

Brighter AB (publ)

Half-year interim report 2014



About Brighter AB (publ)

Brighter has developed a patented, unique and fully integrated method for simplifying self-care of diabetes resulting in a device that facilitates a normal way of life for millions of diabetics worldwide.

The Company's shares are listed on NASDAQOMX First North, more information can be found at NASDAQOMX First North/BRIG.

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Half-year interim report 1 January – 30 June 2014

- Net sales totalled SEK 751,000 (11,000)
- Profit/loss after financial items totalled SEK -3,637,000 (-3,040,000)
- Earnings per share before dilution: SEK -0.22
- Earnings per share after dilution: SEK -0.22

Significant events during the period

- During the period, Brighter has ordered and taken delivery of tools for the production of different parts that will be used in the production of Brighter One™.
- Test production of parts has been carried out.
- Work with both ISO 13485 certification for production and CE certification of the product has been carried out on a continuous basis.
- The Company carried out a private placement of SEK 24,999,996 and rights issue of SEK 10,410,295, whereby the company raised more than SEK 35,000,000 before issue costs of approximately SEK 3,000,000.
- Share capital increased by SEK 252,930.65 and currently totals SEK 847,804.70.
- Of the raised funds, SEK 8,400,000 has been used for the repayment of loans from ALMI, Innovationsbron and also private financiers – see the offering memorandum (Swedish only) from February 2014 for details.
- On 14 March 2014, trading in Brighter AB (publ) shares was transferred from AktieTorget to NASDAQOMX First North. The purpose of this was to broaden ownership and reach out to an international investor base.
- On 1 May 2014, Brighter moved to new, more suitable premises in Kista, which in addition to being more economical, also allow for organizational development.
- Brighter employed Henrik Norström as COO with overall responsibility for production, sales and marketing. The reason was to ensure his availability for leading the company's overall business in an operational capacity.
- Brighter hired Petra Kaur Ljungman as a consultant with responsibility for formulating and planning the marketing of the company's first product launch. The reason was, in addition to her role as an expert in marketing and strategy on the

board, to also obtain operational competence during a limited time to establish a marketing strategy and processes.

- At the Annual General Meeting, 18 June 2014, three new board members were elected, whereby the founders, Truls Sjöstedt and Michael Frantzén, as well as Henrik Norström, resigned. The three new board members are Afsaneh Ghatan Bauer, Petra Kaur Ljungman and Sara Murby Forste. The intention was to bring in cutting edge expertise within IP, market strategy and organizational development, and also to clearly distinguish the board from operational management. More information about the new board members can be found at brightercompany.com
- In June 2014, Brighter acquired a stock company in order to manage the warrants listed below.
- The Annual General Meeting decided to issue warrants in two series, Series I, comprised of 200,000 warrants, and Series II, comprised of 800,000 warrants. Series I may be acquired by board members and Series II may be acquired by employees and other key persons. The intention was to create an incentive program for board members, staff and other key personnel.

Significant events after the end of the period

On August 14, 2014 Brighter was subject to Stage 1 Audit as a part of the process to achieve certification of the quality management system according to ISO 13485. The outcome of the review was positive and the final Stage 2 Audit shall be able to be planned as expected.

The patent application that was filed in November 2013 has now received a positive outcome with PRV (Swedish Patent and Registration Office) where the newsworthiness and inventive quality in the application constitutes a good foundation for further positive action towards an approved patent.

In July, Brighter and Rubin Medical decided to end their cooperation for the distribution of Brighter One™. Brighter has ongoing discussions with potential distributors for several markets.

Financial calendar

Interim information January – September 2014: 2014-11-14

Year-end report for 2014: 2015-03-27

Interim information January – March 2015: 2015-05-15

This interim report was published at 8:30 am on 15 August 2014 in accordance with the Swedish law (1991:980) regarding trading in financial instruments.

Comments from the CEO

It has been a very exciting six months for us at Brighter, with intensive work regarding the establishment of production and certifications. The majority of all tool costs have already been taken now, which is natural, since the tools are a prerequisite for the next step in certification, etc. The company is also debt-free due to the fact that we chose to pay off all our loans.

