

The business model is yielding results

Increased net sales

Improved profit

July – September 2019

- Net sales increased by 36 percent to KSEK 6 144 (4 515)*
- Profit after financial items improved to KSEK -3 127 (-5 462)
- Earnings per share improved to SEK -0.2 (-1.0)

January – September 2019

- Net sales increased by 23 percent to KSEK 17 673 (14 309)*
- Profit after financial items improved to KSEK -11 271 (-18 562)
- Earnings per share improved to SEK -0.7 (-3.4)

aino

Interim report July –September 2019

* The company has about SEK 1.9 million in accounts receivable from result-based contracts, accrued during Q4 2018 – Q3 2019. These receivables have not been recognized as revenue. For more information, see page 5.

This document in English is a translation of the original in Swedish. In case of any discrepancy, the Swedish original will prevail.

COMMENTS FROM THE CEO

Our business model, with a combination of result-based remuneration and fixed fees, is yielding results. Net sales increased by 36 percent as compared with last year and we have achieved nice results in our project for the municipality of Botkyrka, where we are well on the way to matching the predetermined goals. The outcome of our result-based contracts has continued to be on par with expectations.

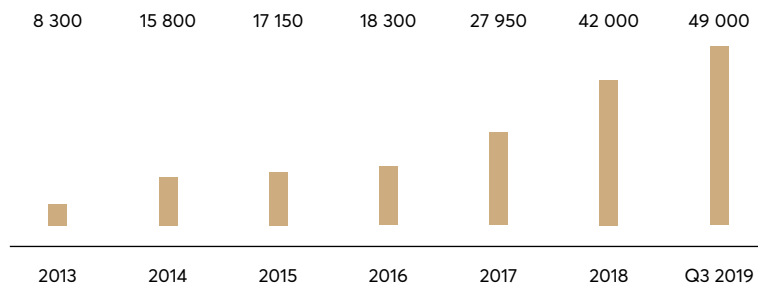
During the third quarter, we have retained our focus on sales, through direct sales as well as partnerships. The customer acquisition work we performed during the first half of the year has during this quarter for example resulted in a partnership with Monetra Oulu Oy, who has signed a contract with a new customer. The implementation of our solution will be performed during this year.

After the end of the quarter, we have taken a short-term loan of SEK 5 million to secure our strategic growth plan. The loan has fair market terms and will be repaid within 9 months.

Good conditions for a continued strong development for the fourth quarter

The deals we have signed during the first half of 2019 have a positive impact on net sales, profit, and cash flow. Coming into the fourth quarter, we have about SEK 1.9 million in accounts receivables from one result-based contract, as formerly communicated, which is Botkyrka Municipality. This has not been recognized as revenue; we plan to gradually start recognizing it as revenue during the fourth quarter. The agreement states that the receivables will be paid to us, after project evaluation, during the fourth quarter 2021, given that the outcome of the contract is on par with what it has been thus far.

SaaS subscriptions to HealthManager continue to increase. As of September 30, we have 49 000 users of our SaaS solution.



Total number of SaaS users of HealthManager

Accrued number of SaaS subscriptions to Health Manager

The number of SaaS subscriptions to HealthManager has continued to grow. As of September 30, we had about 49 000 subscribers. We continue to develop the platform and in September we implemented new functionality in the form of an add-on for exposure checks. This helps organizations to adhere to rules on work safety and health for their respective industry.

We see a continued large interest in our solutions and services.

I look forward to the final months of 2019 with confidence.

