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Platform Specialty Products Corp  
Form 10-K  
March 13, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

✓ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-36272

(Exact name of Registrant as specified in its charter)

Delaware 37-1744899  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1450 Centrepark Boulevard, Suite 210 33401  
West Palm Beach, Florida (Zip Code)  
(Address of principal executive offices)

Registrant's telephone number, including area code: (561) 207-9600

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

The number of shares of common stock outstanding as of February 24, 2017 was 284,247,248. The aggregate market value of the common stock held by non-affiliates as of June 30, 2016 was approximately \$1.32 billion, based upon the last reported sales price for such date on the NYSE. All (i) executive officers and directors of the registrant and (ii) all persons who hold 10% or more of the registrant's outstanding common stock have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

#### Documents Incorporated By Reference

Portions of the registrant's definitive proxy statement for its 2017 annual meeting of stockholders, which 2017 Proxy Statement will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2016, are hereby incorporated by reference in Part III of this 2016 Annual Report on Form 10-K.

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GLOSSARY OF DEFINED TERMS

Terms	Definitions
Platform; Successor; We; Us; Our; the Company	Platform Specialty Products Corporation, a Delaware corporation, and its subsidiaries, collectively, for all periods subsequent to the MacDermid Acquisition.
Acquisitions	Agriphar Acquisition, Alent Acquisition, Arysta Acquisition, CAS Acquisition, MacDermid Acquisition, OMG Acquisition and OMG Malaysia Acquisition, collectively.
Agriphar Agriphar Acquisition	Percival and its agrochemical business, Agriphar.  Acquisition of a 100% interest in Agriphar, completed on October 1, 2014.
AIs	Active ingredients.
Alent	Alent plc, a formerly public limited company registered in England and Wales.
Alent Acquisition	Acquisition of a 100% interest in Alent, completed on December 1, 2015 under the U.K. Companies Act 2006, as amended.
Amended and Restated Credit Agreement	Platform's Second Amended and Restated Credit Agreement, dated as of August 6, 2014, among, inter alia, Platform, MacDermid Holdings, MacDermid, the subsidiaries of Platform and MacDermid Holdings from time to time parties thereto, the lenders from time to time parties thereto and Barclays Bank PLC, as administrative agent and collateral agent, as amended on August 6, 2014 (Amendment No. 2), October 1, 2014 (Incremental Amendment No. 1), February 13, 2015 (Amendment No. 3), December 3, 2015 (Amendment No. 4), October 14, 2016 (Amendment No. 5) and December 6, 2016 (Amendment No. 6).
AROs	Asset retirement obligations.
Arysta	Arysta LifeScience Limited, a formerly Irish private limited company.
Arysta Acquisition	Acquisition of a 100% interest in Arysta, completed on February 13, 2015.
Arysta Seller	Nalozo, L.P., an affiliate of Nalozo S.à.r.l., who became the seller in the Arysta Acquisition pursuant to an amendment to the share purchase agreement dated February 11, 2015.
ASC	Accounting Standard Codification.
Asset-Lite, High-Touch	Platform's philosophy and business model focused on dedicating extensive resources to research and development and highly technical customer service teams, while limiting investments in fixed assets and capital expenditures.
ASU	Accounting Standards Update.
Board	Platform's board of directors.
Bribery Act	The United Kingdom Bribery Act 2010.
CAS	Chemtura AgroSolutions business of Chemtura.
CAS Acquisition	Acquisition of a 100% interest in CAS, completed on November 3, 2014.
Chemtura	Chemtura Corporation, a Delaware corporation.
Credit Facilities	The First Lien Credit Facility and the Revolving Credit Facility, collectively, available under the Amended and Restated Credit Agreement.
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
Domestication	Platform's change of jurisdiction of incorporation from the British Virgin Islands to Delaware on January 22, 2014.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EPS	Earnings per share.
ESPP	Platform Specialty Products Corporation 2014 Employee Stock Purchase Plan, adopted by the Board on March 6, 2014 and approved by Platform's stockholders at the annual meeting held on June 12,

	2014.
E.U.	European Union.
Exchange Act	Securities Exchange Act of 1934, as amended.
Exchange Agreement	Exchange Agreement, dated October 25, 2013, between Platform and the fiduciaries of the MacDermid, Incorporated Profit Sharing and Employee Savings Plan.
FASB	Financial Accounting Standard Board.
FCPA	Foreign Corrupt Practices Act of 1977.

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GLOSSARY OF DEFINED TERMS

Terms	Definitions
February 2015 Notes Offering	Platform's private offering of \$1.10 billion aggregate principal amount of 6.50% USD Notes due 2022 and €350 million aggregate principal amount of 6.00% EUR Notes due 2023, completed on February 2, 2015.
First Lien Credit Facility	First lien credit facility available under the Amended and Restated Credit Agreement.
Founder Entities	Mariposa Acquisition, LLC and Berggruen Holdings Ltd. and its affiliates, collectively.
GAAP	Generally accepted accounting principles in the United States.
GBP	Platform's Global BioSolutions Portfolio within its Agricultural Solutions segment, which includes biostimulants, innovative nutrition and biocontrol products.
GVAP	Platform's Global Value Added Portfolio within its Agricultural Solutions segment, which includes products in the herbicides, insecticides, fungicides and seed treatment categories, based on patented or proprietary off-patent AIs.
H <sup>3</sup> Priority Segments	Agricultural Solutions' five priority segments selected for their high growth and value potential, namely Crop Establishment, Plant Stress and Stimulation, Resistant Weed Management, Specialty Protection Niches and Crop Residue Management.
HSRA Act	Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board.
Initial Public Offering	Initial public offering of Platform (formerly named "Platform Acquisition Holdings Limited") completed on the London Stock Exchange on May 22, 2013, raising net proceeds of approximately \$881 million.
June 2015 Equity Offering	Platform's public offering of 18,226,414 shares of its common stock at a public offering price of \$26.50 per share, which closed on June 29, 2015, raising gross proceeds of approximately \$483 million.
LTCB	Platform's Long Term Cash Bonus plan, established in March 2015.
MacDermid	MacDermid, Incorporated, a Connecticut corporation.
MacDermid Acquisition	Platform's acquisition on October 31, 2013 of substantially all of the equity of MacDermid Holdings, which, at the time, owned approximately 97% of MacDermid. As a result, Platform became a holding company for the MacDermid business. Platform acquired the remaining 3% of MacDermid on March 4, 2014, pursuant to the terms of the Exchange Agreement.
MacDermid Holdings	MacDermid Holdings, LLC.
May 2014 Private Placement	Platform's private placement of an aggregate of 15,800,000 shares of its common stock completed on May 20, 2014 at a purchase price of \$19.00 per share, raising gross proceeds of approximately \$300 million.
May Resale Registration Statement	Registration Statement filed on May 23, 2014 to register the resale of all of the shares sold in the May 2014 Private Placement and declared effective on June 19, 2014.
MAS Holdings	MacDermid Agricultural Solutions Holdings B.V., a company organized under the laws of the Netherlands and a subsidiary of Platform.
NAV	Net asset value.
November 2014 Public Offering	Platform's public offering of 16,445,000 shares of its common stock completed on November 17, 2014 at a public offering price of \$24.50 per share, raising gross proceeds of approximately \$403 million.
November 2015 Notes Offering	Platform's private offering of \$500 million aggregate principal amount of 10.375% USD Notes due 2021, completed on November 10, 2015.
November Resale Registration Statement	Registration statement filed on November 3, 2014 to register the resale of all of the shares sold in the October/November 2014 Private Placement and declared effective on November

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	10, 2014.
NYSE	New York Stock Exchange.
October/November 2014 Private Placement	Platform's private placement of an aggregate of 16,060,960 shares and 9,404,064 shares of its common stock completed on October 8, 2014 and November 6, 2014, respectively, at a price of \$25.59 per share, raising aggregate gross proceeds of approximately \$652 million.
OEM	Original Equipment Manufacturer.
OMG	OM Group, Inc. (NYSE:OMG), a Delaware corporation.
OMG Businesses	OMG's Electronic Chemicals and Photomasks businesses, collectively, other than their Malaysian subsidiary acquired separately.

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GLOSSARY OF DEFINED TERMS

Terms	Definitions
OMG Acquisition	Platform's acquisition of the OMG Businesses completed on October 28, 2015.
OMG Malaysia	OMG Electronic Chemicals (M) Sdn Bhd, a subsidiary of OMG located in Malaysia, acquired separately by Platform in the OMG Malaysia Acquisition.
OMG Malaysia Acquisition	Platform's acquisition of 100% interest in OMG Malaysia completed on January 31, 2016.
PCAOB	Public Company Accounting Oversight Board.
PDH	Platform Delaware Holdings, Inc., a subsidiary of Platform.
PDH Common Stock	Shares of common stock of PDH.
Percival	Percival S.A., a société anonyme incorporated and organized under the laws of Belgium, acquired by Platform on October 1, 2014.
Pershing Square	Pershing Square Capital Management, L.P.
Predecessor	MacDermid and its subsidiaries, collectively, for all periods prior to the MacDermid Acquisition.
Predecessor 2012 Period	MacDermid's fiscal year ended December 31, 2012.
Predecessor 2013 Period	Ten-month period from January 1, 2013 through October 31, 2013.
PSP 401(k) Plan	Platform Specialty Products Corporation Employee Savings & 401(k) Plan, effective January 1, 2014.
REACH	Regulation (EC) No 1907/2006 of the European Parliament and the Council dated December 18, 2006 relating to the Registration, Evaluation, Authorization and Restriction of Chemicals, effective June 1, 2007.
Retaining Holder	Each Holder of an equity interest of MacDermid Holdings immediately prior to the closing of the MacDermid Acquisition, not owned by Platform, who executed a RHSA.
Revolving Credit Facility	Revolving Credit Facility (in U.S. Dollars or multicurrency) available under the Amended and Restated Credit Agreement.
RHSA	Retaining Holder Securityholders' Agreement dated as of October 31, 2013 entered into by and between Platform and each Retaining Holder relating to the exchange of their respective equity interests in MacDermid Holdings for shares of PDH Common Stock.
ROIC	Return on invested capital.
ROA	Return on assets.
RSUs	Restricted stock units issued by Platform from time to time under the 2013 Plan.
Sarbanes-Oxley	Sarbanes-Oxley Act of 2002.
SEC	Securities and Exchange Commission.
Security Agreement	Platform's Amended and Restated Pledge and Security Agreement, amended and restated as of October 31, 2013, as amended, supplemented and modified from time to time.
Securities Act	Securities Act of 1933, as amended.
Senior Notes	Platform's 6.00% EUR Notes due 2023, 6.50% USD Notes due 2022 and 10.375% USD Notes due 2021, collectively.
September 2016 Equity Offering	Platform's public offering of 48,787,878 shares of its common stock at a public offering price of \$8.25 per share, which closed on September 21, 2016, raising gross proceeds of approximately \$402.5 million.
Series A Preferred Stock	Platform's 2,000,000 shares of Series A convertible preferred stock automatically converted from ordinary shares held by the Founder Entities upon the Domestication and convertible into shares of Platform's common stock, on a one-for-one basis, at any time at the option of the Founder Entities.



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Series B Convertible Preferred Stock	Platform's 600,000 shares of Series B convertible preferred stock issued to the Arysta Seller in connection with the Arysta Acquisition on February 13, 2015. As of December 31, 2016, none of the Series B Convertible Preferred Stock remain outstanding.
SERP	Supplemental Executive Retirement Plan for executive officers of Platform.
Successor	Platform and its subsidiaries, collectively, for all periods subsequent to the MacDermid Acquisition.
Successor 2013 Period	Period from April 23, 2013 (inception) through December 31, 2013.
Tartan	Tartan Holdings, LLC, a Delaware limited liability company, formed at the time of the MacDermid Acquisition to hold the PDH Common Stock in exchange of the MacDermid Holdings equity interests.

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GLOSSARY OF DEFINED TERMS

Terms	Definitions
TSR	Total stockholder return.
U.K. Pension Plan	Retirement and death benefit plans covering employees in the United Kingdom.
USD Incremental Term Loan	Incremental term loan under the Incremental Amendment to the Amended and Restated Credit Agreement in an aggregate principal amount of \$300 million used to finance the Agriphar Acquisition.
2013 Plan	Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan adopted by the Board on October 31, 2013, as amended on December 16, 2013, and approved by Platform's stockholders on June 12, 2014.
2015 Annual Report	Platform's annual report on Form 10-K for the fiscal year ended December 31, 2015, as filed with the SEC on March 11, 2016.
2015 Q3 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015, as filed with the SEC on November 16, 2015.
2016 Annual Report	This annual report on Form 10-K for the fiscal year ended December 31, 2016.
2016 Q1 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2016, as filed with the SEC on May 10, 2016.
2016 Q3 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2016, as filed with the SEC on November 7, 2016.
2017 Proxy Statement	Platform's definitive proxy statement for its 2017 annual meeting of stockholders expected to be filed no later than 120 days after December 31, 2016.
6.00% EUR Notes due 2023	Platform's 6.00% senior notes due 2023, denominated in Euros, issued in the February 2015 Notes Offering.
6.50% USD Notes due 2022	Platform's 6.50% senior notes due 2022, denominated in U.S. Dollars, issued in the February 2015 Notes Offering.
10.375% USD Notes due 2021	Platform's 10.375% senior notes due 2021, denominated in U.S. Dollars, issued in the November 2015 Notes Offering.

## Part I

### Item 1. Business

Unless the context otherwise indicates or requires, all product names and trade names used in this 2016 Annual Report are our trademarks, some of which may be registered in certain jurisdictions. Although we have omitted the “®” and “TM” trademark designations for some of these marks, all rights to such trademarks are nevertheless reserved. This 2016 Annual Report contains additional trade names of other companies. We do not intend our use or display of such other companies’ trade names to imply a relationship with, or endorsement or sponsorship of us by, these other companies. Unless otherwise specified in this 2016 Annual Report, all references to currency, monetary values and dollars set forth herein shall mean U.S. Dollars.

#### Business Overview

Platform, incorporated in Delaware in January 2014, is a global diversified producer of high-technology specialty chemical products. Our chemistry combines a number of ingredients to produce proprietary formulations. Utilizing our strong industry insight, process know-how and creative research and development, we partner with our customers to provide innovative and differentiated solutions that are integral to their finished products. We are present in a wide variety of attractive niche markets across multiple industries, including automotive, agriculture, animal health, electronics, graphic arts, and offshore oil and gas production and drilling, and we believe that the majority of our operations hold strong positions in the product markets they serve. Our product innovations and product extensions are expected to continue to drive sales growth in both new and existing markets while also expanding margins by continuing to offer high customer value propositions.

As our name implies, Platform is also an acquisition vehicle with a strategy of acquiring and maintaining leading positions in niche segments of high-growth markets. As such, we continually seek opportunities to act as an acquirer and consolidator of specialty chemical businesses on a global basis, particularly those meeting our “Asset-Lite, High-Touch” philosophy, which involves the following core elements:

- prioritizing resources to research and development;
- offering highly technical sales and customer service; and
- managing conservatively our investments in fixed assets and capital expenditures.

We regularly review acquisition opportunities and may acquire businesses that meet our acquisition criteria when we deem it to be financially prudent.

In 2016, we achieved sales of \$3.59 billion. We manage our business in two business segments: Performance Solutions and Agricultural Solutions, which are each described below under "Business Segments." Both segments share a common focus on attractive niche markets, which we believe will grow faster than the diverse end-markets we serve. In 2016, our Performance Solutions business represented 49.4% of our net sales, while our Agricultural Solutions business represented 50.6%. Our long-term goal is to expand into other adjacent markets which fit our "Asset-Lite, High-Touch" business model and complement our existing portfolio.

For financial information about our operating segments and the geographic areas in which we do business, please see Note 22, Segment Information, to the Consolidated Financial Statements included in this 2016 Annual Report.

#### Acquisitions

##### 2016 Activity

OMG Malaysia Acquisition - On January 31, 2016, we completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments. This acquisition is included in our Performance Solutions business segment, which is expected to pool the experience and resources of each legacy company and unify sales strategies in order to improve processes, drive innovation, and deliver high-quality products and services at every stage of our customers' supply chains.

#### 2015 Activity

**Alent Acquisition** - On December 1, 2015, we completed the Alent Acquisition for approximately \$1.74 billion in cash, net of acquired cash, and 18,419,738 shares of our common stock issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent. Legacy Alent was a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive and industrial applications, and a supplier of high performance consumable products and services. Alent's business is included in our Performance Solutions business segment which combines the legacy MacDermid operations, Alent's Enthone Surface Chemistries and Alpha Assembly Materials businesses, the OMG Businesses and OMG Malaysia.

**OMG Acquisition** - On October 28, 2015, we completed the OMG Acquisition for a total purchase price of approximately \$239 million in cash, net of acquired cash and purchase price adjustments. The acquired OMG Businesses are included in our Performance Solutions business segment. We believe the legacy OMG Businesses are in line with our business strategy of growing into niche markets. OMG's Electronic Chemicals business is similar to the legacy MacDermid electronic chemical and surface treatment businesses, as it develops, produces and supplies chemicals for electronic and industrial applications. OMG's Photomasks products are used by customers to produce semiconductors and related products.

**Arysta Acquisition** - On February 13, 2015, we completed the Arysta Acquisition for approximately \$3.50 billion, consisting of \$2.86 billion in cash, net of acquired cash and closing working capital and other adjustments, and the issuance of \$600 million of Platform's Series B Convertible Preferred Stock. On December 13, 2016, we settled all of our Series B Convertible Preferred Stock obligations under a certain settlement agreement entered into with the Arysta Seller in September 2016. See Note 12, Stockholders' Equity, to the Consolidated Financial Statements included in this 2016 Annual Report under the heading "Series B Convertible Preferred Stock." The legacy Arysta business is included in our Agricultural Solutions business segment. Arysta has a solutions-oriented business model which focuses on product innovation to address grower needs, complementing the legacy Agriphar and CAS businesses acquired in 2014. We acquired Arysta to expand our presence in the agrochemical business and our offering of products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and BioSolutions, as well as off-patent agrochemical products.

#### 2014 Activity

**CAS Acquisition** - On November 3, 2014, we completed the CAS Acquisition for \$1.04 billion, consisting of \$983 million in cash, net of acquired cash, after certain post-closing working capital and other adjustments, and 2,000,000 shares of our common stock. Legacy CAS was a niche provider of seed treatments and agrochemical products for a wide variety of crop protection applications in numerous geographies and is included in our Agricultural Solutions business segment.

**Agriphar Acquisition** - On October 1, 2014, we completed the Agriphar Acquisition for a purchase price of approximately €300 million (\$370 million), consisting of \$350 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, and 711,551 restricted shares of our common stock, which will become unrestricted beginning January 2, 2018 (unless agreed otherwise in accordance with the terms of the acquisition agreement). Legacy Agriphar was a European crop protection group supported by a team of researchers and regulatory experts which provided a wide range of fungicides, herbicides and insecticides with end markets primarily across Europe. The legacy Agriphar business is included in our Agricultural Solutions business segment.

## Business Segments

We generate revenue through the formulation and sale of our dynamic chemistry solutions. In addition, our personnel follow-up with our customers on a regular basis to ensure that the intricate chemical composition and function of our products are maintained as intended and that these products are applied safely and effectively. For example, a customer in our Performance Solutions segment will engage us to provide a multi-step technological process solution for circuit boards that they are producing for end use in the automotive supply chain. Another example from our Agricultural Solutions segment is our “Aplique Bem” stewardship program which focuses on teaching growers to apply agrochemicals safely and cost-efficiently. This program started in Brazil in partnership with the Institute of Agriculture, Campinas (IC) and rapidly expanded into Latin America, Africa and Asia. This high quality customer service and stewardship program is also supported by our local technical teams and our local infrastructure, such as our field research stations, enabling the development of unique solutions to unmet grower needs. Our specialty chemicals and processes, together with our field technical and sales staff, are seen as integral to our customer’s product performance.

We manage our business in two reportable segments: Performance Solutions and Agricultural Solutions.

### Performance Solutions

#### Overview

Our Performance Solutions segment formulates and markets dynamic chemistry solutions that are used in electronics, automotive production, oil and gas production, drilling, commercial packaging and printing. Our products include surface and coating materials, functional conversion coatings, electronic assembly materials, water-based hydraulic control fluids and photopolymers. In conjunction with the sale of our products, extensive technical service and support is provided to ensure superior performance. We leverage our close customer relationships to execute our growth strategy by working directly with our customers to identify opportunities for new products. These new products are developed and created by drawing upon our significant intellectual property portfolio and technical expertise. We also have strong collaborative relationships with OEMs who specify to us which specialty materials, chemistries and technologies they need in their products. We also leverage these relationships to increase OEM qualification of our products. We believe that our customers place significant value on our brands, which we capitalize on through innovation, product leadership and customer service. The regional sales mix in this segment has shifted over the past several years from more industrialized nations towards emerging markets, such as Asia and South America. The combination of MacDermid, Alent, the OMG Businesses and OMG Malaysia has not only immediately expanded our product offerings, geographic footprint and market share position but also enhanced our innovative capability as a technology-driven business which serves as a catalyst to drive specification change and to capitalize on adjacent market opportunities in our industry. Our Performance Solutions segment employs approximately 4,350 personnel which operate mainly in the Americas, Asia/Pacific region and Europe.

Our Performance Solutions segment provides specialty chemicals to five industries:

Assembly Solutions - representing approximately 31% of the segment's 2016 net sales. As a global leader and large supplier of solder and solder pastes for electronics assembly based on 2016 net sales, we develop, manufacture and sell innovative interconnect materials, primarily in the electronics market, used to assemble printed circuit boards and advanced semiconductor packaging. Within this business, we also offer a small water treatment product line, Fernox, used for the treatment of water in residential boiler systems, and metal reclaim products, primarily for tin used in electronic assembly.

Electronics Solutions - representing approximately 30% of the segment's 2016 net sales. As a leading global supplier of chemical compounds to the printed circuit board fabrication industry based on 2016 net sales, we design and formulate in this industry a complete line of proprietary “wet” dynamic chemistries that our customers use to process the surface of the printed circuit boards and other electronic components they manufacture. Our product portfolio in this business is focused on niches, such as final finishes, through hole metalization and circuit formation, in which we are a small cost to the overall finished product, but a critical component for maintaining the products’ performance. We believe our growth in this industry will be driven by demand in telecommunication, wireless devices and computers, and the increasing use of electronics in automobiles. Our customer base includes customers in the following end

markets: audio visual; automotive; computers; office equipment; telecommunications; and wireless devices. The combination of MacDermid, Alent, the OMG Businesses and OMG Malaysia has not only immediately expanded our product offerings, geographic footprint and market share position, but has also enhanced our innovative capability as a technology-driven business serving as a catalyst to drive specification change and to capitalize on adjacent market opportunities in our industry.

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Industrial Solutions - representing approximately 25% of the segment's 2016 net sales. As a leader in industrial metal and plastic finishing chemistries based on 2016 net sales, our dynamic chemistries in this industry are used for finishing, cleaning and providing surface coatings for a broad range of metal and non-metal surfaces. These coatings may have functional uses, including improving wear and tear, such as hard chrome plating of shock absorbers for cars and special rotors used for oil and gas exploration, or providing corrosion resistance for appliance parts, or decorative uses, such as gloss finishes to components used in automotive interiors. Our chemical compounds are manufactured for these surface coating applications, including cleaning, activating, polishing, electro and electroless plating, phosphatizing, stripping and coating, anti-tarnishing and rust inhibiting for metal and plastic surfaces. Electroless plating is a method of plating metals onto a variety of base materials using chemical reduction without the application of electrical power. Electro plating, in contrast, involves plating metals with the use of an electrical current. Phosphatizing is the application of phosphates, such as iron and zinc, to prevent corrosion of steel surfaces. Our industrial customer base is highly fragmented and includes customers in the following end markets: appliances and electronics equipment; automotive parts; industrial parts; plumbing goods; and transportation equipment. We believe our growth in this industry will be primarily driven by increased worldwide automobile production with elevated fashion elements and content per vehicle.

Graphic Solutions - representing approximately 10% of the segment's 2016 net sales. We produce and market photopolymers through an extensive line of flexographic plates that are used in the commercial packaging and printing industries. We manufacture photopolymers used to produce printing plates for transferring images onto commercial packaging, including packaging for consumer food products, pet food bags, corrugated boxes, labels and beverage containers. In addition, we also produce photopolymer printing plates for the flexographic and letterpress newspaper and publications markets. Our products are used to improve print quality and printing productivity. Flexography is a printing process that utilizes flexible printing plates made of rubber or other flexible plastics. Photopolymers are molecules that change properties upon exposure to light. Our business mix in this industry is focused on high innovation, higher cash flow businesses by offering new products. We believe growth in this business will be driven by consumer demand and advertising of our packaging products.

Offshore Solutions - representing approximately 4% of the segment's 2016 net sales. We produce and market water-based hydraulic control fluids for major oil and gas companies, and drilling contractors for offshore deep water production and drilling applications. Production fluids are used in the control systems that open and close critical valves for the deep water oil extraction and transportation process. Drilling fluids are used in control systems to operate valves on the ocean floor. Our current customer base is primarily in the production area of this business, as opposed to drilling and exploration. Although the recent sharp decline in oil prices has slowed the short-term growth expectations of the oil and gas industry, we believe there is significant long-term growth potential for this business as the industry stabilizes, and as oil is produced from new offshore, sub-sea wells.

#### Products

We review our portfolio of products regularly to identify and replace low margin products with higher margin products. Accordingly, our product mix may frequently change depending upon customer demand, and the cost and selling prices related to any given product. Our Performance Solutions segment offers a wide range of specialty chemicals comprised of surface and coating materials, functional conversion coatings, electronic assembly materials, water-based hydraulic control fluids and photopolymers:

**Plating Products:** Plating products are used to plate holes drilled through printed circuit boards to connect opposite sides of the board and the different layers of multi-layer printed circuit boards. Our key products include the CuMac range of products for applications such as plating on aluminum wheels, plastic substrates and zinc-based die castings, and the ChromKlad and ANKOR range of hard chromium plating processes that can be utilized in various applications.

**Electroless Nickel:** Electroless nickel is applied to a variety of metal and plastic surfaces to enhance corrosion resistance, wear resistance, solderability and to repair worn or over-machined surfaces in a variety of applications. Legacy MacDermid was among the earliest developers of electroless nickel products, which are safer and more environmentally friendly than the products they replace.

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Electronic Assembly Materials: Our assembly material business is a leader in the development, manufacturing and sales of interconnect materials, primarily in the electronic market. Within this business, we also offer a small water treatment product line, Fernox, used for the treatment of water in residential boiler systems, and metal reclaim products, primarily for tin used in electronic assembly.

Final Finishes: Final finishes are used on printed circuit boards to preserve the solderability of the finished boards.

Circuit Formation Products: Circuit formation products represent an assortment of products for surface preparation to promote adhesion and form circuit patterns.

Oxides: Oxides are conversion coatings used in the fabrication of multilayer circuit boards.

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Semiconductor Materials & Packaging:	Our Viaform product family of copper damascene chemistry used in semiconductor plating applications is used for applications down to 14 nm. Our Microfab family of plating chemistry is used in wafer level packaging applications, including copper pillar, RDL nickel, tin bump, gold bump and thru-silicon via (TSV) applications.
Pre-treatment and Cleaning Solutions:	Pre-treatment and cleaning solutions are applied to prepare the surfaces of a wide variety of industrial products for additional treatment. We have a complete line of aqueous and semi-aqueous pre-treatment and cleaning products, which are more environmentally friendly than the solvents they replace.
Functional Conversion Coatings:	Functional conversion coatings are applied to metals to enhance corrosion resistance and paint adhesion in a wide spectrum of industrial applications where heavy duty usage and exposure to unfavorable environments are anticipated. Our products plate various parts that are used in automotive and aerospace equipment, appliances, computer hard disks and other electronic products.
Hard-coated Films:	Hard-coated films are used for the membrane switch in the touch screen markets.
Offshore Fluids:	We offer production fluids used to operate valves for the deep water oil extraction and transportation process, and drilling fluids used to operate valves for drilling rigs on the ocean floor. Production and drilling fluids are water-based hydraulic control fluids used in subsea control systems.
Solid Sheet Printing Elements:	Solid sheet printing elements are digital and analog printing sheets, used in the flexographic printing and platemaking processes. Our extensive line of flexographic plates are used in the commercial packaging and letterpress newspaper and publication industries.
Liquid Products:	Liquid products are liquid photopolymers used to produce printing plates for transferring images onto commercial packaging. Our key products are MWH photopolymer, MWB 50 photopolymer, and M Stamp 40 photopolymer. We also offer products that are used in the production of liquid photopolymer plates such as substrate, coverfilms and detergents.
Printing Equipment:	We supply letterpress and flexo plates to the newspaper industry. Printing equipment are thermal plate processing systems that allow press-ready printing plates to be created without solvents. Our key products include Accent Plates and DLF dryer for coating plates, and MacDermid NAPPflex plates for newspaper plates.

#### Seasonality

The Performance Solutions segment is not subject to significant seasonality.

#### Agricultural Solutions

##### Overview

Our Agricultural Solutions segment is based on a solutions-oriented business model that focuses on product innovation to address an ever-increasing need for higher crop yield and quality. We offer to growers diverse crop protection solutions from weeds (herbicides), insects (insecticides) and diseases (fungicides), in foliar and seed treatment applications. We also offer a wide variety of proven BioSolutions, including biostimulants, which stimulate plant growth and reproductive development, innovative nutrition, which optimizes the nutrition of plants, and biocontrol products, such as bioinsecticides and biofungicides, which perform the same task as conventional crop protection products without chemical residues. We emphasize farmer economics and food safety by combining, when possible, BioSolutions with crop protection and seed treatment agrochemicals. Our Agricultural Solutions segment employs approximately 3,300 personnel with a significant presence in high-growth regions such as Africa, South Asia, Latin America and Central and Eastern Europe.

With products to address every stage of the plant life-cycle, Agricultural Solutions aims to outperform the crop protection chemistry market by focusing on high-growth, high-value and high-differentiation (H<sup>3</sup>). In line with these objectives, in 2016, our Agricultural Solutions segment launched a "H<sup>3</sup> Priority Segments" program, which focuses on five priority segments selected for their potential to deliver accelerated growth and sustained profitability due to their strong solutions orientation. We believe that each of these H<sup>3</sup> Priority Segments, which are listed below, is a high

growth and high value segment that demonstrates a high potential for differentiation:

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Crop Establishment:	Focuses on seed treatment and in-furrow applications to protect the crop in its early stages.
Plant Stress and Stimulation:	Helps the metabolism of the plant deal with abiotic stresses such as drought and cold, while stimulating it to enhance yields through the use of biostimulants and other solutions.
Resistant Weed Management:	Develops solutions to manage weed resistance of widely used herbicides such as glyphosate.
Specialty Protection Niches:	Creates solutions to fight against niche pests in underserved segments such as mites or bacteria.
Crop Residue Management:	Develops standalone biocontrol solutions or combinations of biocontrol with conventional crop protection to help growers to effectively manage residue levels in fruits & vegetables and address evolving food chain requirements.

Additionally, we manage key, strategic products globally. Our global portfolio includes our Global Value Added Portfolio, or GVAP, and our Global BioSolutions Portfolio, or GBP. Our GVAP consists of agrochemicals in the herbicides, insecticides, fungicides and seed treatment categories, based on patented or proprietary off-patent AIs, including products derived from AIs for which we have a strong market position due to differentiated product offerings or supply relationships. Our GBP includes biostimulants, innovative nutrition and biocontrol products. We consider our GVAP and GBP to be key pillars for our sustainable growth in the H<sup>3</sup> Priority Segments. In addition, the segment offers certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary vaccines.

Our dedicated sales force works with growers and distributors to promote the use of our solutions throughout a crop's growth cycle, focusing on the H<sup>3</sup> Priority Segments and also addressing selective local opportunities through tailored solutions to complete our offering and cover underserved needs in those markets.

We remain focused on expanding our presence in worldwide targeted markets by developing or acquiring crop protection products and obtaining registrations for new products, new uses for existing products and uses of existing products in new countries.

#### Products

Our Agricultural Solutions segment offers a wide variety of proven crop solutions to growers comprising five major global product lines: fungicides and biofungicides; herbicides; insecticides, bioinsecticides and acaricides; biostimulants and innovative nutrition; and seed treatments:

Fungicides and Biofungicides:	Fungicides prevent the spread of fungi and other diseases in crops. Biofungicides perform the same task as conventional fungicides, without chemical residues. Our fungicides and biofungicides products include Evito, Fortix, Proplant and Vacciplant.
Herbicides:	Herbicides are used to control unwanted plants while leaving the targeted crops to grow unharmed. We produce total and selective herbicides with a variety of formulations for many temperate and tropical crops such as tomatoes, potatoes, soybeans and onions. Our main herbicide products are Dinamic, Everest, Pantera and Select.
Insecticides, Bioinsecticides and Acaricides:	Our insecticides, such as Cythrin Max, Orthene and Talisma, are products used against insect pests at different stages of the pest life cycle, from egg and larvae to nymph and adult. These products can have both crop and public health applications. Bioinsecticides, such as Carpovirosine, perform the same task as conventional insecticides, without chemical residues. Acaricides or miticides control a variety of mite pests on crops. These products are primarily targeted at tree fruit and nut, vine, ornamental and selected row crop applications for effective mite control programs. Our main miticide products, such as Acramite, Floramite and Omite, are sold globally.
Biostimulants and Innovative Nutrition:	As a leader in the high-growth and high-value biostimulants and innovative nutrition segment, our biostimulants and innovative nutrition portfolio includes a wide range of products, which are often tailored to meet different needs of growers. Our biostimulants stimulate plant growth and reproductive development. Our innovative nutrition products optimize the nutrition of plants. This portfolio is highly differentiated and primarily protected by trade secrets. Our biostimulant

products include Biozyme, BM Start and Appetizer. Our innovative nutrition products include Foltron and Poliquel.

Seed Treatments: As a leader in the high-growth and high-value seed treatment industry, our diverse portfolio encompasses pioneer products, such as Rancona and Vitavax. Our seed treatments are applied before planting by coating the seed in order to protect it during germination and protect the plant during its initial growth phases. We anticipate growth in seed treatments as a result of the increasing use of higher-value genetically-modified seeds.

Our product offering also includes regional off-patent AIs that complement our global portfolio. In addition, we offer certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary vaccines. Apivar, a global miticide for the protection of bees against the Varroa mite, is one of our main honey bee health products.

#### Seasonality

The agrochemical business is seasonal in nature and corresponds to agricultural cycles within each region in which we operate. The geographic spread of our products can result in significant variations in earnings and cash flow during such cycles. Agrochemical and BioSolutions sales typically begin ahead of the growing season and peak in the middle of the season. In the northern hemisphere, farmers purchase the majority of their agrochemical inputs during the first half of the year from distributors which we start to supply during the latter part of the fourth quarter. Growers in the southern hemisphere purchase the majority of their products in the second half of the year. As a result, we have historically experienced significant fluctuations in quarterly sales. For example, due to the size of our market in Latin America, we typically generate greater net sales in the second half of the calendar year and our net sales tend to be lower during the first half of each calendar year.

Weather conditions and natural disasters such as heavy rains, hurricanes, hail, floods, tornadoes, freezing conditions, drought, or fire also affect decisions by our customers and end-users about the types and amounts of agrochemical and BioSolutions products to purchase and the timing of use of such products. For example, an early spring in Europe can bring forward sales from the second quarter into the first quarter. The high degree of correlation between sales patterns and unpredictable weather conditions makes drawing conclusions from quarterly sales difficult.

#### Competitive Strengths

We believe the following competitive strengths differentiate us from our competitors and contribute to our ongoing success:

**“Asset-Lite, High-Touch” Business Model.** We are building our business through the acquisition and integration of “Asset-Lite, High-Touch” businesses. These are businesses evidenced by high margins and low capital expenditures which translates into high cash flow returns on capital. Over 40% of our employees are in either technological innovation or sales and services areas; hence “high-touch.” Our commitment to technological innovation and our extensive intellectual property portfolio enables us to develop our cutting-edge products. In order to continue to provide innovative products and highly specialized technical service to our customers, we place a premium on maintaining an expert and qualified employee base. Our business involves the formulation of a broad range of specialty chemicals, created by blending raw materials or developing new uses for existing AIs. This model allows us to conservatively manage our investments in fixed assets to both maintain and grow the business. Our existing fixed asset base is modern and well-maintained and, accordingly, requires low capital expenditures for maintenance.

**Industry Leading Positions.** Our businesses strategically focus on acquiring and maintaining leading positions in niche sectors of high-growth markets by offering high value-added services that are indispensable to our customers.

We believe our scale and global reach in product development, marketing and formulation provides us with advantages over many of our competitors, allowing us to maintain strong market share positions and drive profitable growth. Our leadership positions contribute to our ability to attract new customers and successfully enter new end-markets.

**Broad Diversified Business.** We offer a broad range of products and services to diverse and often unrelated end-markets, ranging from agricultural, electronics, industrial, and offshore oil and gas production and drilling to consumer packaging and printing. Our proprietary technology, service-oriented business model, high barriers to entry and significant customer switching costs have allowed us to achieve stable and compelling margins while protecting our market share. We believe the diversity of the niche end-markets we serve will enable us to continue our growth and maintain strong cash flow generation throughout economic cycles. The diversification will also help mitigate the impact of a downturn in any single industry, end-market or region.

**Strong Expertise in Registration and Distribution.** Product registration is complex and crucial, particularly in the agrochemical space. Our Agricultural Solutions segment has a large team of specialists dedicated to the regulatory process across various jurisdictions, and we believe we are well experienced in obtaining and defending the required

registrations for our products in each country in which they are sold and for each crop on which they are applied. Once obtained, these registrations provide a right to use a product for a specified crop in that country or region for a number of years. In addition, our Agricultural Solutions segment has a strong network of distributors, which currently reaches over 100 countries and jurisdictions. Our large distribution network enables us to focus on profitable niche applications, which we believe are less sensitive to competitive pricing pressures. This distribution network, together with our geographical footprint, also allows us to attract licensing and resale opportunities from partner companies for new products, technologies and applications.

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**Comprehensive Product Offering.** We provide our customers with a comprehensive offering of products that meet many of their specialty chemical needs. In many cases we offer a full suite of products with complementary capabilities that provide a complete functional solution to the customer. We believe the ability to provide a “top-to-bottom” product offering is a significant competitive advantage over many of our smaller and regional competitors. Our existing product offerings also offer many opportunities for growth in adjacent end-markets.

**Performance-Driven Culture and Board with Proven Track Record.** We believe we have outstanding people who can deliver superior performance under the tutelage and oversight of proven and experienced leadership. Our culture is performance focused and driven by empowering team members and then holding them accountable for their outcomes. We measure people on financial results, safety, customer satisfaction and commitments, legal compliance and environmental stewardship. We measure our performance against benchmarks and drive operational excellence through continuous improvement. Our experienced management team is complemented by an experienced Board, which includes individuals with a proven track record of successfully acquiring and managing businesses. Our business segments are also led by executives that have extensive experience in their respective fields.

#### Business Strategies

Our primary goal is to create value by driving cash flow per share through profitable organic sales growth while continuing to improve our cost structure. We seek to develop and engineer new products and processes, leverage our global scale to enter new markets and optimally manage our existing portfolio of specialty chemical businesses. Our efforts are directed by the following key business strategies:

**Build a Best-in-Class Specialty Chemical Company.** Our goal is to build a best-in-class, global formulator, marketer and distributor of specialty chemical products. We anticipate that the fragmented nature of the specialty chemical market will continue to provide opportunities for growth through strategic acquisitions of complementary businesses. We believe that our combined company provides a strong platform on which to grow our business and expand our market shares in key geographic markets.

**Expand our Core Businesses.** We believe that we can capitalize on our previous Acquisitions to further enhance our technical capabilities, sophisticated process know-how, solutions orientation, strong customer relationships and deep industry knowledge. We expect that the Acquisitions will enhance our growth by extending our products breadth and expanding the international reach. We intend to extend many of our product offerings through the development of new applications for our existing products or through synergistic combinations, and to target those geographies with attractive market fundamentals where our strengths in marketing, portfolio development, regulation and customer education can add value for our customers.

**Enhancing Product Innovation.** We place a strong emphasis on innovation. New products are developed and created by drawing upon our significant intellectual property portfolio and technical expertise. Building on our core competencies in product innovation, applications development and technical services, we intend to drive organic growth by reaching new high-growth markets and expanding upon our existing technologies to develop new products for adjacent markets.

**Leverage Customer Relationships.** We intend to continue to leverage our close customer relationships to execute our growth strategy by working directly with our customers to identify opportunities for new products. We also have strong collaborative relationships with OEMs who specify which specialty materials, chemistries and technologies they need in their products. Working directly with our customers allows us to increase OEM qualification of our products and identify opportunities to grow with our customers. Such close customer relationships also provide a solid barrier to entry for competition.

**Pursue Strategic Acquisitions.** Our founder, Martin E. Franklin, and our Chief Executive Officer, Rakesh Sachdev, have significant experience and expertise, and have been highly successful, in acquiring, integrating and growing value-added businesses. We intend to pursue further acquisitions as a way to enhance our growth and strategic position. We intend to focus primarily on businesses that share our “Asset-Lite, High-Touch” philosophy, with product offerings that provide geographic or product diversification. We expect to achieve commercial and distribution efficiencies by expanding into related categories that can be marketed through our existing distribution channels or provide us with new distribution channels for our existing products. We plan to only pursue acquisition opportunities

that we believe meet our acquisition criteria and when we deem it to be financially prudent.

**Focus on Human Capital.** The success of our business depends on our ability to continue to capitalize on our technical capabilities, unique process know-how, strong customer relationships and industry knowledge. Our technical expertise and history of innovation demonstrated by the employees we acquired in the Acquisitions reflect the specialized and highly skilled nature of our research and development personnel. As such we intend to focus on attracting, retaining and developing the best human capital across all levels of our organization, which is key to our ability to successfully operate and grow our business.



### Customers

We have a diverse customer base, as we sell our products either directly to end-user customers or through intermediaries, such as independent, third-party distributors (national, regional, or local), agricultural cooperatives, retailers, and government agencies. We also have collaborative relationships with many OEMs, who specify to us which specialty materials, chemistries and technologies are used in their products. The majority of our sales are through such intermediaries.

Within each segment, we rely on independent distributors to distribute our products and to assist us with the marketing and sale of certain of our products. We believe that we are able to attract new customers successfully through our international reach, coupled with our local knowledge and presence, which enables us to meet the needs of our customers through a global network of 59 manufacturing sites, 12 sites that include manufacturing and research facilities, 16 stand-alone research centers, and a direct sales force in nearly 70 countries. Our flexible manufacturing base allows for "just in time" supply chain management. We operate a relatively large number of small and medium-sized facilities located close to our customers throughout the world's major economic regions. This close proximity to our global customers' local sites enables access to all key growth markets.

We believe that our business is not materially dependent upon a single customer. Although no customer or distributor constitutes 10% or more of our consolidated net sales, we do have some customers and distributors, the loss of which may impair our results of operations, for certain business lines, for the affected earnings periods.

### Selling & Marketing

We employ a large customer-centric sales and marketing force of professionals worldwide. These professionals have strong technical expertise, local market knowledge and intimate customer relationships. Our local sales and marketing teams closely monitor their market trends and maintain active dialogue with our customers to assess and understand their constantly evolving challenges. We use this feedback from our local sales teams to anticipate future needs, respond rapidly to changing market conditions, and deliver customized, value-added solutions for our customers. This feedback loop is an important source of new product ideas and helps guide our capital allocation decisions. We leverage local market intelligence to develop new and innovative products that are then marketed by our local sales and marketing teams throughout the markets we serve.

### Performance Solutions

In our Performance Solutions segment, methods for selling and marketing our proprietary products vary slightly by geographic region. In total, we generate business through the efforts of sales, technical and service personnel and regional distributors. In the Americas, we employ sales, administrative and service personnel to market our entire line of proprietary products. In certain areas of the Americas, distributors also sell and service many of our products. In Europe, sales, administrative and service representatives, who are employed by our subsidiaries located in Belgium, Czech Republic, France, Germany, Great Britain, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and Turkey, market our proprietary products. In the Asia-Pacific region, our local subsidiaries employ sales, administrative and service representatives to market our proprietary products through either subsidiaries or branches in Australia, mainland China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand. In addition to the countries where we have wholly owned subsidiaries, some of our proprietary chemistries are sold in other countries throughout Asia, Europe and South America through distributors.

### Agricultural Solutions

In our Agricultural Solutions segment, our products are sold in over 100 countries globally and reach our grower-customers and the ultimate end-users through a wide variety of market channels. Our sales, marketing, and go-to-market strategies vary significantly by region and depend to a large extent on the existing distribution infrastructure and market practices in each particular region. Depending upon the customer's location, we work with national and regional distributors, retailers, co-ops, government entities, and growers to promote our solutions. We also have loyalty programs in place for distributors and engage in active grower education to promote our products and brands. Because of our global presence and local capabilities, other agrochemical and crop protection companies enter into exclusive distribution rights agreements with us. Such agreements give us the exclusive right to distribute their products in, or with respect to, specified territories, crops, applications, channels, and formulations.

In the larger and more mature North American market, we rely more heavily on an extensive existing distribution network. The North American distributor landscape is one of the most consolidated. In Asia, Europe and Latin America, sales and marketing are conducted through a mix of national and regional distributors, retailers, co-ops, and growers (primarily large farmers).

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Africa and Middle East represent our most unique region from a sales and marketing perspective due to relatively lower levels of existing distribution infrastructure. In many cases, growers in this region require additional customer outreach and education as our products and the agronomic techniques to apply them are relatively new to this market. In order to address these challenges, we have developed an extensive regional distribution network to enable us to efficiently deliver our products, and products of our distribution partners, to the growers.

#### Employees

In order to ensure that we are able to continue to provide innovative products and highly technical service to our customers, we place a premium on maintaining a highly specialized and qualified employee base. As of December 31, 2016, we employed approximately 7,750 full-time employees in approximately 70 countries, including approximately 3,200 research and development chemists, experienced technical service, and sales personnel.

In addition, many of our full-time employees are employed outside the United States. In certain countries where we operate, our employees are also members of unions or are represented by works councils as required by law. We are required to consult and seek the consent or advice of these unions and/or works councils for any changes to our activities or employee benefits, which may impact our flexibility in managing costs and responding to market changes.

Our management believes that our relationships with our employees and collective bargaining unions are satisfactory.

#### Research and Development

Continued investment in research and development ensures that we remain ahead of emerging trends, delivering solutions to strengthen our leadership positions in terms of innovation and product development in our market niches. Our research and development activities are also focused on developing products, and improving formulations and processes that will drive growth or otherwise add value to our core business operations. We accelerate market introductions and increase the impact of our product offerings through collaboration with partners in the commercial sector (customers and value chain partners) and by working with distributors, OEMs, governments and local communities around the world. We plan to continue to make significant investments in a broad range of research and development efforts.

#### Performance Solutions

With respect to our Performance Solutions segment, research in connection with proprietary products is performed principally in Germany, Great Britain, India, Japan and the United States. During 2016, the segment's research and development expenses totaled \$45.0 million. Substantially all research and development activity was performed internally.

#### Agricultural Solutions

Within our Agricultural Solutions segment, our global and regional marketing teams conduct a rigorous process for identifying key AIs with proven technical efficacy, which can be brought to market through our formulation, marketing, and distribution capabilities, in order to address strategic gaps in our portfolio. During 2016, the segment invested \$36.4 million in product registrations and incurred \$39.4 million of research and development costs.

#### Competitive Environment

Our markets are consolidating, highly competitive, and subject to rapid changes in technology. Broadly speaking, we compete in the specialty chemicals market. On a more narrow scale, we compete in markets for specialty chemicals for agrochemicals, electronic applications, general metal and plastic finishing, oil and gas exploration and production, and printing. Some of our competitors may have greater financial, technical and marketing resources than we do and may be able to devote greater resources to promoting and selling certain products.

The competitive environment of each of our segments is described below:

#### Performance Solutions

Our Performance Solutions segment provides a broad line of proprietary chemical compounds and supporting services, and broadly competes within the specialty chemicals industry. Although competition varies by end-market and geography, our most significant competitors are Atotech Inc., The Dow Chemical Company, across its industrial and electronics chemicals businesses, as well as Asahi, Senju, Tamura, E.I. du Pont de Nemours and Company, and Flint Group. We compete primarily on the basis of quality,



technology, performance, reliability, brand, reputation, range of products and services, and service and support. We maintain extensive support, technical and testing services for our customers, and are continuously developing new products. Further consolidation within our industry or other changes in the competitive environment, such as the merger of E.I. du Pont de Nemours and Company and The Dow Chemical Company, could result in larger competitors that compete with us on several levels. However, we believe that our combined abilities to manufacture, sell, service and develop new products and applications, enable us to compete successfully both locally and internationally. Some large competitors operate globally, as we do, but most operate only locally or regionally. We also face competition from many smaller companies that specialize in particular segments of the markets in which we compete.

#### Agricultural Solutions

The agrochemical sector is a highly developed and competitive industry with a wide range of established competitors that offer a broad variety of competing products. Our main competitors include major multinational agrochemical companies which engage in basic research for AI discovery, such as BASF, Bayer CropScience AG, and Syngenta AG, as well as a number of Japanese participants. We also face competition from a variety of off-patent agrochemical companies worldwide, including FMC Corporation, ADAMA Agricultural Solutions Ltd., United Phosphorus Ltd., and Nufarm Limited, among others.

The BioSolutions sector is a newer and less mature industry than agrochemicals. There is significantly less direct competition among providers given the highly differentiated, proprietary nature of BioSolutions products. However, we do compete with BioSolutions providers that have similar product claims and offer potential functional substitutes for our products. Customer education and corresponding demand creation is a critical element of competing in the BioSolutions sector. Customer acceptance and adoption levels may vary widely. It is a very fragmented market, with the participation of companies that do not necessarily compete in the agrochemical space. Our current competitors include Stoller S.A., Novozymes Biopharma A/S, Verdesian LifeSciences, LLC, Bayer CropScience AG (AgraQuest, Inc.), Valagro SpA, BASF SE (Becker Underwood Inc.), Plant Health Care plc and various others.

#### Order Backlog

Due to the relatively short cycle times in our business, our order backlog levels are minimal. In general, we do not formulate our products against a backlog of orders and do not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, we believe that backlog information is not material to understanding our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of revenue or financial performance.

