



# Perimeter Solutions SA

Q3 2022 Earnings Call



Certain statements in this presentation and discussion are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on Perimeter Solutions, SA's (the "Company") expectations, intentions and projections regarding the Company's future performance, anticipated events or trends and other matters that are not historical facts. Words such as "anticipate," "estimate," "expect," "forecast," "project," "plan," "intend," "believe," "may," "should," or similar expressions are intended to identify these forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of financial, operational and performance metrics; our growth expectations, opportunities and strategies for each of our business segments and potential positive impact to our financial and operational results; our expectation of potentially significant cost inflation in 2022; our ability to pass on raw material and transportation costs in 2022; the impact of the situation in Ukraine on our supply chain and business; the opportunity to expand our business through strategic acquisitions consistent with our five target economic criteria; our expectations related to historical volume drivers persisting into the future; our ability to deliver long-term equity value creation; our intent to focus on the allocation of our capital and the management of our capital structure to deliver value to our shareholders; our expectations related to opportunities in our Prevention and Protection business; our expectations related to trends driving the global wildfire business; our expectations related to long-term secular growth and the long-term growth of the Company and our long-term market position; and expected capital allocation activities including, but not limited to, expectations relating to capital expenditures and share repurchases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For further information, please refer to the Company's reports and filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

To supplement the financial measures prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), we have included the following non-GAAP financial information in this presentation: EBITDA, adjusted EBITDA, adjusted EBITDA margin and free cash flow. The reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP can be found in the Appendix to this presentation. Because these non-GAAP financial measures exclude certain items as described herein, they may not be indicative of the results that the Company expects to recognize for future periods. As a result, these non-GAAP financial measures should be considered in addition to, and not a substitute for, financial information prepared in accordance with GAAP.

## Goal



*Deliver private equity like returns with the liquidity of a public market*

## Strategy



*Own, operate, and grow uniquely high-quality businesses*

## Target Economic Criteria

- ✓ Recurring and predictable revenue streams
- ✓ Long-term secular growth tailwinds
- ✓ Products that account for critical but small portions of larger value streams
- ✓ Significant free cash flow generation with high ROTC
- ✓ Potential for opportunistic consolidation

Criteria	Commentary
<b>Recurring and Predictable Revenue Streams</b>	<ul style="list-style-type: none"><li>• Best in class metrics around long-term customer retention and growth</li><li>• NA fire season introduces near-term variability, though dampening with growth in prevention/protection and geographic diversification</li></ul>
<b>Long-Term Secular Growth Tailwinds</b>	<ul style="list-style-type: none"><li>• ~10% Fire Safety historical volume CAGR</li><li>• Historical volume drivers expected to persist into the future</li><li>• Nascent Prevention and Protection opportunity can be significant</li></ul>
<b>Products that account for critical but small portions of larger value streams</b>	<ul style="list-style-type: none"><li>• Retardant is the active ingredient, and a critical component, in Wildfire fighting, but consistently represents a low-to-mid single-digit percent of suppression costs</li><li>• Cost of failure involves loss of life and potentially catastrophic property, infrastructure, and environmental damage</li></ul>
<b>Significant Free Cash Generation with High ROTC</b>	<ul style="list-style-type: none"><li>• ~40% Adjusted EBITDA margin</li><li>• ~2% capex as % of revenue</li></ul>
<b>Potential for Opportunistic Consolidation</b>	<ul style="list-style-type: none"><li>• Fire safety tuck-ins are expected to continue</li><li>• We will actively evaluate acquisitions outside of fire safety consistent with our five target economic criteria</li></ul>



## Profitable New Business

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International Opportunity

Prevention & Protection



## Productivity and Cost Improvements

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Annual cost improvements to offset inflation



## Value Based Pricing

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Rigorous value-based pricing methodology across customers & products

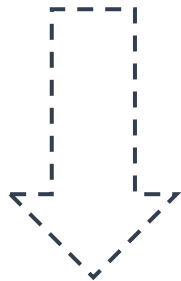


## Capital Allocation

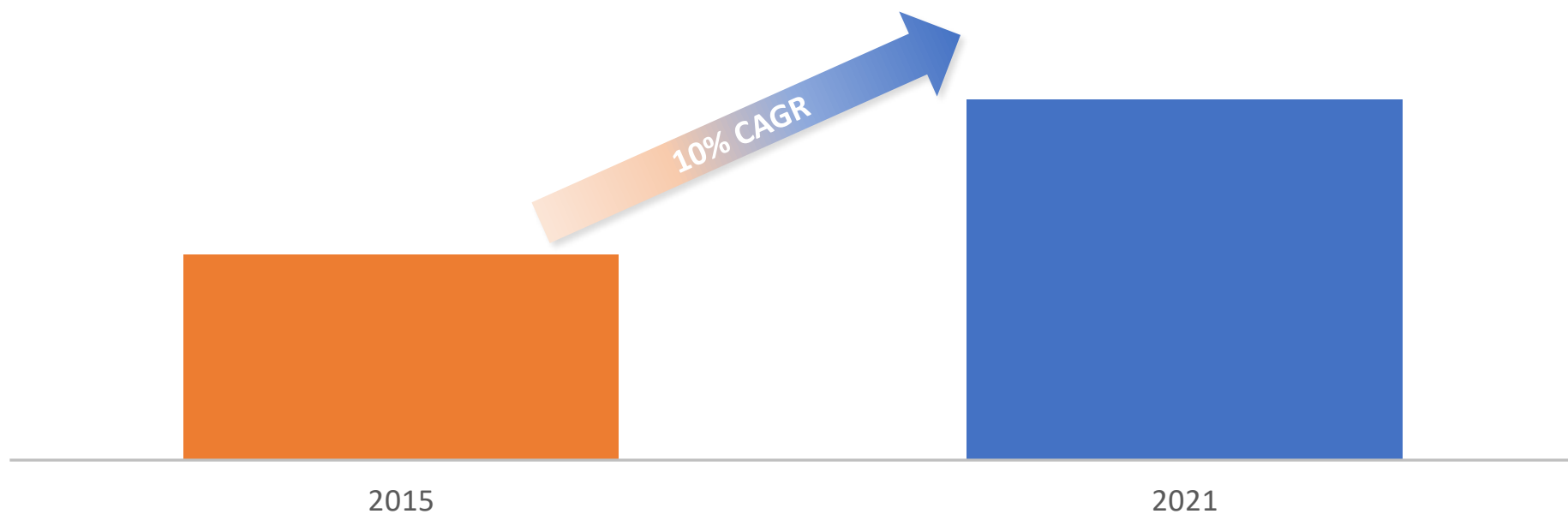
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Fire Safety M&A  
Other M&A  
Share buybacks  
Special dividends

