

NICOCCINO™



Q2

INTERIM REPORT

1 APRIL – 30 JUNE 2015



Nicoccino Holding Development

SECOND QUARTER 1 APRIL – 30 JUNI 2015 SUMMARY

- Net sales for the second quarter amounted to 397 TSEK (0).
- Net income amounted to -7,4 MSEK (-5,6) or -0,56 SEK per share (-0,52).
- Cash flow from operating activities amounted to -7,4 MSEK (-10,3) or -0,56 SEK per share (-0,96).
- Nicoccino Holding's liquid assets were by the end of the period valued at 50 MSEK (24,7).
- During the second quarter distribution to the pharmacy market in the UK was initiated through a sales agreement with Skills In Healthcare, a contract sales arm of Walgreens Boots Alliance, and through an agreement with one of Europe's leading pharmaceutical distributors, AAH. The agreement today includes over 150 pharmacies in the UK.
- In May, a distribution agreement was signed with Fall Consulting regarding sales and distribution for Czech Republic and Poland.
- During the second quarter an agreement was also signed with Quantus GmbH regarding distribution sales of Nicoccino in Germany.
- During the period both a rights issue and a share issue was completed, contributing 54,4 MSEK excluding expenses. After the registration of the two new issues, the share capital amounted to 691 500 SEK divided between 13 830 000 shares.

SIX MONTH PERIOD 1 JANUARY – 30 JUNE 2015 SUMMARY

- Net sales amounted to 522 TSEK (0).
- Net income amounted to -16,2 MSEK (-5,6) or -1,33 SEK per share (-0,94).
- Cash flow from operating activities amounted to -15,2 MSEK (-15,3) or -1,25 SEK per share (-2,6).

EVENTS AFTER THE END OF THE REPORTING PERIOD

- Authorities in the Czech Republic have approved Nicoccino™ to be marketed and sold as a consumer product. The approval clarifies the categorization of Nicoccino within the European Union and paves the way for further sales in other EU countries.
- The United States Patent and Trademark Office has approved Nicoccino™ as a trademark in the US market.
- The shareholders of Nicoccino Holding AB have called an Extraordinary General Meeting on September 9, 2015, where the nomination of Jonas Nordquist as the new chairman will be presented along with a proposition for a share option plan for senior executives and key employees.





Comments from CEO

ACCELERATED SALES

The sales in the second quarter of 2015 increased more than threefold compared to the previous quarter, from 125 to 397 TSEK. The positive development is mainly due to increased sales to our distributors. According to our estimations the next six months of 2015 will surpass the past six months. With that said, I would like to highlight that the sales might be a subject to volatility between quarters, but the long term trend, is undoubtedly positive.

CLEAR STRATEGY

The accelerated sales of the past quarter is an effect of the clear strategy that we've cemented in our organization. In summary, the strategy focuses on increasing sales to distributors in order to reach more distribution channels. Our online sales, which is growing at a stable pace, is important to us in a sense that it expands our customer base. The larger the customer base, the more opportunities we'll have to reach new distribution channels. Even if online sales and sales to distributors are closely tied, my assessment is that the future of Nicoccino will rely on sales to distributors. We are offering our customers a consumer product that they want to use on a daily basis. Our mission is therefore to secure that our product is accessible to our customers without having to plan ahead.



CZECH REPUBLIC – AN IMPORTANT BREAKTHROUGH

The decision made by the agricultural ministry of the Czech Republic to approve our product is very pleasing. This means that our product - Nicoccino™ – is not to be classified as food, tobacco or a pharmaceutical product which allows us to market and sell the product as a consumer product. The approval is advantageous because, not only does it open the door to the Czech Republic but also for the entire European Union. We'll have access to a tobacco market with an estimated worth of 136 billion EUR.

In our industry, the regulatory assessment of the product is vital. The fact that the Czech Republic has approved Nicoccino as a consumer product is decreasing the company's risks involving regulations. The approval paves the way for continued offensive expansions.

A GROWING MARKET

Nicoccino acts on a market for alternative nicotine products, a market with strong growth. Some experts claim that within ten years, the global market for alternative nicotine products will grow larger than the market for cigarettes.

