

ContextVision

BUY

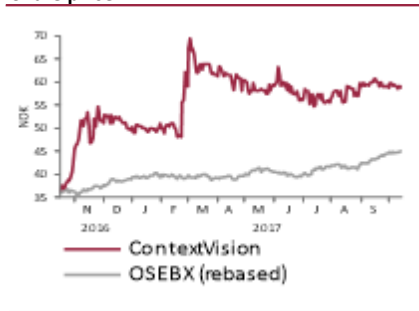
Key share data

| | |
|-----------|-------------|
| Sector | Health Care |
| Reuters | COVI.OL |
| Bloomberg | COV NO |

| | |
|-------------------|------|
| Market Cap (NOKm) | 458 |
| Net debt (NOKm) | -37 |
| EV (NOKm) | 422 |
| Net debt / equity | -64% |

| | |
|-------------------|-----|
| Issued shares (m) | 7.7 |
|-------------------|-----|

Share price



Performance

| | 1m | 3m | 12m |
|-------|-----|----|-----|
| COV | -2% | 8% | 65% |
| OSEBX | 4% | 9% | 24% |

Upcoming events

| | |
|-----------------------------------|-------------------|
| 3Q17 report | October 26, 2017 |
| 4Q17 report | February 22, 2018 |
| DP market entry (prostate cancer) | End-2018 |

Norne Securities AS is a market maker in the shares of ContextVision

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Only a year to go to Digital Pathology market entry

ContextVision will release its 3Q17 report on October 26th. We maintain our Buy recommendation and NOK 90/sh TP ahead of the report and are eager to hear more on the progress within the product development towards the Digital Pathology market entry by the end of next year.

Seasonally slower quarter estimated

ContextVision (COV) will release its 3Q17 report on October 26th. 3Q is seasonally weaker for the existing Image Enhancement business and we expect revenues of SEK 19.2m, down from the very strong SEK 22.7m in 2Q and SEK 20.3 in 3Q16 (larger orders last year resulted in unusually strong 3Q). Adjusted EBITDA (ex. R&D costs) is seen at SEK 5.2m – down from SEK 8.0m a year ago (on lower revenues and increased cost base) and also lower than SEK 7.5m in 2Q. Research costs are estimated at SEK 5.0m, a bit lower QoQ, but in line with last year. All in all, reported EPS should be around zero and adj. EPS at NOK 0.39.

| Q3/17 results | 3Q/16 | Q2/17 | Q3/17E |
|--------------------|-------|-------|--------|
| SEKm | | | Norne |
| Revenues | 20.3 | 22.7 | 19.2 |
| EBITDA adj. | 8.0 | 7.5 | 5.2 |
| EBITDA adj. margin | 39% | 33% | 27% |
| Research costs | -4.7 | -6.0 | -5.0 |
| EBITDA | 3.3 | 1.5 | 0.2 |
| EBIT | 2.0 | 0.2 | -1.1 |
| Net earnings | 1.5 | 0.1 | -0.9 |
| EPS reported (SEK) | 0.19 | 0.01 | -0.11 |
| EPS adjusted (SEK) | 0.67 | 0.62 | 0.39 |

Continuing to focus on product development process within Digital Pathology

There was no news since our last update in August. Therefore, our focus beyond the figures will continue to be on the progress within Digital Pathology. In its latest presentation to investors in Oslo on September 13th, COV indicated that product development is going well. In the 3Q report and presentation we will be eager to hear how far the company has come, as the aim is for the market entry by end-2018, i.e. only about one year from now.

Buy and TP of NOK 90/sh reiterated

We maintain our Buy recommendation on the COV share ahead of the 3Q report. The existing business is expected to continue doing well, while at the same time, we see the biggest upside in the long-term strategy of the company to enter the Digital Pathology market that is almost ten times larger than the existing Image Enhancement business. TP is also maintained at NOK 90/sh, as estimates were not changed much.