#### Raw Materials and Sourcing of Products

In our Performance Solutions segment, we use a variety of specialty and commodity chemicals in our manufacturing processes. Our manufacturing operations depend upon obtaining adequate supplies of raw materials on a timely basis. We typically purchase our major raw materials on an as-needed basis from outside sources.

In our Agricultural Solutions segment, we rely on external contract manufacturers, both domestically and internationally, to produce certain products or key components for our products. There is limited available manufacturing capacity that meets our quality standards and regulatory requirements. With one minor exception, we engage in no direct agrochemical AI manufacturing. We source virtually all of our AIs from third-party manufacturers, which represent a limited number of key suppliers for AIs. We strive to maintain multiple supply sources for each AI; however, in certain instances, there is only a single registered source of AIs for important products where there is currently no viable alternative source. Our goal is to maximize our sourcing of raw materials, especially AIs, from quality suppliers in countries with generally low manufacturing costs, such as China, Eastern Europe, and India, or markets with good raw material positions.

We formulate and package our products in-house or through tolling and other third-party manufacturing and formulation arrangements. We balance our in-house formulation with third-party arrangements to limit our exposure to utilization drop-offs, facility closures, and certain manufacturing-related environmental risks which helps us to optimize our cost structure.

Within certain portions of our BioSolutions portfolio, we manage an end-to-end supply chain. We purchase natural raw materials, such as plant extracts and seaweed, to extract AIs for our BioSolutions products.

### Patents, Trademarks and Proprietary Products

Our intellectual property and other proprietary rights are important to our business and are protected by a combination of patents, trade secrets, trademarks, data exclusivity, and other marketing exclusivity rights, exclusive or semi-exclusive manufacturing arrangements, and other non-patent strategies. We seek intellectual property and other proprietary rights in major markets and other commercially-relevant jurisdictions worldwide. We implement confidentiality procedures and contractual exclusivity and seek other rights necessary to protect our intellectual property, proprietary formulations, processes, and other product-related rights. We rely on trade secrets and know-how confidentiality agreements to protect our processes, natural product composition/origin, and formulations. We also enter into invention or patent assignment agreements, when applicable, with our employees, consultants, contractors, and other third-parties who may be engaged in discovery or development of intellectual property and other proprietary rights. Finally, we seek to include provisions in our material transfer agreements, license and development agreements, and other agreements that provide for the transfer of intellectual property rights back to us to the greatest extent possible under the circumstances of any specific transaction and development project.

### Performance Solutions

In our Performance Solutions segment, as of December 31, 2016, we owned, had applications pending, or licensed the rights to approximately 1,800 domestic and foreign patents. The patents we hold are important to our business and have remaining lives of varying duration. Although certain of these patents are becoming increasingly more important, we believe that our ability to provide technical and testing services to our customers and meet their rapid delivery requirements is equally, if not more, important to our business. No specific group or groups of intellectual property rights are material to our business. However, we have many proprietary products which are not covered by patents and which are responsible for a large component of our total sales. Further, we hold a number of domestic and foreign trade names and trademark registrations and applications for registration, which we consider to be of value in identifying our products. We do not hold nor have we granted any franchises or concessions.

### Agricultural Solutions

In our Agricultural Solutions segment, as of December 31, 2016, we owned, had applications pending, licensed or had freedom-to-operate rights under, approximately 200 domestic and foreign patents, and approximately 7,000 product registrations. As part of our intellectual property strategy, we in-license patents from other agrochemical and BioSolutions companies and pursue other patents not related to composition of matter, such as use extensions, formulations, mixtures and manufacturing processes. We also differentiate our AIs with value-added mixtures and novel formulations, with launches prior to the expiration of the AIs' patent protection, in order to avoid a potential price erosion and loss of share. A significant portion of our patent portfolio consists of patents relating to amicarbazone, flucarbazone and fluoxastrobin, three of our key GVAP AIs. Our patents covering manufacturing processes, methods of use, and combinations with other AIs, safeners, or other adjuvants of these three GVAP AIs are scheduled to expire in commercially relevant markets at various times before the end of 2020 for amicarbazone; 2022 for flucarbazone; and 2024 for fluoxastrobin. With respect to fluoxastrobin, we have a pending application in the United States covering a manufacturing process which we intend to file in other countries as well, which, if granted, will expire no sooner than 2036. We believe this new process will contribute to lower costs for the manufacture of fluoxastrobin, which would represent a significant competitive advantage over potential generic entrants.

### Other proprietary rights protection

Some products that have already lost patent protection but have originally been registered by a company are often referred to as proprietary off-patent products, especially if the company holds a significant share of the AI. These are often characterized by a substantial degree of differentiation through formulation and product package offerings responsive to grower needs. Proprietary off-patent products enable providers to maintain a stronger market position and a differentiated margin profile, which may be further enhanced by specialized market access, a strong brand, or a competitive cost position. In addition, while they are not protected by patents, proprietary off-patent products require registrations in every country for every crop and AI that will be sold. Our strong registration capabilities provide us with the ability to effectively maintain and defend our existing registrations as well as to acquire new registrations in a cost effective and timely manner.

Proprietary off-patent products can benefit from other barriers to entry designed to reward the company which first registers an AI in a certain geography, following significant investments in regulatory data to support that initial registration, with an exclusive period of sales (“exclusive use”) and, after the exclusive use period has expired, an additional period of financial compensation from other companies which request access to the data developed by the original company (“data compensation”) to obtain a registration of that same AI in that geography. These barriers to entry are established in multiple jurisdictions, including Brazil, Canada, the E.U. and the United States.



Our global portfolio is composed of multiple proprietary off-patent products including: acephate; amitraz; ipconazole; diflubenzuron; bifenazate; clethodim; and propargite and cypermethrin for the E.U. Many of our proprietary off-patent AIs are currently benefiting from exclusive use and data compensation provisions.

#### Government and Environmental Regulation

We develop, produce and market our chemical products in a number of jurisdictions throughout the world and are subject to numerous federal, regional and local laws and regulations in the countries in which we operate. These regulations govern the Company's manufacture, use, labeling, packaging, storage and distribution of chemicals and hazardous substances, which are subject to strict quality and regulatory standards. We are required to meet these strict standards which, in recent years, have become increasingly stringent. However, no portion of our business is subject to re-negotiation of profits or termination of material contracts or subcontracts at the election of the governments in the countries in which we operate.

We are subject to the FCPA, which prohibits companies and their intermediaries from making payments in violation of law to non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Our reliance on independent distributors to sell some of our proprietary chemicals internationally demands a high degree of vigilance in maintaining our policy against participation in corrupt activity, because these distributors could be deemed to be our agents, and we could be held responsible for their actions. We are also subject to similar anti-bribery laws in the jurisdictions in which we operate, including the 2011 Bribery Act, which also prohibits commercial bribery and makes it a crime for companies to fail to prevent bribery. These laws are complex and far-reaching in nature and, as a result, we may be required in the future to alter one or more of our practices to be in compliance with these laws or any changes in these laws or the interpretation thereof. We maintain a Business Conduct and Ethics Policy, applicable to all our directors and employees. In addition, our CEO, CFO and CAO are bound by the provisions of a Code of Ethics for Senior Financial Officers. The Policy and Code of Ethics were both approved by our Board and cover compliance with the FCPA and similar anti-corruption laws, as well as other legal areas applicable to our operations.

As a manufacturer and distributor of specialty chemicals and systems, we are subject to extensive U.S. and foreign laws and regulations relating to environmental protection and worker health and safety, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated properties and occupational safety and health matters. In recent years, there has been a significant increase in the stringency of environmental regulation and enforcement of environmental standards, and the costs of compliance have risen significantly. We expect that the trend of increased regulation will continue in the future. We have and may in the future incur significant costs, including cleanup costs, fines and sanctions and third-party claims for property or natural resource damage or personal injuries as a result of past or future violations of, or liabilities under, such laws and regulations. As of December 31, 2016, we believe we had appropriate liabilities recorded for our various environmental matters.

Our business and our customers also may be subject to significant requirements under the European Community Regulation for the Registration, Evaluation and Authorization of Chemicals (or REACH). REACH, adopted in December 2006, imposes obligations on E.U. manufacturers and importers of chemicals and other products into the E.U. to compile and file comprehensive reports, including testing data, on each chemical substance, and perform chemical safety assessments.

Active substances and co-formulants used in plant protection products (pesticides) are generally exempt from REACH as they are considered as already registered under the Plant Protection Products Directive 91/414/EEC. However, certain exceptions may apply that would require the active substance or co-formulant to be registered, particularly if the substance has a non-plant protection use. While we have registered and continue to register substances as required, the registration process is lengthy and registration of certain of our substances may not be immediately effective. The cost estimates could vary based on the number of substances requiring registration, data availability and cost. The implementation of the REACH registration process may affect our ability to manufacture and sell certain products in the future.

## Edgar Filing: Platform Specialty Products Corp - Form 10-K

In response to increased government attention to environmental matters worldwide, we continue to develop proprietary products designed to reduce the discharge of pollutant materials into the environment and eliminate the use of certain targeted raw materials while enhancing the efficiency of customer chemical processes.

### Available Information

Our internet website address is [www.platformspecialtyproducts.com](http://www.platformspecialtyproducts.com). We make available free of charge, through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act, and proxy statements for our annual meeting of stockholders, as soon as reasonably practicable after each such material is electronically filed with or furnished to the SEC. In addition, information

concerning purchases and sales of our equity securities by our executive officers and directors is posted on our website by the end of the business day after filing with the SEC.

You may also read and copy any document that we file, including this 2016 Annual Report, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers, including Platform, that are electronically filed with the SEC.

Our website includes the following corporate governance materials under the tab “Investor Relations—Corporate Governance:” Board of Directors Governance Principles and Code of Conduct; Insider Trading Policy; Stock Ownership Guidelines; Business Conduct and Ethics Policy; Code of Ethics for Senior Financial Officers; Foreign Corrupt Practices Act/Anti-Corruption Policy; Incident Response & Whistleblower Policy; Conflict Minerals Policy and the related Form SD; Platform Data Protection and Privacy Policy; Management, Board of Directors and Committee Composition; and the charters of each committee of our Board of Directors. These corporate governance materials are also available in print upon request by any stockholder to our Investor Relations department.

The information included on our website does not constitute part of this 2016 Annual Report.

In addition to the information included in this Item 1, see Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Note 1, Basis of Presentation and Summary of Significant Accounting Policies, and Note 22, Segment Information to the Consolidated Financial Statements included in this 2016 Annual Report, for financial and other information concerning our operating segments and the geographic areas in which we do business.

#### Corporate Information

Our principal executive offices are located at 1450 Centrepark Boulevard, Suite 210, West Palm Beach, Florida 33401 and our telephone number is (561) 207-9600.

#### Senior Management of Platform

Set forth below is certain information concerning our senior management:

Name	Title
Rakesh Sachdev	Chief Executive Officer
Sanjiv Khattri	Executive Vice President and Chief Financial Officer
Benjamin Gliklich	Executive Vice President - Operations and Strategy
John E. Capps	Executive Vice President, General Counsel and Secretary
John P. Connolly	Vice President, Corporate Controller and Chief Accounting Officer
Scot R. Benson	President - Performance Solutions
Diego Lopez Casanello	President - Agricultural Solutions

Rakesh Sachdev, age 61, is Chief Executive Officer of Platform. Mr. Sachdev joined Platform in January 2016. Prior to joining Platform, Mr. Sachdev served as President and Chief Executive Officer of Sigma-Aldrich Corporation, or Sigma-Aldrich, beginning in 2010. Mr. Sachdev joined Sigma-Aldrich in 2008 as Chief Financial Officer and took on the additional role of Chief Administrative Officer with direct oversight of Sigma-Aldrich’s international business in 2009. He was Senior Vice President and President Asia Pacific of ArvinMeritor, Inc., or ArvinMeritor, a global supplier of engineered systems to the automotive industry, from 2007 to 2008. At ArvinMeritor, Mr. Sachdev also served in other leadership roles, including Interim Chief Financial Officer, Senior Vice President Strategy and Corporate Development and Vice President and General Manager of several of ArvinMeritor’s global businesses from 1999 to 2007. Prior to joining ArvinMeritor, he worked for Cummins Inc., a global manufacturer of engines and other industrial products in various leadership roles, including Chief Financial Officer for one of its largest business units, and as Managing Director of its Mexican operations. Mr. Sachdev is also a director of Regal-Beloit Corporation and Edgewell Personal Care Company and serves on the Board of Trustees of Washington University in St. Louis. Mr. Sachdev holds an M.B.A. from Indiana University, a Masters in Mechanical Engineering from the University of Illinois and a Bachelor’s degree in Mechanical Engineering from the Indian Institute of Technology in New Delhi.



Sanjiv Khattri, age 52, is Executive Vice President and Chief Financial Officer of Platform. Mr. Khattri joined Platform in September 2015. Prior to joining Platform, Mr. Khattri served as the Chief Financial Officer and Executive Vice President at Covanta Holding Corporation ("Covanta") from August 2010 to November 2013. Prior to joining Covanta, Mr. Khattri had a lengthy career with General Motors ("GM") and GMAC Financial Services ("GMAC"), aka Ally Financial, from 1989 until 2008, where he had significant leadership assignments in treasury, business development, controller, and special project functions, both in the United States and overseas. He was appointed Chief Financial Officer of GMAC in February 2004, and was instrumental in guiding GMAC to its evolution from a wholly-owned subsidiary of GM to a standalone diversified global financial services company, controlled by a consortium of investors led by Cerberus Capital Management, L.P. Mr. Khattri also serves as an Advisory Director of Silver Lane Advisors LLC since 2009. Mr. Khattri is also active in philanthropic activities and most recently, he retired after nine years from the board of The Global Fund for Children, a DC-based global charity focused on creating awareness and providing support to address the needs of vulnerable children and youth. Mr. Khattri has an M.B.A. from the University of Michigan and Bachelor of Engineering from Punjab University in India.

Benjamin Gliklich, age 32, is Executive Vice President - Operations and Strategy of Platform. Mr. Gliklich was appointed in this role in April 2016, after having served as Chief Operating Officer from October 2015 to April 2016; Vice President – Corporate Development, Finance and Investor Relations of Platform from January 2015 to October 2015 and as Director of Corporate Development from May 2014 to January 2015. Prior to joining Platform, Mr. Gliklich was a senior associate at General Atlantic, a global growth-oriented private equity firm. Earlier in his career, Mr. Gliklich was an associate in the investment banking division of Goldman Sachs & Co. Mr. Gliklich holds an A.B. Cum Laude from Princeton University and an M.B.A with distinction from Columbia Business School.

John E. Capps, age 52, is Executive Vice President, General Counsel and Secretary of Platform. Mr. Capps joined Platform in May 2016. Prior to joining Platform, Mr. Capps was with Jarden Corporation, a Fortune 500 broad-based consumer products company, where he most recently served as Executive Vice President - Administration, General Counsel and Secretary until April 2016 when Jarden Corporation merged with Newell Brands Inc. From 2003 to 2005, Mr. Capps was with American Household, Inc. which was acquired by Jarden Corporation in January 2005. Previously, Mr. Capps worked as a private lawyer with the firm Sullivan & Cromwell LLP. Mr. Capps holds a J.D. from the University of Texas and a B.A. and M.B.A. from Vanderbilt University.

John P. Connolly, age 51, is Vice President, Corporate Controller and Chief Accounting Officer of Platform. Mr. Connolly joined Platform in August 2016. Prior to joining Platform, Mr. Connolly served as Vice President, Controller and Chief Accounting Officer at Xylem Inc., a spun off water technology company from ITT Corporation, or ITT, from October 2011 to August 2016. Prior to joining Xylem Inc., Mr. Connolly spent five years at ITT during which time he held key roles as Director, Financial Planning & Analysis, and Director of Accounting. Previously, Mr. Connolly spent 10 years at IBM in roles of increasing responsibility including Manager of Financial Planning & Analysis, Controller of a software division, and Head of Pricing & Licensing Strategy across IBM's software business, as well as seven years at PricewaterhouseCoopers LLP reaching the level of Manager. Mr. Connolly is a Certified Public Accountant and holds an M.B.A. in Finance from the Lubin School of Business at Pace University.

Scot R. Benson, age 55, is President of the Performance Solutions segment of Platform. Mr. Benson joined MacDermid in 1999. His previous positions at MacDermid included President of MacDermid Advanced Surface Finishes and Graphics Solutions from January 2013 until February 2015. Mr. Benson also served as President of MacDermid Graphics Solutions from 2010 to 2013. Mr. Benson attended the University of Wisconsin - Stevens Point.

Diego Lopez Casanello, age 43, is President of the Agricultural Solutions segment of Platform. Prior to joining Platform, Mr. Lopez Casanello served as Senior Vice President and head of the Agricultural Products Division, Asia Pacific at BASF from February 2015 to January 2016. His previous positions at BASF included Senior Vice President of the Performance Chemicals Division, North America from April 2012 to January 2015 as well as CEO and Managing Director of BASF Argentina from November 2008 to March 2012. Mr. Lopez Casanello has held numerous other roles within the Agricultural Products Division of BASF, including Head of Global Marketing for Seed Treatment, Global Manager of New Business Development and Business Director for South Europe. Mr. Lopez Casanello holds a Bachelor's degree in Business Administration from the University of Hagen, Hagen, Germany.



## Item 1A. Risk Factors

The ownership of our securities involves a number of risks and uncertainties. Potential investors should carefully consider the risks and uncertainties described below and the other information in this 2016 Annual Report before deciding whether to invest in our Company. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks described below are not the only ones facing us. Additional risks that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition or results of operations.

### Risks Relating to our Business

Acquisitions are an important part of our growth strategy.

Part of our key strategy is to grow through acquisitions. We have completed several acquisitions in the past and routinely review additional opportunities. This strategy presents certain risks including, without limitation, the potential for:

- increasing debt levels to fund sizable acquisitions, resulting in additional liabilities, constraints and requirements on our business and financial performance;
- the acquired businesses failing to provide, or delays in realizing, the benefits originally anticipated by management;
- potential disruption of our businesses, tax costs or inefficiencies, inconsistencies or deficiencies in standards, controls (including internal control over financial reporting, environmental compliance and health and safety compliance), information technology systems, procedures and policies;
- difficulties in integrating the operations and systems of the acquired businesses and in realizing operating synergies by identifying and eliminating redundant operations and assets;
- difficulties managing tax costs or inefficiencies associated with integrating our operations following completion of the acquisitions;
- difficulties in assimilating and retaining key employees, customers, suppliers and other partners of the acquired companies;
- challenges related to the lack of experience in operating in the geographical or product markets of the acquired business;
- management's attention being diverted to the integration of the acquired businesses or acceptance of the acquired technology;
- rising interest rates on debt needed or dilution resulting from equity issuances to provide cash to fund the purchase price of acquisitions; and
- unanticipated contract or regulatory issues and the assumption of, and exposure to, unknown or contingent liabilities of the acquired businesses.

If an acquisition is not successfully completed or integrated into our existing operations or does not result in the benefits we expect, as a result of the factors mentioned above or otherwise, our business, financial condition or results of operations may be adversely affected. In addition, failure to integrate successfully or realize the anticipated business opportunities and growth prospects from our acquisitions, including the Acquisitions, could result in unanticipated expenses and losses and may require significant financial resources that would otherwise be available for the ongoing development or expansion of our existing operations. Accordingly, in connection with any acquisition, there can be no assurance as to whether or when any benefits or cost synergies we hope to achieve will occur, or the extent to which they actually will be achieved.

Our substantial indebtedness may adversely affect our cash flow and our ability to operate our business and fulfill our obligations under our outstanding debt.

Our substantial indebtedness could have important consequences. As of December 31, 2016, our total indebtedness was approximately \$5.24 billion. Such substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, dividends, research and development efforts and other general corporate purposes;
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increase the amount of our interest expense, because our borrowings include instruments with variable rates of interest, which, if interest rates increase, would result in higher interest expense;

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to make strategic acquisitions, introduce new technologies or exploit business opportunities;



place us at a competitive disadvantage compared to our competitors that have less indebtedness; and limit, among other things, our ability to borrow additional funds.

In addition, our Credit Facilities and other agreements governing our outstanding debt contain covenants that restrict, among other things, our ability to incur additional debt, grant liens, pay cash dividends, enter new lines of business, repurchase our shares of common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. These restrictions could limit our ability to plan for or react to market conditions, meet extraordinary capital needs or otherwise take actions that we believe are in the best interest of our business. In addition, the terms of our Credit Facilities and these agreements allow us to issue and incur additional debt but only upon satisfaction of certain conditions. We anticipate that any future acquisitions we pursue as part of our growth strategy may be financed through a combination of cash on hand, operating cash flow, availability under our Credit Facilities and new capital markets offerings. If new debt is added to current debt levels, the related risks described above could increase. Our ability to satisfy our debt obligations and to fund any planned capital expenditures, dividends and other cash needs also depends in part upon the future financial and operating performance of our subsidiaries and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which beyond our control, will affect our ability to make these payments. If we are unable to make payments or refinance our debt, obtain waivers or new financing, or if holders of indebtedness elect to declare all borrowed funds due and/or to terminate their commitments for future funding, those holders could exercise their rights, including assuming control over our deposit accounts and/or commencing foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

We may need to record a significant charge to earnings if our goodwill or other intangible assets arising from acquisitions become impaired, which could materially adversely affect our net income.

In accordance with GAAP, we account for our acquisitions using the purchase method of accounting and, historically, the Acquisitions have resulted in significant goodwill and other intangible assets being recognized in our Consolidated Financial Statements. In the future, these assets may become impaired, which could have a material adverse effect on our results of operations. We are required under GAAP to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill and other indefinite-lived intangible assets are required to be tested for impairment annually, or more frequently if facts and circumstances warrant a review. Factors that may be considered a change in circumstances, indicating that the carrying value of our amortizable intangible assets may not be recoverable, include a decline in stock price and market capitalization or slower or declining growth rates in our industry. Other than the goodwill impairment we recorded within our Offshore business in 2016, there was no impairment of goodwill or other intangible assets in 2016, 2015 or 2014. However, in 2016, 2015 and 2014, some of our reporting units and other indefinite-lived intangible assets had fair values that were not substantially in excess of their carrying values. Any requirement to record a charge to earnings in our financial statements during the period in which any impairment of our indefinite-lived or amortizable intangible assets occurs could have a material adverse effect on our financial condition or results of operations.

The failure to attract and retain key personnel, including our executive officers, or effectively manage succession, could have an adverse impact on our business, financial condition or results of operations.

Our business involves complex operations and therefore demands a leadership team and employee workforce that is knowledgeable and expert in many areas necessary for our operations. The failure to attract and retain key personnel, or effectively manage succession, could have an adverse material impact on our result of operations. In addition, we are highly dependent on the experience and track records of our management, particularly Martin E. Franklin and Rakesh Sachdev, in successfully acquiring and managing businesses. If one or more of our executive officers were to cease to be employed by us, or if we were unable to replace them in a timely manner, our business, financial condition or results of operations could be adversely affected.

In addition, as a company focused on manufacturing and highly technical customer service, we rely on our ability to attract and retain skilled employees, including our specialized research and development, and sales and service personnel, in order to maintain our efficient production processes, drive innovation in our product offerings and maintain our deep customer relationships. The departure of a significant number of our highly skilled employees, or of

one or more employees who hold key management positions, could have an adverse impact on our operations, including customers choosing to follow an employee or manager to one of our competitors.

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If we fail to establish and maintain adequate internal controls over financial reporting, we may not be able to report our financial results in a timely and reliable manner, which could harm our business and impact the value of our securities.

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with GAAP. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any material changes and material weaknesses in those internal controls.

As discussed in this 2016 Annual Report in Part II, Item 9A, we have identified material weaknesses in our internal control over financial reporting, and as a result we have concluded, based on management's assessment, that our internal control and procedures were ineffective as of December 31, 2016. Effective internal controls are necessary for us to provide reliable and timely financial reports and to effectively prevent fraud. If we cannot provide reliable financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and the NYSE, we could face severe consequences from those authorities. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could affect our stock price.

Even effective internal controls have inherent limitations including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting in future periods are subject to the risk that the control may become inadequate because of changes in conditions or a deterioration in the degree of compliance with the policies or procedures.

Finally, our business strategy contemplates the acquisition of businesses and the operation of subsidiaries whose financial results are consolidated into our financial statements and operating reporting. Effective internal control over financial reporting must be established and maintained in connection with these acquisitions, if any, in order for us to produce accurate and timely financial reports. Failure to do so could result in our inability to report our financial results accurately and on a timely basis, and possibly lead to other deficiencies, which would also likely have a negative impact on our stock price.

We have identified material weaknesses in our internal control over financial reporting which, if not remediated, could affect the accuracy and timeliness of our financial reporting and result in misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. In connection with this 2016 Annual Report, our management has performed an evaluation of our internal control over financial reporting, and concluded that our internal control and procedures were ineffective as of December 31, 2016 as a result of our lack of sufficient personnel with an appropriate level of accounting knowledge, experience and training commensurate with our financial reporting requirements, which resulted in material weaknesses relating to:

- the accounting for acquired businesses;
- the completeness, existence and accuracy related to the accounting of income taxes; and
- the financial close process for the Agricultural Solutions segment to ensure the timely and complete reconciliation of accounts for the CAS and Agriphar businesses, which are part of the Agricultural Solutions segment.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As discussed in this 2016 Annual Report in Part II, Item 9A, we have taken, and continue to take, numerous steps to remediate these material weaknesses and improve our internal controls over financial reporting. However, there can be no assurance that the measures we have taken to date, and are continuing to take, will be sufficient to remediate these material weaknesses or avoid potential future material weaknesses. If our remedial measures are insufficient to address these material weaknesses, or if additional material weaknesses or significant deficiencies in our internal controls are discovered or occur in the future, or if we are not able to comply with the requirements of Section 404 of

Sarbanes-Oxley in a timely manner, our financial statements for one or more periods may contain material misstatements and we could be required to restate previously issued financial statements for past periods, which may have a material adverse effect on our stock price and our ability to access capital and lending markets.

Our substantial international operations subject us to risks not faced by domestic competitors.

Sales from international markets represent a significant portion of our net sales. Accordingly, our business is subject to increasing risks related to the different legal, political, social and regulatory requirements and economic conditions of many foreign jurisdictions. Risks inherent to our international operations include the following:

- increased credit risk and different financial conditions, which may necessitate longer payment cycles of accounts receivable or result in increased bad debt write-offs (including due to bankruptcy) or additions to reserves;
- additional withholding taxes or other taxes on foreign income, tariffs, duties, export controls, import restrictions or other restrictions on foreign trade or investment, including currency exchange controls;
- foreign exchange controls or other currency restrictions and limitation on the movement of funds, including the prohibition of the repatriation of funds into the United States, which may result in adverse tax consequences and tax inefficiencies;
- export licenses may be difficult to obtain, and the transportation of our products may be delayed or interrupted;
- general economic and political conditions in the countries in which we operate, including devaluation or fluctuations in the value of currencies, gross domestic product, interest rates, market demand, labor costs and other factors beyond our control;
- unexpected adverse changes in foreign laws or foreign regulatory requirements, including in laws or regulatory requirements pertaining to employee benefits, the environment and health and safety;
- protectionist policies, which may restrict or impair the manufacturing, sales or import and export of our products;
- new restrictions on access to markets, such as adverse trade policies or trade barriers;
- a lack of or inadequate infrastructure;
- natural disasters or other crises;
- reduced protection of intellectual property rights in some countries;
- expropriation of assets or forced relocations of operations;
- inflation and hyperinflationary economic conditions and adverse economic effects resulting from governmental attempts to control inflation, such as imposition of wage and price controls and higher interest rates;
- the requirement to comply with a wide variety of foreign and U.S. laws and regulations that apply to international operations, including, without limitation, economic sanctions regulations, labor laws, import and export regulations, anti-corruption and anti-bribery laws;
- challenges in maintaining an effective internal control environment with operations in multiple international locations, including language and cultural differences, varying levels of GAAP expertise in international locations and multiple financial information systems;
- difficulties managing and administering an internationally dispersed business, as the management of our personnel across many countries can present legal, logistical and managerial challenges; and
- labor disruptions, civil unrest, significant social, political or economic instability, wars or other armed conflict or acts of terrorism.

Should any of these risks occur, our ability to manufacture, source, sell or export our products or repatriate profits could be impaired. We could also experience a loss of sales and profitability from our international operations, and/or a substantial impairment or loss of assets, any of which could have a material adverse impact on our business, financial condition or results of operations.

Furthermore, some of our international operations are conducted in parts of the world that experience corruption to some degree. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance (including with respect to the FCPA and the Bribery Act as further described below), our employees, distributors and wholesalers could take actions in contravention of our policies and procedures that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could have a material adverse affect on our reputation, or our business, financial condition, or results of operations.

The withdrawal of the United Kingdom from the E.U. may have a negative effect on global economic conditions, financial markets and our business.

We are a multinational company with worldwide operations, including significant business operations in Europe. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the E.U. in a national referendum, commonly referred to as "Brexit." The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the E.U., and has given rise to calls for certain regions within the United Kingdom to preserve their place in the E.U. by separating from the United Kingdom as well as for the governments of other E.U. member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which E.U. laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict our access to capital. If the United Kingdom and the E.U. are unable to negotiate acceptable withdrawal terms or if other E.U. member states pursue withdrawal, barrier-free access between the United Kingdom and other E.U. member states, or among the European economic area overall, could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition or results of operations.

We are exposed to fluctuations in currency exchange rates, which may adversely affect our operating results and may significantly affect the comparability of our results between financial periods.

We have significant operations outside the United States, the financial results of which are maintained in the local currency and then translated in U.S. Dollars at applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between these currencies and the U.S. Dollar have fluctuated and will continue to do so in the future. Changes in exchange rates between these local currencies and the U.S. Dollar will affect the recorded levels of sales, profitability, assets or liabilities. In addition, translated U.S. Dollar amounts reflected in our financial statements may obscure underlying financial trends that would be apparent in financial statements prepared on a constant currency basis or affect the comparability of our results between financial periods. Although we employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including a limited number of foreign currency hedging activities, we cannot guarantee that such risk management strategies will be effective, and our financial condition, or results of operations could be adversely impacted.

In addition, the announcement of Brexit caused further volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. Dollar against foreign currencies. The strengthening of the U.S. Dollar may adversely affect our business, financial condition or results of operations, and expose us to gains and losses on non-U.S. currency transactions. Further, a potential devaluation of the local currencies of our customers relative to the U.S. Dollar could impair their purchasing power and cause them to decrease or cancel orders or default on payment. This volatility in foreign currencies is expected to continue as the United Kingdom negotiates and executes its exit from the E.U. but it is uncertain over what time period this will occur. Any of these effects of Brexit, among others, could adversely affect our business, financial condition, or results of operations.

We have made investments in, and are expanding our business into, emerging markets and BioSolutions, which exposes us to certain additional risks.

We have been taking steps to increase our presence in emerging markets. However, there is no guarantee that our efforts to expand sales in emerging markets will succeed. In these markets, we may be subject to a variety of risks including economies that may be dependent on only a few products (and therefore subject to significant fluctuations),

consumers with limited or fluctuating discretionary spending on which the end users of our products depend, weak legal systems which may affect our ability to enforce our intellectual property and contractual rights, exchange controls, unstable governments and privatization, changes in customs or tax regimes, or other government actions affecting the flow of goods and currency. Accordingly, changes in any of those areas may have significant negative impacts on our business, financial condition, or results of operations.

In addition, our investments in BioSolutions are risky and may not be profitable. While certain BioSolutions products have been in the market for years, BioSolutions as a whole is a new and evolving area without a history against which to measure growth and without an established presence in most markets. BioSolutions products work most effectively when used in combination with agrochemicals and have been used as standalone applications in areas of low pest pressure. The demand for BioSolutions

products is increasingly driven by the desire to increase agricultural yield and quality, coupled with heightened public concern relating to residue on crops for human consumption and feed for animals, as well as public demand for new and innovative ways to address crop risks. As with any growing, evolving industry, there is a risk that adoption will not be as robust as we expect. In such circumstances, we may not achieve the anticipated level of returns on our investment in BioSolutions, which could materially adversely affect our reputation, financial condition, or results of operations.

Volatility and increases in the price of raw materials, energy and transportation could harm our profits.

We use a variety of specialty and commodity chemicals in our formulation processes, and such formulation operations depend upon obtaining adequate supplies of raw materials on a timely basis. We typically purchase our major raw materials on a contract or as needed basis from outside sources. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, the financial stability of our suppliers, suppliers' allocations to other purchasers, interruptions in production by suppliers, new laws or regulations, changes in exchange rates and worldwide price levels (especially for raw materials derived from petrochemical based feedstocks). In some cases, we are limited in our ability to purchase certain raw materials from other suppliers by our supply agreements which contain certain minimum purchase requirements.

Similarly, commodities and energy prices are subject to significant volatility caused by market fluctuations, supply and demand, currency fluctuations, production and transportation disruptions, and other world events. As we source many of our raw materials globally to help ensure quality control, if the cost of energy, shipping or transportation increases and we are unable to pass along those costs to our customers, our profit margins would be adversely impacted. Furthermore, increasing our prices to our customers could result in long-term sales declines or loss of market share if our customers find alternative suppliers or choose to reformulate their consumer products to use fewer ingredients, which could have an adverse long-term impact on our results of operations.

Our reliance on a limited base of key customers, contract manufacturers, suppliers or independent distributors could adversely affect our overall sales and profitability.

In our Performance Solutions segment, we have key customers, the loss of which may impair our results of operations for the affected earnings periods. The principal products purchased by such customers are surface finishing chemicals and solid sheet printing elements. In addition, in our Agricultural Solutions segment, we rely on unaffiliated contract manufacturers, both domestically and internationally, to produce certain products or key components of products.

There is limited available manufacturing capacity that meets our quality standards and regulatory requirements. If we are unable to arrange for sufficient production capacity among our contract manufacturers or if our contract manufacturers encounter production, quality, financial, or other difficulties (including labor or geopolitical disturbances), we may encounter difficulty in meeting customer demands as the manufacture of our products may not be easily transferable to other sites. In addition, many of our products are developed or distributed through strategic partnerships. Some of our existing formulated products and others currently under development include combinations of proprietary AIs or combinations of AIs with proprietary safeners or adjuvants. Some of these proprietary AIs, safeners, and adjuvants are owned by third-parties, and the development and commercialization of such products are carried out through contractual strategic arrangements with such third-parties. We may also be dependent on a limited number of key suppliers for AIs. In addition, we generally do not have long-term supply contracts with AI suppliers for our regional portfolio. If our sources of AI supplies are terminated or affected by adverse prices or other concerns, we may not be able to identify alternate sources of AI supplies to sustain our sales volumes on commercially reasonable terms, or at all.

We also rely on independent distributors within each segment to distribute our products and to assist us with the marketing and sale of certain of our products. There can be no assurance that our distributors will focus adequate resources on selling our products to end users, or will be successful in selling our products, which could materially adversely affect our business.

If we are unable to protect our intellectual property rights, our business, financial condition or results of operations could be adversely affected.



Our success depends to a significant degree upon our ability to protect and preserve our intellectual property rights and the rights to our proprietary processes, methods, compounds and other technology. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies and our competitors offering similar products, potentially resulting in the loss of one or more competitive advances and decreased sales. In addition, the laws of other countries may not protect our intellectual property rights to the same extent as the laws of the United States. In addition, a vigorous prosecution of an infringement claim is not always cost effective or practical. In some cases, we rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third-parties to protect our intellectual property, our confidentiality agreements could be breached and may not

provide meaningful protection for or adequate remedies to protect our trade secrets or proprietary manufacturing expertise in the event of unauthorized use or disclosure of information.

Despite efforts to protect our proprietary rights, existing trade secret, copyright, patent and trademark laws afford us only limited protection. Others may attempt to copy or re-engineer aspects of our products or obtain and use information that we regard as proprietary. Accordingly, we may not be able to prevent misappropriation of our products or trade secrets, or deter others from developing similar products. Further, monitoring the unauthorized use of our products and other proprietary rights is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could also result in substantial costs and diversion of resources and could significantly harm our results of operations and reputation.

We may experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

We seek to improve our business processes and develop new products and applications. Many of our competitors have a substantial amount of intellectual property that we must continually monitor to avoid infringement. We may experience claims that our processes and products infringe issued patents (whether present or future) or other intellectual property rights belonging to others. From time to time, we oppose patent applications that we consider overbroad or otherwise invalid in order to maintain the ability to operate freely in our various business lines without the risk of being sued for patent infringement. If, however, patents are subsequently issued on any such applications by other parties, or if patents belonging to others already exist that cover our products, processes or technologies, we could experience claims of infringement or have to take other remedial or curative actions to continue our production and sales activities with respect to one or more products. Further, intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business.

In addition, many of our products directly or indirectly are offered as presenting critical performance attributes, which expose us to a greater risk of product liability claims. If a person were to bring a product liability suit against one of our customers, that customer may in turn attempt to seek damage compensation from us. A person may also bring a product liability claim directly against us. A successful product liability claim or series of claims against us in excess of our insurance coverage for payments could have a material adverse effect on our financial condition or results of operations. While we endeavor to protect ourselves from such claims and exposures in our contractual negotiations (including through indemnification provisions), we cannot assure you that our efforts in this regard will ultimately protect us from any such claims.

If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business operations could be adversely affected.

We depend on information systems throughout the Company to control our manufacturing processes, process orders, manage inventory, process and bill shipments to and collect cash from our customers, respond to customer inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment and record and pay amounts due to vendors and other creditors. As a part of our ongoing effort to consolidate our businesses, we are implementing new enterprise resource planning software and other software applications to manage certain business operations. As we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality and other problems could arise that we have not foreseen. Such problems could adversely impact our ability to provide quotes, take customer orders and otherwise run our business in a timely manner. In addition, if our new systems fail to provide accurate and increased visibility into pricing and cost structures, it may be difficult to improve or maximize our profit margins. As a result, our results of operations could be adversely affected.

Our business operations could also be disrupted if our information technology systems fail to perform adequately. The efficient operation of our business depends on our information technology systems, some of which are managed by third-party service providers. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business, financial condition and results of operations to suffer.

Data privacy and data security considerations could impact our business operations.

The interpretation and application of data protection laws in the U.S., Europe and elsewhere are uncertain and evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. Complying with these various laws is difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Despite our efforts to protect sensitive information and confidential and personal data and to comply with and implement data security measures, our facilities and systems may be vulnerable to security breaches and other data loss, including cyber-attacks. In addition, it is not possible to predict the impact on our business of the future loss, alteration or misappropriation of information in our possession related to us, our employees, former employees, customers or suppliers. Depending on their nature and scope, these threats could potentially lead to improper use of our systems and networks, manipulation and destruction of proprietary or key data or product non-compliance. Breaches of our security measures or the accidental loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential information about the Company, our employees, former employees, customers or suppliers could result in legal claims or proceedings, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions and other significant costs, which could adversely affect our reputation, financial condition and results of operations.

Our net sales and gross profit have varied depending on our product, customer and geographic mix for any given period, which makes it difficult to forecast future operating results.

Our net sales and gross profit vary among our products, customers and markets, and therefore may be different in future periods from historic or current periods. Overall gross profit margins in any given period are dependent in large part on the product, customer and geographic mix reflected in that period's net sales. Market trends, competitive pressures, commoditization of products, increased component or shipping costs, regulatory conditions, severe weather and other factors may also result in reductions in revenue or pressure on the gross profit margins of certain segments in a given period.

The varying nature of our product, customer and geographic mix between periods, including the historically seasonable nature of our agrochemical operations, has materially impacted our net sales and gross profit between periods during certain recessionary times and may lead to difficulties in measuring the potential impact of market, regulatory and other factors on our business. As a result, we may be challenged in our ability to forecast our future operating results.

Further, potential future business acquisitions can compound the difficulty in making comparisons between prior, current and future periods because acquisitions, which are not ordinary course events, also affect our gross profit margins and our overall operating results.

Adverse weather conditions, as well as seasonality, may cause fluctuations in the revenue and operating results of our Agricultural Solutions business.

Sales volumes for agrochemical products, like all agricultural products, are subject to the sector's dependency on weather and disease and pest infestation conditions. Adverse weather conditions and natural disasters such as storms, hurricanes, tsunamis, hail, tornadoes, freezing conditions, extreme heat, drought and floods in a particular region could have a material adverse effect on our Agricultural Solutions business. The agricultural industry, including our Agricultural Solutions business, may also be adversely affected by global climate change and its impact on weather conditions such as changes in precipitation patterns and the increased frequency of extreme weather events.

In addition, our agrochemical operations are seasonal, with a greater portion of total net revenue and operating income occurring in the second and fourth quarters. As a result of seasonality, any factors that would negatively affect our second and fourth quarter results in any year, including severe weather conditions and natural disasters that affect decisions by our customers and end-users about the types and amounts of agrochemicals and BioSolutions products to purchase and the timing of use of such products, could have an adverse impact on the results of operations, financial condition and results of operations of our Agricultural Solutions business for the entire year.

Global economic conditions may adversely affect our net sales, gross profit and financial condition and result in delays or reductions in our spending, which could have a material adverse effect on us.

Our products are sold in industries that are sensitive to changes in general economic conditions, including agricultural, animal health, electronics, graphic arts, plating, and offshore oil and gas production and drilling industries.

Accordingly, our net sales, gross profit and financial condition depend significantly on general economic conditions and the demand for our products and services in the markets in which we compete. In particular, weak economic conditions in parts of China and South America may have an adverse effect on our results. A delay or a reduction in

customer spending due to an economic downturn would reduce demand for our products and services and, consequently, could have a material adverse effect on our business, financial condition, or results of operations.

Industry and consumer trends may cause significant fluctuations in our results of operations and have a material adverse effect on our financial condition.

We believe that the specialty chemical industry in general, and the printing industry in particular, are cyclical and subject to constant and rapid technological change, product obsolescence, price erosion, evolving standards, short product lifecycles, raw material price fluctuations and changes in product supply and demand. The specialty chemical industry is currently being affected by globalization and a shift in customers' businesses while the printing industry is currently shrinking. The trends and characteristics in these industries may cause significant fluctuations in our results of operations and have a material adverse effect on our financial condition.

Our specialty chemicals are used for a broad range of applications by our customers. Changes, including technological changes, in our customers' products or processes may make our specialty chemicals unnecessary, which would reduce the demand for those chemicals. We have had, and may continue to have, customers that find alternative materials or processes and therefore no longer require our products, which had and may continue to have a material adverse effect on our business, financial condition or results of operations. Similarly, demand for our products could be affected by consumer concerns regarding the health effects of ingredients as concerns continue to mount about food safety and genetically modified organisms or other product ingredients issues.

We face intense competition, and our failure to compete successfully may have an adverse effect on our net sales, gross profit and financial condition.

We operate in intensely competitive markets that experience rapid technological developments, changes in industry standards, changes in customer requirements, and frequent new product introductions and improvements. We also encounter competition from numerous and varied competitors in all areas of our business. Many of our competitors have longer operating histories, significantly greater resources, greater brand recognition, and a larger base of customers than us in one or more of the markets in which we sell our products. As a result, such competitors may be able to devote greater resources to the research and development, manufacturing, formulation, promotion, or sale of their products, receive greater resources and support from independent distributors, initiate or withstand substantial price competition, or more readily take advantage of acquisition or other opportunities. Further consolidation within our industry or other changes in the competitive environment, such as the merger of E.I. du Pont de Nemours and Company and The Dow Chemical Company, could result in larger competitors that compete with us on several levels. We compete primarily on the basis of quality, technology, performance, reliability, brand, reputation, range of products, and service and support. The competitive landscape for BioSolutions is less well-established than for agrochemicals because it is a newer and less mature area that remains in development. We compete with BioSolutions providers that have similar product claims and offer potential functional substitutes for our products. Customer education and corresponding demand creation is a critical element of competing within the BioSolutions sector. We expect our competitors to continue to develop and introduce new products and to enhance their existing products, which may cause a decline in market acceptance of our products. Our competitors may also improve their manufacturing processes or expand their manufacturing capacity, which could make it more difficult or expensive for us to compete successfully. In addition, our competitors could enter into exclusive arrangements with our existing or potential customers or suppliers, which could limit our ability, or significantly increase costs, to acquire necessary raw materials or to generate sales. At the same time, an increasing number of our products are coming off patent and are thus available to generic manufacturers to produce. As a result, we anticipate that we will continue to face new and different competitive challenges.

In addition, our operating results are influenced in part by our ability to introduce new products and services that offer distinct value to our customers. We seek to provide tailored products for our customers' often unique problems, which require an ongoing level of innovation. Even where we devote significant human and financial resources to develop new technologically advanced products and services, we may not be successful in these efforts. If we are not able to continue technological innovation and successful commercial introduction of new products, our customers may turn to other producers to meet their requirements, which may impact our business, financial condition, or results of operations.

Chemical manufacturing is inherently hazardous and may result in accidents, which may disrupt our operations or expose us to significant losses or liabilities.

The hazards associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes are inherent in our operations.

Our research and development, manufacturing, formulating and packaging activities involve the use of hazardous materials and the generation of hazardous waste. We cannot eliminate the risk of accidental contamination, discharge or injury resulting from those materials. Also, our suppliers or contract manufacturers may use and/or generate hazardous materials in connection with

producing our products. We may be required to indemnify our suppliers, contract manufacturers or waste disposal contractors against damages and other liabilities arising out of the production, handling or storage of our products or raw materials or the disposal of related wastes. Potential risks include explosions and fires, chemical spills and other discharges or releases of toxic or hazardous substances or gases, and pipeline and storage tank leaks and ruptures. Those hazards may result in personal injury and loss of life, damage to property and contamination of the environment, which may result in a suspension of operations and the imposition of civil or criminal fines, penalties and other sanctions, cleanup costs, and claims by governmental entities or third-parties. We are dependent on the continued operation of our production facilities (including third-party manufacturing on a tolling basis), and the loss or shutdown of operations over an extended period could have a material adverse effect on our financial condition, or results of operations.

Our operations currently use, and have historically used, hazardous materials and generate, and have historically generated, quantities of hazardous waste. For example, we are subject to regulatory oversight and investigation, remediation, and monitoring obligations at its current and former Superfund sites, as well as third-party disposal sites, under federal laws and their state and local analogues, including the Resource Conservation and Recovery Act (RCRA), the Clean Water Act, the Clean Air Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as well as analogous foreign laws. In particular, we are subject to ongoing obligations at active sites in the United States and are conducting closure activities pursuant to the RCRA at several sites in the United States. The costs and liabilities associated with these issues may be substantial and may materially impact the financial health of our company.

We may incur material costs relating to environmental and health and safety requirements or liabilities, which could have a negative impact on our financial condition or results of operations.

We are subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning the environment and the generation, use, handling, storage, transportation, treatment and disposal of hazardous waste and other materials. Our operations bear the risk of violations of those laws and sanctions for violations such as clean-up and removal costs, long-term monitoring and maintenance costs, costs of waste disposal, fines for natural resource damage, and payments for property damage and personal injury. Additionally, those requirements, and enforcement of those requirements, may become more stringent in the future. The ultimate cost of compliance with any such requirements could be material. We have incurred, are incurring and will in the future incur, costs and capital expenditures in complying with environmental, health and safety laws and regulations. Although it is our policy to comply with such laws and regulations, it is possible that we have not been or may not be at all times in material compliance with all of those requirements.

At any given time, we may be involved in claims, litigation, administrative proceedings, settlements and investigations of various types in a number of jurisdictions involving potential environmental liabilities. In particular, we are currently involved in various investigations due to historic operations. Liability under some environmental laws relating to contaminated sites can be joint and several and imposed retroactively, regardless of fault or the legality of the activities that gave rise to the contamination. Some of our formulating and manufacturing facilities have an extended history of chemical formulating and manufacturing operations or other industrial activities, and contaminants have been detected at some of our sites and offsite disposal locations. Ultimate environmental costs are difficult to predict and may vary from current estimates and liabilities. The discovery of additional contaminants, the inability or failure of other liable parties to satisfy their obligations, the imposition of additional cleanup obligations, or the commencement of related third-party claims could result in significant additional costs.

Our offshore oil industry products are subject to the hazards inherent in the offshore oil production and drilling industry, and we may incur substantial liabilities or losses as a result of these hazards.

We produce water-based hydraulic control fluids for major oil companies and drilling contractors to be used for potentially hazardous offshore deep water production and drilling applications. Offshore deep water oil production and drilling are subject to hazards that include blowouts, explosions, fires, collisions, capsizing, sinking and damage or loss to pipeline, subsea or other facilities from severe weather conditions. Those hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage



and suspension of operations. A catastrophic occurrence at a location where our products are used may expose us to substantial liability for personal injury, wrongful death, product liability or commercial claims. To the extent available, we maintain insurance coverage that we believe is customary in our industry. Such insurance does not, however, provide coverage for all liabilities, and we cannot assure you that our insurance coverage will be adequate to cover claims that may arise or that we will be able to maintain adequate insurance at rates we consider reasonable. The occurrence of a significant offshore deep water oil production or drilling event that results in liability to us that is not fully insured could have a material and adverse effect on our financial condition, or results of operations.

Certain of our products may be subject to various export control regulations and exports may require a license from the U.S. Department of State or the U.S. Department of Commerce.

Companies must comply with various laws and regulations relating to the export of products, services, and technology. In the United States, these laws include, among others, the U.S. Export Administration Regulations (EAR) administered by the U.S. Department of Commerce's Bureau of Industry and Security and the International Traffic in Arms Regulations (ITAR), administered by the U.S. Department of State's Directorate of Defense Trade Controls. Some of our products or technology may have military or strategic applications governed by the ITAR or represent so-called "dual use" items governed by the EAR. As a result, these products may require government licenses to be exported to certain jurisdictions or persons. Any failure to comply with these laws and regulations could result in civil or criminal penalties, fines, investigations, adverse publicity and restrictions on our ability to export our products, which could result in a material adverse effect on our business, financial condition, or results of operations.

Fluctuations in our tax obligations and effective tax rate may have a negative effect on our results of operations.

Our chemical products are formulated, distributed or sold in more than 110 countries and jurisdictions. As such we are subject to tax laws and regulations of various federal, state and local governments in the United States, as well as to tax laws and regulations outside of the United States. We record tax expense based on our estimates of future payments, which include reserves for uncertain tax provisions in multiple tax jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes, income taxes payable, and net deferred tax position. There are many transactions where the ultimate tax determination is uncertain. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. Further, our effective tax rate in a given financial period may be materially impacted by changes in mix and level of earnings and by changes to existing accounting rules and regulations. Tax legislation enacted in the future, in the United States or in foreign countries and jurisdictions, could also negatively impact our current or future tax structure and effective tax rates. For example, the Anti-Tax Avoidance Directive, which was adopted by the European Commission in July 2016 and which is required to be implemented by all E.U. member states by January 1, 2019, may have possible implications for, and affect the tax treatment of, the Company.