Jyrki Eklund
CEO and President
Aino Health AB

EVENTS DURING THE YEAR

New customers and partners

- Monetra Oulu Oy, which is owned by three Finnish cities and four hospital districts, signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- Aava Finland, one of Finland's largest suppliers of corporate health care, signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- EFESO Consulting Nordics and 55Birchstreet GmbH signed partnership agreements regarding sale of Aino's SaaS solution HealthManager.
- A new customer agreement with Rahms, a cleaning company based in Stockholm, regarding Aino HealthManager, including implementation.
- ArcelorMittal extends and expands its agreement with Aino Health Germany GmbH following performance of a pilot project.
- Aino Health's SaaS solution HealthManager has been deployed to support Multi Contact's operations in Germany.
- Nylands Arbetshälsa signed a partnership agreement regarding Aino's SaaS solution HealthManager.
- A new agreement regarding Aino HealthManager with a global company in customer service.
- A new customer agreement valued at around SEK 28 million with one of the world's largest American multinational IT companies regarding its operations in Finland.
- One of the leading care companies in the Nordic region has signed an agreement regarding Aino's SaaS solution HealthManager for its operations in Finland.
- Aino Health hosted the INSEAD seminar "Value Based Leadership and Business as a Force for Good" held in Stockholm in late March.
- Jyrki Eklund, CEO of Aino Health, held a presentation entitled "The corporate management and analytics solution to make health a business case" at IQPC's two-day seminar HR Predictive Analytics & AI in Berlin. Aino was also the main sponsor of the seminar.
- Along with Veritas Pension Insurance, Aino Health has created a unique work ability support service with Veritas' customers as the target group.

Events after the end of the second quarter

- After the end of the quarter, the company has taken a short-term loan of SEK 5 million. The loan is an important part of the company's plan to support and secure the company's positive growth going forward. The loan has fair market terms and will be repaid, including interest, within 9 months.

MARKET AND OPERATIONS

Solutions for healthier companies

Aino's current market focus is primarily Finland, Sweden, and Germany. Demand has increased on all markets where Aino operates. The company's services are based on our SaaS platform, which offers software and system support for Health Management. Aino markets the offerings by selling directly to well-known and established companies, in combination with using partner networks.

Partnership deals during the year

Aino's scalable SaaS solutions supplemented with consultancy services are attractive to partner organisations. The ambition is to increase the pace of growth by connecting with a number of strategic collaboration partners that contribute to a business model with increased flexibility and scalability.

The partner strategy has proved to be successful. We have continued to develop our partnerships and have signed an agreement with Monetra Oulu Oy, a municipally owned company group founded by the Finnish cities of Uleåborg, Kuopio and Jyväskylä, along with four hospital districts. Monetra offers its customers a large set of administrative services in HR and finance. Monetra Oulu Oy will be selling Aino's platform and associated implementation services. The collaboration has already resulted in a new customer, for which Aino's SaaS solution will be implemented during the fourth quarter.

Further cooperation discussions are ongoing with several potential international partners. With the help of partners in corporate health care, potential new customers will be reached at a faster pace.

New direct customers and deployments

One of the leading care companies in the Nordic region, which signed an agreement regarding Aino's SaaS solution HealthManager for its operations in Finland during the first quarter of the year, began its implementation during this quarter.

Aino's SaaS solution HealthManager has been implemented at the large global IT supplier that signed an agreement with Aino Health during the first quarter of 2019. The work is moving ahead as planned. This means that Aino is expecting an improved cash flow in the future.

Rahms, with which Aino signed an agreement during the second quarter, was deployed during the end of this quarter.

49 000 SaaS users

Aino now has 49 000 SaaS subscribers to HealthManager. The customers pay a fixed fee per employee and month, or use a model including a basic fee and an incentive remuneration based on the outcome and results of Aino's delivery. Potential customers include service and industry companies and public operations with over 500 employees.

Aino Health's services contribute to improving customers' health and work ability by:

- Decreasing short- and long-term absenteeism and costs
- Giving corporate management effective tools to prevent absenteeism
- Creating preventive processes that improve the working conditions for employees and increase their commitment

Organizational development

The corporate management team of the Aino group has expanded through the recruitment of Ewa Johansson as Chief Commercial Officer (CCO). Ewa will have global responsibility for commercials and new sales for the group. She has extensive experience from working in sales in both Germany and Sweden and will contribute with knowledge and experience to Aino Health's continued expansion on the Swedish and German markets.