Summarizing the development in the past quarter, Nicoccino has acquired a platform for growth and gained substantial leverage on a market with strong underlying growth.

Michel Bracké,
CEO, Nicoccino Holding AB



About Nicoccino and our product

ABOUT THE COMPANY

Nicoccino AB develops and markets a patented, innovative and discrete nicotine product that instantly provides the user with nicotine without the detrimental side effects of traditional tobacco products. The product has the same name as the company - Nicoccino™ – and is manufactured through partners. Nicoccino is currently sold in the UK, Germany, Czech Republic, Poland and through our online platform (purenicoccino.com)

Nicoccino's head quarter is located in Täby outside of Stockholm and a sales office in London. The company's shares have been listed on Nasdaq Stockholm First North since June 2014 and can be found under the abbreviation NICO.

Remium Nordic AB is Nicocino Holding's Certified Adviser.

For further information, please visit: <http://nicoccino.se/en>

ABOUT THE PRODUCT

Nicoccino™ patented, innovative and discrete nicotine product that instantly provides the user with nicotine without the detrimental side effects of traditional tobacco products. Nicoccino™ is a consumer product that contains nicotine. The purpose of the product is primarily to offer smokers an attractive alternative when they do not want or have the possibility to smoke.

The product itself is a wafer thin and alginate based film about the size of half a stamp. Every Nicoccino film contains 1 milligram of nicotine. The product contains medically classified nicotine and alginate, extracted from brown seaweed, as well as natural flavourings and aromas. All additional substances are medically approved.

Nicoccino is easily applied discretely under the lip or any other mucous membrane in the mouth. Within just a few minutes, the nicotine has been expended and the film has been dissolved and disappeared without leaving any residue.





Nicoccino Holding AB (publ)

VISION

The Company's vision is to become the global leader in the rapidly growing market of alternative nicotine products and, in the long-term, become a leading player in the market for non-prescription medicinal nicotine products.

BUSINESS IDEA

Nicoccino Holding will commercialize nicotine products for markets where the Company's patented technology provide clear and distinct competitive advantage.

BUSINESS MODEL

Nicoccino Holding will sell Nicoccino directly to consumers via the e-platform. Retail and wholesale channels are added as complements to the direct selling. Production and logistics have been outsourced to external parties.

THE BRAND

Nicoccino™ is a trademark owned by Nicoccino AB, with approval in all EU member states. Logotype, symbols and graphic design was approved in October 2014. Nicoccino™ has also been approved in the United States, China, Switzerland, Norway, Kazakhstan, Monaco, Russia and Turkey. Applications for Canada, Israel and South Korea are pending.

PATENTS

Nicoccino is licensing a patent ("the Film Patent") and owns a patent application ("Nicotine Patent Application").

This patent aims to protect the production of a film that dissolves in the mouth when attached to a mucous membrane, releasing an active substance into the bloodstream via the membrane in the process. The patent is exclusive and it is licensed to the Company during the patent's period of validity for products containing nicotine. The Company pays no royalties for the license, but will cover any costs related to retaining the patent. The application for "the Film Patent" was made 2006. The Patent Application (PCT-application) is so far approved and protected by eleven countries (Sweden, USA, China, Russia, Japan, Australia, New Zealand, South Africa, Israel, South Korea and Canada) until 2026.

This patent application aims to protect the capability of quickly supplying nicotine via mucous membranes in the mouth using a product that can be stored in room temperature without breaking down the nicotine. This patent application, which is an extension to the Film Patent, was submitted in 2012 and has now entered the PCT phase of the process. In the countries where the patent has been approved, protection will be provided until 2032.



Operations second quarter

SALES

- Continued growth of registered customers on our online platform during the past quarter.
- Sales increased threefold compared to the first quarter. The rapid growth can be explained by increased sales to distributors.
- Launched an online platform for distributors (trade.purenicoccino.com).
- Online platform for the German market was launched.
- During the second quarter Nicoccino has expanded its sales organization with sales agents. This sales is commission based and is primarily targeting hotels, restaurants, bars and e-cigarette retailers.