In addition, we are subject to the continual examination of our income tax returns by the Internal Revenue Service and foreign tax authorities in those countries and jurisdiction in which we operate, and we may be subject to assessments or audits in the future. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from that which is reflected in our historical financial statements. An audit or litigation can result in significant additional income taxes payable in the jurisdictions in which we operate which could have an adverse impact on our financial condition and results of operations. Certain of our subsidiaries have historically received tax assessments for significant amounts from the tax authorities of the countries in which they operate, especially in Brazil. We are currently contesting tax assessments in several administrative and legal proceedings, and our challenges are at various stages. If determined adversely, these proceedings may have an adverse impact on our business, financial condition, or results of operations. In addition, in some jurisdictions, challenges to tax assessments require the posting of a bond or security for the contested amount, which may reduce our flexibility in operating our agrochemicals business.

Failure to comply with the FCPA and other similar anti-corruption laws could subject us to penalties and damage our reputation.

The global nature of our business, the significance of our international revenue and our focus on emerging markets create various domestic and local regulatory challenges and subject us to risks associated with our international operations. The FCPA, the Bribery Act, and other anti-corruption laws generally prohibit companies, directors, officers, employees, and their intermediaries from making corrupt payments to foreign officials for the purpose of obtaining or retaining business or securing an improper advantage. Under many of these laws, companies may also be held liable for actions taken by third-parties acting on their behalf, such as strategic or local partners or representatives. Certain anti-corruption laws, including the Bribery Act, also prohibit commercial bribery and the receipt of bribes, while others, such as the FCPA, require companies to maintain accurate books and records and adequate internal controls. Certain of the jurisdictions in which we conduct business are perceived to have a

heightened risk for corruption, extortion, bribery, pay-offs, theft and other improper practices. We also count governments among our customers, which increases our risks under the FCPA, the Bribery Act and other laws. Our businesses prohibit bribery and unethical conduct, but these policies may not prevent our employees or agents from violating these laws. Failure by us or our intermediaries to comply with applicable anti-corruption laws, governmental authorities in the United States or elsewhere, as applicable, may result in civil and/or criminal penalties against us, our officers or our employees, prohibition on the conduct of our business, which could all damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

As previously disclosed in our 2015 Annual report, in connection with the implementation of our internal controls, policies and procedures at Arysta, following our acquisition of that business in 2015, we discovered certain payments made to third-party agents in connection with Arysta's government tender business in West Africa which may be illegal or otherwise inappropriate. We have

engaged outside counsel and an outside accounting firm to conduct an internal investigation to review the legality of these and other payments made in Arysta's West Africa tender business, including Arysta's compliance with the FCPA. We contacted the SEC and the U.S. Department of Justice to voluntarily inform them of this matter and fully cooperate with their review of the matter. The SEC has advised that they have closed out the matter, and the U.S. Department of Justice has advised that they have no further requests at this time. Our internal investigation is largely complete. There can be no assurance as to how the resulting consequences of this matter, if any, may impact our business, financial condition, or results of operations.

Our products are subject to numerous, complex government regulations dealing with the production and sale of chemicals and compliance with these regulations could require us to incur additional costs or to reformulate or discontinue certain of our products.

We, our business, our products and our customers' products are subject to regulation by many U.S. and non-U.S. supranational, national, federal, state and local governmental authorities. Regulations include customs, imports and international trade laws, export control, antitrust laws, environmental, global climate change, health and safety requirements and zoning and occupancy laws that regulate manufacturers generally or govern the importation, promotion and sale of our products, the operation of factories and warehouse facilities and our relationship with our customers, suppliers and competitors. Our products and manufacturing processes are also subject to ongoing reviews by certain governmental authorities.

Numerous laws regulating the production and marketing of chemical substances govern us. Dozens of substances manufactured, imported, and used by us are regulated under the European Union REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation and similar laws in other jurisdictions. We will need to submit a registration for many of these substances between now and June 1, 2018, and the costs associated with these registrations could be substantial. Moreover, if a registration application was, or in the future is, not submitted by any applicable deadline, our ability to sell those products may be negatively impacted until the registration process has been completed. In addition, we manufacture, process and/or use substances regulated under the REACH regulation's Substances of Very High Concern (SVHC) program. Impacts of regulation under this program could include requirements to discontinue certain product lines and to reformulate others, which could materially alter our marketplace position or otherwise have a material financial effect on our revenues. We also have several product lines that currently rely on lead-based solder and many others that historically did so. Legal claims have been brought alleging harmful exposures or contamination as a result of lead-based solder, and it is possible that we may face additional claims in the future. Some of the laws and regulations applicable to us have changed in recent years to impose new obligations that could also force us to reformulate or discontinue certain of our products. As one example, E.U. laws are now requiring a regulatory assessment of plant protection products which contain an active ingredient listed as a "candidate for substitution"; based on this assessment, the European Commission or an individual member state may decide not to authorize the product for continued sale. To comply with these laws, we may need to alter our product lines, which could lead to a material adverse effect on our results of operations.

Our agrochemical and BioSolutions products are subject to technical review and approval by government authorities in each country where we wish to sell our products. The regulatory requirements are complex and vary from country to country. They are also subject to frequent changes as new data requirements arise in response to scientific developments. Although the approval process, referred to as "registration," varies from country to country, all processes generally mandate periodic product reviews, referred to as "re-registration," which can often result in the requirement to generate new data and could result in either restrictions being placed on the permissible uses of the product going forward or in a refusal by the relevant government authority to grant a re-registration for the product altogether. Notably, scientific developments often result in new data requirements under these regulatory directives, laws and/or regulations, thereby impacting both the scope and timing of the process as well as the likelihood of a registration or re-registration being granted by the relevant government authority. Globally, a large number of AIs in our agrochemical products are currently or will soon be subject to such re-registration processes which may result in products having their approval for sale withdrawn in some countries. We cannot assure you that registrations will be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain those

registrations, would adversely affect our ability to generate revenue from those products.

Compliance with government regulations regarding the use of “conflict minerals” may result in increased costs and risks.

As part of the Dodd-Frank Act, the SEC has promulgated disclosure requirements regarding the use of certain minerals, known as "conflict minerals," which are mined from the Democratic Republic of Congo and adjoining countries. The E.U. and other foreign jurisdictions may in the future also enact rules regarding conflict minerals, which could potentially cover additional minerals and locations where minerals originate. We are currently in the process of evaluating the use of conflict minerals in the products formulated by the legacy Alent, the OMG Businesses and OMG Malaysia, and could incur significant costs related to implementing a process that will meet the mandates of the Dodd-Frank Act. Our material sourcing is broad-based and multi-tiered, and due to the complexity of our supply chain we may not be able to easily verify the origins of conflict minerals used in the products we

sell. Any non-compliance with the applicable standards or regulations may result in reputational challenges and affect our business, financial condition, or results of operations.

We may be unable to ensure compliance with international trade restrictions and economic sanctions laws and regulations, which could adversely affect our business, financial condition or results of operations.

We have operations, assets and/or make sales in countries all over the world, including countries that are or may become the target of the United States and other countries' trade restrictions, including economic sanctions, which we refer to collectively as "Economic Sanctions Laws." Economic Sanctions Laws are complex and change with time as international relationships and confrontations between and among nations evolve. For example, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. State Department administer certain laws and regulations that impose penalties upon U.S. persons and entities and, in some instances, non-U.S. entities, for conducting activities or transacting business with certain countries, governments, entities, or individuals subject to U.S. Economic Sanctions Laws. Given the breadth of our international operations and the scope of our sales globally, including via third-party distributors over whom we may have limited or no control, coupled with the complexity and ever-changing nature of Economic Sanctions Laws, there can be no assurance that we have been in the past or will at all times in the future be in full compliance. If we fail to comply with Economic Sanctions Laws, investigations and/or actions could be taken against us that could materially and adversely affect our reputation or have a material and adverse effect on our business, financial condition, or results of operations.

#### Risks Relating to Ownership of our Common Stock

We have numerous equity instruments outstanding that could require us to issue additional shares of common stock. The future issuance of additional shares could result in significant dilution of ownership interests and have an adverse effect on our stock price.

We have a number of equity instruments outstanding that could require us to issue additional shares of our common stock. Depending on the equity instrument, these additional shares may either be issued for no additional consideration or based on a fixed amount of additional consideration. Specifically, as of December 31, 2016, we had outstanding the following:

2,000,000 shares of Series A Preferred Stock which are convertible into shares of our common stock, on a one-for-one basis, at any time at the option of the holder;

7,736,178 exchange rights which require us to issue shares of our common stock in exchange for shares of common stock of our subsidiary, PDH, on a one-for-one basis, at any time at the option of the holder;

approximately 565,198 options which are exercisable to purchase shares of our common stock, on a one-for-one basis, at any time at the option of the holder, of which 390,198 shares were issued under the 2013 Plan; and

approximately 2,437,805 RSUs which were granted to employees under our 2013 Plan. Each RSU represents a contingent right to receive one (1) share of our common stock.

We have approximately 12,298,563 shares of our common stock currently available under the 2013 Plan, net of the outstanding RSUs and options noted above (subject to increase in accordance with the terms of such plan), and 373,434 shares issued under the 2013 Plan, and an additional 4,987,255 shares of our common stock currently available under the ESPP.

In addition, the holders of our Series A Preferred Stock are entitled to receive an annual dividend on their Series A Preferred Stock in the form of shares of our common stock. For 2016, no stock dividend was declared with respect to the Series A Preferred Stock. Since December 31, 2014, the dividend amount is calculated based on the appreciated stock price compared to the highest dividend price (calculated based upon the average of the last ten trading days of the year's volume weighted average share prices) previously used in calculating the Series A Preferred Stock dividends, which currently is \$22.85. The issuance of common stock as stock dividends in the future could have a dilutive impact on, and reduce the value of, our outstanding common stock.

We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock.

Our Board is authorized to create and issue one or more additional series of preferred stock, and, with respect to each series, to determine the number of shares constituting the series and the designations and the powers, preferences and

rights, and the qualifications, limitations and restrictions thereof, which may include dividend rights, conversion or exchange rights, voting rights, redemption rights and terms and liquidation preferences, without stockholder approval. If we create and issue one or more additional series of preferred stock, it could affect your rights or reduce the value of our outstanding common stock. Our Board could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of our common stock and which could have certain anti-takeover effects.

There can be no assurance that we will declare dividends or have the available cash to make dividend payments. To the extent we intend to pay dividends on our common stock, we will pay such dividends at such times (if any) and in such amounts (if any) as our Board determines appropriate and in accordance with applicable law. In addition, we are subject to certain restrictions in our financing arrangements which may prohibit or limit our ability to pay dividends. There is therefore no assurance that we will be able to pay dividends going forward or as to the amount of such dividends, if any.

We operate as a holding company and our principal source of operating cash is income received from our subsidiaries. We are a holding company and do not have any material assets or operations other than ownership of equity interests of our subsidiaries. Our operations are conducted almost entirely through our subsidiaries, and our ability to generate cash to meet our obligations or to pay dividends is highly dependent on the earnings of, and receipt of funds from, our subsidiaries through dividends or intercompany loans. As a result, we are dependent on the income generated by our subsidiaries to meet our expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid to us from each of our subsidiaries will depend on many factors, including the results of operations and financial condition, limits on dividends under applicable law, such subsidiary's constitutional documents, documents governing any indebtedness of such subsidiary, and other factors which may be outside our control. If our subsidiaries are unable to generate sufficient cash flow, we may be unable to pay our expenses or make distributions and dividends on our shares of common stock.

We are governed by Delaware law, which has anti-takeover implications.

We are governed by Delaware law. The application of Delaware law to us may have the effect of deterring hostile takeover attempts or a change in control. In particular, Section 203 of the Delaware General Corporation Law imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock. A Delaware corporation may opt out of that provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or by-laws approved by its stockholders. We have not opted out of this provision. Section 203 could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Volatility of our stock price could adversely affect our stockholders.

The market price of our common stock could fluctuate significantly as a result of:

- quarterly variations in our operating results;
- changes in the market's expectations about our operating results;
- our operating results failing to meet the expectation of management, securities analysts or investors in a particular period;
- the failure to remediate identified material weaknesses;
- changes in financial estimates and recommendations by securities analysts concerning our Company or our industry in general;
- operating and securities price performance of companies that investors deem comparable to us;
- news reports and publication of research reports relating to our business or trends in our markets;
- changes in laws and regulations affecting our businesses;
- announcements or strategic developments, acquisitions and other material events by us or our competitors;
- sales of substantial amounts of common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur;
- adverse market reaction to any additional debt we incur in the future;
- the failure to identify and complete acquisitions in the future or unexpected difficulties or developments related to the integration of recently completed, pending or future acquisitions;
- actions by institutional stockholders;
- general economic and political conditions such as recessions and acts of war or terrorism; and
- the risk factors set forth in this 2016 Annual Report and other matters discussed herein.

Fluctuations in the price of our common stock could contribute to the loss of all or part of a stockholder's investment in our Company. Many of the factors listed above are beyond our control. These factors may cause the market price of



our common stock to decline, regardless of the financial condition, results of operations, business or prospects of us and our subsidiaries. There can be no assurance that the market price of our common stock will not fall in the future.

Future sales, or the perception of future sales, of our common stock may depress the price of our common stock. If we or any of our stockholders sell a large number of shares of our common stock, or if we issue a large number of shares of common stock in connection with future acquisitions, financings or other circumstances, the market price of our common stock could decline significantly. Moreover, the perception in the public market that we or our stockholders might sell shares of common stock could depress the market price of those shares.

We cannot predict the size of future issuances of our shares of common stock or the effect, if any, that future issuances or sales of our shares will have on the market price of such shares. Sales of substantial amounts of our shares, including sales by significant stockholders, and shares issued in connection with any pending or future acquisition, or the perception that such sales could occur, may adversely affect prevailing market prices for our shares of common stock. Possible sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price we deem necessary or appropriate.

#### Item 1B. Unresolved Staff Comments

None.

#### Item 2. Properties

Our corporate offices are located in a leased facility in West Palm Beach, Florida. At December 31, 2016, our global footprint totaled approximately 9.7 million square feet, of which approximately 5.6 million was owned and 4.1 million was leased. Out of our total global footprint, approximately 1.2 million square feet is located in the United States, and the remaining 8.5 million square feet represents our international locations, primarily in Asia and Europe. Our physical presence includes 59 manufacturing sites, 12 sites that include manufacturing and research facilities, and 16 stand-alone research centers. Among our two business segments, Performance Solutions utilizes approximately 61% of the global footprint and Agricultural Solutions utilizes approximately 39%.

We believe that all of our facilities and equipment are in good condition, well-maintained, adequate for our present operations and utilized for their intended purposes. See Note 4, Property, Plant and Equipment, to the Consolidated Financial Statements included in this 2016 Annual Report for amounts invested in land, buildings and machinery equipment, and Note 15, Operating Lease Commitments, to the Consolidated Financial Statements included in this 2016 Annual Report, for information about the Company's operating lease commitments.

#### Item 3. Legal Proceedings

In the ordinary course of our business, we are involved in various legal disputes, investigations and claims and other legal proceedings, including, but not limited to, product liability claims, contractual disputes, premises claims, and employment, environmental, and health and safety matters. Where appropriate, we may establish liabilities for such proceedings. We also maintain insurance to mitigate certain of such risks. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we believe that the resolution of these claims, net of established liabilities, will not, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Due to their inherent uncertainty, however, there can be no assurance as to the ultimate outcome of current or future litigation, proceedings, investigations or claims and it is possible that a resolution of one or more such proceedings could result in fines and penalties that could adversely affect our business, financial position or results of operations.

In addition, we are involved in various claims relating to environmental matters at a number of current and former plant sites and waste management sites. We engage or participate in remedial and other environmental compliance activities at certain of these sites. At other sites, we have been named as a "potential responsible party" (PRP) pursuant to the federal Superfund Act and/or state Superfund laws comparable to the federal law for site remediation. Based on currently available information, we do not anticipate any material losses in excess of the liabilities recorded. However, it is possible that, as additional information becomes available, the impact of an adverse determination could have a different effect. For additional information regarding environmental matters and liabilities, see Note 16, Contingencies, Environmental and Legal Matters, to the Consolidated Financial Statements included in this 2016 Annual Report.



From time to time, in the ordinary course of business, the Company contests tax assessments received by its subsidiaries in various jurisdictions. For a discussion of certain tax matters relating to Arysta in Brazil, see Note 16, Contingencies, Environmental and Legal Matters, to the Consolidated Financial Statements included in this 2016 Annual Report.

In March 2016, a class action lawsuit entitled *Dillard v. Platform Specialty Products Corporation, et al.* was filed against Platform and certain of its former and current executive officers in the U.S. District Court for the Southern District of Florida alleging material false and misleading statements relating to our business, operational and compliance policies in light of certain past business practices of Arysta's West Africa business, as disclosed herein and in the 2015 Annual Report. In June 2016, the Court appointed joint lead plaintiffs, and in July 2016, the lead plaintiffs filed an amended complaint with an expanded class period but stating substantially similar claims to those contained in the original complaint. In September 2016, Platform filed a motion to dismiss this complaint. On December 7, 2016, the Court granted the motion to dismiss. On December 14, 2016, the parties submitted a joint stipulation of dismissal, and on December 16, 2016, the Court issued an order closing the case.

Item 4. Mine Safety Disclosure

Not applicable.

## Part II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

## Market for our Common Stock

Our common stock is traded on the NYSE under the symbol "PAH." As of February 24, 2017, there were approximately 368 registered holders of record of our common stock, par value \$0.01 per share. On February 24, 2017, the closing price of our common stock was \$13.05.

The following table sets forth the closing high and low sales prices of our common stock as reported on the NYSE for the periods indicated:

Period	2016		2015	
	High	Low	High	Low
First Quarter	\$12.22	\$5.55	\$27.05	\$20.71
Second Quarter	10.77	7.99	28.35	24.90
Third Quarter	9.73	8.06	26.00	12.06
Fourth Quarter	10.40	7.17	14.84	10.12

## Dividends

We have never declared or paid any cash dividends on our common stock and do not intend to pay cash dividends on our common stock in the foreseeable future. We anticipate that we will retain all of our future earnings, if any, for use in the development and expansion of our business and for general corporate purposes, including for the repayment of debt. Our Amended and Restated Credit Agreement and the indentures governing our Senior Notes also contain restrictions which may prohibit or limit our ability to pay dividends. As a holding company, our ability to pay dividends is highly dependent on receipts of funds from our subsidiaries. See Part I, Item 1A.—Risk Factors— "We operate as a holding company and our principal source of operating cash is income received from our subsidiaries." The holders of our Series A Preferred Stock are entitled to receive an annual dividend on their Series A Preferred Stock in the form of shares of our common stock. For 2016 and 2015, no stock dividend was declared with respect to the Series A Preferred Stock. Since December 31, 2014, the dividend amount is calculated based on the appreciated stock price compared to the highest dividend price (calculated based upon the average of the last ten trading days of the year's volume weighted average share prices) previously used in calculating the Series A Preferred Stock dividends. In 2014, the dividend price, which was the only dividend price used to date, was \$22.85.

In addition to the restrictions described above, we may become subject to additional covenants should we incur any additional indebtedness, which may prohibit or further limit our ability to pay dividends.

## Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

This graph compares cumulative total stockholder return on our common stock from January 23, 2014 (first day of trading on the NYSE) through December 31, 2016 with the cumulative total return of (i) the Standard and Poor's 500 Index, and (ii) the S&P 500 Specialty Chemicals Index, assuming a \$100 investment made on January 23, 2014 (our first day of trading on the NYSE). The stock performance shown on this graph is based on historical data and is not indicative of, or intended to forecast, possible future performance of our common stock.

Equity Compensation Plan Information

Information regarding our equity compensation plans, including both stockholder approved plans and plans not approved by stockholders, is incorporated by reference in Item 12 of Part III of this 2016 Annual Report.

Recent Sales of Unregistered Securities

None.

Recent Purchases of our Registered Equity Securities by the Issuer and Affiliated Purchases

None.

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## Item 6. Selected Financial Data

## Platform's Selected Consolidated Financial Information

The following table presents selected consolidated historical financial data for us and our Predecessor as of the dates and for each of the periods indicated. The selected consolidated historical data as of and for the years ended December 31, 2016, 2015, and 2014, and the Successor 2013 Period have been derived from our audited consolidated financial statements. The selected consolidated historical data as of and for the Predecessor 2013 and 2012 Periods have been derived from audited consolidated financial statements of our Predecessor. The selected consolidated historical financial data presented below contain all normal recurring adjustments that, in the opinion of management, are necessary to present fairly our financial position and results of operations as of and for the periods presented. The selected historical consolidated financial data included below and elsewhere in this 2016 Annual Report are not necessarily indicative of future results and should be read in conjunction with the section entitled "Financial Statements and Supplementary Data" included in Part II, Item 8 of this 2016 Annual Report, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this 2016 Annual Report.

(amounts in millions, except per share data)	Year	Year	Year	Period	Period	
	Ended December 31, 2016 (1)	Ended December 31, 2015 (2)	Ended December 31, 2014 (3)	from Inception (April 23, 2013) through December 31, 2013 (4)	from January 1, 2013 through October 31, 2013 (5)	Year Ended December 31, 2012
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Predecessor)
<b>Statement of Operations Data</b>						
Net sales	\$ 3,585.9	\$ 2,542.3	\$ 843.2	\$ 118.2	\$ 627.7	\$ 731.2
Gross profit	1,507.7	991.9	396.6	35.7	322.8	355.1
Operating profit (loss)	253.4	71.6	9.5	(195.6 )	91.7	115.1
(Loss) income before income taxes, non-controlling interests and dividends on preferred shares	(48.1 )	(229.3 )	(30.9 )	(201.4 )	26.5	71.0
Income tax (expense) benefit	(28.6 )	(75.1 )	6.7	5.8	(13.0 )	(24.7 )
Net (loss) income	(76.7 )	(304.4 )	(24.2 )	(195.6 )	13.5	46.3
Basic loss per share	(0.17 )	(1.52 )	(1.94 )	(2.10 )	n/a	n/a
Diluted loss per share	(0.65 )	(1.52 )	(1.94 )	(2.10 )	n/a	n/a
	December 31, 2016 (1)	December 31, 2015 (2)	December 31, 2014 (3)	December 31, 2013 (4)	October 31, 2013 (5)	December 31, 2012
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Predecessor)
<b>Balance Sheet Data</b>						
Cash and cash equivalents	\$ 422.6	\$ 432.2	\$ 397.3	\$ 123.0	\$ 87.1	\$ 143.4
Working capital (6)	988.5	1,175.2	1,355.8	263.8	170.1	246.4
Total assets	10,054.1	10,190.2	4,547.3	2,258.5	1,172.0	1,225.9
Total debt	5,239.0	5,228.3	1,405.6	750.6	1,107.4	712.6
Total equity (deficit)	2,889.8	2,273.3	2,552.6	1,115.1	(200.0 )	272.4
Comparability of the financial data within the table above is affected by the following acquisitions: OMG Malaysia in January 2016, Alent in December 2015, OMG Businesses in October 2015, Arysta in February 2015, CAS in						

November 2014, Agriphar in October 2014, and MacDermid in October 2013. See Note 2, Acquisitions of Businesses, to the Consolidated Financial Statements included in this 2016 Annual Report for additional information.

<sup>(1)</sup> In addition to the impact of the 2016 and 2015 acquisitions and related valuation of intangible assets, the results presented include the following significant items affecting comparability for the year ended December 31, 2016:

• Goodwill impairment charge of \$46.6 million related to Performance Solutions' Offshore Solutions reporting unit;  
• Amortization of purchase price adjustment of \$11.7 million charged to cost of sales for the manufacturer's profit in inventory;

• Acquisition and integration related costs of \$33.4 million, primarily comprised of professional fees;



Restructuring costs of \$31.1 million, primarily related to severance;  
Net interest expense of \$376 million, primarily related to interest charges resulting from incremental debt facilities, including term loans, bonds and revolving credit borrowings, used to fund the acquisitions;  
Gains relating to the amendment of the Series B Convertible Preferred Stock and the related execution of a settlement agreement totaling \$32.9 million and \$103 million, respectively;  
Foreign exchange loss on foreign denominated external and internal debt of \$33.9 million;  
Debt refinancing charges of \$19.7 million; and  
Income tax expense included a \$34.3 million benefit related to the settlement of Series B Convertible Preferred Stock, a \$24.5 million benefit related to the impact of transaction costs, and a \$24.1 million benefit related to a net change in tax reserves, partially offset by \$68.4 million of expense related to a change in valuation allowances and \$26.8 million of expense related to an increase in the provision for tax on undistributed foreign earnings.

(2) In addition to the impact of the 2015 and 2014 acquisitions and related valuation of intangible assets, the results presented include the following significant items affecting comparability for the year ended December 31, 2015:

Amortization of purchase price adjustment of \$76.5 million charged to cost of sales for the manufacturer's profit in inventory;

Acquisition and integration related costs of \$122 million, primarily comprised of professional fees;

Restructuring costs of \$25.3 million, primarily related to severance, professional and consulting fees;

Net interest expense of \$214 million, primarily related to interest charges resulting from incremental debt facilities, including term loans, bonds and revolving credit borrowings, used to fund the acquisitions;

Fair value loss on foreign exchange forward contract related to the Alent Acquisition of \$73.7 million charged to other expenses;

Foreign exchange loss on foreign denominated external and internal debt of \$46.4 million; and

Income tax expense included \$72.6 million of expense related to a change in valuation allowances, \$40.5 million of expense related to non-deductible transaction costs, and \$27.5 million of expense related to a net change in tax reserves.

(3) In addition to the impact of the 2014 and 2013 acquisitions and related valuation of intangible assets, the results presented include the following significant items affecting comparability for the year ended December 31, 2014:

Amortization of purchase price adjustment of \$35.5 million charged to cost of sales for the manufacturer's profit in inventory;

Acquisition and integration related costs of \$47.8 million, primarily comprised of professional fees;

Net interest expense of \$37.9 million primarily related to interest charges resulting from incremental debt facilities, including term loans, bonds and revolving credit borrowings, used to fund acquisitions; and

Non-cash mark-to-market charge related to the contingent consideration in connection with the MacDermid acquisition of \$29.1 million.

(4) The results presented include the following significant items affecting comparability in the Successor 2013 Period:

Non-cash charge related to the preferred share dividend rights of the Founders Entities of \$172 million;

Amortization of purchase price adjustment of \$23.9 million charged to cost of sales for the manufacturer's profit in inventory; and

Transaction related costs, primarily comprised of professional fees, of \$15.2 million.

(5) The results presented include the following significant items affecting comparability in the Predecessor 2013 Period:

Transaction related costs primarily for professional fees and fees paid to Predecessor stockholders resulting from management fees payable in conjunction with consummation of the MacDermid Acquisition of \$16.9 million; and

Deemed compensation expense related to pre-acquisition share awards of approximately \$9.3 million.

(6) Working capital is defined as current assets less current liabilities.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of our financial condition and results of operations during the periods ended December 31, 2016, 2015 and 2014. This discussion should be read in conjunction with "Financial Statements and Supplementary Data," included in Part II, Item 8 of this 2016 Annual Report, "Selected Financial Data" included in Part II, Item 6 of this 2016 Annual Report, and our audited Consolidated Financial Statements and notes thereto included elsewhere in this 2016 Annual Report. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. We generally identify forward-looking statements by words such as "expect," "anticipate," "project," "will," "should," "believe," "intend," "plan," "estimate," "predict," "believe," "seek," "continue," "outlook," "may," "might," "should," "can have," "likely," or the negative version of these words or comparable words. Factors that can cause actual results to differ materially from those reflected in the forward-looking statements include, among others, those discussed in Part I, Item 1A.—Risk Factors and elsewhere in this 2016 Annual Report. We urge you not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Historical results are not necessarily indicative of the results expected for any future period.

### Overview

We are a global and diversified producer of high technology specialty chemical products. Our chemistry combines a number of ingredients to produce proprietary formulations. Utilizing our strong industry insight, process know-how and creative research and development, we partner with our customers to provide innovative and differentiated solutions that are integral to their finished products. We are present in a wide variety of attractive niche markets across multiple industries, including automotive, agriculture, animal health, electronics, graphic arts, and offshore oil and gas production and drilling, and we believe that the majority of our operations hold strong positions in the product markets they serve. Our product innovations and product extensions are expected to continue to drive sales growth in both new and existing markets while also expanding margins by continuing to offer high customer value propositions.

As our name implies, Platform is also an acquisition vehicle with a strategy of acquiring and maintaining leading positions in niche segments of high-growth markets. As such, we continually seek opportunities to act as an acquirer and consolidator of specialty chemical businesses on a global basis, particularly those meeting our "Asset-Lite, High-Touch" philosophy, which involves prioritizing resources to research and development and offering highly technical sales and customer service, while managing conservatively our investments in fixed assets and capital expenditures. We regularly review acquisition opportunities and may acquire businesses that meet our acquisition criteria when we deem it to be financially prudent. As of December 31, 2016, we have completed the following acquisitions: the MacDermid Acquisition on October 31, 2013, the Agriphar Acquisition on October 1, 2014, the CAS Acquisition on November 3, 2014, the Arysta Acquisition on February 13, 2015, the OMG Acquisition on October 28, 2015, the Alent Acquisition on December 1, 2015, and the OMG Malaysia Acquisition on January 31, 2016.

### Summary of Significant 2016 Activities

In December 2016, in accordance with the settlement agreement and release described below, as amended, we elected to exercise the alternative settlement mechanism and settled all of our obligations with respect to our Series B Convertible Preferred Stock and the related make whole payment obligation, as described in the settlement agreement, in exchange for a cash payment of \$460 million and the issuance of 5,500,000 shares of our common stock upon conversion of the corresponding shares of Series B Convertible Preferred Stock in accordance with the terms of the certificate of designation of the Series B Convertible Preferred Stock. The remaining shares of Series B Convertible Preferred Stock were subsequently canceled and retired. As of December 31, 2016, none of the shares of Series B Convertible Preferred Stock remain outstanding.

In December 2016, we completed the repricing of \$1.35 billion of existing terms loans by entering into Amendment No. 6 to the Amended and Restated Credit Agreement. This amendment provided for the prepayment in full of previously existing USD and EUR term loan tranches, which were not subject to the October 2016 repricing and

extension (see below), with the aggregate proceeds of a new \$610 million USD term loan tranche and a new EUR term loan tranche in the aggregate principal amount of €700 million. This repricing resulted in a 100 basis point reduction in the interest rate for the new USD term loan tranche and a 125 basis point reduction in the interest rate for the new EUR term loan tranche, and is expected to reduce annual interest payments by approximately \$15.0 million. This transaction also shifted \$425 million from USD term loans to EUR term loans further complementing Platform's business profile and optimizing its foreign currency exposure.

In October 2016, we completed the repricing and extension of approximately \$1.95 billion of existing term loans by entering into Amendment No. 5 to the Amended and Restated Credit Agreement, which, among other things, provided for the prepayment in full of certain previously existing USD term loan tranches with the aggregate proceeds of the new term loan tranche in an aggregate principal amount of \$1.48 billion (less original issue discount of 0.5%) and EUR term loan tranche in an aggregate principal amount of €433 million (less original issue discount of 0.25%). The amendment effectively reduced interest rates by 50 basis points for the new U.S. Dollar denominated term loans and by 75 basis points for the new Euro denominated term loans, and is expected to reduce annual interest payments by approximately \$11.0 million. Amendment No. 5 also extended maturity from June 7, 2020 to June 7, 2023; provided that if, on or prior to November 2, 2021, we have not prepaid, redeemed or otherwise retired and/or refinanced in full the 6.50% USD Notes due 2022, as permitted under the Amended and Restated Credit Agreement, the maturity date of the new term loans will be November 2, 2021.

In September 2016, we entered into a settlement agreement with the Arysta Seller whereby we agreed that from October 20, 2016 until the close of business on December 15, 2016, we may settle (i) all of our obligations with respect to our shares of Series B Convertible Preferred Stock in exchange for a cash payment of \$1.00 and the issuance of 5,500,000 shares of our common stock upon simultaneous conversion of the Series B Convertible Preferred Stock by the Arysta Seller, and (ii) for a payment of \$460 million, our obligation to pay a “make whole payment” to the Arysta Seller pursuant to a share purchase agreement among us, the Arysta Seller and certain other parties thereto, dated as of October 20, 2014, as amended.

In September 2016, we completed the September 2016 Equity Offering of 48,787,878 shares of our common stock at a public offering price of \$8.25 per share. This number of shares includes 6,363,636 shares sold to the underwriters upon exercise in full of their option to purchase additional shares. The September 2016 Equity Offering resulted in gross proceeds to Platform of approximately \$402.5 million, before underwriting discounts and commissions and offering expenses of \$11.9 million.

In July 2016, we filed with the SEC a shelf registration statement on Form S-3 under which we may issue up to \$1.00 billion of securities, including common stock, preferred stock and debt securities. The shelf registration statement was declared effective by the SEC on July 26, 2016.

- In January 2016, we completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments. This acquisition is expected to further enhance our Performance Solutions business segment in which it is included.

As previously disclosed in our 2015 Annual Report, in connection with the implementation of our internal controls, policies and procedures at Arysta, following our acquisition of that business in February 2015, we discovered certain payments made to third-party agents in connection with Arysta’s government tender business in West Africa which may be illegal or otherwise inappropriate. We have engaged outside counsel and an outside accounting firm to conduct an internal investigation to review the legality of these and other payments made in Arysta’s West Africa tender business, including Arysta’s compliance with the FCPA. We contacted the SEC and the U.S. Department of Justice to voluntarily inform them of this matter and fully cooperate with their review of the matter. The SEC has advised that they have closed out the matter, and the U.S. Department of Justice has advised that they have no further requests at this time. Our internal investigation is largely complete. Management does not believe that the amount of the payments in question, or any revenue or operating income related to those payments, are material to our business, results of operations, financial condition or liquidity.

#### Acquisitions

Consistent with our acquisition strategy, to the extent we pursue future acquisitions, we intend to focus on businesses with product offerings that provide geographic or product diversification, or expansion into related categories that can be marketed through our existing distribution channels or provide us with new distribution channels for our existing products, thereby increasing marketing and distribution efficiencies. Furthermore, we expect that acquisition candidates would demonstrate a combination of attractive margins, strong cash flow characteristics, niche leading positions and products that generate recurring revenue. We believe the diversity of the niche-end markets we serve will enable us to continue our growth and maintain strong cash flow generation throughout economic cycles and

mitigate the impact of a downturn in any single market. We will only pursue a candidate when it is deemed to be fiscally prudent and that meets our acquisition criteria. We anticipate that any future acquisitions would be financed through a combination of cash on hand, operating cash flow, availability under our Amended and Restated Credit Agreement and/or new debt or equity offerings.

#### 2016 Activity

OMG Malaysia Acquisition -- On January 31, 2016, the Company completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments. OMG Malaysia is included in our Performance Solutions business segment.

We financed the OMG Malaysia Acquisition with the proceeds from our June 2015 Equity Offering.

#### 2015 Activity

Alent Acquisition -- On December 1, 2015, we completed the Alent Acquisition by acquiring all the issued shares of Alent for approximately \$1.74 billion in cash and 18,419,738 shares of our common stock issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent. Alent is a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive and industrial applications, and a supplier of high performance consumable products and services. Alent's business is included in our Performance Solutions business segment.

We financed the Alent Acquisition with (i) available cash on hand, (ii) the proceeds from the November 2015 Notes Offering of \$500 million aggregate principal amount of 10.375% USD Notes due 2021, and (iii) additional borrowings of \$1.05 billion (less original issue discount of 2%) through the establishment of the Alent U.S. Dollar Tranche B-3 Term Loan, approximately €300 million (less original discount of 2%) through the establishment of the Alent EURO Tranche C-2 Term Loan, and \$115 million under our increased U.S. Dollar Revolving Credit Facility.

OMG Acquisition -- On October 28, 2015, we completed the OMG Acquisition for a total purchase price of approximately \$239 million in cash, net of acquired cash, subject to purchase price adjustments. The acquired OMG Businesses are included in our Performance Solutions business segment. OMG's Electronic Chemicals business is similar to the legacy MacDermid electronic chemical and surface treatment businesses, as it develops, produces and supplies chemicals for electronic and industrial applications. OMG's Photomasks products are used by customers to produce semiconductors and related products.

We financed the OMG Acquisition with the proceeds from our June 2015 Equity Offering.

Arysta Acquisition -- On February 13, 2015, we completed the Arysta Acquisition for approximately \$3.50 billion, consisting of \$2.86 billion in cash, net of acquired cash and certain post-closing working capital and other adjustments, and the issuance of \$600 million of Series B Convertible Preferred Stock. On December 13, 2016, we settled all of our Series B Convertible Preferred Stock obligations under a certain settlement agreement entered into with the Arysta Seller in September 2016. See Note 12, Stockholders' Equity, to our Consolidated Financial Statements included in this 2016 Annual Report under the heading "Series B Convertible Preferred Stock." The legacy Arysta business is included in our Agricultural Solutions business segment. Arysta has a solutions-oriented business model which focuses on product innovation to address grower needs, complementing the legacy Agriphar's and CAS businesses. We acquired Arysta to expand our presence in the agrochemical business and our offering of products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and BioSolutions, as well as off-patent agrochemical products.

We financed the Arysta Acquisition with (i) available cash on hand, (ii) the proceeds from our February 2015 Notes Offering of \$1.10 billion aggregate principal amount of 6.50% USD Notes due 2022 and €350 million aggregate principal amount of 6.00% EUR Notes due 2023, and (iii) additional borrowings of \$500 million (less original issue discount of 1%) through the establishment of the Arysta U.S. Dollar Tranche B-2 Term Loan, €83.0 million (less original discount of 2%) through the establishment of the Arysta EURO Tranche C-1 Term Loan, and \$160 million under our increased U.S. Dollar Revolving Credit Facility.

#### 2014 Activity

CAS Acquisition -- On November 3, 2014, we completed the CAS Acquisition for \$1.04 billion, consisting of \$983 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, 2,000,000 shares of our common stock and the assumption of certain liabilities by Platform. Legacy CAS was a niche provider of seed treatments and agrochemical products for a wide variety of crop protection applications in numerous geographies.

We financed the CAS Acquisition with a combination of available cash on hand and borrowings under an increase in term loans of approximately \$389 million (\$256 million of which is denominated in Euro), \$60.0 million under our

U.S. Dollar Revolving Credit Facility and €55.0 million (\$68.7 million) under our multicurrency Revolving Credit Facility pursuant to our Amended and Restated Credit Agreement.

Agriphar Acquisition -- On October 1, 2014, we completed the Agriphar Acquisition for a purchase price of approximately €300 million (\$370 million), consisting of \$350 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, and 711,551 restricted shares of our common stock, which will become unrestricted beginning January 2, 2018, unless agreed otherwise in accordance with the terms of the acquisition agreement. Legacy Agriphar was a European crop protection group supported by a team of researchers and regulatory experts which provided a wide range of fungicides, herbicides and insecticides with end markets primarily across Europe.

We financed the Agriphar Acquisition with proceeds from the Incremental Amendment No. 1 and available cash on hand.

#### Our Business

Platform, incorporated in Delaware in January 2014, is a global diversified producer of high-technology specialty chemical products. Our chemistry combines a number of ingredients to produce proprietary formulations. We are present in a wide variety of attractive niche markets across multiple industries, including automotive, agricultural, animal health, electronics, graphic arts, and offshore oil and gas production and drilling. We believe that the majority of our operations hold strong positions in the product markets they serve. Our product innovations and product extensions are expected to continue to drive sales growth in both new and existing markets while also expanding margins by continuing to offer high customer value propositions.

We generate revenue through the formulation and sale of our dynamic chemistries and by providing highly technical service to our customers through our extensive global network of specially trained service personnel. Our personnel work closely with our customers to ensure that the intricate chemical composition and function of our products are maintained as intended while ensuring that these products are applied safely and effectively by users globally. For example, a customer in our Performance Solutions segment will engage us to provide a multi-step technological process solution for circuit boards that they are producing for end use in the automotive supply chain. Another example from our Agricultural Solutions segment is our “Aplique Bem” stewardship program which focuses on teaching growers to apply agrochemicals safely and efficiently. This program started in Brazil in partnership with the Institute of Agriculture, Campinas (IC) and rapidly expanded into Latin America, Africa and Asia. This high quality customer service and stewardship program is also supported by our local technical teams and our local infrastructure, such as our field research stations, enabling the development of unique solutions to unmet grower needs. Our specialty chemicals and processes, together with our field technical and sales staff, are seen as integral to our customer’s product performance.

Utilizing our strong industry insight, process know-how and creative research and development, we also partner with our customers to provide innovative and differentiated solutions that are integral to the functionality of their finished products. We leverage these close customer relationships to execute our growth strategy and identify opportunities for new products. These new products are developed and created by drawing upon our significant intellectual property portfolio and technical expertise. We believe that our customers place significant value on our brands, which we capitalize on through innovation, product leadership and customer service.

We manage our business in two reportable segments: Performance Solutions and Agricultural Solutions.

Performance Solutions – Our Performance Solutions segment formulates and markets dynamic chemistry solutions that are used in electronics, automotive production, offshore oil and gas production and drilling, and commercial packaging and printing. Our products include surface and coating materials, water-based hydraulic control fluids and photopolymers. In conjunction with the sale of these products, we provide extensive technical service and support when necessary to ensure superior performance of their application. While our dynamic chemistries typically represent only a small portion of our customers’ costs, we believe that they are critical to our customers’ manufacturing processes and overall product performance. Further, operational risks and switching costs make it difficult for our customers to change suppliers and allow us to retain customers and maintain our market positions. The regional sales mix in this segment has shifted over the past several years from more industrialized nations towards emerging markets, such as Asia and South America. We employ approximately 4,350 personnel which operate mainly in the Americas, Asia/Pacific region and Europe. In addition, we have 13 manufacturing facilities in Asia and remain



focused on further increasing our presence in the region.

Agricultural Solutions – Our Agricultural Solutions segment is based on a solutions-oriented business model that focuses on product innovation to address an ever-increasing need for higher crop yield and quality. We offer to growers diverse crop protection solutions from weeds (herbicides), insects (insecticides) and diseases (fungicides), in foliar and seed treatment applications. We also offer a wide variety of proven BioSolutions, including biostimulants, innovative nutrition and biocontrol products. We emphasize farmer economics and food safety by combining, when possible, BioSolutions with crop protection and seed treatment agrochemicals. Our Global Value Added Portfolio, or GVAP, consists of agrochemicals in the herbicides, insecticides, fungicides

and seed treatment categories, based on patented or proprietary off-patent AIs. Our Global BioSolutions Portfolio, or GBP, includes biostimulants, innovative nutrition and biocontrol products. We consider our GVAP and GBP to be key pillars for our sustainable growth. In addition, we offer regional off-patent AIs and certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary vaccines. We employ approximately 3,300 personnel with a significant presence on high-growth regions such as Africa, South Asia, Latin America and Central and Eastern Europe.

Our operating segments include significant foreign operations. There are certain risks associated with our foreign operations. See Part I, Item 1A. Risk Factors— "Our substantial international operations subject us to risks not faced by domestic competitors." and "We are exposed to fluctuations in currency exchange rates, which may adversely affect our operating results and may significantly affect the comparability of our results between financial periods."

#### Global Economic and Industry Conditions

Our products are sold in industries that we believe are sensitive to changes in general economic conditions. Accordingly, net sales, gross profit and financial condition depend significantly on general economic conditions and the impact of these conditions on demand for our dynamic chemistries and services in the markets in which we compete. In particular, weak economic conditions in parts of Asia and South America may have an adverse effect on our results. Our business is also particularly impacted by demand for chemistry products utilized in the automotive, printed circuit board, offshore oil and gas production, commercial packaging and crop protection industries. Our business may further be influenced by trends in the broader specialty chemical industry. We believe that these industries are cyclical and subject to constant and rapid technological change, product obsolescence, price erosion, evolving standards, finite product life-cycles, raw material price fluctuations and changes in product supply and demand.

**Performance Solutions** - Our Performance Solutions segment is currently being affected by globalization and a shift in customers' businesses out of traditional geographic markets and into high-growth, emerging markets. The increased use of electronics, particularly in automotive and industrial applications, is expected to drive the need for new product development and demand for faster electronic processing. Continued growth in the consumption of consumer packaged goods is expected to drive increased demand for liquid plate and other packaging technologies. While demand in offshore oil production has been impacted by global economic activity and geopolitical tensions driving sustained low oil prices, we believe our business is well positioned to recover as conditions improve.

Net sales in future periods will depend, among other factors, upon a continued general improvement in global economic conditions, our continued ability to meet unscheduled or temporary changes in demand, and our continued ability to penetrate new markets with strategic product initiatives in specific targeted markets.

**Agricultural Solutions** - Our Agricultural Solutions segment is supported by strong global fundamentals that create a critical need to increase crop yields. These include the need to feed a growing population, with limited land and competition from biofuels, in addition to a change in dietary standards in emerging markets. These needs are met through the use of agrochemicals, including seed treatment, to protect the crop, and BioSolutions offerings (especially biostimulants and innovative nutrition), among other technologies, for crop enhancement. The expansion of the middle class is a particularly strong catalyst for growth, particularly in Brazil, China, India, Russia and South Africa. In addition, demand growth combined with rapid urbanization has led to a continual decrease in land available per capita for production. This creates strong incentives for farmers to invest in high technology inputs (agrochemicals, seed) and equipment to maximize yields, increase productivity and protect harvests.

Despite improving macro trends for the industry, net sales in future periods can depend, among other factors, on general economic conditions, commodity prices, foreign exchange volatility, climate conditions and the development of new technologies, such as genetically modified (GM) seeds, that can partially substitute the need for agrochemicals. Disruptions in the Agrochemicals market may create additional opportunities for high value, niche applications that many of our products provide.

#### Foreign Currency Exposure

For the year ended December 31, 2016, approximately 80% of our net sales originated outside of the United States, and were denominated in numerous currencies, including the Euro, Brazilian Real, Chinese Yuan, Japanese Yen and

British Pound Sterling. For the years ended December 31, 2015 and 2014, approximately 81% and 74% of our net sales, respectively, originated outside of the United States. Therefore, changes in foreign exchange rates in any given reporting period may positively or negatively impact our financial performance.

Our foreign subsidiaries enter into foreign exchange hedges from time to time and on an on-going basis to protect against transaction exposures. We actively assess our hedging programs in order to mitigate foreign exchange risk exposures. This includes programs to hedge our foreign currency denominated balance sheet exposures as well as foreign currency anticipated cash flows. Periodically, we also enter into deal specific foreign exchange hedges to mitigate our acquisition-related foreign exchange exposure. For example, in connection with the Alent Acquisition, we entered into a zero-cost, deal-contingent forward purchase contract which we supplemented with a series of foreign currency call and put options, the combination of which synthetically created a forward purchase contract.

#### Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2016, 2015 and 2014:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Net sales	\$3,585.9	\$2,542.3	\$843.2
Cost of sales	2,078.2	1,550.4	446.6
Gross profit	1,507.7	991.9	396.6
Selling, technical, general and administrative	1,123.3	857.5	360.9
Research and development	84.4	62.8	26.2
Goodwill impairment	46.6	—	—
Operating profit	253.4	71.6	9.5
Interest expense, net	(375.7 )	(213.9 )	(37.9 )
Other income (expense)	74.2	(87.0 )	(2.5 )
Income tax (expense) benefit	(28.6 )	(75.1 )	6.7
Net loss	\$(76.7 )	\$(304.4 )	\$(24.2 )

In addition, other comprehensive income for the year ended December 31, 2016 of \$214 million improved from 2015 by \$1.01 billion driven primarily by favorable effects from changes in foreign currency translation associated with the Brazilian Real, British Pound and Japanese Yen, partially offset by adverse effects associated with changes in the Mexican Peso and Chinese Yuan. Other comprehensive loss for the year ended December 31, 2015 of \$796 million increased from 2014 by \$657 million driven primarily by adverse effects from changes in foreign currency translation associated with the Brazilian Real, Euro and Chinese Yuan, partially offset by favorable effects associated with changes in the British Pound Sterling.

The following table summarizes our results of operations for the years ended December 31, 2016, 2015 and 2014 by reportable segment:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
<b>Performance Solutions</b>			
Net sales	\$1,770.1	\$800.8	\$755.2
Cost of sales	993.3	412.8	369.8
Gross profit	776.8	387.9	385.4
Selling, technical, general and administrative	504.3	242.6	237.9
Research and development	45.0	25.4	24.1
Goodwill impairment	46.6	—	—
Operating profit	\$180.9	\$119.9	\$123.4
<b>Agricultural Solutions</b>			
Net sales	\$1,815.8	\$1,741.5	\$88.0
Cost of sales	1,085.4	1,137.1	76.8
Gross profit	730.4	604.5	11.2
Selling, technical, general and administrative	518.1	488.5	31.5
Research and development	39.4	37.4	2.1
Operating profit	\$172.9	\$78.6	\$(22.4)

#### Non-GAAP Financial Measures

In this Management's Discussion and Analysis of Financial Condition and Results of Operations section, we use non-GAAP financial operating measures, including adjusted net sales change, adjusted cost of sales change, adjusted gross profit change, adjusted selling, technical, general and administrative expense change, adjusted research and development expense change, and adjusted operating profit change, in each case adjusted to exclude the results of acquisitions, which lack year-over-year comparability due to the dates when they were acquired, and to eliminate the effects of translating results of our international locations into U.S. dollars. We have included each of these non-GAAP measures in order to provide additional information regarding our underlying operating results and comparable year-over-year performance. Such information is supplemental to information presented in accordance with GAAP and is not intended to represent a presentation in accordance with GAAP. In discussing our historical and expected future results and financial condition, we believe it is meaningful for investors to be made aware of, and to be assisted in a better understanding of, on a period-to-period comparable basis, financial amounts both including and excluding these identified items, as well as the impact of exchange rate fluctuations, on our operating results and financial conditions. We believe such additional non-GAAP information provides investors with an overall perspective of the period-to-period performance of our business. In addition, management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our business. However, investors should not consider these non-GAAP financial measures as a substitute for the financial information that we report in accordance with GAAP. These non-GAAP measures may also not be comparable to similarly titled measures used by other companies.

## Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

As noted under Non-GAAP Financial Measures above, we present our adjusted results to exclude the impact of acquisitions which lack year-over-year comparability. For the years ended December 31, 2016 and 2015, we adjusted to exclude the results of the OMG Malaysia, Alent, and OMG Acquisitions within the Performance Solutions segment. However, with respect to the Arysta Acquisition within the Agricultural Solutions segment, which occurred in February 2015, we have made no adjustment to exclude Arysta's results since year-over-year comparability was only impacted by approximately 1.5 months, but rather we considered its impact within our discussion of results, as appropriate. The acquisition-related adjustments were as follows:

(amounts in millions)	Year Ended December 31,		Acquisitions
	2016	2015	Net impact
Net sales	\$1,086.0	\$91.5	\$ 994.5
Cost of sales	674.0	73.6	600.4
Gross profit	412.0	17.9	394.1
Selling, technical, general and administrative	266.5	27.0	239.5
Research and development	25.3	2.8	22.5
Operating profit (loss)	120.2	(11.9 )	132.1

The adjustments for changes in foreign currency translations consisted of converting our current-period local currency financial results into U.S. Dollars using prior year's exchange rates and comparing these adjusted amounts to our prior years reported results. Our current year acquisition-adjusted activities were effected primarily by weaker British Pound Sterling, Mexican Peso, South African Rand, as well as, Mozambique New Metical, which itself depreciated over 50% during 2016. These impacts were partially offset by a significantly stronger Japanese Yen and Brazilian Real during 2016.

## Net Sales

(amounts in millions)	Year Ended December 31,	
	2016	2015
Net sales	\$3,585.9	\$2,542.3

Net sales for the year ended December 31, 2016 totaled \$3.59 billion, representing an increase of \$1.04 billion, or 41%, as compared to the year ended December 31, 2015.

(amounts in millions)	Year Ended December 31, 2016	
	\$ Change	% Change
Total change	\$1,043.6	41.0 %
- Acquisitions	(994.5 )	(39.1)%
- Foreign Currency Translation	53.9	2.1 %
Change, adjusted for acquisitions and foreign currency translation	\$103.0	4.1 %

For the year ended December 31, 2016, adjusted for acquisitions and foreign currency translation, net sales increased by \$103 million, or 4.1%.

	Year ended December 31,	
(amounts in millions)	2016	2015
Performance Solutions		
Net sales	\$1,770.1	\$800.8
- acquisitions	(1,086.0)	—

1.40

2/5/2020(16)

Aby J. Mathew

27,725

27,725

—

1.12

2/11/2021(17)

Aby J. Mathew

8,184

9,672

—

1.40

2/15/2022(18)

- 
- (1) This award vested 1/3 of the total underlying shares on each of August 7, 2007, 2008 and 2009.
- (2) This award vested 1/3 of the total underlying shares on each of February 7, 2008, 2009 and 2010.
- (3) This award vested 1/4 of the total underlying shares on February 2, 2010 and, thereafter, in equal monthly increments.
- (4) This award vests 1/3 of the total underlying shares on each of February 5, 2012, 2013 and 2014.
- (5) This award vested on the date of grant.
- (6) This award vested at the end of the fourth quarter of 2012, when the Company achieved cash flow break even.
- (7) This award vests 1/4 of the total underlying shares on each of March 1, 2012, 2013, 2014 and 2015.
- (8) This award vested 8,928 shares on August 17, 2012 and, thereafter, vests in equal monthly increments.
- (9) This award vested 4,464 shares on February 15, 2013 and, thereafter, vests in equal monthly increments.
- (10) This award vested 1/4 of the total underlying shares on each of September 28, 2006, 2007, 2008 and 2009.
- (11) This award vested 1/4 of the total underlying shares on each of October 12, 2007, 2008, 2009 and 2010.
- (12) This award vested 1/4 of the total underlying shares on each of February 7, 2008, 2009, 2010 and 2011.
- (13) This award vested 1/4 of the total underlying shares on each of August 7, 2008, 2009, 2010 and 2011.
- (14) This award vested 1/4 of the total underlying shares on each of February 11, 2009, 2010, 2011 and 2012.
- (15) This award vested 1/4 of the total underlying shares on each of November 5, 2009, 2010, 2011 and 2012.

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- (16) This award vests 1/4 of the total underlying shares on each of February 5, 2011, 2012, 2013 and 2014.
- (17) This award vests 1/4 of the total underlying shares on each of February 11, 2012, 2013, 2014 and 2015.
- (18) This award vested 4,464 shares on February 15, 2013 and, thereafter, in equal monthly increments.

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## Securities Authorized for Issuance Under Equity Compensation Plans at December 31, 2013

The following table sets forth information as of December 31, 2013 relating to all of our equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options and warrants (in thousands)	Weighted Average exercise price of outstanding options and warrants	Number of securities remaining available for future issuance (in thousands)
Equity compensation plans approved by security holders	437	\$ 1.52	136
Equity compensation plans not approved by security holders	980	\$ 1.30	—
<b>Total</b>	<b>1,417</b>	<b>\$ 1.36</b>	<b>136</b>

## Employment Agreements

We have an employment agreement with Michael Rice, our President and Chief Executive Officer, which automatically renews for successive one year periods in the event either party does not send the other a “termination notice” not less than 90 days prior to the expiration of the initial term or any subsequent term. The agreement provided for a salary of \$200,000 per year and an incentive bonus based on certain quarterly milestones, to be determined by the board. Mr. Rice also received a ten-year incentive stock option to purchase 107,142 shares of common stock at \$.98 per share (the fair market value on the date of grant), which vested to the extent of 1/3 of the underlying shares on each of the first three anniversary dates of the date of grant. We amended this employment agreement on February 7, 2007 to provide that if Mr. Rice’s employment is terminated without “Cause” or he resigns for “Good Reason,” he will be entitled to the continued payment of salary and bonuses and the reimbursement of medical insurance premiums for 24 months following the date of termination and, in the case of a change of control event, accelerated vesting of any remaining unvested stock options. On February 11, 2008, Mr. Rice’s salary was increased to \$300,000 per annum, retroactive to January 1, 2008 and beginning with the year 2008, his quarterly bonus plan was supplanted by annual reviews of the board of directors or Compensation Committee. Beginning on August 1, 2009, Mr. Rice’s salary was decreased 10% in conjunction with our 10% across the board pay cuts. On July 1, 2012, Mr. Rice’s salary was increased to \$300,000 per annum.

We have an employment agreement with Dr. Aby J. Mathew, Ph.D., our Senior Vice President and Chief Technology Officer, which automatically renews for successive one year periods in the event either party does not send the other a “termination notice” not less than 90 days prior to the expiration of the initial term or any subsequent term. The agreement provides for a salary of \$200,000 per year and an incentive bonus based on certain quarterly milestones of up to 10% of Dr. Mathew’s base salary. If Dr. Mathew’s employment is terminated without “Cause” (other than by reason of death or disability) or if he resigns for “Good Reason,” he will be entitled to the continued payment of salary and bonuses and the reimbursement of medical insurance premiums for 12 months following the date of termination and, in the case of a change of control event, accelerated vesting of any remaining unvested stock options. On January 30, 2013, Dr. Mathew’s salary was increased to \$218,000 per annum, retroactive to January 1, 2013.

We have an employment agreement with Daphne Taylor, our Chief Financial Officer, which automatically renews for successive one year periods in the event either party does not send the other a “termination notice” not less than 90 days prior to the expiration of the initial term or any subsequent term. The agreement provides for a salary of \$150,000 per year and an incentive bonus based on certain quarterly milestones of up to 10% of Ms. Taylor’s base salary. If Ms. Taylor’s employment is terminated without “Cause” (other than by reason of death or disability) or if she resigns for

“Good Reason,” she will be entitled to the continued payment of salary and bonuses and the reimbursement of medical insurance premiums for 6 months following the date of termination and, in the case of a change of control event, accelerated vesting of any remaining unvested stock options. On August 10, 2012, Ms. Taylor’s salary was increased to \$180,000 per annum, effective September 1, 2012. On January 30, 2013, Ms. Taylor’s salary was increased to \$194,400 per annum, retroactive to January 1, 2013.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 31, 2013, certain information regarding the beneficial ownership of common stock by (i) each stockholder known by the Company to be the beneficial owner of more than 5% of the outstanding shares thereof; (ii) each director of the Company; (iii) each Executive Officer of the Company; and (iv) all of our current directors and executive officers as a group. Information regarding Thomas Girschweiler and Walter Villiger is presented on a pro forma as adjusted basis, after giving effect to the assumed conversion of their promissory notes into an aggregate of 2,037,053 units on an assumed conversion date of March 14, 2014.

## Directors and Executive Officers

Name and Address of Beneficial Owner	Common Stock	Percentage of Class	
Directors and Executive Officers			
Thomas Girschweiler (Director)(1)	2,724,646	40.5	%
Michael Rice (Officer and Director)(2)	507,413	9.2	%
Aby J. Mathew (Officer) (3)	204,471	3.9	%
Raymond Cohen (Director) (4)	99,643	1.9	%
Andrew Hinson (Director)(5)	60,713	1.2	%
Daphne Taylor (Officer) (6)	44,641	0.9	%
Rick Stewart (Director)	4,762	0.1	%
Joseph Schick (Director)	--	--	
Total shares owned by Executive Officers and Directors(7)	3,661,913	48.0	%
5% Stockholders			
Walter Villiger(8)	3,223,552	46.9	%
Beskivest Chart LTD			
Goodmans Bay Center			
West Bay Street & Sea View Drive			
Nassau, Bahamas	518,217	10.3	%
Roderick de Greef(9)	390,696	7.5	%
John G. Baust			
175 Raish Hill Road			
Candor, NY 13743	254,500	5.1	%

Shares of common stock subject to options and warrants that are exercisable or will be exercisable within 60 days of December 31, 2013 are deemed outstanding for computing the number of shares beneficially owned. The percentage of the outstanding shares held by a person holding such options or warrants includes those currently exercisable or exercisable within 60 days of December 31, 2013, but such options and warrants are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, we believe that the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them. Unless otherwise indicated, the business address of each person listed is in care of 3303 Monte Villa Parkway, #310, Bothell, WA 98021.

(1)Includes options to purchase 60,713 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013 and 214,286 shares of common stock issuable upon the exercise of outstanding warrants, all of which are currently exercisable, and the issuance of approximately 1.4 million units in exchange for the conversion of \$4.9 million principal amount of outstanding promissory note and approximately \$1.7 million of interest accrued thereon, assuming an initial public offering price for the units in this offering of \$7.00 per unit. On

February 11, 2014, Mr. Girschweiler assigned his respective rights and obligations under the promissory note, the facility agreement and the note conversion agreement to his wholly-owned entity, Taurus4757 GmbH. Despite the assignment, Mr. Girschweiler retains beneficial ownership of the promissory notes and all securities issuable pursuant to the note conversion agreement.

- (2) Includes options to purchase 507,413 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (3) Includes options to purchase 172,050 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (4) Includes options to purchase 96,427 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (5) Includes options to purchase 60,713 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (6) Includes options to purchase 44,641 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (7) Includes the securities listed in footnotes 1-6, in addition to options to purchase 15,624 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013.
- (8) Includes 214,286 shares of common stock issuable upon the exercise of outstanding warrants, all of which are currently exercisable, and the issuance of approximately 1.6 million units in exchange for the conversion of \$5.7 million principal amount of outstanding promissory note and approximately \$2.0 million of interest accrued thereon, assuming an initial public offering price for the units in this offering of \$7.00 per unit. On February 11, 2014, Mr. Villiger assigned his respective rights and obligations under the promissory note, the facility agreement and the note conversion agreement to his wholly-owned entity, WAVI Holding AG. Despite the assignment, Mr. Villiger retains beneficial ownership of the promissory notes and all securities issuable pursuant to the note conversion agreement.
- (9) Includes options to purchase 111,388 shares of common stock issuable under stock options exercisable within 60 days from December 31, 2013 and 89,286 shares of common stock issuable upon the exercise of outstanding warrants, all of which are currently exercisable; includes 5,715 shares of common stock beneficially owned by Mr. de Greef in the name of deGreef & Company Inc.

## DIRECTOR INDEPENDENCE

We currently have six directors: Michael Rice, Thomas Girschweiler, Raymond Cohen, Andrew Hinson, Rick Stewart and Joe Schick. Messrs. Cohen, Hinson, Schick and Stewart are considered independent under the rules of the Nasdaq Stock Market.

## DESCRIPTION OF SECURITIES

### General

As of the date of this prospectus, our authorized capital stock consisted of 150,000,000 shares of common stock, \$0.001 par value per share, and 1,000,000 shares of preferred stock, \$0.001 par value per share. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of January 31, 2014, there were 5,029,920 shares of our common stock outstanding, and there were no shares of preferred stock issued and outstanding.

Immediately following the consummation of the offering and the sale by us of 2,150,000 shares of common stock in this offering, and the estimated issuance of 2,037,053 shares to the noteholders in exchange for the conversion of the promissory notes and all accrued and unpaid interest thereon, we expect to have authorized capital stock consisting of 150,000,000 shares of common stock, \$0.001 par value per share, and 1,000,000 shares of preferred stock, \$0.001 par value per share, and 9,216,973 shares of common stock outstanding and no shares of preferred stock outstanding.

### Common Stock

Holders of our common stock are entitled to one vote per share. Our certificate of incorporation does not provide for cumulative voting. Holders of our common stock are entitled to receive dividends declared by our board of directors out of funds legally available for the payment of dividends, subject to the rights, if any, of preferred stockholders. In the event of our liquidation, dissolution, or winding up, holders of common stock are entitled to share ratably in all of our assets remaining after we pay our liabilities and distribute the liquidation preference of any then outstanding preferred stock. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of any series of preferred stock that we may designate and issue in the future. Holders of common stock have no preemptive or other subscription or conversion rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock are fully paid and nonassessable, and any shares of our common stock to be issued upon an offering pursuant to this prospectus and the related prospectus supplement will be fully paid and nonassessable upon issuance.

### Warrants

The material terms and provisions of the warrants being offered pursuant to this prospectus are summarized below. This summary of some provisions of the warrants is not complete. For the complete terms of the warrants, you should refer to the form warrant filed as an exhibit to the registration statement of which this prospectus is a part.

Each unit issued in this offering includes one-half of one common stock warrant. The warrants issued in this offering will be governed by the terms of a physical warrant certificate. Each whole warrant entitles the purchaser to purchase one share of our common stock at a price equal to \$[ ] per share at any time for up to five years after the date of the closing of this offering. The holder of a warrant will not be deemed a holder of our underlying common stock until the warrant is exercised. No fractional warrants will be issued. If an investor would otherwise be entitled to receive a fractional warrant, the number of warrants issued to the investor will be rounded up to the nearest whole warrant.

Subject to certain limitations as described below the warrants are immediately exercisable and expire on the fifth anniversary of the date of issuance. Subject to limited exceptions, a holder of warrants will not have the right to exercise any portion of its warrants if the holder, together with its affiliates, would beneficially own in excess of 4.99% of the number of shares of our common stock outstanding immediately after giving effect to such exercise.

The exercise price and the number of shares issuable upon exercise of the warrants is subject to appropriate adjustment in the event of recapitalization events, stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting our common stock, and also upon any distributions of assets, including cash, stock or other property to our stockholders. The warrant holders must pay the exercise price in cash upon exercise of the warrants, unless such warrant holders are utilizing the cashless exercise provision of the warrants. After the close of business on the expiration date, unexercised warrants will become void.

In addition, in the event we consummate a merger or consolidation with or into another person or other reorganization event in which our common shares are converted or exchanged for securities, cash or other property, or we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets or we or another person acquire 50% or more of our outstanding common shares, then following such event, the holders of the warrants will be entitled to receive upon exercise of the warrants the same kind and amount of securities, cash or property which the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. Any successor to us or surviving entity shall assume the obligations under the warrants. In addition, as further described in the form of warrant filed as an exhibit to the registration statement of which this prospectus forms a part, in the event of any fundamental transaction completed for cash, or a going private transaction under Rule 13e-3 of the Exchange Act, or involving a person not trading on a national securities exchange, the holders of the warrants will have the right to require us to purchase the warrants for an amount in cash that is determined in accordance with a formula set forth in the warrants.

Upon the holder's exercise of a warrant, we will issue the shares of common stock issuable upon exercise of the warrant within three business days following our receipt of notice of exercise.

Prior to the exercise of any warrants to purchase common stock, holders of the warrants will not have any of the rights of holders of the common stock purchasable upon exercise, including the right to vote or to receive any payments of dividends on the common stock purchasable upon exercise.

Warrant holders may exercise warrants only if the issuance of the common shares upon exercise of the warrants is covered by an effective registration statement, or an exemption from registration is available under the Securities Act and the securities laws of the state in which the holder resides. We intend to use commercially reasonable efforts to have the registration statement, of which this prospectus forms a part, effective when the warrants are exercised. The warrant holders must pay the exercise price in cash upon exercise of the warrants unless there is not an effective registration statement or, if required, there is not an effective state law registration or exemption covering the issuance of the shares underlying the warrants (in which case, the warrants may only be exercised via a "cashless" exercise provision).

#### Anti-Takeover Provisions

Our certificate of incorporation and bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- the chairman of the board and the president may call a special meeting of the stockholders at any time, and upon written request of the holders of 35% of the outstanding shares entitled to vote at the meeting, the secretary and president are required to call special meetings of stockholders, and the business transacted at such special meetings of stockholders is limited to the business stated in the notice of such meetings;

- advance notice procedures for stockholders seeking to nominate candidates for election as directors at our annual meeting of stockholders, including certain requirements regarding the form and content of a stockholder's notice;

- our board of directors may designate the terms of and issue new series of preferred stock;

- unless otherwise required by our bylaws, our certificate of incorporation or by law, our board may amend our bylaws without stockholder approval; and

- our board may fill vacancies on our board of directors.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any "business combination" with an "interested stockholder," for a period of three years after the date of the transaction in which a person became an "interested stockholder," unless:

prior to such date the board of directors of the corporation approved either the “business combination” or the transaction that resulted in the stockholder becoming an “interested stockholder”;

upon consummation of the transaction which resulted in the stockholder becoming an “interested stockholder,” the “interested stockholder” owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of voting shares outstanding (but not the voting shares owned by the “interested stockholder”) those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or subsequent to such time the “business combination” is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of a least 66 2/3% of the outstanding voting stock that is not owned by the “interested stockholder.”

A “business combination” includes mergers, stock or asset sales and other transactions resulting in a financial benefit to the “interested stockholders.” An “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation’s voting stock. Although Section 203 permits us to elect not to be governed by its provisions, we have not made this election. As a result of the application of Section 203, our potential acquirers may be discouraged from attempting to effect an acquisition transaction with us, thereby possibly depriving holders of our securities of certain opportunities to sell or otherwise dispose of such securities at above-market prices pursuant to such transactions.

#### Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

#### Listing

The shares of our common stock are currently quoted on the OTCQB under the symbol “BLFS.” We have applied for the listing of our common stock on the Nasdaq Capital Market under the symbol “BLFS.” We do not intend to apply for listing of the warrants on any securities exchange or other trading system.



## PLAN OF DISTRIBUTION

Ladenburg Thalmann & Co. Inc., which we refer to herein as the placement agent, has agreed to act as exclusive placement agent in connection with this offering subject to the terms and conditions of the placement agency agreement dated [ ], 2014. The placement agent is not purchasing or selling any units offered by this prospectus, nor is it required to arrange the purchase or sale of any specific number or dollar amount of units, but has agreed to use its best efforts to arrange for the sale of all of the units offered hereby. Therefore, we will enter into a purchase agreement directly with investors in connection with this offering and we may not sell the entire amount of units offered pursuant to this prospectus. This is a “best efforts” offering and there can be no assurance that we will sell the entire amount of units pursuant to this prospectus.

Pursuant to an escrow agreement among us, the placement agent and Signature Bank, as escrow agent, the funds received in payment for the units sold in this offering will be submitted by subscribers to a non-interest bearing escrow account, and will be held by the escrow agent until we and the placement agent notify the escrow agent that this offering has closed and the net proceeds are to be delivered to us. The closing will occur, as to all subscriptions duly received and accepted by us, in one closing, and we do not intend to hold multiple closings in the offering. If the offering does not close (either in total or as to any subscriber), or is terminated, the escrow agent will promptly return all funds to such subscriber or to all subscribers, as applicable, without interest or offset. The units will not be certificated. The shares of common stock and the warrants will be immediately separable and issued separately.

We have agreed: (A) to pay the placement agent a cash fee equal to: (i) 7% of aggregate gross proceeds of \$1.00 up to \$5,000,000 to us from the sale of the units; (ii) 8% of aggregate gross proceeds of \$5,000,001 up to \$10,000,000 to us from the sale of the units; or 10% of the incremental amount of aggregate gross proceeds above \$10,000,000 to us from the sale of units; and (B) grant the placement agent or its designees warrants to purchase the number of shares that is equivalent to 3% of the number of shares sold in the transaction at an exercise price equal to 125% of the per share equivalent paid in the offering by investors. These warrants will contain a cashless exercise provision and piggyback registration rights for the life of these warrants. The term of these warrants will be three years from the effective date of this registration statement. Pursuant to FINRA Rule 5110(g)(1), neither the placement agent warrants nor any shares of common stock issued upon exercise of the placement agent warrants may be sold, transferred, assigned, pledged, or hypothecated, or be subject to any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of such securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the public offering, except the transfer of any security:

- (i) by operation of law or by reason of our reorganization;
- (ii) to any FINRA member firm participating in the offering and the officers and partners thereof, if all securities so transferred remain subject to the lock-up restriction described above for the remainder of the time period;
- (iii) if the aggregate amount of our securities held by the Placement Agent or related person does not exceed 1% of the securities being offered;
- (iv) that is beneficially owned on a pro-rata basis by all equity owners of an investment fund, provided that no participating member manages or otherwise directs investments by the fund, and participating members in the aggregate do not own more than 10% of the equity in the fund; or
- (v) the exercise or conversion of any security, if all securities received remain subject to the lock-up restriction set forth above for the remainder of the time period.

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Subject to compliance with FINRA Rule 5110(f)(2)(D), we have also agreed to reimburse the placement agent's reasonable out-of-pocket expenses in connection with the offering in an amount not to exceed 1% of the aggregate gross proceeds of the offering. In addition, subject to FINRA Rule 5110(f)(2)(D), we have granted to the placement agent a right of first refusal with respect to additional raises of funds by means of a public offering or a private placement of equity or debt securities during the 12 months following the closing of the offering pursuant to this prospectus. The following table shows the per unit and total placement agent's fees (excluding placement agent expenses) that we will pay to the placement agent in connection with the sale of the shares and warrants offered pursuant to this prospectus assuming the purchase of all of the units offered hereby.

Per unit placement agent's fees	\$ [ ]
Offering total	\$ [ ]

Because there is no minimum amount required as a condition to the closing of this offering and the price of the units is not presently determinable, the actual total offering commissions are not presently determinable and may be substantially less than the maximum amount set forth above.

Our obligations to issue and sell units to the purchasers is subject to the conditions set forth in the securities purchase agreement, which may be waived by us at our discretion. A purchaser's obligation to purchase units is subject to the conditions set forth in the securities purchase agreement as well, which may also be waived.

We estimate the total offering expenses in this offering that will be payable by us, excluding the placement agent's fees, will be approximately \$647,000 which include legal, accounting and printing costs, various other fees and reimbursement of the placement agent's expenses. The foregoing does not purport to be a complete statement of the terms and conditions of the placement agent agreement and the securities purchase agreement. A copy of the placement agent agreement and the form of securities purchase agreement with investors are included as exhibits to the registration statement of which this prospectus forms a part.

The placement agent is an underwriter within the meaning of Section 2(a)(11) of the Securities Act, and any commissions received by it and any profit realized on the resale of the units sold by it while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. As an underwriter, the placement agent would be required to comply with the Securities Act and the Exchange Act including without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of shares of common stock and warrants by the placement agent acting as principal. Under these rules and regulations, the placement agent: may not engage in any stabilization activity in connection with our securities; and may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

#### Indemnification

Pursuant to the placement agency agreement, we have agreed to indemnify the placement agent against certain liabilities, including liabilities under the Securities Act, and liabilities arising from breaches of representations and warranties contained in the placement agency agreement, or to contribute to payments which the placement agent or other indemnified parties may be required to make in respect of any such liabilities.

#### Determination of Offering Price

In determining the offering price for the shares of common stock and warrants, and the exercise price of the warrants, we will consider a number of factors including, but not limited to, the current market price of our common stock, trading prices of our common stock over a period of time, the illiquidity and volatility of our common stock prevailing market conditions, our historical performance, our future prospects and the future prospects of our industry in general, our capital structure, estimates of our business potential and earnings prospects, the present state of our development and an assessment of our management and the consideration of the above factors in relation to market valuation of companies engaged in businesses and activities similar to ours. Once the offering price has been determined, the common stock offering price and warrant offering price will remain fixed for the duration of the offering. In addition to prevailing market conditions, the factors considered in determining the initial public offering price were our financial information, our historical performance, our future prospects and the future prospects of our industry in general, our capital structure, estimates of our business potential and earnings prospects, the present state of our development and an assessment of our management and the consideration of the above factors in relation to market valuation of companies engaged in businesses and activities similar to ours.

It is also possible that after the offering, the shares of common stock will not trade in the public market at or above the offering price.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL  
DISCLOSURE

None.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Dorsey and Whitney LLP. The placement agent was represented by Ellenoff Grossman & Schole LLP in the United States.

EXPERTS

The financial statements for the years ended December 31, 2013 and 2012, consisting of our balance sheets as of December 31, 2013 and 2012, and the related statements of operations, shareholders' equity (deficiency), and cash flows for the years then ended, included in this prospectus have been audited by Peterson Sullivan LLP, independent registered public accounting firm, to the extent and for the periods set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 and are required to file annual, quarterly and other reports, proxy statements and other information with the SEC. You may inspect and copy these reports, proxy statements and other information at the public reference facilities maintained by the SEC in Washington, D.C. (100 F Street N.E., Washington, D.C. 20549). You may obtain information on the operation of the public reference rooms by calling the SEC at (800) SEC-0330. Additionally, the SEC maintains an Internet site (<http://www.sec.gov>) that contains our filed reports, proxy and information statements, and other information that we file electronically with the SEC.

INDEX TO FINANCIAL STATEMENTS

All information included in the Audited Financial Statements as at and for the periods ended December 31, 2013 and December 31, 2012 do not reflect the issuance of an estimated 2,037,053 units to the noteholders in exchange for the conversion of \$10.6 million principal amount of outstanding promissory notes and the approximate \$3.7 million of accrued and unpaid interest thereon.

Audited Financial Statements as at and for the periods ended December 31, 2013 and December 31, 2012	
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Statements of Operations for the years ended December 31, 2013 and 2012	F-4
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
BioLife Solutions, Inc.  
Bothell, Washington

We have audited the accompanying balance sheets of BioLife Solutions, Inc. ("the Company") as of December 31, 2013 and 2012, and the related statements of operations, shareholders' equity (deficiency), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioLife Solutions, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN LLP

Seattle, Washington  
February 12, 2014

## BIOLIFE SOLUTIONS, INC.

Balance Sheets  
(unaudited)

	December 31, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 156,273	\$ 196,478
Accounts receivable, trade, net of allowance for doubtful accounts of \$1,100 at December 31, 2013 and 2012	1,009,316	600,153
Inventories	420,924	656,397
Prepaid expenses and other current assets	291,745	174,731
Total current assets	1,878,258	1,627,759
Property and equipment		
Leasehold improvements	1,121,362	919,035
Furniture and computer equipment	300,581	288,725
Manufacturing and other equipment	764,258	741,771
Subtotal	2,186,201	1,949,531
Less: Accumulated depreciation	(862,157)	(615,085)
Net property and equipment	1,324,044	1,334,446
Long term deposits	36,166	36,166
Deferred financing costs, net	114,874	171,458
Total assets	\$ 3,353,342	\$ 3,169,829
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable	\$ 867,070	\$ 862,492
Accrued expenses and other current liabilities	146,626	8,495
Accrued compensation	503,194	363,101
Deferred rent	111,250	111,250
Deferred revenue	—	20,000
Total current liabilities	1,628,140	1,365,338
Long term liabilities		
Promissory notes payable, related parties	10,603,127	10,603,127
Accrued interest, related parties	3,501,610	2,759,391
Deferred rent, long term	891,986	838,829
Deferred revenue, long term	—	89,167
Total liabilities	16,624,863	15,655,852
Commitments and Contingencies (Note 8)		
Shareholders' equity (deficiency)		
Common stock, \$0.001 par value; 150,000,000 shares authorized, 5,029,920 and 4,977,418 shares issued and outstanding at December 31, 2013 and 2012	5,030	4,977



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Additional paid-in capital	43,618,686	43,320,077
Accumulated deficit	(56,895,237)	(55,811,077)
Total shareholders' equity (deficiency)	(13,271,521)	(12,486,023)
Total liabilities and shareholders' equity (deficiency)	\$ 3,353,342	\$ 3,169,829

The accompanying Notes to Financial Statements are an integral part of the financial statements

## BioLife Solutions, Inc.

## Statements of Operations

	Years Ended December 31,	
	2013	2012
Revenue		
Product sales	\$ 8,340,234	\$ 5,642,990
Licensing revenue	609,167	20,000
Total revenue	8,949,401	5,662,990
Cost of product sales	5,186,514	3,370,571
Gross profit	3,762,887	2,292,419
Operating expenses		
Research and development	487,816	463,638
Sales and marketing	841,451	619,202
General and administrative	2,718,977	2,151,817
Total operating expenses	4,048,244	3,234,657
Operating loss	(285,357)	(942,238)
Other income (expenses)		
Other income	—	94,253
Interest expense	(742,219)	(733,430)
Amortization of deferred financing costs	(56,584)	(78,539)
Gain on disposal of property and equipment	—	368
Total other income (expenses)	(798,803)	(717,348)
Net Loss	\$ (1,084,160)	\$ (1,659,586)
Basic and diluted net loss per common share	\$ (0.22)	\$ (0.33)
Basic and diluted weighted average common shares used to calculate net loss per common share	5,007,999	4,977,418

The accompanying Notes to Financial Statements are an integral part of these financial statements

## BioLife Solutions, Inc.

## Statements of Shareholders' Equity (Deficiency)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Shareholders' Equity (Deficiency)
Balance, December 31, 2011	4,977,418	\$ 4,977	\$ 42,966,028	\$ (54,151,491)	\$ (11,180,486)
Stock-based compensation	—	—	216,094	—	216,094
Warrants issued as consideration for deferred financing costs	—	—	137,955	—	137,955
Net loss	—	—	—	(1,659,586)	(1,659,586)
Balance, December 31, 2012	4,977,418	\$ 4,977	\$ 43,320,077	\$ (55,811,077)	\$ (12,486,023)
Stock-based compensation	—	—	248,204	—	248,204
Stock option/warrant exercises	47,740	48	50,410	—	50,458
Issuance of stock upon vesting of restricted stock units	4,762	5	(5)	—	—
Net loss	—	—	—	(1,084,160)	(1,084,160)
Balance, December 31, 2013	5,029,920	\$ 5,030	\$ 43,618,686	\$ (56,895,237)	(13,271,521)

The accompanying Notes to Financial Statements are an integral part of the financial statements

## BioLife Solutions, Inc.

## Statements of Cash Flows

	Years Ended December 31,	
	2013	2012
<b>Cash flows from operating activities</b>		
Net loss	\$ (1,084,160)	\$ (1,659,586)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	247,072	169,644
Gain on disposal of property and equipment	—	(368)
Stock-based compensation expense	248,204	216,094
Amortization of deferred financing costs	56,584	78,539
Lease incentives received from landlord, net of amortization of deferred rent related to lease incentives	52,162	861,802
Change in operating assets and liabilities		
(Increase) Decrease in		
Accounts receivable, trade	(409,163)	(53,010)
Inventories	235,473	(150,441)
Prepaid expenses and other current assets	(117,014)	(84,287)
Increase (Decrease) in		
Accounts payable	4,578	459,389
Accrued compensation and other current liabilities	278,224	227,718
Accrued interest, related parties	742,219	733,430
Deferred rent	995	76,010
Deferred revenue	(109,167)	(20,000)
Net cash provided by operating activities	146,007	854,934
<b>Cash flows from investing activities</b>		
Cash received from sale of property and equipment	—	1,400
Purchase of property and equipment	(236,670)	(1,151,720)
Net cash used in investing activities	(236,670)	(1,150,320)
<b>Cash flows from financing activities</b>		
Proceeds from notes payable	—	475,000
Proceeds from exercise of common stock options and warrants	50,458	—
Net cash provided by financing activities	50,458	475,000
Net increase (decrease) in cash and cash equivalents		
	(40,205)	179,614
Cash and cash equivalents - beginning of year		
	196,478	16,864
Cash and cash equivalents - end of year		
	\$ 156,273	\$ 196,478
Non-cash financing activities		
Deferred financing costs from issuance of warrants (see note 6)	\$	—\$ 137,955

The accompanying Notes to Financial Statements are an integral part of the financial statements



## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Significant Accounting Policies

#### Business

BioLife Solutions, Inc. ("BioLife," "us," "we," "our," or the "Company") develops, manufactures and markets patented hypothermic storage and cryopreservation solutions for cells and tissues. The Company's proprietary HypoThermosol® FRS, CryoStor®, and generic BloodStor®, and SAVSU®'s biopreservation media products and precision thermal packaging products are marketed to the biobanking, drug discovery, and regenerative medicine markets, including hospital-based stem cell transplant centers, pharmaceutical companies, cord blood and adult stem cell banks, hair transplant centers, and suppliers of cells to the drug discovery, toxicology testing and diagnostic markets. BioLife's products are serum-free and protein-free, fully defined, and are formulated to reduce preservation-induced, delayed-onset cell damage and death. BioLife's enabling technology provides academic and clinical researchers significant improvements in post-thaw cell, tissue, and organ viability and function. Additionally, for our direct, distributor, and contract customers, we perform custom formulation, fill, and finish services.

#### Recent Developments

On January 17, 2014, our Board of Directors approved an amendment to our certificate of incorporation to effect a reverse stock split by a ratio of 1 for 14, with no reduction in the number of shares of common stock that were previously authorized in our certificate of incorporation. The reverse stock split was effective on January 29, 2014. Unless otherwise noted, all share and per share data in this annual report give effect to the 1-for-14 reverse stock split of our common stock.

On December 16, 2013, we entered into a note conversion agreement with each of Thomas Girschweiler, a director and stockholder of the Company, and Walter Villiger, an affiliate of the Company. The noteholders hold, as of December 31, 2013, an aggregate \$14.1 million of our indebtedness, including \$10.6 million principal amount of outstanding promissory notes and approximately \$3.5 million of accrued and unpaid interest under secured convertible multi-draw term loan facility agreements entered into with each of the noteholders on January 11, 2008, which we refer to as the facility agreements. Pursuant to the note conversion agreements, the noteholders have agreed to convert the outstanding indebtedness into equity securities on substantially similar terms and in connection with the Company's next offer and sale of its equity for cash (a "Qualified Financing"). The entire outstanding indebtedness of the notes, including all accrued and unpaid interest through the date of the conversion, will convert into substantially identical securities of the Company issued in the Qualified Financing, at a conversion price equal to the per security offering price in the Qualified Financing in consideration for the cancellation of the entire principal amount of indebtedness and accrued interest thereon, and the release of all related security interests. Cash will be paid in lieu of any fractional securities that would otherwise be issuable.

On December 16, 2013, we filed an application to list our common stock on the Nasdaq Capital Market. We cannot assure you that we will be able to comply with the standards necessary in order to obtain a listing of our common stock on the Nasdaq Capital Market.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net loss per share

Basic net loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the weighted average number of common shares outstanding plus dilutive common stock equivalents outstanding during the period. Common stock equivalents are excluded for the years ending December 31, 2013 and 2012 since the effect is anti-dilutive due to the Company's net losses. Common stock equivalents include stock options and warrants.

Basic weighted average common shares outstanding, and the potentially dilutive securities excluded from loss per share computations because they are antidilutive, are as follows for the years ended December 31, 2013 and 2012:

	2013	2012
Basic and diluted weighted average common stock shares outstanding	5,007,999	4,977,418
Potentially dilutive securities excluded from loss per share computations:		
Common stock options	1,417,309	1,452,082
Common stock purchase warrants	517,858	551,339

#### Cash and cash equivalents

Cash equivalents consist primarily of interest-bearing money market accounts. We consider all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. We maintain cash balances that may exceed federally insured limits. We do not believe that this results in any significant credit risk.

#### Inventories

Inventories represent biopreservation solutions and raw materials and are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method.

#### Accounts receivable

Accounts receivable are stated at principal amount, do not bear interest, and are generally unsecured. We provide an allowance for doubtful accounts based on an evaluation of customer account balances past due ninety days from the date of invoicing. Accounts considered uncollectible are charged against the established allowance.

#### Property and equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to ten years.

#### Deferred Financing Costs

Deferred financing costs consist of fees associated with obtaining or restructuring existing debt. These fees are amortized over the term of the related debt using the effective interest method.

#### Deferred Rent

For our operating leases, we recognize rent expense on a straight-line basis over the terms of the leases and, accordingly, we record the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. Landlord-funded leasehold improvements, to the extent the improvements are not landlord property upon lease termination, are also recorded as deferred rent liabilities and are amortized as a reduction of rent expense over the non-cancelable term of the related operating lease.

#### Revenue recognition

We recognize product revenue, including shipping and handling charges billed to customers, upon shipment of product when title and risk of loss pass to customers. Shipping and handling costs are classified as part of cost of product sales.

Revenue related to licensing agreement activity is recognized over the estimated term of the service period or when no further performance obligations exist. Payments received in advance of the related licensing agreement period are recorded as deferred revenue and recognized when earned. During the first quarter of 2013, we negotiated a new intellectual property license agreement that provides one customer with limited access to our intellectual property under certain conditions. This customer paid upfront fees for the specific rights and there are no future performance obligations. The upfront fee of \$500,000 was recognized as revenue during 2013 and \$109,167 in deferred revenue associated with this customer was recognized as all future performance obligations associated with the previous license agreements were cancelled with the agreement signed in the first quarter of 2013.





#### Income taxes

We account for income taxes using an asset and liability method which generally requires recognition of deferred tax assets and liabilities for the expected future tax effects of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are recognized for the future tax effects of differences between tax bases of assets and liabilities, and financial reporting amounts, based upon enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. We evaluate the likelihood of realization of deferred tax assets and provide an allowance where, in management's opinion, it is more likely than not that the asset will not be realized.

We have not recorded any liabilities for uncertain tax positions or any related interest and penalties. Our tax returns are open to audit for years ending December 31, 2010 to 2013.

#### Advertising

Advertising costs are expensed as incurred and totaled \$4,725 and \$15,607 for the years ended December 31, 2013 and 2012, respectively.

#### Fair value of financial instruments

The carrying value of cash and cash equivalents, approximate their fair value (determined based on level 1 inputs in the fair value hierarchy) based on the short-term nature of these financial instruments. The carrying values of notes payable and accrued interest approximate their fair value (determined based on level 3 inputs in the fair value hierarchy) because interest rates of notes payable approximate market interest rates.

#### Operating segments

As described above, our activities are directed in the life sciences field of biopreservation products and services. As of December 31, 2013 and 2012 this is the Company's only operating unit and segment.

#### Concentrations of credit risk and business risk

In 2013 and 2012, we derived approximately 49% and 46%, respectively, of our revenue from our relationship with one contract manufacturing customer and in 2013, we derived approximately 14% of our revenue from one other customer, which included license revenue and core product revenue. No other customer accounted for more than 10% of revenue in 2013 or 2012. At December 31, 2013, three customers accounted for approximately 64% of total gross accounts receivable. At December 31, 2012, two customers accounted for 47% of gross accounts receivable.

Revenue from customers located in foreign countries represented 9% and 11% total revenue during the years ended December 31, 2013 and 2012, respectively.

#### Research and development

Research and development costs are expensed as incurred.

#### Recent accounting pronouncements

There have been no new accounting pronouncements made effective during the year ended December 31, 2013 or not yet effective, that are of significance, or potential significance, to us.

## Liquidity

We have incurred annual operating losses since inception, and may continue to incur operating losses. For the fiscal years ended December 31, 2013 and December 31, 2012, we had net losses of \$1,084,160 and \$1,659,586, respectively. As of December 31, 2013, our accumulated deficit was \$56,895,237. We may not be able to successfully achieve or sustain profitability.

We believe our current cash and cash provided by operations will satisfy our working capital requirements, debt obligations and capital expenditures for the foreseeable future; however, we have filed a registration statement with the SEC to permit us to conduct a public offering of our common stock and warrants to purchase our common stock. If the public offering is completed, we intend to use the net proceeds thereof for general corporate purposes, including working capital. There can be no assurance that the public offering will be completed. Our future capital requirements and the adequacy of our available funds will depend on many factors, including future profitable operations, debt repayment, and competing technological and market developments.

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## Stock Based Compensation

We use the Black-Scholes option pricing model as our method of valuation for stock option awards. Restricted stock unit grants are valued at the fair value of our common stock on the date of grant. Share-based compensation expense is based on the value of the portion of the stock-based award that will vest during the period, adjusted for expected forfeitures. Our determination of the fair value of stock option awards on the date of grant using an option pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected life of the award, expected stock price volatility over the term of the award and historical and projected exercise behaviors. The estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual or updated results differ from our current estimates, such amounts will be recorded in the period estimates are revised. Although the fair value of stock option awards is determined in accordance with authoritative guidance, the Black-Scholes option pricing model requires the input of highly subjective assumptions and other reasonable assumptions could provide differing results. Share-based compensation expense is recognized ratably over the applicable requisite service period based on the fair value of such share-based awards on the grant date.

The fair value of options at the date of grant is determined under the Black-Scholes option pricing model. During the years ended December 31, 2013 and 2012, the following weighted-average assumptions were used:

Assumptions	2013	2012
Risk-free rate	2.25%	0.77%
Annual rate of dividends	—	—
Historical volatility	105.20%	103.02%
Expected life	7.0 years	6.7 years

The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant. We do not anticipate declaring dividends in the foreseeable future. Volatility was based on historical data. We utilize the simplified method as allowed by SEC Staff Accounting Bulletin No. 107 and 110 in determining option lives. The simplified method is used due to the fact that we have had significant structural changes in our business such that our historical exercise data may not provide a reasonable basis to estimate option lives.

We recognize compensation expense for only the portion of options that are expected to vest. Therefore, management applies an estimated forfeiture rate that is derived from historical employee termination data. The estimated forfeiture rate applied for the years ended December 31, 2013 and 2012 was 7.00% and 8.15% and, respectively. If the actual number of forfeitures differs from those estimated by management, additional adjustments to compensation expense may be required in future periods. Our stock price volatility, option lives and expected forfeiture rates involve management's best estimates at the time of such determination, all of which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the expense that will be recognized over the life of the option.

## 2. Inventories

Inventories consist of the following at December 31, 2013 and 2012:

	2013	2012
Raw materials	\$334,031	\$398,510
Work in progress	14,570	116,319
Finished goods	72,323	141,568
Total	\$420,924	\$656,397



## 3. Deferred Rent

Deferred rent consists of the following at December 31, 2013 and 2012:

	2013	2012
Landlord-funded leasehold improvements	\$1,047,026	\$900,989
Less accumulated amortization	(133,063 )	(39,187 )
Total (current portion \$111,250)	913,963	861,802
Straight line rent adjustment	89,273	88,277
Total deferred rent	\$1,003,236	\$950,079

During 2013 and 2012, the Company recorded \$191,583 and \$900,989, respectively, in deferred rent relating to leasehold improvements funded by the Company's landlord as incentives under the facility lease, offset by payments to the landlord of \$45,546 and none in 2013 and 2012, respectively. During the years ended December 31, 2013 and 2012, the Company recorded \$93,876 and \$39,187, respectively, in deferred rent amortization of these landlord funded leasehold improvements.

In addition, during the years ended December 31, 2013 and 2012, the Company recorded deferred rent of \$995 and \$88,277, which represented the difference between cash rent payments and the recognition of rent expense on a straight-line basis over the terms of the lease.

## 4. Promissory Notes Payable

On May 30, 2012, each of our two most significant investors agreed to (i) increase the amount of their credit facilities to \$5,750,000 (total of \$11,500,000), and (ii) extend the date their note becomes due and payable, together with accrued interest thereon, to January 11, 2016. The notes are secured by all assets of the Company and accrue interest at the rate of 7% per annum.

## 5. Income Taxes

Income tax benefit reconciled to tax calculated at statutory rates is as follows:

	2013	2012
Federal tax (benefit) at statutory rate	\$ (368,614)	\$ (564,259)
Expiration of net operating loss carryforwards	—	533,950
Change in valuation allowance	342,174	30,403
Other	(26,440)	(94)
Provision for income taxes, net	\$ —	\$ —

At December 31, 2013 and 2012, the components of the Company's deferred taxes are as follows:

	2013	2012
Deferred tax assets (liabilities)		
Net operating loss carryforwards	\$ 7,836,904	\$ 7,824,444
Accrued compensation	155,084	105,767
Depreciation	13,185	4,253
Stock-based compensation	375,678	350,401
Accrued related party interest	1,190,547	938,193
Other	13,916	20,082

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Total	9,585,314	9,243,140
Less: Valuation allowance	(9,585,314)	(9,243,140)
Net deferred tax asset	\$ —	\$ —

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The Company has the following net operating loss tax carryforwards available at December 31, 2013:

Year of Expiration	Net Operating Losses
2018	\$ 1,425,000
2019	1,234,000
2020	2,849,000
2021	4,168,000
2023	1,217,000
2024	646,000
2025	589,000
2026	873,000
2027	2,607,000
2028	2,512,000
2029	2,196,000
2030	1,232,000
2031	1,028,000
2032	437,000
2033	37,000
Total	\$ 23,050,000

In the event of a significant change in the ownership of the Company, the utilization of such loss and tax credit carryforwards could be substantially limited.

#### 6. Warrants

The following table summarizes warrant activity for the years ended December 31, 2013 and 2012:

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
Outstanding at beginning of year	551,339	\$ 0.98	444,196	\$ 1.12
Granted	—	—	142,857	1.12
Exercised	(22,321)	1.12	—	—
Forfeited/Expired	(11,160)	1.12	(35,714)	3.50
Outstanding and exercisable at end of year	517,858	\$ 1.02	551,339	\$ 0.98

During the year ended December 31, 2012, the Company issued a total of 142,857 warrants to the current note holders in consideration for financing fees related to the restructuring of the existing promissory notes. The warrants were valued using the Black-Scholes option pricing model resulting in a total value of \$137,955 in 2012, which was recorded as deferred financing costs and is being amortized to expense over the term of the notes.

The outstanding warrants have expiration dates between November 2014 and May 2017.



## 7. Stock-Based Compensation

## Stock Compensation Plans

Our stock-based compensation programs are long-term retention programs that are intended to attract, retain and provide incentives for talented employees, officers and directors, and to align stockholder and employee interests. We have the following stock-based compensation plans and programs:

During 1998, we adopted the 1998 Stock Option Plan (the “1998 Plan”). An aggregate of 285,714 shares of common stock were reserved for issuance upon the exercise of options granted under the 1998 Plan. In September 2005, the shareholders approved an increase in the number of shares available for issuance to 714,285 shares. The 1998 Plan expired on August 31, 2008. The options are exercisable for up to ten years from the grant date. As of December 31, 2013, there were outstanding options to purchase 415,709 share of Company common stock under the 1998 Plan.

Subsequent to the expiration of the 1998 Plan, the Company issued, outside of the 1998 Plan, non-incentive stock options for an aggregate of 1,243,584 shares of Company common stock. Of this amount, 980,173 remain outstanding. All non-incentive stock options issued in 2012 were issued outside of the 1998 Plan.

During 2013, we adopted the 2013 Performance Incentive Plan (the “2013 Plan”), which allows us to grant options or restricted stock units to all employees, including executive officers, outside consultants and non-employee directors. An aggregate of 142,857 shares of common stock were reserved for issuance upon the exercise of options granted under the 2013 Plan. Option vesting periods are generally four years for the 2013 Plan. Options granted under this plan generally expire ten years from the effective date of grant. As of December 31, 2013, there were outstanding options to purchase 21,427 share of Company common stock and no unvested restricted stock units outstanding under the 2013 Plan.

## Issuance of Shares

When options and warrants are exercised, it is the Company’s policy to issue new shares.

## Stock Option Activity

The following is a summary of stock option activity under our stock option plans for 2013 and 2012, and the status of stock options outstanding at December 31, 2013 and 2012:

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
Outstanding at beginning of year	1,452,082	\$ 1.24	1,265,920	\$ 1.16
Granted	21,427	9.67	224,991	1.67
Exercised	(25,419)	(1.00)	-	-
Forfeited	(29,001)	(1.56)	(38,383)	(1.18)
Expired - vested	(1,780)	(1.12)	(446)	(0.98)
Outstanding at end of year	1,417,309	\$ 1.36	1,452,082	\$ 1.24
Stock options exercisable at year end	1,177,588	\$ 1.19	1,013,173	\$ 1.15

Weighted average fair value of options granted was \$8.20 and \$1.37 per share for the years ended December 31, 2013 and 2012, respectively.

During the year ended December 31, 2013, stock options covering 25,415 shares of common stock with a total intrinsic value of \$73,627 were exercised.

As of December 31, 2013, there was \$9,998,946 of aggregate intrinsic value of outstanding stock options, including \$8,492,895 of aggregate intrinsic value of exercisable stock options. Intrinsic value is the total pretax intrinsic value for all “in-the-money” options (i.e., the difference between the Company’s closing stock price on the last trading day of 2013 and the exercise price, multiplied by the number of shares) that would have been received by the option holders had all option holders exercised their options as of December 31, 2013. This amount will change based on the fair market value of the Company’s stock.

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The following table summarizes information about stock options outstanding at December 31, 2013:

Range of Exercise Prices	Number Outstanding at December 31, 2013	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.49-\$1.00	180,279	3.97	\$ 0.90
\$1.01-\$1.30	799,861	5.52	\$ 1.14
\$1.31-\$2.00	397,887	6.65	\$ 1.42
\$2.01-\$10.50	39,282	9.39	\$ 4.34
	1,417,309	5.74	\$ 1.19

The weighted average remaining contractual life of exercisable options at December 31, 2013, is 5.34 years. Total unrecognized compensation cost at December 31, 2013 of \$346,859 is expected to be recognized over a weighted average period of 1.8 years.

#### Restricted Stock Unit Activity

During 2013, we granted 4,762 restricted stock units to a Director under the 2013 Plan. The stock units were granted at the price of \$10.50 per share, which was the fair value of the stock on the grant date. The Company recognized \$50,000 in stock compensation related to this grant in 2013, which is included in general and administrative expenses. This grant was converted to Common Stock upon grant, as it was fully vested on the date of the grant. As of December 31, 2013, there were no restricted stock units outstanding.

