

August 3, 2023



Perimeter Solutions Reports Second Quarter 2023 Financial Results

Fire Safety results down YoY, though significantly outperform the 70% YTD decline in U.S. acres burned ex-Alaska

International retardant markets, and global Suppressants business, continue their strong performance

Specialty Products fundamentals solid despite a continued weak end-market

Over \$26 million in share repurchases in Q2 2023

Clayton, Missouri--(Newsfile Corp. - August 3, 2023) - Perimeter Solutions, SA (NYSE: PRM) ("Perimeter" or the "Company"), a leading provider of mission-critical firefighting products and services, as well as high-quality specialty chemicals, today reported financial results for its second quarter ended June 30, 2023.

Second Quarter 2023 Results

- Net sales decreased 25% to \$76.1 million in the second quarter, as compared to \$101.0 million in the prior-year quarter.
 - Fire Safety sales decreased 20% to \$53.1 million, as compared to \$66.6 million in the prior-year quarter.
 - Specialty Products sales decreased 33% to \$23.0 million, as compared to \$34.4 million in the prior-year quarter.
- Net income during the second quarter was \$52.0 million, or \$0.31 per diluted share, an increase of \$43.1 million from \$8.9 million, or \$0.05 per diluted share in the prior year quarter.
- Adjusted EBITDA decreased 41% to \$21.0 million in the second quarter, as compared to \$35.7 million in the prior-year quarter.
 - Fire Safety Adjusted EBITDA decreased 32% to \$16.5 million, as compared to \$24.2 million in the prior-year quarter.
 - Specialty Products Adjusted EBITDA decreased 61% to \$4.5 million, as compared to \$11.5 million in the prior-year quarter.

Year-to-Date 2023 Results

- Net sales decreased 24% to \$120.0 million during the year-to-date period, as compared to \$158.7 million in the prior-year period.

- Fire Safety sales decreased 15% to \$71.9 million, as compared to \$85.0 million in the prior year period.
- Specialty Products sales decreased 35% to \$48.1 million, as compared to \$73.7 million in the prior year period.
- Net income during the year-to-date period was \$61.4 million, or \$0.36 per diluted share, an increase of \$15.6 million from \$45.9 million, or \$0.26 per diluted share in the prior year period.
- Adjusted EBITDA decreased 49% to \$24.1 million in the year-to-date period, as compared to \$47.7 million in the prior year period.
 - Fire Safety Adjusted EBITDA decreased 37% to \$13.2 million, as compared to \$20.9 million in the prior year period.
 - Specialty Products Adjusted EBITDA decreased 59% to \$10.9 million, as compared to \$26.8 million in the prior year period.

CEO Haitham Khouri commented: "Our key end-markets, in both our Fire Safety and Specialty Products businesses, were slow in the second quarter. Both our businesses significantly outperformed their end-markets, however, due primarily to successful implementation of our value-driver initiatives. We're particularly pleased with the continued strong results in our global suppressants businesses, as well as in our international retardant markets."

Conference Call and Webcast

As previously announced, Perimeter Solutions management will hold a conference call at 8:30 a.m. ET on Thursday, August 3, 2023 to discuss financial results for the second quarter 2023. The conference call can be accessed by dialing (877) 407-9764 (toll-free) or (201) 689-8551 (toll).

The conference call will also be webcast simultaneously on Perimeter's website (<https://ir.perimeter-solutions.com>), accessed under the Investor Relations page. The webcast link will be made available on the Company's website prior to the start of the call; go to the investor relations page of our website to the News & Events menu and click on "Events & Presentations."

A slide presentation will also be available for reference during the conference call; go to the investor relations page of our website to the News & Events menu and click on "Events & Presentations."

Following the live webcast, a replay will be available on the Company's website. A telephonic replay will also be available approximately two hours after the call and can be accessed by dialing (877) 660-6853 (toll-free) or (201) 612-7415 (toll). The telephonic replay will be available until September 2, 2023.

