

Nasdaq Stockholm  
Brighter AB

Brighter AB (publ) (“**Brighter**” or “**the Company**”) develops and commercializes solutions for the self-management of diabetes. The shares in Brighter are traded on Nasdaq Stockholm AB’s trading platform Nasdaq First North. In connection with the application for admission to trading, the Company signed a pledge to comply with the Exchange’s currently applicable rules for Nasdaq First North (“the Rulebook”).

The Exchange has requested that disciplinary sanctions be imposed upon Brighter for breaches of the Rulebook.

The matter was heard on November 19, 2015, whereby the Exchange was represented by the Head of Market Surveillance Karin Ydén and corporate lawyers Andreas Blomquist and Niklas Ramstedt. Brighter was represented by the Chairman of the Board Gert Westergren, CEO Truls Sjöstedt and Deputy CEO Henrik Norström.

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It has been confirmed in the matter that the predominant portion of Brighter’s information disclosures both before and after the Company’s shares were admitted to trading on Nasdaq First North were focused on the launch of the Company’s first product, Brighter One.

In a memorandum prepared in connection with the Company’s shares being admitted to trading on Aktietorget in 2011, the launch of Brighter One was already a recurring theme. According to the memorandum, the aim was to launch the product in the fourth quarter of 2012. The launch was thereafter postponed several times. In a company description prepared in March 2014 in connection with the Company’s shares being admitted to trading on Nasdaq First North, it was announced that the launch of Brighter One was planned for the second half of 2014. On July 16, 2014, Brighter issued a press release in which the Company once again announced that the launch of Brighter One was planned for the second half of 2014.

On September 19, 2014, the Company issued a press release to inform that the launch of Brighter One had been postponed until March 2015. According to the press release, and a clarifying press release on 3 October 2014, the launch had been postponed because the Company, on the basis of user feedback, had decided to improve the design of the product’s lancing device and cap.

In autumn 2014, business partner HotSwap AB appointed a new project manager for the development project regarding Brighter One. HotSwap had served as the Company's "development unit" for Brighter One since June 2009. After a while, the new project manager perceived significant shortcomings in the project and how it was being conducted. The information that the Company received from the new project manager led to Brighter's request for a more comprehensive description of the situation. The project manager subsequently made a presentation on November 28, 2014.

On the basis of this report, Brighter commissioned an impartial investigation of the consulting company Etteplan in order to make a decision regarding the continuation of the project and a launch of Brighter One. Etteplan's report, on December 19, 2014, indicated a number of shortcomings in terms of how the project was being conducted.

On December 18, 2014, the Company issued a press release with a "Letter from the CEO." According to the press release, efforts to prepare Brighter One for launch were in full swing, and included internal testing and evaluations of proposed improvements. It was also stated that the revised lancet design, which had been announced in September, had proved more effective than the previous version, and that its final functionality was currently being evaluated.

In January 2015, Brighter sent a letter to HotSwap, in which Brighter lodged a complaint about the completed project work. This complaint was a formal part of an ongoing dialog with HotSwap since 2014 regarding the possibility of recovering some of the invoiced amount. Brighter has now initiated proceedings against HotSwap.

At 10:00 a.m. on February 6, 2015, Brighter issued a press release with the heading "*Brighter AB: Brighter cancels the launch of its first product Brighter One.*" The press release contained information that Brighter's Board of Directors, at an extraordinary Board meeting that same day, had decided to not launch the Company's first product Brighter One, but to accelerate the development of the next-generation Brighter One instead. According to the press release, the decision to cancel the launch was made after the first batch of products had been evaluated by the Company's quality control team.

The press release had a significant effect on the price of the Company's share. The price decline peaked at about 56 percent.

Neither the Exchange nor the Company's Certified Adviser ("CA") had received any advance information about the content of the press release, or the actual release.

*The Exchange* has mainly stated that:

In the Exchange's opinion, it is alarming that Brighter issued a press release as late as December 18, 2014 to inform that efforts to prepare Brighter One for launch were in full swing, without simultaneously informing about the identified and significant shortcomings in

the project and how it was being conducted. This view was strengthened by the fact that Etteplan had presented its report on December 19, 2014. For a company such as Brighter that is so dependent on the development of a single, specific product, information about the product's development is usually of great interest to investors, and often considered to have a potential effect on the share price. By omitting information about the shortcomings identified in the project and how it was being conducted, the Exchange therefore claims that the Company has breached point 4.2 (a) of the Rulebook.

The Exchange also questions whether the Company, in a sufficiently clear manner, can be considered to have informed the market and investors about the forms of, and particularly the risks associated with, the now-canceled partnership with HotSwap. The information contained in the memoranda issued by the Company is of a general nature and, according to the Exchange, cannot be considered satisfactory given the crucial role of HotSwap's development work for the Company, and the relatively limited insight and control that the Company obviously exercised in regard to this work. This applies particularly to the information presented in the company description prepared in March 2014 in connection with the Company's shares being admitted to trading on Nasdaq First North. According to the Exchange, the Company's information disclosure in these respects cannot be considered sufficiently accurate, relevant or clear. The Exchange therefore claims that the Company has breached both point 4.1 (a) and 4.2 (a) of the Rulebook. The breach can be said to have lasted from the Company's admission to trading on Nasdaq First North, but was strengthened in autumn 2014 and finally became fully apparent in connection with the presentation of HotSwap's new project manager on November 28, 2014.

In regard to the fact that Brighter did not contact either the Exchange or the CA before issuing the press release on February 6, 2015, which took place during trading, the Exchange claims that the press release led to a price decline that peaked at about 56 percent. The information in the press release must therefore be considered significantly price-sensitive.

According to point 4.13 (d) of the Rulebook, the company is to immediately inform the Exchange and the CA of any circumstances that could give rise to a trading halt.