#### 8. Commitments and Contingencies

##### Leases

In November of 2012 we signed an amended lease agreement, which expanded the premises leased by the Company from the landlord to approximately 26,000 rentable square feet. The term of the lease was extended to July 31, 2021. The amendment includes two (2) options to extend the term of the lease, each option is for an additional period of five (5) years, with the first extension term commencing, if at all, on August 1, 2021, and the second extension term commencing, if at all, immediately following the expiration of the first extension term. In accordance with the amended lease agreement, our monthly base rent increased to approximately \$46,000 effective August 1, 2013, with scheduled annual increases each August. The Company is also required to pay an amount equal to the Company's proportionate share of certain taxes and operating expenses.

The following is a schedule of future minimum lease payments required under the facility leases as of December 31, 2013:

Year Ending December 31	
2014	\$ 568,000
2015	581,000

2016	593,000
2017	604,000
2018	616,000
Thereafter	1,649,000
Total	\$ 4,611,000

Rental expense for this facility lease for the years ended December 31, 2013 and 2012 totaled \$625,131 and \$486,425, respectively. These amounts include the Company's proportionate share of property taxes and other operating expenses as defined by the lease.

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#### Employment agreements

We have employment agreements with the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, and Vice President of Manufacturing which automatically renew for successive one year periods in the event either party does not send the other a “termination notice” not less than 90 days prior to the expiration of the initial term or any subsequent term. The agreements provide for certain minimum compensation per month and incentive bonuses at the discretion of the Board of Directors. Under certain conditions, we may be required to continue to pay the base salary under the agreement for a period of up to two years.

#### Litigation

We are a party in a number of legal matters filed in the state of New York by the Company or John G. Baust, the Company’s former Chief Executive Officer, and members of his extended family related to damages sought due to breaches of employment and other agreements. We cannot reasonably estimate the potential loss related to these matters and therefore no accrual has been made as of December 31, 2013 or 2012.

#### 9. Supplemental Cash Flow Disclosures

##### Actual cash payments

No cash was paid for either interest expense or income taxes for the years ended December 31, 2013 and 2012.

Units

Common Stock

Warrants

PROSPECTUS

[ ], 2014

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## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table lists the costs and expenses payable by the Company in connection with the offering of securities covered by this prospectus, other than any sales commissions or discounts. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee, and all of the fees and expenses will be borne by the Company.

	Amount
Securities and Exchange Commission registration fee	\$ 3,083
FINRA filing fee	4,089
Legal fees and expenses	400,000
NASDAQ listing fee	50,000
Accounting fees and expenses	25,000
Printing and engraving expenses	5,000
Travel and miscellaneous expenses	160,000
Total	\$ 647,172

## ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law, or Delaware law, inter alia, empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Similar indemnity is authorized for such persons against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of any such threatened, pending or completed action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and provided further that (unless a court of competent jurisdiction otherwise provides) such person shall not have been adjudged liable to the corporation. Any such indemnification may be made only as authorized in each specific case upon a determination by the stockholders or disinterested directors or by independent legal counsel in a written opinion that indemnification is proper because the indemnitee has met the applicable standard of conduct.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145. We maintain policies insuring our officers and directors against certain liabilities for actions taken in such capacities, including liabilities under the Securities Act.

Our certificate of incorporation and bylaws require us to indemnify our directors to the fullest extent permitted under Delaware law or any other applicable law in effect, but if such statute or law is amended, we may change the standard of indemnification only to the extent that such amended statute or law permits us to provide broader indemnification

rights to our directors. We must indemnify such officers and employees in the same manner and to the same extent that we are required to indemnify our directors under our certificate of incorporation and bylaws. Our certificate of incorporation limits the personal liability of a director to us or our stockholders to damages for breach of the director's fiduciary duty. Pursuant to indemnification agreements we entered into with each of our directors, we are further required to indemnify our directors to the fullest extent permitted under Delaware law and our bylaws; provided that each such director shall enjoy the greater of (i) the advancement and indemnification rights permitted under our certificate of incorporation and bylaws for directors and officers as of the date of such indemnification agreement or (ii) the benefits so afforded by amendments thereto.

#### ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On November 15, 2013, we entered into an agreement with a consultant in which we agreed to issue the consultant, as partial compensation for services, \$20,000 worth of our common stock per month, distributed quarterly, calculated using our stock price at the end of the quarter. As at February 14, 2014, we had not received an invoice from the consultant and had not issued any shares of our common stock pursuant to this agreement.

On September 16, 2013, we issued an additional 22,321 common shares to an investor in exchange for \$25,000 as a result of a warrant exercise.

On February 11, 2013, we issued an additional 25,419 common shares to a former employee in exchange for \$25,458 as a result of an option exercise.

The foregoing transactions were exempt from registration pursuant to Section 4(a)(2) of the Securities Act.



## ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

### (a) Exhibits.

The exhibits filed with this Registration Statement are set forth on the “Exhibit Index” set forth elsewhere herein.

## ITEM 17. UNDERTAKINGS

### (a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

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(5) To supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by the underwriters, and the terms of any subsequent reoffering thereof. If any public offering by the underwriters is to be made on terms differing from those set forth on the cover page of the prospectus, a post-effective amendment will be filed to set forth the terms of such offering.

(6) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(7) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bothell, State of Washington, on this 3rd day of March, 2014.

BIOLIFE SOLUTIONS, INC.

By: /s/ Michael Rice  
 Michael Rice  
 Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Rice Michael Rice	Chief Executive Officer (Principal Executive Officer) and Director	March 3, 2014
/s/ Daphne Taylor Daphne Taylor	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 3, 2014
* Raymond Cohen	Chairman of the Board	March 3, 2014
* Thomas Girschweiler	Director	March 3, 2014
* Andrew Hinson	Director	March 3, 2014
* Joseph Schick	Director	March 3, 2014
* Rick Stewart	Director	March 3, 2014
* /s/ Michael Rice Michael Rice, attorney-in-fact		

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## EXHIBIT INDEX

The following exhibits are filed as part of, or incorporated by reference into this registration statement:

Exhibit	Description
<u>1.1</u>	Form of Placement Agent Agreement
3.1	Amended and Restated Certificate of Incorporation of BioLife Solutions, Inc. (included as Exhibit 4.1 to the Registration Statement on Form S-8 filed on June 24, 2013)
3.2	Amended and Restated Bylaws of BioLife Solutions, Inc., effective April 25, 2013 (included as Exhibit A to the Registrant's Definitive Information Statement on Schedule 14C filed March 27, 2013)
4.1	Specimen Common Stock Certificate (included as Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed February 12, 2014)
<u>4.2</u>	Form of Warrant
5.1 *	Opinion of Dorsey & Whitney LLP
10.1	1998 Stock Option Plan, as amended through September 28, 2005 (included as Exhibit 4.3 to the Registration Statement on Form S-8 filed on June 24, 2013)
10.2	Employment Agreement dated July 26, 2006 between the Company and Michael Rice (included as Exhibit 10.3 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006 filed on April 2, 2007)
10.3	Addendum to Employment Agreement dated February 7, 2007 between the Company and Michael Rice (included as Exhibit 10.4 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.4	Manufacturing Service Agreement dated October 26, 2007 between the Company and Bioserv, Inc., a division of NextPharma Technologies, Inc. (included as Exhibit 10.26 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.5	Storage Services Agreement dated October 26, 2007 between the Company and Bioserv, Inc., a division of NextPharma Technologies, Inc. (included as Exhibit 10.25 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.6	Order Fulfillment Services Agreement dated October 26, 2007 between the Company and Bioserv, Inc., a division of NextPharma Technologies, Inc. (included as Exhibit 10.23 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.7	Lease Agreement dated August 1, 2007 for facility space 3303 Monte Villa Parkway, Bothell, WA 98021 (included as Exhibit 10.27 and Exhibit 10.29 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.8	Consulting Agreement dated November 15, 2007 between the Company and Roderick de Greef (included as Exhibit 10.28 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.9	Secured Convertible Multi-Draw Term Loan Facility Agreement dated January 11, 2008, between the Company and Thomas Girschweiler (included as Exhibit 10.21 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.10	Secured Convertible Multi-Draw Term Loan Facility Agreement dated January 11, 2008, between the Company and Walter Villiger (included as Exhibit 10.22 to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 filed April 1, 2008)
10.11	First Amendment to the Secured Convertible Multi-Draw Term Loan Facility Agreement dated October 20, 2008, between the Company, Thomas Girschweiler, and Walter Villiger (included as Exhibit 10.13 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed March 31, 2009)

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- 10.12 Promissory Note dated October 20, 2008 issued by the Company to Thomas Girschweiler (included as Exhibit 10.14 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed March 31, 2009)
- 10.13 Promissory Note dated October 20, 2008 issued by the Company to Walter Villiger (included as Exhibit 10.15 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed March 31, 2009)
- 10.14 First Amendment to the Lease, dated the November 4, 2008, between the Company and Monte Villa Farms, LLC (included as Exhibit 10.16 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed March 31, 2009)
- 10.15 Addendum to Employment Agreement dated December 31, 2008 between the Company and Michael Rice (included as Exhibit 10.16 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.16 Second Amendment to the Secured Convertible Multi-Draw Term Loan Facility Agreement dated December 16, 2009, between the Company, Thomas Girschweiler and Walter Villiger (included as Exhibit 10.17 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 filed March 30, 2010)
- 10.17 Promissory Note dated December 16, 2009 issued by the Company to Thomas Girschweiler (included as Exhibit 10.18 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 filed March 30, 2010)
- 10.18 Promissory Note dated December 16, 2009 issued by the Company to Walter Villiger (included as Exhibit 10.19 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 filed March 30, 2010)
- 10.19 Third Amendment to the Secured Multi-Draw Term Loan Facility Agreement dated November 29, 2010, between the Company, Thomas Girschweiler and Walter Villiger (included as Exhibit 10.20 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 28, 2011)
- 10.20 Promissory Note dated November 29, 2010 issued by the Company to Thomas Girschweiler (included as Exhibit 10.21 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 28, 2011)
- 10.21 Promissory Note dated November 29, 2010 issued by the Company to Walter Villiger (included as Exhibit 10.22 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 28, 2011)
- 10.22 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.07 per share, issued to Thomas Girschweiler (included as Exhibit 10.23 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 28, 2011)
- 10.23 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.07 per share, issued to Walter Villiger (included as Exhibit 10.24 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed March 28, 2011)
- 10.24 Fourth Amendment to the Secured Multi-Draw Term Loan Facility Agreement dated August 10, 2011, between the Company, Thomas Girschweiler and Walter Villiger (included as Exhibit 10.24 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)

- 10.25 Promissory Note dated August 10, 2011 issued by the Company to Thomas Girschweiler (included as Exhibit 10.25 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)
- 10.26 Promissory Note dated August 10, 2011 issued by the Company to Walter Villiger (included as Exhibit 10.26 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)
- 10.27 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.063 per share, issued to Thomas Girschweiler (included as Exhibit 10.27 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)
- 10.28 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.063 per share, issued to Walter Villiger (included as Exhibit 10.28 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)
- 10.29 Employment Agreement dated August 17, 2011 between the Company and Daphne Taylor (included as Exhibit 10.29 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed March 29, 2012)
- 10.30 Second Amendment to the Lease, dated the March 2, 2012, between the Company and Monte Villa Farms, LLC (included as Exhibit 10.30 to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 filed May 14, 2012)
- 10.31 Fifth Amendment to the Secured Multi-Draw Term Loan Facility Agreement dated May 30, 2012, between the Company, Thomas Girschweiler and Walter Villiger (included as Exhibit 10.32 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.32 Promissory Note dated May 30, 2012 issued by the Company to Thomas Girschweiler (included as Exhibit 10.33 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.33 Promissory Note dated May 30, 2012 issued by the Company to Walter Villiger (included as Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.34 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.08 per share, issued to Thomas Girschweiler (included as Exhibit 10.35 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.35 Warrant to purchase 1,000,000 shares of the Company's Common Stock, at \$0.08 per share, issued to Walter Villiger (included as Exhibit 10.36 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.36 Third Amendment to the Lease, dated the June 15, 2012, between the Company and Monte Villa Farms, LLC (included as Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.37 Employment Agreement dated September 1, 2012 between the Company and Aby J. Mathew (included as Exhibit 10.38 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.38 Employment Agreement dated September 1, 2012 between the Company and Mark Sandifer (included as Exhibit 10.39 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.39 Employment Agreement dated September 1, 2012 between the Company and Joseph Annicchiarico (included as Exhibit 10.40 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)
- 10.40 Fourth Amendment to the Lease, dated the November 26, 2012, between the Company and Monte Villa Farms, LLC (included as Exhibit 10.41 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 filed March 29, 2013)



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- 10.41 2013 Performance Incentive Plan (included as Exhibit A to the Registrant's restated Definitive Proxy Statement filed on May 21, 2013)
- 10.42 Note Conversion Agreement, dated December 16, 2013, by and among the Company and Walter Villiger (included as Exhibit 10.1 to the Current Report on Form 8-K filed on December 16, 2013)
- 10.43 Note Conversion Agreement, dated December 16, 2013, by and among the Company and Thomas Girschweiler (included as Exhibit 10.2 to the Current Report on Form 8-K filed on December 16, 2013)
- 10.44\*, Manufacturing Services Agreement with Organ Recovery Systems, Inc., effective as of  
\*\* December 22, 2011
- 10.45 Securities Purchase Agreement
- 10.46 Assignment and Amendment of Note Conversion Agreement, dated February 11, 2014, by and among the Company, Walter Villiger and WAVI Holding AG (included as Exhibit 10.1 to the Current Report on Form 8-K filed on February 12, 2014)
- 10.47 Assignment and Amendment of Note Conversion Agreement, dated February 11, 2014, by and among the Company, Thomas Girschweiler and Taurus4757 GmbH (included as Exhibit 10.2 to the Current Report on Form 8-K filed on February 12, 2014)
- 10.48 BioLife Solutions, Inc. Form of Non-Plan Stock Option Agreement (included as Exhibit 4.4 to the Registration Statement on Form S-8 filed on June 24, 2013)
- 10.49 Form of Escrow Agreement
- 23.1 Consent of Peterson Sullivan LLP
- 23.2 \* Consent of Dorsey & Whitney LLP (contained in Exhibit 5.1 hereto)
- 24.1 \* Power of Attorney

\* Previously filed.

\*\* Confidential treatment has been requested for portions of this exhibit.

II-6

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4.1

11/12/2015

4.10

Supplemental Indenture, dated as of December 1, 2015, among Platform, the Initial Guarantors and the Trustee

8-K

001-36272

4.2

12/4/2015

4.11

Second Supplemental Indenture, dated as of January 26, 2016, among Platform, the Subsequent Guarantors, and the Trustee

10-K

001-36272

4.1

3/11/2016

4.12

Third Supplemental Indenture, dated as of April 13, 2016, among Platform, the Subsequent Guarantors and the Trustee

10-Q

001-36272

4.2

8/9/2016

4.13

Form of 10.375% senior notes due 2021

8-K

001-36272

A to 4.1

11/12/2015

10.1

Joinder Agreement, dated as of December 1, 2015, among the Alent Guarantors named therein

8-K

001-36272

10.1

12/4/2015

†10.2

Employment Agreement, dated as of December 15, 2015, between Platform and Rakesh Sachdev (effective January 5, 2016)

8-K

001-36272

10.1

12/16/2015

†10.3

Time and Performance-Based Restricted Stock Unit Award Agreement by and between Platform and Rakesh Sachdev (effective January 5, 2016)

8-K

001-36272

10.2

12/16/2015

†10.4

Letter Agreement between Platform and Sanjiv Khattri, dated as of August 12, 2015 (effective September 14, 2015)

8-K

001-36272

10.1

8/18/2015

10.5

Severance Agreement by and between Scot R. Benson and MacDermid, dated June 6, 2013

10-Q

001-36272

10.6

5/10/2016

10.6

MacDermid, Incorporated Employees' Pension Plan (as amended and restated generally effective January 1, 2009)

S-4

333-192778

10.6

12/11/2013

10.7

Second Amendment to MacDermid, Incorporated Employees' Pension Plan, 2009 Restatement (effective as of January 1, 2009)

S-4/A

333-192778

10.8

1/2/2014

10.8

Amendment No. 1, dated as of December 13, 2013, to MacDermid, Incorporated Supplemental Executive Retirement Plan (as Previously Amended and Restated)

S-4/A

333-192778

10.9

1/2/2014

10.9

MacDermid, Incorporated Supplemental Executive Retirement Plan, effective April 1, 1994, as amended on February 25, 2005, and as further amended on July 11, 2013

S-4/A

333-192778

10.7

1/2/2014

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Exhibit Nb.	Exhibit Description	Incorporated by Reference			Filing Date	Included in this 2016 Annual Report
		Form	File Nb.	Exhibit Nb.		
†10.10	Platform Specialty Products Corporation Employee Savings and 401(k) Plan, effective as of January 1, 2014	S-8	333-205340	4.2(a)	6/29/2015	
†10.11	Amendment No. 2 to Platform Specialty Products Corporation Employee Savings and 401(k) Plan, dated as of September 8, 2014	S-8	333-205340	4.2(b)	6/29/2015	
†10.12	Amendment No. 3 to Platform Specialty Products Corporation Employee Savings and 401(k) Plan, dated as of November 17, 2014	S-8	333-205340	4.2(c)	6/29/2015	
†10.13	Amendment No. 4 to Platform Specialty Products Corporation Employee Savings and 401(k) Plan, dated as of February 10, 2015	S-8	333-205340	4.2(d)	6/29/2015	
†10.14	Amendment No.5 to Platform Specialty Products Corporation Employee Savings and 401(k) Plan, dated October 31, 2105	10-Q	001-36272	10.1	8/9/2016	
†10.15	Amendment No.6 to Platform Specialty Products Corporation Employee Savings and 401(k) Plan, dated April 21, 2016	10-Q	001-36272	10.2	8/9/2016	
†10.16	Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan (effective as of November 1, 2013)	DEF14A	001-36272	Appendix A	4/25/2014	
†10.17	Platform Specialty Products Corporation 2014 Employee Stock Purchase Plan (effective as of March 6, 2014)	DEF14A	001-36272	Appendix B	4/25/2014	
†10.18	Form of Restricted Stock Unit Agreement – Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan	S-4	333-192778	10.11	1/2/2014	
†10.19	Form of Performance-Based Restricted Stock Unit Award Agreement – Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan	8-K	001-36272	10.2	3/25/2016	
†10.20	Form of Non-Qualified Stock Option Agreement – Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan	8-K	001-36272	10.3	3/25/2016	
10.21	Form of Long Term Cash Bonus Award Agreement – Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan	10-K	001-36272	10.2	3/11/2016	
†10.22	Form of Director and Officer Indemnification Agreement	S-4/A	333-192778	10.12	1/2/2014	

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†10.23	Form of Change in Control Agreement	8-K	001-36272	10.10	4/8/2016
10.24	Interim Facility Letter, dated as of July 13, 2015, by and among Platform Specialty Products Corporation, certain of its subsidiary guarantors, Credit Suisse AG and certain of its affiliates	8-K	001-36272	10.1	7/13/2015

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Exhibit Nb.	Exhibit Description	Incorporated by Reference			Included in this 2016 Annual Report
		Form	File Nb.	Exhibit Nb.	
10.25	Amended and Restated Credit Agreement, dated as of October 31, 2013, among, inter alia, Platform Acquisition Holding Limited, MacDermid Holdings, LLC, Matrix Acquisition Corp., MacDermid, Incorporated (as successor to Matrix Acquisition Corp., the borrower), the subsidiaries of the borrower from time to time parties thereto, the lenders from time to time parties thereto and Credit Suisse AG, as administrative agent and as collateral agent	S-4/A	333-192778	10.13	1/2/2014
10.26	Second Amended and Restated Credit Agreement, dated as of August 6, 2014, among, inter alia, the Company, MacDermid Holdings, LLC, MacDermid, Incorporated, the subsidiaries of the borrower from time to time parties thereto, the lenders from time to time parties thereto and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.1	8/8/2014
10.27	Amendment No. 2, dated as of August 6, 2014, among, inter alia, the Company, MacDermid Holdings, LLC, MacDermid, Incorporated, the subsidiaries of the borrower from time to time parties thereto, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.2	8/8/2014
10.28	Incremental Amendment No. 1, dated as of October 1, 2014, among the Company, MacDermid, Incorporated, MacDermid Holdings, LLC, certain subsidiaries of MacDermid Holdings, LLC and Platform party thereto, Barclays Bank PLC, as collateral agent and administrative agent, and the lenders party thereto	8-K	001-36272	10.1	10/1/2014
10.29	Amendment No.3, dated February 13, 2015, among, inter alia, Platform, Holdings, MacDermid, the subsidiaries of the borrower from time to time parties thereto, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.1	2/17/2015
10.30	Amendment No. 4, dated December 3, 2015, among, inter alia, Platform, MacDermid, the subsidiaries of the borrowers from time to time parties thereto, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.3	12/4/2015
10.31	Amendment No. 5, dated October 14, 2016, among, inter alios, Platform, MacDermid, the subsidiaries of the borrowers from time to time parties thereto, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.1	10/17/2016





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Exhibit Nb.	Exhibit Description	Incorporated by Reference				Included in this 2016 Annual Report
		Form	File Nb.	Exhibit Nb.	Filing Date	
10.32	Amendment No. 6, dated December 6, 2016, among, inter alios, Platform, MacDermid, the subsidiaries of the borrowers from time to time parties thereto, the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent	8-K	001-36272	10.1	12/7/2016	
10.33	Form of Retaining Holder Securityholders Agreement Advisory Services Agreement, dated October 31, 2013,	S-4/A	333-192778	10.14	1/2/2014	
10.34	by and between Platform Specialty Products Corporation and Mariposa Capital, LLC	S-4/A	333-192778	10.15	1/2/2014	
10.35	Letter Agreement with respect to Supplemental Executive Retirement Plan payment, dated as of October 29, 2013, between Platform Acquisition Holdings Limited and Daniel H. Leever	S-4/A	333-192778	10.16	1/2/2014	
10.36	Security Holder's Agreement dated as of November 7, 2013	S-4/A	333-192778	10.17	1/2/2014	
10.37	Form of Option Deeds	S-4/A	333-192778	10.19	1/2/2014	
10.38	Form of Interest Notice	S-4/A	333-192778	10.20	1/15/2014	
10.39	Third Amendment to Amended and Restated MacDermid, Incorporated Employees' Pension Plan, dated as of December 13, 2013	S-4/A	333-192778	10.21	1/2/2014	
†10.40	Form of Non-Qualified Stock Option Agreement – Platform Specialty Products Corporation Equity Incentive Plan	S-4/A	333-192778	10.22	1/2/2014	
†10.41	Form of Incentive Stock Option Agreement – Platform Specialty Products Corporation Equity Incentive Plan Amended and Restated Pledge and Security Agreement, amended and restated as of October 31, 2013, among Platform, MacDermid Holdings, LLC, MacDermid, Incorporated and the subsidiaries of the borrowers from time to time parties thereto in favor of Barclays Bank PLC, as collateral agent	S-4/A	333-192778	10.23	1/2/2014	
10.42	Registration Rights Agreement, dated as of May 20, 2014, between Platform Specialty, the placement agents thereto and the Investors stated therein	10-K	001-36272	10.25	3/31/2014	
10.43	Form of registration rights agreement between Platform and the purchasers of the shares in the October/November 2014 Private Placement	8-K	001-36272	10.1	5/21/2014	
10.44	Registration Rights Agreement, dated as of February 13, 2015, between Platform and Nalozo L.P.	8-K	001-36272	10.3	10/8/2014	
10.45	Code of Ethics for Senior Financial Officers	8-K	001-36272	10.2	2/17/2015	
14.1	List of subsidiaries	10-K	001-36272	14	3/31/2014	
21.1	Consent of PricewaterhouseCoopers LLP					X
23.1	Power of Attorney					X
24.1						X



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Exhibit Nb.	Exhibit Description	Incorporated by Reference			Included in this 2016 Annual Report
		Form	File Nb.	Exhibit Nb. Filing Date	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X

\* Furnished herewith.

† This Exhibit represents a management contract or a compensatory plan.

(B) Financial Statement Schedule

Schedule II — Valuation and Qualifying Accounts and Reserves

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLATFORM SPECIALTY  
PRODUCTS  
CORPORATION

By: /s/ John P.  
Connolly  
Name: John  
P. Connolly  
Title: Vice  
President,  
Corporate  
Controller  
and Chief  
Accounting  
Officer  
Date: March 10,  
2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Rakesh Sachdev Rakesh Sachdev	Director and Chief Executive Officer (Principal Executive Officer)	March 10, 2017
/s/ Sanjiv Khattri Sanjiv Khattri	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 10, 2017
/s/ John P. Connolly John P. Connolly	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	March 10, 2017
/s/ Martin E. Franklin Martin E. Franklin	Chairman of the Board	March 10, 2017
/s/ Ian G.H. Ashken Ian G.H. Ashken	Director	March 10, 2017
/s/ Nicolas Berggruen Nicolas Berggruen	Director	March 10, 2017



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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Platform Specialty Products Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of Platform Specialty Products Corporation and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because material weaknesses in internal control over financial reporting existed as of that date relating to the Company not maintaining a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training commensurate with financial reporting requirements. This material weakness contributed to the following material weaknesses: (i) the Company did not design and maintain effective controls over the accounting for acquired businesses, specifically the effective evaluation of the reliability of information and assumptions used in purchase accounting and in the goodwill, indefinite-lived intangible asset, and long-live asset impairment analyses; (ii) the Company did not design and maintain effective controls over the completeness, existence and accuracy related to accounting for income taxes; and (iii) the Company did not design and maintain effective controls over the financial close process for the Agricultural Solutions segment, specifically effective business performance review controls to assess the completeness and accuracy of financial reporting within the Agricultural Solutions segment, and controls related to the timely and complete reconciliation of accounts for the CAS and Agriphar businesses, which are part of the Agricultural Solutions segment. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2016 consolidated financial statements and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our audits which were integrated audits in 2016 and 2015. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating



effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

F-1

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
Stamford, Connecticut

March 10, 2017

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

	Year Ended December 31,		
	2016	2015	2014
Net sales	\$3,585.9	\$2,542.3	\$843.2
Cost of sales	2,078.2	1,550.4	446.6
Gross profit	1,507.7	991.9	396.6
Operating expenses:			
Selling, technical, general and administrative	1,123.3	857.5	360.9
Research and development	84.4	62.8	26.2
Goodwill impairment	46.6	—	—
Total operating expenses	1,254.3	920.3	387.1
Operating profit	253.4	71.6	9.5
Other (expense) income:			
Interest expense, net	(375.7 )	(213.9 )	(37.9 )
(Loss) gain on derivative contracts	(12.5 )	(74.0 )	0.4
Foreign exchange loss	(14.1 )	(43.4 )	(2.7 )
Other income (expense), net	100.8	30.4	(0.2 )
Total other expense	(301.5 )	(300.9 )	(40.4 )
Loss before income taxes and non-controlling interests	(48.1 )	(229.3 )	(30.9 )
Income tax (expense) benefit	(28.6 )	(75.1 )	6.7
Net loss	(76.7 )	(304.4 )	(24.2 )
Net loss (income) attributable to the non-controlling interests	3.0	(4.2 )	(5.7 )
Net loss attributable to stockholders	(73.7 )	(308.6 )	(29.9 )
Stock dividend on Founder's preferred shares	—	—	(232.7 )
Gain on amendment of Series B Convertible Preferred Stock	32.9	—	—
Net loss attributable to common stockholders	\$(40.8 )	\$(308.6 )	\$(262.6)
Loss per share attributable to common stockholders			
Basic	\$(0.17 )	\$(1.52 )	\$(1.94 )
Diluted	\$(0.65 )	\$(1.52 )	\$(1.94 )
Weighted average common shares outstanding			
Basic	243.3	203.2	135.3
Diluted	272.3	203.2	135.3

See accompanying notes to consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(In millions)

	Year Ended December 31,		
	2016	2015	2014
Net loss	\$(76.7 )	\$(304.4 )	\$(24.2 )
Other comprehensive income (loss)			
Foreign currency translation adjustments	204.6	(777.1 )	(121.6 )
Pension and post-retirement plans:			
Net actuarial gain (loss) arising during the period	5.9	(14.7 )	(25.3 )
Translation adjustment	2.5	0.1	0.6
Pension and post-retirement plans	8.4	(14.6 )	(24.7 )
Tax (expense) benefit	(0.9 )	3.2	8.0
Gain (loss) on pension and post-retirement plans, net of tax	7.5	(11.4 )	(16.7 )
Unrealized (loss) gain on available for sale securities:			
Unrealized holding (loss) gain on available for sale securities	(1.4 )	1.7	0.1
Tax benefit (expense)	0.6	(0.6 )	—
Unrealized holding (loss) gain on available for sale securities, net of tax	(0.8 )	1.1	0.1
Derivative financial instrument revaluation:			
Unrealized hedging gain (loss) arising during the period	2.3	(12.5 )	(0.2 )
Tax benefit	—	4.4	0.1
Gain (loss) on derivative financial instrument revaluation, net of tax	2.3	(8.1 )	(0.1 )
Other comprehensive income (loss)	213.6	(795.5 )	(138.3 )
Comprehensive income (loss)	136.9	(1,099.9 )	(162.5 )
Comprehensive loss attributable to the non-controlling interests	1.0	35.8	0.7
Comprehensive income (loss) attributable to stockholders	137.9	(1,064.1 )	(161.8 )
Stock dividend on Founder's preferred shares	—	—	(232.7 )
Comprehensive income (loss) attributable to common stockholders	\$137.9	\$(1,064.1)	\$(394.5)

See accompanying notes to consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

	December 31,	
	2016	2015
Assets		
Cash and cash equivalents	\$422.6	\$432.2
Accounts receivable, net of allowance for doubtful accounts of \$36.7 and \$14.4 at December 31, 2016 and 2015, respectively	1,054.8	1,023.0
Inventories	416.4	484.6
Note receivable	—	125.0
Prepaid expenses	71.3	72.2
Other current assets	106.1	100.6
Total current assets	2,071.2	2,237.6
Property, plant and equipment, net	460.5	491.6
Goodwill	4,178.9	4,021.9
Intangible assets, net	3,233.3	3,314.3
Other assets	110.2	124.8
Total assets	\$10,054.1	\$10,190.2
Liabilities and Stockholders' Equity		
Accounts payable	\$383.6	\$450.3
Accrued salaries, wages and employee benefits	103.5	78.1
Current installments of long-term debt and revolving credit facilities	116.1	54.7
Accrued income taxes payable	82.5	65.1
Accrued expenses and other current liabilities	397.0	414.2
Total current liabilities	1,082.7	1,062.4
Long-term debt and capital lease obligations	5,122.9	5,173.6
Long-term retirement benefits, less current portion	73.8	80.5
Long-term deferred income taxes	663.2	678.8
Long-term contingent consideration	75.8	70.7
Other long-term liabilities	145.9	205.0
Total liabilities	7,164.3	7,271.0
Commitments and contingencies (Note 16)		
Redeemable preferred stock - Series B	—	645.9
Stockholders' Equity		
Preferred stock - Series A	—	—
Common stock, 400,000,000 shares authorized; 284,221,168 and 229,464,157 shares issued and outstanding at December 31, 2016 and 2015, respectively.	2.8	2.3
Additional paid-in capital	3,981.3	3,520.4
Accumulated deficit	(573.5 )	(532.7 )
Accumulated other comprehensive loss	(674.5 )	(886.1 )
Total stockholders' equity	2,736.1	2,103.9
Non-controlling interests	153.7	169.4
Total equity	2,889.8	2,273.3
Total liabilities, redeemable preferred stock and stockholders' equity	\$10,054.1	\$10,190.2
See accompanying notes to consolidated financial statements		



PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In millions)

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net loss	\$(76.7 )	\$(304.4 )	\$(24.2 )
Reconciliations of net loss to net cash flows provided by operating activities:			
Depreciation and amortization	342.3	251.0	88.0
Deferred income taxes	(57.4 )	(45.5 )	(43.2 )
Manufacturer's profit in inventory adjustment	11.7	76.5	35.5
Unrealized foreign exchange loss	43.8	97.3	2.0
Non-cash fair value adjustment to contingent consideration	5.1	6.8	29.1
Goodwill impairment	46.6	—	—
Other, net	(22.9 )	29.8	7.2
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(18.9 )	66.7	4.9
Inventory	70.4	(7.3 )	11.4
Accounts payable	(67.3 )	83.2	10.9
Accrued expenses	25.4	51.5	(15.7 )
Other assets and liabilities	(117.3 )	15.3	(7.7 )
Net cash flows provided by operating activities	184.8	320.9	98.2
Cash flows from investing activities:			
Capital expenditures	(56.3 )	(47.9 )	(18.5 )
Investment in registrations of products	(36.4 )	(34.4 )	—
Proceeds from sale of assets	20.6	25.8	0.6
Acquisition of business, net of cash acquired	1.3	(4,600.3)	(1,361.8)
Restricted cash	—	599.7	(600.0 )
Note receivable	—	(125.0 )	—
Settlement of foreign exchange contracts in connection with acquisition	—	(73.1 )	—
Other, net	(3.9 )	(1.3 )	(3.0 )
Net cash flows used in investing activities	(74.7 )	(4,256.5)	(1,982.7)
Cash flows from financing activities:			
Debt proceeds, net of discount and premium	3,300.9	3,921.8	678.8
Repayments of borrowings	(3,340.1)	(283.7 )	(9.1 )
Change in lines of credit, net	54.0	(12.4 )	—
Proceeds from issuance of common stock, net	391.5	469.5	1,512.6
Payment of financing fees	(1.1 )	(87.0 )	(13.2 )
Settlement of Series B Convertible Preferred Stock	(460.0 )	—	—
Other, net	(47.4 )	(7.0 )	(0.2 )
Net cash flows (used in) provided by financing activities	(102.2 )	4,001.2	2,168.9
Effect of exchange rate changes on cash and cash equivalents	(17.5 )	(30.7 )	(10.1 )
Net (decrease) increase in cash and cash equivalents	(9.6 )	34.9	274.3
Cash and cash equivalents at beginning of period	432.2	397.3	123.0
Cash and cash equivalents at end of period	\$422.6	\$432.2	\$397.3
Supplemental disclosure information:			
Cash paid for interest	\$360.1	\$147.6	\$36.3
Cash paid for income taxes	\$121.2	\$73.3	\$27.5

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Non-cash investing activities:

Unpaid capital expenditures included in accounts payable and accrued expenses	\$7.1	\$4.7	\$2.4
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See accompanying notes to consolidated financial statements

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions, except share and per share amounts)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-controlling Interests	Total Equity (Deficit)	
	Shares	Amount	Shares	Amount					
Balance at December 31, 2013	2,000,000	\$ 403,571,941	\$ —	\$ 1,212.0	\$(194.2 )	\$ 1.3	\$ 1,019.1	\$ 96.0	\$ 1,115.1
Net (loss) income	—	—	—	—	(29.9 )	—	(29.9 )	5.7	(24.2 )
Other comprehensive loss	—	—	—	—	—	(131.9 )	(131.9 )	(6.4 )	(138.3 )
Impact of Domestication	—	—	1.0	(1.0 )	—	—	—	—	—
Issuance of common shares at \$11.00 per share on January 5, 2014	—	—	3,959	—	—	—	—	—	—
Issuance of common shares to Directors on 7/31/14	—	—	9,242	—	—	—	—	—	—
Issuance of common stock under ESPP	—	—	11,139	—	0.2	—	0.2	—	0.2
Exercise of warrants for common shares at \$11.50 per share	—	—	16,244,694	0.2	186.7	—	186.9	—	186.9
Issuance of common shares at \$19.00 per share in connection with Private Placement Offering on May 20, 2014	—	—	15,800,000	0.2	300.0	—	300.2	—	300.2
Issuance costs in connection with Private Placement Offering on May 20, 2014	—	—	—	(13.8 )	—	—	(13.8 )	—	(13.8 )
Issuance of common shares at	—	—	1,670,386	—	18.4	—	18.4	—	18.4

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\$11.00 per share in connection with 401(k) Exchange Agreement Issuance of common shares at \$25.59 per share in connection with Private Placement Offering on October 8, 2014	—	—	16,060,960	0.2	410.8	—	—	411.0	—	411.0
Issuance costs in connection with Private Placement Offering on October 8, 2014	—	—	—	—	(0.3)	)	—	(0.3)	)	(0.3)
Issuance of common shares in connection with Agriphar Acquisition	—	—	711,551	—	16.6	—	—	16.6	—	16.6
Issuance of common shares in connection with Chemtura Acquisition	—	—	2,000,000	—	52.0	—	—	52.0	—	52.0
Issuance of common shares at \$25.59 per share on November 6, 2014	—	—	9,404,064	—	240.6	—	—	240.6	—	240.6
Issuance of common shares at \$24.50 per share in connection with Public Offering on Nov. 17, 2014	—	—	16,445,000	0.2	402.7	—	—	402.9	—	402.9
Issuance costs in connection with Public Offering on November 17, 2014	—	—	—	—	(15.1)	)	—	(15.1)	)	(15.1)
Declaration of stock dividend on Founders' preferred shares	—	—	—	0.1	(0.1)	)	—	—	—	—
Recovery of short swing profits, net	—	—	—	—	0.5	—	—	0.5	—	0.5

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Equity compensation expense	—	—	—	0.7	—	—	0.7	—	0.7
Conversion of PDH non-controlling interest to common shares	—	—	134,044	—	1.5	—	—	1.5	(1.5 ) —
Distribution to non-controlling interests	—	—	—	—	—	—	—	(0.8 )	(0.8 )
Balance at December 31, 2014	2,000,000	\$ —	182,066,980	\$ 1.9	\$ 2,812.4	\$ (224.1 )	\$ (130.6 )	\$ 2,459.6	\$ 93.0 \$ 2,552.6

See accompanying notes to consolidated financial statements

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (continued)  
(In millions, except share and per share amounts)

	Preferred Stock Shares	Common Stock Amount Shares	Common Stock Amount Capital	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive loss	Total Stockholders' Equity	Non- controlling interests	Total Equity
Balance at December 31, 2014	2,000,000	\$ 182,066,980	\$ 1.9	\$ 2,812.4	\$(224.1)	\$(130.6)	\$ 2,459.6	\$ 93.0	\$ 2,552.6
Net (loss) income	—	—	—	—	(308.6)	—	(308.6)	4.2	(304.4)
Other comprehensive loss	—	—	—	—	—	(755.5)	(755.5)	(40.0)	(795.5)
Issuance of common stock to Founder Entities as stock dividend to Series A	—	10,050,290	—	—	—	—	—	—	—
Preferred Stock declared on December 31, 2014	—	—	—	—	—	—	—	—	—
Issuance of common stock to former non-founder director for exercise of stock options	—	75,000	—	0.9	—	—	0.9	—	0.9
Conversion of PDH Common Stock into common stock	—	578,874	—	6.6	—	—	6.6	(6.6)	—
Issuance of common stock under ESPP	—	44,361	—	0.7	—	—	0.7	—	0.7
Equity compensation expense	—	—	—	0.9	—	—	0.9	—	0.9
Acquisition of non-controlling interest with Arysta Acquisition	—	—	—	—	—	—	—	125.4	125.4
Issuance of common stock at	—	18,226,414	0.2	482.7	—	—	482.9	—	482.9

\$26.50 per share in June 2015 Equity Offering Issuance costs in connection with June 2015 Equity Offering	—	—	—	(15.0)	)	—	—	(15.0)	)	—	(15.0)	)							
Issuance of common shares to non-employee	—	—	2,500	—	—	—	—	—	—	—	—	—							
Acquisition of remaining interest in Arysta Colombia	—	—	—	—	—	—	—	—	—	(3.3)	)	(3.3)	)						
Issuance of common shares at \$12.56 per share in connection with Alent acquisition on December 1, 2015	—	—	18,419,738	0.2	231.2	—	—	231.4	—	—	—	231.4							
Sale of 50.65% ownership in Arysta Toyo Green Co LTD, including maintenance sub	—	—	—	—	—	—	—	—	—	(1.7)	)	(1.7)	)						
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(1.6)	)	(1.6)	)						
Balance at December 31, 2015	2,000,000	\$	-229,464,157	\$	2.3	\$	3,520.4	\$	(532.7)	)	\$	(886.1)	)	\$	2,103.9	\$	169.4	\$	2,273.3

See accompanying notes to consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (continued)  
(In millions, except share and per share amounts)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated other comprehensive (loss) income	Total Stockholders' Equity	Non- controlling interest	Total Equity	
	Shares	Amount Shares	Amount						
Balance at December 31, 2015	2,000,000	\$ -229,464,157	\$ 2.3	\$ 3,520.4	\$(532.7 )	\$(886.1 )	\$ 2,103.9	\$ 169.4	\$ 2,273.3
Net loss	—	—	—	—	(73.7 )	—	(73.7 )	(3.0 )	(76.7 )
Other comprehensive income	—	—	—	—	—	211.6	211.6	2.0	213.6
Issuance of common stock to former non-founder director for exercise of stock options	—	— 7,642	—	—	—	—	—	—	—
Conversion of PDH Common Stock into common stock	—	— 325,431	—	3.8	—	—	3.8	(3.8 )	—
Issuance of common stock under ESPP	—	— 136,060	—	0.9	—	—	0.9	—	0.9
Equity compensation expense	—	—	—	7.4	—	—	7.4	—	7.4
Issuance of common stock at \$8.25 per share in the September 2016 Equity Offering	—	— 48,787,878	0.5	402.0	—	—	402.5	—	402.5
Issuance costs in connection with the September 2016 Equity Offering	—	—	—	(11.9 )	—	—	(11.9 )	—	(11.9 )
Series B Convertible Preferred Stock settlement	—	— 5,500,000	—	54.9	32.9	—	87.8	—	87.8

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Changes in non-controlling interests	—	—	—	3.8	—	—	3.8	(10.9 )	(7.1 )
Balance at December 31, 2016	2,000,000	\$ -284,221,168	\$ 2.8	\$ 3,981.3	\$ (573.5 )	\$ (674.5 )	\$ 2,736.1	\$ 153.7	\$ 2,889.8

See accompanying notes to consolidated financial statements

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Company and Business – Platform Specialty Products Corporation was incorporated in Delaware in January 2014 and its common stock, par value \$0.01 per share, trades on the NYSE under the ticker symbol “PAH.” Platform is a global diversified producer of high-technology specialty chemical products. Platform's chemistry combines a number of ingredients to produce proprietary formulations. The Company is present in a wide variety of niche markets across multiple industries, including agricultural, animal health, electronics, graphic arts, plating, offshore oil and gas production and drilling. Platform sells and delivers its products to customers through its sales and service workforce, regional distributors, as well as manufacturing representatives.

As its name implies, Platform is also an acquisition vehicle with a strategy of acquiring and maintaining leading positions in niche segments of high-growth markets. As such, the Company continually seeks opportunities to act as an acquirer and consolidator of specialty chemical businesses on a global basis, particularly those meeting its “Asset-Lite, High-Touch” philosophy, which involves prioritizing resources to research and development, offering highly technical sales and customer service, and managing conservatively its investments in fixed assets and capital expenditures.

Principles of Consolidation – The accompanying Consolidated Financial Statements are prepared in accordance with GAAP and include the accounts of Platform and all of its respective controlled subsidiaries. All subsidiaries are included in the Consolidated Financial Statements for the entire period. The Company fully consolidates the income, expenses, assets, liabilities and cash flows of its subsidiaries from the date it acquires control or becomes the primary beneficiary. All intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates – In preparing the Consolidated Financial Statements in conformity with GAAP, management must undertake decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and assumptions upon which accounting estimates are based. The Company applies judgment based on its understanding and analysis of the relevant circumstances to reach these decisions. By their nature, these judgments are subject to an inherent degree of uncertainty. Accordingly, actual results could differ significantly from the estimates applied. Significant items subject to such estimates and assumptions include: the useful lives of fixed and intangible assets, allowances for doubtful accounts and sales returns, deferred tax asset valuation allowances, inventory valuation allowances, stock-based compensation, liabilities for employee benefit obligations, environmental liabilities, income tax uncertainties, valuation of goodwill, acquisition-related contingent consideration, intangible assets and other contingencies.

Summary of Significant Accounting Policies

Cash and Cash Equivalents – The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

The Company, from time to time, may be required to maintain cash deposits with certain banks with respect to certain contractual obligations. As of December 31, 2016 and 2015, the Company was required to maintain restricted cash deposits of \$0.9 million and \$0.3 million, respectively. Restricted cash is included in "Other current assets" in the Consolidated Balance Sheets.

Credit Risk Management – Platform's products are sold primarily to customers in the automotive, agriculture, animal health, electronics, graphic arts, and offshore oil and gas production and drilling industries. The Company is exposed to certain collection risks which are subject to a variety of factors, including economic and technological changes within these industries. As is common industry practice, the Company generally does not require collateral or other security as a condition of sale, rather relying on credit approval, balance limitation and monitoring procedures to control credit risk on trade accounts receivable. For certain products that customers use on crops with growing seasons in excess of one year, it is industry practice for payment terms to exceed one year. Trade receivables related to these sales are classified as non-current assets. The Company establishes reserves against estimated uncollectible



amounts based on historical experience and specific knowledge regarding customers' ability to pay. Customer accounts receivable that are deemed to be uncollectible are written off when they are identified and all reasonable collections efforts have been exhausted.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derivatives – The Company operates internationally, with manufacturing and sales facilities in various locations around the world, and uses certain financial instruments to manage its foreign currency exposures. To qualify a derivative as a hedge at inception and throughout the hedge period, the Company formally documents the nature and relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions, and the method of assessing hedge effectiveness. Additionally, for hedges of forecasted transactions, the significant characteristics and expected terms of a forecasted transaction are specifically identified, and the likelihood of each forecasted transactions occurring is deemed probable. If it is determined that the forecasted transaction will not occur, the gain or loss is recognized in current earnings. Financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. The Company does not engage in trading or other speculative uses of financial instruments. It is the Company's policy to disclose the fair value of derivative instruments that are subject to master netting arrangements on a gross basis in the Consolidated Balance Sheets. The Company has used, and may use in the future, forward contracts and options to mitigate its exposure to changes in foreign currency exchange rates on third-party and intercompany forecasted transactions. If hedge accounting is applied, the effective portion of unrealized gains and losses associated with forward contracts and the intrinsic value of option contracts are deferred as a component of other comprehensive income until the underlying hedged transactions are reported in the Company's Consolidated Statements of Operations. For derivative contracts not designated as hedging instruments, the Company records changes in the net fair value of the such contracts in "(Loss) gain on derivative contracts" in the Consolidated Statements of Operations.

The Company has also used, and may use in the future, contracts and options to mitigate its exposure to commodity prices in the precious metals markets. Metal contracts that qualify as Normal Purchases are accounted for as executory contracts rather than as derivatives. Metals contracts that meet the definition of a derivative are recorded as a derivative asset or liability in the balance sheet and are subsequently marked-to-market every reporting period. The Company has not designated these derivatives as hedging instruments and, accordingly, records changes in the net fair value of the commodities futures contracts in "(Loss) gain on derivative contracts" in the Consolidated Statements of Operations.

Inventories – Inventories are stated at the lower of cost or net realizable value with cost being determined by the first-in/first-out and average costs methods. Inventories in excess of one year of forecasted sales are classified as non-current in "Other assets" in the Consolidated Balance Sheets. The Company regularly reviews inventories for obsolescence and excess quantities, and adjusted accordingly based on historical write-offs, customer demand, product evolution, usage rates and quantities of stock on hand.

Property, Plant and Equipment – Property, plant and equipment is stated at cost less accumulated depreciation. Equipment under capital lease arrangements is stated at the net present value of minimum lease payments. The Company records depreciation on a straight-line basis over the estimated useful life of each asset. Estimated useful lives by asset class are as follows:

Buildings and building improvements (years)	5 to 20
Machinery, equipment and fixtures (years)	3 to 15
Computer hardware and software (years)	3 to 7
Furniture and automobiles (years)	3 to 7
	Lesser
	of
Leasehold improvements	useful
	life
	or lease
	life

Maintenance and repair costs are charged directly to expense; renewals and betterments which significantly extend the useful life of the asset are capitalized. Costs and accumulated depreciation on assets retired or disposed of are

removed from the accounts and any resulting gains or losses are recorded to earnings in the period of disposal.

**Business Combinations** – The Company allocates the purchase price of acquisitions to tangible and intangible assets acquired, liabilities assumed, and non-controlling interests in the acquiree based on their estimated fair values at the acquisition date. The excess of the acquisition price over those estimated fair values is recorded as goodwill. Changes to the acquisition date provisional fair values prior to the end of the measurement period, are recorded as an adjustment to the associated goodwill. Acquisition-related expenses and restructuring costs, if any, are recognized separately from the business combination and are expensed as incurred.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Goodwill and Indefinite-Lived Intangible Assets** – Goodwill represents the excess of the acquisition cost over the fair value of the identifiable net assets of an acquired business. The Company does not amortize goodwill and other intangible assets that have indefinite useful lives; rather, goodwill and other intangible assets with indefinite lives are tested for impairment. Goodwill is tested for impairment at the reporting unit level annually as of October 1, or when events or changes in circumstances indicate that goodwill might be impaired.

A two-step impairment test is performed at the reporting unit level. In the first step of impairment testing, the fair value of each reporting unit is compared to its carrying value. The fair value of each reporting unit is determined using the income approach based on the present value of discounted future cash flows of those units. The cash flows utilized in goodwill impairment testing differ from actual consolidated cash flows due to exclusion of non-recurring charges. The cash flow model utilized in the goodwill impairment test involves significant judgments related to future growth rates, working capital needs, discount rates and tax rates, among other considerations. The Company relies on data developed by business unit management as well as macroeconomic data in making these calculations. The discounted cash flow model utilizes a risk-adjusted weighted average cost of capital to discount estimated future cash flows. Changes in these estimates can impact the present value of the expected cash flow that is used in determining the fair value of a given reporting unit. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, the second step of the impairment test is performed to determine the implied fair value of the reporting unit's goodwill. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recorded equal to the difference.

Indefinite-lived intangible assets consist of certain tradenames, which are reviewed for potential impairment on an annual basis as of October 1, or when events or changes in circumstances indicate that indefinite-lived intangible assets might be impaired. Indefinite-lived intangible assets are reviewed for impairment by comparing the estimated fair values of the indefinite-lived intangible assets to their carrying values. The estimated fair values of these intangible assets are determined using the "relief from royalty" approach. An impairment loss is recognized when the estimated fair value of an indefinite-lived intangible asset is less than the carrying value.