About Perimeter Solutions

Perimeter Solutions is a leading global solutions provider, providing high-quality firefighting

products and specialty chemicals. The Company's business is organized and managed in two reporting segments: Fire Safety and Specialty Products.

The Fire Safety business consists of formulating, manufacture and sale of fire retardants and firefighting foams that assist in combating various types of fires, including wildland, structural, flammable liquids and others. Our Fire Safety business also offers specialized equipment and services, typically in conjunction with our fire management products, to support our customers' firefighting operations. Our specialized equipment includes airbase retardant storage, mixing, and delivery equipment; mobile retardant bases; retardant ground application units; mobile foam equipment; and equipment that we custom design and manufacture to meet specific customer needs. Our service network can meet the emergency resupply needs of over 150 air tanker bases in North America, as well as many other customer locations in North America and internationally. The segment is built on the premise of superior technology, exceptional responsiveness to our customers' needs, and a "never-fail" service network. The segment sells products to government agencies and commercial customers around the world.

The Specialty Products business produces and sells high quality Phosphorus Pentasulfide (" P_2S_5 ") primarily used in the preparation of specialty chemicals, including a family of compounds called Zinc Dialkyldithiophosphates ("ZDDP") that provide critical anti-wear protection to engine components. P_2S_5 is also used in pesticide and mining chemicals applications.

Forward-looking Information

This press release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods.

Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Perimeter believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Perimeter's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements, including the risk factors described from time to time by us in our filings with the Securities and Exchange Commission ("SEC"), including, but not limited to, the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 1, 2023. Shareholders, potential investors and other readers should consider these factors carefully in evaluating the forward-looking statements.

Any forward-looking statement made by Perimeter in this press release speaks only as of the date on which it is made. Perimeter undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

SOURCE: Perimeter Solutions, SA.

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PERIMETER SOLUTIONS, SA AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income
(in thousands, except share and per share data)
(Unaudited)

| | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 |
|---|--|--|--------------------------------------|--------------------------------------|
| Net sales | \$ 76,137 | \$ 100,965 | \$ 119,995 | \$ 158,723 |
| Cost of goods sold | 44,140 | 72,050 | 75,152 | 113,393 |
| Gross profit | 31,997 | 28,915 | 44,843 | 45,330 |
| Operating expenses: | | | | |
| Selling, general and administrative expense | 14,897 | 19,679 | 25,362 | 38,833 |
| Amortization expense | 13,771 | 13,802 | 27,534 | 27,657 |
| Founders advisory fees - related party | (60,026) | (20,465) | (84,262) | (80,313) |
| Other operating expense | 8 | 260 | 10 | 456 |
| Total operating expenses | (31,350) | 13,276 | (31,356) | (13,367) |
| Operating income | 63,347 | 15,639 | 76,199 | 58,697 |
| Other expense (income): | | | | |
| Interest expense, net | 10,344 | 12,142 | 20,490 | 22,638 |
| Loss (gain) on contingent earn-out | 146 | (9,398) | 392 | (9,398) |
| Unrealized foreign currency loss (gain) | 93 | 3,156 | (628) | 4,036 |
| Other expense (income), net | 17 | (200) | 89 | (35) |
| Total other expense, net | 10,600 | 5,700 | 20,343 | 17,241 |
| Income before income taxes | 52,747 | 9,939 | 55,856 | 41,456 |
| Income tax (expense) benefit | (733) | (1,012) | 5,589 | 4,434 |
| Net income | 52,014 | 8,927 | 61,445 | 45,890 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | 2,215 | (16,371) | 3,808 | (16,245) |
| Total comprehensive income (loss) | \$ 54,229 | \$ (7,444) | \$ 65,253 | \$ 29,645 |
| Earnings per share: | | | | |
| Basic | \$ 0.33 | \$ 0.05 | \$ 0.39 | \$ 0.28 |
| Diluted | \$ 0.31 | \$ 0.05 | \$ 0.36 | \$ 0.26 |
| Weighted average number of ordinary shares outstanding: | | | | |
| Basic | 156,525,006 | 162,917,478 | 157,109,418 | 161,591,704 |
| Diluted | 168,310,311 | 177,059,844 | 168,894,723 | 175,734,070 |

