



Perimeter Solutions SA

Q4 and Full Year 2023 Earnings Call

February 22, 2024



Solutions That Save.

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," "continue," "will," "should," or similar expressions are intended to identify these forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding (i) estimates and forecasts of financial, operational and performance metrics, including, but not limited to, Adjusted EBITDA and capital expenditures; (ii) our growth expectations, opportunities and strategies and potential positive impact to our financial and operational results; (iii) our long-term assumptions; (iv) the opportunity to expand our business through strategic acquisitions consistent with our five target economic criteria; (v) our expectations related to historical volume drivers persisting into the future; (vi) our ability to deliver long-term equity value creation; (vii) our expectations related to trends driving the global wildfire business; (viii) our expectations regarding our ability to perform in a normalized demand environment; (ix) our Fire Safety financial results; and (x) expected capital allocation activities including, but not limited to, expectations relating to capital expenditures, acquisitions, dividends 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: adjusted EBITDA and adjusted EBITDA margin. 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



Profitable New Business

International Opportunity

Prevention & Protection



Productivity and Cost Improvements

Annual cost improvements to offset inflation



Value Based Pricing

Rigorous value-based pricing methodology across customers & products



Capital Allocation

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

Q4 and Full Year 2023 Financial Summary

Fire Safety

(\$000)	<u>Q4 '22</u>	<u>Q4 '23</u>	<u>% Change</u>	<u>FY '22</u>	<u>FY '23</u>	<u>% Change</u>
Revenue	19,573	35,390	81%	226,583	225,554	0%
Adjusted EBITDA	(3,883)	7,005	280%	77,365	76,214	-1%
Adjusted EBITDA Margin	-20%	20%		34%	34%	

Specialty Products

(\$000)	<u>Q4 '22</u>	<u>Q4 '23</u>	<u>% Change</u>	<u>FY '22</u>	<u>FY '23</u>	<u>% Change</u>
Revenue	21,700	24,065	11%	133,922	96,554	-28%
Adjusted EBITDA	5,988	4,207	-30%	48,026	20,573	-57%
Adjusted EBITDA Margin	28%	17%		36%	21%	

Consolidated

(\$000)	<u>Q4 '22</u>	<u>Q4 '23</u>	<u>% Change</u>	<u>FY '22</u>	<u>FY '23</u>	<u>% Change</u>
Revenue	41,273	59,455	44%	360,505	322,108	-11%
Adjusted EBITDA	2,105	11,212	433%	125,391	96,787	-23%
Adjusted EBITDA Margin	5%	19%		35%	30%	

Item	Assumption
Interest Expense	~\$40M annually
Tax-deductible D&A	~\$10M annually
Tax Rate	~26% ⁽¹⁾
Capital Expenditures	~\$10-15M annually
Change In Working Capital	~10-20% of the Δ in revenue
Current Basic Shares Outstanding	~146.5M ⁽²⁾

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

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

Appendix

Trusted. Solutions That Save.