**Finite-Lived Intangible Assets** – Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which currently range from 8 to 30 years for customer lists, 5 to 14 years for developed technology, 5 to 20 years for tradenames and 1 to 5 years for non-compete agreements. The Company evaluates long-lived assets, such as property, plant and equipment and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. If circumstances require a long-lived asset group to be tested for possible impairment, the Company first determines if the estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When an impairment is identified, the carrying amount of the asset is reduced to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values.

**Product Registrations** – Product registrations represent external costs incurred to obtain distribution rights from regulatory bodies for certain products in the Company's Agricultural Solutions segment. These costs include laboratory testing, legal, regulatory filing and other costs. Only costs associated with products that are probable of generating future cash flows are capitalized. The capitalized costs are amortized over the useful lives of the registrations, which currently range from 12 to 14 years, and are included in "Selling, technical, general and administrative" expenses in the Consolidated Statement of Operations. Product registrations are evaluated for impairment in the same manner as other finite-lived intangible assets.

**Asset Retirement Obligations** – The Company records the fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which they are incurred, if a reasonable estimate of fair value can be

made. Upon initial recognition of a liability, the Company capitalizes the cost of the AROs by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased for changes in its present value as accretion through interest expense and the capitalized cost is depreciated over the useful life of the related asset.

Contingencies and Commitments - The Company records accruals for loss contingencies and commitments which are both probable and reasonably estimable. Significant judgment is required to determine both probability and the estimated amount of loss. The Company reviews accruals on a quarterly basis and adjusts, as necessary, to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other current information.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
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The Company accrues for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current laws and existing technologies. The accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Accruals for environmental liabilities are included on the Consolidated Balance Sheets in "Accrued expenses and other current liabilities" and "Other long-term liabilities" at undiscounted amounts. Accruals for related insurance or other third-party recoveries for environmental liabilities are recorded when it is probable that a recovery will be realized and are included on the Consolidated Balance Sheets in "Other current assets" and "Other assets." Environmental costs are capitalized in instances where the costs extend the life of the property, increase its capacity, and/or mitigate or prevent contamination from future operations. Environmental costs are also capitalized in recognition of legal asset retirement obligations resulting from the acquisition, construction and/or normal operation of a long-lived asset. Costs related to environmental contamination treatment and cleanup are charged to expense. Estimated future incremental operations, maintenance and management costs directly related to remediation are accrued when such costs are probable and reasonably estimable.

**Employee Benefits** – The Company sponsors a variety of employee benefit programs, some of which are non-contributory. The accounting policies used to account for these plans are as follows:

**Retirement** – The Company provides non-contributory defined benefit plans to domestic and certain foreign employees. The projected unit credit actuarial method is used for financial reporting purposes. The Company recognizes the funded status in its Consolidated Balance Sheets, which represents the difference between the fair value of the plan assets and the projected benefit obligation. The Company's funding policy for qualified plans is consistent with federal or other local regulations and customarily equals the amount deductible for federal and local income tax purposes. Foreign subsidiaries contribute to other plans, which may be administered privately or by government agencies in accordance with local regulations.

**401(k)** - The Company also provides benefits under the PSP 401(k) Plan, for substantially all domestic employees, which consists of two components: a discretionary profit-sharing/non-elective component, funded by the Company, and a defined contribution 401(k) component. Under the discretionary profit-sharing/non-elective component, the Company's non-elective contributions to the PSP 401(k) Plan totaled \$3.4 million, \$1.5 million and \$1.4 million for the years ended December 31, 2016, 2015 and 2014, respectively, and are funded during the first quarters of each subsequent year. Under the defined contribution 401(k) component, on a yearly basis, the Company may determine to make contributions that match some or all of the participants' contributions. For the years ended December 31, 2016, 2015 and 2014, the Company contributed \$2.8 million, \$1.4 million and \$0.7 million to the PSP 401(k) Plan, respectively.

**Post-retirement** – The Company accrues for post-retirement health care benefits for U.S. employees hired prior to April 1, 1997. The post-retirement health care plan is unfunded.

**Financial Instruments** – The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, accounts receivable, investments, accounts payable, contingent consideration, and debt. The Company believes that the carrying value of the cash and cash equivalents, restricted cash, accounts receivable and accounts payable are representative of their respective fair values because of the short maturities of these instruments. Available for sale equity investments are carried at fair value with net unrealized gains or losses included in "Accumulated other comprehensive loss" in the stockholders' equity section of the Consolidated Balance Sheets. See Note 11, Fair Value Measurements, to the Consolidated Financial Statements.

**Equity Securities** – Equity securities that have a readily determinable fair value are classified as available for sale and are carried at fair value. Unrealized holding gains and losses are included in "Accumulated other comprehensive loss" in the stockholders' equity section of the Consolidated Balance Sheets. Equity securities which do not have readily determinable fair values are recorded at cost and are evaluated whenever events or changes in circumstances indicate that the carrying values of such investments may be impaired. Equity securities are included in "Other assets" in the Consolidated Balance Sheets.

Equity Method Investments – Investments over which the Company has the ability to exercise significant influence, but which the Company does not control, are accounted for under the equity method of accounting and are included in "Other assets" on the Consolidated Balance Sheet. Significant influence generally exists when the Company holds between 20% and 50% of the voting power of another entity. Investments are initially recognized at cost. The Consolidated Financial Statements include the Company's share of net earnings or losses from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity investment, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation or has made payments on behalf of the investee.

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Accounts Receivable Factoring Arrangements - Accounts receivable factoring arrangements whereby accounts receivable are transferred to third parties without recourse to the Company are accounted for by derecognizing the trade receivables upon receipt of proceeds. Accounts receivable factoring arrangements whereby accounts receivable are transferred to third parties with substantial recourse to the Company are accounting for as financings.

Foreign Currency Translation – The Company’s foreign subsidiaries primarily use their local currency as their functional currency. The assets and liabilities of the Company’s foreign subsidiaries are translated into U.S. Dollars using foreign currency exchange rates prevailing as of the balance sheet dates. Revenue and expense accounts are translated at average foreign currency exchange rates for the periods presented. Cumulative currency translation adjustments are included in "Accumulated other comprehensive loss" in the stockholders’ equity section of the Consolidated Balance Sheets. Net gains and losses from transactions denominated in a currency other than the functional currency of the entity are included in "Foreign exchange loss" in the Consolidated Statements of Operations.

Revenue Recognition – The Company recognizes revenue, including freight charged to customers, net of applicable rebates, estimates for sales returns and allowances and discounts, when the earnings process is complete. This occurs when products have been shipped to, or received by, the customer, in accordance with the terms of the agreement by and between the Company and such customer, title and risk of loss has been transferred, pricing is fixed or determinable and collectability is reasonably assured.

On a limited and discretionary basis, the Company allows certain distributors within the Agricultural Solutions segment extensions of credit on a limited portion of purchases made during a purchasing cycle, which remain in the distributor’s inventory. The extension of credit is not a right to return, and distributors must pay unconditionally when the extended credit period expires.

Cost of Sales – Cost of sales consists primarily of raw material costs and related purchasing and receiving costs used in the manufacturing process, direct salary and wages and related fringe benefits, packaging costs, shipping and handling costs, plant overhead and other costs associated with the manufacture and distribution of the Company’s products. For the years ended December 31, 2016, 2015 and 2014, cost of sales included a manufacturer’s profit in inventory adjustment of \$11.7 million, \$76.5 million and \$35.5 million, respectively, associated with inventory revaluations related to the various Acquisitions.

Shipping and Handling Costs – Costs related to shipping and handling are recognized as incurred and included in cost of sales in the Consolidated Statements of Operations.

Selling, Technical, General and Administrative Expenses – Selling, technical, general and administrative expenses consist primarily of personnel and travel costs, advertising and marketing expenses, administrative expenses associated with accounting, finance, legal, human resource, amortization of intangible assets, risk management and overhead associated with these functions.

Research and Development – Research and development costs, which primarily relate to internal salaries, are expensed as incurred.

Income Taxes – The provision for income taxes includes federal, foreign, state and local income taxes currently payable as well as the net change in deferred tax assets and liabilities during the period. Deferred income taxes are recorded at currently enacted tax rates for temporary differences between the financial reporting and income tax bases of assets and liabilities. A valuation allowance is assessed and recorded when it is estimated that it becomes more likely than not that the full value of a deferred tax asset may not be realized. In addition, although management believes that its positions taken on income tax matters are reasonable, the Company establishes tax reserves in recognition that various taxing authorities may challenge certain of those positions taken, potentially resulting in additional tax liabilities. Deferred federal and state income taxes are not provided on the undistributed earnings of certain foreign subsidiaries where management has determined that such earnings have been indefinitely reinvested.

Stock-Based Compensation Plans – Stock-based compensation expense is recognized primarily within selling, technical, general and administrative expenses and is based on the value of the portion of equity-based awards that are ultimately expected to vest. The Company expenses employee stock-based compensation over the requisite service



period based on the estimated grant-date fair value of the awards. The fair value of RSU awards is determined using Monte Carlo simulations for market-based RSU awards, and the closing price of Platform's common stock on the date of grant for all other RSU awards. The fair value of stock options is determined using the Black-Scholes option pricing model. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates and involve inherent uncertainties and the application of judgment. Such assumptions include expectations related to stock price volatility, award terms, and judgments as to whether performance targets will be achieved. Compensation costs for RSU awards reflects the number of awards expected to vest and is ultimately adjusted in future periods to reflect the actual number of vested awards. Compensation costs for awards with performance conditions are only recognized if and when it becomes probable that the performance condition will be achieved. The probability of vesting is reassessed at the

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end of each reporting period and the compensation costs are adjusted accordingly, with the cumulative effect of such a change on current and prior periods being recognized in compensation cost in the period of the change. Compensation costs for stock options are recorded ratably over the vesting term of the options, effected for forfeitures as they occur. Earnings (Loss) Per Common Share – Basic earnings (loss) per common share excludes dilution and is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per common share assumes the issuance of all potentially dilutive share equivalents using the if-converted or treasury stock method, provided that the effects of which are not anti-dilutive. For stock options and RSUs, it is assumed that the proceeds will be used to buy back shares. For stock options, such proceeds equal the average unrecognized compensation plus the assumed exercise of weighted average number of options outstanding. For unvested RSUs, the assumed proceeds equal the average unrecognized compensation expense.

Accounting Standards

Recently Adopted Accounting Pronouncements

Compensation - Stock Compensation (Topic 718) - In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting." This update changes the accounting treatment related to tax windfall and shortfalls associated with share-based awards. It also eliminates the requirement for entities to estimate future forfeiture rates associated with share-based awards and stipulates the requirement that cash payments made by employers when directly withholding shares for tax-withholdings purposes should be classified as a financing activity in the statement of cash flows. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 with early adoption permitted. The Company adopted this ASU as of April 1, 2016. This ASU did not have a material impact on the Company's financial statements.

Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - In April 2015, the FASB issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This update provides explicit guidance to customers utilizing a cloud computing solution to help determine whether such an arrangement includes a software license, in which case the accounting applied would be similar to that of other software license arrangements. Otherwise, the arrangement would be accounted for as a service contract. The Company adopted this ASU as of January 1, 2016. This ASU did not have a material impact on the Company's financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20) - In February 2017, the FASB issued ASU No. 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets." This update clarifies the scope of Subtopic 610-20, Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets, and adds guidance for partial sales of nonfinancial assets. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017 with early adoption permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company will adopt this ASU concurrently with the adoption of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," and is evaluating the impact of this ASU.

Intangibles - Goodwill and Other (Topic 350) - In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment." This update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. The guidance is effective for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted for annual goodwill tests performed on testing dates after January 1, 2017. The Company is evaluating the impact of the ASU.

Business Combinations (Topic 805) - In January, 2017, the FASB issued ASU No. 2017-01, "Clarifying the Definition of a Business." The amendments in this update provide a more robust framework to use in determining whether or not a set of assets and activities constitute a business. The amendments provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The guidance is effective prospectively for fiscal years beginning after December 15, 2017 and interim periods within those fiscal

years, with early adoption permitted. This ASU may have a material impact on accounting for business and asset acquisitions if conclusions regarding whether the acquisitions represent a business are different subsequent to the adoption of this ASU.

Income Taxes (Topic 740) - In October 2016, the FASB issued ASU No. 2016-16, "Intra-Entity Transfers of Assets Other than Inventory." This update stipulates that entities recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. The amendments in this guidance apply to assets other than inventory; for example, intellectual

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property and property, plant and equipment. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted in the first quarter of an annual reporting period for which financial statements have not been issued or made available for issuance. The Company is continuing to evaluate the impact of this ASU.

Statement of Cash Flows (Topic 230) - In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments." This update was issued to reduce the differences in the classification of certain transactions in the statement of cash flows. The update addresses eight specific cash flow issues, including debt prepayment and extinguishment costs, zero coupon bond settlement, contingent consideration payments, insurance claim settlements, company-owned life insurance receipts/payments, distributions from equity method investments, beneficial interests in securitization transactions, and separately identifiable cash flows. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted. The Company is continuing to evaluate the impact of the ASU.

Financial Instruments - Credit Losses (Topic 326) - In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments." This update introduces new guidance for the accounting for credit losses on certain types of financial instruments, which are to be estimated based on the expected losses. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The guidance is effective on a modified retrospective basis for fiscal years and interim periods beginning after December 15, 2019 with early adoption permitted for fiscal years and interim periods beginning after December 15, 2018. The Company is evaluating the impact of this ASU.

Leases (Topic 842) - In February 2016, the FASB issued ASU No. 2016-02, "Leases." The updated guidance applies to capital (or finance) and operating leases, and requires the lessee to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lessee can make an accounting policy choice to not recognize right of use assets and lease liabilities for short-term leases (leases with a lease term of 12 months or less). The guidance is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. The Company continues to evaluate the impact of this ASU.

Financial Instruments - Overall (Subtopic 825.10) - In January 2016, the FASB issued ASU No. 2016-1, "Recognition and Measurement of Financial Assets and Financial Liabilities." This update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial assets and liabilities. Provisions of this ASU include, among others, requiring the measurement of certain equity investments at fair value, with changes in value recognized in net income, and simplifying the impairment assessment of certain equity investments. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017. The guidance is effective on a modified retrospective basis, except as it relates to equity securities without a readily determinable fair value, for which it is effective on a prospective basis. Early adoption is only permitted for provisions related to the recognition of changes in fair value of financial liabilities. The Company does not expect this ASU to have a material impact on its financial statements.

Revenue from Contracts with Customers (Topic 606) - In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," for all entities by one year. As a result, the provisions of ASU No. 2014-09 will be effective prospectively for fiscal years and interim periods beginning after December 15, 2017. ASU No. 2014-09 (1) removes inconsistencies and weaknesses in revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance allows for the use of either a full retrospective method or modified retrospective transition method in adopting the provisions of this ASU. The FASB has issued the following amendments and supplements to the guidance of ASU Nos. 2014-09 and 2015-14, all of

which become effective for fiscal years and interim periods beginning after December 15, 2017:

ASU No. 2016-08, "Principal versus Agent Considerations," issued in March 2016. This update improves the operability and understandability of the implementation guidance on principal versus agent considerations.

ASU No. 2016-10, "Identifying Performance Obligations and Licensing," issued in April 2016. This update provides clarification on the implementation guidance defining when a good or service is separately identifiable from other promises in the contract and on contracts with licenses of intellectual property.

ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients," issued in May 2016. This update provides clarification on the collectability criterion, presentation of taxes, non-cash consideration and contract modification

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guidance espoused in ASU No. 2014-09. This update also clarifies the accounting treatment for completed contracts and retrospective application of the standard to prior reporting periods.

The Company is currently in the process of evaluating and implementing this new guidance, as required, and at this time expects to use the modified retrospective basis starting in 2018. Platform will provide additional updates in future filings when appropriate.

#### Out of Period Adjustments

As previously disclosed in the Company's 2016 Q3 Form 10-Q, the Company identified and corrected an error that effected prior periods related to the allocation of expenses to non-controlling interests. On a cumulative basis since the first quarter of 2015, the Company determined \$6.1 million of expenses were not properly allocated to its non-controlling interests resulting in an overstatement of "Non-controlling interests" and "Accumulated deficit" in the Company's Consolidated Balance Sheets and an understatement of "Net loss attributable to non-controlling interests" and overstatement of "Net loss attributable to stockholders" in the Company's Consolidated Statements of Operations. Based on an analysis of qualitative and quantitative factors, management has concluded that this error was not material to the Company's 2015 or 2016 Consolidated Financial Statements.

Additionally, in connection with the preparation of the Company's 2016 Consolidated Financial Statements, the Company identified and corrected an error in its 2015 Consolidated Financial Statements. This error was related to the original purchase accounting for the Arysta Acquisition. The Company used the foreign currency exchange rates as of January 31, 2015 rather than February 13, 2015, the date of the acquisition, to translate the balance sheet. Based on an analysis of qualitative and quantitative factors, management has concluded that this impact was not material to the Company's 2015 and 2016 Consolidated Financial Statements. Accordingly, within the Consolidated Balance Sheet as of December 31, 2016, "Goodwill" was increased by \$15.1 million with a corresponding offset to "Foreign Currency Translation Adjustments" within "Accumulated Other Comprehensive Income (Loss)."

The Company also identified and corrected an error related to the tax accounting for one of Arysta's foreign subsidiary's net operating loss carry-forwards in which the local tax law limited their use over time. This error resulted in an understatement of the valuation allowance on net foreign operating loss carrying-forwards of \$22.4 million, \$12.9 million of which should have been recorded as additional goodwill in purchase accounting, and \$9.5 million which should have been recognized as income tax expense in 2015. Based upon an analysis of qualitative and quantitative factors, management has concluded that this error was not material to the Company's 2015 or 2016 Consolidated Financial Statements.

#### Misclassification

In connection with the preparation of the Company's 2016 Consolidated Financial Statements, the Company identified an error in its 2015 Consolidated Financial Statements related to the classification of a portion of inventory that was not expected to be sold within a year that should have been reflected as a non-current asset. Based on an analysis of qualitative and quantitative factors, management has concluded that this misclassification was not material to the Company's 2015 Consolidated Financial Statements. Accordingly, within the Consolidated Balance Sheet as of December 31, 2015, \$32.9 million was corrected from "Inventories" to "Other assets."

## 2. ACQUISITIONS OF BUSINESSES

### 2016 Activity

#### OMG Malaysia Acquisition

On January 31, 2016, Platform completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments. The Company acquired OMG Malaysia by issuing a note payable for \$125 million which was offset against a note receivable from the seller of the same amount.

The Company acquired OMG Malaysia to further enhance its Performance Solutions business segment in which OMG Malaysia is included.

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2015 Activity

Alent Acquisition

On December 1, 2015, Platform completed the Alent Acquisition for approximately \$1.74 billion in cash, net of acquired cash, and 18,419,738 shares of the Company's common stock at \$12.56 per share, issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent.

The Company acquired Alent to expand its product capabilities and offerings and improve the geographic range in surface treatments. Legacy Alent was a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive, industrial applications, and high performance consumable products and services. Alent is included in the Company's Performance Solutions business segment.

OMG Acquisition

On October 28, 2015, Platform completed the OMG Acquisition for approximately \$239 million in cash, net of acquired cash and purchase price adjustments.

The Company acquired the highly-synergistic OMG Businesses to bolster its Performance Solutions business segment. Legacy OMG's Electronic Chemicals business developed, produced and supplied chemicals for electronic and industrial applications. Legacy OMG's Photomasks products were used by customers to produce semiconductors and related products. The OMG Businesses are included in the Company's Performance Solutions business segment.

Arysta Acquisition

On February 13, 2015, Platform completed the Arysta Acquisition for approximately \$3.50 billion, consisting of \$2.86 billion in cash, net of acquired cash and closing working capital adjustments, and including Arysta Seller transaction expenses paid by Platform, and the issuance to the Arysta Seller of \$600 million of Platform's Series B Convertible Preferred Stock with a fair value of \$646 million. On December 13, 2016, Platform settled all of its Series B Convertible Preferred Stock obligations under a certain settlement agreement entered into with the Arysta Seller in September 2016. See Note 12, Stockholders' Equity, to the Consolidated Financial Statements, under the heading "Series B Convertible Preferred Stock."

The Company acquired Arysta to expand its presence in the agrochemical business, complementing the Agriphar and CAS acquisitions. Legacy Arysta provided products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and biological solutions, or BioSolutions, and off-patent agrochemical offerings. BioSolutions include stimulants, or biostimulants, innovative nutrition and biological control, or biocontrol, products. Arysta is included in the Company's Agricultural Solutions business segment.

2014 Activity

CAS Acquisition

On November 3, 2014, Platform completed the CAS Acquisition for approximately \$1.04 billion, consisting of \$983 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, and 2,000,000 shares of its common stock. Due to regulatory constraints, title to certain CAS businesses located in Russia was not transferred to Platform until the first quarter of 2015.

In line with Platform's business strategy of growing into niche markets and applications, the Company acquired CAS to enter the agrochemical industry. Legacy CAS was a niche provider of seed treatments and crop protection applications in numerous geographies across seven major product lines – adjuvants, fungicides, herbicides, insecticide, miticides, plant growth regulators and seed treatments. CAS is included in the Company's Agricultural Solutions business segment.

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Agriphar Acquisition

On October 1, 2014, Platform completed the Agriphar Acquisition for a purchase price of approximately €300 million (\$370 million), consisting of \$350 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, and 711,551 restricted shares of its common stock. Such restricted shares will become unrestricted beginning January 2, 2018 unless agreed otherwise in accordance with the terms of the acquisition agreement. The agreement also stipulates that prior to January 2, 2018, the seller may transfer (i) a maximum of 1/3 of its shares as of January 2, 2016, (ii) 1/3 of its shares as of January 2, 2017 and (iii) 1/3 of its shares as of January 2, 2018, in each case subject to the terms and provisions of a solvency letter described in the acquisition agreement.

The Company acquired Agriphar within its crop protection vertical as it believed Agriphar's and CAS' businesses were very complementary in terms of product range and distribution capabilities. Legacy Agriphar was a European crop protection group supported by a team of researchers and regulatory experts which provided a wide range of fungicides, herbicides and insecticides with end markets primarily across Europe. Agriphar is included in the Company's Agricultural Solutions business segment.

Acquisition Net Sales and Net Income (Loss)

During the year of their respective acquisitions, net sales and net income (loss) contributed by the Company's Acquisitions were as follows:

(amounts in millions)	Year of Acquisition	Net Sales	Net Income (Loss)
OMG Malaysia	2016	\$ 30.9	\$ 3.2
Alent	2015	70.8	(12.4 )
OMG	2015	20.7	(0.4 )
Arysta	2015	1,197.0	(86.7 )
CAS	2014	61.9	(20.5 )
Agriphar	2014	26.1	(8.3 )

As the integration continued to progress for the (1) OMG Malaysia, Alent, and OMG Acquisitions within the Company's Performance Solutions business segment, and the (2) Arysta, CAS and Agriphar Acquisition within the Agricultural Solutions business segment, discrete results reported by the acquired companies have been impacted by the integration initiatives and have become less comparable to prior periods. Therefore, it is impracticable to report discrete Acquisition-level results beyond the initial year of acquisition.



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## Purchase Price Allocation

The following table summarizes the consideration transferred and transaction costs incurred related to its acquisitions in 2016 and 2015 as well as the applicable amounts of identified assets acquired and liabilities assumed at the applicable acquisition date:

(amounts in millions)	OMG Malaysia	Alent	OMG	Arysta
Consideration				
Cash, net	\$ (1.3 )	\$ 1,507.0	\$ 239.1	\$ 2,856.2
Equity instruments	—	231.4	—	645.9
Note receivable settlement	125.0	—	—	—
Total consideration	\$ 123.7	\$ 1,738.4	\$ 239.1	\$ 3,502.1
Acquisition costs	\$ 0.5	\$ 29.5	\$ 7.4	\$ 30.2
Identifiable assets acquired and liabilities assumed				
Accounts receivable - contractual	\$ 4.3	\$ 177.4	\$ 33.1	\$ 738.9
- less uncollectible	—	(1.8 )	(1.6 )	(51.6 )
Accounts receivable - fair value	4.3	175.6	31.5	687.3
Inventories	6.4	116.1	13.2	298.0
Other current assets	0.2	33.3	1.6	126.9
Property, plant and equipment	4.7	192.9	35.1	123.6
Identifiable intangible assets	43.9	682.9	77.9	1,773.0
Other assets	—	38.8	0.2	41.0
Current liabilities	(3.5 )	(178.9 )	(21.5 )	(581.2 )
Non-current deferred tax liability	(11.3 )	(146.1 )	(16.5 )	(518.4 )
Other long-term liabilities	—	(331.1 )	(2.9 )	(120.4 )
Non-controlling interest	—	—	—	(125.2 )
Total identifiable net assets	44.7	583.5	118.6	1,704.6
Goodwill	79.0	1,154.9	120.5	1,797.5
Total purchase price	\$ 123.7	\$ 1,738.4	\$ 239.1	\$ 3,502.1

The purchase accounting and purchase price allocation is complete for the OMG Acquisition. During the twelve months ended December 31, 2016, the Company increased non-current deferred tax liabilities by \$2.9 million, accrued expense by \$2.5 million, environmental liabilities by \$1.5 million, and reduced other long-term liabilities by \$2.6 million. The collective impact of these adjustments increased goodwill by \$4.4 million.

The purchase accounting and purchase price allocation is complete for the Alent Acquisition. During the twelve months ended December 31, 2016, the Company increased environmental and ARO liabilities by \$12.9 million, non-current deferred tax liabilities by \$6.5 million, non-current other liabilities by \$2.8 million, short-term assets held for sale by \$4.0 million, investment assets by \$2.7 million and non-current deferred tax asset by \$3.2 million. The collective impact of these adjustments resulted in an increase of \$12.7 million in goodwill.

The purchase accounting and purchase price allocation is complete for the OMG Malaysia Acquisition. Subsequent to the initial purchase price allocation, the Company updated the valuation of inventories, identifiable intangible assets and non-current deferred tax liability. The updated valuations resulted in decreases in inventories of \$0.8 million and identifiable intangible assets of \$15.1 million. The collective impact of the adjustments noted above resulted in a decrease of \$3.8 million in non-current deferred tax liability, with corresponding adjustments reflected in goodwill.

The measurement period adjustments noted above have had an immaterial impact on the Company's Consolidated Statements of Operations for the year ended December 31, 2016.

The Company finalized the purchase accounting and purchase price allocation for the Arysta Acquisition during the twelve months ended December 31, 2015. The finalization of third-party valuations during the fourth quarter of 2015 resulted in an increase in

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non-controlling interest of \$101 million, an increase in property plant and equipment of \$13.6 million, and an increase in identifiable intangible assets of \$134 million. The collective impact of the adjustments noted above resulted in an increase of \$25.7 million in non-current deferred tax liability, with corresponding adjustments reflected in goodwill. The excess of the respective costs of the Acquisitions over the net of amounts assigned to the fair values of the assets acquired and the liabilities assumed is recorded as goodwill and represents the value of estimated synergies and the assembled workforces resulting from the Acquisitions. Of the \$3.15 billion of goodwill recorded in connection with the OMG Malaysia, Alent, OMG and Arysta Acquisitions, \$101 million is expected to be deductible for tax purposes as result of the OMG Malaysia and OMG Acquisitions.

Identifiable intangible assets recorded in conjunction with the OMG Malaysia, Alent, OMG and Arysta Acquisitions were as follows:

(in millions)	OMG Malaysia		Alent		OMG		Arysta		Total	
	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)
Customer lists	\$41.0	15.0	\$391.4	14.7	\$49.0	24.3	\$270.0	25.0	\$751.4	19.1
Developed technology	2.9	5.0	203.3	10.0	28.0	10.0	1,250.0	12.0	1,484.2	11.7
Tradenames	—	—	85.8 <sup>(1)</sup>	20.0	0.9	10.0	253.0 <sup>(2)</sup>	—	339.7	18.3
In process - research and development	—	—	2.4 <sup>(2)</sup>	—	—	—	—	—	2.4	—
Total	\$43.9	14.3	\$682.9	13.2	\$77.9	19.0	\$1,773.0	14.3	\$2,577.7	14.2

<sup>(1)</sup> Includes \$81.4 million of indefinite-lived tradenames which have been excluded from the calculation of weighted average useful life.

<sup>(2)</sup> Excluded from the calculation of weighted average useful life.

Unaudited Pro Forma Net Sales and Net (Loss) Income Attributable to Stockholders

2016 Activity

The acquisition of OMG Malaysia was not material for purposes of pro forma presentation in the Company's Consolidated Financial Statements.

2015 Activity

The following unaudited pro forma summary presents consolidated information of the Company as if the Alent, OMG and Arysta Acquisitions had occurred on January 1, 2014:

(amounts in millions)	Year Ended	
	December 31, 2015	December 31, 2014
Pro forma net sales	\$3,582.4	\$3,559.2
Pro forma net loss attributable to stockholders	(328.1)	(530.8)

In 2015, the Company incurred \$35.9 million of acquisition-related expenses, net of taxes, which have been reflected in the pro forma earnings above as if they had been incurred on January 1, 2014. These pro forma results have been prepared to reflect fair value adjustments to intangible assets and the related amortization expense, net of tax, from January 1, 2014, as well as the post-acquisition capital structure.

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2014 Activity

The following unaudited pro forma summary presents consolidated information of the Company as if the Agriphar and CAS Acquisitions had occurred on January 1, 2013:

	Year Ended December 31, 2014
(amounts in millions)	
Pro forma net sales	\$ 1,405.9
Pro forma net income attributable to stockholders	46.4

In 2014, the Company incurred \$29.8 million of acquisition-related expenses, net of taxes, which have been excluded from the 2014 pro forma earnings above in order to present such pro forma earnings as if the Agriphar and CAS Acquisitions had occurred on January 1, 2013. These pro forma results have been prepared to reflect fair value adjustments to intangible assets and the related amortization expense, net of tax, from January 1, 2013, as well as the post-acquisition capital structure.

Other

During the year ended December 31, 2014, the Company also acquired a business for \$30.5 million, after certain post-closing working capital and other adjustments (including the assumption of approximately \$0.4 million of indebtedness), within its Performance Solutions segment. Pro forma revenue and earnings related to this business have not been presented as they were deemed not significant.

3. INVENTORIES

The major components of inventory, on a net basis, were as follows:

	December 31,	
(amounts in millions)	2016	2015
Finished goods	\$273.8	\$340.1
Work in process	37.1	28.5
Raw materials and supplies	135.9	148.9
Total inventory, net	446.8	517.5
Non-current inventory, net	(30.4 )	(32.9 )
Current inventory, net	\$416.4	\$484.6

Inventory classified as long-term at December 31, 2016 and 2015 was recorded in "Other assets" in the Consolidated Balance Sheets.

In connection with Platform's various acquisitions, the value of finished goods inventory was increased at the respective dates of acquisition to reflect fair value. For the years ended December 31, 2016, 2015 and 2014, \$11.7 million, \$76.5 million and \$35.5 million, respectively, was charged to "Cost of sales" in the Consolidated Statements of Operations based on the estimated inventory turnover of the various Acquisitions.

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#### 4. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment were as follows:

(amounts in millions)	December 31,	
	2016	2015
Land and leasehold improvements	\$101.5	\$107.9
Buildings and improvements	141.8	143.8
Machinery, equipment, fixtures and software	290.5	276.8
Construction in process	36.7	21.4
Assets under capital lease		
Land and buildings	7.7	6.4
Machinery and equipment	2.7	5.1
Total property, plant and equipment	580.9	561.4
Accumulated depreciation and amortization	(115.3 )	(64.3 )
Accumulated amortization of capital leases	(5.1 )	(5.5 )
Property, plant and equipment, net	\$460.5	\$491.6

For the years ended December 31, 2016, 2015 and 2014, the Company recorded depreciation and amortization expense of \$75.0 million, \$48.9 million and \$20.6 million, respectively.

#### 5. GOODWILL AND INTANGIBLE ASSETS

##### Goodwill

The changes in the carrying amount of goodwill by segment were as follows:

(amounts in millions)	Performance	Agricultural	Total
	Solutions	Solutions	
Balance, December 31, 2014	\$ 961.2	\$ 444.1	\$ 1,405.3
Addition from acquisitions	1,258.3	1,697.1	2,955.4
Purchase accounting adjustments	—	80.2	80.2
Foreign currency translation	(72.3 )	(346.7 )	(419.0 )
Balance, December 31, 2015	2,147.2	1,874.7	4,021.9
Addition from acquisitions	66.9	—	66.9
Purchase accounting adjustments	29.7	—	29.7
Impairment write-off	(46.6 )	—	(46.6 )
Foreign currency translation	(64.8 )	156.7	91.9
Other	—	15.1	15.1
Balance, December 31, 2016 (*)	\$ 2,132.4	\$ 2,046.5	\$ 4,178.9

(\*) Includes accumulated impairment losses totaling \$46.6 million associated with the Company's Performance Solutions segment.

The Company performs its annual impairment analysis of goodwill at the reporting unit level during the fourth quarter. Platform's goodwill impairment testing analysis varies by reporting unit, using the qualitative approach for certain reporting units and an income approach derived from a discounted cash flow model to estimate the fair value of other reporting units. Except for Offshore Solutions, within the Performance Solutions segment, the Company concluded that the fair values of the remaining reporting units exceeded the carrying values of their net assets based on the assessments used in the qualitative approach and the projections and other assumptions used in the analysis. Within Offshore Solutions, the Company recorded an impairment charge totaling \$46.6 million as a result of continuing weak oil prices. The Company is now experiencing the impact on its results, which slightly lag the overall industry, as this ultimately has caused the industry to depress its overall investments. The fair value was determined

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using a combination of an income approach derived from a discounted cash flow model as well as market multiples. There was no impairment of goodwill in 2015 and 2014.

Within the Performance Solutions segment, we used a discounted cash flow analysis and considered guideline company and guideline transaction information, where available, to aid in the valuation of the reporting units. The discount rates used ranged from 9.0% to 10.0% and the annual long term revenue growth rates assumptions are between 2.0% and 6.5%.

Additionally, as of the assessment date of October 1, 2016, the excess of the fair value of the Agro Business, a reporting unit within the Agricultural Solutions segment, over its carrying value was 21.7%. Goodwill assigned to the Agro Business reporting unit totaled \$2.08 billion as of the assessment date. In 2015, the excess of the fair value of this reporting unit over its carrying value was 16.1%. Goodwill assigned to the Agro Business reporting unit totaled \$1.87 billion as of the assessment date. The primary components of and assumptions used in the assessment consisted of the following:

**Valuation Techniques** - The Company uses a discounted cash flow analysis, which requires assumptions about short and long-term net cash flows, growth rates, as well as discount rates. Additionally, the Company considers guideline company and guideline transaction information, where available, to aid in the valuation of the reporting units.

**Growth Assumptions** - Multi-year financial forecasts are developed for each reporting unit by considering several key business drivers such as new business initiatives, client service and retention standards, market share changes, historical performance, and industry and economic trends, among other considerations. The annual long term growth rates used in 2016 for the initial 8 year period ranged from 0.6% to 5.7% for the Agro Business. The long-term growth rate used in 2016 in determining the terminal value of the Agro Business was estimated at 3.0%.

The annual revenue growth rates used in 2015 for the initial 8 year period ranged from 1.3% to 7.2% for the Agro Business. The long-term growth rate used in 2015 in determining the terminal value of the Agro Business was estimated at 3.0%.

**Discount Rate Assumptions** - Discount rates were estimated based on a Weighted Average Cost of Capital, or WACC. The WACC combines the required return on equity, based on a Modified Capital Asset Pricing Model, which considers the risk-free interest rate, market risk premium, small stock risk premium and a company specific risk premium, with the cost of debt, based on BBB-rated corporate bonds, adjusted using an income tax factor. The calculation resulted in a WACC rate for the Agro Business of 9.0% and 10.0% for 2016 and 2015, respectively.

**Estimated Fair Value and Sensitivities** - The estimated fair value of each reporting unit is derived from the valuation techniques described above. The estimated fair value of each reporting unit is analyzed in relation to numerous market and historical factors, including current economic and market conditions, company-specific growth opportunities, and guideline company information.

The estimated fair value of a reporting unit is highly sensitive to changes in these estimates and assumptions; therefore, in some instances, changes in these assumptions may impact whether the fair value of a reporting unit is greater than its carrying value. Platform performed sensitivity analysis around these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated fair values. In 2016, based on a sensitivity analysis performed for the Agro Business reporting unit, a 1% increase in the WACC, or a 1% decrease in the terminal value, does not result in the carrying value being greater than the fair value. In 2015, based on the sensitivity analysis performed for the Agro Business reporting unit, a 1% decrease in the terminal growth rate did not result in the carrying value exceeding its fair value, however, a 1% increase in the WACC rate would have resulted in the carrying value of the net assets to exceed their fair value, making it necessary to proceed to the second step of the impairment test.

#### Indefinite-Lived Intangible Assets

The carrying value of indefinite-lived intangible assets, other than goodwill, which consists solely of tradenames, was \$377 million and \$360 million at December 31, 2016 and 2015, respectively. The Company found no indications of impairment related to its indefinite-lived intangible assets as a result of its annual impairment review.



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## Finite-Lived Intangible Assets

Intangible assets subject to amortization were as follows:

(amounts in millions)	Weighted average useful life (years)	December 31, 2016			December 31, 2015		
		Gross Carrying Amount	Accumulated Amortization and Foreign Exchange	Net Book Value	Gross Carrying Amount	Accumulated Amortization and Foreign Exchange	Net Book Value
Customer lists	18.0	\$1,245.9	\$ (174.5 )	\$1,071.4	\$1,297.2	\$ (184.0 )	\$1,113.2
Developed technology <sup>(1)</sup>	11.6	2,022.1	(254.9 )	1,767.2	2,260.9	(440.4 )	1,820.5
Tradenames	7.7	25.1	(8.2 )	16.9	24.2	(5.4 )	18.8
Non-compete agreement	5.0	1.9	(1.1 )	0.8	1.9	(0.5 )	1.4
Total	14.0	\$3,295.0	\$ (438.7 )	\$2,856.3	\$3,584.2	\$ (630.3 )	\$2,953.9

<sup>(1)</sup> Includes in-process registration rights awaiting completion before amortization commences.

For the years ended December 31, 2016, 2015 and 2014, the Company recorded amortization expense on intangible assets of \$267 million, \$202 million and \$67.4 million, respectively.

Estimated future amortization of intangible assets for each of the next five fiscal years is as follows:

(amounts in millions)	Amortization Expense
2017	\$ 266.7
2018	266.5
2019	266.4
2020	261.7
2021	253.5

## 6. LONG-TERM COMPENSATION PLANS

In June 2014, the Company's stockholders adopted the 2013 Plan, which is administered by the compensation committee of the Board, except as otherwise expressly provided in the 2013 Plan. The Board approved a maximum of 15,500,000 shares of common stock (subject to increase in accordance with the terms of the 2013 Plan), which were reserved and made available for issuance under the 2013 Plan.

As of December 31, 2016, a total of 373,434 shares of common stock had been issued and 2,828,003 RSUs and options were outstanding under the 2013 Plan.

	Total	RSUs Equity Classified	Liability Classified	Stock Options
Outstanding as of December 31, 2015	1,006,436	501,634	329,802	175,000
Granted	2,145,066	1,754,868	—	390,198
Exercised/Issued	(7,642 )	(7,642 )	—	—
Forfeited	(140,857 )	(131,367 )	(9,490 )	—
Outstanding as of December 31, 2016	3,003,003	2,117,493	320,312	565,198



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Equity Classified RSUs

For the three years ended December 31, 2016, the Company issued the following RSU grants following their approval by the Board:

Year of Issuance:	RSUs	Weighted average grant date fair value	Weighted average vesting period (months)
2016	1,754,868	\$ 10.85	33.8
2015	453,260	24.55	54.6
2014	151,352	26.13	42.5

In addition to RSUs containing service-only vesting conditions, the Company has issued RSUs for which vesting is also tied to performance or market conditions. Certain of these RSUs with performance or market vesting conditions also contain provisions for additional share awards in the event certain performance or market conditions are met at the end of specified measurement periods. These conditions were generally based on ROIC or TSR targets. As of December 31, 2016, the following equity classified RSUs were outstanding:

December 31, 2016

Vesting Conditions:	Outstanding	Expected to vest	Weighted average remaining service period (months)	Potential additional awards
Service-based	782,566	782,566	23.5	—
Performance-based	717,917	586,200	25.9	437,867
Market-based	617,010	617,010	30.9	1,182,109
Total	2,117,493	1,985,776	26.5	1,619,976

During 2016, the Board approved 166,667 RSUs under the 2013 Plan subject to adjusted EBITDA performance conditions that must be achieved in the applicable vesting year which have yet to be set. These awards also include a multiplier of zero to 100% based upon adjusted EBITDA target benchmarks. As the target adjusted EBITDA benchmarks have not yet been established, these RSUs have been excluded from the grant activity presented above. The adjusted EBITDA target benchmarks are expected to be established in 2017 and 2018.

For all equity classified RSUs, shares are issued immediately upon satisfaction of vesting conditions.

For the years ended December 31, 2016, 2015 and 2014, compensation expense associated with these awards totaled \$6.5 million, \$0.8 million and \$0.8 million, respectively. Compensation expense was calculated based on the grant date market value. As of December 31, 2016, unrecognized compensation expense associated with equity classified RSUs that are expected to vest was \$17.5 million.

Liability Classified Share-Based Payments

During the year ended December 31, 2014, the Company granted to certain employees 329,823 RSUs that cliff vest on December 31, 2020. These RSUs are subject to an adjusted EBITDA performance condition and a share price market condition. Additionally, the number of shares of common stock to be issued was limited to a maximum cash value, requiring these awards to be classified as liabilities. As of December 31, 2016, a total of 320,312 RSUs associated with these grants remained outstanding, with unrecognized compensation expense of approximately \$6.0 million, which will be amortized over the remaining 4.0 years until they vest.

For the years ended December 31, 2016, 2015 and 2014, compensation expense (income) associated with these awards totaled \$0.4 million, \$(0.1) million and \$0.6 million, respectively. Compensation expense was calculated based on a market value that is remeasured each reporting period. The Company currently expects all liability classified RSUs to vest.



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### Stock Options

During the year ended December 31, 2016, the Company granted non-qualified stock options under the 2013 Plan as follows:

Stock Options	Weighted average strike price per share	Weighted average grant date fair value per share
Stock options granted	390,198 \$ 8.05	\$ 4.35

All options granted during 2016 were subject to annual graded-vesting over a three-year period and had contractual lives of ten years from the grant date. The fair value of the grants was calculated using the Black-Scholes option pricing model at the grant date. As of December 31, 2016, there were 175,000 outstanding stock options with a weighted average exercise price of \$11.50, which were considered exercisable and out-of-the-money, and 390,198 outstanding stock options which were unvested and had an aggregate intrinsic value of \$0.7 million.

The following table provides the range of assumptions used in valuing the stock option grants using the Black-Scholes option pricing method:

	Black-Scholes Input Assumptions
Weighted average expected term (years)	6.0
Expected volatility	53.0%
Risk-free rate	1.52% to 1.56%
Expected dividend rate	—%
Fair value price per share	\$4.32 to \$4.81

Weighted average expected term was calculated based on the simplified method for plain vanilla options as the Company had concluded that its historical share option exercise experience did not provide a reasonable basis upon which to estimate expected term and certain alternative information to assist with estimating it was not easily obtainable. Expected volatility was calculated based on a blend of the implied and historical equity volatility of an index of comparable companies. Risk-free rate of return was based on an interpolation of U.S. Treasury rates to reflect an expected term of six years at the date of grant.

For the year ended December 31, 2016, the Company recognized compensation expense associated with stock options of \$0.5 million. For the years ended December 31, 2015 and 2014, stock option expense totaled zero. Compensation expense was calculated based on the grant date market value. As of December 31, 2016, unrecognized compensation expense associated with unvested portions of outstanding options was \$1.3 million. The Company currently expects all stock options to vest.

### Long-Term Cash Bonus Plan

During the year ended December 31, 2015, the Company established the LTCB under the 2013 Plan. As of December 31, 2016, the plan provided participants the potential right to receive bonuses totaling \$9.8 million, a decrease of approximately \$5.5 million from December 31, 2015 due to forfeitures. Benefits under the plan vest over periods ranging from 36 to 62.5 months and include adjusted EBITDA performance targets, which were subject to appropriate and equitable adjustments by the Board's compensation committee in order to reflect any subsequent acquisition, divestiture or other corporate reorganizations, as necessary. At December 31, 2016, the Company assessed that the performance conditions associated with the LTCB were improbable of being met during the specified measurement periods. As a result, the Company ceased accruing compensation expense associated with these awards and reversed the previously recorded compensation expense.

For the years ended December 31, 2016 and 2015, compensation (income) expense associated with the LTCB totaled \$(0.1) million and \$0.1 million, respectively.



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Employee Stock Purchase Plan

The Company adopted the ESPP in 2014. The Board approved a maximum of 5,178,815 shares of common stock, which were reserved and made available for issuance under the plan. As of December 31, 2016, a total of 191,560 shares had been issued under the ESPP and approximately 1,100 employees were eligible to participate in the ESPP. For the years ended December 31, 2016 and 2015, compensation expense associated with the ESPP totaled \$0.4 million and \$0.1 million, respectively. For the year ended December 31, 2014, such compensation expense was de minimis.

7. PENSION, POST-RETIREMENT AND POST-EMPLOYMENT PLANS

The Company has multiple deferred compensation arrangements, as described below, which include defined benefit pension plans for certain domestic and foreign employees, a SERP for certain executive officers, and a post-employment benefits program for certain domestic employees. Aggregate (loss) income reported in net earnings for these plans by the Company for the years ended December 31, 2016, 2015 and 2014 totaled \$(4.1) million, \$1.0 million and \$2.1 million, respectively.

Domestic Defined Benefit Pension Plan

This domestic pension plan, a non-contributory defined benefit pension plan, is closed to new participants. Pursuant to this plan, retirement benefits are provided based upon years of service and compensation levels. As of December 31, 2016 and 2015, the projected benefit obligation for this pension plan was \$206 million and \$217 million, respectively. In 2016, the Company offered to certain eligible terminated vested plan participants an option to take an one-time lump-sum distribution in lieu of future monthly pension payments, which reduced the pension benefit obligations by approximately \$22.9 million and fully settled the liabilities with the participants electing to opt for a settlement. The decrease above was partially offset by the actuarial loss caused by lower a discount rate in 2016. An investment committee, appointed by the Board, manages the plan and its assets in accordance with the plan's investment policies. The Company's investment policies incorporate an asset allocation strategy that emphasizes the long-term growth of capital and acceptable asset volatility as long as it is consistent with the volatility of the relevant market indexes. The investment policies attempt to achieve a mix of approximately 70% of plan investments for long-term growth and 30% for near-term benefit payments. The Company believes this strategy is consistent with the long-term nature of plan liabilities and ultimate cash needs of the plans. Plan assets consist primarily of limited partnership interests, listed stocks, equity security funds, and a short-term Treasury bond mutual fund. The listed stocks are investments in large-cap and mid-cap companies located in the United States. The limited partnership funds primarily include listed stocks located in the United States. The weighted average asset allocation of this pension plan was 21% equity securities, 35% limited partnership interests and managed equity funds, 20% collective investment funds, 19% bond mutual fund holdings, and 5% cash at December 31, 2016. As of December 31, 2015, the weighted average asset allocation of this pension plan was 17% equity securities, 40% limited partnership interests and managed equity funds, 21% collective investment funds, 18% bond mutual fund holdings, and 4% cash.

Actual pension expense and future contributions required to fund this pension plan will depend on future investment performance, changes in future discount rates, the level of Company contributions, and various other factors related to the populations participating in this pension plan. The Company evaluates the plan's actuarial assumptions on an annual basis, including the expected long-term rate of return on assets and discount rate, and adjusts the assumptions, as necessary, to ensure proper funding levels are maintained so that the plan can meet obligations as they become due.

Supplemental Executive Retirement Plan

The Company sponsors a SERP that entitles certain executive officers to the difference between the benefits actually paid to them and the benefits they would have received under the pension plan described above were it not for certain restrictions imposed by the Internal Revenue Service Code. Covered compensation under the SERP's includes an employee's annual salary and bonus. As of December 31, 2016 and 2015, the projected benefit obligation under the SERP was \$7.9 million and \$13.5 million, respectively.



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Foreign Pension Plans

The Company has a U.K. Pension Plan, which represents retirement and death benefit plans covering employees in the U.K. The U.K. Pension Plan is comprised of a defined benefit plan and a defined contribution plan. The defined benefit plan was closed to new entrants and, effective March 31, 2000, existing active members ceased accruing any further benefits exclusive of adjustments for an inflation factor. The defined contribution plan is structured whereby the Company contributes an amount equal to a specified percentage of each employee's contribution up to an annual maximum contribution per participant.

The measurement date used to determine U.K. Pension Plan benefits is December 31. Effective October 13, 2014, the trustees of the U.K. Pension Plan entered into a "Buy-In" agreement with Pension Insurance Corporation plc, or PIC, to transfer the benefit obligation to PIC for approximately GBP 49.7 million. The "Buy-in" phase of the U.K. Pension Plan is expected to convert into a "Buy-out" during 2017, at which point the obligation will be settled and a gain or loss will be recorded.

The projected benefit obligation of the U.K. Pension Plan was \$72.0 million and \$85.8 million at December 31, 2016 and 2015, respectively. The decrease in 2016 was primarily driven by a declining value of the British Pound Sterling against the U.S. Dollar, partially offset by an increase in value due to changes in financial assumptions caused by declining interest rates and rising inflation expectations over the year. As of December 31, 2016, \$10.0 million was included in "Accumulated other comprehensive loss" on the Consolidated Balance Sheets related to the U.K. Pension Plan, which is expected to be recognized in connection with the "Buy-out" agreement once the benefit obligations are transferred and settled.

As of December 31, 2016, 92% of the U.K. Pension Plan portfolio is held as an insurance "buy-in" policy, with the remaining 6% being held in pooled bond funds, and 2% in cash. As of December 31, 2015, 90% of the U.K. Pension Plan portfolio was held as an insurance "buy-in" policy, 9% was held in pooled bond funds, and 1% was held in cash. An independent trustee committee, appointed by Company management and employees participating in the U.K. Pension Plan meet to assess risk factors, rates of return, and asset allocations prescribed by the committee's investment policy statement. In addition, an annual review is conducted to ensure that proper funding levels are maintained so the U.K. Pension Plan can meet its obligations as they become due.

