CONTEXTVISION
IMAGE IS EVERYTHING

CONTEXTVISION AB
FOURTH QUARTER 2015 AND FULL YEAR 2015

Q4 HIGHLIGHTS

- Very strong quarter and a strong cash position ends 2015
- Complete update of the ultrasound portfolio launched
- Results from R&D exceeding expectations
- New product prototype based on artificial intelligence, including deep learning technologies

Q4 FINANCIAL DATA

- Sales of 18.8 MSEK (16.2)
- Operating result of 1.1 MSEK (1.0) and operating margin of 5.9% (5.9%).
- Research costs of 2.6 MSEK (0.9)
- Earnings per share of 0.1 (0.1) SEK

ULTRA SOUND

GOPICE 3D

X-RAY

MRI

IRV

MAMMOGRAPHY

CT

GREAT QUARTER – BEST YEAR EVER

ANITA TOLLSTADIUS, THE COMPANY'S CEO COMMENTED:

ContextVision continued to deliver very good sales results during the last quarter and reached the highest yearly revenues ever. Total sales during the fourth quarter was 18,8 MSEK, compared to 16,2 MSEK the previous year. The operating profit was 1,1 MSEK (1.0 MSEK) and the operating margin 5,9% (5,9%).
The company has successfully continued to develop a first prototype using deep learning, with very encouraging results, positioning us for further growth.

The full year sales 2015 reached 72,2 MSEK, which is a 12% growth and the highest sales ever. ContextVision´s operating profit was 7,0 MSEK in 2015, providing an operating margin of 9,6%. This is a very limited decrease from last year (11%) considering the significant increased spending on research activities and business development. In parallel to increasing our activities towards new business, we have been able to improve the profitability within our core business to reach an operating margin of 23%.

ContextVision saw an impressive growth of over 50% in the Asian region, with a particularly positive development in both China and Japan. China delivered an increase due to orders from several new customers which were successfully generated during the year. In Europe, overall sales were stable, with some minor fluctuations. A slight generally slow US healthcare market was compensated by a favorable currency but during the fourth quarter sales was also affected by lower sales from three of our major US customers, which is related to normal sales variation as these all had strong orders during the third quarter. Ultrasound continues to be the major market segment and contributed to 73% of the sales. The majority was generated from the 2D products but the 3D image enhancement product, GOPiCE is growing steadily. On a full year basis, the sales from this particular product reached 9,8 MSEK, which means a growth by 24%.
As in the third quarter, the 4^{th} quarter sales within magnetic resonance imaging (MRI) was higher than previous year. We have several new MRI customers and our sales therefore increased by 67%. In addition also sales within X-ray developed very well, with a 27% increase.

In order to continue to lead the market within image enhancement and visualization, the ultrasound product range has yet again been developed to offer the best possible solutions for our customers. Continuous product development is one of our key success factors, as our customers can trust that we will continue to help them meet healthcare demands. This has resulted in long term business relationships and it will continue to be part of the company trademark.

A significantly upgraded ultrasound portfolio was launched at the medical imaging industry's most important gathering, the annual meeting of the Radiological Society of North America (RSNA) in December. The company´s unique 3D image enhancement is the definitive technology leader in the more sophisticated 3D ultrasound segment, where a significantly larger amount of data needs to be processed in real time. ContextVision's software is the only one able to offer its level of real time resolution in 3D ultrasound. The upgraded portfolio includes a new version of this 3D filter as well as the visualization product REALiCE and a fifth generation of software for the 2D applications.

By using artificial intelligence, including deep learning technologies, a first product prototype was developed based on the company´s proprietary technology, the Virtual Expert product platform. During RSNA the product concept was demonstrated to a few select potential customers. The product is being developed to meet a growing clinical challenge - an increasing number of patients with obesity, excessive muscle mass or age related diseases. Providing accurate ultrasound images of these patient groups can be difficult and time consuming. The product prototype is able to automatically optimize the images for each individual patient, even during the more challenging patient scans. The result is shorter scanning times, improved diagnostic accuracy and less discomfort for the patient.

