

Perimeter Solutions SA

Q2 2023 Earnings Call

August 3, 2023



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," "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 the 2023 fire season; (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

Q2 and YTD Financial Summary

Fire Safety

	<u>Q2 '23</u>	<u>YTD '23</u>
Revenue Growth	-20%	-15%
Adjusted EBITDA Growth	-32%	-37%
Adjusted EBITDA Margin	31%	18%

Specialty Products

	<u>Q2 '23</u>	<u>YTD '23</u>
Revenue Growth	-33%	-35%
Adjusted EBITDA Growth	-61%	-59%
Adjusted EBITDA Margin	19%	23%

Consolidated

	<u>Q2 '23</u>	<u>YTD '23</u>
Revenue Growth	-25%	-24%
Adjusted EBITDA Growth	-41%	-49%
Adjusted EBITDA Margin	28%	20%

Q2 and YTD Financial Summary

Fire Safety

(\$000)	<u>Q2 '23</u>	<u>Q2 '22</u>	<u>YTD '23</u>	<u>YTD '22</u>
Revenue	53,140	66,577	71,884	85,047
Adjusted EBITDA	16,532	24,219	13,171	20,885

Specialty Products

(\$000)	<u>Q2 '23</u>	<u>Q2 '22</u>	<u>YTD '23</u>	<u>YTD '22</u>
Revenue	22,997	34,388	48,111	73,676
Adjusted EBITDA	4,458	11,463	10,935	26,774

Consolidated

(\$000)	<u>Q2 '23</u>	<u>Q2 '22</u>	<u>YTD '23</u>	<u>YTD '22</u>
Revenue	76,137	100,965	119,995	158,723
Adjusted EBITDA	20,990	35,682	24,106	47,659

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	~154.5M ⁽²⁾

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

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

Category	Q2-23 Shares (M)
Wtd. Avg. Basic Shares Outstanding	156.5
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	168.3

Dilutive impact of performance-based stock options and warrants

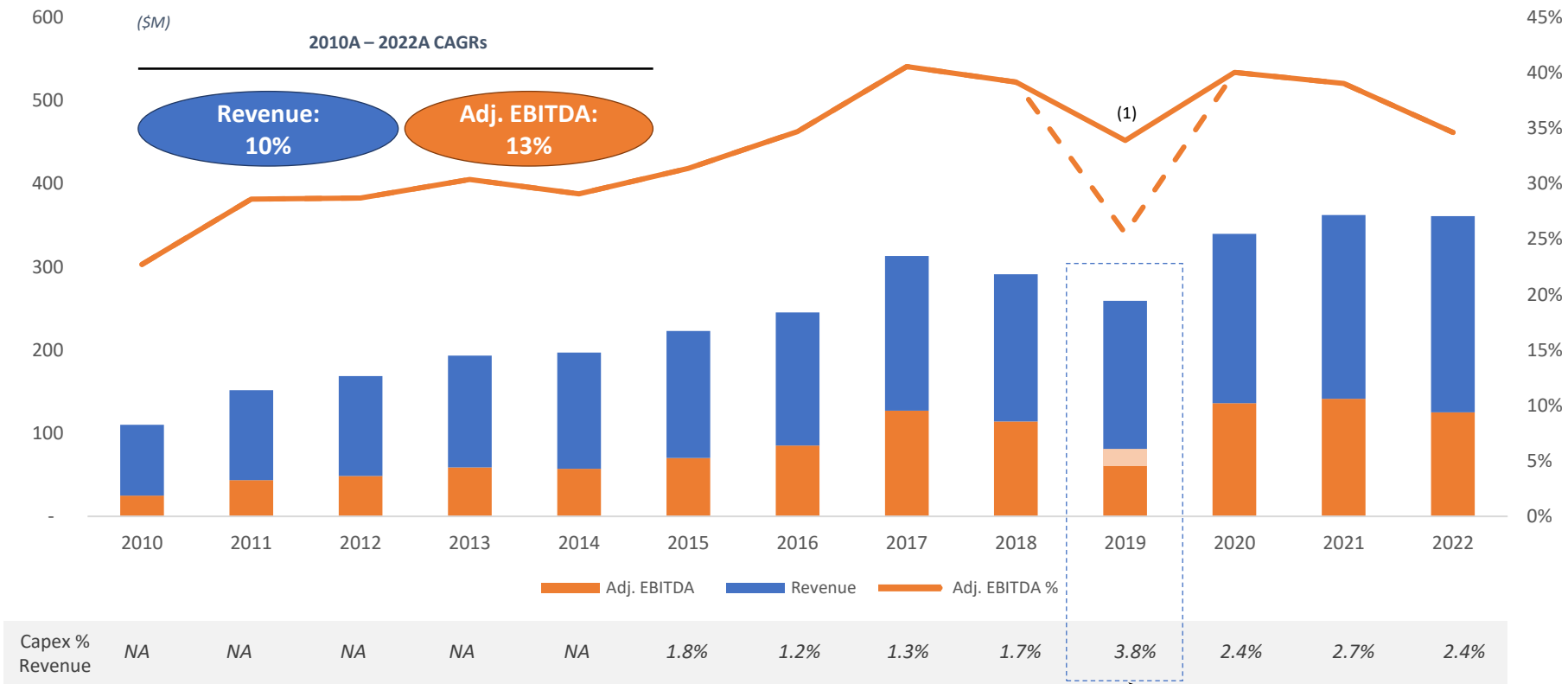
Dilutive impact of shares issuable under the Fixed Annual Advisory Amount between Q1 2024 and Q1 2028 (required to be included in their entirety in each reporting period for accounting purposes)