| Estimate changes (SEKm) | 3Q17E | | 4Q17E | | 2017E | | 2018E | | 2019E | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | New | Old | New | Old | New | Old | New | Old | New | Old |
| Operating revenues | 19.2 | 20.2 | 24.0 | 24.0 | 83.2 | 84.2 | 87.2 | 87.8 | 112.0 | 112.0 |
| EBITDA | 5.2 | 6.2 | 6.7 | 6.7 | 22.2 | 23.1 | 21.4 | 21.9 | 41.0 | 41.0 |
| EBITDA Margin | 27% | 31% | 28% | 28% | 27% | 28% | 24% | 25% | 37% | 37% |
| EBIT (adj) | 3.9 | 4.9 | 5.3 | 5.3 | 16.8 | 17.8 | 16.0 | 16.5 | 35.6 | 35.6 |
| Op. EBIT margin | 20% | 24% | 22% | 22% | 20% | 21% | 18% | 19% | 32% | 32% |
| Non-recurring items | -5.0 | -5.0 | -5.0 | -5.0 | -20.8 | -20.8 | -18.0 | -18.0 | -14.0 | -14.0 |
| EBIT | -1.1 | -0.1 | 0.3 | 0.3 | -4.0 | -3.1 | -2.0 | -1.5 | 21.6 | 21.6 |
| Pre-tax profit | -1.1 | -0.1 | 0.3 | 0.3 | -4.0 | -3.1 | -2.0 | -1.5 | 21.6 | 21.6 |
| Tax | 0.2 | 0.0 | -0.1 | -0.1 | 0.9 | 0.6 | 0.4 | 0.3 | -4.8 | -4.8 |
| Tax rate | 22% | 22% | 22% | 22% | 21% | 21% | 22% | 22% | 22% | 22% |
| Minority interests | - | - | - | - | - | - | - | - | - | - |
| Profit after tax | -0.9 | -0.1 | 0.2 | 0.2 | -3.2 | -2.4 | -1.6 | -1.2 | 16.8 | 16.9 |
| Revenue split by segment | | | | | | | | | | |
| X-ray | 2.5 | 2.7 | 2.7 | 2.7 | 11.2 | 11.5 | 11.5 | 11.7 | 11.7 | 12.0 |
| Ultrasound 2D | 11.6 | 11.8 | 14.3 | 14.3 | 48.2 | 48.4 | 50.3 | 50.4 | 51.9 | 51.9 |
| Ultrasound 3D | 2.6 | 2.8 | 4.1 | 4.1 | 13.0 | 13.2 | 14.4 | 14.5 | 15.4 | 15.4 |
| Magnetic Resonance Imaging | 2.1 | 2.3 | 2.3 | 2.3 | 8.1 | 8.4 | 8.3 | 8.5 | 8.4 | 8.7 |
| Others (iRV, CT, Mammo) | 0.5 | 0.5 | 0.5 | 0.5 | 2.6 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 |
| Digital Pathology | - | - | - | - | - | - | - | - | 21.8 | 21.3 |
| Total | 19.2 | 20.2 | 24.0 | 24.0 | 83.1 | 84.1 | 87.2 | 87.8 | 112.0 | 112.0 |

DCF model

| SEKm | 3Q-4Q 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|------------------------------------|-------------|------------|------------|------------|------------|------------|
| Revenues | 43 | 87 | 112 | 159 | 182 | 200 |
| EBIT | -1 | -2 | 22 | 65 | 86 | 103 |
| Tax on EBIT | 0 | 0 | -5 | -14 | -19 | -23 |
| NOPLAT (+) | -1 | -2 | 17 | 51 | 67 | 80 |
| Depreciation & amortization (+) | 3 | 5 | 5 | 5 | 5 | 5 |
| Capital expenditure (-) | -3 | -17 | -13 | -4 | -4 | -4 |
| Change in working capital (- or +) | 0 | 1 | -10 | -8 | -4 | -4 |
| Free Cash Flow to the Firm | -1 | -12 | -1 | 44 | 64 | 77 |
| NPV of FCF | -1 | -11 | 0 | 31 | 41 | 45 |

| WACC calculation | | Valuation, SEKm | | Assumptions | |
|--------------------------|--------------|-----------------------------|--------------|-------------|------|
| Debt ratio | 0.0% | Net debt | -38 | Lt. growth | 2.5% |
| Cost of debt (after tax) | nm | Minority interest | 0 | Tax rate | 22% |
| | | | | SEK/NOK | 0.97 |
| Risk free rate | 3.0% | NPV cash flow | | # shares, m | 7.7 |
| Beta | 1.2 | 3Q-4Q 2017-2022E | 105 | | |
| Market risk premium | 6.0% | 2023E- | 600 | | |
| Cost of equity | 10.2% | Total NPV cash flow | 706 | | |
| WACC | 10.2% | Equity value | 744 | | |
| | | Value per share, SEK | 96.13 | | |
| | | Value per share, NOK | 93.25 | | |

