

aino

Q4

YEAR-END REPORT 1 JAN – 31 DEC 2017
AINO HEALTH AB 559063-5073



Fourth quarter of 2017

SIGNIFICANT EVENTS

- Business Health index was launched in Finland, and the service was sold to a total of seven customers.
- The Company implemented the General Data Protection Regulation (GDPR), EU data protection regulations, for the entire organisation and the technology platform used by our customers.
- The Health Manager platform was moved to Amazon's cloud-based system, Amazon Web Services, to offer existing customers faster and more secure services going forward. Work began in developing a new serverless platform that will provide all digital services within Health Management in a faster, more secure way and with higher scalability than before.

JANUARY – DECEMBER 2017

- TURNOVER TSEK 19,252
- EARNINGS AFTER FINANCIAL ITEMS TSEK -31,786
- CASH FLOW TSEK -29,671
- EARNINGS PER SHARE SEK -5.9

OCTOBER – DECEMBER 2017

- TURNOVER TSEK 5,747
- EARNINGS AFTER FINANCIAL ITEMS TSEK -8,658
- CASH FLOW TSEK -6,757
- EARNINGS PER SHARE SEK -1.6

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Aino Health Germany GmbH entered into its first agreement in the German market with steel and mining company ArcelorMittal.
- A first pilot project with the Business Health index was initiated on the Swedish market, with Region Västmanland as the customer.

Content

<u>Message from the CEO</u>	4
<u>About Aino Health</u>	5
<u>Operations during the quarter</u>	6
<u>Three initiatives for increased growth</u>	8
<u>Development for the Group in figures</u>	9
<u>Summary consolidated income statement</u>	11
<u>Summary consolidated balance sheet</u>	11
<u>Summary change in consolidated equity</u>	12
<u>Summary consolidated cash flow statement</u>	12
<u>Summary Parent Company income statement</u>	12
<u>Summary Parent Company balance sheet</u>	13
<u>Summary Parent Company change in equity</u>	13
<u>Summary Parent Company cash flow statement</u>	14
<u>Development of share capital</u>	14

Message from the CEO



In the fourth quarter, we focused on creating new business opportunities at the same time as we carried out further development efforts for our digital tools within Health Management in order to pick up the pace and increase scalability.

The Business Health index tool, BHi, launched at the end of the third quarter, is a good example of our development work. BHi is an excellent introductory service to new customers, which in a straightforward manner helps customers clarify their needs and possibilities, puts numbers to the values they can achieve and shows how Aino Health's activities enable improvements.

We have seen good development of our new digital tool since the launch, and, so far, we have sold the service to seven Finnish companies. We have received a positive response from several potential customers, and preparations are being made for launch in Sweden and Germany. Through BHi, we have collected comprehensive data that will help us create a strategic roadmap for our potential customers. The analysis tool shows in a clear manner, with high integrity, how companies can improve their work within Health Management, as well as the major impact it has on their organisation and its productivity.

During the period, we started the process of transitioning our digital tool Aino Health Manager from its own server to Amazon's cloud-based platform, which was completed in January 2018. Amazon Web Services will provide us with benefits such as increased speed, scalability and information security for our customers.

During the period, Johan Strömberg was employed to drive the Group's overall business development and development of our consulting services. Johan will also be part of the management team. This is a new and central role within the Company that we need for developing how to support our customers better and faster as well as for improving the scalability of our operations. This entails further development of our offering and purchasing process, with the objective of greatly increasing the number of user licences.

Despite our extensive development work, the fourth quarter was a disappointment in terms of our planned establishment plan. We are behind schedule because the expected new business transactions in Sweden and Germany were not completed during the quarter. We are exploring opportunities for renewed financing in order to support our growth. However, we have seen positive results after the end of the period, indicating that we are doing things right. In February 2018, we signed the first contracts in our new markets, with ArcelorMittal in Germany and Region Västmanland in Sweden.

