PRESS NOTE BIO-ON

BOLOGNA, 24 July 2019 – The Board of Directors of Bio-on S.p.A., company listed on the AIM segment of Borsa Italiana and operating in the high-quality bioplastics sector, also having heard the favorable opinion of the Board of Statutory Auditors, communicates and specifies the following.

In this note, the Company expresses its position regarding untruthful information that today has been circulated about the Company itself and about its directors, through an entity who has declared to have "economic interest in the descent of the share price" of this Company. The Company specifies the following:

- the issued contents mention sources that have strong conflicts of interest with respect to the Bio-on's activities, therefore they cannot be considered as opinions of disinterested third parties;

- the PHA production technology owned by the Company has its roots in a technological discovery of the last century, developed and industrialized by Bio-on through the natural selection of bacteria and modern and eco-friendly production techniques, capable of producing products for modern and innovative final applications;

- the technology of the Company is patented and it is exclusive property of the Company which owns over two hundred patents granted, formulations and patent applications;

- the operation of the technology is confirmed by the entry into production of the industrial plant of Castel San Pietro Terme (BO), obtained through the scale-up of the semi-industrial plant built by the Company in 2010 and implemented ever since then, already representative of the operation of the technology;

- the granting of licenses to third-party customers does not represent a study phase for verifying the technology but the pillar of the Company's activity;

- to have demonstrated that the marketing of PHA products obtained by its own technology is possible, having successfully implemented it with international partners (Unilever, Kartell in primis). Many international companies have demonstrated, in fact, to be willing to invest in green materials that can offer to consumers products that can offer a solution to the problem of plastic pollution.

- it is misleading to compare the production costs achieved by other bioplastic players to conclude that the plant is not economically sustainable. Those companies provide products that are not comparable with the Company's products. In fact, the Company is today focused on high-value specialties, such as cosmetics and other applications on which it operates at market conditions;

- the plant is functional and operational. As stated in the Shareholders' Meeting for the approval of the financial statements, held on 30 April 2019, and as per today's announcement, the plant can be visited in compliance with the orderly performance of work activities and the number of requests received by the Company;

- not being new to doubts about the actual operation of the industrial plant of Castel San Pietro Terme (BO), the Company confirms the successful production of the PHA bio-polymers and the marketing of the products so demonstrating therefore the effective functioning of the technology that results operative, reproducible and controlled in all its productive steps;

- PHAs in general, including those produced by the Company with its own technology, are considered by all scientific literature as the sole biopolymers biodegradable at ambient temperature. Furthermore, over time the Company has requested and obtained certifications from international certifying bodies regarding the biodegradability and natural origin of its PHAs;

- the PHAs are known to have physical-mechanical characteristics comparable to the main traditional polymers, therefore they can be a possible substitute to these families of products during time;
- to what concerns the points raised regarding the alleged accounting irregularities, it is necessary to specify that:

• the revenue streams identified by the Company and the Group derive from the granting of licenses inherent to its know-how and the sale of services for feasibility studies, implementation services and research. These activities are typical for an Intellectual Property Company as the Company,

The granting of licenses for the right to use the intellectual property is based on contractual agreements signed between the parties. These licenses can be granted to third parties or to joint ventures set up with primary industrial partners interested in the joint development of bioplastic materials and / or the production of PHAs. In accordance with the contractual agreements, the licenses granted to third parties do not involve any subsequent activity and the revenues are considered entirely realized in accordance with the accounting standards described in the financial statements. For licenses granted to joint ventures, the revenue is indirectly adjusted applying the equity method for the valuation process of the investments and therefore, by applying this method, only concessions of licenses made directly or indirectly to third parties are included in the period end economic results of the Company. For the Company, the return on investment is guaranteed by both: the consideration received for licenses granted and the future royalties that will be paid to the Company following the development of industrial activities and additional services that the individual JVs will require as part of their operating activities. It should be noted that all the joint ventures participated by the Company are newly established and as of December 31th, 2018 they were not yet operating in terms of sales to third parties.

• the cash flow from operations recorded by the Company during 2018 is positive for 23.9 million euro; however, as a result of the investment in the production plant of Castel San Pietro Terme, the total cash flow showed an overall negative result of 9.3 million euro (as shown in the cash flow in the approved and published financial statements);

• the license agreements do not involve the alienation of the legal property owned by the licensee. Thus, they do not even involve the alienation of all the real charges on it. Instead, through the license contract arises an obligation which takes the form of a right to use the patent. Therefore, being these patent (and technology) licensing agreements according to the aforementioned, and not being configurable as shareholder conferrals, the provisions of Articles 2343 and 2343 bis of the Civil Code are not applicable;