CORPORATE DEVELOPMENT

Figures for Q3 2019

About the report

This interim report pertains to the period January 1–September 30 2019.

Accounting principles

The company applies the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board, BFNAR 2012:1 (K3), in drawing up its financial reports. The company has not activated any product development costs during the third quarter.

Principles for the drawing up of the report

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

Net sales

Net sales for the corporation during the quarter totalled KSEK 6 144 (4 515). Most of the net sales originate in Finland. The company has about SEK 1.9 million in accounts receivable from a result-based contract. This has not been taken up as revenue. The receivables will be paid to Aino Health during the fourth quarter 2021, given that the outcome of the contract is on par with what it has been thus far. The company plans to gradually start taking up these receivables as revenue during the fourth quarter of 2019.

Profit

The corporation's profit during the quarter was KSEK -3 127 (-5 462). The profit was higher than in the previous year due to an increase in net sales.

Liquidity

The company's liquidity was weak at the end of the quarter. For this reason, the company took a short-term loan of SEK 5 million in October 2019. The loan will be repaid in July 2020.

Equity/asset ratio

The equity/asset ratio of the corporation, calculated as equity in percent of the balance sheet total, was 68 percent as per 30 September 2019.

Cash flow and investments

Cash flow totalled KSEK -3 497 (1 869) during the quarter. Cash flow for operating activities affected cash flow by KSEK -3 471 (-734). Cash flow from financing activities was impacted by KSEK -23. A comparison between Q3 2019 and Q3 2018 is misleading, as Aino postponed payments to the company board and certain suppliers during Q3 2018.

The share

Aino Health's share is listed on NASDAQ First North Growth Market under the ticker "AINO". The total number of shares at the start of the period, on 1 January 2019, was 15,934,307, and the number of shares at the end of the period, on 30 September 2019, was 15,934,307.

Options

Options (TO1) in the preferential issue that the company's board approved on 30 September 2018 have been registered with the Swedish Companies Registration Office on 23 October 2018 and trading with these options began through Nasdaq First North Growth Market on 5 November 2018. More information can be found on Aino's website: <https://investors.ainohealth.com/en>.

Transactions with related parties

Beyond salaries and other remuneration to the corporate management team and fees to the board, in accordance with the decisions of the AGM, no transactions with related parties have occurred.

THE TEN LARGEST SHAREHOLDERS AS OF SEPTEMBER 30 2019

Shareholder	Number of shares	Share of votes and equity (percent)
Eklund Jyrki	1 747 836	11.0 %
Filip Engelbert	928 634	5.8 %
Jonas Nordlander	928 633	5.8 %
Saxelin Jochen*	496 020	3.1 %
Ovaskainen Mika	264 040	1.7 %
Frame Invest AB	260 670	1.6 %
Hermansson Erik	253 421	1.6 %
Roth Johan	220 600	1.4 %
Fahlin Johan	209 610	1.3 %
Berger Gunvald	179 664	1.1 %
Others	10 445 179	65.6 %
Total	15 934 307	100 %

* Jochen Saxelin personally owns 319 550 shares, while Hirvensalmen Satama Koy, controlled by Jochen Saxelin and family, owns 176 470 shares.

Source: Euroclear September 30 2019 and other reliable sources.

Certified Adviser

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Future reports

Year-end report 2019, 4 February 2020
Annual report 2019, 21 April 2020
Interim report January-March 2020, 12 May 2020

Risks and uncertainty factors

Aino Health may need to acquire more capital in the future. There is a risk that the company cannot acquire further capital, enter into partnerships or find other co-financers. A loss of key staff can have negative consequences. Furthermore, there are a number of different risks that are not under Aino Health's control.

Board affirmation

The board and CEO affirm that this interim report provides a fair and correct overview of the operations of the company, its financial position and results, and describes the significant risks and uncertainty factors that the company faces.

