EDISON

Brighter

Initiation of coverage

Data-driven diabetes management as a service

Healthcare equipment and services

Brighter is a healthtech company developing solutions for chronic diseases. Its initial strategy is the launch of Actiste, a mobile-connected glucose meter and insulin injection device for diabetes, which the company has submitted for CE certification. Its CE-marked cloud-based platform called the Benefit Loop and associated companion applications collect, manage and analyse data for the purpose of sharing critical treatment information with friends, relatives, caregivers and healthcare providers in an effort to improve self-management outcomes.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/16	3.3	(18.7)	(0.24)	0.0	N/A	N/A
12/17	1.4	(22.8)	(0.42)	0.0	N/A	N/A
12/18e	2.1	(33.8)	(0.51)	0.0	N/A	N/A
12/19e	9.2	(53.5)	(0.75)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Diabetes is a significant worldwide health problem

In 2017, costs attributed to diagnosed diabetes and associated complications, such as cardiovascular disease and nephropathy, totalled $327bn in the US. Patient opinions of treatment burden are heavily correlated with adherence to self-care. Negligent self-management and monitoring significantly contributes to costs of healthcare resources (ie outpatient care, emergency room visits, hospitalisation and mortality) as well as indirect costs related to lost productivity.

The Actiste triad: 67% reduction in treatment steps

Brighter's Actiste integrates three essential steps for daily diabetes management into one device: a blood glucose meter, a lancer and insulin injection apparatus. By reducing the number of treatment steps to nine from 28 in comparison to traditional self-blood glucose (SMBG) meters, Brighter's goal is to promote patient adherence and concordance to daily insulin-dependent diabetes management in an effort to reduce complications associated with poor self-care.

An all-inclusive, multi-tiered monthly subscription

Brighter is offering multiple cradle-to-cradle subscription plans where customers receive home delivery of necessary equipment (needles, lancets, glucose test strips) monthly. We view the rise in mail-order suppliers to 30–40% of SMBG equipment over retail pharmacies as an opportunity for the subscription plan to gain traction. The basic plan includes data sharing with relatives and caregivers, while the extensive plan includes physician networks and beyond.

Valuation: SEK1046.7m or SEK15.08 per share

We arrive at an initial valuation of SEK1046.7m or SEK15.08 per share based on a risk-adjusted NPV analysis of Brighter's multi-tier product offerings and target markets. We expect the company to require SEK180m in additional capital before profitability in 2021.

25 September 2018

Price	**SEK10.54**
Market cap	**SEK731m**
	US$0.11/SEK
Net cash (SEKm) at 31 June 2018	4.4
Shares in issue	69.4m
Free float	74%
Code	BRIG
Primary exchange	NASDAQ First North
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	26.7	36.5	12.3
Rel (local)	26.1	27.7	5.6
52-week high/low	SEK11.9	SEK6.3	

Business description

Brighter is a Swedish healthtech company focused on the development and commercialisation of self-monitoring and self-treatment health solutions for diabetes. Its lead product, Actiste, combines three critical components of daily diabetes management including a blood glucose meter, a lancet, and an injection apparatus into one device with mobile connectivity to Brighter's cloud-based service called the Benefit Loop.

Next events

CE mark decision on Actiste	H218
Launch of Actiste in select Nordic countries and the GCC region	Late 2018

Analysts

Maxim Jacobs	+1 646 653 7027
Nathaniel Calloway	+1 646 653 7036
Briana Warschun	+1 646 653 7031

healthcare@edisongroup.com

Edison profile page

Investment summary

Company description: Mobile healthcare for disease control

Brighter is a health-technology company based in Sweden. It is focused on the development and commercialisation of self-treatment and self-monitoring solutions for chronic conditions. The company's primary focus is the launch of its first product, Actiste, a triad glucose meter, lancet and insulin injection device equipped with mobile connectivity to enable the storing and sharing of blood glucose values and insulin dosage history for diabetes mellitus (diabetes). The device readily connects with the Benefit Loop, which is Brighter's proprietary, CE certified, cloud-based platform that collects, manages and analyses treatment data for the purpose of sharing vital treatment information with caregivers and healthcare providers. Brighter's device (including test strips, needles and lancets) and its data sharing tool, which are covered by a number of patent families (see page 6 for more detail), will be offered as a monthly service. The company is obtaining the CE mark for the Actiste device and is expecting a decision before end of 2018. It expects to launch its services in select Nordic countries (primarily Sweden) and countries within the Gulf Cooperation Council (GCC) later this year, followed by South East Asia (SEA) in early 2019.

Valuation: SEK1046.7m or SEK15.08 per share

We arrive at an initial valuation of SEK1046.7m or SEK15.08 per share, which is based on a series of assumptions about the company's lead product, Actiste, and its commercialisation. We assign a 30% probability of commercial success to each of the immediate target markets following the CE marking. Sales of the device and corresponding equipment distribution are expected to be primarily through the company's distribution providers in each region.

Financials: Short path to Actiste commercialisation

Brighter ended Q218 with SEK4.4m in cash and equivalents. Since the end of the period it has has announced the drawdown of a private placement SEK5m as part of the seventh tranche (out of a possible eight tranches) from L1 Capital. The company can draw down an additional SEK15m from this agreement. We forecast that Brighter will need SEK180m by 2020 in additional capital to reach sustained profitability in 2021. We include this as illustrative debt in our model.

Sensitivities: An alternative approach to a competitive market

The upcoming CE marking decision is the first determining factor for the success of Brighter. We believe the company will launch the device in certain regions immediately after earning certification; however, we expect the most significant hurdle will be reimbursement considering the diverse landscape. Within the first several months of sales, we expect Brighter to collect and report key usage data on user experience, potentially greater compliance and thus economic effects of structured disease management with its services, which should attract key opinion leader (KOL) support and product differentiation in the eyes of the patient, physician, and insurance payer. We assume human factors studies will be required for future FDA approval via the 510(k) pathway to demonstrate that the device may be used safely and effectively. The traditional SMBG monitoring market is highly competitive and considerably saturated with companies such as Roche, LifeScan (a Johnson & Johnson Company), Bayer and Abbott holding an estimated 90% of the market share. Moreover, the integration of health technology into chronic disease self-care, specifically for diabetes, is particularly attractive to patients and healthcare providers concerned with improving patient's quality of life and reducing inpatient hospital visits. Broadly, however, the uptake of digital health has been slow. We expect the company to require additional capital to bring Actiste and the Benefit Loop to market, which carries associated risks.

Company description: Tight control of diabetes

Brighter was founded in 2007 and publically listed on the NASDAQ First North in Stockholm in 2012. The company's initial focus is on the development and commercialisation of Actiste, a mobile-connected glucose meter, and insulin injection device for the treatment and management of diabetes. Actiste (Exhibit 1) combines three critical components of daily diabetes management including a blood glucose meter, a lancet, and an injection apparatus into one device with mobile connectivity to Brighter's cloud-based service called the Benefit Loop. This consolidation of features enables automated recordkeeping of blood sugar levels and insulin dosage administration, meal tracking and data sharing. The company's aim is to improve patient adherence and concordance to daily insulin-dependent diabetes management in an effort to reduce complications associated with negligent care by lessening the average number of treatment steps in comparison to traditional SBGMs.

Exhibit 1: The Actiste triad

Source: Red Dot

Actiste is under review for the CE mark and the company expects to launch the test in select Nordic countries with an initial focus on Sweden and the GCC region, with initial focus on Thailand and Indonesia, in late 2018. Following the initial launch, Brighter expects to continue introducing Actiste throughout Europe and South East Asia in 2019. Once commercialised, Actiste and its data-sharing tool will be offered as a monthly subscription such that all necessary equipment (ie test strips, needles and lancets) provided at no extra cost as part of the service. Once CE marked, we expect the company to conduct human factors studies demonstrating the safety and efficacy of the drug-device combination product. Potential future markets include the US via the 510(k) FDA approval pathway, where we expect a launch in 2021.