The new technology used in this prototype represents a major leap in the automatization of ultrasound functionality. The prototype also demonstrates that ContextVision has come a long way in including artificial intelligence into medical imaging software.

In line with the decision by the board in June to apply a more aggressive R&D strategy, the research spending was significantly higher during the fourth quarter 2015 compared to the previous year and also slightly higher than during the third quarter. We have focused on developing the latest technologies for artificial intelligence, primarily deep learning, which has been implemented successfully into several projects. Everyone within R&D is involved and contributes to the fast development of this new core competence. In fact the results from different experiments have been so encouraging that we have started to look for further applications. In addition, the Eurostars project within digital pathology is running according to plan and our feasibility studies within ultrasound has developed well.

During the fourth quarter we have progressed very well in our new direction. While achieving an impressive sales increase on a mature market, the results from our R&D efforts have also exceeded our expectations. We are strongly encouraged by the results from implementing our strategies in a very consistent way.

FOURTH QUARTER 2015

NET SALES AND OPERATING PROFIT

NET SALES

- The sales for the fourth quarter 2015 for ContextVision were 18.8 MSEK, compared to 16.2 MSEK last year.
- Compared to Q4 2014 sales has increased with impressive 15% in the quarter. Even though a part of the increase is due to favorable currency effects, mainly originating from USD/SEK rates, the sales level is still very satisfying.

OPERATING PROFIT AND MARGIN

- The operating result was 1.1 MSEK (1.0) with an operating margin of 5.9% (5.9%).
- During 2015 ContextVision has intensified its activities for new business opportunities, in line with a board decision in June. The related costs during Q4 were 2.6 MSEK (0.9), and for the full year the total cost was 8.6 MSEK (3.6).
- Product developments that meet the requirements for capitalization are recorded as intangible fixed assets. Capitalized costs for development of two different products (total 1.2 MSEK) have been recorded during the quarter. For the full year the capitalized costs amounted at 5.3 MSEK (8.0)
- The higher number of employees in combination with a lower level of capitalization, have increased the personnel costs both in the quarter and for the full year.

CASH-FLOW AND FINANCING

- Cash flow for the quarter was 0.0 MSEK (-2.4). And for the full year we had a positive cash flow, representing 4.5 MSEK (2.0)
- Cash amounted to 35.6 MSEK (31.1) at period end.
- Equity at period end amounted to 57.0 MSEK (50.8) giving an equity ratio of 79% (80%).

GOVERNMENT GRANT

- As already announced, ContextVision and its academic partner University of Applied Sciences and Arts Western Switzerland (HES-SO) in Sierre was awarded an EU grant.
- ContextVisions' total part of the grant is TEUR 404, and it will be paid out during a three year period, starting in Q4 2015. The grant for the quarter was 0.6 MSEK and it was recorded as a cost decrease.

EMPLOYEES AND MANAGEMENT

- At period end the company had 40 (37) employees of which 19 (18) are dedicated to research and development. Two employees are located in the USA and one in China.

CONTEXTVISION GROUP

- The group consists of ContextVision AB (publ), company registration number 556377-8900 as the parent company, and ContextVision Inc Corp registration number 36-4333625 State of Illinois, USA, as the wholly owned subsidiary.
- Operations in the group are conducted primarily in the parent company and consist of research and development, sales, marketing and administrative functions.

RISKS & UNCERTAINTIES

- ContextVision's major risk factors include business risks connected to the general financial situation, to the level of healthcare investment on different markets, currency exchange risks, the company's ability to recruit and keep qualified employees and the effect of political decisions.
- The company's risk factors are described in the annual report 2014. The risks and uncertainties connected to the R&D efforts have increased slightly since then due to the increased level of research activities.
- This quarterly report provides a fair and true overview of the company's and the Group's activities, position and results, and describes the risks and uncertainties of significance faced by ContextVision and by the companies in the Group.

SUBSEQUENT EVENTS

- No significant events have occurred during the period between year-end and date of issuance of this report.