Dilutive impact of shares issuable under the Variable Annual Advisory Amount

Supplementary Slides

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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⁾

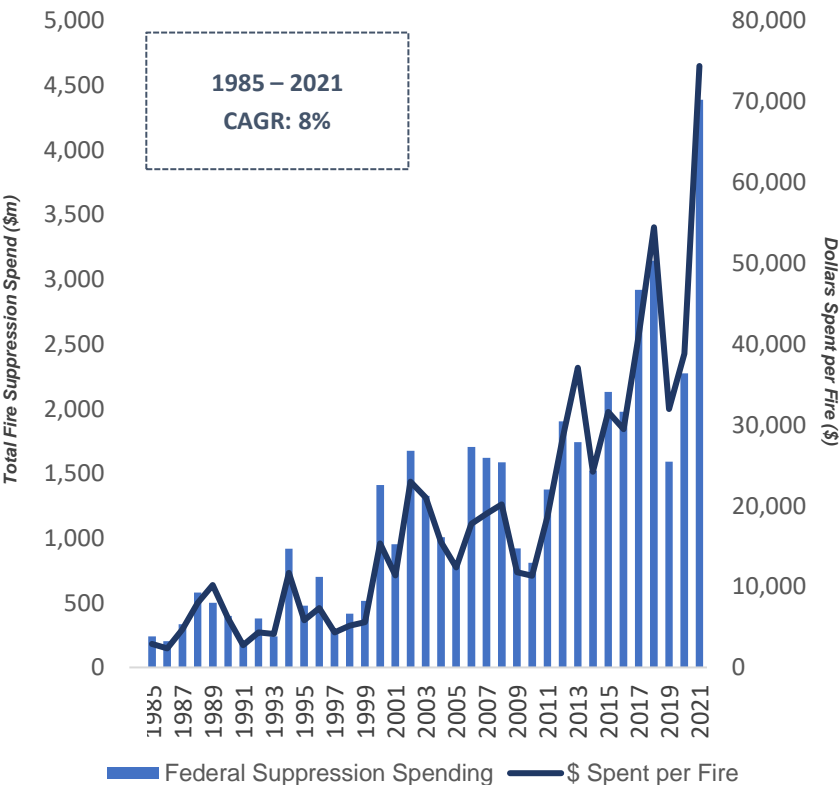
Criteria	Commentary
Recurring and Predictable Revenue Streams	<ul style="list-style-type: none"> • Best in class metrics around long-term customer retention and growth • NA fire season introduces near-term variability, though dampening with growth in prevention/protection and geographic diversification
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