Exhibit 2: Actiste and the Benefit Loop launch timing

Event	Date
CE Mark	H218
Nordic countries and GCC launch	Late 2018
SEA region	Early 2019
Rest of Europe launch	2019
510(k) application to FDA	2020
FDA approval and US launch	2021

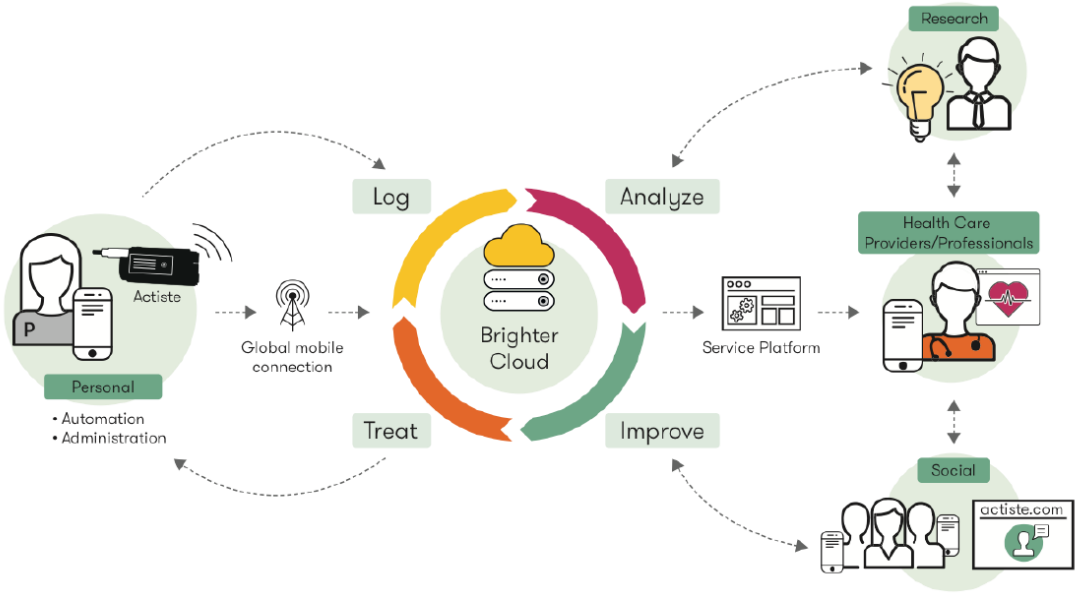
Source: Brighter

Actiste advantage: Diabetes management as a service

Brighter is developing Actiste as a diabetes treatment and monitoring solution to give diabetics a tool to gain control over their disease and provide caregivers and healthcare providers with a

detailed image of a patient's health via digital health. Actiste measures blood glucose levels, allows the user to dial-up the required insulin dose, and inject insulin in a single device with mobile connectivity to its cloud-based service called the Benefit Loop to store and share information (Exhibit 3). Brighter's solution lessens the average number of treatment steps in comparison to traditional SMBG meters, lancet devices and insulin injection devices to nine steps from 28. The Benefit Loop and companion applications (on both iOS and Android), which received CE certifications in mid-September 2018, serve as a digital structure for data management, healthcare contact, subscription services, and personal coaching to stimulate behavioural change. As per CE mark requirements, user tests for both iOS and Android applications were conducted in participants up to 70 years of age. The main test areas included user-friendliness and the ability to get support, which are both essential to user adoption.

Exhibit 3: Actiste and the Benefit Loop provides diabetes treatment and management as a service

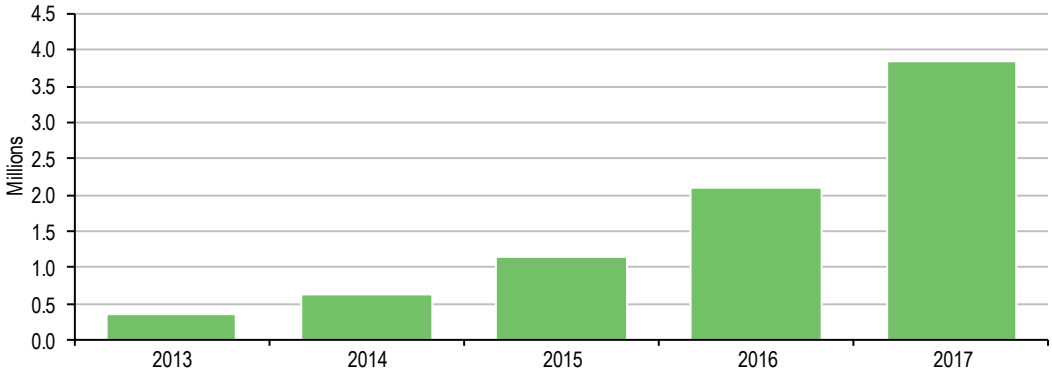


Source: Brighter

Brighter's digital health solution incorporates the storing and forwarding of medical data, remote monitoring, as well as interactive caregiver assessment and feedback. Randomised trials have demonstrated that digital health interventions with feedback from health professionals for chronic medical conditions can improve disease management. In a meta-analysis of digital health interventions on glycaemic control in type 2 diabetes (T2D), HbA1c levels in digital health groups showed a significant reduction from baseline to post-intervention (at three, six, nine, 12 and 15 months) in contrast to standard care groups ($p<0.05$).[1] Similarly, FPG levels declined from baseline to post-intervention in the digital health group (-10.23mg/dL) compared to the standard care group (-4.51mg/dL).1 Although digital health solutions for chronic diseases are seemingly advantageous to patient management, adoption is relatively slow, with an estimated 3.8 million digital health patients worldwide in 2017 (Exhibit 4).

[1] Huang, Z, Tao, H, Meng, Q, and Jing, L. (2015). Management of endocrine disease: Effects of telecare intervention on glycemic control in type 2 diabetes: A systematic review and meta-analysis of randomized controlled trials. *European Journal of Endocrinology,172*(3).

Exhibit 4: Estimated number of worldwide digital health patients



Source: Statista

With Actiste and the Benefit Loop, Brighter's goal is to address patient adherence and concordance to daily diabetes management by increasing patient involvement and communication in an effort to reduce complications associated with negligent care to reduce the financial burden on health systems and decrease productivity losses by motivating patients to change their behaviour. To achieve these goals, Brighter has partnered with a number of companies to ensure the Actiste device is accurately and efficiently manufactured and equipped with suitable wireless connectivity and security (Exhibit 5). Further, Brighter has partnered with a number of institutions to implement business-to-consumer and business-to-business-to-consumer e-commerce models for complete product delivery channels and service transactions. In partnership with Veryday, a design and innovation consultancy, Brighter's Actiste earned the Red Dot Design Award for good design and quality in Q218. The Red Dot Design distinction is an international seal of quality for good design. Previous winners of the Red Dot distinction include Apple's AirPods (wireless headphones) and the Roku portable Streaming Stick+ that enables TV content streaming via the internet.