Sensitivity analysis

| WACC | L.t. growth | | | | |
|------|-------------|-------|-------------|-------|-------|
| | 1.5% | 2.0% | 2.5% | 3.5% | 4.0% |
| 8% | 118.0 | 126.8 | 137.1 | 164.7 | 183.7 |
| 9% | 100.0 | 106.2 | 113.4 | 131.7 | 143.6 |
| 10% | 83.9 | 88.3 | 93.3 | 105.3 | 112.8 |
| 12% | 66.9 | 69.7 | 72.8 | 79.9 | 84.2 |
| 15% | 49.1 | 50.5 | 52.1 | 55.7 | 57.7 |

| Profit & Loss (SEKm) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Operating revenues | 67.6 | 61.3 | 64.4 | 72.2 | 81.9 | 83.2 | 87.2 | 112.0 | 159.1 |
| Operating expenses | -63.2 | -51.6 | -50.7 | -53.1 | -54.3 | -61.0 | -65.8 | -71.0 | -76.4 |
| EBITDA | 4.4 | 9.7 | 13.7 | 19.1 | 27.6 | 22.2 | 21.4 | 41.0 | 82.7 |
| Depreciation & Amortisation | -3.0 | -3.5 | -3.8 | -4.3 | -4.8 | -5.4 | -5.4 | -5.4 | -5.4 |
| EBIT (adj) | 1.4 | 6.2 | 9.8 | 14.9 | 22.8 | 16.8 | 16.0 | 35.6 | 77.4 |
| Non-recurring items | -0.7 | - | -2.9 | -7.9 | -17.0 | -20.8 | -18.0 | -14.0 | -12.0 |
| EBIT | 0.6 | 6.2 | 6.9 | 7.0 | 5.8 | -4.0 | -2.0 | 21.6 | 65.4 |
| Net interest & other financial effects | 0.2 | 0.2 | 0.1 | 0.0 | -0.0 | -0.0 | - | - | - |
| Pre-tax profit | 0.9 | 6.3 | 7.0 | 7.0 | 5.8 | -4.0 | -2.0 | 21.6 | 65.4 |
| Minority interests | - | - | - | - | - | - | - | - | - |
| Taxes | -0.2 | -1.5 | -1.6 | -1.6 | -1.5 | 0.9 | 0.4 | -4.8 | -14.4 |
| Profit after tax | 0.6 | 4.9 | 5.4 | 5.3 | 4.3 | -3.2 | -1.6 | 16.8 | 51.0 |
| EPS rep. (SEK) | 0.08 | 0.63 | 0.70 | 0.69 | 0.55 | -0.41 | -0.20 | 2.18 | 6.59 |
| EPS adj. (SEK) | 0.16 | 0.63 | 1.03 | 1.50 | 2.30 | 1.69 | 1.61 | 3.59 | 7.80 |
| Margins | | | | | | | | | |
| Operating margin | 2% | 10% | 15% | 21% | 28% | 20% | 18% | 32% | 49% |
| ROE | 3% | 11% | 16% | 22% | 30% | 22% | 22% | 43% | 61% |
| ROCE | 3% | 14% | 20% | 27% | 38% | 27% | 27% | 54% | 77% |
| Tax rate | 28% | 23% | 23% | 23% | 26% | 21% | 22% | 22% | 22% |
| Growth rates (YoY) | | | | | | | | | |
| Operating revenues | 16% | -9% | 5% | 12% | 13% | 2% | 5% | 28% | 42% |
| EBIT (adj) | -76% | >100% | 59% | 52% | 53% | -26% | -5% | >100% | >100% |
| EPS (adj) | -71% | >100% | 62% | 46% | 53% | -26% | -5% | >100% | >100% |