As we look forward, we can already see that our order backlog in 2018 is continuing to grow. Finland performed good during the fourth quarter, contributing with new business activity that will show effects in 2018. Our first year as a listed company has been challenging, but we see increased trust among our existing customers as well as customers in the new markets. We are convinced that a number of our stakeholders will see the value of our offerings and our efforts. We are a few months behind our original schedule, but we have a well-functioning team in place that is hard at work building our network of potential customers and partners as well as further developing our services.

Jyrki Eklund
CEO Aino Health AB

About Aino Health

Aino Health is the leading supplier of Corporate Health Management solutions. The Company has worked with the management teams of 150 organisations to integrate fully digitalised healthcare services into daily work. 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.

The challenge for many management teams today is knowing how to approach this successfully.

Aino Health's digitalised solutions are designed to determine the underlying causes of sickness absence so that related causes can be identified early and handled. Measurable results show that employees have become healthier, more motivated and profit-driven. 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'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
- 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).

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

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 as well as Aino Health Germany GmbH. 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.

**“The individual's health in focus
through preventive health care”**

Operations during the quarter

Significant events during the period

- Business Health index launched in Finland, and the service was sold to a total of seven customers.
- The Company implemented the General Data Protection Regulation (GDPR), EU data protection regulations, for the entire organisation and the technology platform used by our customers.
- The Health Manager platform was moved to Amazon's cloud-based system, Amazon Web Services, to offer existing customers faster more secure services going forward. Work began in developing a new serverless platform that will provide all digital services within Health Management in a faster, more secure way and with higher scalability than previously.
- Aino Health is exploring opportunities for obtaining funding to support growth.

Increased emphasis on business development

During the quarter, Johan Strömberg took over as Director Business Development & Consulting, which is a new role within the Company. The initiative is in line with the Company's ambition to continue developing the business, supporting customers and increasing the scalability of the digital tools and services. The main priority is to utilise the expertise and collective lessons learned from Finland effectively and apply these experiences to establishing in new markets, with the aim of significantly increasing the number of licences.

GDPR – a business opportunity

During the fourth quarter, extensive measures were taken to ensure information security within the Company, in accordance with the EU's new data protection rules, General Data Protection Regulation (GDPR). In addition, we are in communication with existing customers to help them adapt to the new regulations. Aino Health Manager and other digital services have been fully adapted to the new regulations. All data displayed, such as sick leave information, is privacy-protected and cannot be traced to individuals.

Aino Health sees the introduction of GDPR as a business opportunity. In accordance with GDPR, all companies must, for example, ensure that their own records of their staff's sickness absence have good information security and that access to the information is restricted. Aino Health's digital solutions ensure this security, saving customers a lot of time and money.

Finland – Business Health Index opens up for new business opportunities

- The launch of the Business Health index has become a successful door opener for new collaborations in Finland. Many HR departments at Finnish companies lack, and are therefore seeking, specific ways to measure and follow up Corporate Health Management initiatives. So far, the service has been sold to seven companies in Finland and several have shown interest.
- Sales have developed well during the fourth quarter and new customers have begun using the Company's Health Management services.

Germany – partnerships and potential international customers

- The pipeline with potential customers is growing steadily, and the Company is working actively to create new business relationships through participation in trade fairs, in-person meetings, workshops and demonstrations of the services offering.
- Negotiations underway with major international German industrial companies.
- The services offering is being strengthened through strategic partnerships, such as with health insurance provider BARMER, to meet potential customers who need help in reducing their sickness absence.

Sweden – Business Health index introduced to the first Swedish customers

- The Business Health index was introduced to the first Swedish organisations, and the pipeline with international customers was strengthened during the period.
- Partnerships with companies within occupational healthcare and digital health are in the final stages of negotiations.

Significant events after the end of the period

- After the end of the period, Aino Health Germany GmbH entered into its first agreement on the German market with steel and mining company ArcelorMittal. The project includes Aino Health's platform and health administration services during an evaluation period of approximately six months, starting March 2018. The contract is considered strategically important because it shows that the Company's solutions and products meet German requirements.
- A first pilot project with the Business Health index was initiated on the Swedish market, with Region Västmanland as the customer.