**Retardant Volume Growth** = Acres Burned + Retardant Per Acre



**U.S. Retardant Volume Growth, 2015 - 2021**

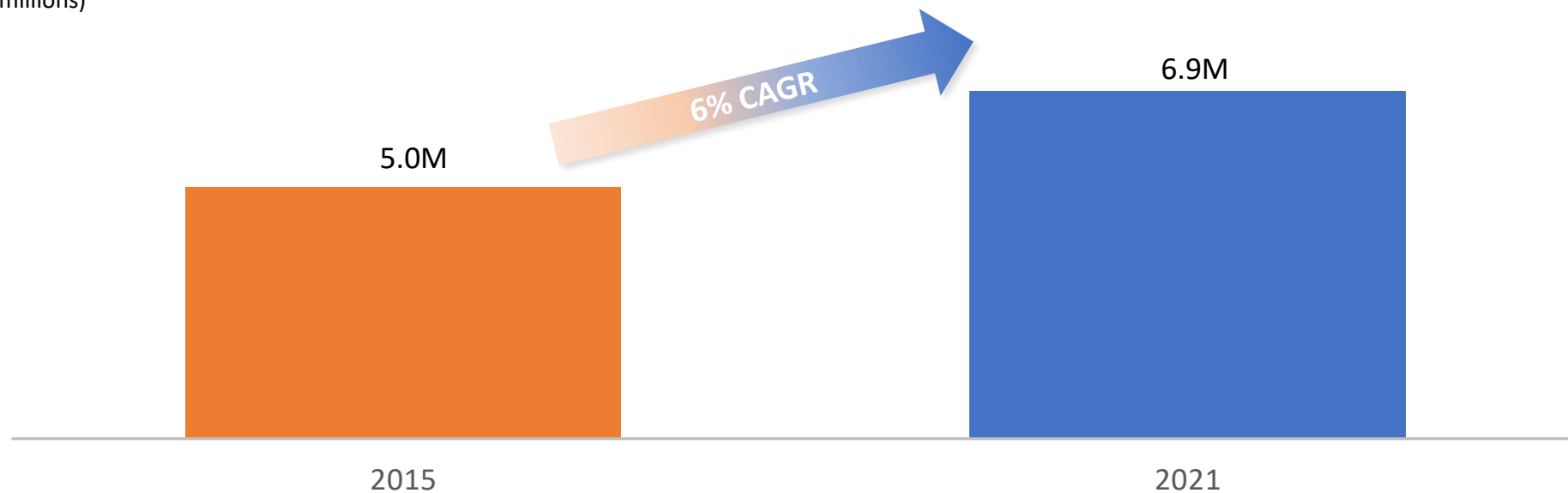


Retardant Volume Growth = Acres Burned + Retardant Per Acre



## U.S. Acres Burned ex-Alaska, 2015 - 2021

Acres (millions)