In the spring we moved to more suitable premises in Kista. As of 30 June there were 14 people (consultants and employees) working in our premises. Personally, I am very happy that Henrik Norström chose to take on the role of COO of the company. He has an incredible drive and focus that will be very helpful now that the company is growing.

Prior to the launch we searched long and hard for board members with cutting edge competencies to meet the challenges we are facing. In the end, we replaced the majority of the board and it feels great to be able to welcome them to the company. Petra Kaur Ljungman has been invaluable in her efforts to assist us with the launch strategy. Afsaneh Ghatan Bauer has already helped in honing our branding strategy. Sara Murby Forste is the guiding hand that we need in order to deal with the inevitable growing pains that we are facing.

Autumn will involve continued intensive work with the launch and production, but also with continuing to strengthen the company's organization with relevant skills and commitment so that we can also take advantage of the new opportunities that are arising for us.

Truls Sjöstedt
CEO, Brighter AB (publ)

Use of the proceeds from the share issue

Below, we highlight the use of proceeds from the share issue during the period. So far, R&D, and tools & design have drawn the majority of the funds, but this is natural since we are getting closer to the production phase. It is likely that we will have to use the buffer in this part of the operation.

The only notable deviation is the repayment of loans, where Brighter chose to repay all loans, including loans from ALMI and Innovationsbron. Today, Brighter is completely debt-free.

Personnel and operating costs are somewhat high, and at the same time, we have had moving costs and other smaller non-recurring costs. This may lead us to draw on the buffer within this cost group.

Source	SEK	Use	SEK	Outcome 2014-06	Balance (SEK)
Direct share issue	25,000,000	CE-cert, TLV, WTP-study, FDA	4,000,000	260,000	3,740,000
Preferential share issue	10,000,000	R&D, Tools & Design	5,500,000	4,890,000	610,000
		Demo units	1,500,000	400,000	1,100,000
		Marketing, trade shows, etc.	3,000,000	- SEK	3,000,000
		Personnel & operating costs	5,000,000	2,800,000	2,200,000
		IP	1,000,000	SEK 590,000	SEK 410,000
		Repayment of loans	4,500,000	8,400,000	-3,900,000
		Regional investments (Asia, USA, etc.)	5,000,000	-	5,000,000
		Fees for share issues, listing, etc.	3,000,000	3,000,000	-
		Buffer	2,500,000	-	2,500,000
Total	35,000,000		35,000,000	20,340,000	14,660,000

The share

On 14 March 2014, Brighter AB (publ) was listed on NASDAQOMX First North, after previously, as of 3 February 2012, having been listed on AktieTorget. NASDAQOMX First North is a trading platform designated as an MTF (Multilateral Trading Facility). As of 31

March 2014, 16,956,094 shares had been issued. All shares grant equal rights to the company's profits and assets.

Brighter's Certified Advisor at Nasdaq OMX First North is Pareto Securities AB.

Investments

Capitalized expenditures for research and development, equipment and tools, and installations on property owned by others totalled SEK 6,738,000 at the end of the period. This mainly refers to the development work and tools for the production of Brighter's products.

Acquisition of the subsidiary, Brighter One AB (SEK 50,000), was carried out in order to be able to handle the warrants (Series I and II, 2014). See the annual general meeting documents which are published at brightercompany.com

Risks

Risks relating to the operation are described in the Annual Report for the fiscal year 2013 and also in the offering memorandum from February 2014.

Financial position

At the end of the period, Brighter had an equity/asset ratio of 91.7%.

In connection with the repayment of loans to ALMI Företagspartner and Innovationsbron during the period, a mortgage letter for SEK 2 million was de-registered.

Leases for two personell cars for a total of SEK 716,560 were signed on 26 March 2014. In August 2014, these were reduced by SEK 80,000 corresponding to the repayment of the governmental environmental car premium.

The lease agreement for the company's offices at Norgvegatan 2, Kista – was collateralized through a bank guarantee from Danske Bank totalling SEK 205,900 through 30 April 2017.

