

Annual Report 2019

Aino Health AB

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This English version is a translated summary of the official Swedish version of the Annual report. The Swedish version will prevail in case of any discrepancies.



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2019 IN BRIEF

The year 2019 in brief – Successful partnerships and new clients

Aino Health has during the financial year 2019 continued to develop the company in accordance with its strategy, which serves to strengthen its presence in Finland, Sweden, and Germany, and to continue to develop flexible services, user-friendly digital solutions, and to establish partnerships for indirect sales.

Finland

- Finla, one of Aino's partners, signed with two new clients, a company in energy production and a construction company, regarding the SaaS solution HealthManager.
- Aino sold its shares in the Finnish corporate healthcare company Maresan.
- 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 healthcare, signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- Nylands Arbetshälsa signed a partnership agreement regarding Aino's SaaS solution HealthManager.
- Along with Veritas Pension Insurance, Aino Health created a unique work ability support service with Veritas' clients as the target group.
- Aino signed an agreement regarding Aino's SaaS solution HealthManager with Attendo Finland. The order value of the agreement was KSEK 800 for the first year.
- Aino signed a new client agreement valued at around SEK 28 million with one of the world's largest American multinational IT companies regarding its operations in Finland. The agreement means that Aino Health will be digitalising and managing the client's processes regarding health-promoting measures for employees.

Sweden

- At the end of the year, Aino signed new client agreements with Centric and a retail and service company regarding the SaaS solution HealthManager.
- EFESO Consulting Nordics signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- Aino signed a client agreement with Rahms, a cleaning company based in Stockholm, regarding Aino HealthManager, including implementation.
- Aino signed an agreement regarding Aino HealthManager with a global company in customer service. The solution was deployed in just four weeks in both Sweden and Norway.
- Aino Health hosted the INSEAD seminar "Value Based Leadership and Business as a Force for Good" held in Stockholm in late March.
- The outcome of use of share options in Aino Health AB was 672 subscribed shares.

Germany

- ArcelorMittal extended and expanded its agreement with Aino Health Germany GmbH following performance of a pilot project.
- Aino Health's SaaS solution HealthManager was deployed to support Multi Contact's operations in Germany.
- 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.
- 55Birchstreet GmbH signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.

Events after the end of the year

- Aino and its partner Aava signed an agreement with Finnish VRJ Group.
- Aino signed a new client agreement with Finnish Kaksineuvoinen.
- Aino and Zalaris signed a partnership agreement.
- Aino signed a partnership agreement with UK-based Human Capital Consultancy, MCR.

COMMENTS FROM THE CEO

As I write this, we are in the middle of the covid-19 pandemic that is sweeping the globe.

The fact is that it is at times like these that companies of all sizes truly realise how valuable their employees and their health really are. It has been said many times before, but is now more than ever: our employees are our primary asset and if they are healthy and can perform at their peak, our companies will perform at their peaks, which ultimately benefits both the national and the global economy.

We are continuing our discussions with our partners, potential clients, and existing clients to see what we can do to support them right now and how we can work with them to plan for the future. This is because we know that companies will need clear processes and solutions in place after this pandemic in order to ensure, in a structured way, that their employees are healthy and can work under optimal conditions.

Looking back at 2019, we have had a positive development throughout the year and our business model, with a combination of result-based compensation and fixed fees, continued to show positive results.

It is particularly gratifying that we could see business gather momentum in Sweden, with several new deals signed, of which two came at the end of the year.

Current financing of the operations

To secure the future of the company, we have taken the following actions:

Most of the revenue is recurring and most agreements has a minimum notice period of 6 months.

- government guaranteed loan 2 MSEK
- delayed payments of taxes, employer costs and VAT

High client satisfaction

We have during the past year had a low share of clients leaving us, which indicates that we have satisfied clients that feel confident in us and our deliveries. This is also apparent in our latest measurement of our Net Promotor Score (NPS), which was +50, and our latest measurements of client satisfaction, where we got a rating of 4.6 out of 5.

Jyrki Eklund
CEO and President

BUSINESS CONCEPT, TARGETS, AND STRATEGIES

A retained focus on growth

Business concept

Aino's business concept is to develop and market IT-based and scalable tools for preventative management of employee absenteeism. The target group is management teams that need to increase the health awareness within their organisations, decrease absenteeism, and increase productivity.

Objective

Aino is in an expansion phase. The objective is to strengthen the company's position on existing markets and establish and develop the operations in the Nordic region and the rest of Europe.

Financial targets

Aino's financial goal is a strong annual growth through expansion onto new markets and organic growth on existing markets. Aino has as a goal that operations in new countries shall usually be self-sufficient as regards cash flow, without a need for further capital contributions, two years after establishment.

Mission

To contribute to strengthening
the competitiveness of companies by
offering solutions to manage employee health,
wellbeing, and security, and to decrease
absence-related costs.