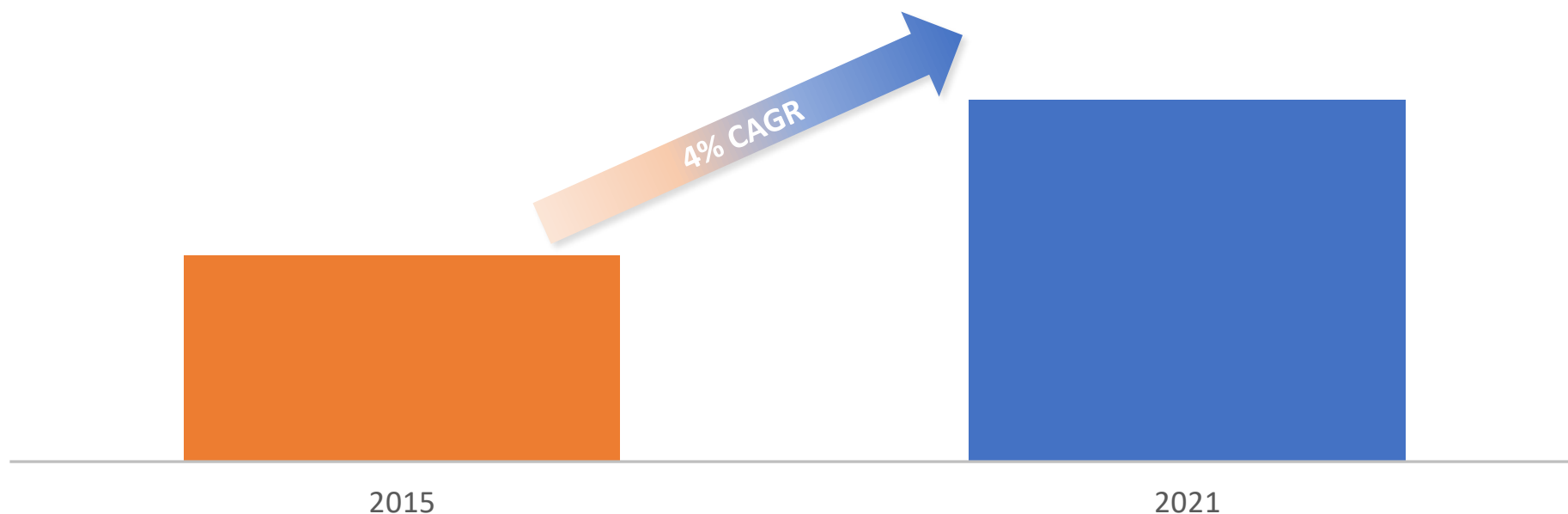


Source: U.S. acres burned data from the National Interagency Fire Center, Alaska acres burned data from the Alaska Department of Natural Resources.

Retardant Volume Growth = Acres Burned + Retardant Per Acre



U.S. Retardant Per Acre, 2015 - 2021





**Retardant Volume Growth = Acres Burned + Retardant Per Acre**



## Historical Growth Drivers

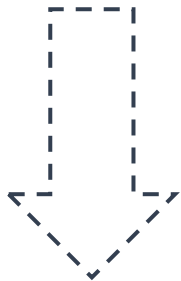
**Increasing Wildland Urban Interface<sup>(1)</sup>**

**Increasing Firefighting Aircraft Capacity<sup>(2)</sup>**

(1) According to Proceedings of the National Academy of Sciences of the United States of America, the Wildland-Urban Interface was the fastest-growing land use type in the conterminous United States from 1990 to 2010, with 97% of that growth the result of new housing.

(2) Since 2010, U.S. aircraft capacity increased significantly and is expected to further increase.

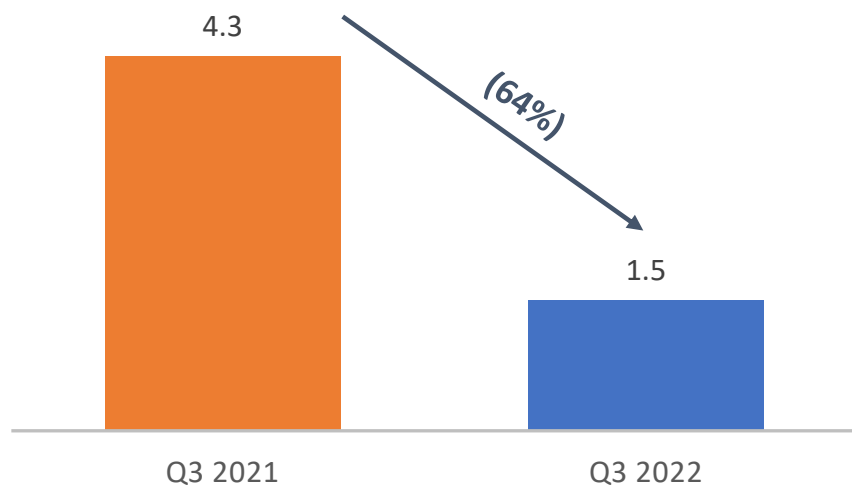
**Retardant Volume Growth** = Acres Burned + Retardant Per Acre



**Long-Term Expectation: Mid-to-High Single Digits**

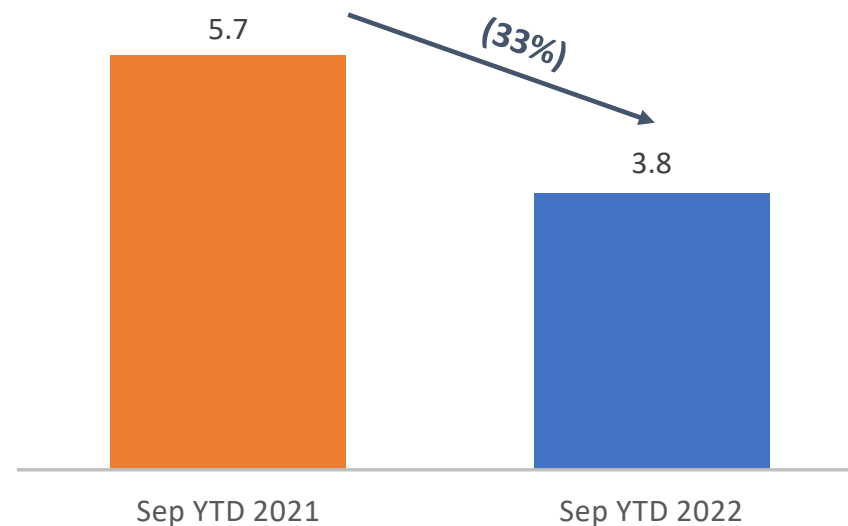
## Q3 U.S. Acres Burned ex-Alaska

Acres (millions)