MARKETING AND THE BRAND

- The United States Patent and Trademark Office has approved Nicoccino™ as a trademark in the US market.
- James Higgs was recruited as Marketing Director, commencing after the summer. His responsibility will be to lead Nicoccino's global ventures including the company's brand and go-to-market strategy.

MANUFACTURING AND DEVELOPMENT

- The packaging of the product has been modified to increase manufacturing efficiency.





Sales and Net Income

Nicoccino Holding's operations commenced 2 april 2014 when Nicoccino Holding acquired Nicoccino AB, including its subsidiaries.

SECOND QUARTER, 1 APRIL – 30 JUNE 2015

- Net revenue for the second quarter of 2015 increased to 397 TSEK (125 TSEK), corresponds to an increase of 218 % compared to the first quarter.
- The sales development for the second quarter has been positive .
- The expenses have been stable during the quarter.
- Cash flow from operating activities amounted to -7,4 MSEK (-10,3) or -0,56 SEK per share (-0,96).
- Earnings before interest and taxes (EBIT) amounted to -6,9 MSEK (-5,6).
- Financial expenses equaled to -468 TSEK (26) and earning before taxes (EBT) amounted to -7,4 MSEK (-5,6).
- Net income for the period amounted to -7,4 MSEK (-5,6).

SIX MONTH PERIOD, 1 JANUARY – 30 JUNE 2015

- Net sales for the for the six month period amounted to 522 TSEK (0).
- The sales development for the period has been positive.
- The cost development has been stable for the period.
- Cash flow from operating activities amounted to -15,2 MSEK (-15,3) or -1,25 SEK per share (-2,6).
- Earnings before interest and taxes (EBIT) amounted to -15,7 MSEK (-5,6).
- Financial expenses equaled to -482 TSEK (26) and earning before taxes (EBT) amounted to -16,2 MSEK (-5,6).
- Net income for the period amounted to -16,2 MSEK (-5,6).



Financial Overview and Cash Flow

Nicoccino Holding's balance sheet total amounted to 166 MSEK compared to 142 MSEK at the end of the second quarter 2014. Equity amounted to 163 MSEK compared to 140 MSEK the corresponding period previous year, which presents us with an equity/asset ratio of 99 % at the end of the second quarter.

Cash flow from operating activities equaled to -15,2 MSEK (-15,3). Thanks to issues of shares, the financial position was positively affected.

Current cash including the long term financial investments amounted to 50 MSEK at the end of the second quarter, compared to 6,1 MSEK at the end previous quarter.

EMPLOYEES

Average amount of employees in the company was calculated to 9 (10).

In July, Nicoccino recruited James Higgs for the position as Marketing Director, starting after the summer.

INVESTMENTS AND DEPRECIATIONS

Investments for the period amounted to 0 TSEK. Depreciations reached -537 TSEK (-3).

TAXES

The company has paid 0 SEK in taxes for the period, thanks to carry loss forward. For further information, please find the Annual Report for 2014, note 1, page 21.

TRANSACTIONS WITH ASSOCIATES

No transactions has occurred between Nicoccino AB and associates that has affected its position or income.

PARENT COMPANY

The parent company Nicoccino Holdings net income amounted to -0,6 MSEK for the second quarter.

The parent companies liquid assets end of the period equaled to 24,6 MSEK.

SHARE CAPITAL AND THE STOCK

The share capital at the end of the period amounted to 0,55 MSEK divided with 13 611 000 shares.

A new share issue towards existing shareholders has been completed in first six months. 2,5 millions shares were emitted at the rate of 20 SEK and contributed 50 MSEK to the company prior to expenses.

In early July, the rights issue that was decided at the extra general meeting April 13th , was finalized. The share issue included 219 000 shares, of which 200 864 with pre-emption rights and 18 136 shares without. This issue contributed with 4,4 MSEK excluding expenses. After the registration of the two new issues, the share capital amounted to 691 500 SEK divided between 13 830 000 shares. The above contributions to the company will mainly be used for entering new markets, accelerated commercialization through increased investments in the webshop platform and marketing of Nicoccino.

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There are 4 505 registered share holders in Nicoccino (June 30, 2015).