Exhibit 5: Brighter's essential partnerships

Partner	Tasks
AIS	Device connection platform
Arkessa	MNVO capabilities and eUICC solutions
Ericsson	Device connection platform
Gemalto	On demand connectivity (embedded SIM), digital security
Indostat Ooredoo	Telecommunications provider
Sanmina	Global manufacturing
Sonat	Global logistics platform for growth and international expansion (supply chain management)
Speed Group	Warehousing and inventory management
Veryday	Product design consultancy

Source: Brighter

Aside from the attractive and ergonomic product design, the Actiste device, as an in vitro diagnostic, must also satisfy required standards set by the International Organization for Standardisation (ISO) whereas effective clinical management requires accurate and precise measurement of blood glucose levels to obtain CE marking. According to ISO 15197:2013/EN ISO 15197:2015, at least 95% of system measurement results are required to fall within ±15mg/dL of the average measured results of the reference method at blood-glucose concentrations <100mg/dL and within ±15mg/dL at blood-glucose concentrations ≥100mg/dL. Moreover, continuous standardised accuracy verification (as determined by meeting ISO criteria) of SMBGs post-launch is clinically imperative, and helps confirm proper performance of later-released test strip lots.

Brighter's Actiste and data-sharing platform are covered by a number of patent families. First and most notably, the underlying technology is covered by a patent that broadly describes the integration of measuring and analysing a biomarker (ie blood glucose) and injecting medicine (ie insulin), as well as measuring actual injected doses, and is not limited to diabetes and insulin

injections. This patent is covered in the US and in Europe through 2034 and 2038, respectively. The second patent family covers methods for determining the amount of medication ejected by the medical device as well as the logging and storing of injections. This patent is covered in Europe through 2038 and the application remains pending in the US. The third patent family, which was granted in Europe August 2018 and is covered through 2038, covers methods for monitoring the portable medical device, which comprises a cellular radio transceiver to establish a connection to a remote computer via a cellular network to transfer data. However, the patent is pending in the US at this time.

Diabetes management requires precise self-care

Diabetes is a group of chronic metabolic disorders characterised by either inherited or acquired deficiencies in insulin function, which results in hyperglycaemia, or excess of glucose (or sugar) in the blood stream, and if untreated or poorly controlled, is associated with long-term tissue and organ damage, primarily of the eyes, kidneys, nerves, heart and blood vessels.[2] Blood glucose (or blood sugar) homeostasis is dependent upon stability between glucose production by the liver and glucose utilisation by tissues throughout the body. This equilibrium is highly regulated by insulin and glucagon, which are two hormones secreted by the endocrine pancreas, via a negative feedback mechanism. Glucose metabolism hinges on the body's ability to secrete insulin both continuously and in response to increased blood sugar, the ability of insulin to inhibit gluconeogenesis and stimulate glucose disposal, and the ability of glucose to be taken up by peripheral tissue for cellular energy.[3]

There are a number of pathophysiological mechanisms that lead to deficient insulin function resulting in hyperglycaemia including inadequate insulin secretion, reduced tissue responses or a combination of these.[4] Majority of cases fall into two broad etiopathogenetic categories: type 1 and type 2. T1D, which constitutes only 5–10% of those diagnosed with the disease, is an organ-specific cellular mediated autoimmune disorder caused by autoimmune response against pancreatic β-cells and causes absolute insulin secretion deficiency,[5] while T2D, which is significantly more prevalent comprising approximately 90–95% of those diagnosed, is characterised by insulin secretory defects related to inflammation and metabolic stress or insulin resistance, which occurs when cells throughout the body are unable to respond to or take up glucose. Most patients with T2D are obese (BMI≥25kg/m^2) or may have an increased body fat percentage, which causes insulin resistance to some degree. Beyond these two classifications, diabetes may also be caused by injury to the pancreas, drugs or chemicals that impair insulin secretion by destroying β-cells, genetic syndromes and infections.[4] In addition, gestational diabetes, or diabetes that develops during pregnancy, refers to any degree of glucose intolerance with onset or first recognition during pregnancy. Because diabetes may develop as a result a variety of mechanisms, symptoms of hyperglycaemia and complications associated with disease are wide ranging and often change over time depending on fundamental disease progression.

Hyperglycaemia is characteristically associated with frequent urination, excessive thirst and hunger, weight loss and blurred vision. Long-term complications associated with mal-managed hyperglycaemia typically include retinopathy, or damage to the blood vessels of the retina, and potentially vision loss and decreased kidney function (nephropathy), which can cause renal failure.

[2] Cade, W. T. (2008). Diabetes-Related Microvascular and Macrovascular Diseases in the Physical Therapy Setting. *Physical Therapy,88*(11), 1322-1335.

[3] Kahn, C. R. (1994) Insulin Action, Diabetogenes, and the Cause of Type II Diabetes. *Diabetes, 43(8),* 1066-1085.

[4] Diagnosis and Classification of Diabetes Mellitus. (2009). *Diabetes Care, 33* (Supplement_1).

[5] Kawasaki, E. (2014). Type 1 Diabetes and Autoimmunity. *Clinical Pediatric Endocrinology,23*(4), 99-105.

Diabetes is also associated with peripheral neuropathy which causes foot ulcers, Charcot foot (or inflammation of the bones, joints and soft tissues of the foot and ankle) and potentially lower extremity amputation. Similarly, diabetic neuropathy of the autonomic nervous system affects cardiovascular, gastrointestinal and genitourinary organ systems.[6] Studies suggest that 65% of all deaths in people with diabetes are related to cardiovascular disease.[7] Accordingly, disease diagnosis and subsequent glycaemic control are essential to the management of acute symptoms and the prevention, postponement or reduction in severity of chronic microvascular and macrovascular complications that significantly contribute to morbidity and mortality.

Aside from primary diagnosis (Exhibit 6), etiopathogenetic classification and degree of hyperglycaemia, which reflects the severity of the metabolic abnormality, together determine treatment. In some individuals with mild insulin resistance, the mainstay of non-pharmacological treatment includes diet, weight reduction and physical activity. If lifestyle intervention is inadequate, glycaemic control may be managed further with the addition of oral glucose lowering therapy. Metformin, which is the preferred initial oral therapy, is a biguanide anti-hyperglycaemic agent that decreases hepatic glucose production, decreases intestinal absorption of glucose and improves insulin sensitivity by increasing peripheral glucose uptake and utilization. However, if metformin monotherapy does not accomplish glycaemic control, then combination therapy using a second or third oral agent typically follows and can be compounded by either weekly or daily non-insulin injections (Exhibit 7).

Exhibit 6: Standards for diabetes diagnosis and normal range values

Diagnostic threshold for diabetes	Normal range (non-diabetic)	Notes
FPG≥ 126 mg/dL	70 mg/dL ≤ FPG ≥ 100mg/dL	Fasting defined as no caloric intake for at least eight hours
2-hr PG≥ 200 mg/dL during 75mg OGTT	2-hr PG ≤ 140mg/dL	N/A
HbA1c≥ 6.5%	HbA1c≤6.0%	Certified by NGSP and standardized to DCCT reference assay
PG≥ 200 mg/dL + characteristic symptoms of hyperglycaemia	N/A	N/A

Source: American Diabetes Association, 2018 standards. Notes: These values exclude diagnostic criteria for gestational diabetes. FPG, fasting plasma glucose; PG, plasma glucose; OGTT, oral glucose tolerance test; HbA1c, haemoglobin A1C, which is a proxy for the average blood glucose levels; DCCT, Diabetes Control and Complications Trial.