Clients

The client base encompasses approximately 150 clients, of which about 30 – with a total of about 57,000 employees – use the service HealthManager. The company estimates that 20% of the clients are behind around 85% of Aino Health's net sales.

The clients pay either a fixed fee per employee and month, or in accordance with an incentive model based on the outcome and results of Aino's delivery.

Potential clients are service and industry companies and public sector organisations with more than 500 employees. Aside from using direct sales, Aino works with strategic partners that license Aino's scalable tools.

BUSINESS MODEL

Drivers and trends	Resources	Strategy and business model	Value creation	
<p>DEVELOPMENT OF ILL HEALTH</p> <p>Ill health has increased in the past years. It is primarily mental ill health that is increasing. A work climate with high requirements, loss of control, an imbalance between efforts and rewards, and conflicting roles are among the reasons highlighted.</p>	<p>MARKET LEADERS</p> <ul style="list-style-type: none"> • Aino provides a disruptive product and service portfolio for preventative management of organisations' employee absenteeism. • A strong market presence in Finland • Establishment phase in Germany and Sweden, with good references. • Data and delivery experience from over fifteen years of health-promoting work methods. 	<p>VISION</p> <p>We strive to create a world of healthy people and organisations.</p>	<p>FOR CLIENTS</p> <ul style="list-style-type: none"> • Lower absenteeism, with increased productivity and lower costs as a result. • Increased work ability and commitment among employees. • Increased transparency and better governance for personnel managers. • Availability on multiple markets. 	
		<p>STRATEGY</p> <ul style="list-style-type: none"> • Direct sales to key clients. • Indirect sales through partners • Geographic expansion. 		<p>MARKETS</p> <p>Direct sales to key clients, combined with indirect sales through partners in Finland, Germany, and Sweden. Sales through partners may also come into question on certain other markets.</p>
		<p>MARKETS</p> <p>Direct sales to key clients, combined with indirect sales through partners in Finland, Germany, and Sweden. Sales through partners may also come into question on certain other markets.</p>		
<p>A LACK OF RESOURCES AND COMPETENCE</p> <p>Many countries have a high age structure, which means there is also a constant demand for competence workers in many industries, for example the IT industry.</p>	<p>HIGH BARRIERS TO ENTRY ON THE MARKET</p> <ul style="list-style-type: none"> • High and specific product requirements. • Requirements on security and adaptation to regulations like GDPR. • A strong brand in the segment. • Strong, long-term client relationships. • A niche segment. 	<p>PRODUCTS AND SERVICES</p> <ul style="list-style-type: none"> • The SaaS solution HealthManager is a software service that supports corporate executives in managing employee absenteeism. • HealthDesk is a service for advice and management of illness among the clients' employees. • The analysis services Business Health Index, a brief, general analysis with action suggestions, and Business Health Audit, a deeper analysis at the individual level, with an action report and briefing at a workshop. • Consultancy services for practical management and analysis, as well as execution of measures to decrease the organisation's employee absenteeism. • AinoAnalytics Reports and analyses from HealthManager for increased insight among client companies and organisations. 	<p>FOR SHAREHOLDERS</p> <ul style="list-style-type: none"> • Growth on new markets. • Significant potential for increased value. 	
<p>DIGITALISATION</p> <p>We now live in a world that is undergoing a paradigm shift. Behaviours, structures, and processes in society are changing dramatically, and the driving force is the shift to digital services and tools. Digitalisation can be seen as both catalyst, facilitator, and threat in the current societal development. The ability to understand and react to digital technology and behaviours is now crucial, as it affects the entire company's operations and relationships with the surrounding world.</p>		<p>PERSONNEL RESOURCES</p> <ul style="list-style-type: none"> • Twenty-nine employees in three countries, of which nineteen are women. 	<p>FOR EMPLOYEES</p> <ul style="list-style-type: none"> • A meaningful contribution in an international organisation. • Job opportunities. • Competence development. • Salary and benefits. 	<p>FOR SOCIETY</p> <ul style="list-style-type: none"> • New innovative products for increased productivity. • Healthier citizens and decreased societal costs. • Higher tax revenue. • More competitive companies.

INITIATIVES FOR PROFIT AND GROWTH

Aino Health has during 2019 continued to develop and refine its sales channels – both direct and indirect – and improve its products to achieve simpler, faster use.

Successful partner strategy

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

The partnership strategy has continued to prove successful during 2019. Aino has entered into several partnership agreements, including with Monetra and Aava in Finland, EFESO in Sweden, and 55 Birchstreet in Germany.