Other information

- The Company has capitalised TSEK 1,413 in product development expenses
- The Finnish subsidiary accounted for the Group's entire reported turnover during the period.
- The "Company" or "Aino Health" refers to Aino Health AB, corporate registration number 559063-5073.

Three initiatives for increased growth

During the financial year 2017, Aino Health has worked according to an overall plan aimed at ensuring higher scalability and flexibility in the offering in order to meet the unique needs of each company. The ambition is that Aino Health's range of products and services will reach the Swedish and German markets at a faster pace through flexible digital solutions and strategic partnerships that strengthen the offering. It should be easy to gain an overview of the services, and the process should be simple for new customers who want to start using them. The Group is driving three key initiatives to achieve this:

Faster, more secure products and services

During the fourth quarter, the Aino Health Manager platform made the transition from its own servers to Amazon Web Services, one of the largest and safest cloud-based services on the market. By moving the platform to Amazon, accessibility and scalability increase significantly while the information security of Health Manager is further upgraded. The change is beneficial for all existing customers using Health Manager today. During the fourth quarter, efforts were made to create a completely new serverless and cloud-based platform that will eventually include all of Aino Health's digital tools within Health Management. The new platform will be unique in the market by its user-friendliness, speed and high level of information security. The new platform is under development and will be introduced progressively during the year to new customers. Certification of the new platform in accordance with ISO 25001, Data Security Verification, is planned and will commence when the product is finally launched. Existing customers will eventually be connected to Health Manager via Amazon Web Services.

Simplified offering – Business Health Index shows the way

The Business Health index was created to make it easier for new customers to get a clear and distinct understanding of the areas of improvement within Corporate Health Management and the services the Company offers. BHI is an excellent introductory product for then demonstrating for the customer what needs they have and what services and tools can be provided. The services can be explained in a clear way, and the tool also allows customers to assess, anonymously, how well they are working with employee commitment and health compared with similar players in the same industry. BHI is a new systematic approach aimed at standardising the overall view of Health Management by working on a number of clear improvement goals, such as improving employee commitment and health. BHI was launched in Finland in the third quarter. Currently, preparations are underway to introduce the tool in the Swedish and German markets.

Increased flexibility through partners

Aino Health's ambition is to increase the pace by collaborating with several strategic partners in order to create a business model with increased flexibility and scalability. Discussions are ongoing at the international level with a number of health companies regarding collaborations. With the help of partners in occupational healthcare, it has been assessed that new customers can be reached at a faster pace in the Swedish and German markets. The cooperation agreement with BARMER in Germany is an example of this. The health insurance provider BARMER is well-known among German companies for its work with sustainable Corporate Health Management solutions. Aino Health is currently in discussions with similar health insurance companies and companies within occupational healthcare in the Swedish and German markets, which can lead to better and faster service in new markets. Aino Health is also in discussions with potential IT partners that can contribute to increased scalability and effective data collection. As with the Company's own Health Desk service in Finland, which customers' employees can contact in the event of illness or inability to work, discussions are underway regarding partnerships with online medical companies in other markets.

Development for the Group during Q4 2017, in figures

About the report

This Year-end Report refers to the period 1 January – 31 December 2017.

Accounting principles

The Company applies the Swedish Annual Reports Act and the Swedish Accounting Standards Board's general guideline BFNR 2012:1 (K3) in preparing its financial reports. The Company has capitalised TSEK 1,413 in product development expenses. Other expenses for product development do not meet the criteria for capitalisation and have thus been expensed.

Auditor's review

This Year-end Report has not been reviewed by the company's auditors.

Turnover

Net turnover for the Group in the fourth quarter amounted to TSEK 5,747 (5,532). All turnover came from Finland. Turnover during the quarter was affected positively by exchange rate differences. At comparable exchange rates, turnover was at the same level as the previous year in the fourth quarter.