Stockholm, 29 October 2019
Aino Health AB

The board

Tanja Ilic, chairman
Jyrki Eklund, CEO and board member
Klas Bonde, board member
Martin Bunge-Meyer, board member
Daniel Koob, board member

CONSOLIDATED INCOME STATEMENT IN BRIEF

<i>All figures in SEK, 000s</i>	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Net sales	6 144	4 515	17 673	14 390	20 754
Other operating incomes	0	10	34	145	157
Operating expenses					
Purchased consultancy services	-351	-110	-1 189	-865	-1 284
Other external costs	-2 854	-4 120	-8 810	-10 297	-14 086
Employee benefit costs	-5 344	-4 526	-16 811	-18 263	-24 114
Depreciation/amortization of tangible and intangible assets	-507	-507	-1 527	-1 497	-1 997
Other operating expenses	-12	-12	-56	-33	-84
Operating loss	-2 924	-4 750	-10 686	-16 420	-20 654
Financial net	-203	-712	-585	-2 142	-1 349
Loss after financial items	-3 127	-5 462	-11 271	-18 562	-22 003
Appropriations	0	0	0	0	-
Taxes	0	0	-3	-3	-3
Net loss for the period	-3 127	-5 462	-11 274	-18 565	-22 006

CONSOLIDATED BALANCE SHEET IN BRIEF

<i>All figures in SEK, 000s</i>	2019 30 Sept	2018 30 Sept	2018
ASSETS			
Capital subscribed, but not yet paid in		30 041	
Fixed assets			
Intangible assets	19 869	19 540	20 237
Tangible assets	392	332	306
Financial assets	1 375	45	547
Total assets	21 636	19 917	21 090
Current assets			
Inventories etc.	129	247	123
Current receivables	5 380	2 194	5 312
Cash and bank balances	399	25	11 543
Total current assets	5 908	2 466	16 978
TOTAL ASSETS	27 544	52 424	38 068
EQUITY AND LIABILITIES			
Equity			
Share capital	39 836	13 557	39 836
Non-registered share capital		26 279	
Other capital contributions	48 797	45 810	48 797
Other equity, including loss for the year	-69 852	-52 279	-55 789
Total equity	18 781	33 367	29 857
Liabilities			
Non-current liabilities	377	977	250
Current liabilities	8 386	18 080	7 961
Total liabilities	8 763	19 057	8 211
TOTAL EQUITY AND LIABILITIES	27 544	52 424	38 068

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN BRIEF

	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Opening balance	20 701	9 605	29 857	21 962	21 962
Formation	0	0	0	0	0
Non-cash issue	0	0	0	0	0
New issue incl. issue costs	0	29 310	0	29 310	29 266
Non-restricted reserves	0	0	0	0	0
Translation differences	1 207	-86	198	660	635
Loss for the period	-3 127	-5 462	-11 274	-18 565	-22 006
Closing balance	18 781	33 367	18 781	33 367	29 857

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF

<i>All figures in SEK, 000s</i>	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Cash flow from operating activities	-3 471	-734	-8 485	-10 320	-16 269
Cash flow from investment activities	-3	-1 029	-643	-4 596	-4 851
Cash flow from financing activities	-23	-106	-2 074	5 535	23 247
Cash flow for the period	-3 497	-1 869	-11 202	-9 381	2 127
Liquid assets, opening balance	3 884	1 896	11 543	9 289	9 289
Exchange rate differences in liquid assets	12	-2	58	117	127
Liquid assets, closing balance	399	25	399	25	11 543