MARKET AND TRENDS

PREVENTATIVE HEALTHCARE IS GROWING INCREASINGLY IMPORTANT

The growing levels of illness absence in workplaces around Europe is increasingly being highlighted as a widespread societal issue. This leads to greater market demand for new solutions in health and work environment, to solve the problem of high illness absence as a supplement to existing efforts in corporate healthcare. Currently, many companies are investing in their own health and wellness programs for their employees, in an effort to turn the negative development around. Despite large efforts, illness absence levels are continuing to increase and the average level in OECD countries is at around 6.5 percent. The difficulty for many employers is that a large part of the initiatives performed are not measurable and there are no tools available for identification and management of the underlying problems at an early stage.

Aino's markets

Aino's primary markets are Finland, Sweden, and Germany. One factor that these markets have in common is that more and more companies in the private sector are realising the benefits of a proactive approach to health and employee absenteeism. As the significance of sustainability is growing and more often becoming a matter for management teams, the understanding of the benefits of decreasing employee absenteeism is also increasing. A good work environment is now a top priority for management teams around the world, as it will lead to the company becoming more competitive and help it achieve its business targets and to retain or attract employees.

The market challenge that Aino solves

Aino Health was founded on the Finnish market, where the employers must pay illness allowance for the first ten days for their employees, and often must pay (the entire/a large part of the) pension for those who are placed on early retirement due to decreased work ability. This is a considerable cost and a driver for Finnish organisations to counteract the problem of absenteeism. On the Swedish market, the companies pay for the first fourteen days, except the first day, which is covered by the individual. This also becomes a large cost when personnel are frequently absent. On the German market, companies pay for the first 42 days, which is a very considerable cost for these companies.

Aside from the direct cost to companies mentioned above, many sectors – such as industry, logistics, healthcare, nursing, schools, etc. – experience a heavy workload among other personnel when they need to work to find resource replacements, or an increased workload on those remaining at work. This is a large hidden cost that negatively impacts on many organisations and quickly spirals with increasing absenteeism and decreased employee commitment, which in turn has a negative effect on productivity.

Competitors

Aino's competitors are primarily suppliers of traditional corporate healthcare in the countries where they operate.

Growth opportunities

Healthy business is a hot topic and the insight that preventative healthcare is key to the companies of tomorrow is growing stronger in both the public and private sector. Growth has been driven by an upward trend in illness absence throughout Europe in the last few years.

Digitalisation is changing the ways in which companies conduct their businesses. Many companies and organisations are reviewing their routines, which creates an opening for changes in the field of preventative healthcare as well.

The financial benefits of decreased illness absence levels, in the form of increased productivity and lower costs, are obvious. This, combined with the need to retain and develop competence, means that the growth opportunities for Aino are good.

PRODUCTS AND SERVICES

A COMPLETE TOOLBOX FOR PERSONNEL MANAGERS, EXECUTIVES, AND EMPLOYEES

The company's services are based on Software as a Service, a cloud service that provides software and system support for Health Management. The technology is globally applicable, with a growing focus on more sustainable health policy, which is expected to increase employee motivation and raise productivity and profitability for companies and organisations.

To achieve a scalable model for absence management, analytics, and actions, Aino has created a set of services and IT tools that together make up a total solution for executive teams, HR departments, personnel managers, and employees.

The IT platform HealthManager, the HealthDesk service, and the analysis services Business Health Index and Business Health Audit contribute to increasing productivity and efficiency for the company's clients. By analysing absence data and offering support for preventative corporate healthcare, the costs for employee absences can be decreased, while employee commitment is increased.

HealthManager

HealthManager is a scalable IT platform in the form of a cloud service (SaaS), that makes it possible for the management team to analyse absence data in real time and act proactively to minimise absenteeism. HealthManager is tailored for each client individually, and creates a systematic process and overview of ill health in the organisation. Through the statistics generated, the management team gets deep insights into the reasons for ill health in the workplace, enabling them to take preventative action.

HealthDesk

HealthDesk is a service for absence reporting. It is important to the efficiency of HealthManager that the information entered is correct and systematic. This is guaranteed by HealthDesk. Instead of notifying a close superior or HR department, the employees send their absence reports to HealthDesk, which is staffed by licensed healthcare personnel. They received the absence reports and file them in the cloud service HealthManager.

Business Health Index

The analysis service HealthIndex provides the client with a general analysis, based on real-time data, comparative data, and brief interviews. The client gets an index in relation to "best practices", suggested actions, and an understanding of the financial outcome.

Business Health Audit

With HealthAudit, the client gets an in-depth analysis, based on data at the individual level and interviews with personnel managers and employees. Based on our experience, reference data, and "best practices", we perform a workshop with the client to clarify the company's current situation. In a final report, we present recommended actions and their potential financial effects, as well as what general levels of wellbeing they could result in.

Consultancy services

Aino offers consultancy services for practical management and analysis, as well as execution of measures to decrease the employee absenteeism in the organisation. The services include outsourcing of the client's entire illness absence management, and system operations on behalf of the client. This is a full-scale solution for clients that want to focus on their core operations.