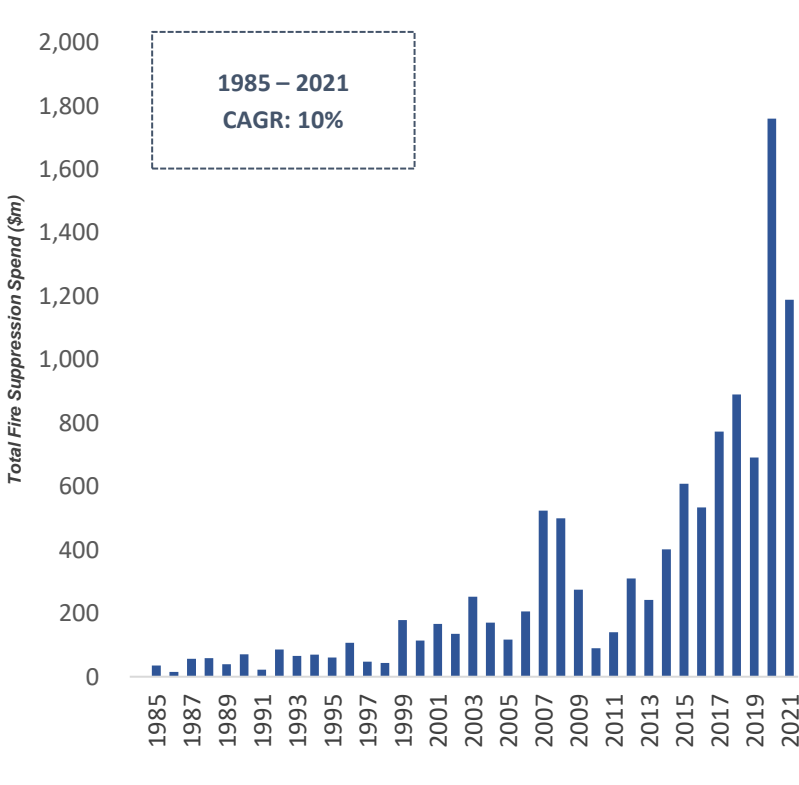
Product Qualification	<ul style="list-style-type: none">• Extensive performance, safety, and environmental testing driven by stringent regulatory and qualification requirements of the U.S. Forest Service
Full-Service Requirement	<ul style="list-style-type: none">• Perimeter provides a comprehensive, 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

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

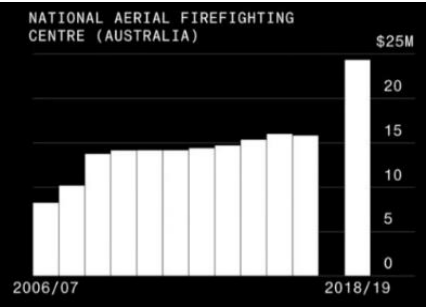
Wildfire severity and suppression spend are increasing globally

Australia Overview



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

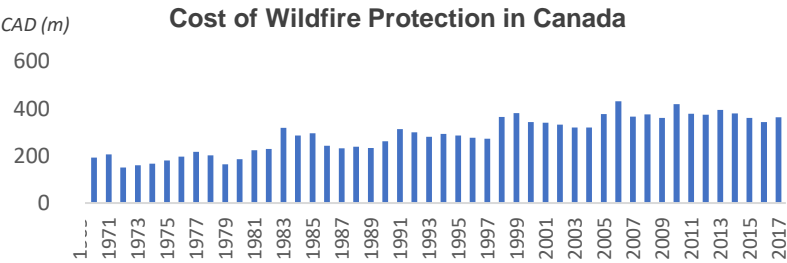
Annual Costs for Australian Firefighting Aviation Program



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

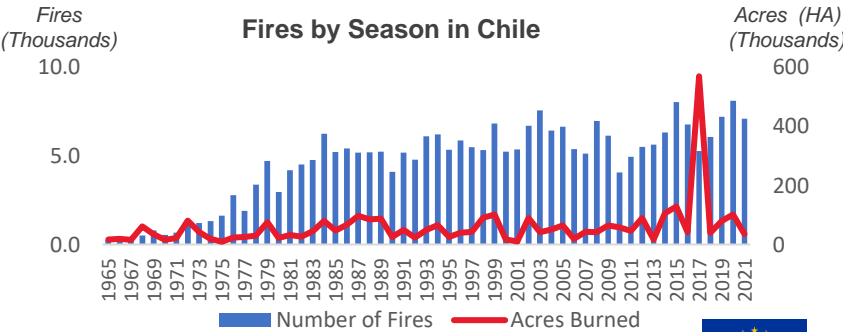


Sources: Corporacion Nacional Forestal; European Environment Agency; Statista; Government of Canada; Wildfire Today