Exhibit 7: Select pharmacologic agents for the treatment of diabetes

Drug	Class	Company	Total WW sales 2017 ($m)
Oral			
Glucophage (metformin hydrochloride)	biguanide	Merck, BMS, Sumitomo Dainippon	909
Glumetza (metformin hydrochloride)	biguanide	Bausch Health	172
Jardiance (empaglilozin)	SGLT2i	Boehringer Ingelheim	1,139
Farxiga (dapagliflozin)	SGLT2i	AstraZeneca	1,021
Tradjenta (linagliptin)	DPP-4i	Boehringer Ingelheim, Eli Lilly	1,506
Glyxambi (empaglilozin, linagliptin)	SGLT2i/ DPP-4i	Boehringer Ingelheim, Eli Lilly	203
Injectable			
Trulicity (dulaglutide)	GLP-1 RA	Eli Lilly	2,030
Victoza (liraglutide)	GLP-1 RA	Novo Nordisk	3,521
Lantus (insulin glargine)	Insulin analogue	Sanofi	5,223
Toujeo (insulin glargine)	Insulin analogue	Sanofi	922
Basaglar (insulin glargine)	Insulin analogue	Eli Lilly	432

Source: EvaluatePharma and Edison Investment Research. Notes: WW, world-wide; BMS, Bristol-Myers Squibb; GLP-1 RA, glucagon-like peptide receptor agonist; SGLT2i, sodium-glucose co-transporter 2 inhibitor; DPP-4i, dipeptidyl peptidase-4 inhibitor.

Given the multivariable and progressive nature of the disease, the effectiveness of oral anti-hyperglycaemic therapy diminishes and according to the World Health Organization (WHO), approximately 40% of all diabetes patients ultimately depend on insulin injections to maintain glycaemic control. Due to the well understood and predictable nature of risks of this population, the

[6] Vinik, A. I., et al. (2003). Diabetic Autonomic Neuropathy. *Diabetes Care,26*(5), 1553-1579.

[7] Deshpande, A. D., et al. (2008). Epidemiology of Diabetes and Diabetes-Related Complications. *Physical Therapy,88*(11), 1254-1264.

American Diabetes Association recommends that patients measure their blood glucose three or more times per day,[8] although physicians typically prescribe individual recommendations.

SMBG meters, compliance and economic burden

SMBG is important to the safety and efficacy of sustaining glycaemic control such that meter readings achieved via capillary fingertip blood samples determine insulin dosing decisions. Although structured SMBG helps to improve glycaemic control as demonstrated by the lowering of HbA1c levels,[9] patient views of treatment burden are heavily correlated with adherence to self-care. In a review, the self-management of diabetes was found to be physically, intellectually, emotionally and socially challenging.[10] Patients commonly report that SMBG and insulin regimens are burdensome and negatively impact quality of life.[11] Accordingly, reported incidence of poor medication adherence in patients with diabetes, specifically T2D, ranges from 38% to 93%.[12] Poor self-management contributes to increased costs of healthcare resources such as outpatient care, emergency room visits and hospitalisation as well as increased mortality rates. In addition to low patient adherence to self-care recommendations, poor glycaemic control is also attributed to lack of integrated care in health systems and clinical inertia amongst healthcare providers.

In the US, the total estimated cost of diagnosed diabetes in 2017 was $327bn, whereas the most significant medical conditions contributing to the overall cost include ischemic heart disease, myocardial infarction, heart failure, hypertension, conduction disorders and cardiac dysrhythmias, cellulitis occlusion or cerebral arties, end-stage renal disease and renal failure.[13] Moreover, approximately $90bn of those costs were indirectly associated with the disease and primarily attributed to missed days of work (3.7%), reduced work productivity (29.7%), reduced work force participation due to disability (41.7%), household productivity losses for those not in the workforce (2.3%) and premature death (22.1%).[13] Also in 2017, an estimated 277,000 deaths were attributable to diabetes, while 85,000 of those list diabetes as the primary cause contributing $8.5bn of lost productivity. In addition, 54%, 28% and 16% of total deaths in the US where renal disease (72,000 deaths), cerebrovascular disease (150,000 deaths) and cardiovascular disease (689,000 deaths) were listed as the primary cause were also attributable to diabetes, respectively. The economic burden of diabetes management is echoed worldwide.

Market, reimbursement and competitive environment

Given the wide range of circumstances that lead to diabetes, specifically T2D, the disorder is relatively common and is a significant health problem recognised by the WHO and the International Diabetes Federation (IDF). According to the IDF, worldwide diabetes prevalence in adults (aged 20–79) was estimated at 8.8%, or 415 million people, in 2015.[14] Notably, however, approximately 46.5%[14] of this population are undiagnosed, which is defined as the portion of people living with

[8] Yeaw, J., et al. (2012). Cost of Self-Monitoring of Blood Glucose in the United States Among Patients on an Insulin Regimen for Diabetes. *Journal of Managed Care Pharmacy,18*(1), 21-32.

[9] Machry, R. V., et al. (2018). Self-monitoring blood glucose improves glycemic control in type 2 diabetes without intensive treatment: A systematic review and meta-analysis. *Diabetes Research and Clinical Practice,142*, 173-187.

[10] Kousoulis, A. A., et al. (2014).

[11] Vijan, S., et al. (2005). Brief Report: The burden of diabetes therapy. *Journal of General Internal Medicine,20*(5), 479-482.

[12] Polonsky, W., & Henry, R. (2016). Poor medication adherence in type 2 diabetes: Recognizing the scope of the problem and its key contributors. *Patient Preference and Adherence, Volume 10*, 1299-1307.

[13] Economic Costs of Diabetes in the U.S. in 2017. (2018). *Diabetes Care,41*(5), 917-928.

[14] Ogurtsova, K., et al. (2017). IDF Diabetes Atlas: Global estimates for the prevalence of diabetes for 2015 and 2040. *Diabetes Research and Clinical Practice,128*, 40-50.

high blood glucose and are at risk for a number of complications associated with hyperglycaemia. Estimates for global prevalence of diabetes vary by household income and geographical region. Broadly, prevalence of the disease was found to be higher in high- to middle-income countries in comparison to low-income countries, while 75% of people with the disease were estimated to be living in low- and middle-income regions.[15] Brighter plans to launch Actiste in specific markets to potentially provide insulin-dependent diabetics, family members and healthcare providers with tools to maintain adequate glycaemic control. These regions include specific Nordic countries and Europe, SEA, with an initial focus on Thailand and Indonesia, countries of the GCC, as well as the US. Global reimbursement systems for outpatient devices in diabetes are relatively heterogeneous and differ in terms of decision level, payment system and process transparency.

Europe and select Nordic countries: Sweden, Denmark and Norway

According to the WHO, the prevalence of adults (aged 25 years and older) with diabetes in Europe is an estimated 10% (Exhibit 8). Lifestyle factors including weight, diet and physical activity contribute to the epidemic in this region. An estimated one in five Europeans are obese while 25–70% are overweight.[16] In one study, physical activity demonstrated a 13% relative reduction in risk of diabetes, whereas another study illustrated that 34% of Europeans reported being either never physically active or only rarely active. Surveys also suggest that citizens of Nordic countries and the Netherlands report the most physical activity.[17] Interestingly, diabetes prevalence is reportedly lower in select Nordic countries, specifically Sweden, Denmark and Norway.[18] There is considerable variation of diabetes prevalence across Europe; however, diabetes is among the leading causes of death in Europe whereas disease-related complications result in increased disability and significant healthcare costs. Management of diabetes and other chronic diseases (cardiovascular disease, cancer and respiratory disease), which contribute to 86% of deaths,[19] is a major challenge across Europe. Efforts to identify and treat diabetes, associated complications early, increase availability of DSME, and monitor, evaluate and communicate outcomes nationally and regionally, has been made a priority for the EU.

