under which it is agreed that TFE AB shall provide technical and commercial services as needed for Thinfilm to further develop and commercialize its IP. Thinfilm has the right to utilize all of TFE AB's current resources for this purpose within development of polymer memory technology. TFE AB does not operate an independent business and does not have external customers but for sale of equipment no longer in use and for insignificant, incidental transactions, as well as grants received from the Swedish government relating to research & development projects. In return for receiving such services, Thinfilm pays TFE AB an amount equal to TFE AB's total operating costs plus a mark-up (the mark-up is excluded for certain defined and limited services).

TFE AB and Thinfilm have further agreed that pursuant to an Amendment to the Agreement, TFE AB, shall perform manufacturing for Thinfilm of various products, including memory tags, memory cards, reader/writer units (hardware) for memory cards and software for same. Thinfilm pays TFE AB for the number of units manufactured. The price per unit shall be calculated by applying the standard cost method plus a mark-up.

There is in place an intercompany Marketing, Manufacturing, Research and Development Services Agreement between Thinfilm and Thin Film Electronics Inc. The US subsidiary provides Research and Development Services as needed for Thinfilm to further develop and commercialize its IP. In addition, the US subsidiary is retained as a marketing consultant in relation to the marketing and promotion of Thinfilm products in North America. The licenses granted by Thinfilm to Thin Film Electronics Inc. under such Marketing Agreement do not include a license to sell or commercially exploit Thinfilm products. In return for receiving these consulting services, Thinfilm pays Thin Film Electronics, Inc. an amount equal to the total operating costs of Thin Film Electronics Inc. plus a mark-up, as well as a defined and conditional success fee. In addition, to meet product orders from Thinfilm's customers, Thin Film Electronics Inc. provides Thinfilm with Manufacturing Services as needed. In consideration for the Manufacturing Services, Thinfilm pays Thin Film Electronics Inc. for the number of units manufactured. The price per unit is calculated by applying the standard cost method plus a mark-up.

Thinfilm Japan is a related party to the parent company. There is in place a Marketing Agreement between Thinfilm and Thinfilm Japan whereby the Japanese subsidiary is retained as a marketing consultant in relation to the marketing and promotion of Thinfilm products in Japan. The licenses granted by Thinfilm to Thinfilm Japan under such Marketing Agreement do not include a license to sell or commercially exploit Thinfilm products. In return for receiving these consulting services, Thinfilm pays Thinfilm Japan an amount equal to the total operating costs of Thinfilm Japan plus a mark-up, as well as a defined and conditional success fee.

Thinfilm HK is a related party to the parent company. There is in place a Supply Chain Management Agreement between Thinfilm and Thinfilm HK after which Thinfilm HK provides Supply chain Services to Thinfilm. In return for receiving these supply chain services, Thinfilm pays Thinfilm HK an amount equal to the total operating costs of Thinfilm HK plus a mark-up.

Starting in May 2009, Thinfilm has rented offices at Henrik Ibsens gate 100 in Oslo under a sub-letting agreement with a company affiliated with Advokatfirma Ræder DA. From May 2009 to December 2015, the rent including certain auxiliary services amounted to NOK 570 thousand per year. Due to a decrease of the monthly rent effective from December 2015, the rent including certain auxiliary services will amount to NOK 525 thousand per year.

Advokatfirma Ræder DA, in which Morten Opstad is a partner and chairman, is the Company's current legal counsel. In 2015, Advokatfirma Ræder DA charged fees in the amount USD 419 thousand (net of VAT). Remuneration to Mr. Opstad for his service as chairman was not included in such amounts.

The number of shares and/or subscription rights held by a member of the Board and management are set out in Section 7.6 above.

Glenne Invest AS, a company controlled by Board member Rita Glenne, provided consulting services related to government grants to Thinfilm for a limited time period in 2015. The consulting fees in 2015 amounted to a total of USD 2 thousand. The consulting fee does not represent remuneration for board functions.

Robert N. Keith, a shareholder of Thinfilm, entered into a consulting service agreement with effect from 1 January 2013. Mr. Keith assists Thinfilm in strategic analysis and in dealing with larger, international, prospective partners. In 2015, Thinfilm recorded USD 238 thousand (net of VAT) for services provided by Mr. Keith.