| Cash flow (SEKm) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Pre-tax profit | 0.9 | 6.3 | 7.0 | 7.0 | 5.8 | -4.0 | -2.0 | 21.6 | 65.4 |
| Depreciation and amortisation | 3.8 | 3.5 | 3.9 | 4.3 | 6.2 | 5.6 | 5.4 | 5.4 | 5.4 |
| Unrealized g/l on current investments | -0.2 | 0.2 | -0.6 | 0.8 | -0.0 | 0.0 | - | - | - |
| Paid taxes | -1.4 | -0.7 | -0.3 | -2.0 | -3.5 | -3.6 | 0.4 | -4.8 | -14.4 |
| Other | - | - | - | - | - | - | - | - | - |
| Change in working capital | 5.3 | -1.8 | 0.2 | -0.9 | 1.1 | -0.5 | 1.3 | -10.0 | -8.4 |
| Operating cash flow (OCF) | 8.5 | 7.7 | 10.3 | 9.2 | 9.5 | -2.5 | 5.1 | 12.2 | 48.0 |
| Capital expenditures | -2.4 | -3.2 | -8.5 | -5.4 | -2.2 | -3.9 | -17.2 | -12.7 | -4.2 |
| Other cash flow from investments | -1.0 | - | 0.2 | 0.7 | -0.1 | -0.0 | - | - | - |
| Free Cash Flow (FCF) | 5.0 | 4.4 | 2.0 | 4.5 | 7.3 | -6.4 | -12.2 | -0.6 | 43.8 |
| Cash flow from financing activities | - | - | - | - | - | - | - | - | - |
| Change in cash | 5.0 | 4.4 | 2.0 | 4.5 | 7.3 | -6.4 | -12.2 | -0.6 | 43.8 |

| Balance sheet (SEKm) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Goodwill | - | - | - | - | - | - | - | - | - |
| Deferred tax asset | - | - | - | - | - | - | - | - | - |
| Licences, property, plant & equipment | 13.1 | 12.8 | 17.2 | 18.1 | 15.2 | 13.5 | 25.4 | 32.8 | 31.6 |
| Other intangible assets | 1.1 | 1.1 | 1.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Non-current Assets | 14.2 | 14.0 | 18.2 | 18.3 | 15.5 | 13.8 | 25.7 | 33.1 | 31.9 |
| Inventory | 0.3 | 0.4 | 0.5 | 0.4 | 0.3 | 0.6 | 0.6 | 0.9 | 1.1 |
| Receivables | 15.5 | 13.8 | 13.5 | 18.1 | 20.6 | 23.9 | 22.6 | 32.4 | 40.5 |
| Other current assets | - | - | - | - | - | - | - | - | - |
| Cash and cash equivalents | 24.7 | 29.2 | 31.1 | 35.6 | 42.9 | 36.5 | 24.3 | 23.7 | 67.5 |
| Current Assets | 40.5 | 43.3 | 45.1 | 54.2 | 63.8 | 61.0 | 47.5 | 57.0 | 109.1 |
| Total assets | 54.7 | 57.3 | 63.3 | 72.5 | 79.3 | 74.8 | 73.2 | 90.1 | 141.1 |
| Shareholders equity | 41.0 | 45.5 | 50.8 | 57.0 | 61.4 | 58.1 | 56.6 | 73.4 | 124.4 |
| Non-controlling interests | - | - | - | - | - | - | - | - | - |
| Total equity | 41.0 | 45.5 | 50.8 | 57.0 | 61.4 | 58.1 | 56.6 | 73.4 | 124.4 |
| Deferred tax liability | - | - | - | - | - | - | - | - | - |
| Long-term interest bearing debt | - | - | - | - | - | - | - | - | - |
| Other long-term liabilities | 0.1 | 0.4 | 0.8 | 1.2 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Non-current liabilities | 0.1 | 0.4 | 0.8 | 1.2 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Current interest bearing debt | - | - | - | - | - | - | - | - | - |
| Trade payables | - | - | - | - | - | - | - | - | - |
| Other current liabilities | 13.6 | 11.4 | 11.8 | 14.3 | 16.4 | 15.1 | 15.1 | 15.1 | 15.1 |
| Current liabilities | 13.6 | 11.4 | 11.8 | 14.3 | 16.4 | 15.1 | 15.1 | 15.1 | 15.1 |
| Total liabilities | 13.7 | 11.8 | 12.6 | 15.5 | 17.9 | 16.7 | 16.7 | 16.7 | 16.7 |
| Total liabilities and equity | 54.7 | 57.3 | 63.3 | 72.5 | 79.3 | 74.8 | 73.2 | 90.1 | 141.1 |
| Working capital | 15.8 | 14.2 | 14.0 | 18.5 | 20.9 | 24.5 | 23.2 | 33.2 | 41.6 |
| Net IB debt | -24.7 | -29.2 | -31.1 | -35.6 | -42.9 | -36.5 | -24.3 | -23.7 | -67.5 |
| Capital employed | 41.2 | 45.9 | 51.5 | 58.2 | 62.9 | 59.7 | 58.1 | 74.9 | 125.9 |
| Net IB debt / equity | -60% | -64% | -61% | -62% | -70% | -63% | -43% | -32% | -54% |
| Equity/ total assets | 75% | 79% | 80% | 79% | 77% | 78% | 77% | 82% | 88% |