## YTD U.S. Acres Burned ex-Alaska

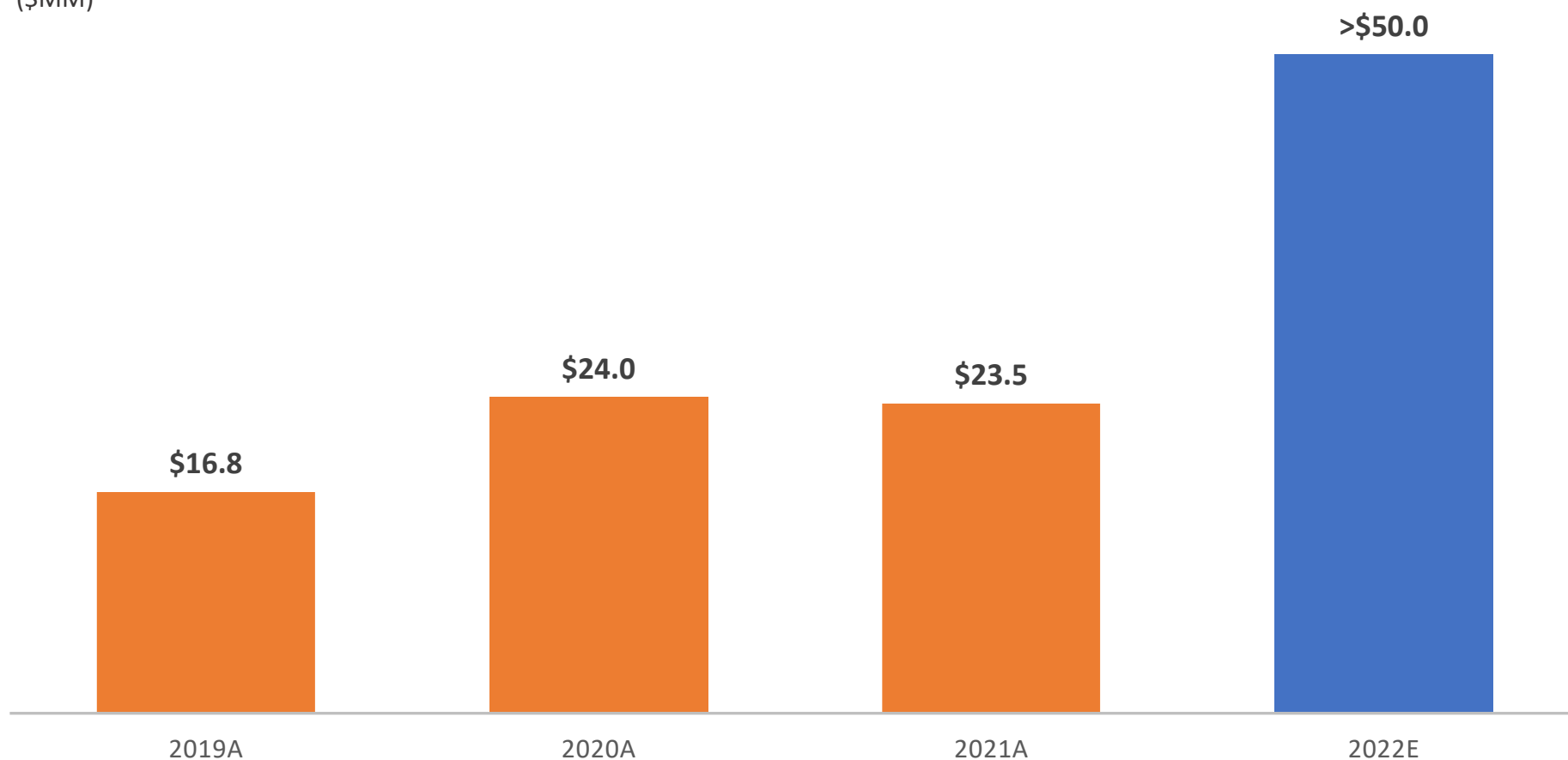
Acres (millions)



Sources: U.S. acres burned data from the National Interagency Fire Center, Alaska acres burned data from the Alaska Department of Natural Resources.

## Specialty Products Adjusted EBITDA, \$MM

Adjusted  
EBITDA  
(\$MM)



## Fire Safety

	<u>Q3 '22</u>	<u>YTD '22</u>
Revenue Growth	-29%	-13%
Adjusted EBITDA Growth	-38%	-30%
Adjusted EBITDA Margin	49%	39%

## Specialty Products

	<u>Q3 '22</u>	<u>YTD '22</u>
Revenue Growth	68%	42%
Adjusted EBITDA Growth	512%	135%
Adjusted EBITDA Margin	40%	37%

## Consolidated

	<u>Q3 '22</u>	<u>YTD '22</u>
Revenue Growth	-18%	1%
Adjusted EBITDA Growth	-25%	-8%
Adjusted EBITDA Margin	47%	39%

# Q3 and YTD Financial Summary

## Fire Safety

(\$000)	<u>Q3 '22</u>	<u>Q3 '21</u>	<u>YTD '22</u>	<u>YTD '21</u>
Revenue	121,963	172,445	207,010	237,256
Adjusted EBITDA	60,363	97,854	81,248	116,680

## Specialty Products

(\$000)	<u>Q3 '22</u>	<u>Q3 '21</u>	<u>YTD '22</u>	<u>YTD '21</u>
Revenue	38,546	22,969	112,222	79,204
Adjusted EBITDA	15,264	2,496	42,038	17,919

## Consolidated

(\$000)	<u>Q3 '22</u>	<u>Q3 '21</u>	<u>YTD '22</u>	<u>YTD '21</u>
Revenue	160,509	195,414	319,232	316,460
Adjusted EBITDA	75,627	100,350	123,286	134,599

Item	Assumption
Interest Expense	~\$40M annually
Tax-deductible D&A	~\$10M annually
Tax Rate	~26% <sup>(1)</sup>
Capital Expenditures	~\$10M annually
Change In Working Capital	~10-20% of the $\Delta$ in revenue
Current Basic Shares Outstanding	~162M <sup>(2)</sup>

(1) Excluding impacts from purchase accounting, transaction related costs, and certain loss jurisdictions.