PARC, a shareholder of Thinfilm, entered into a development agreement with Thinfilm with effect from 28 October 2010 that has later been followed by several amendments and additional agreements. In 2015, PARC supplied Thinfilm with services, licenses, and materials for a value of USD 218 thousand (net of VAT).

Related party transactions are specified in accordance with IFRS in the notes to the annual reports as follows: annual report 2013, Note 20; annual report 2014, Note 21; and unaudited interim financials for the fourth quarter of 2015, Note 9.

All agreements terms including pricing are based on the arm's length principle.

The Group does not have other transactions with related parties, except for remuneration to management as set out in Section 7.3.2. The number of Shares and subscription rights held by members of the Board and Management are set out in Section 7.6 above.

13 TAXATION

13.1 General

The statements herein regarding taxation are, unless otherwise stated, based on the laws in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis. Tax rates indicated below are applicable for the income year 2016.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the shares. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (individual shareholders and limited liability companies). Shareholders are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of shares. In particular, this document does not include any information with respect to U.S. taxation. Prospective investors who may be subject to tax in the United States are urged to consult their tax adviser regarding the U.S. federal, state, local and other tax consequence of owning and disposing of shares in Thinfilm.

13.2 Norwegian Shareholders

Taxation of dividends – Individual shareholders

Dividends distributed to Norwegian individual shareholders are taxable as general income. The taxable dividend, less a calculated tax-free allowance, is grossed up to 115 %, which amount is taxed at the general income tax rate of 25% (resulting in an effective tax rate of 28.75%). The tax-free allowance shall be calculated on a share by share basis, and the allowance for each share will be equal to the cost price of the share, multiplied by a risk free interest rate. Any part of the calculated allowance one year exceeding the dividend distributed on the share will the following years be deducted from taxable dividend income and also included in the basis for calculating the allowance.

Taxation of dividends – Corporate shareholders (Limited liability companies)

Dividends distributed to a shareholder which is a limited liability company resident in Norway for tax purposes ("Norwegian corporate shareholders") and holding more than 90% of the shares and votes in the distributing company are fully exempt from taxation. To other corporate shareholders 3% of the dividends shall be subject to general income tax at the 25% rate.

Taxation on realization of shares – Individual shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of disposal. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The capital gain is calculated on the consideration received less the cost price of the share and transactional expenses. The taxable gain, less a calculated tax-free allowance, is grossed up to 115 %, which amount is taxed at the general income tax rate of 25% (resulting in an effective tax rate of 28.75 %). The allowance for each share is equal to the total of allowance amounts calculated for this share for previous years (ref. "Taxation of dividends – Individual shareholders" above), which exceeded dividends distributed on this share. The calculated allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share, and may not be deducted in order to produce or increase a loss for tax purposes.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Taxation on realization of shares – Corporate shareholders (Limited liability companies)
Norwegian corporate shareholders are not taxable for capital gains related to realization of shares in a Norwegian company, and losses related to such realization are not tax deductible.

Taxation related to independent subscription rights – Individual shareholders
A Norwegian individual shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription right.

Exercise of independent subscription rights is not taxable; the cost price of the subscription right shall be added to the tax base of the shares acquired.

A capital gain or loss generated by a Norwegian individual shareholder through a sale of independent subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is generally included in or deducted from the basis for computation of general income in the year of disposal. The general income is taxable at the rate of 25%.

However, please note that the gains related to independent subscription rights granted to employees as a consequence of their employment will be included in the basis for calculating their salary payments. Such salary payments are subject to taxation at a marginal tax rate of 46.9%. In addition, the employer will be obligated to pay social security contributions at a rate normally of 14.1%.

Taxation related to independent subscription rights – Corporate shareholders
A Norwegian corporate shareholder's subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription rights.

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the sale or other realization of independent subscription rights to shares in a Norwegian company, and losses are not tax deductible.

Net wealth tax
The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual shareholders. The marginal wealth tax rate is 0.85 % of the value assessed. The value for assessment purposes for shares on Oslo Børs is 100% of the listed value as of 1 January in the year of assessment. Norwegian corporate shareholders are not subject to net wealth tax.

13.3 Non-Resident Shareholders

This section summarizes Norwegian tax rules relevant to shareholders who are not resident in Norway for tax purposes (“Non-resident shareholders”). Non-resident shareholders’ tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

Taxation of dividends

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes (“Non-resident individual shareholders”), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends.