HISTORY

Over twenty years of successful operations

- 1994** Ainos dotterbolag sedan 2016, Aino Health Management Oy, grundades i Finland. Dotterbolaget levererade tjänster till finska försvarsmakten och vissa industriella aktörer. Verksamheten omfattade tjänster som främst befrämjade soldaters och medarbetares prestationsförmåga.
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- 1994** Aino's subsidiary since 2016, Aino Health Management Oy, was founded in Finland. The subsidiary delivered services to the Finnish Defence Forces and some industrial organisations. The operations involved services that heightened the performance capacity of soldiers and employees.
-
- 2002–2009** During these years, Aino conducted extensive research to understand health and wellbeing processes and their causes, from an individual and organisational perspective. These studies into absenteeism helped Aino develop the IT platform HealthManager and associated processes.
-
- 2009** The company performed a new share issue to a value of around SEK 5 million, to finance development of HealthManager and adaptation of the organisation to its current strategy.
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- 2010** Aino Health Management Oy focused its operations on companies and municipalities, launching a beta version of Aino HealthManager. The company turned a profit after several years of negative results.
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- 2012** Aino Health Management Oy launched the first commercial version of HealthManager, which was integrated with HealthDesk. Aino won several large client contracts, including with Stora Enso Finland, Konecranes Finland, and a number of municipalities. The company's profit continued its positive development.
-
- 2013** Aino Health Management Oy performed a restructuring of the company's capital structure, in order to pay off its long-term loans.
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- 2016** Aino Health AB was listed on OMX NASDAQ First North on December 16. The Aino Health group was created with Aino Health AB as the parent company. Ownership in Aino Health Management Oy was transferred to Aino Health AB through a non-cash issue.
-
- 2017** Aino initiated an internationalisation process, with a focus on strong growth in the Nordic region and Europe. The subsidiaries Aino Health Sweden AB and Aino Health Germany GmbH were founded.
-
- 2018** During the year, Aino increased its market shares on all its active markets through client contacts from well-known international companies like Finnair, ArcelorMittal and Multi Contact (part of the Otto Group) and from the municipality of Botkyrka. Furthermore, the company made the decision to develop a partner network as part of its growth strategy, so that Aino's products could reach more clients.
- Aino Health received around SEK 29.6 million in cash, before issuing costs, for an oversubscribed new (?) issue and a supplementary private placement share issue directed at Swedbank Robur Fonder.
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- 2019** Aino has during the year seen continued growth and increasing market shares on all its active markets through new clients, such as Rahms and Centric in Sweden, an American multi-national IT company as regards its operations in Finland, and new partnership agreements with Aava and Monetra in Finland and EFESO in Sweden.

DECREASED ILLNESS ABSENCE IN BOTKYRKA WITH AINO HEALTH

Aino's SaaS solution HealthManager is part of the venture "Work environment and health in focus" initiated by the municipality of Botkyrka in September 2018. The goal of the venture is to decrease absenteeism, create health-promoting workplaces, and keep absenteeism at a stable and low level. The results of the first seven months show decreased short-term illness absence by 3,860 days net, as compared with the corresponding period in the year before.

The venture "Work environment and health in focus", created by the municipality of Botkyrka, focuses on identifying individuals and workplaces within the municipality that have high levels of short-term illness absence. The goal is to decrease short-term illness absence levels by an average of 12% during three years.

Aino's role in the venture is to deliver Hälsosupporten, which involves receiving absence reports from employees, provide access to the HealthManager solution, and provide a dedicated physical trainer who supports employees and managers during absences and care talks. The care talks serve to identify early signs of ill health, so the parties can collaborate to implement improvement actions that can contribute to sustainable work ability.

The results are pointing in the right direction, with positive effects on short-term illness absence. Since the start in September 2018 and through March 2019, short-term illness absence decreased by 3,860 days net, as compared with the corresponding period in the year before. Aside from these, it can also be noted that the proportion of employees with recurrent short-term illness absence has decreased.

"We can see that there is a clear connection between the number of short-term illness absences and implementation of Hälsosupporten. The decrease in short-term illness absence this year means that we had personnel present in our operations, which leads to improved quality for our citizens. Now, our focus is on continuing to improve our work environment and health, and increase the quality of our operations," says Ingrid Wibom, HR manager.

"It is great to see that our services and solutions make a real difference in both the short and long term. We have already learned a lot through the work we have done with the municipality of Botkyrka and look forward to taking part in developing the project further," says Jyrki Eklund, CEO Aino Health.

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THE SHARE AND OWNERSHIP DISTRIBUTION

On 31 December, market capitalisation was SEK 94.3 million. The share capital was KSEK 39,836, distributed over 15,934,979 shares.

The share price at the end of the year was SEK 5.92 per share, while on 31 December, 2018, it was SEK 2.15. The number of shareholders at the end of the year was 823 and, of these, the ten largest owners owned 34.9 percent of the shares. No dividend was paid out for the year. Aino Health is in a development phase, aiming at commercial expansion. Any operational or cash surplus in the coming years is therefore planned to be reinvested in the development and operations of the company.

