

# Nicoccino's Board of Directors proposes a rights issue of units of SEK 25 million to enable in-house production

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The Board of Directors of Nicoccino Holding AB (publ) ("Nicoccino" or the "Company") has today decided to suggest an issue of units consisting of shares and warrants with preferential rights for existing shareholders of SEK 24.9 million (the "Rights Issue"). The decision of the Rights Issue will be made at the annual general meeting May 5, 2022. The notice to the annual general meeting will be published in a separate press release. Subscription commitments and underwriting commitments corresponding to 65 percent of the Rights Issue have been secured from existing larger shareholders, including members of the Board of Directors, and management. The guaranteed amount enables the Company to order a coating machine already in April. The acquisition of the coating machine is the last step in Nicoccino's efforts to establish in-house production of nicotine strips.

## Summary

- The Board of Directors of Nicoccino has decided to suggest to the annual general meeting held on May 5, 2022, to carry out a Rights Issue of units consisting of shares and warrants of series TO1.
- If fully subscribed, the shares will provide the Company with up to SEK 24.9 million, before issuing costs, in June 2022.
- If fully utilized, the warrants will provide the Company with up to an additional 24.9 million, before issuing costs, in September 2023.
- Subscription commitments and underwriting commitments corresponding to 65 percent of the Rights Issue have been procured from existing larger shareholders, including members of the Board of Directors, and management.
- All shareholders are proposed to receive one (1) unit right for each one (1) share owned on the record date, May 12, 2022. Fifteen (15) unit rights are proposed to give the right to subscribe for one (1) unit. One (1) unit is proposed to consist of six (6) newly issued shares and four (4) warrants of series TO1.
- The proposed subscription price per unit is SEK 18.00, corresponding to SEK 3.00 per share, the warrants are issued free of charge.
- The subscription period for the Rights Issue is proposed to run from May 16, 2022, to May 30, 2022.
- The Rights Issue is proposed for the purpose of enabling the Company to acquire a coating machine, associated equipment, and completion of the production facility, enabling in-house production of nicotine strips.
- The coating machine is planned to be installed during Q1 2023, with a production capacity of over two million consumer packs annually.

## Background and rationale for the Rights Issue

Since the implementation of the rights issue in 2020, Nicoccino has invested in automated packing equipment and ran test production of the slurry with several contract manufacturers. The Company has

concluded that contract manufacturing is neither economically feasible nor offers the sought flexibility and control. The Company has established that in-house production is the optimal way to enable commercial expansion. The guaranteed 65 percent of the Rights Issue enables Nicoccino to place an order of the coating machine already in April. The additional proceeds from the Rights Issue will be used for investments in the production facility and contribute to commercialization efforts with a focus on international collaborations. Nicoccino will continuously communicate with both shareholders and consumers to create optimal circumstances for the commercialization of nicotine strips during 2023.

The proceeds from the Rights Issue will be used for:

1. Acquisition of a coating machine and other items regarding in-house production
2. Adapting and preparing the production facility
3. Sales and marketing efforts

### Comment from the CEO

*- We are delighted to announce that our suggested capital raise has received solid support from existing shareholders, confirming continued confidence in Nicoccino. This financing round represents the final step to ensure that we secure end-to-end in-house production of our nicotine strips. By gaining full production control, we will be able to ensure manufacturing flexibility to produce what we want, when we want it, to meet market demand. In addition, this manufacturing setup will significantly lower our production costs. Once the order for the coating machine is placed, we will start commercialization by participating at tobacco trade fairs as well as direct negotiations with international partners. Based on customer insights and pilot sales we know that consumers enjoy our product. I am excited that in the next twelve months, with wider consumer awareness, we will finally be able to fully realize the potential of our nicotine strips. I look forward to issuing regular updates on our production and commercial progress.*