According to the Exchange, a circumstance that could typically lead to a trading halt is when a company, during trading, intends to disclose information that could have a significant effect on the price of its share. In such a case, the Exchange may decide on a brief trading halt to alert the market that a company is expected to announce important information, and thereby reduce the risk of sharp movements in the price of the relevant company's share. A critical question in this particular case is therefore whether Brighter should have expected the press release to have a significant effect on the price of its share.

According to the Exchange, the information in the press release could have been significant, under all circumstances, for both Brighter and the Company's operations. In the memorandum prepared in connection with the Company's shares being admitted to trading on Aktietorget in

2011, the development, and particularly the launch, of the Company's first product Brighter One was already a recurring theme and a fundamental part of the Company's overall mission. Thereafter, the vast majority of the Company's information disclosures to the market and investors focused on the launch. The Exchange also notes that on the date of the press release, the Company had almost no sales.

That the market's reaction to such a radical measure as a canceled launch would be so great can neither be unexpected nor a surprise for the Company. According to the Exchange, such a reaction must almost be self-evident. Consequently, the disclosure should have been preceded by contact with the Exchange and the CA. However, this did not happen. The Exchange therefore claims that Brighter has breached point 4.13 (d) of the Rulebook.

*Brighter* has mainly stated that:

On the date of the Letter from the CEO on December 18, 2014, the information that Brighter had received from Hot Swap was that the project only required minor adjustments, and that these would affect neither the launch plan nor date. Brighter was therefore misled by HotSwap in regard to the real situation for the project and its schedule. The evaluations of HotSwap's project work on November 28 and January 30 in 2015, and of Etteplan's project work on December 19, 2014, only covered how the work had been conducted and not the measures that would be needed to achieve a launchable product, and a subsequent timeframe. The evaluations of the product were not completed by December 19, 2014 and not, in fact, until all facts had been gathered, and an impact analysis with timeframes established, as a basis for the Board's decision on February 6, 2014. Only after this analysis did Brighter have documentation to present to the Board and to inform about the facts in an accurate, relevant and reliable manner.

Regarding the issue of whether Brighter, in a sufficiently clear manner, informed the market and investors about the forms of, and the risks associated with, the now-canceled partnership with HotSwap, Brighter would like to point out that the partnership with HotSwap began in June 18, 2009, long before Brighter was listed on Aktietorget. The selection was made following an evaluation process with a number of companies. After this evaluation process, and based on recommendations by Brighter's then mentor at STING, Gösta Sjöholm. Gösta Sjöholm is considered a leading international authority in medical technology. Based on Gösta Sjöholm's recommendation, and the presentation of the company's expertise and reference to the licenses required for meeting the project's standards, HotSwap was selected to develop the product Brighter One. Information about the engagement of HotSwap and the company's role as a supplier to Brighter is described in the IM that was presented prior to the listing on Aktietorget in 2011. Otherwise, it can only be stated that the agreement with HotSwap complies with the current guidelines for these types of agreements, as well as the confidentiality guidelines that are a natural part of such development agreements. It is always possible to provide more information, of course, but the question is how to determine the

“right” amount of information. However, the Company is reviewing the criticism and will take this into account in future in regard to information about Brighter’s collaboration agreement.

Following the decision to cancel the launch of Brighter One, Brighter announced the decision immediately. That Brighter’s contact with, and information to, the CA and thereby to the Exchange, came one minute after the announcement is a mistake that Brighter deeply regrets. Brighter can also confirm that the price-sensitivity of the news about the canceled launch was grossly underestimated by Brighter. However, Brighter’s view is that a launch of the developed product would have been far more disadvantageous for shareholders than the alternative that was chosen.

*The Disciplinary Committee*, for its part, states the following.

The press release issued by Brighter on December 18, 2014 was basically positive and confirmed the view that Brighter One would be launched, as planned, in March 2015. According to the Disciplinary Committee, Brighter had no basis to issue such positive and reassuring news to the stock market. This was especially true, because the Company, at the time, was awaiting a presentation from the independent investigation that had been commissioned and presented to the Company on December 19, 2014. The extent to which misleading information from HotSwap contributed to Brighter issuing the press release on 18 December – which is Brighter’s argument – is no excuse, since the Company itself is responsible for the shortcomings attributable to the consultant selected by the Company.

Due to the foregoing, the Disciplinary Committee holds that Brighter, by issuing the press release on December 18, has breached point 4.2 (a) of the Rulebook. However, the Disciplinary Committee cannot conclude with any certainty that Brighter had evidence to disclose any negative information in regard to the planned launch prior to the Board’s decision on February 6, 2015.

The Disciplinary Committee agrees with the Exchange in that it is doubtful whether the stock market had fully realized the significance of HotSwap’s development work for the Company, but makes the overall assessment that the Company, for its part, is guilty of not providing adequate information, which should lead to disciplinary sanctions.

Brighter should have realized that the information on February 6 regarding cancelation of the launch of Brighter One would be substantially likely to impact the share price. If, in this regard, the incumbent Company had first informed its CA and the Exchange about the planned press release, the Exchange may have decided to introduce a brief trading halt.

The Disciplinary Committee therefore holds that Brighter has breached point 4.13 (d) of the Rulebook.

Due to these breaches, disciplinary sanctions will be imposed upon Brighter.

The Disciplinary Committee orders Brighter to pay the Exchange an amount corresponding to three annual fees.

On behalf of the Disciplinary Committee



Johan Munck

Participating in the Committee's decision were the former Supreme Court Justice Johan Munck, Company Director Anders Oscarsson, Company Director Carl Johan Högbom, former Authorized Public Accountant Bo Magnusson and Lawyer Wilhelm Lüning