(2) As of the end of the current reported period.

# Diluted Share Count

Category	QTD Shares (M)
Wtd. Avg. Basic Shares Outstanding	162.6
1 Performance-Based Options and Warrants	0.0
2 Fixed Annual Advisory Shares	14.1
3 Variable Annual Advisory Shares	0.0
Wtd. Avg. Diluted Shares Outstanding	176.7

*Dilutive impact of performance-based stock options and warrants*

*Dilutive impact of shares issuable under the Fixed Annual Advisory Amount between Q1 2023 and Q1 2028 (required to be included in their entirety in each reporting period for accounting purposes)*

*Dilutive impact of shares issuable under the Variable Annual Advisory Amount*

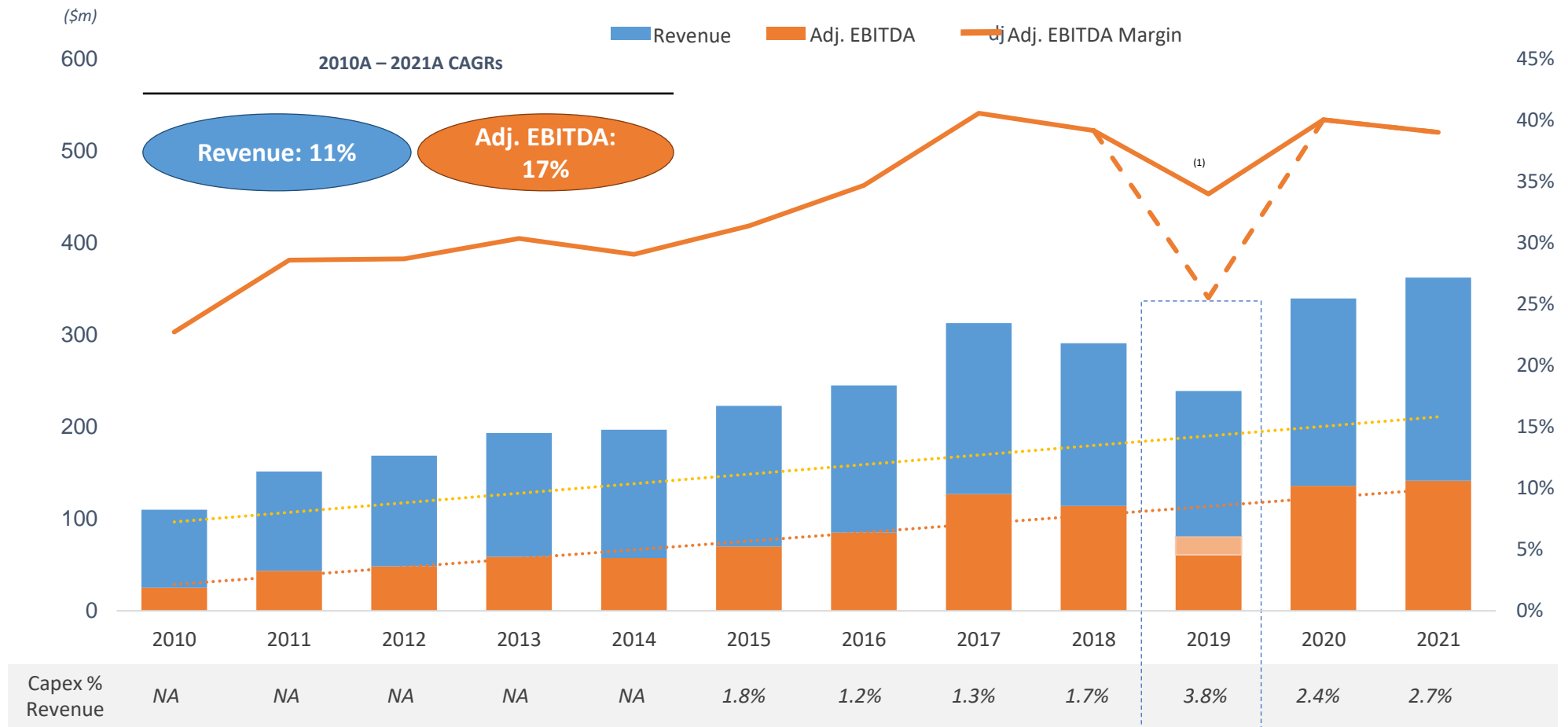




# Supplementary Slides

**Solutions That Save.**

# Long-Term Growth Track Record



Source: Company information

1) Expected margin based on actual 2019 revenue performance and projected fixed/variable cost modelling. Actual 2019 margin impacted by:

- i. Closed acquisitions which operated at lower margins.
- ii. Record sales by Australia distributor which operated at lower margins.
- iii. Outages at significant Oil Additives customers which negatively impacted margins.

