

Bio-on S.p.A.

Bio-on board of directors approves Draft Budget and IAS/IFRS Consolidated Financial Statement at 31 December 2018

- Consolidated revenues of 51 million Euro at 31 December 2018 compared to 11 million Euro at 31 December 2017;
- EBITDA of 42 million Euro at 31 December 2018 compared to 7 million Euro at 31 December 2017;
- EBIT of 40 million Euro at 31 December 2018 compared to 6 million Euro at 31 December 2017;
- Net income of 12 million Euro at 31 December 2018 compared to 5 million Euro at 31 December 2017;
- Negative net financial position (debt) of 23 million Euro compared to 24 million Euro (assets) in 2017 and shareholders equity of 59 million Euro compared to 47 million Euro at 31 December 2017;

Bologna, 30 March 2019 – The board of directors of Bio-on S.p.A., listed on the AIM Italia market and operating in the high quality bioplastic sector that produces, conducts applied research and develops modern industrial biofermentation technologies in the field of new eco-sustainable and completely naturally biodegradable materials, which met on 30 March 2019, approved the draft budget and the IAS/IFRS Consolidated Financial Statement of the year ending 31 December 2018.

The value of production is **51 million Euro**; the EBITDA is **42 million Euro** and the net income is **12 million Euro**.

The operative results, in net improvement on the previous year, are in line with the 2017-2020 industrial plan and reflect Bio-on's ability to execute clear strategies and make investments to boost its effects.

The main economic and financial data consolidated at **31 December 2018** is indicated below. Consolidated data is given as it does not shift significantly away from the values stated in the annual report of **31 December 2018**.

Detail in thousands of Euro

Year	2018	2017	changes%
Revenues	50,725	10,753	+372%
Gross Operating Income (EBITDA)	42,257	6,664	+534%
Net Operating Income (EBIT)	39,620	6,368	+522%
Net Income	11,932	6,368	+87%
Net Financial Position	(22,540)	24,226	-
Shareholders Equity	59,263	47,423	+25%

The financial position data is as follows:

- *Fixed assets 69,843 thousand Euro compared to 8,417 thousand Euro in 2017.*
- *Net working capital 13,152 thousand Euro compared to 15,761 thousand Euro in 2017.*
- *Net Invested Capital of 81,803 thousand Euro, inclusive of net working capital values of 13,152 thousand Euro, rose by 58,606 thousand Euro compared to 2017 data (23,197 thousand Euro) as a consequence of investments in fixed assets during the year.*
- *Group Shareholders Equity of 59,263 thousand Euro rose by 11,840 thousand Euro compared to 31 December 2017 (47,423 thousand Euro).*
- *The front-end net financial position at 31/12/2018 is positive (assets) by 830 thousand Euro, compared to a front-end net financial position at 31/12/2017 positive (assets) by 39,148 thousand Euro.*

Of the results achieved in **2018**, we highlight the performance of the **EBITDA**, which reaches approximately 42 million Euro and accounts for **83%** of revenues, a considerable increase on the forecasts (approximately 50%, which is currently the minimum objective) confirming the company's outstanding performance. Debt (NFP) is temporarily higher than the plan values due to the effect of major and strategic investments made by the company in line with the implementation of its short-medium term plans.

Net income, up 87% on the previous year, did not rise in proportion to the higher revenues due to Bio-on's equity investment in special purpose vehicles (New.Co. in joint venture with sector leaders) founded during the year to develop the finished and speciality products market. Investing in the special purpose vehicles of international leaders in the various sectors in which Bio-on is expanding - from fertilisers to tobacco, cosmetics, organic electronics and food packaging - will drive the growth and affirmation on the market of new exclusive products, designed and made with Bio-on bioplastic.

The special purpose vehicles strategy will enable Bio-On's recurring revenues to rise thanks to the generation of *running royalties* which, in addition to earnings from licensing and product sales (of which 13 million already collected in the first quarter of 2019), will guarantee an economic return on the current investments already confirmed for 2019.

We also highlight that, in 2018, the company further strengthened its **patents portfolio**, considerably increasing the number of registrations.

This ongoing activity is the result of major investments in research and development, which are the solid foundation for industrial growth in the years to come. The company is adapting to this growth by increasing its staff numbers, which in 2018 tripled to 84, most of whom are employed at the new production plant at Castel San Pietro Terme (BO).