Exhibit 8: Persons reporting chronic diabetes in the EU and Nordic countries in 2014

Country	Population aged 15 and older (000s)	Share reporting chronic diabetes (%)	No. with diabetes (000s)
European Union	428,244	6.90	29,549
Sweden	8,149	4.80	391
Denmark	4,746	4.60	218
Norway	4,316	4.20	181

Source: Eurostat, Statista

In Europe, each country has its own unique pathway and despite official reimbursement guidelines, the process is often ambiguous. These systems can first be broken down into two broad categories according to the level in which decisions are made: national/centralised and regional/local. Although France is divided into administrative regions, its central body of government maintains all decision-making authority for outpatient diabetes devices, whereas one authority assesses submitted clinical data while the other subsequently determines price. Currently, SMBG test strips are fully covered in France and insulin-dependent patients do not face volume restrictions. Similarly, Germany has a

[15] Ogurtsova, K., et al. (2017).

[16] Tamayo, T., et al. (2014). Diabetes in Europe: An update. *Diabetes Research and Clinical Practice,103*(2), 206-217.

[17] TNS Opinion & Social. Special Eurobarometer 334 (Wave 72.3): sport and physical activity. Brussles: European Commission; 2010.

[18] Andersson, T., et al. (2015). Diabetes Prevalence in Sweden at Present and Projections for Year 2050. *Plos One,10*(11).

[19] OECD.

centralised decision-making process with a strong influence over its health insurance funds. Following a positive coverage decision at the national level, insurance funds are free to negotiate reimbursement prices autonomously.[20] Sweden's universal healthcare, which is largely funded by taxpayers, is also centralised and moving towards outcome-dependent reimbursement for specialised care. On the contrary, national authority decisions in Italy approve and reject products from entering the market, but rarely influence new diabetes devices. Funding decisions are made at the regional level allowing each region to evaluate international clinical data and local usage data. In countries with regional decision making, the manufacturer may be obliged to invest additional resources into generating usage data for each region. Likewise, the UK exercises regional authority, however, decisions are made at the local level and general practitioners have greater influence over which products they use and fund in their institutions. Consequently, we assume a peak market penetration of 5% into both the Nordic regions and the rest of the EU, and we assume 30% and 25% probabilities of commercial success to the Nordic and the remainder of the EU, respectively.

Countries of the GCC

According to the IDF, the estimated prevalence of adults (aged 20-79 years) with T2D in the countries of the GCC, which includes Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and United Arab Emirates, ranged from 9.9% to 17.6% in 2015 (Exhibit 10). Increased disease prevalence in these countries has been fuelled by rapid economic development, increased urbanisation and transition to a sedentary lifestyle. Further, studies suggest that T2D self-management is considerably poor with a disproportionate number of disease related complications in the region with an estimated 40–70% of worldwide disease-related foot amputations occurring in GCC countries.[21] Studies suggest that improved diabetes self-management education (DSME), which is defined as the process of facilitating the knowledge, skill, and ability necessary for diabetes self-care,[22] is an effective approach to improving glycaemic control for T2D patients as indicated by HbA1c levels in this region.[23] On 27 August 2018, Brighter and the AFAQ Group, a specialised stewardship office, announced the founding of a jointly owned corporation in Dubai to introduce Actiste into the GCC region. The offering of diabetes management as a service can support DSME and encourage good practices of glycaemic control throughout the region to potentially positively impact health outcomes.

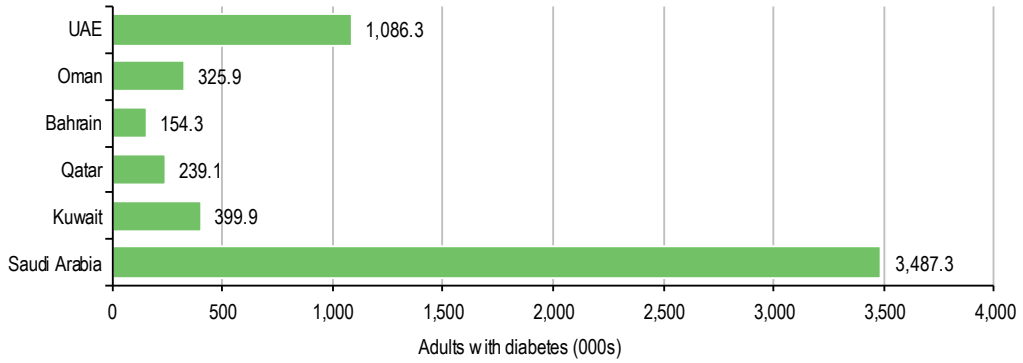
[20] Schäfer, E., Schnell, G., & Bobáková, T. (2013). Diabetes Device Reimbursement in the EU-5. *Journal of Diabetes Science and Technology,7*(4), 1084-1092.

[21] Slamah, T. A., et al. (2017). Self-management of type 2 diabetes in gulf cooperation council countries: A systematic review. *Plos One,12*(12).

[22] Haas, L., et al. (2012). National Standards for Diabetes Self-Management Education and Support. *Diabetes Care,35*(11), 2393-2401.

[23] Slamah, T. A., et al. (2017).

Exhibit 9: Adults with diabetes aged 20-79 in countries of the GCC



Source: IDF Diabetes Atlas, Seventh Edition. Notes: UAE, United Arab Emirates.

GCC governments provide majority of their own health budgets. By law, governments are obliged to provide free healthcare to their citizens. Healthcare financing systems in the countries of the GCC are still in progress and finance most of their public services, including healthcare, with revenue from natural resources such as oil and gas.[24] Therefore, we assume a 5% peak market penetration into this region with a 30% probability of commercial success.

South East Asia

According to the 2017 IDF diabetes atlas, an estimated 9.6% of the SEA population (on an age-adjusted basis) is living with the disease, while 45.8% of those have not been diagnosed and are at risk for developing complications related to hyperglycaemia (Exhibit 9). The rising trend in diabetes prevalence in the SEA region is associated with genetic and acquired risk factors that heighten predisposition to diabetes and other metabolic disorders including a low threshold for conventional risk factors (ie age and BMI), as well as environmental factors such as ongoing urbanisation and modernisation, rural to urban migration as well as inadequate healthcare facilities and low awareness about the disease.[25] High levels of tobacco use, increasing alcohol consumption especially among the middle class, and exposure to high-fat diets, carbohydrates (eg rice) and readily available fast foods are compounded by low levels of activity, which trigger gene-environmental interactions and enhance predisposition to T2D.[26]

Exhibit 10: Estimated persons with diabetes in SEA and specific countries in 2017

Country/Region	Population aged 18 and older (000s)	Estimated share of patients with diabetes (%)	No. adults with diabetes (000s)
SEA	420,136	9.6	40,333
Thailand	52,185	9.6	5,010
Indonesia	167,559	4.8	8,043

Source: Statista.

Despite significant disease burden, the region lacks structured care management. Delayed diagnosis, poor glycaemic and hypertension control as well as inadequate medical facilities contribute to the development of disease related complications. Approximately 55% of those with the disease in SEA die before the age of 60. According to one study conducted in SEA, 22% and

[24] Alkhamis, A., Hassan, A., & Cosgrove, P. (2013). Financing healthcare in Gulf Cooperation Council countries: A focus on Saudi Arabia. *The International Journal of Health Planning and Management,29*(1).

[25] Ramachandran, A., Snehalatha, C., & Ma, R. C. (2014). Diabetes in South-East Asia: An update. *Diabetes Research and Clinical Practice,103*(2), 231-237.

[26] Ramachandran, A. (2012). Trends in prevalence of diabetes in Asian countries. *World Journal of Diabetes,3*(6), 110.