| Share data | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Shares outstanding, year end (mill.) | 7.737 | 7.737 | 7.737 | 7.737 | 7.737 | 7.737 | 7.737 | 7.737 | 7.737 |
| Share price, year end (NOK) | 12.00 | 14.00 | 21.90 | 26.40 | 49.50 | 59.25 | 59.25 | 59.25 | 59.25 |
| Market cap (NOKm) | 93 | 108 | 169 | 204 | 383 | 458 | 458 | 458 | 458 |
| Enterprise value (NOKm) | 72 | 81 | 140 | 169 | 343 | 423 | 435 | 435 | 393 |
| EPS rep. (SEK) | 0.08 | 0.63 | 0.70 | 0.69 | 0.55 | -0.41 | -0.20 | 2.18 | 6.59 |
| EPS adj. (SEK) | 0.16 | 0.63 | 1.03 | 1.50 | 2.30 | 1.69 | 1.61 | 3.59 | 7.80 |
| DPS. (SEK) | - | - | - | - | - | - | - | - | - |

| Valuation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|----------------------|------|------|------|------|------|-------|-------|-------|-------|
| EV/Sales | 1.3 | 1.4 | 2.3 | 2.3 | 4.5 | 5.2 | 5.1 | 4.0 | 2.5 |
| EV/EBITDA | 19.2 | 9.0 | 11.1 | 8.8 | 13.4 | 19.7 | 21.0 | 11.0 | 4.9 |
| EV/EBIT (adj) | 62.0 | 14.2 | 15.4 | 11.3 | 16.2 | 26.0 | 28.0 | 12.6 | 5.2 |
| P/E (adj) | 89.3 | 23.8 | 23.0 | 17.6 | 23.2 | 36.1 | 37.9 | 17.0 | 7.8 |
| P/B (excl. goodwill) | 2.7 | 2.6 | 3.6 | 3.6 | 6.7 | 8.1 | 8.4 | 6.4 | 3.8 |

| Growth (YoY) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|----------------------|------|------|------|------|------|-------|-------|-------|-------|
| Revenues | 16% | -9% | 5% | 12% | 13% | 2% | 5% | 28% | 42% |
| EBITDA | -51% | 121% | 41% | 40% | 44% | -20% | -4% | 92% | 102% |
| EBIT (adj) | -76% | 353% | 59% | 52% | 53% | -26% | -5% | 122% | 117% |
| Pre-tax profit (rep) | -83% | 639% | 11% | -1% | -17% | nm | nm | nm | 203% |
| Net profit (rep) | -83% | 691% | 11% | -2% | -20% | nm | nm | nm | 203% |
| EPS (rep) | -83% | 691% | 11% | -2% | -20% | nm | nm | nm | 203% |
| EPS (adj) | -71% | 301% | 62% | 46% | 53% | -26% | -5% | 122% | 117% |

| Margins | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|----------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| EBITDA | 6.5 % | 15.8 % | 21.2 % | 26.5 % | 33.7 % | 26.7 % | 24.5 % | 36.6 % | 52.0 % |
| EBIT (adj) | 2.0 % | 10.1 % | 15.2 % | 20.6 % | 27.8 % | 20.2 % | 18.4 % | 31.8 % | 48.6 % |
| Pre-tax profit | 1.3 % | 10.4 % | 10.9 % | 9.6 % | 7.0 % | -4.9 % | -2.3 % | 19.3 % | 41.1 % |
| Net profit | 0.9 % | 8.0 % | 8.4 % | 7.4 % | 5.2 % | -3.8 % | -1.8 % | 15.0 % | 32.1 % |

| Profitability | 2012 | 2013 | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|----------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| ROE | 3.0 % | 11.3 % | 16.5 % | 21.5 % | 30.0 % | 21.9 % | 21.8 % | 42.7 % | 61.0 % |
| ROCE | 3.3 % | 14.2 % | 20.1 % | 27.1 % | 37.6 % | 27.4 % | 27.2 % | 53.5 % | 77.0 % |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