The ten largest owners on 31 December, 2019

Eklund Jyrki	1 764 836	11,1 %
Filip Engelbert	928 634	5,8 %
Jonas Nordlander	928 633	5,8 %
Saxelin Jochen*	506 038	3,2 %
Ovaskainen Mika	262 400	1,6 %
Frame Invest AB	260 670	1,6 %
Hermansson Erik	253 421	1,6 %
Six Sis AG	232 000	1,5 %
Roth Johan	220 600	1,4 %
Fahlin Johan	209 610	1,3 %
Other	10 368 137	65,1 %
Total	15 934 979	100 %

Source: Euroclear 30 December, 2019 and other reliable sources.

* Jochen Saxelin personally owns 325,060 shares, while Hirvensalmen Satama Koy, controlled by Jochen Saxelin and family, owns 180,978 shares.

MEMBERS OF THE BOARD AND MANAGEMENT

Tanja Ilic – Chairman of the Board

Tanja Ilic is currently the Managing Director of Ab Nanol Technologies Oy.

Tanja has a background from various managerial positions and from several different industries. She has recently left a position as the CEO at Svensk Fastighetsförmedling; previously she has been the VP at NasdaqOMX, Director at Atos Origin, Tacton Systems and held a number of positions at Ericsson. Tanja has also been part of international business, turn-around missions, expansions and start-ups in new markets. Former positions include being a board member at Nord Pool Clearing ASA and European Energy Exchange, and Chairman at Team Sportia.

Tanja holds an MBA from the Stockholm School of Economics, as well as a BA in Physical Education. She is a certified board member and was part of the Styrelsekraft program.

Chairman since

2019

Jyrki Eklund – Board Member and CEO

Jyrki Eklund has contributed to the implementation of corporate healthcare efforts as part of executive management efforts. He has been involved in various projects, including at the Finnish Institute of Occupational Health, and with them has introduced new ideas in corporate healthcare efforts for various professional groups. Before he took up his duties at Aino Health Management Oy, Jyrki worked in the technology consultancy field at Nedecon Oyj. He was in charge of internationalization projects at both board and management levels, and also worked as a regional manager in Singapore with Southeast Asia as his area of responsibility.

Board Member/CEO since

2016 / 2016

Martin Bunge-Meyer – Board Member

Martin has 15 years' experience of communication from working at companies such as Betsson, Vitamin Well and King Digital. He began his career as a share analyst at Aragon Fondkommission.

Martin can contribute with a solid understanding of the significance of Public Relations, internal communications, and investor relations.

Martin has a degree in economics from Stockholm University.

Board Member since

2019

Daniel Koob – Board Member

Daniel Koob is the founder and managing partner of Gulf Connect Ltd., an international boutique strategy consulting firm, based in London, with focus on strategic partnerships, disruptive business models and investment matchmaking. Daniel has an extensive background in strategy consulting from positions with Arthur D. Little, ZS Associates Inc. and Dr. Heinz Koob Management Consulting. He is focused on helping start-ups, multinational companies, private equity firms and sovereign entities achieve their growth objectives through creation and implementation of high impact strategies. As a quadrilingual executive with a track record of projects in over 50 countries, Daniel has specialized in identifying growth opportunities for his clients in mature and emerging markets alike, both through organic, partnering as well as M&A-based approaches – with measurable results.

Daniel holds an MBA ("Diplom-Kaufmann") from the University of Mannheim in Germany, and is a CFA charter holder.

Board Member since

2019

MEMBERS OF THE BOARD AND MANAGEMENT

Klas Bonde – Board Member

Klas Bonde is CEO and founder of PEAK-IT (currently known as Centric Professionals AB) and now runs the entire Nordic IT consultancy operation within Centric. After parallel studies in economy and computer science at Luleå University of Technology, Klas has had a series of managerial positions at various IT companies in Sweden, including at a start-up within e-commerce.

Klas has also been involved in the board of Almega Kompetensföretagen since 2013.

Board member since

2019

Jukka Rääkkönen – CTO

Jukka Rääkkönen returned to Aino Health Management in September 2016. Before that, he was the manager of Service Operations at Aino during the years 2012–2014. Outside of Aino, Jukka has spent over 17 years at Nokia Networks. There, he worked in various different positions in service operations, such as customer support, project management, and quality and process development. He had both global and regional responsibilities and was based in the Pacific region and Latin America for over 5 years. Furthermore, Jukka has been CIO of a listed company in Finland and has experience of working with corporate advising.

CTO since

2016

Johan Strömberg – Director Business Development & Consulting

Johan has 20 years' experience from building and selling companies, primarily in B2B and solution services. Johan has been CEO, business area manager, and management consultant in large international companies like Microsoft and Arthur Andersen, but also start-ups in SaaS solutions. Johan also has 20 years' experience as an executive and coach.