The board of directors, which proposed investing the year's profit in equity reserves, also states that it has appointed the Chairman to call the Ordinary Shareholders' Meeting at the Bio-on S.p.A. registered office for a combined meeting on **30 April 2019**, to rule on the approval of the financial statement at **31 December 2018**.

Significant events and operations occurring after 31 December 2018 include:

- The presentation by **Unilever** and **Bio-on** of **“My Kai”**, the new line of ultra-green sun creams, the world's first product created using cosmetic ingredients developed by Bio-on. Production of the innovative sun cream line was completed successfully in March (2019) and is sold by Unilever in various distribution channels (in-store and online) from spring 2019.
This major milestone is the result of a strategic collaboration launched with Unilever in 2018, which also includes the launch of other products over the course of 2019.
- Start of work to expand the CNS laboratories (Cosmetics, Nanomedicine and Smart Materials) at the Castel San Pietro Terme industrial area.
- Start of preparations to expand production over the course of 2019 at the Castel San Pietro Terme industrial area.

The company's **Draft Budget** and Consolidated Financial Statement are subject to audit currently being completed and will be made available according to law at the registered office in Via Dante Alighieri 7/b, San Giorgio di Piano (BO), in Borsa Italiana SpA and in the Investor Relations section of the website www.bio-on.it, and will be subject to the approval of the Shareholders' Meeting to be held on 30 April 2019. This press release is available in the Investor Relations section of the company website www.bio-on.it. The summarised statement of financial position at 31 December 2018 and the reclassified income statement of the parent company Bio-on S.p.A. is attached.

CONSOLIDATED FINANCIAL POSITION

<i>Amounts in Euro</i>		31/12/2018	31/12/2017
A)	NON-CURRENT ASSETS		
	Property, plant and equipment	47,543,468	5,551,353
	Intangible assets	7,952,283	1,641,982
	Investments recorded in the shareholders equity	5,153,136	205,348
	Deferred tax assets	8,919,504	560,333
	Other non-current assets	275,041	458,475
	TOTAL NON-CURRENT ASSETS	69,843,432	8,417,491
B)	CURRENT ASSETS		
	Inventories	66,397	-
	Commercial credit	48,970,274	14,450,616
	Contractual activities	1,197,206	1,396,401
	Other current assets	10,028,083	3,771,797
	Current financial assets	11,544,683	25,121,012
	Cash and cash equivalents	6,585,764	15,823,912
	TOTAL CURRENT ASSETS	78,392,408	60,563,738
	TOTAL ASSETS (A+B)	148,235,839	68,981,229
	EQUITY AND LIABILITIES	31/12/2018	31/12/2017
C)	SHAREHOLDERS EQUITY		
	Share capital	188,253	188,253
	Other reserves	46,638,998	41,820,400
	Retained earnings	504,090	181,850
	Profit/ (losses) of Group activity	11,931,636	5,232,566
	TOTAL GROUP SHAREHOLDERS EQUITY	59,262,977	47,423,069
	Minority interest capital and reserves	-	-
	Minority interest economic result	-	-
	Total minority interest shareholders equity	-	-
	TOTAL SHAREHOLDERS EQUITY	59,262,977	47,423,069
D)	NON-CURRENT LIABILITIES		
	Long-term financial liabilities	23,369,740	14,922,021
	Employee benefits	203,735	136,823
	Deferred tax liabilities	-	44,912
	Provisions for risks and charges	989,057	800,000
	TOTAL NON-CURRENT LIABILITIES	24,562,532	15,903,756
E)	CURRENT LIABILITIES		
	Short-term financial liabilities	17,300,723	1,797,118
	Commercial debt	21,572,375	2,216,649
	Contractual liabilities	-	-
	Other current liabilities	25,537,233	1,640,637
	TOTAL CURRENT LIABILITIES	64,410,331	5,654,404
	TOTAL LIABILITIES	88,972,862	21,558,160
	TOTAL EQUITY AND LIABILITIES (C+D+E)	148,235,839	68,981,229