2) Defined as total US acres burned ex-Alaska

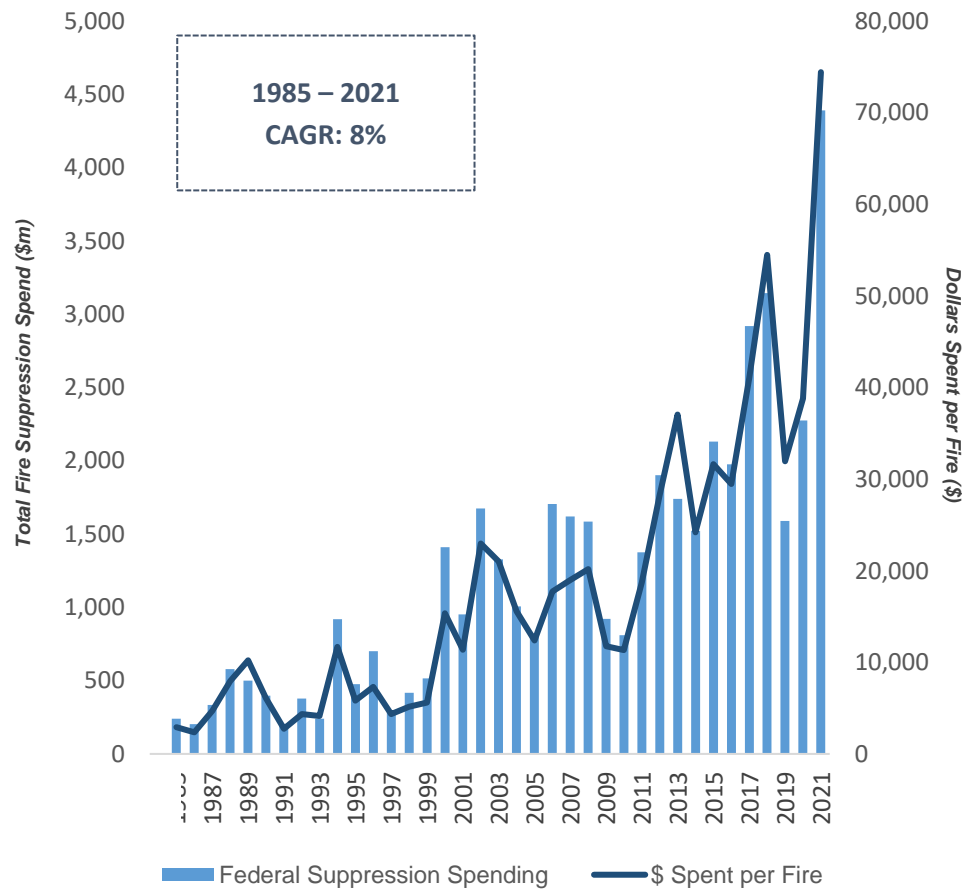
Lowest US fire season since 2004<sup>(2)</sup>

<b>Product Qualification</b>	<ul style="list-style-type: none"><li>• Extensive performance, safety, and environmental testing driven by stringent regulatory and qualification requirements of the U.S. Forest Service</li></ul>
<b>Full Service Requirement</b>	<ul style="list-style-type: none"><li>• Perimeter provides a comprehensive, integrated product and service offering<ul style="list-style-type: none"><li>• Perimeter manages all aspects of Full Service base operations, including inventory, storage, mixing, and aircraft loading</li><li>• Perimeter owns nearly all the equipment, and provides and manages the personnel</li></ul></li><li>• Perimeter also provides highly specialized equipment and services:<ul style="list-style-type: none"><li>• Mobile Retardant Units to support forward base operations</li><li>• Specialized ground application equipment that can operate 24/7</li></ul></li><li>• Combination of mission-critical product and service capabilities positions Perimeter as a unique partner where failure is not an option</li></ul>
<b>Supply Chain Complexity</b>	<ul style="list-style-type: none"><li>• USFS bases carry as little as one day inventory and require frequent replenishment when busy</li><li>• Perimeter's strategically located supply chain delivers nearly anywhere in NA within hours</li></ul>
<b>Strong Customer Relationships</b>	<ul style="list-style-type: none"><li>• Strong, long-standing relationships with customers lasting &gt;30 years</li><li>• Consistent new product introductions pulled by customer demand</li></ul>