Profit/loss

The Group's profit/loss during the fourth quarter amounted to TSEK -8,662 (-5,258). Profit/loss was affected negatively by internationalisation and a lower than budgeted turnover.

Equity ratio

The Group's equity ratio calculated as equity's share of the balance sheet total amounted to 70% (84%) as at 31 December 2017.

Cash flow and investments

Cash flow amounted to TSEK -6,757 (37,179) for the fourth quarter. Operating activities had an effect of TSEK -6,192 (-4,502) on cash flow. The Company has capitalised TSEK 1,413 in product development expenses and invested TSEK 1,913 in associated company Maresan Oy.

The share

Aino Health's share is listed on the NASDAQ First North, ticker "AINO". The total number of shares at the beginning of the period, 1 October 2017, was 5,422,770 and the number of shares at the end of the period, 31 December 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

In addition to salaries and other remuneration to the management as well as Board fees, as resolved at the Annual General Meeting, no transactions have been made with the Board that concern related parties.

10 largest shareholders as of 31 December 2017

Eklund Jyrki	1,306,660	24.1%
The Orange Company Oy	453,564	8.4%
Saxelin Jochen	319,550	5.9%
Rahikainen Hannu	240,000	4.4%
4P Holdings Limited	182,440	3.4%
Wexito 4 AB	182,440	3.4%
Frame Invest AB	115,745	2.1%
Fahlin Johan	89,549	1.7%
MyVision Oy	78,950	1.5%
Berger Gunvald	77,000	1.4%
Övriga	2,376,872	43.8%
Total	5,422,770	100%

Source: Euroclear, Dec 29 2017

Certified Adviser

Erik Penser Bank AB

Future reports 2018

Annual Report	10 April 2018
Q1	16 May 2018
Annual general meeting	24 May 2018
Q2	23 August 2018

The time and location of the Annual General Meeting will be announced at a later date. The Board proposes that no dividend be paid. The Annual Report will be available on the Company's website: www.ainohealth.com

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.

Stockholm, 22 February 2018

Aino Health AB

The Board

Liselotte Engstam, Chairman
Jyrki Eklund, CEO and Board member
Per-Olof Schroeder, Board member
Liselotte Bergmark, Board member

The Group has been conducting operations since 19 September 2016.
The comparative period for the full-year consists of only 102 days.

Summary consolidated income statement

Amounts in KSEK	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Net sales	5,747	19,252	5,532	5,532
Other operating income	55	133	789	789
Operating expenses				
Consulting services purchased	-144	-2,573	-1,156	-1,156
Other external expenses	-4,404	-15,050	-4,459	-5,192
Personnel expenses	-8,315	-30,286	-5,444	-5,444
Depreciation/amortisation of tangible and intangible assets	-489	-1,909	-478	-478
Other operating expenses	-316	-517	-12	-12
Operating earnings	-7,866	-30,950	-5,228	-5,961
Net interest income	-792	-836	-20	-20
Earnings after financial items	-8,658	-31,786	-5,248	-5,981
Appropriations	0	0	0	0
Taxes	-4	-4	-10	-10
Profit/loss for the period	-8,662	-31,790	-5,258	-5,991

Summary consolidated balance sheet

Amounts in KSEK	2017 31 Dec	2016 31 Dec
ASSETS		
Fixed assets		
Intangible fixed assets	16,624	16,544
Tangible fixed assets	393	495
Financial fixed assets	1,233	0
Total fixed assets	18,250	17,039
Current assets		
Inventories etc.	236	344
Current receivables	3,612	7,078
Cash and bank balances	9,289	38,887
Total current assets	13,137	46,309
TOTAL ASSETS	31,387	63,348
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	13,557	13,557
Other capital contributions	45,810	45,810
Other equity, including profit/loss for the year	-37,405	-6,037
Total shareholders' equity	21,962	53,330
Liabilities		
Non-current liabilities	895	589
Current liabilities	8,530	9,429
Total liabilities	9,425	10,018
TOTAL EQUITY AND LIABILITIES	31,387	63,348