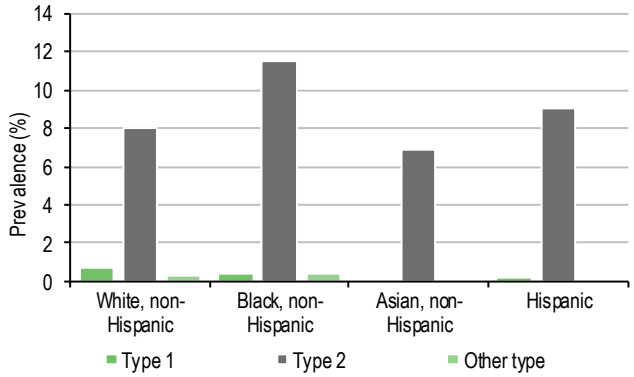
36% of patients with T1D and T2D, respectively, have never had HbA1c diagnostic tests.[27] Furthermore, optimal control is only achieved by a small portion of people with diabetes in the region, whereas an estimated 40% T2D patients perform SMBG. Brighter is in negotiations with pharmaceutical manufacturers in SEA. Additionally, the company is engaged in discussions with a number of partiers in Thailand regarding the right to sell Actiste as well as with additional sales partners in Indonesia.

Further, we estimate that a fraction of the population of Thailand will be able to afford these services considering that only 36% of the populations annual household income was more than 350,001 baht ($US0.031/baht). Healthcare coverage in SEA is considerably dynamic given the collection of emerging, high-growth markets such as Indonesia with government health insurance programs for the poor and nearly poor (32% of the population), separate health insurance for civil servants and retired army forces (7%), formal sector workers (2%) and private insurers (3%),[28] as well as maturing markets of Thailand, which was one of the first countries to provide universal health insurance.[29] Thailand's universal coverage scheme (UCS, or 30-Baht Scheme) was introduced in 2002 and provides an estimated 75% (~47m people) of the entire population with a comprehensive benefits package for curative and rehabilitation services, annual check-ups and disease-prevention services.[30] We therefore assume a peak market penetration of 2% into the SEA region and a corresponding 30% probability of commercial success.

Plans to expand across the Atlantic

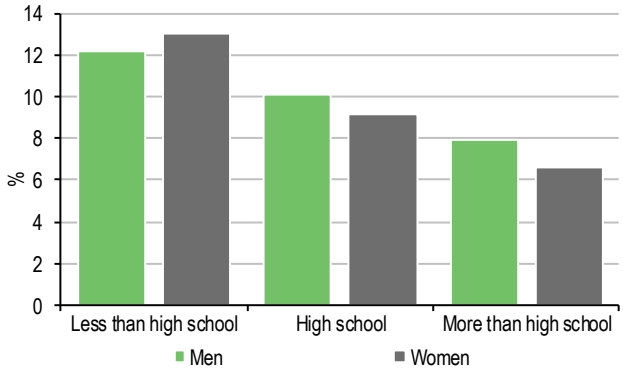
According to the CDC, an estimated 7.2%, or 23 million, of the US population had diagnosed diabetes in 2015, while only 5% of those diagnosed are estimated to have T1D. In the US, studies suggest that diabetes prevalence varies by ethnicity (Exhibit 11) and significantly varies by education level, which is an indicator of socioeconomic status (Exhibit 12).

Exhibit 11: Prevalence of diagnosed diabetes among US adults in 2016, by ethnicity and diabetes type



Source: Statista

Exhibit 12: Prevalence of diagnosed diabetes among US adults from 2013–15, by sex and education



Source: Statista. Notes: Y-axis, percentage of adults.

According to the 2017 National Diabetes Statistics report by the CDC, risk factors for diabetes in the US are similar to that in the EU with regard to obesity, physical inactivity and smoking. Between 2011 and 2014, 87.5% of US adults (aged 18 years and older) with diagnosed diabetes were overweight or obese where as 26.1% were overweight (25.0<BMI<30kg/m^2), 43.5% were obese

[27] Pathan, F., et al. (2018). Hypoglycaemia among Insulin-Treated Patients with Diabetes: Southeast Asia Cohort of IO HAT Study. *Journal of the ASEAN Federation of Endocrine Societies,33*(1), 28-36

[28] Soewondo, P., et al. (2013). Challenges in diabetes management in Indonesia: A literature review. *Globalization and Health,9*(1), 63.

[29] Deerochanawong, C., & Ferrario, A. (2013). Diabetes management in Thailand: A literature review of the burden, costs, and outcomes. *Globalization and Health,9*(1), 11.

[30] Paek, S. C., Meemon, N., & Wan, T. T. (2016). Thailand's universal coverage scheme and its impact on health-seeking behavior. *SpringerPlus,5*(1).

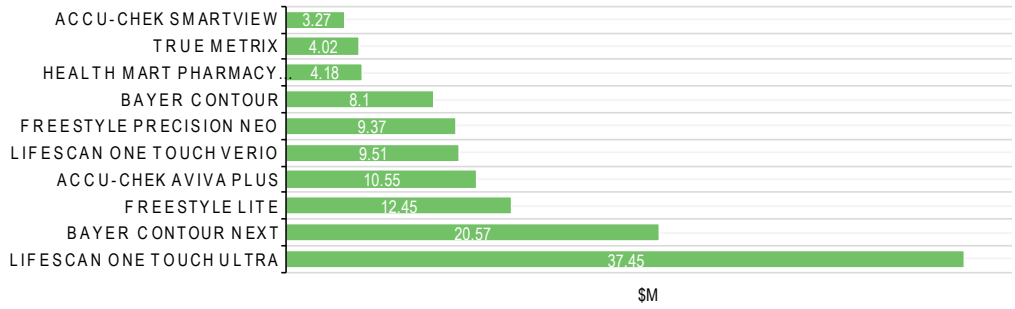
(30<BMI<40 kg/m^2), and 17.8% were considered severely obese (BMI>40 kg/m^2). In total, 41% percent of this cohort reported being physically inactive, which was defined as fewer than 10 minutes a week of moderate to vigorous activity. This cohort of diagnosed adults also indicated that approximately 15.9% were current smokers, while 34.5% had a history of smoking but had quit. Furthermore, 73.6% of these diagnosed patients had high blood pressure and 15.6% had hyperglycaemia, which is indicative of poor disease management.[31]

In the US, the cost of diabetes testing supplies are covered by many private payers and managed healthcare plans. Analyses of blood-glucose test-related claims stratified according to health plan (ie payer types such as commercial and Medicaid, and plan types including HMO, PPO, POS, indemnity, consumer-directed) demonstrates highly variable utilisation rates, which is indicative of differential reimbursement structures.[32] Typically, Medicare will reimburse either 80% of the Medicare-approved amount or 80% of the retail price, whichever is lower, and supplemental insurance may cover all or a portion of the remaining 20%. A subset of the diabetic population also obtains blood glucose testing equipment through nonplan-reimbursed sources such as over the counter, or retail mail order providers.[33] Accordingly, we assume a peak penetration of 5% into the US market and a 20% probability of commercial success as we expect the company to pursue FDA approval within the next few years.

Direct competitors

The SMBG market is driven by the seemingly ever-growing population of people suffering from diabetes worldwide. Expanding economies, such as in the countries of the GCC and SEA have created additional opportunities beyond the US and EU, to sell SMBG devices and equipment (ie lancet and test strips). In the US, the most popular traditional SMBG devices are predominately supplied by Roche, LifeScan (a Johnson & Johnson Company), Bayer, and Abbott (Exhibit 13). These four medical device companies have dominated the global SMBG market, which includes devices and related equipment, with approximately 90% market share since the late 1990s.[34] In 2017, Roche and Abbott reported $2.0bn and $1.4bn in diabetes care sales, respectively. Bayer's diabetes care unit was acquired 2016 by Panasonic Healthcare Holdings for $1.15bn and was rebranded as Ascensia Diabetes Care. In June 2018, Johnson & Johnson accepted Platinum Equity's offer to acquire LifeScan for approximately $2.1bn. This transaction is expected to close by year-end.