Director Business Development & Consulting since

2018

Jochen Saxelin – CFO

Jochen Saxelin has formerly worked as an auditor at KPMG, and before he joined Aino he worked as a controller at Nedecon Oyj.

CFO since

2016

Peter Seeger – Country manager Aino Health Germany

Peter Seeger has spent over 28 years working at a number of large global IT service companies. He has wide experience of leading international consultancy and retail firms in many different industries (such as healthcare, insurance, pharmaceuticals, and chemicals). The last 15 years he has been working as a sales manager/executive at CSC, Accenture, CapGemini, Hewlett Packard, Cognizant, and OpusCapita.

Country Manager Germany since

2017

MEMBERS OF THE BOARD AND MANAGEMENT

Ewa Johansson – Chief Commercial Officer

Ewa Johansson has more than 25-year experience of International Sales and Marketing. She started her career working in Germany, Berlin, for several Swedish subsidiaries and has during her entire career been commercially responsible for the German market. She has been involved in the development and establishment of SaaS solutions for several companies and has been Commercially responsible for subsidiaries in UK, Germany, France, Canada and USA. Her latest position has been as Managing Director and Senior Vice President Sales for a Swedish SaaS company in Germany and has been based there for two years. She is also a Member of the Board of the Swedish Chamber of Commerce in Germany.

Chief Commercial Officer since

2019

Petra Lindgren – CMO

Petra Lindgren has more than 15 years' experience in marketing and communications from the IT sector, where she has worked mostly with marketing and communications around SaaS-solutions. Petra started her career as a management trainee within the Tele2 group.

Petra holds a degree in Marketing and Management from the University of Northern Colorado.

CMO since

2019

Jaana Pylvänen – COO and Head of Service Development

Jaana is an experienced leader and operational executive with experience from innovative and scalable industries. She has international experience in telecom, design driven and property business.

Jaana has a long career in corporations and growth companies and has been recognized as an execution focused innovation driver and independent global project leader. She has been driving global change management programs in Nokia Networks for 12 years. Jaana has also been Innovation Director for a unicorn and driving education export for Finnish education, as well as experience in entrepreneurship. She has passion for workplace diversity and volunteers as a mentor in the startup ecosystem.

COO and Head of Service Development since

2019

DIRECTORS' REPORT

The Board of Directors and the President of Aino Health AB (publ), with the company registration number 559063-5073, herewith present the annual report for the Parent company and the Group for the financial year 2019.

The operations in brief

Aino Health is the leading supplier of solutions in Corporate Health Management. The Group's comprehensive system of SaaS solutions decreases illness absences, lowers connected costs, and improves business results through increased productivity and commitment among organisation employees when health, wellbeing, and safety become an integrated part of the daily work.

The Group consists of Aino Health AB (publ), the parent company of the Aino Health Group, with its registered office in Stockholm. Aino Health AB (publ) is a public limited liability company listed Nasdaq OMX First North and owns the wholly-owned Swedish subsidiary Aino Health Sweden AB and the wholly-owned Finnish subsidiary Aino Health Management Oy. Aino Health Management Oy, in its turn, the wholly-owned Finnish subsidiary Aino Active Oy. Thus, there is a sub-group in Finland, with Aino Health Management Oy as the parent company.

Financial position and liquidity

Aino Health AB will need to obtain additional capital going forward. The company estimates that the current liquidity will last until end of September 2020.

For the most part, Aino's revenue comes from so called recurring revenue. Most of our customer contracts also has a termination time of at least 6 months. This means that Aino's revenue has not been impacted significantly.

After all, in order to secure the future of the company we have taken the following measures:

- A state guaranteed loan of about 2 MSEK
- Delayed payments of taxes, VAT, and general payroll taxes.

Successful partnerships and New Clients

The year 2019 in brief – Successful partnerships and new clients Aino Health has during the financial year 2019 continued to develop the company in accordance with its strategy, which serves to strengthen its presence in Finland, Sweden, and Germany, and to continue to develop flexible services, user-friendly digital solutions, and to establish partnerships for indirect sales.

Finland

- Finla, one of Aino's partners, signed with two new clients, a company in energy production and a construction company, regarding the SaaS solution HealthManager.
- Aino sold its shares in the Finnish corporate healthcare company Maresan.
- 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 healthcare, signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- Nylands Arbetshälsa signed a partnership agreement regarding Aino's SaaS solution HealthManager.
- Along with Veritas Pension Insurance, Aino Health created a unique work ability support service with Veritas' clients as the target group.

- Aino signed an agreement regarding Aino's SaaS solution HealthManager with Attendo Finland. The order value of the agreement was KSEK 800 for the first year.
- Aino signed a new client agreement valued at around SEK 28 million with one of the world's largest American multinational IT companies regarding its operations in Finland. The agreement means that Aino Health will be digitalising and managing the client's processes regarding health-promoting measures for employees.