Summary change in consolidated equity

	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Amount at start of period	30,171	53,330	9,057	0
New formation	0	0	0	50
Non-cash issue	0	0	0	9,057
New issue	0	0	4,500	4,500
Unrestricted reserves	0	0	45,031	45,810
Translation difference	453	422	0	-46
Reduction of share capital, for payment	0	0	0	-50
Profit/loss for the period	-8,662	-31,790	-5,258	-5,991
Amount at end of period	21,962	21,962	53,330	53,330

The Group has been conducting operations since 19 September 2016.
The comparative period for the full-year consists of only 102 days.

Summary consolidated cash flow statement

	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Amounts in KSEK				
Cash flow from operating activities	-6,192	-25,887	-4,502	426
Cash flow from investing activities	-716	-3,423	-35	-582
Cash flow from financing activities	151	-361	41,716	1,864
Cash flow for the period	-6,757	-29,671	37,179	1,708
Cash and cash equivalents at start of period	15,974	38,887	1,708	0
Exchange rate difference in cash and cash equivalents	72	73	0	0
Cash and cash equivalents at end of period	9,289	9,289	38,887	1,708

The Company was founded in May 2016

Summary Parent Company income statement

	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Amounts in KSEK				
Net turnover	0	0	0	0
Other operating income	55	61	3	3
Operating expenses				
Consulting services purchased	-2,275	-13,176	-2,020	-2,242
Other external expenses	-1,191	-4,824	0	-505
Personnel expenses	-2,080	-6,301	-30	-30
Other operating expenses	-84	-193	-12	-12
Operating earnings	-5,575	-24,433	-2,059	-2,786
Net interest income	76	76	0	0
Earnings after financial items	-5,499	-24,357	-2,059	-2,786
Appropriations	-5,901	-5,901	-109	-109
Taxes	0	0	0	0
Profit/loss for the period	-11,400	-30,258	-2,168	-2,895

Summary Parent Company balance sheet

Amounts in KSEK	2017 31 Dec	2016 31 Dec
ASSETS		
Fixed assets		
Intangible fixed assets	1,413	0
Financial fixed assets	18,699	18,164
Total fixed assets	20,112	18,164
Current assets		
Inventories etc.	0	0
Current receivables	2,479	1,475
Cash and bank balances	6,048	37,891
Total current assets	8,527	39,366
TOTAL ASSETS	28,639	57,530
EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity		
Share capital	13,557	13,557
Development expenditure fund	1,413	0
Non-restricted equity		
Share premium reserve	45,810	45,810
Profit/loss brought forward including profit/ loss for the year	-34,566	-2,895
Total shareholders' equity	26,214	56,472
Untaxed reserves		
Non-current liabilities	0	0
Current liabilities	2,425	1,058
Total liabilities	2,425	1,058
TOTAL EQUITY AND LIABILITIES	28,639	57,530

Summary Parent Company change in equity

	2017 1 Oct–31 Dec	2017 1 Jan–31 Dec	2016 1 Oct–31 Dec	2016 19 May–31 Dec
Amount at start of period	37,614	56,472	9,057	0
Share capital	0	0	0	50
New issue	0	0	4,500	4,500
Non-cash issue	0	0	0	9,057
Unrestricted reserves	0	0	45,083	45,810
Reduction of share capital, for payment	0	0	0	-50
Profit/loss for the period	-11,400	-30,258	-2,168	-2,895
Amount at end of period	26,214	26,214	56,472	56,472

Summary Parent Company cash flow statement

Amounts in KSEK	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Cash flow from operating activities	-2,421	-23,996	-4,405	-3,203
Cash flow from investing activities	-719	-1,948	0	0
Cash flow from financing activities	-5,901	-5,899	42,296	41,094
Cash flow for the period	-9,041	-31,843	37,891	37,891
Cash and cash equivalents at start of period	15,089	37,891	0	0
Cash and cash equivalents at end of period	6,048	6,048	37,891	37,891