Exhibit 13: Sales of leading blood-glucose meter brands in the US in 2017



Source: Statista. Notes. X-axis millions of US dollars. Note: Sales only refer to individual brands of SMBG meters in the US in 2017; Roche (~$14m): Accu-Chek Avivia Plus, Accu-Chek Smartview; Abbott (~$22m): Freestyle Lite, Freestyle Precision Neo; Lifescan (~$47): Lifescan One Touch Ultra, Lifescan One Touch Verio;

[31] CDC. National Diabetes Statistics report, 2017.

[32] Yeaw, J., et al T. (2012). Cost of Self-Monitoring of Blood Glucose in the United States Among Patients on an Insulin Regimen for Diabetes. *Journal of Managed Care Pharmacy,18*(1), 21-32.

[33] Yeaw, J., et al T. (2012).

[34] Hughes, M. D. (2009). The Business of Self-Monitoring of Blood Glucose: A Market Profile. *Journal of Diabetes Science and Technology,3*(5), 1219-1223.

Bayer (~$29): Contour, Contour Next; Trivdia Health (~$8m): True Metrix, Health Mart Pharmacy TrueTest.

Some of these market leaders have made advances to their traditional SMBG meters to make testing more convenient for the patient and to improve communication between healthcare providers using mobile applications and data sharing. For example, Lifescan rolled out a mobile and web application called OneTouch Reveal intended for use by patients and healthcare professionals for transmitting and tracking data from OneTouch home monitoring devices. Similarly, Eli Lilly, Bis-Care, and Citta della salute e della scienza hospital in Turin, Italy, have introduced a digital health programme in which the device is designed to communicate with smartphones to transfer information to a central server allowing data to be analysed in real time and enabling physicians to contact patient to make treatment recommendations based on the information.[35]

Sensitivities

The initial hurdle faced by Brighter is the regulatory risk associated with the upcoming CE mark decision on the Actiste, which is dependent upon satisfying EN ISO 15197:2015 requirements. According to the company, the CE marking delay this quarter was due to minor tool fine tuning and expects to receive the marking in H218. Because CE mark ISO criteria (EN ISO 15197:2015) is equivalent to US standards (ISO 15197:2013), no further investment into design and systems will be required for future FDA approval via the 510(k) pathway. However, we assume human factors studies will be required to demonstrate that the device may be used safely and effectively.

We believe the company will launch the device in certain regions immediately after earning certification. However, we expect the most significant hurdle will be reimbursement considering the heterogeneous landscape. Within the first several months of sales, we expect Brighter to collect and report key usage data on user experience, compliance and economic effects of structured management with its services, which should attract KOL support and product differentiation in the eyes of the patient, physician, and insurance payer. These data should support continued launch of the product in larger countries. Additionally, the company's target markets are relatively small considering their plans to launch in countries with only a percentage of patients who will be able to afford Brighter's services as opposed to developed countries.

Beyond device and equipment reimbursement, the traditional SMBG monitoring market is highly competitive and considerably saturated. However, we see the gradual rise in mail-order suppliers of SMBG equipment, which accounts for an estimated 30–40% of the SMBG market,[36] as a serendipitous opportunity for Brighter's monthly subscription plan and services to gain traction. Moreover, integrating digital health technology into T2D care can offer promising results and according to a phenomenological study, patients perceive digital health as a potential to improve their quality of life, which may also enhance Actiste adoption. In the developed world, there is great interest in developing digital health for diabetes; however, from a scientific perspective, concrete evidence of improving outcomes and lowering costs is limited.

The company's commercial strategy is to leverage relationships with regional distributors, such as its partnership with AFAQ in the GCC region, supported by a small internal sales team. This will allow the company to achieve substantial commercial reach with limited overheads, but it does leave the company at mercy of these distributors.

We expect the company to require additional capital to bring Actiste and the Benefit Loop to market, which carries associated risks. However, given the potential near-term approval and commercialisation in the EU followed by an imminent US approval. We forecast the company will

[35] Schaefer, E., Schnell, G., & Sonsalla, J. (2014). Obtaining Reimbursement in France and Italy for New Diabetes Products. *Journal of Diabetes Science and Technology,9*(1), 156-161.

[36] Hughes, M. D. (2009).

need SEK180m in additional capital to reach profitability in 2021, contingent on the CE mark and FDA approval having been received.

Valuation

We arrive at an initial valuation of SEK1046.7m or SEK15.08 per share. Our valuation is based on a series of assumptions about the company's lead product, Actiste, and its commercialisation. We model commercialisation for Actiste in several Nordic countries (Sweden, Denmark and Norway), countries in the GCC region, SEA, the remainder of the EU, including the UK, and the US. We model the market opportunity in each respective region based on the prevalence of diagnosed T2D, those patients requiring insulin and glucose monitoring management as prescribed by a physician, and is further restricted to the population of patients with access to internet and smartphone devices to use the device's mobile connectivity and user-friendly application. Moreover, we exclude patients diagnosed with T1D and the brittle group, whereas these patients are more likely to require continuous blood glucose meters and insulin pumps. Our peak market penetration assumptions into each region range from 2% to 5% provided that the diabetes space highly competitive, digital health solutions are slow to adoption, and individualised reimbursement systems.

The company expects to receive the CE mark for the Actiste device in H218, with first sales expected in the select Nordic countries, primarily Sweden, and the GCC region later this year, followed by the SEA region, primarily in Indonesia and Thailand, in early 2019. We therefore assign a probability of commercial success of 30% to these three markets. We expect adoption to vary in throughout Europe due to the heterogeneous reimbursement landscape for new diabetes devices whereas each country has its own unique mechanisms and pathways despite official reimbursement guidelines and we model a 25% probability of success. We assume a 20% probability of commercial success for the US as we expect the company to pursue FDA approval within the next few years.

Our valuations are based on average service prices for the multi-tier subscription plans courtesy of company guidance and are adjusted accordingly for each country:

- Basic: the basic subscription plan will cost an average €60 (~$68.18) per month and includes the cost of the device, automatic fulfilment of equipment including needles, lancets and glucose test strips, as well as data-sharing with friends, relatives and immediate caregivers via the Benefit Loop platform.
- Extensive: The extensive subscription plan will cost an average €110 (~$125) per month and includes all features of the basic subscription and also notably includes data sharing with physician networks via the Benefit Loop platform.

Our costs of selling are limited (modelled as 10% of revenue), because we expect most sales to go through distributor channels and for the company's internal salesforce to be small. We expect COGS, to be approximately 20% of the list price. Based on a risk-adjusted NPV model at a 12.5% discount rate (our standard for pre-commercial products). Once the test is commercialised, we will adjust the discount rate to 10% (our standard for commercial products) in each region accordingly. We may adjust our valuation following feedback on the Actiste and the Benefit Loop from user experience and economic benefit surveys.