CONSOLIDATED INCOME STATEMENT OF THE YEAR

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
VALUE OF PRODUCTION		
Revenue from contracts with customers	50,346,519	10,080,722
Other revenues	378,113	672,481
TOTAL OPERATING REVENUES	50,724,631	10,753,203
PRODUCTION COSTS		
Raw materials and consumables	492,441	31,427
Services	4,866,741	2,186,922
Personnel	2,682,620	1,590,885
Fixed asset depreciation and write-downs	2,433,616	296,177
Write-downs of credit for impairment	204,008	-
Provisions for risks	-	-
Other operating costs	425,527	279,003
TOTAL PRODUCTION COSTS	11,104,953	4,384,414
OPERATING INCOME (A - B)	39,619,679	6,368,789
Financial income	430,928	209,757
Financial expenses	640,295	144,013
Adjustment of value of investment accounted for using the equity method	29,830,082	-
Net financial expenses	(30,039,450)	65,744
PRE-TAX PROFIT	9,580,229	6,434,533
Taxes	(2,351,407)	1,201,967
PROFIT/(LOSS) FOR THE PERIOD (E-F)	11,931,636	5,232,566
of which: Profit (losses) of minority interests	-	-
of which: GROUP PROFIT (LOSSES)	11,931,636	5,232,566
Basic group profit (losses) per share	0.63	0.31
Diluted group profit (losses) per share	0.63	0.24

CONSOLIDATED OVERALL INCOME STATEMENT

<i>Amounts in Euro</i>	31/12/2018	31/12/2017
NET INCOME	11,931,636	5,232,566
Other income statement components that will not be subsequently reclassified in the reporting period result (net of tax effect)	-	-
Total other income statement components that will not be subsequently reclassified in the reporting period result (net of tax effect)	-	-
Other income statement components that will be subsequently reclassified in the reporting period result (net of tax effect)	(92,502)	-
Total other income statement components that will be subsequently reclassified in the reporting period result (net of tax effect)	(92,502)	-
OVERALL NET INCOME	11,839,134	5,232,566
of which: Profit (losses) of minority interests	-	-
of which: OVERALL GROUP PROFIT (LOSSES)	11,839,134	5,232,566

CONSOLIDATED FINANCIAL STATEMENT

(amounts in Euro/000)	2018	2017
A. INITIAL LIQUIDITY	15,824	4,056
B. CASH FLOW FROM (FOR) PERIOD ACTIVITIES		
Profit (Losses) of the period	11,932	5,233
Taxes in income statement	(2,351)	1,202
Taxes paid	(426)	(9)
Depreciation	2,434	296
Write-downs and provisions for risks	-	-
Write-downs of credit for impairment	204	-
Capital gains	-	-
Net increase/(decrease) in Personnel Termination Indemnity Fund	67	43
B1. Profit (Losses) of period activity before changes to working capital	11,858	6,765
(Increase)/Decrease in credit and contractual activities of working capital	(40,781)	(8,497)
(Increase)/Decrease in inventories	(66)	-
Increase/(Decrease) in debts to suppliers, contractual liabilities and other debts	37,815	1,162
(Increase)/Decrease in accrued income and prepaid expenses	-	-
Increase)/Decrease in accrued expenses and deferred income	-	-
B.2 Effect of working capital changes	(3,032)	(7,335)
Cash flow for period activity (B1+B2)	8,826	(570)
C. CASH FLOW FROM (FOR) INVESTMENT ACTIVITIES		
Net changes in fixed assets:		
Net (investments) in intangible fixed assets	(8,224)	(1,184)
Net (investments) in tangible fixed assets	(42,512)	(4,443)
(Investments) financial fixed assets	(4,948)	(202)
Net change in non-current activities	183	(448)
Cash flow for investment activities	(55,501)	(6,277)
D. CASH FLOW FROM (FOR) FINANCIAL ASSETS		
Changes in medium-long term financial debt	8,357	14,537
Changes in short-term financial debt	15,504	1,472
Changes in loans	-	-
Distribution of dividends	-	16
Increase in share capital and reserves	-	27,711
Costs for increase in share capital and reserves	-	-
(Investments)/Disinvestments in financial assets available for sale	13,576	(25,121)
Cash flow for financial assets	37,437	18,615
E. CASH FLOW IN THE PERIOD (B+C+D)	(9,238)	11,768
F. FINAL LIQUIDITY (A+E)	6,586	15,824

Reclassified income statement

	31/12/2018	31/12/2017	Change
Net income	50,721,030	9,660,000	41,071,030
Other revenue and income	189,794	664,404	(474,610)
External costs	(6,213,105)	(2,218,428)	(3,994,677)
Value Added	44,707,719	8,105,976	36,601,743
Labour cost	(1,859,489)	(1,036,116)	(823,373)
Gross Operating Income	42,848,230	7,069,860	35,778,370
Depreciation, write-downs and other provisions	(2,391,853)	(839,971)	(1,551,882)
Operating Income	40,456,377	6,229,889	33,843,178
Financial expenses and income	(498,174)	(114,864)	(383,310)
Profit on ordinary operations	39,958,203	6,115,025	33,843,178
Revaluations and write-downs	(247,393)	(126,581)	(120,812)
Pre-tax profit	39,710,810	5,988,444	33,722,366
Taxes on income	(5,975,747)	(1,077,575)	4,898,172
Net income	33,735,063	4,910,869	28,824,194