The above generally applies also to shareholders who are limited liability companies not resident in Norway for tax purposes (“Non-resident corporate shareholders”). However, dividends distributed to Non-resident corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax, provided the shareholder genuinely is established and conducts business activity in the relevant jurisdiction.

Non-resident individual shareholders resident within the EEA area are subject to ordinary withholding tax, but entitled to apply for a partial refund of the withholding tax, equal to a calculated allowance similar to the calculated allowance used by Norwegian individual shareholders, ref above.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is committed to file a summary to the tax authority including all beneficial owners that are subject to lower withholding tax. Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Non-resident shareholder is carrying on business activities in Norway, and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

Taxation on realization of shares or independent subscription rights

Realization of shares or independent subscription rights by a Non-resident individual or corporate shareholder will not be subject to taxation in Norway unless the Non-resident shareholder is holding the shares or warrants in connection with the conduct of a trade or business in Norway, in which case the tax treatment is as described for Norwegian shareholders.

Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Foreign individual shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.4 Duties on the Transfer of Shares

No stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

14 ADDITIONAL INFORMATION

14.1 Advisors

Advokatfirma Ræder DA, Henrik Ibsens gate 100, P.O. Box 2944 Solli, NO-0230 Oslo, Norway serves as the legal counsel of Thinfilm.

14.2 Auditors

The Company's auditor is Deloitte AS, Dronning Eufemias gate 14, NO-0191 Oslo, Norway, who has acted as the Company's auditors since being elected at the Extraordinary General Meeting on 11 May 2006. Deloitte AS is a member of the Norwegian Institute of Public Accountants. Accordingly, no auditor of the Group has resigned, been removed or failed to be re-appointed during the period covered by the historical financial information discussed herein.

The auditor's report on the Financial Statements is included together with the Financial Statements as incorporated hereto by reference; see Section 14.5 "Incorporation by reference". Other than Deloitte's report on the Financial Statements, neither Deloitte nor any other auditor has audited, reviewed or produced any report on any other information provided in this Prospectus.

14.3 Expert Statements

There are no reports, letters, valuations or statements prepared by any expert at the Company's request referred to in the Prospectus.

14.4 Documents on Display

The following documents (or copies thereof) may be inspected during normal business hours at the offices of the Company's legal advisor Advokatfirma Ræder DA, Henrik Ibsens gate 100, P.O. Box 2944 Solli, NO-0230 Oslo, Norway, telephone +47 23 27 27 00 or facsimile +47 23 27 27 01.

a) This Prospectus,
b) The Memorandum of Incorporation and Articles of Association of the Company,
c) Audited annual reports 2013 and 2014 for the Group, Thinfilm and Thinfilm AB; and
d) Unaudited financial statements for the fourth quarter of 2015 for the Group.

The above documents are available for inspection for the life of this Prospectus.

14.5 Incorporation by reference

The information incorporated by reference in the Prospectus shall be read in connection with the cross-reference list as set out in the table below. Except as provided in this section, no other information is incorporated by reference in this Prospectus.

The following documents have been incorporated hereto by reference:

Section in the Prospectus	Disclosure Requirements of the Prospectus	Reference document and link
Section 8.1	Audited historical financial information 2013	**Thinfilm – Consolidated Annual report 2013:** http://www.thinfilm.no/wp-content/uploads/2014/04/Thin-Film-Electronics-ASA-Annual-Report-2013.pdf
Section 8.1	Audited historical financial information 2014	**Thinfilm – Consolidated Annual report 2014**: http://www.thinfilm.no/wp-content/uploads/2015/04/Thin-Film-Electronics-ASA-Annual-Report-2014.pdf
Section 8.1	Interim financial information Q4 2015	**Thinfilm – Fourth quarter report 2015 (unaudited):** http://thinfilm.no/wp-content/uploads/2016/02/Thinfilm_Q4_2015_report_v9.pdf
Section 10.9		**Articles of Association:** http://thinfilm.no/investors-corporate-governance/

15 DEFINITIONS AND GLOSSARY OF TERMS

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus. Words importing the plural shall be construed to include the singular and vice versa.

"ADR"	American Depositary Receipt
"Articles of Association"	The Articles of Association of Thin Film Electronics ASA
"Board"	Board of Directors of the Company
"CAPEX"	Capital expenses
"CCO"	Chief Commercial Officer
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"Code of Practice"	Norwegian Code of Practice of Corporate Governance, as last published on 30 October 2014
"Company" or "Thinfilm"	Thin Film Electronics ASA
"Company Registry"	The Norwegian Register of Business Enterprises or "Foretaksregisteret"
"CTO"	Chief Technology Officer
"EAS"	Electronic article surveillance tags
"FMCG"	Fast moving consumer goods
"Forward-looking statements"	Statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives, and statements such as "anticipate", "believe", "estimate", "expect", "seek to" and similar expressions, as they relate to the Company, its Subsidiaries or its management
"IFRS"	International Financial Reporting Standards
"IoT"	Internet of Things
"IP"	Intellectual Property
"IPR"	Intellectual Property Rights
"Group"	Thinfilm and Subsidiaries
"New Shares"	The 120,000,000 New Shares in the Company issued by resolution of the Extraordinary General Meeting on 16 March 2016, which new shares are being admitted to trading on Oslo Børs
"NFC"	Near Field Communication
"NGAAP"	Generally Accepted accounting principles in Norway
"Norwegian kroner" or "NOK"	Norwegian Kroner, the lawful currency of the Kingdom of Norway
Financial Supervisory Authority	Financial Supervisory Authority of Norway or "Finanstilsynet"
"Oslo Børs"	Oslo Børs ASA (Oslo Stock Exchange)
"OTCQX"	The top tier of the three marketplaces for trading over-the-counter stocks provided and operated by the OTC Markets Group
"Norwegian Public Limited Companies Act"	The Norwegian Public Limited Companies Act of 13 June 1997 No.48 (as amended)

”Printed Dopant Polysilicon” (”PDPS”)	Thinfilm’s proprietary technology for the manufacturing of semi-printed (not all layers are fully printed) logic; logic being the circuits that control the movement of electrons, and therefore the core functionality, of a system
“Printed Electronics”	Electronics manufactured whole or in part through the use of printing or similar additive manufacturing processes, in which materials are patterned only where they are needed. This is in contrast to conventional electronics manufactured with subtractive processes where material layers are deposited across an entire substrate and then areas selectively removed.
“Private Placement”	The private placement of 120,000,000 New Shares in Thinfilm to funds managed by Woodford Investment Management LLP, as resolved by the Extraordinary General Meeting on 16 March 2016.
“Prospectus”	This Prospectus dated 30 March 2016 prepared in connection with the admission to trading on Oslo Børs of 120,000,000 New Shares issued in the Private Placement resolved on 16 March 2016.
“RF”	Radio Frequency
“Roll-to-Roll” or “R2R”	Refers to manufacturing processes that utilize a continuous substrate that is transferred from one roll to another during manufacturing, and during the transfer, layers are patterned to form active electronic components.
“Norwegian Securities Trading Act”	The Norwegian Securities Trading Act of 29 June 2007 No. 752 (as amended)
“Shares”	The issued and outstanding shares in the Company, each share having a par value of NOK 0.11
“S2S” or “Sheet-based”	Refers to manufacturing processes in which individual sheets of a substrate are processed, in contrast to “Roll-to-Roll” which uses continuous feed.
“Subscription Agreement”	Agreement regarding the investment entered into between Woodford Investment Management LLP om behalf of funds under its management and the Company on 18 February 2016.
“Subscription Price”	NOK 3.00 per New Share.
“Subsidiaries”	The following wholly-owned (directly or indirectly) subsidiaries of Thinfilm: TFE AB, TFE Holding, Thin Film Electronics Inc., Thin Film Japan and Thin Film Electronics HK Limited.
“TFE AB”	Thin Film Electronics AB
“Thinfilm Japan”	Thin Film Electronics Japan Co., Ltd.
“Thinfilm HK”	Thin Film Electronics HK Limited
”Thinfilm Memory™”	Patented rewritable memory using ferroelectric polymers, stores binary ones and zeroes based on the charge state of the polymer
“TFTs”	Thin film transistors
“USD”	United States Dollars, the lawful currency of the United States
“VPS”	The Norwegian Central Securities Depository or “Verdipapirsentralen”, which organizes the Norwegian paperless securities registration system

"Warrants"	The 40,000,000 warrants in the Company issued to funds under management of Woodford Investment Management LLP by the Extraordinary General Meeting on 16 March 2016 in connection with the Private Placement.