The Board of Directors of ContextVision AB
Stockholm 2016-02-17

This report has not been reviewed by the company's auditors.

PRESENTATION AND REPORTING DATES

This quarterly report will be published on the company's website on the 18:th of February, 2016.

There will be a video presentation released on the 19:th of February, at 09.00 CET.

Please follow the link:
http://webbtv.nu/contextvisionq42015

Please visit www.contextvision.com for further information, or use shareholderinfo@contextvision.se to send a question directly to management.

REPORTING DATES

Q4 and annual result 2015	February 18, 2016
Annual report available	March 17, 2016
Annual General Meeting	April 20, 2016
Q1 result 2016	April 21, 2016
Q2 result 2016	August 18, 2016
Q3 result 2016	October 27, 2016
Q4 and annual result 2016	February 23, 2017

FOR MORE INFORMATION PLEASE CONTACT:

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CONTEXTVISION FAST FACTS

- ContextVision is a spin-off from the Image Processing Laboratory at Linköping University, Sweden. The corporate identity was established in 1983 with the first OEM agreement in radiology in 1987. ContextVision is traded on the Oslo Stock Exchange since 1997.
- ContextVision is a specialist company within medical image quality, and a world leader in image enhancement using proprietary technology based on GOP.
- ContextVision has entered into a new progressive phase to become a leader within new technologies.

THE COMPANY OFFERS:

- 30 years of successful experience in OEM business
- Unprecedented image enhancement for ultrasound, X-Ray, MRI, CT, mammography and iRV.
- Long standing corporate commitment to R&D that ensures timely and rewarding upgrade paths
- Strong customer relationships to ensure their success
- Expert training in image processing for our customers
- Compatibility across different image formats and major computer platforms
- ContextVision's technology enables the company's customers to provide superior digital imaging solutions for hospitals and clinicians. Such solutions promise more rapid and accurate diagnoses, reduced operator eye fatigue, and ultimately, a greater return-on-investment for medical imaging users.

CONSOLIDATED INCOME STATEMENT (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014	
Net sales	18 753	16 239	72 237	64 398	
Total revenues	**18 753**	**16 239**	**72 237**	**64 398**	
Goods for resale	-614	-393	-1 933	-1 738	
Other external costs	-5 908	-4 594	-18 392	-18 857	
Personnel costs	-10 058	-9 462	-40 777	-35 851	
Depreciation assets	-1 060	-836	-4 259	-3 841	
Other income 1/		-	77	2 766	
Operating results	**1 113**	**954**	**6 952**	**6 877**	
Interest income	1	22	1	363	
Interest cost		-	-1	-212	
Results after financial items	**1 114**	**977**	**6 952**	**7 027**	
Tax	-439	-239	-1 615	-1 606	
Net results	**676**	**738**	**5 338**	**5 421**	
Earnings per share after tax (SEK)	0,10	0,10	0,70	0,70	

1/ Other income
In Q3 2015 the final payment from Sapheneia Commercial Products in bankruptcy was received. The reported amount in previous year refers to repayment of legal cost from different Sapheneia Companies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014	
Effect of currency hedging	300	-649	799	-553	
Translation difference	7	172	146	350	
Total other comprehensive income	**307**	**-477**	**945**	**-203**	
Net result for the period	676	738	5 338	5 421	
Total comprehensive income for the period	**983**	**261**	**6 283**	**5 218**	

FINANCIAL HIGHLIGHTS

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014	
Earnings per share after tax (SEK) before/after dilution	0,10	0,10	0,7	0,70	
Average number of shares	7 736 750	7 736 750	7 736 750	7 736 750	
Operating margin (per cent)	5,9	5,9	9,6	10,7	
Solidity (per cent)	78,7	80,1	78,7	80,1	

SALES BY REGION (MSEK)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Asia	9,7	6,4	31,8	27,2
Europe	6,5	6,5	25,4	22,3
USA	2,5	3,3	15,0	14,9
Total	**18,7**	**16,2**	**72,2**	**64,4**