SHARE OPTION PLAN

Nicoccino Holding currently has two stock option schemes in place. The first scheme has 637 661 share options that each grants one (1) share at the price of 14.51 SEK per share, no later than October 15, 2016. In addition to this, Nicoccino Holding has issued 110,000 share options where every share option entitles its holder to subscribe to a new share in Nicoccino Holding at the price of 20 SEK per share no later than June 5, 2016.

RISKS AND INSECURITIES

Nicoccino is through its operations exposed to risk and uncertainties. Information about the company risks and uncertainties can be found on pages 7-9 in the 2014 Annual Report, which is available on the webpage (www.nicoccino.se).



Financial summary in brief

Group in thousands (unless otherwise specified)	1 Jan–31 Mar		1 Apr–30 Jun		1 Jan–30 Jun		1 Jan– 31 Dec
	2015	2014	2015	2014	2015	2014	2014
Operating income	125	–	397	–	522	–	108
Operating expenses	–8 926	–	–7 299	–5 588	–16 225	–5 588	–18 463
Earnings before interest and taxes	–8 801	–	–6 902	–5 588	–15 703	–5 588	–17 644
Earnings before taxes	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Net income	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Cash flow from operating activities	–7 805	–5 040	–7 406	–10 260	–15 211	–15 300	–21 519
Earnings per share, SEK	–0,79	–	–0,56	–0,52	–1,33	–0,94	–2,05
Liquid assets end of period	6 140	50	49 955	24 705	49 955	24 705	13 966
Equity/asset ratio	97%	100%	99%	99%	99%	99%	98%
Key performance indicators							
Return on equity, %	neg	neg	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg	neg	neg
Equity/asset ratio	97%	100%	99%	99%	99%	99%	98%
Investments in financial assets	–21	–	–	–	–	–21	–268
Employees at end of period	10	1	12	4	12	4	4.5
Earning per share, before dilution, SEK	–0.79	–	–0.56	–0.52	–1.33	–0.94	–2.05
Earning per share, after dilution, SEK	–0.79	–	–0.56	–0.52	–1.33	–0.94	–2.05
Equity per share, SEK	10.74	3.77	12.00	12.60	12.00	12.60	11.53
Cash flow from operating activities per share, SEK	–0.70	–	–0.56	–0.96	–1.25	–2.59	–2.50



Consolidated Statement of Comprehensive Income

Group in thousands (unless otherwise specified)	1 Jan–31 Mar		1 Apr–30 Jun		1 Jan–30 Jun		1 Jan– 31 Dec
	2015	2014	2015	2014	2015	2014	2014
OPERATING SALES							
Net sales	125	–	397	–	522	–	108
Other revenues	–	–	–	–	–	–	711
Total revenues	125	–	397	–	522	–	819
OPERATING EXPENSES							
Purchased goods	–100	–	–195	–	–295	–	–523
External expenses	–5 994	–	–5 015	–4 390	–11 009	–4 390	–13 719
Personnel expenses	–2 563	–	–1 821	–1 195	–4 384	–1 195	–4 206
Depreciation and revaluations	–269	–	–268	–3	–537	–3	–15
Total expenses	–8 926	–	–7 299	–5 588	–16 225	–5 588	–18 463
Earning before interest and tax (EBIT)	–8 801	–	–6 902	–5 588	–15 703	–5 588	–17 644
FINANCIAL INCOME AND EXPENSES							
Financial net	–14	–	–468	26	–482	26	216
Earnings before tax (EBT)	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Income tax	–	–	–	–	–	–	–
Net income	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Attributable to shareholders of the parent company	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Minority interest	–	–	–	–	–	–	–
Average amount of shares, before dilution	11 111	1 129	13 194	10 672	12 153	5 900	8 506
Average amount of shares, after dilution	11 859	1 129	13 942	11 420	12 901	6 648	9 253
Earnings per share, SEK	–0,79	0,00	–0,56	–0,52	–1,33	–0,94	–2,05
OTHER COMPREHENSIVE INCOME							
Net income	–8 815	–	–7 370	–5 562	–16 185	–5 562	–17 428
Other comprehensive income, before taxes	43	–	43	–1	43	–1	–174
Total comprehensive income	–8 772	–	–7 327	–5 563	–16 142	–5 563	–17 602
Attributable to shareholders	–8 772	–	–7 327	–5 563	–16 142	–5 563	–17 602
Minority interest	–	–	–	–	–	–	–