Sweden

- At the end of the year, Aino signed new client agreements with Centric and a retail and service company regarding the SaaS solution HealthManager.
- EFESO Consulting Nordics signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.
- Aino signed a client agreement with Rahms, a cleaning company based in Stockholm, regarding Aino HealthManager, including implementation.
- Aino signed an agreement regarding Aino HealthManager with a global company in customer service. The solution was deployed in just four weeks in both Sweden and Norway.
- Aino Health hosted the INSEAD seminar "Value Based Leadership and Business as a Force for Good" held in Stockholm in late March.
- The outcome of use of share options in Aino Health AB was 672 subscribed shares.

Germany

- ArcelorMittal extended and expanded its agreement with Aino Health Germany GmbH following performance of a pilot project.
- Aino Health's SaaS solution HealthManager was deployed to support Multi Contact's operations in Germany.
- 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.
- 55Birchstreet GmbH signed a partnership agreement regarding sale of Aino's SaaS solution HealthManager.

Events after the end of the year

- Aino and its partner Aava signed an agreement with Finnish VRJ Group.
- Aino signed a new client agreement with Finnish Kaksineuvoinen.
- Aino and Zalaris signed a partnership agreement.
- Aino signed a partnership agreement with UK-based Human Capital Consultancy, MCR.

Expected future development of the group and parent company

Aino Health's goal is to achieve powerful growth through organic growth on established markets and step-wise group through establishments on new geographic markets. The Group estimates that the company's operations in Sweden and Germany will contribute with positive cash flow toward the end of 2020 and that the operations in Finland will continue to grow with strong profitability.

Significant risks and uncertainty factors in the group and parent company

The Board of Aino Health AB (publ) makes the assessment that the most significant risks consist of the development of the market and technology; in other words, the reception of the company's relatively new services. This means that it can take time to gain acceptance among customers and get a strong foothold on the market. The company may need to acquire more capital in the future. There is a risk that the company cannot acquire further capital in the future, and there is a risk that the company cannot get further capital. A loss of key staff can have negative consequences. The aforementioned risks are listed without any internal order and there is no claim made that they cover the entire spectrum of risks.

The covid-19 epidemic may have significant impacts on Aino Health AB. At this time, April 19, 2020, the company finances have not been significantly impacted. However, some projects have been postponed. The company is monitoring the situation continuously.

Staff

The number of employees in the group was 29 at the end of the year, of which 19 were women. Aino Health as a group has values that constitute the basis for a joint corporate culture. These values are basic guidelines for how the Group conducts business.

Attracting and developing the most competent and committed employees is vital to the future of Aino Health. The Group strives to secure the competence, including encouragement of mobility, identify key skills, and promote gender distribution and equality. Strong leadership is a crucial factor to success. In recruitment of managers within and outside the organisation, the Group attaches great value to qualities aside from the applicant's formal background. The growth of the Group's managers is another vital factor.

Transactions with related parties

For information on remuneration to senior management and other transactions with related parties, see Note 5, Employees, employee benefit expenses, and fees to the Board.

Financial overview

The Group's net sales for the financial year were KSEK 25,873 (20,754). Other operating income for the same period was KSEK 56 (157) and consists of exchange rate differences. The Finnish sub-group is behind most of the Aino Health Group's total sales. The profit after financial items was KSEK -15,273 (-22,003) TSEK, including vital one-time costs for product development, restructuring, and internationalisation.

The number of shares at the end of the period was 15,934,979 and earnings per share for the Group were SEK -1.0. Cash flow for the Group was SEK -8.6 million. Cash flow from operating activities was SEK -10.8 million. Cash flow from investment activities was SEK -0.7 million, as a result of activation of product development costs in HealthManager.

Events after the end of the year

- Aino and its partner Aava signed an agreement with Finnish VRJ Group.
- Aino signed a new client agreement with Finnish Kaksineuvoinen.
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Multi-year review

Group			
<i>Sum, KSEK</i>	2019-12-31	2018-12-31	2017-12-31
Net sales	25 873	20 754	5 532
Balance sheet total	29 408	38 068	63 348
Profit after financial items	-15 273	-22 003	-5 981
Equity per share, SEK	0,9	1,9	-
Equity/assets ratio %	49	78	84,2
Earnings per share, SEK	-1	-2,7	-1,1

Parent company			
<i>Sum, KSEK</i>	2019-12-31	2018-12-31	2017-12-31
Net sales	4 541	368	-
Balance sheet total	33 713	38 531	28 639
Profit after financial items	-10 942	-16 816	-24 357
Equity per share, SEK	1,65	2,32	4,83
Equity/assets ratio %	78	95,8	91,5
Earnings per share, SEK	-0,67	-2,08	-4,5

Definitions: see note

Suggested appropriation of company's profit or loss

<i>At the disposal of the AGM</i>	<i>Sum, KSEK</i>
Balance brought forward	-58 205
Share premium reserve	48 764
Profit/loss for the year	-10 607
Total	-20 048
<i>The Board proposes that:</i>	
Balance carried forward	-20 048
Total	-20 048

As regards other aspects of the Group's and Parent company's results and position, please refer to the following income statements, balance sheets, and associated notes.