*Fredrik Laurell, CEO of Nicoccino*

### Terms for the Rights Issue

- All shareholders will receive one (1) unit right for each (1) share owned on the record date, indicatively May 12, 2022, and fifteen (15) unit rights give the right to subscribe for one (1) unit. One (1) unit consists of six (6) newly issued shares and four (4) warrants of series TO1.
- The subscription price per unit is SEK 18.00, corresponding to SEK 3.00 per share, the warrants are issued free of charge.
- The Rights Issue entails an issue of a maximum of 1,383,000 units, corresponding to 8,298,000 shares and 5,532,000 warrants of series TO1.
- The subscription period for subscription of units will run from May 16, 2022, to May 30, 2022.
- Upon full subscription in the Rights Issue, the Company receives approximately SEK 24.9 million, before issuing costs, in June 2022.
- Each warrant will give the holder the right to subscribe for one (1) new share in the Company. The subscription price corresponds to 70 percent of the volume-weighted average price of the Company's share on Nasdaq First North Growth Market during the period between September 4, 2023, and September 15, 2023, but not less than SEK 0.05 (the share's quota value) and not more than SEK 4.50.
- The exercise period for subscription of shares through exercise of the warrants will run between September 18, 2023, and September 29, 2023.
- In the event of full exercise of all warrants, the Company receives up to an additional SEK 24.9 million before issuing costs, in September 2023.
- Upon full subscription of the Rights Issue, the share capital will increase with SEK 414,900.00, through the new issue of shares in June 2022, from SEK 1,037,250.00 to SEK 1,452,150.00.
- Upon full exercise of the warrants the share capital will increase with an additional SEK 276,600.00, through the new issue of shares in September 2023, from SEK 1,452,150.00 to SEK 1,728,750.00.

- The shareholders in the Company who do not subscribe for units in the Rights Issue will be subject to dilution. The maximum increase in the number of shares in June 2022 corresponds to a dilution of 28.6 percent. The maximum increase in the number of shares in September 2023 corresponds to an additional dilution of 16.0 percent.
- The newly issued shares and warrants are intended to be admitted to trading on Nasdaq First North Growth Market after final registration with the Swedish Companies Registration Office.

### Subscription commitments and underwriting commitments

Subscription commitments and underwriting commitments corresponding to 65 percent of the Rights Issue have been procured from existing larger shareholders, including members of the Board of Directors and management. The subscription commitments and underwriting commitments are not secured through bank guarantees, pledges, or similar arrangements. For the underwriting commitments, an underwriting commission of ten (10) percent of the underwritten amount in cash compensation is paid. No compensation is paid for the subscription commitments.

### Investment memorandum

An investment memorandum and application forms are planned to be published during week 19 and will be available before the beginning of the subscription period on the Company's website, [www.nicoccino.se](http://www.nicoccino.se), and on Mangold Fondkommission AB:s website, [www.mangold.se](http://www.mangold.se).

### Preliminary timetable

May 5, 2022	The annual general meeting approves the Rights Issue
May 10, 2022	Last day of trading in Nicoccino's shares including the right to receive unit rights
May 11, 2022	First day of trading in Nicoccino's shares excluding the right to receive unit rights
May 12, 2022	Record date for obtaining unit rights. Shareholders who are registered in the share register kept by Euroclear Sweden AB on this day, receive unit rights for participation in the Rights Issue.
May 16 – May 25, 2022	Trading period with unit rights on Nasdaq First North Growth Market
May 16 – May 30, 2022	Subscription period for the Rights Issue
May 16 – June 14, 2022	Trading with BTU on Nasdaq First North Growth Market
June 1, 2022	Publication of issue outcome

### Advisers

Mangold Fondkommission AB is the financial advisor to Nicoccino in connection with the Rights Issue. Advokatfirman Lindberg & Saxon AB is the legal advisor to the Company in connection with the Rights Issue.

### For further information

Fredrik Laurell  
[fredrik.laurell@nicoccino.se](mailto:fredrik.laurell@nicoccino.se)  
 +46 733 98 0474

### Certified Adviser

Nicoccino's Certified Adviser is FNCA Sweden AB  
 +46 8 528 00 399

info@fnca.se

www.fnca.se

### **About Nicoccino Holding AB (publ)**

Nicoccino offers adult customers a safe and simple way to enjoy nicotine quickly and discreetly. Nicoccino's nicotine strips are available to purchase on [shop.nicoccino.se](http://shop.nicoccino.se). Nicoccino's headquarters is in Täby, outside Stockholm. The Company's share is listed on Nasdaq First North Growth Market since 2014 with the ticker NICO.

*This information is information that Nicoccino Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 2022-04-04 at 15.00 CEST.*

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This press release contains certain forward-looking information that reflects the Company's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development, and actual outcomes may differ materially from the statements set forth in the forward-looking information.