Consolidated Statement of Financial Position

Group in thousands (unless otherwise specified)	30 Jun		31 Mar		31 Dec
	2015	2014	2015	2014	2014
ASSETS					
Non-current assets					
Tangible assets					
Machinery & equipment	59	50	62	–	45
Installations in properties	186	–	197	–	208
Intangible Assets					
Development funding	4 342	5 323	4 583	–	4 824
Goodwill & Intangible property rights	105 154	104 628	105 166	–	105 180
Financial Assests					
Total non-current assets	109 741	110 001	110 008	–	110 257
Current Assets					
Inventories	5 409	4 786	5 115	–	5 366
Accounts receivable	1 085	2 675	1 210	5 040	852
Short-term financial investments	24 609	–	–	–	–
Cash and bank	25 346	24 705	6 140	50	13 966
Total current assets	56 449	32 166	12 465	5 090	20 184
TOTAL ASSETS	166 190	142 167	122 473	5 090	130 441
Equity and liabilities					
Equity					
Total equity	163 334	140 040	119 340	5 090	128 113
Liabilities					
Non-current liabilities	–	–	–	–	–
Current liabilities	2 856	2 127	3 133	–	2 328
Total liabilities	2 856	2 127	3 133	–	2 328
TOTAL EQUITY AND LIABILITIES	166 190	142 167	122 473	5 090	130 441



Consolidated Statement of Changes in Equity

GROUP, 1 JAN 2015–30 JUN 2015					
in thousands (unless otherwise specified)	Share capital	Other capital contributions	Translation reserves	Retained Earnings	Total shareholder's equity
Opening balance 2015-01-01	556	145 158	-174	-17 428	128 112
Total changes in equity					
Income for the period				-8 815	-8 815
Total comprehensive income for the period			43		43
Transactions with shareholders					
Issue of shares	-	-			
Closing balance 2015-03-31	556	145 158	-131	-26 243	119 340
Total changes in equity					
Income for the period				-7 370	-7 370
Total comprehensive income for the period			138		138
Transactions with shareholders					
Issue of shares	125	51 101			51 226
Closing balance 2015-06-30	681	196 259	7	-33 613	163 334



Consolidated Statement of Cash Flow

Group in thousands (unless otherwise specified)	1 Jan–31 Mar		1 Apr–30 Jun		1 Jan–30 Jun		1 Jan– 31 Dec
	2015	2014	2015	2014	2015	2014	2014
OPERATING ACTIVITIES							
Income after financial items	-8 815	-	-7 370	-5 562	-16 185	-5 562	-17 428
Depreciation	269	-	268	3	537	3	15
Cash flow from operating activities before change in working capital	-8 546	-	-7 102	-5 559	-15 648	-5 559	-17 413
Change in working capital	741	-5 040	-304	-4 701	437	-9 741	-3 890
Cash flow from operating activities	-7 805	-5 040	-7 406	-10 260	-15 211	-15 300	-21 303
INVESTING ACTIVITIES							
Acquisition of subsidiaries	0	-	-	-	-	-	782
Investments in intangible fixed assets	0	-	-	-	-	-	-5 360
Investments in tangible fixed assets	-21	-	0	-	-21	-	-268
Cash flow from investing activities	-21	-	0	-	-21	-	-4 846
Cash flow after net investment	-7 826	-5 040	-7 406	-10 260	-15 232	-15 300	-26 149
CASH FLOW AFTER NET INVESTMENT							
Tillskjutet kapital	0	5 040	51 226	34 915	51 226	39 955	40 115
Kassaflöde från finansieringsverksamheten	0	5 040	51 226	34 915	51 226	39 955	40 115
PERIODENS KASSAFLÖDE	-7 826	0	43 820	24 655	35 994	24 655	13 966
Liquid assets beginning of period	13 966	50	6 140	50	13 966	50	0
Exchange rate differences in liquid assets	0	0	5	0	5	0	2
Liquid assets at end of period	6 140	50	49 955	24 705	49 955	24 705	13 966