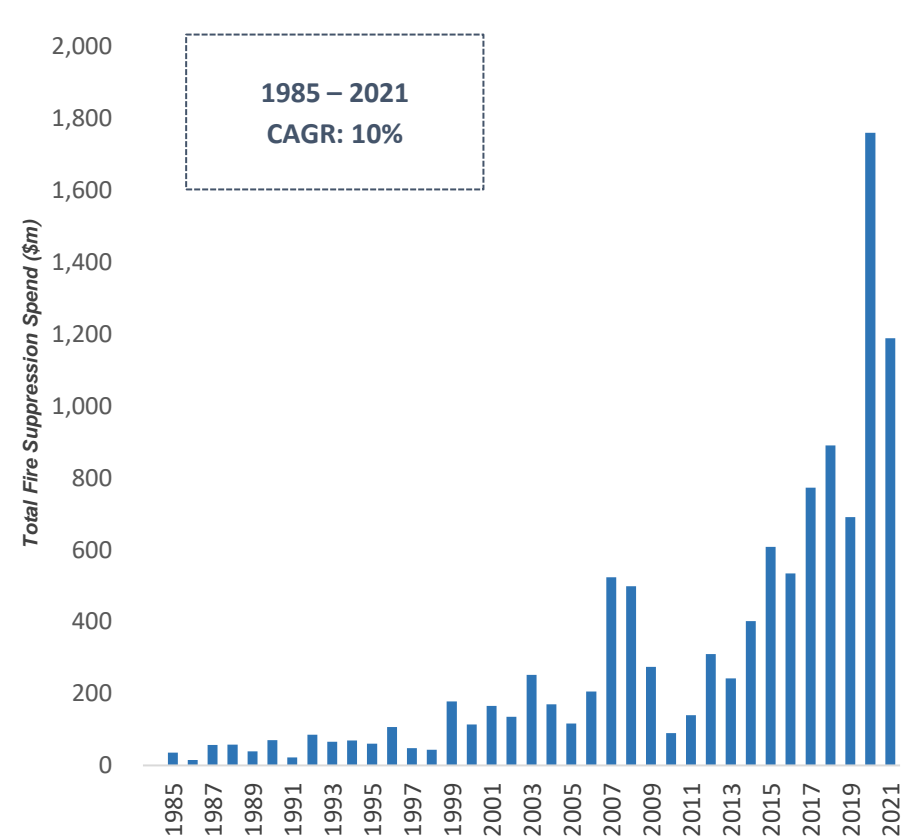
# Long-Term Fire Safety Volume Growth

## Domestic wildfire suppression spend is growing

### Federal Fire Suppression Spend



### California Fire Suppression Spend



Note: Data based December year end; California has been calendarized  
Sources: National Interagency Fire Center; CAL FIRE

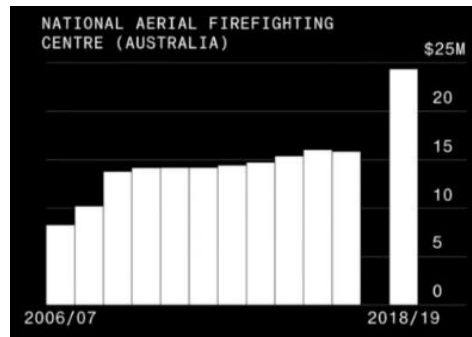
## Wildfire severity and suppression spend are increasing globally

### Australia Overview



- Australia's annual federal spend on aerial firefighting has steadily increased over the past 15 years

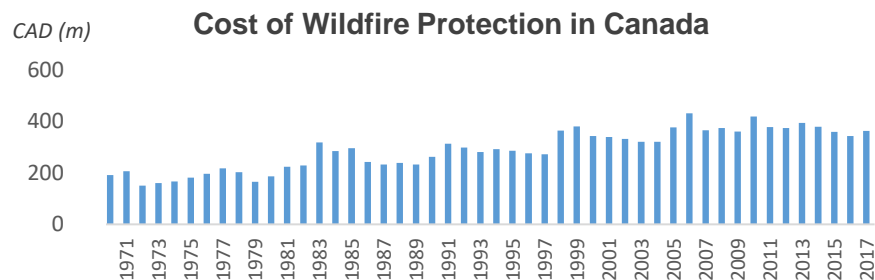
#### Annual Costs for Australian Firefighting Aviation Program



### Canada Overview



- Researchers at the Canadian Forest Service project that wildland fire protection expenditures are projected to continue to increase rapidly, particularly in western Canada

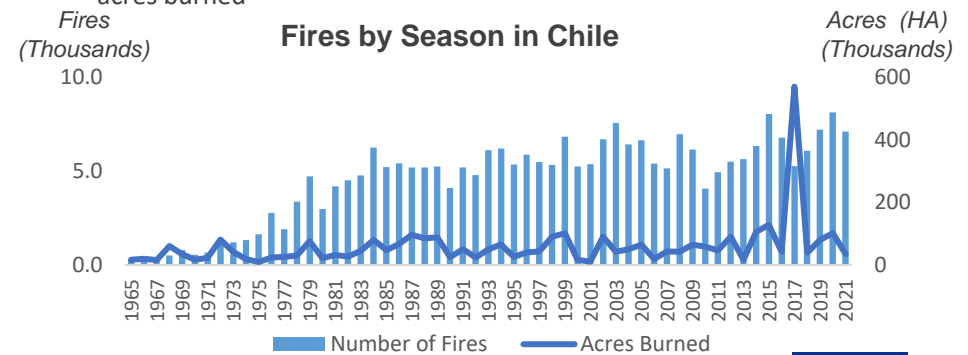


Sources: Corporacion Nacional Forestal; European Environment Agency; Statista; Government of Canada; Wildfire Today

### Chile Overview



- The number of forest fires in Chile has increased over the last two decades, along with an increase in fire intensity as measured by acres burned