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

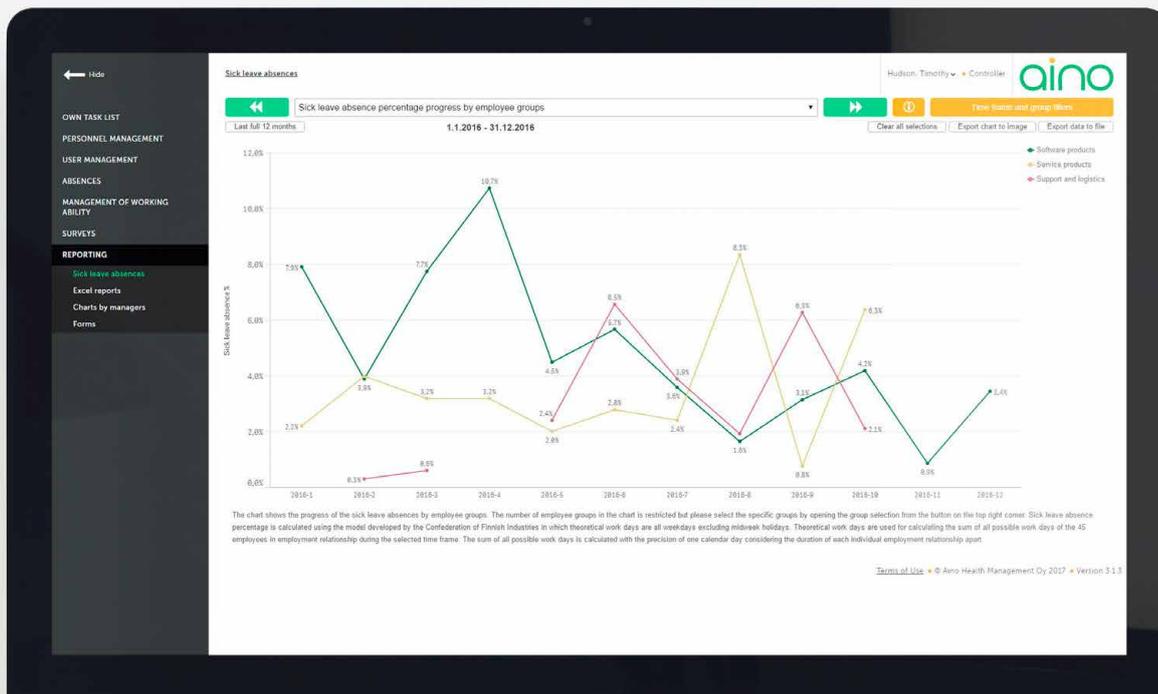
The Group has been conducting operations since 19 September 2016.

The comparative period for the full-year consists of only 102 days.

Key figures

Amounts in KSEK	2017	2017	2016	2016
	1 Oct–31 Dec	1 Jan–31 Dec	1 Oct–31 Dec	19 May–31 Dec
Financial key figures				
Net sales	5,747	19,252	5,532	5,532
Earnings after financial items	-8,658	-31,786	-5,248	-5,981
Return on equity (%)	neg	neg	neg	neg
Shareholders' equity per share, SEK	4.0	4.0	9.8	9.8
Equity ratio, %	70.0%	70.0%	84.2%	84.2%
Number of shares at end of the period	5,422,770	5,422,770	5,422,770	5,422,770
Weighted number of shares during the period	5,422,770	5,422,770	3,916,248	1,771,643
Earnings per share after dilution, SEK	-1.6	-5.9	-1.3	-3.4
Earnings per share before dilution, SEK	-1.6	-5.9	-1.0	-1.1





aino

Aino Health AB (publ)
 Skeppargatan 8
 114 52 Stockholm
 Phone +46 20 482 482
 ainohealth.com
 Email: info@ainohealth.com