INCOME STATEMENT - GROUP

<i>Sums in KSEK</i>	Note	2019-01-01- 2019-12-31	2018-01-01- 2018-12-31
Operating income			
Net sales	3	25 873	20 754
Other operating income		56	157
		25 929	20 911
Operating expenses			
Consultancy services purchased		-1 727	-1 284
Other external costs	4	-12 900	-14 086
Employee benefit expenses	5	-23 427	-24 114
Depreciation/amortisation of property, plant and equipment and intangible assets		-2 282	-1 997
Other operating expenses		-	-84
Operating profit (loss)		-14 407	-20 654
Profit (loss) from financial items			
Profit (loss) from participation in associated companies	6	-517	-736
Interest income and similar profit (loss) items	7	12	13
Interest expense and similar profit (loss) items		-361	-626
Profit (loss) after financial items		-15 273	-22 003
Profit (loss) before taxes		-15 273	-22 003
Tax on profit (loss) for the year		-3	-3
Net profit (loss) for the year		-15 276	-22 006

BALANCE SHEET - GROUP

Sums in KSEK	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditure for development	8	6 502	6 334
Goodwill	9	12 295	13 903
		18 797	20 237
Tangible assets			
Equipment, tools, fixtures and fittings	10	347	306
		347	306
Financial assets			
Participation in associated companies	12	-	502
Other long-term receivables	13	1 339	45
		1 339	547
Total fixed assets		20 483	21 090
Current assets			
Inventories etc.			
Finished products and goods for resale		-	123
		-	123
Current receivables			
Accounts receivable - trade		4 402	3 577
Other receivables		381	980
Prepaid expenses and accrued income		1 100	755
		5 883	5 312
Cash and bank balances		3 042	11 543
Total current assets		8 925	16 978
TOTAL ASSETS		29 408	38 068

Equity and Liabilities

Sums in KSEK	Not	2019-12-31	2018-12-31
Equity	21		
Share capital		39 837	39 836
Other contributed capital		48 764	48 797
Other equity		-58 856	-36 770
Profit (loss) for the year		-15 276	-22 006
Total equity		14 469	29 857
Non-current liabilities			
Other liabilities to credit institutions	14	367	250
		367	250
Current liabilities			
Other liabilities to credit institutions	14	-	836
Bills payable		1 500	1 761
Tax liabilities		1	238
Other liabilities		9 108	1 769
Accrued expenses and deferred income	15	3 963	3 357
		14 572	7 961
TOTAL EQUITY AND LIABILITIES		29 408	38 068

STATEMENT OF CHANGES IN EQUITY - GROUP

	<i>Share capital</i>	<i>Other contri- buted capital</i>	<i>Other capital</i>	<i>Profit (loss) for the year</i>
Group				
Opening balance 1 Jan 2019	39 836	48 797	-36 770	-22 006
Redemption subscription options	1	2		
Costs of issues and guarantees		-35		
Appropriations as decided by AGM			-22 006	22 006
Translation differences			-80	
Profit (loss) for the period				-15 276
Equity 31 Dec 2019	39 837	48 764	-58 856	-15 276

CASH FLOW ANALYSIS - GROUP

Sums in KSEK	Note	2019-01-01 – 2019-12-31	2018-01-01 – 2018-12-31
Operating activities			
Profit (loss) before financial items		-14 407	-20 654
Adjustments for items not included in cash flow, etc.	17	2 282	1 997
		-12 125	-18 657
Interest paid		-674	-613
Income taxes paid		-240	-
Cash flow from operating activities before change in working capital		-13 039	-19 270
Cash flow from change in working capital			
Increase (-)/Decrease (+) of stock		108	123
Increase (-)/Decrease (+) of operating receivables		-397	-1 495
Increase (-)/Decrease (-) of operating liabilities		2 552	4 373
Cash flow from operating activities		-10 776	-16 269
Investment activities			
Investments of intangible assets		-478	-4 851
Acquisition of tangible assets		-227	-
Cash flow from investment activities		-705	-4 851
Financing activities			
Share options redeemed		-32	-
New issues		-	23 110
Loans taken		5 000	137
Amortisation of loans		-746	-
Pledges made		-1 295	-
Cash flow from financing activities		2 927	23 247
Cash flow for the year		-8 554	2 127
Cash and cash equivalents, January 1		11 543	9 289
Exchange rate differences in cash and cash equivalents		53	127
Cash and cash equivalents, December 31		3 042	11 543

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