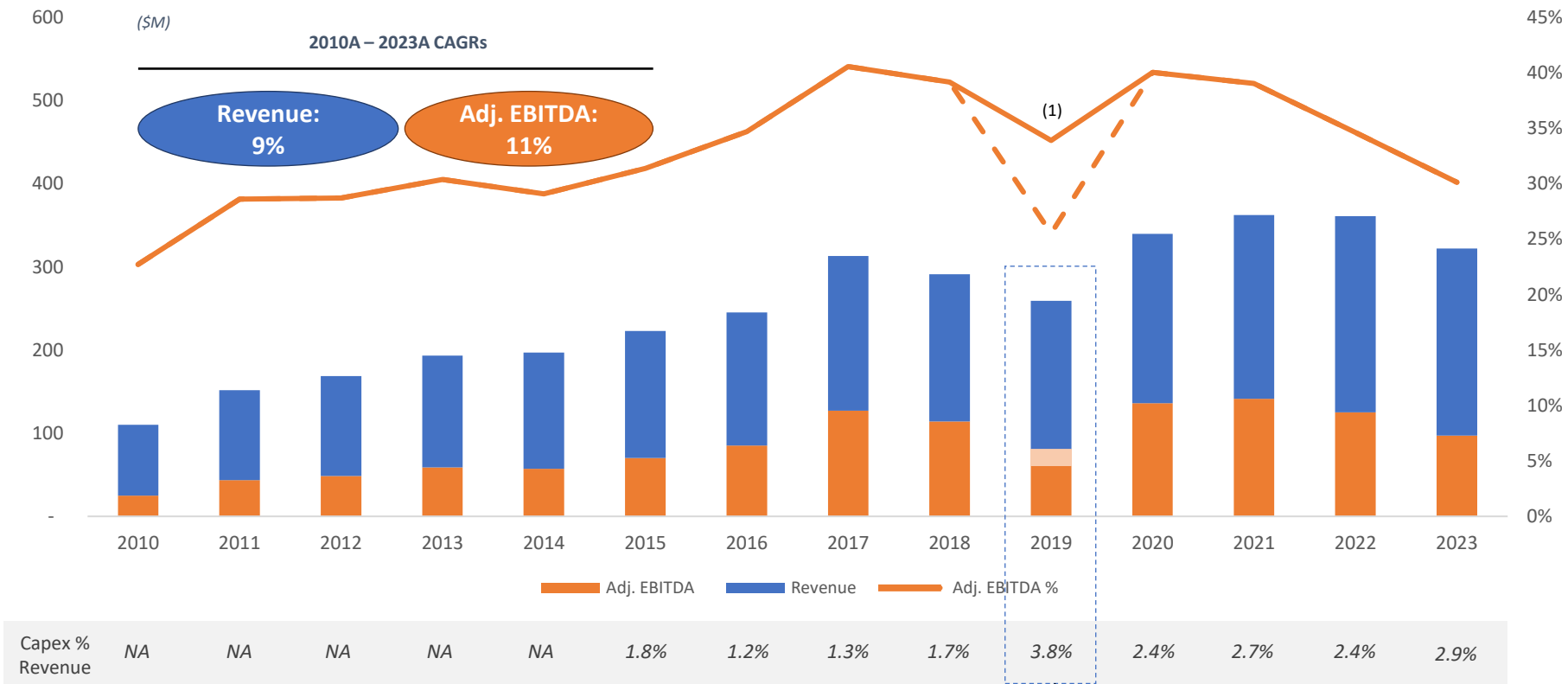
Category	FY-23 Shares (M)
Wtd. Avg. Basic Shares Outstanding	154.7
1 Performance-Based Options and Warrants	0.0
2 Fixed Annual Advisory Shares	11.8
3 Variable Annual Advisory Shares	0.0
Wtd. Avg. Diluted Shares Outstanding	166.5

Dilutive impact of performance-based stock options and warrants

Dilutive impact of shares issuable under the Fixed Annual Advisory Amount between Q1 2024 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

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⁽²⁾

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

Positioned for Continued Market Leadership

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

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 11.2M stock options outstanding 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

Non-GAAP Financial Metrics (Consolidated)

Adjusted EBITDA

(\$000)	<u>Q4 '22</u>	<u>Q4 '23</u>	<u>FY '22</u>	<u>FY '23</u>
Income (loss) before income taxes	(65,133)	(17,334)	97,227	61,583
Depreciation and amortization	16,259	16,362	65,795	64,855
Interest and financing expense	10,003	10,440	42,585	41,378
Founders advisory fees - related party	36,724	325	(117,302)	(108,481)
Intangible impairment	-	-	-	40,738
Non-recurring expenses	2,097	2,104	6,885	4,046
Share-based compensation expense	7,098	1,726	14,649	1,596
Non-cash purchase accounting impact	-	-	24,796	-
(Gain) loss on contingent earn-out	336	-	(12,706)	(7,273)
Unrealized foreign currency loss	<u>(5,279)</u>	<u>(2,411)</u>	<u>3,462</u>	<u>(1,655)</u>
Adjusted EBITDA	<u>2,105</u>	<u>11,212</u>	<u>125,391</u>	<u>96,787</u>
Net Sales	41,273	59,455	360,505	322,108
Adjusted EBITDA Margin	5%	19%	35%	30%

A grayscale photograph of a firefighter in silhouette, wearing a helmet and holding a hose, spraying water into a smoky, forested area. The scene is hazy with smoke or steam rising from the ground. A large red diagonal stripe runs from the top left corner towards the bottom left.

Thank You!



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