Chile Overview



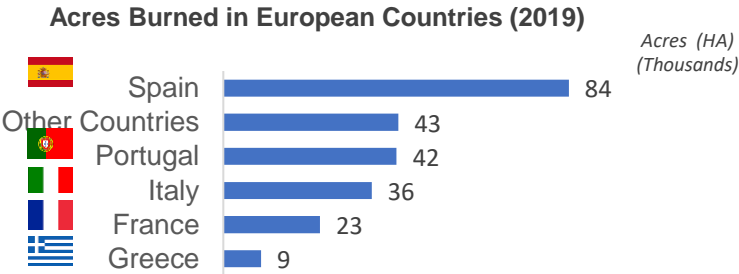
- The number of forest fires in Chile has increased over the last two decades, along with an increase in fire intensity as measured by acres burned



Europe Overview



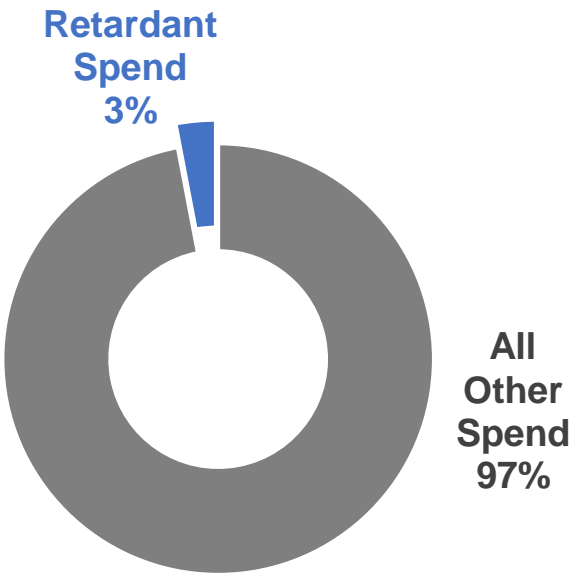
- Longer fire seasons and more severe fire weather are projected across most regions of Europe by the European Environment Agency



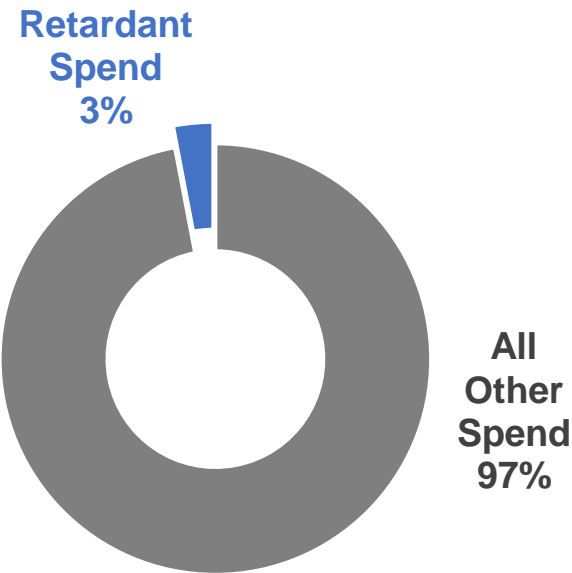
Critical Service Representing a Fraction of Spend

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 11.2M stock options granted 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)

Adjusted EBITDA

(\$000)	<u>Q2 '23</u>		<u>Q2 '22</u>		<u>YTD '23</u>		<u>YTD '22</u>	
Income before income taxes	\$	52,747	\$	9,939	\$	55,856	\$	41,456
Depreciation and Amortization		16,130		16,715		32,217		33,086
Interest and financing costs		10,344		12,142		20,490		22,638
Founders' advisory fees - related party		(60,026)		(20,465)		(84,262)		(80,313)
Non-recurring expenses		361		2,144		1,920		3,620
Share-based compensation expense		1,195		3,433		(1,879)		8,396
Non-cash purchase accounting impact		-		18,016		-		24,138
(Gain) Loss on contingent earn-out		146		(9,398)		392		(9,398)
Unrealized foreign currency loss (gain)		93		3,156		(628)		4,036
Adjusted EBITDA	\$	20,990		35,682	\$	24,106	\$	47,659
Net Sales	\$	76,137	\$	100,965	\$	119,995	\$	158,723
Adjusted EBITDA Margin		28%		35%		20%		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!

Three slanted bars in yellow, orange, and red.

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