Euroclear AB – A bank guarantee was collateralized through Danske Bank totalling SEK 50,000 through February 2017.

Transactions with affiliated parties

Up through July 2014, Brighter has paid consulting fees to Adstring AB (Henrik Norström - board member until 18 June 2014) SEK 444,869.21 excluding VAT through April 2014, and Lars Flening Business Consultants (Lars Flening - board Member) SEK 210,780. 80 excluding

VAT for consultation services. See the offering memorandum from February 2014 for a detailed description of the assignment.

In April 2014, Petra Kaur Ljungman (board member) was hired as a consultant providing advice relating to marketing and branding strategies for the launch of the company's first product. Petra Kaur Ljungman has extensive experience within relevant competence areas that are described in more detail in brightercompany.com. Remuneration is paid in the amount of SEK 80,000 excluding VAT per month on a continuous basis for part-time work (20%).

Ghatan Bauer Advokatbyrå (Afsaneh Ghatan Bauer - board member) has been engaged to work with brand advisement and registration. Remuneration is paid in accordance with current account.

Personnel

Number of employees – 6 (3 women, 3 men)

Number of consultants (full-time/part-time) - 6

Insiders' holdings

Shares	2013-06-30	Change	30/06/2014
Truls Sjöstedt - CEO & Board member*	4,781,486	+ 142,857	4,924,343
Michael Frantzén – Board member*	3,745,310	0	3,745,310
Gert Westergren - Chairman of the Board	237,526	+ 142,860	380,386
Lars Flening – Board member	16,862	+ 10,107	26,969
Henrik Norström (affiliated) – Board member*	16,764	+ 6,980	23,744
Nadezda Ershova – Manager QA/QR	0	+ 5,889	5,889
Afsaneh Ghatan Bauer – Board member**	0	0	0
Petra Kaur Ljungman – Board member**	0	0	0
Sara Murby Forste – Board member**	0	0	0

Options	2013-06-30	Change	30/06/2014
Truls Sjöstedt - CEO & Board member*	41,111	+ 30,014	71,125
Michael Frantzén – Board member*	0	+30,014	30,014
Gert Westergren - Chairman of the Board	220,000	+ 292,459	512,459
Lars Flening – Board member	550,000	+ 30,014	580,014
Henrik Norström (affiliated) – Board member*	0	0	0
Nadezda Ershova – Manager QA/QR	0	0	0
Afsaneh Ghatan Bauer – Board member**	0	0	0
Petra Kaur Ljungman – Board member**	0	0	0
Sara Murby Forste – Board member**	0	0	0

* left the Board 18 June 2014 but is still an insider
** took over as board members as of 18 June 2014



Summary Income statement (SEK 000s)

	2014-01-01	2013-01-01	2013-01-01
	2014-06-30	2013-06-30*	31/12/2013
Operating income			
Other income	8	11	43
Work performed by the company for its own use and capitalized	751	0	884
Operating expenses			
Other external costs	-1,887	-2,435	-959
Personnel costs	-1,399	-527	-1,189
Depreciation and write-down of tangible fixed assets	-961	0	-1,133
Operating profit/loss	-3,488	-2,951	-2,354
Profit/loss from financial items			
Interest expense and similar items	-141	-89	-429
Profit/loss after financial items	-3,629	-3,040	-2,783
Tax	0	0	0
Profit for the period	-3,629	-3,040	-2,783
Earnings per share, before dilution:	-0.22	-0.26	-0.23
Earnings per share, after dilution:	-0.22	-0.26	-0.23
Number of shares June 30 2014, before dilution	16,956,094	11,897,481	11,897,481
Number of shares June 30 2014, after dilution	18,149,706	12,708,592	12,708,592
Average number of shares, before dilution	16,312,117	11,897,481	11,897,481
Average number of shares, after dilution	17,505,729	12,708,592	12,708,592

*The income statement for January- June 2013 has been adjusted by SEK -1,690,000 in relation to the one published in 2013. Adjustments refer to work performed by the company for its own use and capitalized, capitalized expenditures for R&D, patents, equipment and depreciation that were incorrectly reported when the report was produced in 2013.