FINANCIAL KEY FIGURES

<i>All figures in SEK, 000s</i>	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018 Jan - Dec
Financial key figures					
Net sales	6 144	4 515	17 673	14 390	20 754
Profit after financial items	-3 127	-5 462	-11 271	-18 562	-22 003
Return on equity (%)	neg	neg	neg	neg	neg
Equity per share, SEK	1,2	6,2	1,2	6,2	1,9
Equity/asset ratio, %	68 %	64 %	68 %	64 %	78 %
Earnings per share after dilution, SEK	-0,2	-1,0	-0,7	-3,4	-2,7
Earnings per share before dilution, SEK	-0,2	-1,0	-0,7	-3,4	-2,7
Number of shares at end of period	15 934 307	5 422 770	15 934 307	5 422 770	15 934 307
Weighted number of shares during period	15 934 307	5 422 770	15 934 307	5 422 770	8 072 253

DEVELOPMENT OF SHARE CAPITAL

Year	Development of share capital Activity	Number of shares		Share capital		Quota value
		Change	Total	Change	Total	
2016	Formation	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
2018	New issue	10 511 537	15 934 307	26 278 842	39 835 767	2,5

INCOME STATEMENT FOR PARENT COMPANY IN BRIEF

<i>All figures in SEK, 000s</i>	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Net sales	409	0	1 293	0	368
Other operating incomes	0	10	34	145	157
Operating expenses					
Purchased consultancy services	-674	-2 813	-2 413	-4 590	-5 763
Other external costs	-1 303	-1 349	-3 699	-5 067	-6 208
Employee benefit costs	-1 653	-1 433	-4 339	-3 512	-4 874
Depreciation/amortization of tangible and intangible assets	0	0	0	0	0
Other operating expenses	-11	-12	-55	-32	-81
Operating loss	-3 232	-5 597	-9 179	-13 056	-16 401
Financial net	0	-127	14	-337	-415
Loss after financial items	-3 232	-5 724	-9 165	-13 393	-16 816
Appropriations	0	0	0	0	-1 734
Taxes	0	0	0	0	0
Net loss for the period	-3 232	-5 724	-9 165	-13 393	-18 550

BALANCE SHEET FOR PARENT COMPANY IN BRIEF

<i>All figures in SEK, 000s</i>	2019 30 sept	2018 30 sept	2018
ASSETS			
Capital subscribed, but not yet paid in		30 041	
Fixed assets			
Intangible assets	6 742	5 070	6 264
Financial assets	18 799	18 699	18 799
Total assets	25 541	23 769	25 063
Current assets			
Current receivables	4 177	4 177	3 971
Cash and bank balances	26	38	9 497
Total current assets	4 203	4 215	13 468
TOTAL ASSETS	29 744	58 025	38 531
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	39 836	13 557	39 836
Non-registered share capital		26 279	
Fund for development fees	6 742	5 070	6 264
Unrestricted equity			
Share premium reserve	48 797	48 841	48 797
Balanced profit/loss, including loss for the year	-67 611	-51 616	-57 968
Total equity	27 764	42 131	36 929
Untaxed reserves			
Current liabilities	1 980	15 894	1 602
Total liabilities	1 980	15 894	1 602
TOTAL EQUITY AND LIABILITIES	29 744	58 025	38 531

STATEMENT OF CHANGES IN PARENT COMPANY'S EQUITY IN BRIEF

	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Opening balance	30 996	18 544	36 929	26 213	26 213
New issue	0	29 311	0	29 311	29 266
Loss for the period	-3 232	-5 724	-9 165	-13 393	-18 550
Closing balance	27 764	42 131	27 764	42 131	36 929

CASH FLOW STATEMENT FOR PARENT COMPANY IN BRIEF

<i>All figures in SEK, 000s</i>	2019 Q3	2018 Q3	2019 Jan - Sept	2018 Jan - Sept	2018
Cash flow from operating activities	-2 281	-1 738	-8 993	-6 853	-14 810
Cash flow from investment activities	0	-92	-478	-3 657	-4 851
Cash flow from financing activities	0	0	0	4 500	23 110
Cash flow for the period	-2 281	-1 830	-9 471	-6 010	3 449
Liquid assets, opening balance	2 307	1 868	9 497	6 048	6 048
Liquid assets, closing balance	26	38	26	38	9 497

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