SALES BY PRODUCT (MSEK)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
XR	1,9	1,5	10,2	8,8
US 2D	10,4	9,9	41,5	38,5
US 3D	3,3	2,7	9,8	7,9
MR	2,5	1,5	9,2	6,3
Others (iRV, CT, Mammo)	0,6	0,6	1,5	2,9
Total	**18,7**	**16,2**	**72,2**	**64,4**

CONSOLIDATED BALANCE SHEET (SEK 1000)

	Q4 2015	Q4 2014
Intangible fixed assets	17 540	16 543
Tangible assets	537	704
Other financial assets	254	985
Inventories	396	490
Current receivables	18 141	13 483
Cash and bank	35 644	31 134
Total assets	**72 512**	**63 340**
Equity	57 036	50 753
Provisions	1 194	759
Current liabilities	14 282	11 828
Total equity and liabilities	**72 512**	**63 340**

CHANGE IN EQUITY (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Opening balance	56 053	50 492	50 753	45 531
Total comprehensive income for the period	983	261	6 283	5 218
Closing balance	**57 036**	**50 753**	**57 036**	**50 753**

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Result after financial items	1 115	977	6 953	7 027
Depreciation and write-down of assets	1 061	836	4 260	3 841
Unrealized gain/loss on current investments	300	-649	798	-552
Income tax paid	-274	674	-1 969	-296
Others	-	-	-	-
Cash flow from operating activities before change in working capital	**2 202**	**1 838**	**10 042**	**10 020**
Change in working capital				
Increase (-)/decrease (+) inventories	197	242	94	-118
Increase (-)/decrease (+) current receivables	-2 954	-1 633	-3 751	-405
Increase (+)/decrease (-) liabilities	1 611	-103	2 771	875
Cash flow from operating activities	**1 056**	**344**	**9 156**	**10 373**
Investing activities				
Investments in intangible assets	-1 167	-2 542	-5 269	-8 030
Investments in tangible assets	-1	-	-109	-531
Short-term investments		-	-	-
Other financial assets	92	-208	731	158
Cash flow from investing activities	**-1 076**	**-2 750**	**-4 647**	**-8 403**
Financing activities				
Cash flow from financing activities	**0**	**0**	**0**	**0**
Cash flow for the period	**-20**	**-2 406**	**4 509**	**1 971**
Change of liquid assets				
Liquid assets at beginning of period	35 664	33 541	31 134	29 163
Liquid assets at period end	**35 644**	**31 134**	**35 644**	**31 134**

PARENT COMPANY INCOME STATEMENT (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Net sales	18 753	16 239	72 237	64 398
Total revenues	**18 753**	**16 239**	**72 237**	**64 398**
Goods for resale	-614	-393	-1 933	-1 738
Other external costs	-6 591	-5 321	-20 926	-20 770
Personnel costs	-9 432	-8 777	-38 405	-34 051
Depreciation assets	-1 060	-836	-4 259	-3 841
Other income 1/	-	-	77	2 766
Operating results	**1 056**	**913**	**6 789**	**6 764**
Interest income	1	22	0	363
Interest cost		-1	0	-212
Provision for tax allocation reserve	-1 800	-1 800	-1 800	-1 800
Dividends from group company	433	391	433	390
Results after financial items	**-310**	**-474**	**5 422**	**5 505**
Tax	39	151	-1 113	-1 219
Net results	**-271**	**-323**	**4 310**	**4 286**
Earnings per share after tax (SEK)	0,00	0,00	0,60	0,60

1/ Other income
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PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Effect of currency hedging	300	-649	799	-553
Translation difference	-	-	-	-
Total other comprehensive income	**300**	**-649**	**799**	**-553**
Net result for the period	-271	-323	4 309	4 286
Total comprehensive income for the period	**29**	**-972**	**5 108**	**3 733**