• with regard to the receivables due to the Company from the JVs, for those not currently collected, the agreements state different payment terms depending on the projects. In fact, the Company and the Group adopt specific contractual conditions with reference to the methods of collection of the licensing fees that depend on the nature of the customer. During 2019, receivables from joint ventures were collected for a total of 12.5 million, as already highlighted in the notes to the financial statements. The receivables from associated companies, which amounted to 32.6 million euro as of December 31th, 2018, amount to 20.1 million euro as of today of which, in accordance to the payment terms agreed, 16 million euros are due by September 30th, 2019. With reference to the receivables deriving from the granting of licenses to the joint ventures B-Plastic Sas and to the customer S.E.C.I. S.p.A., extensions have been agreed, following the granting of the license, which result in positions still outstanding with reference to transactions occurred prior to the 2018. Regarding the receivables related to Moore Capital, this is a limited amount for a total value of 250,000 euro;

• the costs incurred for the construction of the production plant in Castel San Pietro were greater than those previously planned and communicated in the 2018 half-year financial report, but absolutely in line and consistent with additional technical specifications made to the initial project aimed at supporting the production of further applications accrued during 2018, consistently with the new patents filed;

• it is misleading to compare the margins achieved by other players in the bioplastics sector in general in order to be able to conclude that the plant is not economically sustainable as they provide products that are not comparable with the Company's products. The Company has always declared that its production is intended for highly profitable sectors that are willing to recognize a high value for a "really" green product;
in relation to the recording of non-current tangible assets reported in the financial statements as of December 31th, 2018, the Company has provided the information regarding the nature and amounts of capitalized costs for the plant which had not started and the absence of indicators of permanent losses worth;

Since the Company is listed on the AIM it is required to communicate all the so-called "price sensitive" information, therefore it has adopted a maximum transparency behavior, always communicating in a timely manner the transactions relating to agreements, licenses and significant events once the event has occurred;

with regards the operation linked to the warrants, the Company states that there have been no warrants issued over the years; instead there was only one issuance during the initial public offer when the Company offered a warrant for each post IPO share. The warrants had a maturity of three years from their issuance and the management of the Company was the assignee of 11,862,500 Warrants. Only a part of them were sold before their natural maturity; in particular within the period 2015-2017 they were sold by the shareholders:

- 51,000 before the first financial year at market prices
- 612,297 before the second year, also in this case at market prices
- 2,500,000 were sold with an accelerated Book Building procedure (appropriately communicated to the market) nowadays in the vicinity of the third year which, being the last one, also represented the definitive expiry of the warrants.

This last transaction was carried out in two tranches on 11 April 2017 and 15 May 2017, at prices never lower than 8.50 euros or - as shown by the official press releases at the time - with a discount of around 6.8 % compared to the reference price on the market. The investors identified were primary institutional investors (Funds, SGR, Investment bank, others) therefore subjects not involved in industrial operations. Simultaneously with the decision to sell 2.5 million warrants, the management of the company made the irrevocable commitment not to exercise nor sell the residual 7,699,203 of warrants they owned (whose market value was over 65 million Euros), making them lose their value in its entirety, in the exclusive interest of the other shareholders and of the Company and to the detriment of their personal benefit;

Banca Finnat in its role of specialist implements the research based on a contractual agreement and represents, in its disclaimer, to be paid by the Company for its services. The targets identified by the Bank did not show any particular aggressive strategy: it was indeed often noted that the target prices identified by the bank have been remarkably passed by market prices. In those circumstances, the analysts, showed a conservative approach in reviewing their estimates: for instance, second-to-last target price identified by Banca Finnat was equal to 37€ and has been published on May 3, 2018 (with market price 30,60€). Immediately the following month Stock prices overcome that level reaching 71,20€ (on July 10, 2018

- currently, the Company has 100 employees, of which around half are dedicated to running the Castel San Pietro plant. This number does not take into account collaborations and consultations with universities and international research centers aimed mainly at research activities;

- the Company is also involved in various research and development projects granted by the European Commission and it has also received an important grant (as announced on December 21st 2017) by the Italian Ministry of Economic Development in the field of sustainable industry. The Company has received and passed the intermediate inspections carried out by the Italian National Research Council - CNR, which approved the correct execution of the project, confirming the support of investments in research and development relating to the production plant of Castel San Pietro Terme (BO).

The Company has already initiated all necessary legal actions.

The Company reserves to communicate further information in the coming days.

Bio-on
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 manufacturers the world’s most innovative bioplastics, conducting applied research and developing advanced biofermentation 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).

Press information: Simona Vecchies +393351245190 - press@bio-on.it - Twitter @BioOnBioplastic

**Issuer**
Bio-On S.p.A.
Via Dante 7/b
40016 San Giorgio di Piano (BO)
Tel: +39 051 189 3001
info@bio-on.it

**Nomad**
EnVent Capital Markets Ltd
25 Savile Row W1S 2ER London
Tel.+447557879200
Italian Branch
Via Barberini, 95 00187 Roma
Tel: +3906896841
pverna@envent.it

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

Press Office: Bio-on: Angèlia Comunicazione, Simona Vecchies – Mob. +39 3351245190 Email: bio-on@angelia.it