The Company also has retirement and death benefit plans covering employees in Taiwan and certain former employees in Germany, as well as longevity plans covering employees in France. These plans are not significant, individually or in the aggregate, to the consolidated financial position, results of operations or cash flows of Platform. Information for these plans, along with the U.K. Pension Plan, is included in the tables below. The Company also has certain foreign benefit plans that do not qualify for pension accounting and are recorded in "Long-term retirement benefits, less current portion" in the Consolidated Balance Sheets.

Certain other foreign subsidiaries maintain benefit plans that are consistent with statutory practices, but do not meet the criteria for pension or post-retirement accounting. These benefit plans had obligation balances of \$5.1 million and \$6.1 million as of December 31, 2016 and 2015, respectively, and are excluded from Retirement Benefits and from the accompanying tables of pension benefits.

Domestic Defined Benefit Post-Retirement Medical and Dental Plan

The Company sponsors defined benefit post-retirement medical and dental plans that covers all of its MacDermid domestic full-time employees, hired prior to April 1, 1997, who retire after age 55, with at least ten to twenty years of service (depending upon the date of hire).

Eligible employees receive a subsidy from the Company towards the purchase of their retiree medical benefits. The subsidy level is based on the date of retirement from MacDermid. The annual increase in the Company's costs for post-retirement medical benefits is subject to a limit of 5% for those retiring prior to March 31, 1989 and 3% for those retiring after April 1, 1989. Retirees are required to contribute to the plan costs in excess of their respective Company limits in addition to their other required contributions. The projected benefit obligation for the post-retirement plan at December 31, 2016 comprised 31% retirees, 42% fully eligible active participants and 27% other participants. The

actuarial determination of the Company's accumulated benefit obligation associated with the plan for post-retirement medical benefits assumes annual cost increases of 2% and 4%, based on the date of retirement. As a result of the above mentioned plan limits, the effect of an increase in the healthcare cost trend on the Company's accumulated benefit obligation and the service and interest costs associated therewith is limited to an immaterial amount.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of net periodic benefit cost of the Domestic and Foreign Pension Plans were as follows:

(amounts in millions)	Pension & SERP Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Net periodic benefit expense:						
Service cost	\$—	\$ 1.8	\$—	\$ 1.4	\$—	\$ 0.8
Interest cost on the projected benefit obligation	10.1	3.1	6.8	2.8	6.9	3.0
Expected return on plan assets	(11.6)	(2.6)	(9.9)	(2.7)	(9.7)	(3.5)
Amortization of prior service cost	—	0.6	—	—	—	—
Amortization of actuarial net loss	—	0.2	—	—	—	—
Plan curtailments	—	(0.1)	—	—	—	—
Plan settlements	1.7	0.2	—	—	—	—
Net periodic cost (benefit)	\$0.2	\$ 3.2	\$(3.1)	\$ 1.5	\$(2.8)	\$ 0.3

(amounts in millions)	Post-retirement Medical Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Net periodic benefit expense:						
Service cost	\$—	\$ 0.1	\$0.1	\$ 0.1	\$ 0.1	\$ —
Interest cost on the projected benefit obligation	0.4	0.2	0.3	0.1	0.3	—
Net periodic cost	\$0.4	\$ 0.3	\$0.4	\$ 0.2	\$ 0.4	\$ —

The weighted average key assumptions used to determine the net periodic benefit cost of the Domestic and Foreign Pension Plan liabilities are as follows:

	Pension and SERP Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Discount rate	4.6%	2.8 %	4.2%	2.5 %	5.2%	4.2 %
Rate of compensation increase	3.5%	3.3 %	3.5%	2.9 %	4.0%	3.4 %
Long-term rate of return on assets	6.5%	2.9 %	7.4%	2.5 %	7.8%	4.2 %

	Post-retirement Medical Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Discount rate	4.4%	14.0 %	4.2%	14.5 %	5.1%	12.4 %

The expected long-term rate of return on assets assumption is developed with reference to historical returns, forward-looking return expectations, the Domestic and Foreign Pension Plans' investment allocations, and peer comparisons.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables summarize changes in plan assets and funded status of the Company's pension and SERP plans:

(amounts in millions)	Pension and SERP Benefits					
	Year Ended December 31,					
	2016		2015		2014	
Change in Projected Benefit Obligation:	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Beginning of period balance	\$230.5	\$112.7	\$157.6	\$88.3	\$137.4	\$73.1
Additions	—	2.7	—	—	—	—
Acquisitions	—	—	82.6	22.6	—	—
Service cost	—	1.8	—	1.4	—	0.8
Plan amendments	—	(6.9 )	—	8.9	—	—
Interest cost	10.1	3.1	6.8	2.8	6.9	3.0
Plan curtailment	—	(0.1 )	—	—	—	—
Actuarial loss (gain) due to assumption change	—	14.5	(11.4 )	0.3	18.1	20.2
Actuarial loss (gain) due to plan experience	5.0	(2.1 )	(0.1 )	1.1	(0.6 )	1.6
Benefits and expenses paid	(9.2 )	(6.6 )	(5.0 )	(6.6 )	(4.2 )	(4.3 )
Settlement	(22.9 )	(2.5 )	—	—	—	(0.5 )
Foreign currency translation	—	(13.6 )	—	(6.1 )	—	(5.6 )
End of period balance	\$213.5	\$103.0	\$230.5	\$112.7	\$157.6	\$88.3

(amounts in millions)	Pension and SERP Benefits					
	Year Ended December 31,					
	2016		2015		2014	
Change in Fair Value of Plan Assets:	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Beginning of period balance	\$184.5	\$93.7	\$134.0	\$94.5	\$127.0	\$88.1
Acquisitions	—	—	62.5	8.1	—	—
Actual return on plan assets, net of expenses	17.9	11.3	(7.0 )	3.1	11.2	16.0
Employer contributions	6.2	2.5	—	0.5	—	0.2
Benefits paid	(9.1 )	(6.6 )	(5.0 )	(6.6 )	(4.2 )	(3.5 )
Settlement	(22.9 )	(2.5 )	—	—	—	(0.5 )
Foreign currency translation	—	(13.4 )	—	(5.9 )	—	(5.8 )
End of period balance	176.6	85.0	184.5	93.7	134.0	94.5
Funded status of plan	\$(36.9 )	\$(18.0 )	\$(46.0 )	\$(19.0 )	\$(23.6 )	\$6.2

The aggregate accumulated benefit obligation for all defined benefit pension plans was \$300 million and \$327 million at December 31, 2016 and 2015, respectively. As of December 31, 2016, the aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were \$228 million and \$186 million, respectively. As of December 31, 2015, the aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were \$327 million and \$278 million, respectively.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes changes in the Company's post-retirement medical benefit obligations:

(amounts in millions)	Post-retirement Medical Benefits					
	Year Ended December 31,					
	2016		2015		2014	
Change in Accumulated Post-retirement Benefit:	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Beginning of period balance	\$9.4	\$ 1.4	\$7.4	\$ 0.3	\$6.8	\$ 0.3
Acquisitions	—	—	2.3	1.5	—	—
Service cost	0.1	0.1	—	0.1	0.1	—
Interest cost	0.4	0.2	0.3	0.2	0.3	—
Employee contributions	0.3	—	0.2	—	—	—
Actuarial loss (gain) due to assumption change	—	0.5	(0.5 )	(0.2 )	0.5	—
Actuarial loss (gain) due to plan experience	0.2	0.6	0.3	(0.1 )	—	—
Other	—	0.4	—	(0.3 )	—	—
Benefits and expenses paid	(0.8 )	(0.1 )	(0.6 )	(0.1 )	(0.3 )	—
End of period balance	\$9.6	\$ 3.1	\$9.4	\$ 1.4	\$7.4	\$ 0.3

Amounts included in the Consolidated Balance Sheets consist of the following:

(amounts in millions)	December 31,	
	2016	2015
Prepaid pension assets		
Foreign pension	\$4.0	\$—
Total included in other assets	\$4.0	\$—
Other current liabilities		
Domestic pension	\$0.7	\$6.7
Foreign pension	0.6	0.6
Domestic post-retirement medical benefits	0.6	0.6
Foreign post-retirement medical benefits	0.2	0.1
Total included in accrued expenses and other current liabilities	\$2.1	\$8.0
Retirement benefits, less current portion		
Domestic pension and SERP	\$36.2	\$39.3
Foreign pensions	21.4	18.4
Domestic post-retirement medical benefits	9.0	8.8
Foreign post-retirement medical benefits	2.9	1.3
Total included in long-term retirement benefits, less current portion	\$69.5	\$67.8

Weighted average key assumptions used to determine the benefit obligations in the actuarial valuations of the pension and post-retirement benefit liabilities are as follows:

	Pension and SERP Benefits			
	December 31, 2016		December 31, 2015	
	Domestic	Foreign	Domestic	Foreign
Discount rate	4.2%	2.3 %	4.6 %	2.8 %
Rate of compensation increase	3.5%	3.0 %	3.5 %	3.4 %

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Post-retirement Medical Benefits  
December 31, December 31,  
2016 2015  
Domestic Foreign Domestic Foreign  
Discount rate 4.2% 12.2 % 4.4 % 14.0 %

Amounts recognized in Accumulated Other Comprehensive Income (Loss) consist of the following:

(amounts in millions)	Pension and SERP Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Net actuarial loss	\$(12.8)	\$(12.3)	\$(15.8)	\$(10.5)	\$(10.4)	\$(10.1)
Prior service costs	(0.1 )	(0.3 )	—	(8.5 )	—	—
Total	\$(12.9)	\$(12.6)	\$(15.8)	\$(19.0)	\$(10.4)	\$(10.1)

(amounts in millions)	Post-retirement Medical Benefits					
	Year Ended December 31,					
	2016		2015		2014	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Net actuarial (loss) gain	\$(0.6)	\$(1.1 )	\$(0.4)	\$ 0.2	\$(0.6)	\$ —

The major categories of assets in the Company's various defined benefit pension plans as of December 31, 2016 and 2015 are presented in the tables that follow below. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy as explained in Note 11, Fair Value Measurements. The basis for fair value measurements for each level within the hierarchy is described below, with Level 1 having the highest priority, and Level 3 having the lowest. The Company's domestic and foreign post-retirement plans are unfunded.

The amount of estimated prior service costs for the Company's Pension Plans and SERP plans that will be reclassified from "Accumulated other comprehensive loss" into net periodic cost over the next 12 months is immaterial.

The fair value of plan assets as of December 31, 2016 were classified in the fair value hierarchy as follows:

(amounts in millions)	December 31, 2016	Fair Value Measurements		
		Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset Category				
Domestic equities	\$ 31.1	\$31.1	\$ —	\$ —
Mutual funds holding domestic securities	5.5	5.5	—	—
U.S. Treasuries	4.9	—	4.9	—
Mutual funds holding U.S. Treasury Securities	12.0	12.0	—	—
Mutual funds holding fixed income securities	14.6	14.6	—	—
Insurance "Buy-In" Policy <sup>(a)</sup>	70.2	—	—	70.2
Foreign public bonds	5.1	—	5.1	—
Corporate bonds	1.2	—	1.2	—
Cash and cash equivalents	15.1	15.1	—	—
Sub-Total	159.7	\$78.3	\$ 11.2	\$ 70.2

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Assets using NAV as a practical expedient	101.9
Total	\$ 261.6

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of plan assets as of December 31, 2015 were classified in the fair value hierarchy as follows:

(amounts in millions)	December 31, 2015	Fair Value Measurements Using		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset Category				
Domestic equities	\$ 26.3	\$26.3	\$ —	\$ —
Foreign equities	0.3	0.3	—	—
Mutual funds holding domestic securities	4.9	4.9	—	—
U.S. Treasuries	5.0	—	5.0	—
Mutual funds holding U.S. Treasury Securities	11.9	11.9	—	—
Mutual funds holding fixed income securities	16.1	16.1	—	—
Insurance "Buy-In" Policy <sup>(a)</sup>	77.2	—	—	77.2
Foreign public bonds	2.9	—	2.9	—
Corporate bonds	1.5	—	1.5	—
Designated benefit fund <sup>(b)</sup>	1.3	—	1.3	—
Cash and cash equivalents	11.2	11.2	—	—
Sub-Total	158.6	\$70.7	\$ 10.7	\$ 77.2
Assets using NAV as a practical expedient	119.6			
Total	\$ 278.2			

(a) This category represents assets in the U.K. Pension Plan invested in insurance contract with PIC in connection with the "Buy-In" of the U.K. Pension Plan.

(b) This category includes assets held in a fund with the Bank of Taiwan as prescribed by the Taiwan government in accordance with local statutory rules.

The methods and assumptions used to estimate the fair value of each category of the Company's plan assets were as follows:

Level 1 assets include investments in publicly traded equity securities and mutual funds. These securities are actively traded and valued using quoted prices for identical securities from the market exchanges.

Level 2 assets include global fixed-income securities. The fair value of plan assets invested in fixed-income securities is generally determined using market approach pricing methodology, where observable prices are obtained by market transactions involving identical or comparable securities of issuers with similar credit ratings.

Level 3 assets include investments in pooled funds holding real estate in the United Kingdom which were valued using discounted cash flow models that consider long-term lease estimates, future rental receipts and estimated residual values. The decrease in fair value is attributable to a change in the discount rate used in the valuation model and foreign currency effects.

Assets using NAV as a practical expedient include limited partnership interests and commingled funds that are not actively traded or whose underlying investments are valued using observable marketplace inputs.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

(amounts in millions)	December 31,	
	2016	2015
Fair value measurements using significant unobservable inputs (Level 3)		
Beginning balance	\$77.2	\$83.2
Changes in fair value	(7.0 )	(6.0 )
Purchases, sales and settlements <sup>(1)</sup>	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Ending balance	\$70.2	\$77.2

<sup>(1)</sup> There were no purchases, sales, or settlements, on a gross basis, for the years ended December 31, 2016 and 2015. As of December 31, 2016, expected future benefit payments related to the Company's defined benefit plans were as follows:

(amounts in millions)	Pension and		Post-retirement	
	SERP Benefits	Domestic	Foreign	Medical Benefits
2017	\$12.1	\$ 5.7	\$ 0.7	\$18.5
2018	11.2	1.5	0.8	13.5
2019	12.1	1.6	0.8	14.5
2020	12.0	1.7	0.8	14.5
2021	12.1	1.8	0.8	14.7
Subsequent five years	64.1	9.8	4.0	77.9
Total	\$123.6	\$ 22.1	\$ 7.9	\$153.6

The measurement date used to determine pension and other post-retirement medical benefits was December 31, 2016, at which time the minimum contribution level for the following year was determined. The Company's expected future contribution to the pension and other post-retirement plans is \$2.9 million in 2017.

#### 8. INCOME TAXES

Losses before income taxes and non-controlling interests were as follows:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Domestic	\$(229.1)	\$(290.8)	\$(103.9)
Foreign	181.0	61.5	73.0
Total	\$(48.1 )	\$(229.3)	\$(30.9 )

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income tax expense (benefit) consisted of the following:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Current:			
U.S.:			
Federal	\$0.1	\$0.7	\$(0.6)
State and local	0.4	(0.2 )	0.4
Foreign	85.5	120.1	36.7
Total current	86.0	120.6	36.5
Deferred:			
U.S.:			
Federal	1.9	6.4	(18.3 )
State and local	(0.2 )	(5.2 )	0.4
Foreign	(59.1 )	(46.7 )	(25.3 )
Total deferred	(57.4 )	(45.5 )	(43.2 )
Income tax expense (benefit)	\$28.6	\$75.1	\$(6.7)

Income tax expense (benefit) differed from the amounts computed by applying the U.S. Federal statutory tax rates to pre-tax loss, as a result of the following:

(amounts in millions)	Year Ended December 31,					
	2016		2015		2014	
U.S. federal statutory tax rate	35.0	%	35.0	%	35.0	%
Taxes computed at U.S. statutory rate	\$(16.8)		\$(80.3)		\$(10.8)	
State income taxes, net of federal benefit	0.1		(3.6 )		0.8	
Foreign tax on foreign operations	(17.2 )		(25.3 )		(12.5 )	
U.S. tax on foreign operations	29.0		31.1		4.8	
Net change in reserve	(24.1 )		27.5		1.5	
Change in valuation allowances	68.4		72.6		0.2	
Provision for tax on undistributed foreign earnings	26.8		5.0		(3.7 )	
Change of tax rate	11.8		(1.0 )		(0.5 )	
Impact of transaction costs	(24.5 )		40.5		6.5	
Purchase price contingency	1.3		0.4		6.6	
Settlement of Series B Convertible Preferred Stock	(34.3 )		—		—	
Goodwill impairment	6.2		—		—	
Other, net	1.9		8.2		0.4	
Income tax expense (benefit)	\$28.6		\$75.1		\$(6.7 )	
Effective tax rate	(59.5 )%		(32.8 )%		21.7 %	

As of December 31, 2015, the Company had approximately \$390 million of indefinitely reinvested foreign earnings for which no U.S. income tax or foreign tax had been provided. During the fourth quarter of 2016, the Company changed its intent with regard to the indefinitely reinvested foreign earnings of certain of its foreign subsidiaries. The change was prompted by several factors including a decision to improve the Company's overall adjusted EBITDA/debt ratio, the term loan refinancing completed in October and December 2016 - whereby the Company was able to move a portion of its debt from the United States to Europe - and the resulting need to access foreign cash to fund the related interest expense. In connection with this change, the Company has provided U.S. income tax and foreign taxes on previously unremitted earnings of certain foreign subsidiaries from 2015 and for other foreign subsidiaries for 2016. The amount of deferred taxes recorded in the fourth quarter of 2016 is \$29.7 million. Of this amount, \$4.8 million relates to the taxes that would be incurred upon repatriation of earnings from non-U.S. subsidiaries to the U.S. The



balance of \$24.9 million relates to taxes including withholding taxes upon distribution of earnings from non-U.S. subsidiaries to certain foreign holding companies. The remaining approximately \$337 million of undistributed foreign earnings is indefinitely reinvested in the Company's foreign subsidiaries for which it is impracticable to determine the impact of U.S. income or applicable foreign taxes that would be payable if such earnings were repatriated to the United States.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of deferred income taxes at December 31, 2016 and 2015 were as follows:

(amounts in millions)	December 31,	
	2016	2015
Deferred tax assets:		
Accounts receivable	\$10.4	\$8.9
Inventory	9.3	6.6
Accrued liabilities	45.6	34.8
Employee benefits	43.6	27.5
Research and development costs	15.2	11.8
Tax credits	46.2	49.3
Net operating losses	359.7	332.3
Goodwill	16.4	26.8
Financing activities	4.5	30.7
Other	39.0	41.4
Total deferred tax assets	589.9	570.1
Valuation allowance	(363.2 )	(303.8 )
Total gross deferred tax assets	226.7	266.3
Deferred tax liabilities:		
Plant and equipment	37.0	38.6
Intangibles	796.9	867.1
Undistributed foreign earnings	36.8	7.1
Other	0.4	2.9
Total gross deferred tax liabilities	871.1	915.7
Net deferred tax liability	\$644.4	\$649.4

Deferred tax assets are included in "Other assets" on the Consolidated Balance Sheets as of December 31, 2016 and 2015.

The above table reflects the correction of an immaterial prior year error which overstated the valuation allowance and understated deferred tax liabilities related to intangible assets by \$99.8 million. There was no impact to net deferred tax liabilities.

Valuation allowances reflect the Company's assessment that it is more likely than not that certain federal, state and foreign deferred tax assets, primarily net operating losses, will not be realized. The assessment of the need for a valuation allowance requires management to make estimates and assumptions about future earnings, reversal of existing temporary differences and available tax planning strategies. If actual experience differs from these estimates and assumptions, the recorded deferred tax asset may not be fully realized, resulting in an increase to income tax expense in Platform's results of operations. The valuation allowance for deferred tax assets was \$363 million and \$304 million at December 31, 2016 and 2015, respectively. During 2016, the valuation allowance increased by \$59.4 million as a result of \$68.4 million of new reserves, offset in part by net reserve deductions and other adjustments of \$9.0 million. During 2015, the valuation allowance increased by \$284 million as a result of \$72.6 million of new reserves and \$212 million other adjustments, including the correction noted above, and net deductions from the reserve.

At December 31, 2016, the Company had federal, state and foreign net operating loss carry-forwards of approximately \$380 million, \$777 million and \$697 million, respectively. The U.S. federal net operating loss carry-forwards expire between the years 2021 and 2036. The U.S. federal net operating loss carry-forwards result in a deferred tax asset of \$133 million. The majority of the state net operating loss carry-forwards expire between the years 2017 and 2036. The state net operating loss carry-forwards result in a deferred tax asset of \$37.7 million. Due to the historic and projected domestic losses, the Company has recorded a full valuation allowance against its U.S. federal and state net deferred tax assets exclusive of the indefinite lived assets. The foreign tax net operating loss carry-forwards expire between the

years 2017 through 2036, with some being unlimited in utilization. This results in a deferred tax asset of \$189 million. A valuation allowance of \$161 million has been provided against the deferred tax assets associated with certain foreign net operating loss carry-forwards because the recent results of the business units associated with the loss carry-forwards indicate that it is more likely than not that the benefits from the net operating loss carry-forwards will not be fully realized.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Section 382 of the Internal Revenue Code, or the Code, imposes an annual limitation on the amount of a corporation's U.S. federal taxable income that can be offset by net operating losses, or NOLs, if it experiences an "ownership change" (as defined in the Code). The Company experienced ownership changes in 2013 and 2015 with respect to the acquisition of various companies. Accordingly, the use of the Company's NOLs generated prior to these ownership changes is subject to an annual limitation. If certain changes in the Company's ownership occur prospectively, there could be an additional annual limitation on the amount of utilizable carry-forwards.

In addition, at December 31, 2016, the Company had approximately \$24.2 million, \$16.7 million, \$1.8 million and \$3.5 million of foreign tax credits, research and development credits, alternative minimum tax credits and other tax credits, respectively, available for carry-forward. These carry-forward periods range from ten years to an unlimited period of time. As discussed above, a full valuation allowance has been recorded on the Company's U.S. federal and state net deferred tax assets exclusive of indefinite-lived assets.

#### Tax Uncertainties

The following table summarizes the activity related to the Company's unrecognized tax benefits:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Unrecognized tax benefits at beginning of period	\$112.2	\$27.7	\$25.6
Additions based on current year tax positions	76.2	20.7	1.7
Additions based upon prior year tax positions (including acquired uncertain tax positions)	1.7	72.2	7.4
Reductions due to closed statutes	(9.9 )	(2.9 )	(6.7 )
Reductions for prior period positions	(51.9 )	—	—
Reductions for settlements and payments	—	(5.5 )	(0.3 )
Total unrecognized tax benefits at end of period	\$128.3	\$112.2	\$27.7

As of December 31, 2016, the Company had \$128 million of total unrecognized tax benefits, of which \$40.1 million, if recognized, would impact the Company's effective tax rate. The additions in the current year are primarily related to positions regarding acquisitions. The Company was also able to reduce the amount of unrecognized tax benefits in the fourth quarter based on a reassessment of the uncertainty for a previously identified position. Due to expected settlements and statute of limitations expirations, the Company estimates that \$11.4 million of the total unrecognized benefits will reverse within the next twelve months.

The Company recognizes interest and/or penalties related to income tax matters as part of income tax expense (benefit), which totaled \$(5.5) million, \$4.9 million and \$1.0 million, for the years ended December 31, 2016, 2015, and 2014, respectively. The Company's accrual for interest and penalties totaled \$13.3 million and \$17.5 million as of December 31, 2016 and 2015, respectively.

As of December 31, 2016, the following tax years remained subject to examination by the major tax jurisdictions indicated below:

Major Jurisdictions	Open Years
Belgium	2009 through current
Brazil	2010 through current
China	2010 through current
France	2010 through current
Japan	2011 through current
Mexico	2011 through current
Netherlands	2012 through current
South Africa	2012 through current
Taiwan	2011 through current
United Kingdom	2009 through current

The Company is subject to taxation in the United States and in various states and foreign jurisdictions. As of December 31, 2016, the Company's tax years for 2013, 2014 and 2015 are subject to examination by the U.S. federal tax authorities. With few exceptions,

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as of December 31, 2016, the Company was no longer subject to state and local or foreign examinations by tax authorities for years before 2009. The Company is currently undergoing tax examination in several foreign jurisdictions. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, the Company's liability may need to be adjusted as new information becomes known and as tax examinations continue to progress.

#### 9. DEBT, FACTORING AND CUSTOMER FINANCING ARRANGEMENTS

The Company's debt consisted of the following:

(amounts in millions)	December 31,	
	2016	2015
USD Senior Notes due 2022, interest at 6.50%	(1) \$1,083.2	\$1,081.1
EUR Senior Notes due 2023, interest at 6.00%	(1) 362.4	374.0
USD Senior Notes due 2021, interest at 10.375%	(1) 489.0	487.5
First Lien Credit Facility - U.S. Dollar Term Loans due 2020, interest at the greater of 5.50% or LIBOR plus 4.50%	(2) —	2,631.3
First Lien Credit Facility - U.S. Dollar Term Loans due 2020, interest at the greater of 4.50% or LIBOR plus 3.50%	(2) 582.5	—
First Lien Credit Facility - U.S. Dollar Term Loans due 2021, interest at the greater of 5.00% or LIBOR plus 4.00%	(2)(3) 1,444.2	—
First Lien Credit Facility - Euro Term Loans due 2020, interest at the greater of 5.50% or EURIBOR plus 4.50%,	(2) —	619.2
First Lien Credit Facility - Euro Term Loans due 2020, interest at the greater of 4.25% or EURIBOR plus 3.25%	(2) 726.5	—
First Lien Credit Facility - Euro Term Loans due 2021, interest at the greater of 4.75% or EURIBOR plus 3.75%	(2)(3) 450.7	—
Borrowings under the Revolving Credit Facility, interest at LIBOR plus 3.00%	—	—
Borrowings under lines of credit	(4) 86.0	16.7
Other	14.5	18.5
Total debt and capital lease obligations	5,239.0	5,228.3
Less: current portion debt and capital lease obligations	(116.1 )	(54.7 )
Total long-term debt and capital lease obligations	\$5,122.9	\$5,173.6

(1) Net of unamortized premium, discounts and debt issuance costs of \$33.4 million and \$37.5 million at December 31, 2016 and 2015, respectively. Weighted average effective interest rate of 7.81% and 7.79% at December 31, 2016 and 2015, respectively.

(2) First Lien Credit Facility term loans net of unamortized discounts and debt issuance costs of \$64.0 million and \$81.7 million at December 31, 2016 and 2015, respectively. Weighted average effective interest rate of 5.64% and 6.52% as of December 31, 2016 and 2015, respectively, including the effects of interest rate swaps. Refer to Note 10, Derivative Instruments, for further information regarding the Company's interest rate swaps.

(3) The maturity date will extend to June 7, 2023, provided that the Company is able to prepay, redeem or otherwise retire and/or refinance in full its \$1.10 billion, 6.50% USD Notes due 2022, as permitted under the Amended and Restated Credit Agreement, on or prior to November 2, 2021.

(4) Weighted average interest rate of 4.48% and 4.28% as of December 31, 2016 and 2015, respectively.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
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Minimum future principal payments on long-term debt and capital lease obligations were as follows:

(amounts in millions)	Long-Term Debt	Capital Leases	Total
2017	\$ 32.8	\$ 0.9	\$ 33.7
2018	32.8	0.8	33.6
2019	32.8	0.6	33.4
2020	1,321.4	0.5	1,321.9
2021	(*) 2,444.6	1.1	2,445.7
Thereafter	1,371.5	0.7	1,372.2
Total	\$ 5,235.9	\$ 4.6	\$ 5,240.5

(\*) In the event the Company is able to prepay, redeem or otherwise retire and/or refinance in full its \$1.10 billion, 6.50% USD Notes due 2022, as permitted under the Amended and Restated Credit Agreement, on or prior to November 2, 2021, the maturity date of approximately \$1.93 billion of first lien debt will be extended to June 7, 2023 from November 2, 2021, as currently presented in the table above.

#### Amended and Restated Credit Agreement

The Company is party to the Amended and Restated Credit Agreement, which governs the First Lien Credit Facility and the Revolving Credit Facility (in U.S. Dollar or multicurrency). A portion of the Revolving Credit Facility not in excess of \$30.0 million is available for the issuance of letters of credit. The maximum borrowing capacity under the Amended and Restated Credit Agreement totals \$500 million, which consists of (i) an aggregate principal amount of up to \$250 million under the Revolving Credit Facility to be denominated in U.S. Dollars, and (ii) an aggregate principal amount of up to \$250 million under the Revolving Credit Facility to be denominated in multicurrency. Current availability under the Revolving Credit Facility, net of letters of credits, totals \$488 million. Loans under the Revolving Credit Facility bear interest at a rate per annum equal to 3.00% plus an adjusted eurocurrency rate, or 2.00% plus an adjusted base rate, each as calculated as set forth in the Amended and Restated Credit Agreement. The Revolving Credit Facility matures on June 7, 2018, and for lenders that consented to an extension, June 7, 2019. The Company is required to pay a quarterly commitment fee of 0.50% on the unused balance of the Revolving Credit Facility.

The Amended and Restated Credit Agreement also provides the Company the ability to incur certain amounts of additional incremental term loans in the future, subject to pro-forma compliance with a financial maintenance covenant and certain other requirements.

On October 14, 2016, the Company entered into Amendment No. 5, and on December 6, 2016, into Amendment No. 6 to its Second Amended and Restated Credit Agreement. These amendments, collectively, and among other things, refinanced the Company's then existing U.S. Dollar tranche B, B-2 and B-3 term loans, and Euro tranche C-1 and C-2 term loans by creating new U.S. Dollar tranche B-4 and B-5 term loans and new Euro tranche C-3 and C-4 term loans. The proceeds of newly created U.S. Dollar and Euro denominated term loans, each as further described below, were used to prepay in full, and effectively reduce the interest rates of, the then existing term loans. In connection with the term loan refinancing, the Company wrote-off \$11.3 million of deferred financing fees and original issuance discounts on the modification of the existing debt, which was recorded in "Other income, (expense) net" in the Consolidated Statement of Operations, and expensed \$8.4 million of debt issuance costs, which was recorded in "Selling, technical, general and administrative" expenses in the Consolidated Statement of Operations.

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The effects of the term loan refinancing resulting from Amendments No. 5 and 6 were as follows:

(amounts in millions)	Balance before refinancing	Refinancing	Balance after refinancing
U.S. Dollar Tranche B Term Loan due 2020	\$ 1,151.8	\$(1,151.8 )	\$ —
U.S. Dollar Tranche B-2 Term Loan due 2020	491.3	(491.3 )	—
U.S. Dollar Tranche B-3 Term Loan due 2020	1,034.5	(1,034.5 )	—
U.S. Dollar Tranche B-4 Term Loan due 2021	—	1,475.0	1,475.0
U.S. Dollar Tranche B-5 Term Loan due 2020	—	610.0	610.0
Euro Tranche C-1 Term Loan due 2020	309.9	(309.9 )	—
Euro Tranche C-2 Term Loan due 2020	318.3	(318.3 )	—
Euro Tranche C-3 Term Loan due 2021	—	475.1	475.1
Euro Tranche C-4 Term Loan due 2020	—	750.3	750.3
Totals repriced first lien debt	\$ 3,305.8	\$ 4.6	\$ 3,310.4

In connection with the October 2016 refinancing of the Company's previously-existing U.S. Dollar denominated B-1 and B-2 and Euro denominated C-1 term loan tranches, Amendment No. 5 effectively reduced interest rates by 50 basis points for the U.S. Dollar denominated term loans and by 75 basis points for the Euro denominated term loans. The new U.S. Dollar tranche B-4 term loans bear interest at 4.0% per annum, plus an applicable eurocurrency rate, or 3.0% plus an applicable base rate, and the new Euro tranche C-3 term loans bear interest at 3.75% per annum, plus an applicable eurocurrency rate, in each case as calculated in the Amended and Restated Credit Agreement. In the event the Company is able to prepay, redeem or otherwise retire and/or refinance in full its \$1.10 billion, 6.50% USD Notes due 2022, as permitted under the Amended and Restated Credit Agreement, on or prior to November 2, 2021, the maturity date of the term loans refinanced in the October 2016 refinancing totaling approximately \$1.93 billion will be extended to June 7, 2023 from November 2, 2021.

In connection with the December 2016 refinancing of the Company's previously-existing U.S. Dollar denominated B-3 and Euro denominated C-2 term loan tranches, Amendment No. 6 effectively reduced interest rates by 100 basis points for the U.S. Dollar denominated term loans and by 125 basis points for the Euro denominated term loans. The new U.S. Dollar tranche B-5 term loans bear interest at 3.5% per annum, plus an applicable eurocurrency rate, or 2.5% plus an applicable base rate, and the new Euro tranche C-4 term loans bear interest at 3.25% per annum, plus an applicable eurocurrency rate, in each case as calculated in the Amended and Restated Credit Agreement.

Except as set forth in Amendment No. 6 and above, (i) the U.S. Dollar tranche B-5 term loans have identical terms as the U.S. Dollar tranche B-4 term loans and (ii) the Euro tranche C-4 term loans have identical terms as the Euro tranche C-3 term loans and, in each case, are otherwise subject to the provisions of the Amended and Restated Credit Agreement.

The obligations incurred under the Amended and Restated Credit Agreement are guaranteed by substantially all of the Company's domestic subsidiaries, and with respect to the obligations denominated in Euros, the Company and certain of its international subsidiaries. Substantially all of the Company's domestic subsidiaries, and certain of its international subsidiaries, have also granted security interests in substantially all of their assets in connection with such guarantees, including, but not limited to, the equity interests and personal property of such subsidiaries.

#### Covenants, Events of Default and Provisions

The Amended and Restated Credit Agreement contains customary representations and warranties, and affirmative and negative covenants, including limitations on additional indebtedness, dividends and other distributions, entry into new lines of business, use of loan proceeds, capital expenditures, restricted payments, restrictions on liens, transactions with affiliates, amendments to organizational documents, accounting changes, sale and leaseback transactions, and dispositions. The Revolving Credit Facility also imposes a financial covenant to maintain a first lien net leverage ratio of 6.25 to 1.0, subject to a right to cure. A violation of this financial covenant can become an event of default under the Credit Facilities and result in the acceleration of all of the Company's indebtedness. Borrowings under the



Amended and Restated Credit Agreement are subject to mandatory prepayment from the proceeds of certain dispositions of assets and from certain insurance and condemnation proceeds, excess cash flow and debt incurrences, in each case, subject to customary carve-outs and exceptions. In addition, Amendment No. 5 also (i) amended the Restricted Payments basket, as defined in the Amended and Restated Credit Agreement, to limit select forms of restricted payments if such payments would cause the total net leverage ratio, calculated as set forth in the Amended and Restated Credit Agreement, to exceed 6.00 to 1.00, and (ii) requires a prepayment percentage in the case of excess cash flow, both calculated as set forth in the

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Amended and Restated Credit Agreement, of 75% with step-downs to 50%, 25% and 0% based on the applicable first lien net leverage ratio on the prepayment date.

The Amended and Restated Credit Agreement also contains customary events of default that include, among others, non-payment of principal, interest or fees, violation of certain covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions. Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the Amended and Restated Credit Agreement may be accelerated and the Company's lenders could foreclose on their security interests in the Company's assets, which may have a material adverse effect on the consolidated financial condition, results of operation or cash flows of the Company.

In addition, the Amended and Restated Credit Agreement contains a yield protection provision wherein the yield on any current indebtedness issued under the Amended and Restated Credit Agreement would be increased to within 50 basis points of the yield on any additional incremental term loan(s), in the event the incremental term loan(s) provided an initial yield, including original issuance discounts, subject to the yield calculation provisions, as defined, is in excess of 50 basis points of the yield on existing term loan indebtedness.

As of December 31, 2016, the Company was in compliance with the debt covenants contained in its Credit Facilities and, in accordance with applicable debt covenants, had full availability of its unused borrowing capacity of \$488 million, net of letters of credit, under the Revolving Credit Facility.

#### Senior Notes

On February 2, 2015, the Company completed the February 2015 Notes Offering of \$1.10 billion of 6.50% USD Notes due February 1, 2022, plus original issue premium of \$1.0 million, and €350 million of 6.00% EUR Notes due February 1, 2023. Interest on these notes is payable semi-annually in arrears on February 1 and August 1 of each year. On November 10, 2015, the Company completed the November 2015 Notes Offering of \$500 million of 10.375% USD Notes due May 1, 2021. Interest on these notes is payable semi-annually in arrears on May 1 and November 1 of each year.

The Senior Notes are governed by indentures which provide, among other things, for customary affirmative and negative covenants, events of default, and other customary provisions. The Company also has the option to redeem the Senior Notes prior to their maturity, subject to, in certain cases, the payment of an applicable make-whole premium. The Senior Notes are unsecured and are fully and unconditionally guaranteed on a senior unsecured basis by generally all of the Company's domestic subsidiaries that guarantee the Amended and Restated Credit Agreement.

#### Lines of Credit and Other Debt Facilities

The Company has access to various revolving lines of credit, short-term debt facilities, and overdraft facilities worldwide which are used to fund short-term cash needs. As of December 31, 2016 and 2015, the aggregate principal amount outstanding under such facilities totaled \$86.0 million and \$16.7 million, respectively. The Company also had letters of credit outstanding of \$32.6 million and \$40.0 million as of December 31, 2016 and 2015, respectively, of which \$11.8 million and \$11.0 million as of December 31, 2016 and 2015, respectively, reduce the borrowings available under the various facilities. As of December 31, 2016 and 2015, the availability under these facilities was approximately \$561 million and \$618 million, respectively, net of outstanding letters of credit.

#### Accounts Receivable Factoring Arrangements

##### Off balance sheet arrangements

The Company has arrangements to sell trade receivables to third parties without recourse to the Company. Under these arrangements, the Company had capacity to sell approximately \$256 million and \$211 million at December 31, 2016 and 2015, respectively, of eligible trade receivables. The Company had utilized approximately \$167 million and \$105 million of these arrangements as of December 31, 2016 and 2015, respectively. The receivables under these arrangements are excluded from the Company's Consolidated Balance Sheets and are included in Operating Activities in the Company's Consolidated Statements of Cash Flows. Costs associated with these programs are included in Selling, Technical, General and Administrative expenses in the Company's Consolidated Statements of Operations.



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On balance sheet arrangements

The Company has arrangements to sell trade receivables to a third party with recourse to the Company. Under these arrangements, the Company had capacity to sell approximately \$65 million and \$130 million at December 31, 2016 and 2015, respectively, of eligible trade receivables. The Company had utilized approximately \$38.3 million and \$71.1 million of these arrangements as of December 31, 2016 and 2015, respectively. The proceeds customer payments from these arrangements are accounted for as Financing Activities in the Company's Consolidated Statements of Cash Flows. Costs associated with these programs are included in Interest expense, net, in the Company's Consolidated Statements of Operations.

Some of the Company's subsidiaries in the United States and the Netherlands periodically enter into arrangements with financial institutions for consignment and/or purchase of precious metals. The present and future indebtedness and liability relating to such arrangements are guaranteed by the Company. The Company's maximum guarantee liability under these arrangements is limited to an aggregate of \$18.0 million.

10. DERIVATIVE INSTRUMENTS

In the normal course of business, the Company is exposed to risks relating to changes in foreign currency exchange rates, interest rates and commodity prices. Derivative financial instruments, such as foreign currency exchange forward contracts, interest rate swaps, and commodities futures contracts are used to manage the risks associated with changes in the conditions of those markets. All derivatives are recognized in the Consolidated Balance Sheets at fair value. The counterparties to the Company's derivative agreements are primarily major international financial institutions. The Company continually monitors its derivative positions and the credit ratings of its counterparties and does not anticipate nonperformance by the counterparties.

Foreign Currency

The Company conducts a significant portion of its business in currencies other than the U.S. Dollar, its functional currency. As a result, the Company's operating results are affected by foreign currency exchange rate volatility. As of December 31, 2016, the Company held foreign currency forward contracts to purchase and sell various currencies primarily with U.S. Dollars and Euro. The Company has not designated any foreign currency exchange forward contracts as eligible for hedge accounting. The total U.S. Dollar equivalent of foreign currency exchange forward contracts held at December 31, 2016 was approximately \$552 million, all with settlement dates within one year. The total U.S. Dollar equivalent of foreign currency exchange forward contracts held at December 31, 2015 was approximately \$254 million.

The following table details the Company's significant outstanding foreign currency forward contracts as of December 31, 2016:

(in millions)	Traded against USD		Traded against EUR (USD equivalent)	
	Purchasing	Selling	Purchasing	Selling
Euro (EUR)	\$208.3	\$53.8	\$—	\$—
Brazilian Real (BRL)	48.4	89.8	—	—
Japanese Yen (JPY)	41.7	25.1	1.9	2.3
British Pound (GBP)	25.1	—	5.3	—
South African Rand (ZAR)	—	17.8	—	0.3
Taiwan Dollar (TWD)	16.9	—	—	—
Other	11.9	3.2	—	—
Total	\$352.3	\$189.7	\$7.2	\$2.6

The change in the net fair value of the foreign currency forward contracts is recorded in "(Loss) gain on derivative contracts" in the Consolidated Statements of Operations.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Interest Rates

In August 2015, the Company entered into a series of pay-fixed, receive-floating interest rate swaps with respect to a portion of its indebtedness. The interest rate swaps effectively fix the floating base rate portion of the interest payments on approximately \$1.15 billion of the Company's USD denominated debt and €282 million of its Euro denominated debt at 1.96% and 1.20%, respectively, from September 2015 through June 2020.

Changes in the fair value of a derivative that is designated as, and meets all the required criteria of, a cash flow hedge are recorded in "Accumulated other comprehensive income (loss)" and reclassified into earnings as the underlying hedged item affects earnings. Amounts reclassified into earnings related to the interest rate swaps are included in "Interest expense, net" in the Consolidated Statements of Operations.

### Commodities

As part of its risk management policy, the Company enters into commodities futures contracts on an ongoing basis for the purpose of mitigating its exposure to fluctuations in prices of certain metals it uses in the production of its finished goods. The Company held futures contracts to purchase and sell various metals, primarily tin and silver, for a notional amount of \$42.0 million and \$16.5 million as of December 31, 2016 and 2015, respectively. All contracts outstanding as of at December 31, 2016 have delivery dates within the next twelve months. The Company has not designated these derivatives as hedging instruments and, accordingly, records changes in the net fair value of the commodities futures contracts in "(Loss) gain on derivative contracts" in the Consolidated Statements of Operations.

Certain subsidiaries of the Company have entered into supply agreements with a third-party that have been deemed to constitute financing agreements with embedded derivative features whose fair value are determined by the change in the market value of the underlying metals between delivery date and measurement date. Amounts associated with these supply agreements, which serve as the notional value of the embedded derivative, have been recorded in "Inventory" and "Current installments of long-term debt and revolving credit facilities" in the Consolidated Balance Sheets, and totaled \$9.9 million and \$13.0 million at December 31, 2016 and 2015, respectively. These balances primarily relate to purchases of gold. The fair value of these contracts has been bifurcated and recorded as a derivative liability in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets and totaled \$0.2 million at December 31, 2016 and was immaterial at December 31, 2015.

### Fair Value of Derivative Instruments

The following table summarizes the fair value of derivative instruments reported in the Consolidated Balance Sheets:

(amounts in millions)		December 31,	
		2016	2015
Derivatives designated as hedging instruments:			
	Liabilities Balance Sheet Location		
Interest rate swaps	Accrued expenses and other current liabilities	\$10.2	\$—
Interest rate swaps	Other long-term liabilities	—	12.5
Derivatives not designated as hedging instruments:			
	Assets Balance Sheet Location		
Foreign exchange and metals contracts	Other current assets	8.5	1.1
Foreign exchange contracts	Other assets	—	1.0
	Liabilities Balance Sheet Location		
Foreign exchange and metals contracts	Accrued expenses and other current liabilities	10.7	1.0
Net derivative contracts liability		\$(12.4)	\$(11.4)

For the years ended December 31, 2016, 2015 and 2014, the Company recorded the following realized and unrealized (losses) gains associated with derivative contracts designated as hedging instruments and made the following reclassifications from Accumulated Other Comprehensive Income:



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(amounts in millions)	Amount of loss recognized in Other Comprehensive Income for the year ended December 31,			Location of loss reclassified from Accumulated Other Comprehensive Income	Amount of loss reclassified from Accumulated Other Comprehensive Income into income for the year ended December 31,		
	2016	2015	2014		2016	2015	2014
Derivatives designated as hedging instruments:							
Interest rate swaps	\$9.6	\$12.5	\$—	Interest expense, net	\$ 11.9	\$ —	\$ —
Foreign exchange contracts	—	—	0.2	Foreign exchange loss	—	—	—
Total	\$9.6	\$12.5	\$0.2		\$ 11.9	\$ —	\$ —

The interest rate swaps were deemed highly effective, with no ineffective portions, for the years ended December 31, 2016 and 2015. During the next twelve months, the Company expects to reclassify \$10.2 million from "Accumulated other comprehensive income (loss)" to "Interest expense, net" in the Consolidated Statements of Operations.

For the years ended December 31, 2016, 2015 and 2014, the Company recorded the following realized and unrealized (losses) gains associated with derivative contracts not designated as hedging instruments:

(amounts in millions)	Location of (loss) gain recognized in income on derivatives	Amount of (loss) gain recognized in income on derivatives for the year ended December 31,		
		2016	2015	2014
Derivatives not designated as hedging instruments:				
Foreign exchange and metals contracts	(Loss) gain on derivative contracts	\$(12.5)	\$(74.0)	\$0.4

The losses recorded for the year ended December 31, 2015 included a \$73.7 million fair value loss incurred in connection with instruments entered into in order to hedge the Company's foreign currency exposure related to the Alent Acquisition.

Master Netting Arrangements

In the normal course of business, the Company enters into contracts with certain counterparties to purchase and sell foreign currency exchange forwards and metal futures that contain master netting arrangements, typically in the form of an International Swaps and Derivatives Association (ISDA) or similar agreements. The right to set-off within these agreements is limited to certain termination events, such as bankruptcy or default of either party to the agreement. It is the Company's policy not to offset derivative assets and liabilities and to report such instruments on a gross basis in the Consolidated Balance Sheets.

The following table presents recognized foreign currency exchange forward and metal future derivative contracts that are subject to master netting arrangements but not offset as of December 31, 2016 and 2015, with the "Net" column representing the net impact to the Company's Consolidated Balance Sheets had all set-off rights been exercised:

(amounts in millions)	December 31, 2016			Amounts not offset	Cash collateral paid	Net
	Amounts offset	Gross liabilities offset	Net amounts presented			
Financial assets				Financial instruments		
Derivative assets	\$6.3	\$ —	\$ 6.3	\$(2.5)	\$ —	\$ 3.8
	December 31, 2015					
	Amounts offset					Net



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	Gross liabilities	Gross assets offset	Net amounts presented	Amounts not offset Financial instruments	Cash collateral paid
Financial liabilities					
Derivative liabilities	\$8.9	\$	—\$ 8.9	\$(2.6)	\$(1.0 ) \$5.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		December 31, 2015				
(amounts in millions)	Amounts offset		Amounts not offset		Net	
	Gross assets	Gross liabilities offset	Net amounts presented	Financial instruments	Cash collateral paid	
Financial assets						
Derivative assets	\$3.1	\$ —	\$ 3.1	\$(0.3)	\$ —	\$ 2.8

  

		December 31, 2015				
	Amounts offset		Amounts not offset		Net	
	Gross liabilities	Gross assets offset	Net amounts presented	Financial instruments	Cash collateral paid	
Financial liabilities						
Derivative liabilities	\$ 1.7	\$ —	\$ 1.7	\$(1.2)	\$(0.9)	\$(0.4)

Collateral paid to counterparties is recorded in "Other current assets" in the Consolidated Balance Sheets.

11. FAIR VALUE MEASUREMENTS

The Company determines fair value measurements used in its Consolidated Financial Statements based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants exclusive of any transaction related costs, as determined by either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability. Absent a principal market to measure fair value, the Company uses the most advantageous market, which is the market in which the Company would receive the highest selling price for the asset or pay the lowest price to settle the liability, after considering transaction related costs. However, when using the most advantageous market, transaction related costs are only considered to determine which market is the most advantageous and these costs are then excluded when applying a fair value measurement.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy. The basis for fair value measurements for each level within the hierarchy is described below, with Level 1 having the highest priority, and Level 3 having the lowest.

The three levels of the fair value hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in non-active markets; and model-derived valuations whose inputs are observable or whose significant valuation drivers are observable.

Level 3 – significant inputs to the valuation model are unobservable and/or reflect the Company's market assumptions. The following tables present the Company's financial instruments, assets and liabilities that are measured at fair value on a recurring basis:

(amounts in millions)	December 31, 2016	Fair Value Measurement		
		Using Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset Category				

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Cash equivalents	\$ 48.2	\$—	\$ 48.2	\$ —
Available for sale equity securities	5.7	5.1	0.6	—
Derivatives	8.5	—	8.5	—
Total	\$ 62.4	\$5.1	\$ 57.3	\$ —
Liability Category				
Derivatives	\$ 20.9	\$—	\$ 20.9	\$ —
Long-term contingent consideration	75.8	—	—	75.8
Total	\$ 96.7	\$—	\$ 20.9	\$ 75.8

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(amounts in millions)	December 31, 2015	Fair Value Measurement Using:		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Asset Category</b>				
Cash equivalents	\$ 59.4	\$ 2.9	\$ 56.5	\$ —
Available for sale equity securities	6.6	5.8	0.8	—
Derivatives	2.1	—	2.1	—
<b>Total</b>	<b>\$ 68.1</b>	<b>\$ 8.7</b>	<b>\$ 59.4</b>	<b>\$ —</b>
<b>Liability Category</b>				
Derivatives	\$ 13.5	\$ —	\$ 13.5	\$ —
Long-term contingent consideration	70.7	—	—	70.7
<b>Total</b>	<b>\$ 84.2</b>	<b>\$ —</b>	<b>\$ 13.5</b>	<b>\$ 70.7</b>

The following methods and assumptions were used to estimate the fair value of each class of the Company's financial instruments, assets, and liabilities:

**Cash equivalents** - Cash equivalents primarily comprise certificates of deposit issued by financial institutions. These funds are not publicly traded, but historically have been highly liquid. These assets are readily convertible into known amounts of cash and are so near their maturities that there is little risk of change in value. The Company records certificates of deposit at amortized cost in the Consolidated Balance Sheets. Given the relatively short maturities of these instruments, the Company believes amortized cost approximates fair value. The Company classifies these instruments as Level 2.