FINANCIAL HIGHLIGHTS

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Earnings per share after tax (SEK) before/after dilution	0,00	0,00	0,60	0,60
Average number of shares	7 736 750	7 736 750	7 736 750	7 736 750
Operating margin (per cent)	5,6	5,6	9,4	10,5
Solidity (per cent)	70,1	80,1	70,1	80,1

SALES BY REGION (MSEK)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Asia	9,7	6,4	31,8	27,2
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MR	2,5	1,5	9,2	6,3
Others (iRV, CT, Mammo)	0,6	0,6	1,5	2,9
Total	**18,7**	**16,2**	**72,2**	**64,4**

PARENT COMPANY BALANCE SHEET (SEK 1000)

	Q4 2015	Q4 2014
Intangible fixed assets	17 540	16 543
Tangible assets	537	704
Other financial assets	471	1 202
Inventories	396	490
Current receivables	18 111	13 504
Cash and bank	35 570	30 963
Total assets	**72 625**	**63 407**
Equity	51 542	46 434
Provisions	5 289	3 450
Current liabilities	15 794	13 523
Total equity and liabilities	**72 625**	**63 407**

CHANGE IN EQUITY (SEK 1000)

	Q4 2015	Q4 2014	FULL YEAR 2015	FULL YEAR 2014
Opening balance	51 513	47 406	46 434	42 701
Total comprehensive income for the period	29	-972	5 108	3 733
Closing balance	**51 542**	**46 434**	**51 542**	**46 434**

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the 4:th quarter ended December 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regards to the Parent Company, RFR 2. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2014. There has been no changes in the accounting principles or methods for calculation during the period.

GLOSSARY

CT (COMPUTED TOMOGRAPHY)
A diagnostic device through which a two-dimensional cross-sectional image of the studied tissue is obtained using X-rays.

DIGITAL PATHOLOGY
Digital pathology refers to the digital images of histopatholgy samples. The digitalization is achieved by scanning the prepared samples.

DR (DIRECT RADIOGRAPHY)
A detector that converts X-ray photons into digital signals, replacing the need for X-ray films.

FLUOROSCOPY
An X-ray imaging technique that produces real-time images of a patient's internal structures on a TV monitor. Fluoroscopy allows the study of dynamic processes within the body and can be used for guidance in interventional procedures.

GOP® (GENERAL OPERATOR PROCESSOR)
A term for ContextVision's methodology in detecting structures in an image and relating them to their wider context in order to increase visualization accuracy.

GOPICE® (IMAGE CUBICLE ENHANCMENENT)
GOPiCE® is the family name for ContextVisions real-time 3D volumetric image enhancement product, for OEM embedded software.

GOPVIEW®
The family name for ContextVision's 2D product lines of OEM-embedded software.

HCU (HAND CARRIED ULTRASOUND)
A portable, battery-powered ultrasound machine no larger than a briefcase.

IMAGE ANALYSIS
Processing a digital image in order to describe/classify its contents or to extract quantitative measurements.

IMAGE PROCESSING
A generic term used to describe the computation of digital images, typically to enhance or analyze them.

IMAGE ENHANCEMENT
To improve the visual quality of a digital image by increasing the visibility of relevant structures, as in edge/contrast enhancement and the suppression of noise or artifacts.

MAMMOGRAPHY
An X-ray method used to examine the human breast.

MODALITY
A device that generates internal images of the body, such as X-ray, ultrasound, magnetic resonance imaging, and computed tomography.

MRI (MAGNETIC RESONANCE IMAGING)
A non-invasive procedure, generated by variations in strong magnetic fields, that produces a two-dimensional view of an internal organ or structure, especially the brain and spinal cord.

OEM
The acronym for Original Equipment Manufacturer.

REALICE™
REALiCE is a volume enhancement and rendering product package for 3D and 4D fetal volume visualization.

US (ULTRASOUND)
A procedure in which high-energy sound waves are bounced off internal tissues or organs to create echoes. The echo patterns are displayed on the screen of an ultrasound machine, forming sa picture of body tissues called a sonogram.

X-RAY
A diagnostic device in which radiation is used to create images for examination of soft and hard tissue, such as muscle and bone.

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