Parent Company Income Statement

Parent company in thousands (unless otherwise specified)	1 Jan–31 Mar		1 Apr–30 Jun		1 Jan–30 Jun		1 Jan– 31 Dec
	2015	2014	2015	2014	2015	2014	2014
OPERATING SALES							
Net sales	-	-	-	-	-	-	-
Revenues	750	-	750	-	1 500	-	2 000
OPERATING EXPENSES							
External expenses	-272	-	-438	-130	-710	-130	-1 020
Personnel expenses	-474	-	-505	-399	-979	-399	-1 602
Depreciation and revaluations	0	-	0	0	0	0	0
Total expenses	-746	-	-943	-529	-1 689	-529	-2 622
Earning before interest and tax (EBIT)	4	-	-193	-529	-189	-529	-622
FINANCIAL INCOME AND EXPENSES							
Financial net	0	-	-390	0	-390	0	60
Earnings before tax (EBT)	4	-	-583	-529	-579	-529	-562
Income tax	-	-	-	-	-	-	-
Net income	4	-	-583	-529	-579	-529	-562



Parent Company Balance Sheet

Parent company in thousands (unless otherwise specified)	30 Jun		30 Jun		31 Dec
	2015	2014	2015	2014	2014
ASSETS					
Non-current assets					
Financial assets					
Shares in related companies	118 099	105 599	118 099	–	118 099
Total non-current assets	118 099	105 599	118 099	–	118 099
CURRENT ASSETS					
Receivables related companies	29 523	15 819	22 441	5 040	14 831
Accounts receivable	109	25	139	–	41
Short-term financial investments	24 609				
Cash and bank	24 610	23 938	5 354	50	12 857
Total current assets	78 851	39 782	27 934	5 090	27 729
TOTAL ASSETS	196 950	145 381	146 033	5 090	145 828
EQUITY AND LIABILITIES					
Equity					
Restricted equity	681	556	556	57	556
Nonrestricted equity	195 118	144 519	144 601	5 033	144 597
Total equity	195 799	145 075	145 157	5 090	145 153
Liabilities					
Long term liabilities	–	–	–	–	–
Current liabilities	1 151	306	876	–	675
Total liabilities	1 151	306	876	–	675
TOTAL EQUITY AND LIABILITIES	196 950	145 381	146 033	5 090	145 828



The Group management and the CEO certify that the interim financial report gives a fair view of the performance of the business, position and income of Nicoccino Holding AB. It aims to describe the principal risks and uncertainties that the company and its subsidiaries face.

Stockholm, August 27th 2015
The Board of Directors and the CEO for
NICOCCINO HOLDING AB (publ)

Erik Nerpin

Chairman

Johan Thorell

Board member

Torbjörn Kemper

Board member

Michel Bracké

CEO, Nicoccino Holding AB

Johan Cram

Board member



Accounting principles and Notes

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and IFRS, endorsed by EU. The parent company applies the Swedish Annual Accounts Act and RFR2, Reporting For Legal Entities.

Definitions and Key Performance Indicators

Earnings per share

Net income divided with average amount of shares.

Average amount of shares

The average amount of shares in Nicoccino Holding AB are calculated based on the weighted historical amount of outstanding shares in Nicoccino Holding AB after every new share issue, multiplied with the number of days the shares been outstanding.

Equity/Asset Ratio

Equity in relation the company's assets.

Return on Equity

Earnings before taxes (EBT) in relation to equity.

Return on capital employed

Earnings before taxes in relation to employed capital

Capital Employed

Equity plus loans which are not subject to interest

Equity per share

Equity divided by number of share on the closing date.

Cash flow from operating activities per share

Cash flow from operating activities divided with average amount of shares

Cash flow per share

The cash flow at the end of the period divided with average amount of shares.

FINANCIAL CALENDER

27 Nov 2015 Interim report July – Sept 2015

26 Feb 2016 Annual year report 2015

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The information Nicoccino AB (publ) releases is provided according to financial regulations for the stock market and/or the law for trade with financial instruments. The information is prepared to be published on 27 August 2012, 08:00am. The report has to be communicated in Swedish and English. If differences between the versions exist, the Swedish version is pertained.