



# Q1 INTERRIM REPORT

JANUARY – MARCH 2016  
NICOCCINO HOLDING AB (publ)

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## Nicoccino Holding Development

### FIRST QUARTER SUMMARY JANUARY – MARCH 2016

- The Patents and Registration Office in Singapore is the first official agency to approve the Company's own nicotine patent which enhances and extends the protection of the product until 2033.
- A new strategy was formed with an increased focus on creating a product platform that can be used by partners who wish to establish themselves in the market of Nicotine Replacement Therapy (NRT) or want to expand their existing product portfolio. This new strategy has resulted in the prioritization of achieving a drugs classification for when entering new partnerships.
- Due to the prioritized drug classification the company will reduce its focus on sales to consumers. The consequence is that all contracts with dealers and distributors has been terminated.
- Former CFO Hans Richter has replaced Anders Stensson who left his position in March.
- Parts of the management team will, in the middle of the second quarter, leave their positions in relation to termination of the organization in the UK.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

- Nicoccino Holding has updated its business model, strategic goals as well as the company's vision and mission in order to reflect the revised company strategy which was decided in the first quarter.

## Comments from CEO

### **From consumer product to a Nicotine Replacement Therapy**

In 2014/2015 a commercial test launch was conducted in the UK where Nicoccino™ was sold as a consumer product online and in retail. This introduction confirmed that the product works and that there is a great potential for this new type of nicotine product.

We are now shifting our strategy from selling a consumer product to focus on developing a drug classified product directed towards partners.

This has resulted in major changes for the Company during the first quarter. Our sales and marketing team in the UK were terminated and part of the management team decided to move on to new challenges. The Company will be reducing its costs significantly and therefore we don't see the need for additional funding within the coming 12 months.

### **Re-organization**

Currently we are concluding our business arrangements in the UK and internationally, and strives to make it as cost efficient as possible. Some agreements will continue into the third quarter but in my opinion it will not lead to any additional costs for the Company.

The marketing activities for Nicoccino™ is being finalized and eventually we will also come to an end for the warehousing and distribution activities.

### **New focus**

Classifying the product as a Nicotine Replacement Therapy (NRT) is an original objective for Nicoccino and we are now increasing the focus to undergo the process. We have advanced discussions with a few manufacturers that we consider a great fit to our new business model. Our goal is to produce the nicotine product in a new pharma graded facility and thereafter enter the clinical study. Sales

During the first quarter sales has been satisfying and exhibit strong percentage growth in both retail and online. Sales has been volatile and is influenced by price related campaigns, foremost online.

Maintenance of the retail business is a very cost intensive activity to achieve satisfactory consumer knowledge. Nicoccino is too small to do this efficiently on its own.

### **Future expectations**

As we are shifting from a consumer product to a licensed drug, the regulatory challenges will be reduced and the potential for selling a smoking cessation globally will increase.

In line with previous communications we have frequent meetings with international players in order to create license partnerships or to sell Nicoccino's patent rights. We see a great interest for the product and its features.

Nicoccino's possibilities for market success is dependent on how well we handle the regulatory challenges, and a drug classification drastically reduce these challenges.

## About Nicoccino and our product

### ABOUT THE COMPANY

Nicoccino has developed an innovative and patented nicotine product that after completion of a clinical study will be classified as a medicine for smoking cessation (Nicotine Replacement Therapy – NRT). With a clear classification, regulatory uncertainty will be reduced and new markets will open up that would otherwise not be accessible. Sales to consumers will be managed indirectly through a license model with international partners who are more financially equipped to reach out globally.

In 2014/2015 a commercial test launch was conducted in the UK where Nicoccino™ was sold as a consumer product online, and in retail. This introduction confirmed that the concept works and that there is a great potential for this new type of nicotine product.

In early 2016 a new strategy was formed with an increased focus on creating a product platform that can be used by partners who wish to establish themselves in the market of Nicotine Replacement Therapy (NRT) or want to expand their existing product portfolio. This new strategy has resulted in the prioritization of achieving a drugs classification for when entering partnerships.

Nicoccino has its head quarter located in Täby outside of Stockholm. The company's shares are listed on Nasdaq Stockholm First North since June 2014 and can be found under the abbreviation NICO.

Remium Nordic AB is the Nicoccino's certified adviser.

For further information, please visit: [www.nicoccino.se/en](http://www.nicoccino.se/en)

### ABOUT THE PRODUCT

Nicoccino has developed a patented, innovative and discrete strip that through its unique delivery method instantly provides the user with nicotine without the detrimental side effects of smoking.

The product is designed to offer smokers an attractive alternative when they want to quit smoking. After a pharmaceutical approval, the product will be sold as a smoking cessation drug (Nicotine Replacement Therapy – NRT).

Once the strip is placed under the lip and onto the gum, it delivers a quick and potent nicotine effect. Within a couple of minutes the nicotine has been expended and the film dissolves without leaving any residue in your mouth.

The platform is formulated in Sweden and is the result of over ten years of research and development.

The strip itself is leaf thin and alginate based, about half the size of a stamp. Each dose contains 1 mg of medically classified nicotine, an alginate base (extracted from brown seaweed), as well as natural flavorings and aromas. All additional substances are medically approved.

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**For more information, visit Nicoccino's website [www.nicoccino.se/en](http://www.nicoccino.se/en), or contact:**

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*The information Nicoccino Holding 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 25<sup>th</sup> May 2015, 08:00am. The report has to be communicated in Swedish and English. If differences between the versions exist, the Swedish version is pertained.*