

Press release Deflamo AB

Deflamo initiates measures for divestment of business or assets and simultaneously considers the possibility to open up for new business direction

Deflamo has developed the technology for the environmental-friendly flame retardant Apyrum. This has provided detailed and valuable knowledge about the use of Apyrum in plasticized plastic and many other materials. During 2017, the Company had one process patent and one product patent approved as a basis for further commercialization.

The company has throughout the years put considerable resources into development and sales and there has been a significant interest in the market for Apyrum. However, the lead times from an initial interest from customers and actual implementation into production are long. The expected regulatory changes which would benefit Apyrum have still not been implemented with full effect. A continued development of the business according to the current business model can therefore be expected to require a financial endurance which is difficult to uphold for a small player like Deflamo. Based on the investor interest in connection with previous capital raisings, the board of directors makes the assessment that further financing of the business in its current form is not realistic. Such financing would be necessary for the company's continued operations on its own according to the current business model. The conclusion is therefore that there is not any basis for the company to continue on its own the development of Deflamo's flame retardant business.

The board of directors assesses that under the current circumstances the best for the shareholders is probably to try to divest the current business, alternatively, inventory and intellectual property rights and settle the ALMI loan of MSEK 2.5 concurrently with considering the conditions for a change of business direction. Such change of direction could occur through for example a reverse takeover after sale of the assets and debt settlement. The board of directors therefor intends to initiate measures in this direction. The company will simultaneously work with finding solutions for existing customers by for example identifying other companies with an interest in taking over the business regarding, above all, one major ongoing customer.

The working capital of the company is still considered sufficient for operating the company at least until May.

A change of business direction will entail requirements from Nasdaq First North for the company to pass a new listing procedure. There are no guarantees that Nasdaq First North approves a new listing after such change of business direction. For performance of measures which require resolution from a shareholders' meeting, such meeting will be convened.

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Read about Deflamo AB at www.deflamo.com

The company is listed on Nasdaq First North. Mangold Fondkommission AB, is Certified Adviser. (Telephone number +46 8 5030 1550, mail address CA@mangold.se)

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