**Available for sale equity securities** - Equity securities classified as available for sale are measured using quoted market prices at the reporting date multiplied by the quantity held and, accordingly, classified as Level 1 assets. Level 2 equity securities are measured using quoted prices for similar instruments in active markets. Available for sale securities are included in "Other assets" in the Consolidated Balance Sheets.

**Derivatives** - Derivative assets and liabilities include foreign currency, metals and interest rate derivatives. The values were determined using pricing models based upon observable market inputs such as market spot and futures prices on over-the-counter derivative instruments, market interest rates and consideration of counterparty credit risk.

**Long-term contingent consideration** - The long-term contingent consideration represents a potential liability of up to \$100 million tied to achievement of EBITDA and common stock trading price performance metrics over a seven-year period ending December 2020 in connection with the MacDermid Acquisition. The common stock performance metric has been satisfied. The fair value of the EBITDA performance metric is derived using the income approach with unobservable inputs, based on future forecasts and present value assumptions which include a discount rate of approximately 9.5% and expected future value of payments of \$60.0 million calculated using a probability weighted EBITDA assessment with higher probability associated with the Company achieving the maximum EBITDA targets. Changes in the fair value of the long-term contingent consideration are recorded in "Selling, technical, general and administrative expenses" in the Consolidated Statements of Operations. Relative to the share price metric, an increase or decrease in the discount rate of 1% changes the fair value measure of the metric by approximately \$1.6 million. Relative to the EBITDA metric, an increase or a decrease in the discount rate of 1.5%, within a range of probability between 80% and 100%, changes the fair value measure of the metric by approximately \$3.0 million. On December 30, 2016, the Company reached an agreement with the Retaining Holders of the long-term contingent consideration liability which amended the EBITDA performance targets to account for the relative impact of the Alent, OMG and

OMG Malaysia Acquisitions, completed subsequent to the MacDermid Acquisition, on the performance targets. This amendment did not have a material impact on the fair value of the long-term contingent consideration liability.

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The following table provides a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(amounts in millions)	December 31,	
	2016	2015
Fair value measurements using significant unobservable inputs (Level 3)		
Beginning balance	\$70.7	\$63.9
Changes in fair value	10.1	6.8
Purchases, sales and settlements	(515.0)	—
Additions	510.0	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Ending balance	\$75.8	\$70.7

For the year ended December 31, 2016, the Company recorded additions of Level 3 liabilities during the third quarter of 2016 totaling \$510 million associated with the Series B Convertible Preferred Stock redemption liability, which was subsequently settled on December 13, 2016. There was an increase in fair value associated with the redemption liability of \$5.0 million prior to settlement that was recorded to "Other income (expense), net" in the Consolidated Statements of Operations that has been included in the above table as a change in fair value. There were no purchases, sales or settlements on a gross basis for the year ended December 31, 2015.

The Company transfers the fair value of an asset or liability between levels of the fair value hierarchy at the end of the reporting period during which a significant change in the inputs used to determine the fair value has occurred. During the years ended December 31, 2016 and 2015, there were no transfers between the fair value hierarchy levels.

The following table presents the carrying value and estimated fair value of the Company's long-term debt and capital lease obligations that are not carried at fair value:

(amounts in millions)	December 31,		December 31,	
	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
USD Senior Notes, due 2022	\$1,083.2	\$1,109.2	\$1,081.1	\$946.3
EUR Senior Notes, due 2023	362.4	372.1	374.0	326.7
USD Senior Notes, due 2021	489.0	555.4	487.5	500.0
First Lien Credit Facility - U.S. Dollar Term Loans, due 2020	582.5	616.8	2,631.3	2,603.6
First Lien Credit Facility - U.S. Dollar Term Loans, due 2021 <sup>(1)</sup>	1,444.2	1,493.4	—	—
First Lien Credit Facility - Euro Term Loans, due 2020	726.5	742.3	619.2	624.3
First Lien Credit Facility - Euro Term Loans, due 2021 <sup>(1)</sup>	450.7	459.2	—	—
Capital lease obligations	4.6	4.7	5.5	5.3
	\$5,143.1	\$5,353.1	\$5,198.6	\$5,006.2

<sup>(1)</sup> In the event the Company is able to prepay, redeem or otherwise retire and/or refinance in full its \$1.10 billion, 6.50% USD Notes due 2022, as permitted under the Amended and Restated Credit Agreement, on or prior to November 2, 2021, the maturity date will be extended to June 7, 2023 from November 2, 2021.

Carrying values presented above include unamortized premiums, discounts and debt issuance costs.

The following methods and assumptions were used to estimate the fair value of the Company's liabilities not carried at fair value:

Long-term debt and capital lease instruments - These financial instruments are measured using quoted market prices at the reporting date multiplied by the gross carrying amount of the related debt which excludes unamortized premiums, discounts and debt issuance costs. Such instruments are valued using Level 2 inputs.



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Nonrecurring Fair Value Measurements

The Company performs its annual impairment test of goodwill as of October 1. As a result of the 2016 test, the Performance Solutions segment recorded an impairment charge of \$46.6 million to reduce the carrying value goodwill of the Offshore Solutions reporting unit to a fair value of \$276 million. This measurement is performed on a non-recurring basis using significant unobservable inputs (Level 3) as described below:

Goodwill: Offshore Solutions - Goodwill was valued using a discounted cash flow analysis, which requires assumptions about short and long-term net cash flows, growth rates, as well as discount rates. Additionally, the Company considered guideline company and guideline transaction information, where available, to aid in the valuation. Multi-year financial forecasts were developed by considering several key business drivers such as new business initiatives, client service and retention standards, market share changes, historical performance, and industry and economic trends, among other considerations. The annual long term growth rates used in 2016 for the initial 5 year period ranged from (1.2)% to 3.9%. The long-term growth rate used in 2016 in determining the terminal value was estimated at 3.0%. Discount rates were estimated based on a Weighted Average Cost of Capital, or WACC. The WACC combines the required return on equity, based on a Modified Capital Asset Pricing Model, which considers the risk-free interest rate, market risk premium, small stock risk premium and a company-specific risk premium, with the cost of debt, based on BBB-rated corporate bonds, adjusted using an income tax factor. The calculation resulted in a WACC rate of 9.0%. The estimated fair value of the reporting unit was derived from the valuation techniques described above. The estimated fair value was analyzed in relation to numerous market and historical factors, including current economic and market conditions, company-specific growth opportunities, and guideline company information.

12. STOCKHOLDERS' EQUITY

Registered Underwritten Public Offerings

On September 21, 2016, the Company completed the September 2016 Equity Offering of 48,787,878 shares of its common stock at a public offering price of \$8.25 per share. This offering resulted in gross proceeds to Platform of approximately \$402.5 million, before underwriting discounts and commissions and offering expenses of \$11.9 million.

On June 29, 2015, the Company completed the June 2015 Equity Offering of 18,226,414 shares of its common stock at a public offering price of \$26.50 per share. The offering resulted in gross proceeds to Platform of approximately \$483 million, before underwriting discounts, commissions and offering expenses of \$15.0 million.

On November 17, 2014, the Company completed the November 2014 Public Offering of 16,445,000 shares of its common stock at a public offering price of \$24.50 per share. The offering resulted in gross proceeds to Platform of approximately \$403 million, before underwriting discounts, commissions and offering expenses of \$15.1 million.

Preferred Stock

The Company is authorized to issue 5,000,000 shares of preferred stock. The Board had designated 2,000,000 of those shares as "Series A Preferred Stock." As of December 31, 2016 and 2015, a total of 2,000,000 shares of Series A Preferred Stock were issued and outstanding. The Board had also designated 600,000 of those shares as "Series B Convertible Preferred Stock," which were redeemable and presented in the mezzanine section of the Consolidated Balance Sheet as of December 31, 2015. As of December 31, 2016 and 2015, a total of zero and 600,000 shares of Series B Convertible Preferred Stock, respectively, were issued and outstanding. In December 2016, a portion of the shares of Series B Convertible Preferred Stock was converted, with the remaining shares subsequently canceled and retired as explained below. Shares of preferred stock have no voting rights, except in respect of any amendment to the Company's Certificate of Incorporation, as amended, that would alter or change their rights or privileges.

Series A Preferred Stock

The Founder Entities are current holders of Platform's outstanding 2,000,000 shares of Series A Preferred Stock and are entitled to receive an annual dividend on such Series A Preferred Stock in the form of shares of the Company's common stock. On December 31, 2014, the Board approved a stock dividend of 10,050,290 shares of Platform's common stock with respect to its outstanding Series A Preferred Stock, which represented 20% of the appreciation of



the market price of our common stock over the Initial Public Offering price of \$10.00 multiplied by the total Initial Public Offering shares. The dividend price was \$22.85 and the shares

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were issued on January 2, 2015 based on the volume weighted average price of \$23.16 on December 31, 2014. Starting with fiscal year 2015, the dividend amount is calculated based on the appreciated stock price compared to the highest dividend price previously used in calculating the Series A Preferred Stock dividends. Based on the dividend price of \$22.85 used in 2014, no stock dividends were declared in 2016 and 2015 with respect to the Series A Preferred Stock.

Each share of Series A Preferred Stock is convertible into one share of common stock of Platform at the option of the holder until December 31, 2020. All outstanding shares of Series A Preferred Stock will be automatically converted into shares of common stock on a one-for-one basis (i) in the event of a change of control of the Company following an acquisition, or (ii) upon the last day of the seventh full financial year following the MacDermid Acquisition, being December 31, 2020 (which may be extended by the Board for three additional years).

#### Series B Convertible Preferred Stock

Pursuant to the Arysta share purchase agreement, the Company issued to the Arysta Seller 600,000 shares of Series B Convertible Preferred Stock, which had a \$1,000 per share liquidation preference. The fair value of these shares, at the time of the Arysta Acquisition, of \$646 million was recognized as "Redeemable preferred stock – Series B" in the Consolidated Balance Sheet. Under the share purchase agreement, the Arysta Seller had the ability to convert these shares, at any time, into 22,107,590 shares of Platform's common stock at a conversion price of \$27.14 per share, unless previously mandatorily redeemed by the Company. Additionally, on April 20, 2017, the Company would have been required to repurchase all Series B Convertible Preferred Stock then outstanding and also pay to their holders in cash a make whole payment, corresponding to any deficit between (i) the 10-day volume weighted price of Platform's common stock prior to such repurchase, and (ii) \$27.14 per share.

On September 9, 2016, the Company entered into a settlement agreement with the Arysta Seller and agreed that from October 20, 2016 until the close of business on December 15, 2016, it may settle (i) all of its obligations with respect to its shares of Series B Convertible Preferred Stock in exchange for a cash payment of \$1.00 and the issuance of 5,500,000 shares of its common stock upon simultaneous conversion of the Series B Convertible Preferred Stock by the Arysta Seller, and (ii) for a payment of \$460 million, its obligation to pay the make whole payment mentioned above.

In accordance with the settlement agreement, as amended, on December 13, 2016, the Company settled all of its obligations with respect to its Series B Convertible Preferred Stock and the related make whole payment obligation, as described in the settlement agreement, in exchange for a cash payment of \$460 million and the issuance of 5.5 million shares of its common stock upon conversion of the corresponding shares of Series B Convertible Preferred Stock. The remaining shares of Series B Convertible Preferred Stock were subsequently canceled and retired.

As a result of the settlement agreement, for accounting purposes, the Series B Convertible Preferred Stock had been deemed an extinguishment in exchange for the issuance of another financial instrument. The Company recognized a gain of \$103 million in "Other income, net" in the Consolidated Statement of Operations and a gain of \$32.9 million in "Net income (loss) attributable to common stockholders." The Company elected the fair value option to measure the preferred stock redemption liability subsequent to the date of the settlement agreement as it most accurately reflected the economics of the transaction and the value of the preferred stock redemption liability. For the year ended December 31, 2016, the Company recorded a \$5.0 million loss associated with the remeasurement of the preferred stock redemption liability, which was recorded to "Other income, net" in the Consolidated Statement of Operations.

#### Issuance of Common Stock in Connection with Acquisitions

In connection with the Alent Acquisition, on December 2, 2015, the Company issued 18,419,738 shares of its common stock to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent. The shares were issued in reliance upon an exemption from the registration requirements of the Securities Act set forth in Section 3(a)(10) thereof and began trading on the NYSE upon their issuance.

In connection with the Agriphar Acquisition, on October 1, 2014, the Company issued to a representative of Percival 711,551 restricted shares of our common stock, which will become unrestricted beginning January 2, 2018 unless agreed otherwise in accordance with the terms of the acquisition agreement. The seller was granted a put option to sell

and transfer all of its shares back to Platform on the date that is six months from the closing of the Agriphar Acquisition, which was not exercised. As a result, the value of the option, totaling \$3.0 million, was reversed and included in "Other income (expense), net" in the Consolidated Statements of Operations for the year ended December 31, 2015.

In connection with the CAS Acquisition, on November 3, 2014, the Company issued to Chemtura 2,000,000 shares of Platform's common stock, then restricted under Rule 144.

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Private Placements

On October 8, 2014 and November 6, 2014, the Company completed the October/November 2014 Private Placement to certain investors of an aggregate of 16,060,960 shares and 9,404,064 shares of Platform's common stock, respectively, at a price of \$25.59 per share. In the October/November 2014 Private Placement, the Company received proceeds of \$652 million, gross of transaction fees and offering expenses of \$0.3 million.

On May 20, 2014, the Company completed the May 2014 Private Placement to certain investors of an aggregate of 15,800,000 shares of Platform's common stock for an aggregate consideration of \$300 million, gross of transaction related costs of \$13.8 million.

Warrant Mandatory Redemption

On March 4, 2014, a mandatory redemption event occurred with respect to all of the Company's then outstanding warrants. On or after April 3, 2014, the date of the mandatory redemption fixed by the Company, holders of warrants had no further rights with respect to such warrants except to receive \$0.01 per warrant. During the year ended December 31, 2014, the Company issued 16,244,694 shares of common stock in connection with the exercise of 48,734,082 warrants, resulting in proceeds to the Company of \$187 million. On April 3, 2014, Platform completed the mandatory redemption of the remaining 8,580 outstanding warrants for \$0.01 per warrant.

Non-Controlling Interest

In connection with the MacDermid Acquisition, approximately \$97.5 million was raised in new equity consisting of shares of PDH Common Stock. Since October 31, 2014, all shares of PDH Common Stock are convertible, at the option of the holder, into a like number of shares of the Company's common stock, the sale of which is subject to a contractual lock-up of 25% per year over a four-year period, which started on October 31, 2013. Since October 31, 2016, which corresponded to the third anniversary of the MacDermid Acquisition, all shares of PDH Common Stock, except those held by Tartan, remains subject to a contractual lock-up with respect to 25% of the total shares of PDH Common Stock initially received by their holders. Tartan members, who hold approximately 6.7 million shares of PDH Common Stock, are no longer subject to any contractual lock-up since October 31, 2016.

The PDH Common Stock is classified as a non-controlling interest on the Consolidated Balance Sheets at December 31, 2016 and 2015 and will continue to be until such time as it is exchanged for shares of common stock. The total number of shares of common stock originally issuable upon the exchange of PDH Common Stock pursuant to the RHSA was approximately 8.8 million, against which 1,038,349 shares have been issued as of December 31, 2016.

For the years ended December 31, 2016, 2015 and 2014, approximately \$(5.9) million, \$(1.4) million and \$6.4 million, respectively, of net (loss) income has been allocated to the Retaining Holders, as included in the Consolidated Statements of Operations, representing non-controlling interest of 6.01%, 6.25% and 6.67% at December 31, 2016, 2015 and 2014, respectively.

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## 13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Changes in each component of accumulated other comprehensive (loss) income, net of tax, for the years ended December 31, 2016, 2015 and 2014 were as follows:

(amounts in millions)	Foreign Currency Translation Adjustments	Pension and Post-retirement Plans	Unrealized Gain (Loss) Available for Sale Securities	Derivative Financial Instrument Revaluation	Non-Controlling Interests	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2013	\$ (0.6 )	\$ 1.8	\$ —	\$ 0.1	\$ —	\$ 1.3
Other comprehensive (loss) income, net	(121.6 )	(16.7 )	0.1	(0.1 )	6.4	(131.9 )
Balance at December 31, 2014	(122.2 )	(14.9 )	0.1	—	6.4	(130.6 )
Other comprehensive (loss) income before reclassifications, net	(777.1 )	(10.9 )	1.1	(8.1 )	40.0	(755.0 )
Tax benefit reclassified	—	(0.5 )	—	—	—	(0.5 )
Balance at December 31, 2015	\$ (899.3 )	\$ (26.3 )	\$ 1.2	\$ (8.1 )	\$ 46.4	\$ (886.1 )
Other comprehensive income (loss) before reclassifications, net	204.6	8.3	(0.8 )	(9.6 )	(2.0 )	200.5
Reclassifications, pretax	—	(0.8 )	—	11.9	—	11.1
Tax (benefit) expense reclassified	—	—	—	—	—	—
Balance at December 31, 2016	(694.7 )	(18.8 )	0.4	(5.8 )	44.4	(674.5 )

## 14. EARNINGS LOSS PER SHARE

A computation of loss per share and weighted average shares of common stock outstanding for the years ended December 31, 2016, 2015 and 2014 follows:

(amounts in millions, except per share amounts)	Year Ended December 31,		
	2016	2015	2014
Net loss attributable to common stockholders	\$(40.8 )	\$(308.6 )	\$(262.6 )
Adjustments to the numerator for diluted earnings per share:			
Gain on settlement agreement related to Series B Convertible Preferred Stock	(103.0 )	—	—
Gain on amendment of Series B Convertible Preferred Stock	(32.9 )	—	—
Remeasurement adjustment associated with the Preferred Series B redemption liability	5.0	—	—
Loss attributed to PDH non-controlling interest	(5.9 )	—	—
Net loss attributable to common stockholders for diluted EPS	\$(177.6 )	\$(308.6 )	\$(262.6 )
Basic weighted average common stock outstanding	243.3	203.2	135.3
Conversion related to the amendment of the Series B Preferred Stock - assumed at beginning of reporting period	15.3	—	—
Settlement of preferred stock redemption liability - assumed at beginning of reporting period	5.7	—	—
Conversion of PDH non-controlling interest	8.0	—	—
Share adjustments <sup>(1)</sup>	29.0	—	—
Dilutive weighted average common stock outstanding	272.3	203.2	135.3
Loss per share attributable to common stockholders:			
Basic	\$(0.17 )	\$(1.52 )	\$(1.94 )
Diluted	\$(0.65 )	\$(1.52 )	\$(1.94 )

Dividends per share paid to common stockholders	\$—	\$—	\$—
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(1) For the years ended December 31, 2015, and 2014, no share adjustments were included in the dilutive weighted average shares outstanding computation as their effect would have been anti-dilutive. For more information about such dilutive shares outstanding, refer to the table below.

For the years ended December 31, 2016, 2015, and 2014, the following securities were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive, or because performance targets and/or market conditions were not yet met for awards contingent upon such measures.

(amounts in thousands)	Year Ended December 31,		
	2016	2015	2014
Shares contingently issuable to Founder Entities as stock dividend to Series A Preferred Stock	—	1,239	10,453
Shares issuable upon conversion of PDH Common Stock	—	8,318	8,641
Shares issuable upon conversion of Series A Preferred Stock	2,000	2,000	2,000
Shares issuable upon conversion of Series B Convertible Preferred Stock	—	19,443	—
Shares contingently issuable for the contingent consideration	8,553	4,640	1,503
Shares issuable upon conversion of the 401k exchange rights	—	—	270
Stock options	—	55	89
RSUs	147	74	70
Shares issuable under the ESPP	2	1	—
	10,702	35,770	23,026

#### 15. OPERATING LEASE COMMITMENTS

The Company leases certain land, office space, warehouse space, and equipment under agreements which are classified as operating leases for financial statement purposes. Certain of these leases provide for payment of real estate taxes, common area maintenance, insurance, and certain other expenses. Lease terms may have escalating rent provisions and rent holidays which are recognized on a straight-line basis over the term of the lease. The leases expire at various dates through 2055.

Total operating lease rental expense for the years ended December 31, 2016, 2015 and 2014 was \$36.7 million, \$22.9 million and \$11.3 million, respectively.

Minimum future non-cancelable operating lease commitments were as follows:

(amounts in millions)	Operating Lease Commitments
Year ending December 31,	
2017	\$ 29.6
2018	20.4
2019	13.9
2020	10.5
2021	8.8
Thereafter	28.8
Total	\$ 112.0

The fixed operating lease commitments detailed above assume that the Company continues the leases through their initial lease terms.

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## 16. CONTINGENCIES, ENVIRONMENTAL AND LEGAL MATTERS

## Asset Retirement Obligations

The Company has recognized AROs for properties where it can make a reasonable estimate of the future expenditures necessary to satisfy the related obligations. The Company considers identified legally-enforceable obligations, estimated settlement dates and appropriate discount and inflation rates in calculating the fair value of its AROs. The Company's ARO liability were included in "Accrued expenses and other current liabilities" and "Other long-term liabilities" in the Consolidated Balance Sheets. The balances and the related changes were as follows:

(amounts in millions)	Year Ended December		
	31,		
	2016	2015	2014
AROs, beginning of period	\$17.5	\$18.5	\$4.8
Acquisitions	2.7	0.4	13.2
Additional obligations incurred	—	—	0.5
Accretion expense	1.2	1.0	0.7
Remeasurements	—	(0.2 )	—
Payments	(1.3 )	(0.4 )	(0.2 )
Foreign currency translation	(0.3 )	(1.8 )	(0.5 )
AROs, end of period	\$19.8	\$17.5	\$18.5

## Environmental Liabilities

The Company is involved in various claims relating to environmental matters at a number of current and former plant sites and waste management sites. The Company engages or participates in remedial and other environmental compliance activities at certain of these sites. At other sites, it has been named as a "potential responsible party" (PRP) pursuant to the federal Superfund Act and/or state Superfund laws comparable to the federal law for site remediation. The Company analyzes each individual site, considering the number of parties involved, the level of its potential liability or contribution relating to the other parties, the nature and magnitude of the hazardous wastes involved, the method and extent of remediation, the potential insurance coverage, the estimated legal and consulting expense with respect to each site and the time period over which any costs would likely be incurred. Based on the above analysis, the Company estimates the clean-up costs and related claims for each site. The estimates are based in part on discussions with other PRPs, governmental agencies and engineering firms.

The Company accrues for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current laws and existing technologies. The accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. While uncertainty exists with respect to the amount and timing of its ultimate environmental liabilities, the Company does not currently anticipate any material losses in excess of the amount recorded. However, it is possible that new information about these sites, such as results of investigations, could make it necessary for the Company to reassess its potential exposure related to these environmental matters.

The Company's environmental liability is included in "Accrued expenses and other current liabilities" and "Other long-term liabilities" in the Consolidated Balance Sheets, and totaled \$32.6 million and \$25.7 million as of December 31, 2016 and 2015, respectively, primarily in connection with environmental remediation, clean-up costs, and monitoring of sites that were either closed or disposed of in prior years by Alent, which the Company acquired in December 2015. As of the date hereof, management does not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of the Company's recorded liabilities, and is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters.



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Legal Proceedings

From time to time, the Company is involved in various legal proceedings in the normal course of its business. The Company believes that the resolution of these claims, to the extent not covered by insurance, will not individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. The Company's accruals for its outstanding legal proceedings are included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets, and totaled \$3.7 million and \$6.5 million as of December 31, 2016 and 2015, respectively.

Product liability and/or personal injury claims for, or relating to, products the Company sells under its Agricultural Solutions segment are complex in nature and have outcomes that are difficult to predict. Since these products are used in the food chain on a global basis, any such product liability or personal injury claim could lead to litigation in multiple jurisdictions. In September 2014, Agricola Colonet, SA de CV filed a complaint with the 1st Civil Court in San Quintin (Baja California) where it alleged that certain Arysta products purchased from a retail distributor in Mexico were contaminated, requiring treated crops to be destroyed. Agricola Colonet, SA de CV is seeking compensation of approximately MXN 196 million (\$9.5 million, based on the MXN/USD exchange rate of 0.0482 on December 31, 2016). A related complaint was filed in June 2016 in the U.S. District Court for the Southern District of California by Fresh Pac International, Inc., naming the Company as a defendant. In the complaint, Fresh Pac International Inc. claims to be a distributor of produce for Agricola Colonet, SA de CV and seeks in excess of \$6.0 million in damages allegedly sustained in connection with the events that appear to form the basis of the claim by Agricola Colonet SA de CV. The Company believes that it has adequate defenses and intends to vigorously defend against these claims. Under its risk management policies, the Company maintains certain insurance policies under which such claims may be covered.

In June 2009, a lawsuit was filed in the District Court for the City of Ulianópolis in the State of Pará, Brazil by a private individual against Arysta LifeScience do Brasil Industria Química e Agropecuária Ltda, or Arysta Brazil, and 25 other defendants, and in November 2011, a claim was filed, also in the District Court for the City of Ulianópolis in the State of Pará, Brazil, against Arysta Brazil and five other defendants by the city of Ulianópolis, in each case in connection with materials sent by Arysta Brazil and others to an incineration site owned and operated by an unaffiliated third-party in the state of Pará, Brazil. Arysta Brazil was summoned and has filed its answer in connection with both cases. Proceedings have been suspended indefinitely in order to allow the Pará State Attorney to conduct civil inquiries to determine the extent of contamination and the appropriate remediation, and to identify potentially responsible parties. Damages sought in the private lawsuit include a penalty of BRL 50.0 million (\$15.4 million, based on the BRL/USD exchange rate of 0.3071 on December 31, 2016), plus interest and the cost of remediation. The cost of remediation in the case brought by the city of Ulianopolis was previously estimated by the city to be BRL 70.9 million (\$21.8 million, based on the BRL/USD exchange rate of 0.3071 on December 31, 2016). In addition, 29 former employees of the incineration facility have brought actions in the Labor Court of Paragominas in the State of Pará, Brazil naming 80 defendants, including Arysta Brazil, seeking compensation in an aggregate amount of BRL 387 million (\$118.7 million, based on the BRL/USD exchange rate of 0.3071 on December 31, 2016) for health problems allegedly contracted as a result of their employment at the incineration site.

From time to time, in the ordinary course of business, the Company contests tax assessments received by its subsidiaries in various jurisdictions. Our contested tax assessments have been most prevalent in Brazil, where the tax regime is complex, and the administrative and judicial procedures for resolving disputed tax assessments are expensive and time-consuming. In addition, short of simply paying the entire amount demanded, including penalties, interest, and attorney's fees, it is not possible to settle disputed tax assessments other than by submission for inclusion in formal tax amnesty programs announced by the Brazilian federal or state governments from time to time at irregular intervals. The terms of such amnesty programs vary, but generally offer the possibility of reduced interest and penalties. Historically, Arysta has submitted selected contested tax matters for inclusion in such amnesty programs in Brazil, when it appeared prudent to management to do so. The Company is currently contesting several tax assessments at various stages of the applicable administrative and judicial processes, with a combined amount at

issue, including interest and penalties, of approximately BRL 83.1 million (\$25.5 million, based on the BRL/USD exchange rate of 0.3071 on December 31, 2016). Because tax matters in Brazil historically take many years to resolve, it is very difficult to estimate when these matters will be finally resolved. Based on management's judgments, the Company does not expect it will incur a material loss in excess of accrued liabilities.

In July 2014, a federal court jury in the U.S. District Court for the District of Connecticut found in favor of MacDermid Printing Solutions LLC in litigation against Cortron, Inc. The court entered a judgment in the amount of approximately \$64.7 million. Cortron, Inc. appealed the verdict, and in August 2016 the United States Court of Appeals for the Second Circuit issued a decision in which it reversed the District Court's verdict with respect to certain claims, affirmed with respect to other claims, and remanded to the District Court to recalculate the damages payable to MacDermid Printing Solutions LLC. Accordingly, the amount of the ultimate judgment is subject to further proceedings in the District Court and is, therefore, uncertain. All proceeds from this litigation are subject to the pending litigation provisions of the Business Combination Agreement and Plan of Merger dated as of October 10, 2013.

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In September 2014, the U.S. District Court for the District of New Jersey rendered a summary judgment in favor of MacDermid related to a patent litigation with E.I. du Pont de Nemours and Company. The Court issued summary judgment rulings in favor of MacDermid finding certain E.I. du Pont de Nemours and Company's patents invalid and not infringed. These rulings summarily found against E.I. du Pont de Nemours and Company on all of the patent claims asserted by E.I. du Pont de Nemours and Company in this lawsuit. The ruling, however, leaves the counterclaims made by MacDermid against E.I. du Pont de Nemours and Company in place. E.I. du Pont de Nemours and Company appealed the summary judgment, and in August 2016 the United States Court of Appeals for the Federal Circuit affirmed the District Court's summary judgment rulings. E.I. du Pont de Nemours and Company petitioned the Court of Appeals for a review of the decision en banc, which petition was denied. A trial date for MacDermid's counterclaims against E.I. du Pont de Nemours and Company has not yet been set. All proceeds from this litigation are subject to the pending litigation provisions of the Business Combination Agreement and Plan of Merger dated as of October 10, 2013.

In February 2015, MacDermid, as plaintiff, settled a litigation with Cookson Group plc, Enthone Inc., Cookson Electronics and David North, as defendants, for \$25.0 million. The litigation related to certain corporate activities that occurred between MacDermid and the defendants in 2006 and 2007. On April 3, 2015, the Company received part of the settlement in the amount of \$16.0 million and placed the remainder, net of legal costs, into escrow for future distribution in accordance with the pending litigation provisions of the Business Combination Agreement and Plan of Merger dated as of October 10, 2013.

In March 2016, a class action lawsuit entitled *Dillard v. Platform Specialty Products Corporation, et al.* was filed against Platform and certain of its former and current executive officers in the U.S. District Court for the Southern District of Florida alleging material false and misleading statements relating to our business, operational and compliance policies in light of certain past business practices of Arysta's West Africa business, as disclosed herein and in the 2015 Annual Report. In June 2016, the Court appointed joint lead plaintiffs, and in July 2016, the lead plaintiffs filed an amended complaint with an expanded class period but stating substantially similar claims to those contained in the original complaint. In September 2016, Platform filed a motion to dismiss this complaint. On December 7, 2016, the Court granted the motion to dismiss. On December 14, 2016, the parties submitted a joint stipulation of dismissal, and on December 16, 2016, the Court issued an order closing the case.

#### 17. RELATED PARTY TRANSACTIONS

##### Issuance of Common Stock to the Arysta Seller

On December 13, 2016, Platform settled all of its obligations with respect to the Series B Convertible Preferred Stock and the related make-whole payment obligation in exchange for a cash payment of \$460 million and the issuance of 5.5 million shares of its common stock to the Arysta Seller or one or more of its affiliates. See Note 12, Stockholders' Equity, to the Consolidated Financial Statements, under the heading "Series B Convertible Preferred Stock."

##### RHSA

Immediately prior to the closing of the MacDermid Acquisition, each Retaining Holder entered into a RHSA pursuant to which they agreed to exchange their respective interests in MacDermid Holdings for shares of PDH Common Stock, at an exchange rate of \$11.00 per share plus, with respect to certain equity interests of MacDermid Holdings held by the Retaining Holder, (i) a proportionate share of a contingent interest in certain pending litigation, and (ii) a proportionate share of up to \$100 million of contingent purchase price payable upon the attainment of certain EBITDA and stock trading price performance metrics during the seven-year period following the closing of the MacDermid Acquisition. The resulting non-controlling interest percentage for the Retaining Holders was 6.01% and 6.25% as of December 31, 2016 and 2015, respectively.

Since October 31, 2016, which corresponded to the third anniversary of the MacDermid Acquisition, each Retaining Holder, with the exception of Tartan, remains subject to a contractual lock-up with respect to 25% of the total shares of PDH Common Stock initially received by such Retaining Holder. Tartan members, who hold approximately 6.7 million of shares of PDH common stock, are no longer subject to any contractual lock-up since October 31, 2016. In addition, until the earlier of (i) the seventh anniversary of the MacDermid Acquisition (that is October 31, 2020), and

(ii) such date on which all shares of PDH Common Stock held by Tartan have been exchanged for common stock, Platform has agreed, among certain other covenants, to obtain written consent from Tartan prior to issuing additional securities, or instruments convertible, exchangeable or exercisable for securities.

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#### Advisory Services Agreement

On October 31, 2013, the Company entered into an Advisory Services Agreement with Mariposa Capital, LLC, an affiliate of one of the Company's founder directors. Under this agreement, Mariposa Capital, LLC provides certain advisory services to the Company and is entitled to receive an annual fee equal to \$2.0 million, payable in quarterly installments. This agreement is automatically renewed for successive one-year terms unless either party notifies the other party in writing of its intention not to renew no later than 90 days prior to the expiration of the applicable term. This agreement may only be terminated by the Company upon a vote of a majority of its directors. In the event that this agreement is terminated by the Company, the effective date of the termination will be six months following the expiration of the applicable term. Under this agreement, the Company incurred advisory fees totaling \$2.0 million during each of the years ended December 31, 2016, 2015 and 2014.

#### Registration Rights Agreements

On November 7, 2013, the Company entered into a registration rights agreement with Pershing Square on behalf of funds managed by Pershing Square pursuant to which the Company agreed to file a resale registration statement for the resale of the shares those funds own from time to time promptly after becoming eligible to utilize a Form S-3. The Company became eligible to file a registration statement on Form S-3 on January 23, 2015, and initially filed a registration statement on February 2, 2015 which was declared effective on February 20, 2015.

On May 20, 2014, the Company completed the May 2014 Private Placement. Blue Ridge Limited Partnership, a stockholder of more than 5% of the Company's then issued and outstanding common stock, along with one of its affiliates, Blue Ridge Offshore Master Limited Partnership, purchased an aggregate 1,000,000 shares of the Company's common stock issued in the May 2014 Private Placement, at \$19.00 per share. In connection with the May 2014 Private Placement, the Company granted registration rights to each investor, including Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership. Pursuant to these registration rights agreements, on May 23, 2014, the Company filed the May Resale Registration Statement to register the resale of all of the shares sold in the May 2014 Private Placement, which was amended on June 13, 2014 and declared effective on June 19, 2014. In connection with the October/November 2014 Private Placement, Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership, stockholders of more than 5% of the Company's then issued and outstanding common stock, purchased an aggregate 1,953,888 shares of the Company's common stock, at \$25.59 per share. In addition, Pershing Square, through the Pershing Square Funds, purchased 9,404,064 shares, at \$25.59 per share. A partner of Pershing Square is a member of Platform's board of directors. In connection with the October/November 2014 Private Placement, the Company entered into registration rights agreements with each investor, including Blue Ridge Limited Partnership, Blue Ridge Offshore Master Limited Partnership and Pershing Square on behalf of its funds. Pursuant to these registration rights agreements, on November 3, 2014, the Company filed the November Resale Registration Statement to register the resale of all of the shares sold in the October/November 2014 Private Placement, including the 9,404,064 shares issued to the Pershing Square's funds upon stockholder approval on November 6, 2014. The November Resale Registration Statement was declared effective on November 10, 2014.

#### 18. RESTRUCTURING

The Company continuously evaluates its operations in an effort to identify opportunities to improve profitability by leveraging existing infrastructure to reduce operating costs and respond to overall economic conditions.

Restructuring expenses were recorded as follows in each of the Company's business segments:

	Year Ended		
	December 31,		
(amounts in millions)	2016	2015	2014
Performance Solutions	\$25.0	\$6.9	\$1.5
Agricultural Solutions	6.1	18.4	1.5
Total restructuring	\$31.1	\$25.3	\$3.0

At December 31, 2016 and 2015, the Company's restructuring liability totaled zero and \$1.1 million, respectively, and was included in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets.



PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
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2016 Activity

The restructuring plans initiated within the Performance Solutions segment primarily relate to headcount reductions associated with the integration of the Alent, OMG and OMG Malaysia Acquisitions. The restructuring plans initiated within the Agricultural Solutions segment primarily relate to cost saving opportunities associated with the integration of the Arysta, CAS and Agriphar Acquisitions. There are no material additional costs expected to be incurred related to these discrete restructuring plans.

2015 Activity

The restructuring activity initiated by the Company's Performance Solutions segment primarily related to cost saving opportunities associated with a realignment of the segment's footprint in the United States, which included the sale of one of its legacy manufacturing sites during the third quarter of 2015, and cost saving opportunities associated with the integration of the Alent Acquisition. The restructuring plans initiated by the Company's Agricultural Solutions segment primarily related to cost saving opportunities associated with the integration of the Arysta, CAS and Agriphar Acquisitions. Both segments also incurred expenses related to several overhead cost reduction initiatives. There are no material additional costs expected to be incurred related to these discrete restructuring plans.

2014 Activity

The restructuring activity initiated in 2014 primarily related to the elimination of certain headcount positions as well as several small initiatives targeting cost reduction opportunities.

Restructuring expenses were recorded as follows in the Consolidated Statements of Operations:

(amounts in millions)	Year Ended		
	December 31,		
	2016	2015	2014
Cost of sales	\$0.9	\$6.3	\$—
Selling, technical, general and administrative	30.2	19.0	3.0
Total restructuring	\$31.1	\$25.3	\$3.0

19. OTHER INCOME (EXPENSE), NET

"Other income (expense), net", as reported in the Consolidated Statements of Operations, consisted of the following:

(amounts in millions)	Year Ended December		
	31,		
	2016	2015	2014
Gain on settlement agreement related to Series B Convertible Preferred Stock	\$103.0	\$—	\$—
Loss on debt extinguishment	(11.3 )	—	—
Non-cash change in fair value of preferred stock redemption liability	(5.0 )	—	—
Legal settlements	—	17.7	—
Sale of intellectual property and product rights	4.4	6.1	—
Acquisition put option settlement	—	3.0	—
Other income (expense), net	9.7	3.6	(0.2 )
Total other income (expense), net	\$100.8	\$30.4	\$(0.2)

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20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities", as reported in the Consolidated Balance Sheets, consisted of the following:

(amounts in millions)	December 31,	
	2016	2015
Accrued customer rebates and sales incentives	\$ 120.7	\$ 120.7
Factoring and customer financing arrangements	38.3	71.1
Other current liabilities	238.0	222.4
Total accrued expenses and other current liabilities	\$ 397.0	\$ 414.2

21. NOTE RECEIVABLE

On October 28, 2015, the Company extended a short-term, recourse loan of \$125 million to an unrelated third-party. The loan earned interest at an annual rate of 11% from inception through its settlement in January 2016. During 2015, the Company recognized interest income on the loan of \$2.4 million.

22. SEGMENT INFORMATION

The Company's operations are organized into two reportable segments: Performance Solutions and Agricultural Solutions. The reporting segments represent businesses for which separate financial information is utilized by the chief operating decision maker, or CODM, for purpose of allocating resources and evaluating performance. Each of the reportable segments has its own president, who reports to the CODM.

Performance Solutions – The Performance Solutions segment formulates and markets dynamic chemistry solutions that are used in automotive production, commercial packaging and printing, electronics, and oil and gas production and drilling. Its products include surface and coating materials, functional conversion coatings, electronics assembly materials, water-based hydraulic control fluids and photopolymers. Performance Solutions' products are sold worldwide. In conjunction with the sale of its products, extensive technical service and support is provided to ensure superior performance.

Within this segment, the Company provides specialty chemical solutions to the following five industries; Assembly Solutions, Electronics Solutions, Industrial Solutions, Graphic Solutions, and Offshore Solutions.

Assembly Solutions: The segment develops, manufactures and sells innovative interconnected materials, primarily in the electronics market, used to assemble printed circuit boards and advanced semiconductor packaging.

Electronics Solutions: The segment designs and formulates a complete line of proprietary “wet” dynamic chemistries used by customers to process the surface of the printed circuit boards and other electronic components they manufacture.

Industrial Solutions: The segment's dynamic chemistries are used for finishing, cleaning and providing surface coatings for a broad range of metal and non-metal surfaces which improve the performance or look of a component of an industrial part or process.

Graphic Solutions: The segment produces photopolymers, through an extensive line of flexographic plates, which are used to produce printing plates for transferring images onto commercial packaging, including packaging for consumer food products, pet food bags, corrugated boxes, labels and beverage containers. In addition, the segment also produces photopolymer printing plates for the flexographic and letterpress newspaper and publications markets.

Offshore Solutions: The segment produces water-based hydraulic control fluids for major oil and gas companies and drilling contractors for offshore deep water production and drilling applications.

Agricultural Solutions – The Agricultural Solutions segment is based on a solutions-oriented business model that focuses on product innovation to address an ever-increasing need for higher crop yield and quality. It offers to growers diverse crop-protection solutions from weeds (herbicides), insects (insecticides) and diseases (fungicides), in foliar and seed treatment applications. The segment also offers a wide variety of proven BioSolutions, including biostimulants, innovative nutrition and biocontrol products. It





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emphasizes farmer economics and food safety by combining, when possible, BioSolutions with crop protection and seed treatment agrochemicals.

With products to address every stage of the plant life-cycle, Agricultural Solutions aims to outperform the crop protection chemistry market by focusing on high-growth, high-value and high-differentiation (H<sup>3</sup>). In line with these objectives, in 2016, our Agricultural Solutions segment launched a "H<sup>3</sup> Priority Segments" program, which focuses on five priority segments selected for their potential to deliver accelerated growth and sustained profitability due to their strong solutions orientation. The Company believes that each of these H<sup>3</sup> Priority Segments is a high growth and high value segment that demonstrates a high potential for differentiation.

These H<sup>3</sup> Priority Segments consist of: Crop Establishment, Plant Stress and Stimulation, Resistant Weed Management, Specialty Protection Niches, and Crop Residue Management.

Crop Establishment:	Focuses on seed treatment and in-furrow applications to protect the crop in its early stages.
Plant Stress and Stimulation:	Helps the metabolism of the plant deal with abiotic stresses such as drought and cold, while stimulating it to enhance yields through the use of biostimulants and other solutions.
Resistant Weed Management:	Develops solutions to manage weed resistance of widely used herbicides such as glyphosate.
Specialty Protection Niches:	Creates solutions to fight against niche pests in underserved segments such as mites or bacteria.
Crop Residue Management:	Develops standalone biocontrol solutions or combinations of biocontrol with conventional crop protection to help growers to effectively manage residue levels in fruits & vegetables and address evolving food chain requirements.

Additionally, its Global Value Added Portfolio, or GVAP, consists of agrochemicals in the fungicides, herbicides, insecticides and seed treatment categories, based on patented or proprietary off-patent AIs. Its Global BioSolutions Portfolio, or GBP, includes biostimulants, innovative nutrition and biocontrol products. The segment considers its GVAP and GBP offerings to be key pillars for sustainable growth in the H<sup>3</sup> Priority Segments. In addition, the segment offers regional off-patent AIs and certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary.

#### Segment Performance

The Company evaluates the performance of its operating segments based on net sales and adjusted EBITDA. Adjusted EBITDA for each segment is defined as earnings before interest, taxes, depreciation, and amortization, as further adjusted for additional items included in earnings that are not representative or indicative of each segment's ongoing business. Adjusted EBITDA for each segment also includes an allocation of corporate costs, such as compensation expense and professional fees.

The following table summarizes financial information regarding each reportable segment's results of operations for the periods presented.

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Net Sales:			
Performance Solutions	\$1,770.1	\$800.8	\$755.2
Agricultural Solutions	1,815.8	1,741.5	88.0
Consolidated net sales	\$3,585.9	\$2,542.3	\$843.2
Depreciation and amortization:			
Performance Solutions	\$156.5	\$80.0	\$76.3
Agricultural Solutions	185.8	171.0	11.7
Consolidated depreciation and amortization	\$342.3	\$251.0	\$88.0
Adjusted EBITDA:			
Performance Solutions	\$401.3	\$224.3	\$196.2
Agricultural Solutions	368.2	343.4	16.0

Consolidated adjusted EBITDA	\$769.5	\$567.7	\$212.2
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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles "Net loss attributable to common stockholders" to consolidated Adjusted EBITDA:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Net loss attributable to common stockholders	\$(40.8 )	\$(308.6)	\$(262.6)
Gain on amendment of Series B Convertible Preferred Stock	(32.9 )	—	—
Stock dividend on Founder's preferred shares	—	—	232.7
Net income attributable to the non-controlling interests	(3.0 )	4.2	5.7
Income tax expense (benefit)	28.6	75.1	(6.7 )
Loss before income taxes and non-controlling interests	(48.1 )	(229.3 )	(30.9 )
Adjustments to reconcile to Adjusted EBITDA:			
Interest expense, net	375.7	213.9	37.9
Depreciation expense	75.0	48.9	20.6
Amortization expense	267.3	202.1	67.4
Restructuring expense	31.1	25.3	3.0
Manufacturer's profit in inventory purchase accounting adjustments	11.7	76.5	35.5
Acquisition and integration costs	33.4	122.4	47.8
Non-cash change in fair value contingent consideration	5.1	6.8	29.1
Legal settlement	(2.8 )	(16.0 )	—
Foreign exchange loss on foreign denominated external and internal debt	33.9	46.4	1.1
Fair value loss on foreign exchange forward contract	—	73.7	(0.3 )
Goodwill impairment	46.6	—	—
Gain on settlement agreement related to Series B Convertible Preferred Stock	(103.0 )	—	—
Non-cash change in fair value of preferred stock redemption liability	5.0	—	—
Debt refinancing costs	19.7	—	—
Other expense (income), net	18.9	(3.0 )	1.0
Adjusted EBITDA	\$769.5	\$567.7	\$212.2

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the Company's total net sales by geographic area based on the country where sales were generated:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
United States	\$725.4	\$474.6	\$217.4
Foreign Net Sales:			
Brazil	463.0	380.6	70.9
China	330.6	108.3	87.8
France	227.8	196.8	64.3
Germany	172.9	35.4	22.0
Japan	145.7	166.6	22.9
United Kingdom	145.5	127.3	119.1
Other countries	1,375.0	1,052.7	238.8
Total Foreign Net Sales	2,860.5	2,067.7	625.8
Total consolidated net sales	\$3,585.9	\$2,542.3	\$843.2

The following table provides the Company's total long-lived assets by geographic area:

(amounts in millions)	December 31,	
	2016	2015
United States	\$137.4	\$138.3
Foreign countries		
China	47.3	55.1
France	47.2	50.9
Brazil	36.9	28.7
Germany	30.0	33.0
United Kingdom	23.4	33.6
Other countries	138.3	152.0
Total foreign countries	323.1	353.3
Total long-lived assets, net <sup>(1)</sup>	\$460.5	\$491.6

<sup>(1)</sup> Long-lived assets represent property, plant, and equipment, net.

Total assets by reportable segment as of December 31, 2016 and 2015 are not presented as they are not utilized by the CODM for purposes of allocating resources and evaluating performance.

The following table shows the Company's external party sales by product category for the periods presented:

(amounts in millions)	Year Ended December 31,		
	2016	2015	2014
Performance Solutions			
Assembly Solutions	\$554.5	\$41.1	\$—
Electronics Solutions	525.9	198.8	159.9
Industrial Solutions	445.0	287.8	336.7
Graphic Solutions	171.8	173.9	165.9
Offshore Solutions	72.9	99.2	92.7
Performance Solutions sales	1,770.1	800.8	755.2
Agricultural Solutions <sup>(1)</sup>	1,815.8	1,741.5	88.0
Total consolidated net sales	\$3,585.9	\$2,542.3	\$843.2

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Agricultural Solutions product offerings are comprised of five major global product lines: fungicides and biofungicides; herbicides; insecticides, bioinsecticides and acaricides; biostimulants and innovative nutrition; and seed treatments. However, the segment manages and reports sales on a regional basis, making it impractical to present such data by product line.

## 23. SUPPLEMENTARY DATA

(amounts in millions, except per share amounts)	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Selected Quarterly Financial Data (Unaudited)				
Net sales	\$ 823.8	\$ 921.6	\$ 890.5	\$ 950.0
Gross profit	356.0	380.6	375.1	396.0
Net (loss) income attributable to stockholders	(134.8 )	(8.8 )	71.8	(1.9 )
Net (loss) income attributable to common stockholders	(134.8 )	(8.8 )	104.7	(1.9 )
Basic (loss) earnings per share attributable to common stockholders	\$(0.59 )	\$(0.04 )	\$0.45	\$(0.01 )
Diluted loss per share attributable to common stockholders	\$(0.59 )	\$(0.04 )	\$(0.15 )	\$(0.01 )
	2015			
(amounts in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Selected Quarterly Financial Data (Unaudited)				
Net sales	\$ 534.8	\$ 675.1	\$ 597.3	\$ 735.1
Gross profit	207.1	268.6	242.7	273.5
Net loss attributable to stockholders	(26.7 )	(12.2 )	(140.1 )	(129.6 )
Net loss attributable to common stockholders	(26.7 )	(12.2 )	(140.1 )	(129.6 )
Basic loss per share attributable to common stockholders	\$(0.14 )	\$(0.06 )	\$(0.66 )	\$(0.60 )
Diluted loss per share attributable to common stockholders	\$(0.14 )	\$(0.06 )	\$(0.66 )	\$(0.60 )
	2014			
(amounts in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Selected Quarterly Financial Data (Unaudited)				
Net sales	\$ 183.7	\$ 189.1	\$ 196.8	\$ 273.6
Gross profit	84.2	96.7	103.2	112.5
Net (loss) income attributable to stockholders	(7.4 )	(0.4 )	11.9	(34.0 )
Net (loss) income attributable to common stockholders	(7.4 )	(0.4 )	11.9	(266.7 )
Basic (loss) earnings per share attributable to common stockholders	\$(0.07 )	\$—	\$0.09	\$(1.59 )
Diluted (loss) earnings per share attributable to common stockholders	\$(0.07 )	\$—	\$0.08	\$(1.59 )

Schedule II

Platform Specialty Products Corporation

Valuation and Qualifying Accounts and Reserves

(amounts in millions)	Balance at beginning of period	Charges to costs and expense	Deductions from reserves and other (2)	Balance at end of period
Reserves against accounts receivable (1):				
2016	\$ (14.4 )	\$ (19.0 )	\$ (3.3 )	\$ (36.7 )
2015	(9.6 )	(9.2 )	4.4	(14.4 )
2014	(10.1 )	(1.2 )	1.7	(9.6 )

(1) Primarily consists of reserves for uncollectible accounts.

(2) Other activity consists primarily of currency translation effects.