Reclassified balance sheet

	31/12/2018	31/12/2017	Change
Net intangible fixed assets	7,944,777	1,641,982	6,302,795
Net tangible fixed assets	47,392,520	5,537,787	41,854,733
Equity investments and other financial fixed assets	18,534,393	2,587,533	15,946,860
Net fixed capital	73,871,690	9,767,302	64,104,388
Warehouse inventories	1,263,603	1,396,401	(132,798)
Loans to customers	15,530,469	11,700,616	3,829,853
Other credit	42,426,385	4,750,906	37,675,479
Accrued income and prepaid expenses	228,271	403,831	(175,560)
Short-term period activity	59,448,728	18,251,754	41,196,974
Due to suppliers	22,407,252	2,212,252	20,195,000
Payments on account		125,000	(125,000)
Tax and social security liabilities	5,712,242	672,928	5,039,314
Other debts	1,949,431	583,715	1,365,716
Accrued expenses and deferred income	98,183	1,320	96,863
Short-term period liabilities	30,167,108	3,595,215	26,571,893
Net working capital	29,281,620	14,656,539	14,625,081
Personnel termination indemnities	182,844	134,358	48,486
Other medium and long term liabilities			
Medium-long term liabilities	1,081,559	844,912	236,647
	1,264,403	979,270	285,133
Invested capital	101,888,907	23,444,571	78,444,336
Shareholders equity	(81,820,408)	(48,177,862)	(33,642,546)
Medium-long term net financial position	(23,178,431)	(14,922,021)	(8,256,410)
Short-term net financial position	3,109,932	39,655,312	(36,545,380)
Equity and net financial debt	(101,888,907)	(23,444,571)	(78,444,336)

Bio-on S.p.A.

Bio-on S.p.A. is an Italian Intellectual Property Company (IPC) operating on an international scale. Listed on the AIM segment of Borsa Italiana since 2014, Bio-on licenses and manufactures the world's most innovative bioplastics, conducting applied research and developing advanced bio-fermentation technologies, and cutting-edge natural and sustainable chemicals for the future. Bio-on's biopolymers, PHAs or polyhydroxyalkanoates, are made from renewable plant sources with no competition with food supply chains, including molasses and sugar beet and sugar cane syrups, fruit and potato waste, carbohydrates, glycerol, waste frying oil and even carbon dioxide in the atmosphere. Bio-on bioplastics, called Minerv PHAs, have the same thermo-mechanical properties as conventional oil-based plastics with the advantage of being completely eco-sustainable: 100% natural and 100% biodegradable, as certified by Vincotte and by USDA (United States Department of Agriculture). The great versatility of PHAs means Bio-on can produce Minerv PHAs bioplastic in microscopic dimensions to replace the invisible microbeads used in cosmetics products, in professional SLS 3D printers, fragrances, animal feed and many other applications. To promptly meet the exponentially rising and increasingly diversified demand, Bio-on, which is already working alongside big multinationals to develop alternatives to conventional plastics, operates through six Business Units: **Bio-on Plants**, **RAF**, **Recovery And Fermentation**, **CNS (Cosmetic, Nanomedicine & Smart Materials)**, **SMD (Structural Materials Developments)**, **fdm (Fashion Development Material)** and **ENG (Engineering)**.

www.bio-on.it

Press information: **Bio-on** – Simona Vecchies - +39 335 1245190 press@bio-on.it – Twitter @BioOnBioplastic

Issuer

Bio-On S.p.A.
Via Dante 7/b
40016 San Giorgio di Piano (BO)
Telephone +39 051893001
info@bio-on.it

Nomad

EnVent Capital Markets Ltd
42 Berkeley Square - London W1J 5AW
Via Barberini,95, 00187 Roma
Tel. +39 06 896841
pverna@enventcapitalmarkets.uk
fmartino@enventcapitalmarkets.uk

Specialist

Banca Finnat Euramerica S.p.A.
Piazza del Gesù, 49
00186 Roma
Lorenzo Scimia
Tel: +39 06 69933446
l.scimia@finnat.it