Exhibit 14: Financial summary

Program	Market	Prob. of success	Launch year	Upper tier launch pricing ($ per month)	Lower tier launch pricing ($ per month)	Peak Revenue ($m)	Valuation (SEKm)
Actiste	Nordic region	30%	2018	131.3	71.6	5.5	15.1
	Gulf Cooprtation Council countries	30%	2018	112.5	61.4	45.7	154.7
	South East Asia	30%	2019	93.8	51.1	54.7	201.8
	EU	25%	2019	133.9	73.0	243.1	617.2
	US	20%	2021	143.1	78.0	193.1	382.7
Unallocated costs							-159.3
Total							1042.3
Net cash and equivalents (at 30 June 2018) (SEKm)							4.4
Total firm value (SEKm)							1046.7
Total shares (m)							69.4
Value per share (SEK)							15.08

Source: Edison Investment Research

Financials

Brighter's Q218 post-tax loss was SEK15.5m (H118 post-tax loss: SEK27.0m), which was primarily attributable to costs associated with finalising the development of Actiste and the Benefit Loop. With 17 direct employees, SG&A expenditure was SEK6.1m for H118. As of 30 June 2018, Brighter had SEK4.4m in cash and equivalents and on 1 August 2018 the company announced the drawdown of a private placement SEK5m as part of the seventh tranche from L1 Capital. As per the company's agreement with L1 Capital since April 2017, Brighter can draw down up to SEK100m in exchange for convertible notes and warrants (each warrant is equivalent to one new share in Brighter at a fixed price of SEK6.01) in up to eight tranches over three years. Brighter may draw down an additional SEK15m in financing. As part of the agreement with L1 Capital, Brighter issues free warrants to its shareholders to reduce dilution. On 3 September 2018, the company announced it expects to further strengthen its financials with approximately SEK29m via its management incentive programme. We expect the company to reach sustained profitability in 2021 as Actiste subscription sales ramp up across SEA and the countries of the GCC. We expect the company to require an additional SEK180m (SEK70m in 2018, SEK50m in 2019, SEK60m in 2020) in additional capital, which we include as illustrative debt in our model, although it may be met in whole or in part through equity or licensing agreements.

Exhibit 15: Financial summary

SEK'000s	2016	2017	2018e	2019e
Year end 31 December	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue	3,303	1,377	2,095	9,208
Cost of Sales	0	0	(419)	(1,842)
Gross Profit	3,303	1,377	1,676	7,367
Sales, General and Administrative Expenses	(8,913)	(9,153)	(11,606)	(12,545)
EBITDA	(17,304)	(19,744)	(29,955)	(49,430)
Operating Profit (before amort. and except.)	(18,501)	(19,946)	(30,137)	(49,612)
Intangible Amortisation	0	0	0	0
Other	21,809	31,416	23,358	0
Exceptionals	0	0	0	0
Operating Profit	(18,501)	(19,946)	(30,137)	(49,612)
Net Interest	(238)	(2,897)	(3,693)	(3,841)
Other	4,056	(4,449)	(2,149)	0
Profit Before Tax (norm)	(18,739)	(22,843)	(33,830)	(53,452)
Profit Before Tax (FRS 3)	(14,683)	(27,292)	(35,979)	(53,452)
Tax	0	0	0	0
Deferred tax	(0)	(0)	(0)	(0)
Profit After Tax (norm)	(18,739)	(22,843)	(33,830)	(53,452)
Profit After Tax (FRS 3)	(14,683)	(27,292)	(35,979)	(53,452)
Average Number of Shares Outstanding (m)	62.4	65.0	70.1	70.8
EPS - normalised (SEK)	(0.24)	(0.42)	(0.51)	(0.75)
EPS - FRS 3 (SEK)	(0.24)	(0.42)	(0.51)	(0.75)
Dividend per share (SEK)	0.00	0.00	0.00	0.00
BALANCE SHEET				
Fixed Assets	47,596	84,961	95,720	95,781
Intangible Assets	46,560	76,794	89,177	89,177
Tangible Assets	322	4,738	6,079	6,140
Other	714	3,429	464	464
Current Assets	20,877	26,393	88,594	85,377
Stocks	0	0	1,143	1,143
Debtors	308	15,931	16,407	1,514
Cash	1,733	10,017	69,695	81,372
Other	18,836	445	1,349	1,349
Current Liabilities	(16,191)	(23,965)	(28,082)	(28,379)
Creditors	(16,191)	(15,528)	(28,082)	(28,379)
Short term borrowings	0	(8,437)	0	0
Long Term Liabilities	0	0	(80,724)	(130,724)
Long term borrowings	0	0	(80,724)	(130,724)
Other long term liabilities	0	0	0	0
Net Assets	52,282	87,389	75,507	22,054
CASH FLOW				
Operating Cash Flow	(13,809)	(24,483)	(39,965)	(38,262)
Net Interest	0	0	0	0
Tax	(99)	(99)	0	0
Capex	(22,974)	(34,852)	(13,817)	(61)
Acquisitions/disposals	0	0	0	0
Financing	38,274	60,000	40,000	0
Dividends	0	(3,970)	(986)	0
Other	(300)	3,775	(38)	0
Net Cash Flow	1,092	371	(14,806)	(38,323)
Opening net debt/(cash)	(641)	(1,733)	(1,580)	11,029
HP finance leases initiated	0	0	0	0
Exchange rate movements	0	0	0	0
Other	0	-524	2197	0
Closing net debt/(cash)	(1,733)	(1,580)	11,029	49,352

Source: Company reports, Edison Investment Research.

Contact details	Revenue by geography
Norgegatan 2 164 32 Kitsa Sweden +46 (0)8-550 088 20 https://brighter.se/en/	N/A

Management team

CEO and Founder: Truls Sjöstedt	COO: Henrik Norström
Truls Sjöstedt was appointed CEO of Brighter in May 2010. Prior to this role, Mr Sjöstedt served as CFO and CTO of the company since he founded it in 2007. Mr Sjöstedt served as chairman of the board of jDome by Brighter Two, a fully owned subsidiary of Brighter, which went on to merge with Bestic, to form Camanio Care where he served as chairman of the board through November 2016. Mr Sjöstedt holds degrees in economics and technology from Chalmers University of Technology, Gothenburg University and Stanford University.	Henrik Norström was appointed COO of Brighter in May 2014. He also serves as deputy CEO to Truls Sjöstedt. Mr Norström leads Brighter's business development, sales, as well as partnership and financing activities. Prior to joining the management team Mr Norström served on the board of directors of Brighter for 2 years. Mr Norström also served as the CEO of JDome from October 2015 to December 2016, which merged with Bestic, a subsidiary of Brighter, to form Camanio Care in 2016. As of 30 June 2018, Brighter owned 24.75% of the company listed on the Aktietorget. Mr Norström holds a degree in business administration from Uppsala University in Sweden.
CFO: Ann Zetterberg Littorin	**Chairwoman: Barbro Fridén**
Ann Zetterberg Littorin was appointed CFO of Brighter in November 2017. Previously, Ms Zetterberg Littorin held various positions in venture capital and technology start-ups. She served as partner and CFO of Accent Equity Partners AB for five years and owns Hagra Equity since 2004. Ms Zetterberg Littorin holds a degree in accounting from Stockholm University.	Barbro Fridén was appointed to chairwoman of the board of directors of Brighter in December 2017. Dr Fridén is a current member of the board of directors of Getinge, a global medical technology company that was founded in Sweden in 1904. Previously, Dr Fridén served as managing director for a Karolinska University Hospital from 2008 to 2012, and subsequently served as CEO of a Sahlgrenska University Hospital from 2012 to 2016. Dr Fridén has a PhD from the University of Gothenburg.

Principal shareholders	(%)
Insurance Company- Avanza Pension	12
Truls Sjöstedt	9.4
Ålandsbanken AB, W8IMY	5.7

Companies named in this report

Abbot (ABT), Apple (APPL), Bayer (BAYRY), DarioHealth (DRIO), GlucoMe, Johnson & Johnson (JNJ), LifeScan (a JNJ company), Roche Diagnostic (RHHYBY), Trivida Health.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia