

aino

Q2

INTERIM REPORT, 1 APRIL-30 JUNE 2017
AINO HEALTH AB 559063-5073



Second quarter 2017

THREE IMPORTANT EVENTS

- **TURNOVER CONTINUES ON THE SAME LEVEL AS Q1 - SALES PIPELINE IS GROWING**
- **LAUNCHES IN GERMANY AND FINLAND – NEW BUSINESS MODEL WITH MARESAN**
- **SWEDEN AND GERMANY RECEIVE CEOs**

JANUARY–JUNE 2017

- **SALES: TSEK 9,153**
- **EARNINGS AFTER FINANCIAL ITEMS: TSEK -13,907**
- **CASH FLOW: TSEK -13,200**
- **EARNINGS PER SHARE: SEK -2.6**
- **SWEDISH ORGANISATION IN PLACE AND FIRST CUSTOMER IN PRODUCTION**

APRIL–JUNE 2017

- **SALES: TSEK 4,436**
- **EARNINGS AFTER FINANCIAL ITEMS: TSEK -8,516**
- **CASH FLOW: TSEK -7,520**
- **EARNINGS PER SHARE: SEK -1.6**
- **HEALTH DESK IN KALIX UP AND RUNNING**
- **NEW BUSINESS MODEL CREATED WITH MARESAN**
- **LETTER OF INTENT IN GERMANY WITH INSURANCE PROVIDER BARMER**
- **GERMANY RECEIVES CEO**

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Message from the CEO



The results of the second quarter were in line with our planning and with what I previously communicated. We have continued to work on improving our operations in Finland by delivering on our promises to existing customers and working to create new business. In Sweden and Germany, we now have our CEOs in place and they have started their work, meeting with potential collaboration partners and customers.

In Germany, we have signed a Letter of Intent for a strategic partnership with the leading health insurance provider BARMER, which has more than 400 offices in Germany and insures approximately 9.4 million people. The aim of the collaboration is to use Aino Health's IT-based solutions to support BARMER's customers in their work and to coordinate their sustainable Corporate Health Management solutions.

I see this as an excellent start for Aino Health in Germany. During the quarter, we have held planning meetings with BARMER, created our joint offering and started meeting with customers to ensure, that we generate our first joint projects and business transactions in Germany this autumn – all with the aim of improving the health and well-being of our clients' employees and preventing work-related health risks.

Another significant event during the period was that we co-founded the occupational healthcare company Maresan Oy. The company focuses on preventive measures for improving occupational health and well-being among seamen employees. Through our newly formed company we can, together with our partners, which includes a pension fund and several unions, create the right conditions for every individual.

Otherwise, I look back on a quarter of intense sales efforts. There continues to be a strong response and interest in what Aino Health offers to companies and partners, resulting in strong growth in our sales pipeline. I also know that we have the capacity and quality in our offering to ensure that the solutions currently being evaluated by the executive leaders at several companies resulting in business agreements.

The focus for the third quarter and the second half of the year is new business, both from myself, the board and the entire organisation. Our focus is to sign several contracts generating revenue and at the same time continuing our intense efforts to increase our sales pipeline, while we cater for and deliver according to plan to our existing customers.

Our solutions help companies increase productivity, competitiveness and lower the cost, while employee commitment continues to generate interest. We will ensure that the autumn becomes the period we can reap the rewards of our earlier efforts.

Jyrki Eklund
CEO Aino Health AB

Message from the Chairman of the Board



Aino Health's market is both large and broad, which is challenging, exciting and interesting in many ways and presents great financial opportunities. It is also a market undergoing a major transformation, partly as a result of the rapid technological development. Aino Health offers new opportunities for supporting organisations and individuals to improve prevention of sickness and management of aspects influencing health, which reduces costs and increases engagement by both leaders and employees.

Aino Health works with Corporate Health Management (CHM), including solutions for management to support their employees and ensures they come to work with good physical and mental health. This primarily involves reducing sick leave and increasing work motivation through preventive measures such as products and services that benefit both employees and management.

A few months ago, I was appointed Chairman of Aino Health's Board of Directors. I have accepted this assignment with great enthusiasm. I have extensive experience from establishing and delivering business development services and technologies for major international companies and have been responsible for businesses both in Sweden, rest of Europe as well as other international regions. Together with the partially new Board and Executive Management, we will build on this experience to further develop Aino Health.

Aino Health is well-positioned for good potential for growth. There are extensive market opportunities, and the Company can show measurable solid results with several major customers from its long tenure of operations in Finland. The Company has a diversified approach to the market and works directly with private companies and public sector employers as well as through insurance companies.

These are complex services in an area that I am very passionate about. The sustainability aspect of human resources and leadership is a top priority for me. There is a shift happening from reactive measures – when problems with sickness absence and lack of workplace commitment is already a fact – to working with preventive measures in a continuous and professional manner.

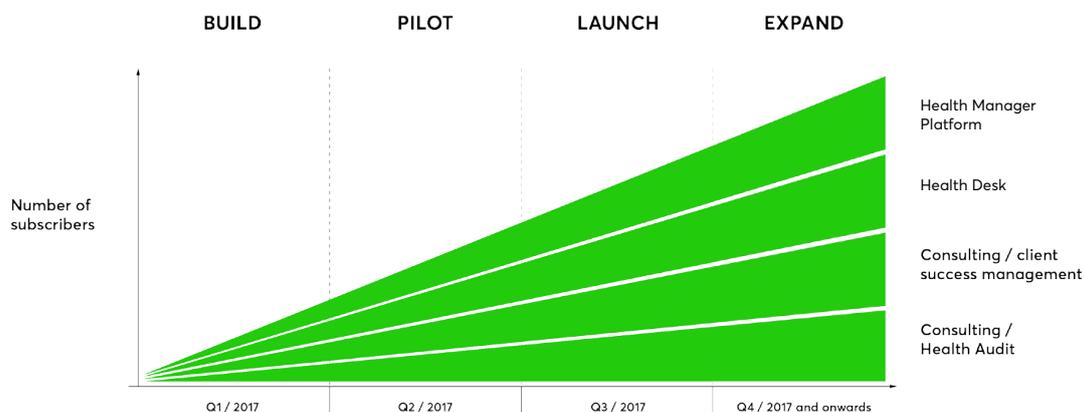
Current figures show that about 80 percent of all CHM activities are performed when a worker has been ill or absent for an extended amount of time. Only 20 percent of the activities are preventive. Within a few years, proactive measures are estimated to increase to about 50 percent.

In the short-term, Aino Health's organisation is currently focusing on creating new business and operations, primarily in the two new markets Sweden and Germany. There are many exciting activities underway, and with the strong value we already provide to customers in Finland, there are good prospects for us to see interesting agreements also in the other markets.

In the long-term, society's focus on sustainability, including the new sustainability legislation, will increase pressure on companies and organisations to work more systematically with preventive measures and increased transparency. Human capital is important today and will become even more important in the future.

Liselotte Hägertz Engstam
Chairman of the Board

We are following our plan and our strategy works



Launching in new markets takes time, and the key to success is a well-thought-out plan, which requires execution, listening and learning. This is what we have done, and the results are starting to show. The illustration above shows our expansion plan for new markets, segments and business agreements. It is based on knowledge and experience from our established and existing operations in Finland.

During the first month of the year, the goal was to build the foundation for successful launches in Sweden and Germany. We then conducted a number of kick-off events for partners and management to further establish our sales strategy and communication platform. Our recruitment efforts for leadership positions for our two new markets also began and were concluded in the second quarter when we announced the recruitment of Charlotte Boij in Sweden and Peter Seeger in Germany.

During the second quarter a proof of concept on that our strategy and offering is working was the signing of a Letter of Intent (LOI) for a strategic partnership with a leading German health insurance provider, BARMER, which has more than 400 offices in Germany and insures approximately 9.4 million people.

Another important agreement was with Kunnan Taito, the leading provider of financial, purchasing and HR services to the public sector in Finland. Aino Health's cloud-based service HealthManager is now included in their portfolio, and the city Kouvola is our first order with them.

Another important milestone in the first half of 2017 was that Aino Health AB's (publ) subsidiary in Finland, together with several major players in the seafaring industry, co-founded the occupational healthcare company Maresan Oy. The company focuses on preventive measures for improving occupational health and well-being among seamen. During the first quarter of 2018, at least 3,000 employees will be covered by Maresan Oy's modern digital occupational healthcare services.

The most significant proof that our plan and strategy works is that our sales pipeline has more than doubled. Now the goal for the second half of the year is to continue to grow according to our plan and win new business with customers and partners.

Preventive digital healthcare puts the individual in focus

A good work environment today is top priority for corporate executives worldwide, as it enables a company to become more competitive, achieve its business objectives and retain or attract new employees. Many management teams find this a great challenge. Aino Health offers future-proof solutions and services built to achieve these objectives, with measurable results. At the same time, the services improve business performance by creating increased productivity and increased involvement among the organisation's employees as health, well-being and safety become an integral part of everyday work.

Aino Health is the leading supplier of Corporate Health Management solutions. We are for management what doctors are to people. Aino Health has worked with the management teams of 150 organisations to integrate fully digitalised healthcare services into daily work. Measurable results show that employees have become healthier, more motivated and profit-driven – which, in turn, generates significant savings for the companies.

Corporate Health Management creates added value

The Company's digitalised solutions are designed to determine the underlying causes of sickness absence so that related causes can be identified early and handled, which quickly contributes to improved results in daily activities through a focus on employee health, well-being and safety.

Aino Health's solutions fit all industries and can be customised to the respective company following an analysis, agreed objectives and needs assessment.

Aino Health AB (publ) is listed on NASDAQ First North (Ticker: AINO) with Erik Penser Bank as Certified Adviser.

Aino Health's services contribute to improving customers health and working capability by:

- Reducing short- and long-term sickness absence and reducing costs
- Providing management with effective tools for preventing illness
- Improving occupational safety and health
- Providing preventive interventions that improve employee working conditions

Measurable results based on company references:

- Short-term sickness absence has decreased by up to 50 percent
- Visits to occupational health services have decreased by 19 percent
- In employee surveys, Aino HealthDesk received a score of 4.5 (scale of 0 to 5).

Group structure

Aino Health AB is the Parent Company of a group that also includes the wholly-owned Swedish subsidiary Aino Health Sweden AB and the wholly-owned Finnish subsidiary Aino Health Management Oy. In turn, Aino Health Management Oy owns the wholly-owned Finnish subsidiary Aino Active Oy. There is thus a sub-group in Finland with Aino Health Management as the Parent Company.

Significant events during the period

New CEOs for Sweden and Germany

Charlotte Boij has started as CEO for Aino Health Sweden. Charlotte has extensive experience from leading positions in the insurance industry, including CEO of Ikano Insurance, Nordic reinsurance director at Trygg-Hansa/Codan/RSA and CEO of Länsförsäkringar International. Charlotte started on April 10, 2017. Peter Seeger has started as CEO for Aino Health Germany. Peter has extensive experience from many global IT service companies and from leading international consulting and sales positions across several industries, including healthcare, insurance and pharmaceuticals. Peter started on June 1, 2017.

Letter of Intent with leading German health insurance provider BARMER

Aino Health signed a Letter of Intent for a strategic partnership with leading German health insurance provider BARMER, which has more than 400 offices in Germany and insures approximately 9.4 million people. BARMER is well-known for its work in coordinating sustainable corporate health management solutions to improve employee health and well-being and prevent work-related health risks. Initially, the agreement involves a joint pilot test of Aino Health's Corporate Health Management Solutions in three of BARMER's partner companies.

Co-founder of the corporate health company Maresan Oy

Aino Health's subsidiary in Finland, together with several major players in the seafaring industry, founded the occupational healthcare company Maresan Oy. The company focuses on preventive measures for improving occupational health and well-being among the employed seamen. The company is developing a revolutionary model for digital occupational healthcare, primarily aimed at seamen, with the individual's well-being as its key focus. From the first quarter of 2018, at least 3,000 people will have access to Maresan's modern digital occupational healthcare services.

AGM elects new Chairman of the Board and new Board member

At the Annual General Meeting in Lund on 16 May 2017, Liselotte Högertz Engstam was elected new Chairman of Aino Health AB (publ). Liselotte is currently a member of the board at Knowit Group AB (publ), Zalaris A/S (publ), Itello AB, S-Group AB, Transtema Group AB (publ) and Chairman of Digoshen AB. Her background includes international executive positions at HCL Technologies and IBM, with responsibility for the establishment and international geographical expansion of new business areas. In addition, Per-Olof Schroeder was elected as new Board member. Per-Olof is the CEO of StormGeo Holding A/S. He was previously Business Area Manager for Microsoft Western Europe (Applications & Services). Cecilia Hollerup, Jyrki Eklund and Jochen Saxelin were re-elected as Board members.

Significant events after the period

- Aino Health AB established a subsidiary in Germany to better serve the first German customers effectively.

Other information

- Consolidated costs for all product development and internationalisation have been included as expenses during the period.
- The Finnish subsidiary accounted for the Aino Group's entire reported turnover during the period.
- The "Company" or "Aino Health" refers to Aino Health AB, corporate registration number 559063-5073.

Development for the Group during Q2 2017, in figures

About the report

The interim report covers the period from 1 January to 30 June 2017.

Accounting principles

The Company applies the Swedish Annual Reports Act and the Swedish Accounting Standards Board's general guideline BFNAR 2012:1 (K3) in preparing its financial reports. This Interim Report has been prepared in accordance with BFNAR 2007:1 Voluntary interim reporting.

Principles for preparing the report

The Interim Report has not been reviewed by the Company's auditors.

Turnover

Consolidated net turnover in the second quarter amounted to TSEK 4,436. All net turnover came from Finland.

Profit/loss

Consolidated profit/loss during the second quarter amounted to negative TSEK 8,551. The earnings were impacted by increased expenses related to preparations for expansion. The Company has built an organisation in Sweden with a CEO, Sales Manager, HealthDesk and Project Manager. The organisation is now ready to serve customers.

Equity/assets ratio

The consolidated equity/assets ratio calculated as the equity portion of the balance sheet total amounted to 81.5 percent as of 30 June 2017.

Cash flow and investments

Cash flow was negative to the amount of TSEK 7,520 for the second quarter. Cash flow from operating activities negatively affected cash flow by TSEK 7,215. Cash flow was approximately MSEK 1.6 less during the second quarter than in the first quarter. This was due to investments in the Swedish organisation, with to short lead time to result in sales within the second quarter.

The share

Aino Health's share is listed on the OMX NASDAQ First North, ticker "AINO". The total number of shares at the beginning of the period, 1 April 2017, was 5,422,770 and the number of shares at 30 June 2017, was 5,422,770. Dilution of the share has not occurred during the period.

Options

Aino Health AB and its direct and indirect subsidiaries have issued no options.

Related-party transactions

There have been no transactions with related parties during the period.

The ten largest shareholders as of 30 June 2017

Eklund Jyrki	1,306,660	24.1%
The Orange Company Oy	496,900	9.2%
Saxelin Jochen	319,550	5.9%
Rahikainen Hannu	220,000	4.1%
4P Holdings Limited	182,440	3.4%
Wexito 4	182,440	3.4%
Danica pension försäkrings AB	148,460	2.7%
MyVision Oy	78,950	1.5%
Berger Gunvald	77,000	1.4%
Frame Invest	75,745	1.4%
Other	2,334,625	43.1%
Total:	5,422,770	100%

(Source: Euroclear 30 June 2017)

Certified Adviser

Erik Penser Bank AB

Future reports 2017

Q3 report 2017	10 November 2017
Year-end report	23 February 2018

Risks and uncertainty factors

The Board of Aino Health considers the most significant risks to be connected with the Company's relatively new services. This entails that it could take time to gain customers' acceptance and make a breakthrough in the market. Aino Health may need to acquire further capital in future. There is a risk that the Company might not be able to acquire further capital or enter into partnerships or other co-financing. The loss of key personnel could have negative consequences. There are also a number of risks that are not dependent on Aino Health.

The Board's assurance

The Board of Directors and the CEO certify that this Interim Report gives a true and fair view of the Company's operations, position and results and describes the material risks and uncertainties facing the Company.

Lund, 25 August 2017

Aino Health AB

Board

Liselotte Engstam, Chairman

Cecilia Hollerup, Board member Per-Olof Schroeder, Board member

Jyrki Eklund, CEO and Board Member Jochen Saxelin, Board Member

Summary consolidated income statement

Amounts in KSEK	2017	
	1 Apr–30 Jun	1 Jan–30 Jun
Net sales	4,436	9,153
Other operating income	7	7
Operating expenses		
Consulting services purchased	-1,154	-2,032
Other external expenses	-4,615	-7,616
Personnel expenses	-6,588	-12,286
Depreciation/amortisation of tangible and intangible fixed assets	-474	-946
Other operating costs	-103	-142
Operating earnings	-8,491	-13,862
Net interest income	-25	-45
Earnings after financial items	-8,516	-13,907
Appropriations	0	0
Taxes	-35	-34
Profit/loss for the period	-8,551	-13,941

Summary consolidated balance sheet

Amounts in KSEK	2017 30 June
ASSETS	
Fixed assets	
Intangible fixed assets	15,663
Tangible fixed assets	441
Total fixed assets	16,104
Current assets	
Inventories etc.	351
Current receivables	5,785
Cash and bank balances	25,705
Total current assets	31,841
TOTAL ASSETS	47,945
EQUITY AND LIABILITIES	
Shareholders' equity	
Share capital	13,557
Other capital contributions	45,869
Other equity, including profit/loss for the year	-20,362
Total shareholders' equity	39,064
Liabilities	
Non-current liabilities	1,028
Current liabilities	7,853
Total liabilities	8,881
TOTAL EQUITY AND LIABILITIES	47,945

Summary consolidated cash flow statement

Amounts in KSEK	2017	2017
	1 Apr–30 Jun	1 Jan–30 Jun
Cash flow from operating activities	-7,215	-12,658
Cash flow from investing activities	0	0
Cash flow from financing activities	-305	-542
Cash flow for the period	-7,520	-13,200
Cash and cash equivalents at start of period	33,225	38,887
Exchange rate difference in cash and cash equivalents	0	18
Cash and cash equivalents at end of period	25,705	25,705

Summary change in consolidated equity

Amount at start of period	2017	2017
	1 Apr–30 Jun	1 Jan–30 Jun
Share capital	0	0
Non-cash issue	0	0
Translation difference	1	-30
New share issue	0	0
Adjusted acquisition analysis	-600	-295
Profit/loss for the period	-8,551	-13,941
Amount at end of period	39,064	39,064

Note that the Company was founded in May 2016

Summary Parent Company income statement

Amounts in KSEK	2017	2017	2016	2016
	1 Apr–30 Jun	1 Jan–30 Jun	1 Apr–30 Jun	1 Jan–30 Jun
Net sales	0	0	0	0
Other operating income	6	6	0	0
Operating expenses				
Consulting services purchased	-5,664	-9,029	0	0
Other external expenses	-1,355	-2,327	-7	-7
Personnel expenses	-1,305	-2,370	0	0
Depreciation/amortisation of tangible and intangible assets	0	0	0	0
Other operating expenses	-71	-88	0	0
Operating earnings	-8,389	-13,808	-7	-7
Net interest income	0	0	0	0
Earnings after financial items	-8,389	-13,808	-7	-7
Appropriations	0	0	0	0
Taxes	0	0	0	0
Profit/loss for the period	-8,389	-13,808	-7	-7

Summary Parent Company balance sheet

Amounts in KSEK	2017 30 June	2016 30 June
ASSETS		
Fixed assets		
Intangible fixed assets	0	0
Tangible fixed assets	0	0
Financial fixed assets	18,164	0
Total fixed assets	18,164	0
Current assets		
Inventories etc.	0	0
Current receivables	6,104	0
Cash and bank balances	22,553	43
Total current assets	28,657	43
TOTAL ASSETS	46,821	43
EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity		
Share capital	13,557	50
Non-restricted equity		
Share premium reserve	45,810	0
Profit/loss brought forward including profit/ loss for the year	-16,998	-7
Total shareholders' equity	42,369	43
Untaxed reserves		
Non-current liabilities	0	0
Current liabilities	4,452	0
Total liabilities	4,452	0
TOTAL EQUITY AND LIABILITIES	46,821	43

Summary Parent Company cash flow statement

Amounts in KSEK	2017 1 Apr–30 Jun	2017 1 Jan–30 Jun	2016 1 Apr–30 Jun	2016 1 Jan–30 Jun
Cash flow from operating activities	-10,364	-15,043	0	0
Cash flow from investing activities	0	0	0	0
Cash flow from financing activities	-295	-295	43	43
Cash flow for the period	-10,659	-15,338	43	43
Cash and cash equivalents at start of period	33,212	37,891	0	0
Cash and cash equivalents at end of period	22,553	22,553	43	43

Summary Parent Company change in equity

	2017		2016	
	1 Apr–30 Jun	1 Jan–30 Jun	1 Apr–30 Jun	1 Jan–30 Jun
Amount at start of period	51,054	56,292	0	0
Share capital	0	0	50	50
Non-cash issue	0	0	0	0
Adjusted profit/loss brought forward	0	181	0	0
New share issue	0	0	0	0
Adjusted acquisition analysis	-296	-296	0	0
Profit/loss for the period	-8,389	-13,808	-7	-7
Amount at end of period	42,369	42,369	43	43

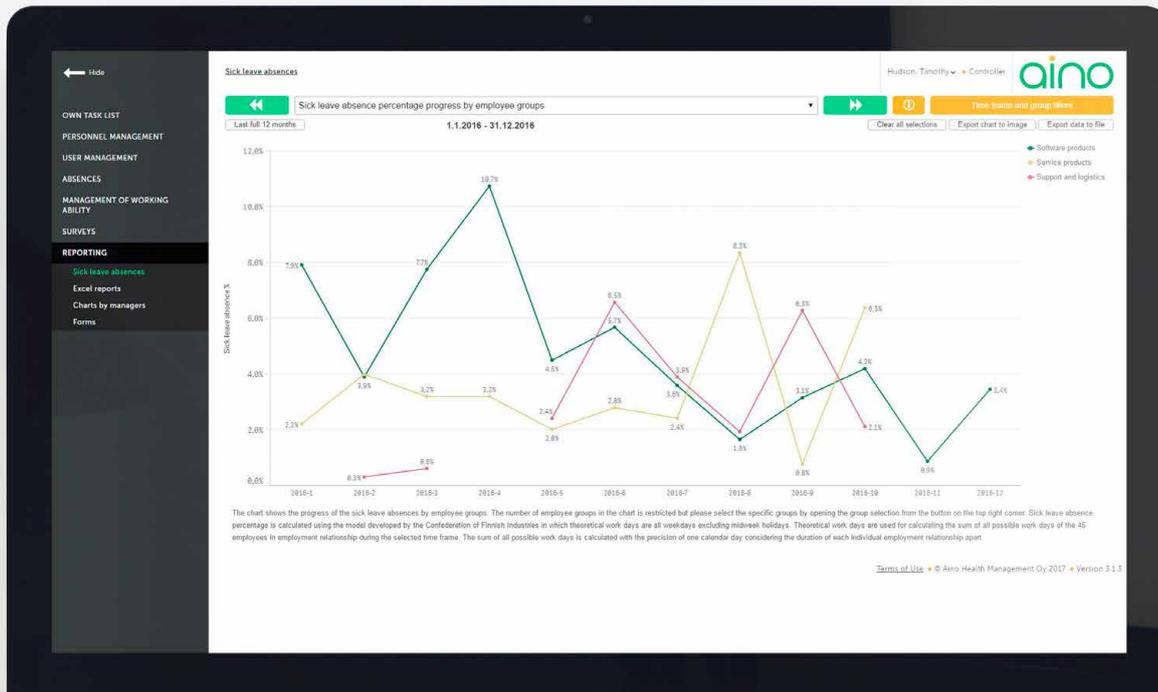
Development of share capital

year	event	Number of shares		share capital		quotient value
		change	total	change	total	
2016	Establishment	500	500	50,000	50,000	100
2016	Share split 4:1	1,500	2,000	-	50,000	25
2016	Non-cash issue	362,277	364,277	9,056,925	9,106,925	25
2016	Redemption	-2,000	362,277	-50,000	9,056,925	25
2016	Share split 10:1	3,260,493	3,622,770	-	9,056,925	2.5
2016	New issue	1,800,000	5,422,770	4,500,000	13,556,925	2.5

Key figures

Amounts in KSEK	2017	
	1 Apr–30 Jun	1 Jan–30 Jun
Financial key figures		
Net sales	4,436	9,153
Earnings after financial items	-8,516	-13,907
Return on equity (%)	-21.8%	-35.6%
Shareholders' equity per share, SEK	7.2	7.2
Equity/assets ratio, %	81.5%	81.5%
Earnings per share, SEK	-1.6	-2.6





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