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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%

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.

Share prices used in the report are as of market close on the last trading day if the report is being published before the stock market opening, or market price within 15 min. before the publication if the report is published during the trading hours of the Oslo Stock Exchange.

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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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2. Market making:

5th Planet Games, Aasen Sparebank, AKVA Group, Aqua Bio Technology, Aurskog Sparebank, Bergen Group, Borgestad, ContextVision, Element, Epic Gas, Goodtech, Grong Sparebank, Helgeland Sparebank, Indre Sogn Sparebank, Jæren Sparebank, Lavo.tv, Lillestrøm Sparebank, Melhus Sparebank, Odfjell SE, Photocure, SeaBird Exploration, Skue Sparebank, Sparebanken Sør, Sparebanken Vest, Sunndal Sparebank, Surnadal Sparebank, Totens Sparebank, Tysnes Sparebank, Voss Veksel- og Landmandsbank.

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Distribution of Norne Securities' recommendations during three months up till December 31, 2018:

	Buy	Hold	Sell
Total recommendations	58	27	4
% of total	65%	30%	4%
Corporate clients*	24	11	0
% of corporate clients*	69%	31%	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.

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