Summary of Balance sheet (SEK 000s)

	2014-06-30	2013-06-30*	2013-12-31
ASSETS			
Fixed assets			
Tangible fixed assets	702	6	402
Intangible fixed assets	14,759	4,461	8,635
Financial fixed assets	50	0	0
Total fixed assets	15,510	4,467	9,036
Current assets			
Receivables	1,255	423	501
Cash and bank balances	14,659	-140	53
Total current assets	15,914	283	554
TOTAL ASSETS	31,424	4,750	9,590
Equity and liabilities			
Equity	28,815	43	309
Long-term liabilities	0	3,337	8,022
Current liabilities	2,610	1,370	1,259
TOTAL EQUITY AND LIABILITIES	31,424	4,750	9,590
Pledged assets	255	50	50
Contingent liabilities	None	None	None
CHANGE IN EQUITY	2014-01-01 2014-06-30	2013-01-01 2013-06-30	2013-01-01 2013-12-31
Opening equity	309	3,082	3,082
Profit for the period	-3,637	-3,039	-2,781
New share issue (net after issue costs)	32,144		0
Option premiums	0	0	7
Equity at end of period	28,815	43	309

*The balance sheet for January- June 2013 has been adjusted by SEK -1,690,000 (Fixed Assets) in relation to the one published in 2013. Adjustments refer to work performed by the company for its own use and capitalized, capitalized expenditures for R&D, patents, equipment and depreciation that were incorrectly reported when the report was produced in 2013.

Summary of cash flow statement (SEK 000s)

	2014-01-01	2013-01-01
	2014-06-30	2013-06-30
Cash flow from operating activities before changes in working capital	-2,676	-1,647
Changes in working capital		
Decrease/increase in current receivables	-755	1,760
Decrease/Increase in current liabilities	1,351	-1,564
<i>Cash flow from operating activities</i>	-2,080	-1,452
Investment activities		
Acquisition of intangible fixed assets	-7,018	-5,804
Acquisition of tangible fixed assets	-369	-10
Acquisitions of shares in subsidiaries	-50	0
<i>Cash flow from investment activities</i>	-7,437	-5,814
Financing activities		
New share issue (net after issue costs)	32,144	0
Option premiums	0	8
Loans taken	0	7,255
Repayment of loans	-8,022	0
<i>Cash flow from financing activities</i>	24,122	7,263
Cash flow for the period	14,606	-3
Opening liquid funds	53	56
Closing liquid funds	14,659	53

Summary of changes in equity

CHANGES IN EQUITY	2014-01-01 2014-06-30	2013-01-01 2013-06-30	2013-01-01 2013-12-31
Opening equity	309	3,082	3,082
Profit for the period	-3,637	-3,039	-2,781
New share issue (net after issue costs)	32,144		0
Option premiums	0	0	7
Equity at end of period	28,815	43	309

Accounting principles

The Interim report for January-June 2014 has been prepared in accordance with BFNAR 2007:1. The transition to the K3 regulations is not expected to have any significant impact.

Given that the subsidiary had no activity during the period, no consolidated accounts have been prepared (Annual Accounts Act, Chapter 7, paragraph 2)

Review by an Auditor

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

Certified Advisor

Brighter's Certified Advisor at Nasdaq OMX First North is Pareto Securities AB.

Submission of Interim Report January - June 2014

Stockholm 15 August 2014

Brighter AB (publ)

Board of directors

For additional information, please contact:

Truls Sjöstedt, CEO

Telephone: +46 709 73 46 00

Email: truls.sjostedt@brightercompany.com

Henrik Norström, COO/Controller

Telephone: +46 733 40 30 45

Email: henrik.norstrom@brightercompany.com

Gert Westergren, Chairman of the Board

Telephone: + 46 705 55 77 99

Email: gert.westergren@brightercompany.com



Brighter AB (publ)

corporate registration no. 556736-8591

Norgegatan 2, 4th fl. | SE-164 28 Kista

tel: +46 8 55 00 88 20 | fax: +46 8 55 00 88 30

www.BrighterCompany.com