Recommendation, valuation, risk and sources

Recommendation and target price

Recommendation history for ContextVision during the last 12 months:

| Date | Recommendation | Target price (NOK) |
|------------|----------------|--------------------|
| 18/10/2017 | Buy | 90.00 |
| 22/08/2017 | Buy | 90.00 |
| 09/08/2017 | Buy | 90.00 |
| 03/05/2017 | Buy | 100.00 |
| 24/04/2017 | Buy | 100.00 |
| 02/03/2017 | Buy | 100.00 |
| 17/02/2017 | Hold | 54.00 |
| 04/11/2016 | Hold | 50.00 |
| 26/08/2016 | Hold | 41.00 |

Valuation

To arrive at our share price target we have used a rounded result from our DCF valuation.

Risks

The main risks to our target price on ContextVision are the following:

- Slower sales growth in the operating areas, particularly in the Ultrasound segment;
- Failure to successfully complete R&D and market the new products in the portfolio, i.e. within Digital Pathology field;
- The company invests heavily in R&D and being able to capitalize on these investments, not to incur significant cost overruns etc. in the future is the key for the company's long term growth;
- Currency risk – our long-term estimates for the Digital Pathology market are based on USD, the company reports in SEK and the share is traded in NOK.

Sources

The sources used in the preparation of this report were: ContextVision, Thomson Reuters, Infront and Oslo Stock Exchange.

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RECOMMENDATION STRUCTURE

Norne Securities' general recommendations – Buy, Hold and Sell – are based on the expected absolute return on the financial instrument within the next 12 months, which equals to an upside to the target price, in combination with a risk profile. The target price represents the price level which the analyst expects the financial instrument to trade at within the coming 12 months. The table below shows the ranges of returns under different risk levels, based on which the recommendation is being determined:

| Risk | Total return next 12 months (upside to target price) | | |
|--------|--|----------|------|
| | Buy | Hold | Sell |
| Low | > 10% | 2% - 10% | < 2% |
| Medium | > 15% | 3% - 15% | < 3% |
| High | > 25% | 5% - 25% | < 5% |

In addition to the general recommendations, "Trading Buy" and "Trading Sell" recommendations can be used in the case where the analyst predicts a short term share price performance different from the twelve-month general recommendation. "Trading Buy" is given when the share price is expected to rise and "Trading Sell" is given when the share price is expected to fall in the short term (several days to several weeks horizon).

Our risk assessments range from "high risk" to "medium risk" and "low risk" and are based on a subjective assessment of the following factors: 1) volatility in the share price, 2) liquidity in the share, 3) strength of the balance sheet, 4) absolute earnings level and trend and 5) estimate risk.

TARGET PRICE AND UPDATES

Target prices may be based on one or several valuation methods, for instance, the discounted cash flow (DCF) analysis or applying "fair" pricing multiple(s) based on historical valuation or peer pricing level. Target price may not necessarily equal to the "fair value" of the financial instrument – certain discount or premium is possible due to various reasons, depending on the analyst's view of what the price may be within the 12 months period. Norne Securities AS plans to update the recommendation based on the following events: the target price is achieved; new accounting figures are released; any significant news on the company or its industry is announced.

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Norne Securities AS is a market maker in the shares of ContextVision.

This report has been presented to the issuer before dissemination for a check of factual information. Amendments of the report have been made following this.

Share holdings of Norne employees in ContextVision:

| | |
|------------------------|---|
| Responsible analyst(s) | 0 |
| All Norne analysts | 0 |
| All Norne employees | 0 |
| Norne Securities AS | 0 |

The overview of share holdings is updated continuously. A list of total share holdings of the Norne Securities' employees and the date of last overview can be found on <https://www.norne.no/compliance/>. Shareholdings that Norne Securities AS owns as a result of own-account trading that is part of its investment services operations (such as market making) are not included in the table above.

Distribution of Norne Securities' recommendations during three months up till September 30, 2017:

| | Buy | Hold | Sell |
|-------------------------|-----|------|------|
| Total recommendations | 52 | 31 | 18 |
| % of total | 51% | 31% | 18% |
| Corporate clients* | 21 | 12 | 0 |
| % of corporate clients* | 64% | 36% | 0% |

* Includes publicly disclosed not immaterial investment banking services or issues of financial instruments where Norne Securities AS has been lead manager or co-lead manager, and market making clients during the 12 months prior to the overview date.

Note: In the table above, Trading Buy recommendation is treated as Buy, and Trading Sell is treated as Sell.

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