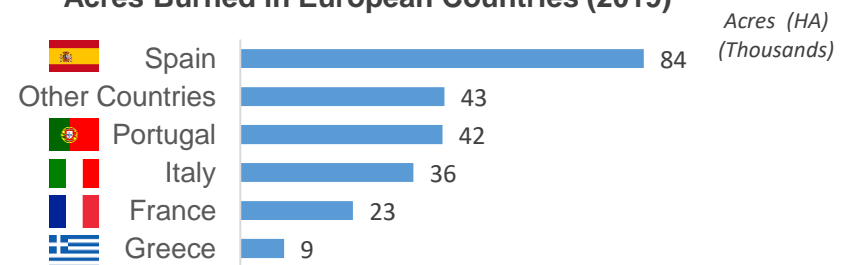


### Europe Overview



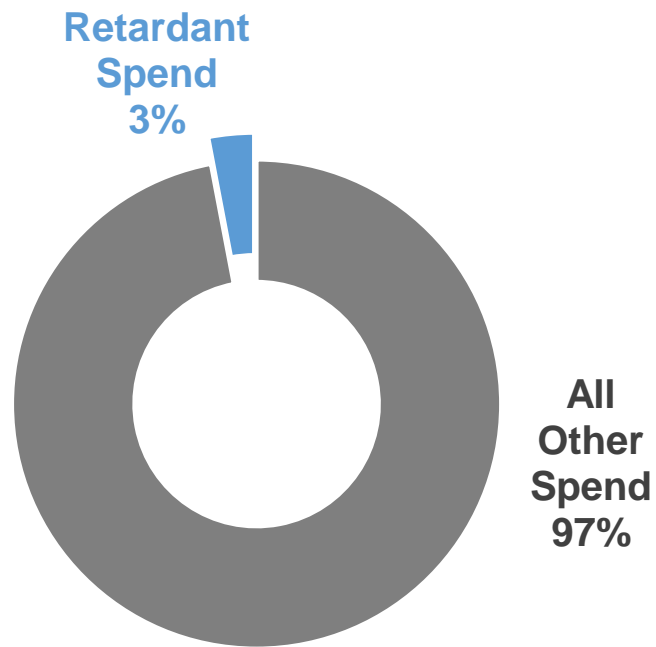
- Longer fire seasons and more severe fire weather are projected across most regions of Europe by the European Environment Agency

#### Acres Burned in European Countries (2019)

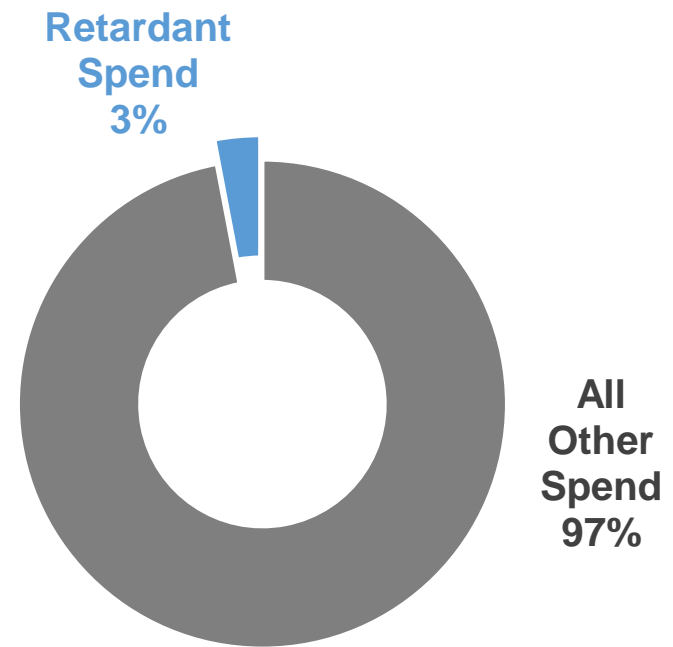


Retardant is the active ingredient, and a critical component, in wildfire fighting, but represents ~3% of suppression costs

Fire Retardant as a % of Federal Suppression Spend



Fire Retardant as a % of California Suppression Spend



Note:

- 1) Federal: Based on 2021 US Federal retardant spend as % of Suppression-Only Federal Firefighting Costs
- 2) CA: Based on 2021 CA retardant spend as % of 2020-2021 California Department of Forestry and Fire Protection Emergency Fund Fire Suppression Expenditures

1

**Provide customers with high-value products and exceptional service**

2

**Maintain a decentralized and autonomous organization structure**

3

**Implement a compensation system that closely aligns management with shareholders**

4

**Follow our value-based operating methodology based on our three value driver concepts**

5

**Closely manage our capital structure to optimize value creation**

- Approximately 10.2M stock options issued to management, employees, and directors
  - Vest ratably over five years based on intrinsic share price growth
- Founder Advisory Agreement pertaining to the EverArc Founders
  - Fixed Annual Advisory Amount equal to 1.5% of 157,137,410 Ordinary Shares outstanding at Business Combination, paid annually until the year ending 12/31/2027
  - Variable Annual Advisory Amount based on the appreciation of the market price of ordinary shares if such market price exceeds certain trading price minimums, paid annually until the year ending 12/31/2031
  - Fixed and Variable Annual Advisory Amounts apply solely to 157,137,410 Ordinary Shares outstanding at Business Combination
  - At least 50% of the Fixed and Variable Annual Advisory Amounts will be paid in Ordinary Shares and remainder in cash, with any cash portion intended to cover taxes





# Appendix

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# Non-GAAP Financial Metrics (Consolidated)

<b>Adjusted EBITDA</b>				
(\$000)	<u>Q3 '22</u>	<u>Q3 '21</u>	<u>YTD '22</u>	<u>YTD '21</u>
Income before income taxes	\$ 113,227	\$ 70,646	\$ 147,437	\$ 42,783
Depreciation and Amortization	16,450	15,212	49,536	45,593
Interest and financing costs	9,944	8,065	32,582	23,951
Founders' advisory fees - related party	(73,713)	-	(154,026)	-
Non-recurring expenses	1,168	3,855	4,788	12,805
Share-based compensation expense	6,832	-	19,297	-
Non-cash purchase accounting impact	658	-	27,973	-
(Gain) loss on contingent earn-out	(3,644)	-	(13,042)	2,763
Management fees	-	313	-	937
Contingent future payments	-	625	-	1,875
Unrealized foreign currency loss (gain)	4,705	1,634	8,741	3,892
Adjusted EBITDA	<u>\$ 75,627</u>	<u>100,350</u>	<u>\$ 123,286</u>	<u>\$ 134,599</u>
Net Sales	\$ 160,509	\$ 195,414	\$ 319,232	\$ 316,460
Adjusted EBITDA Margin	47%	51%	39%	43%





# Thank You!

## Solutions That Save.

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