PERIMETER SOLUTIONS, SA AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

| | June 30, 2023 (Unaudited) | December 31, 2022 |
|---------------------------|------------------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 22,118 | \$ 126,750 |
| Accounts receivable, net | 62,635 | 26,646 |
| Inventories | 163,122 | 142,961 |

| | | |
|---|---------------------|---------------------|
| Income tax receivable | 3,415 | 214 |
| Prepaid expenses and other current assets | 10,721 | 11,951 |
| Total current assets | 262,011 | 308,522 |
| Property, plant, and equipment, net | 58,844 | 58,846 |
| Operating lease right-of-use assets | 14,946 | 18,582 |
| Finance lease right-of-use assets, net | 4,811 | - |
| Goodwill | 1,033,642 | 1,031,460 |
| Customer lists, net | 692,965 | 710,329 |
| Technology and patents, net | 227,169 | 232,818 |
| Tradenames, net | 91,986 | 94,293 |
| Other assets | 1,542 | 1,766 |
| Total assets | <u>\$ 2,387,916</u> | <u>\$ 2,456,616</u> |
| Liabilities and Shareholders Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 32,174 | \$ 36,794 |
| Accrued expenses and other current liabilities | 24,655 | 32,705 |
| Founders advisory fees payable - related party | 6,945 | 4,655 |
| Deferred revenue | 2,653 | - |
| Total current liabilities | 66,427 | 74,154 |
| Long-term debt | 665,879 | 665,280 |
| Operating lease liabilities, net of current portion | 12,655 | 15,484 |
| Finance lease liabilities, net of current portion | 4,349 | - |
| Deferred income taxes | 267,722 | 278,270 |
| Founders advisory fees payable - related party | 79,511 | 170,718 |
| Redeemable preferred shares | 103,775 | 101,279 |
| Redeemable preferred shares - related party | 2,751 | 3,209 |
| Other non-current liabilities | 9,785 | 9,322 |
| Total liabilities | 1,212,854 | 1,317,716 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Ordinary shares, \$1 nominal value per share; 4,000,000,000 shares authorized; 165,066,195 and 163,234,542 shares issued; 154,520,833 and 156,797,806 shares outstanding at June 30, 2023 and December 31, 2022, respectively | 165,067 | 163,235 |
| Treasury shares, at cost; 10,545,362 and 6,436,736 shares at June 30, 2023 and December 31, 2022, respectively | (76,553) | (49,341) |
| Additional paid-in capital | 1,695,070 | 1,698,781 |
| Accumulated other comprehensive loss | (21,663) | (25,471) |
| Accumulated deficit | (586,859) | (648,304) |
| Total shareholders' equity | 1,175,062 | 1,138,900 |
| Total liabilities and shareholders' equity | <u>\$ 2,387,916</u> | <u>\$ 2,456,616</u> |

PERIMETER SOLUTIONS, SA AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

| | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | \$ 61,445 | \$ 45,890 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |

| | | |
|--|------------|------------|
| Founders advisory fees - related party (change in accounting fair value) | (84,262) | (80,313) |
| Depreciation and amortization expense | 32,217 | 33,086 |
| Interest and payment-in-kind on preferred shares | 3,396 | 3,268 |
| Share-based compensation | (1,879) | 8,396 |
| Non-cash lease expense | 2,271 | 2,642 |
| Deferred income taxes | (11,076) | (129) |
| Amortization of deferred financing costs | 824 | 793 |
| Amortization of acquisition related inventory step-up | - | 24,138 |
| Loss (gain) on contingent earn-out | 392 | (9,398) |
| Unrealized (gain) loss on foreign currency | (628) | 4,036 |
| Loss on disposal of assets | 20 | 9 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | (35,640) | (44,477) |
| Inventories | (19,963) | (41,431) |
| Prepaid expenses | 1,260 | 7,301 |
| Accounts payable | (4,744) | 15,834 |
| Deferred revenue | 2,653 | 4,991 |
| Income taxes payable, net | (10,479) | (10,872) |
| Accrued expenses and other current liabilities | (1,805) | 3,050 |
| Founders advisory fees - related party (cash settled) | (4,655) | (53,547) |
| Operating lease liabilities | (2,263) | (2,511) |
| Finance lease liabilities | (67) | - |
| Other liabilities | 47 | (107) |
| Net cash used in operating activities | (72,936) | (89,351) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (4,375) | (4,006) |
| Purchase price adjustment under Business Combination Agreement | - | (1,638) |
| Net cash used in investing activities | (4,375) | (5,644) |
| Cash flows from financing activities: | | |
| Ordinary shares repurchased | (27,212) | (5,008) |
| Proceeds from exercise of warrants | - | 529 |
| Principal payments on finance lease obligations | (103) | - |
| Net cash used in financing activities | (27,315) | (4,479) |
| Effect of foreign currency on cash and cash equivalents | (6) | (578) |
| Net change in cash and cash equivalents | (104,632) | (100,052) |
| Cash and cash equivalents, beginning of period | 126,750 | 225,554 |
| Cash and cash equivalents, end of period | \$ 22,118 | \$ 125,502 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | \$ 17,153 | \$ 17,919 |
| Cash paid for income taxes | \$ 18,317 | \$ 6,572 |
| Non-cash investing and financing activities: | | |
| Liability portion of founders advisory fees - related party reclassified to additional paid in capital | \$ - | \$ 13,783 |

Non-GAAP Financial Metrics

Adjusted EBITDA

The computation of Adjusted EBITDA is defined as net income plus income tax expense, net interest and other financing expenses, and depreciation and amortization, adjusted on a consistent basis for certain non-recurring, unusual or non-operational items in a balanced manner. These items include (i) expenses related to the Business Combination, (ii) founder

advisory fee expenses, (iii) stock compensation expense, (iv) non-cash impact of purchase accounting on the cost of inventory sold and (v) unrealized foreign currency loss (gain). To supplement the Company's condensed consolidated financial statements presented in accordance with U.S. GAAP, Perimeter is providing a summary to show the computations of Adjusted EBITDA, which is a non-U.S.GAAP measure used by the Company's management and by external users of Perimeter's financial statements, such as investors, commercial banks and others, to assess the Company's operating performance as compared to that of other companies, without regard to financing methods, capital structure or historical cost basis. Adjusted EBITDA should not be considered an alternative to net income (loss), operating income (loss), cash flows provided by (used in) operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP (in thousands).

| (Unaudited) | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 |
|--|---|---|---|---|
| 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 expense | 10,344 | 12,142 | 20,490 | 22,638 |
| Founders advisory fees - related party | (60,026) | (20,465) | (84,262) | (80,313) |
| Non-recurring expenses ¹ | 361 | 2,144 | 1,920 | 3,620 |
| Share-based compensation expense | 1,195 | 3,433 | (1,879) | 8,396 |
| Non-cash purchase accounting impact ² | - | 18,016 | - | 24,138 |
| Loss (gain) on contingent earn-out | 146 | (9,398) | 392 | (9,398) |
| Unrealized foreign currency loss (gain) | 93 | 3,156 | (628) | 4,036 |
| Adjusted EBITDA | <u>\$ 20,990</u> | <u>\$ 35,682</u> | <u>\$ 24,106</u> | <u>\$ 47,659</u> |
| Net sales | \$ 76,137 | \$ 100,965 | \$ 119,995 | \$ 158,723 |

¹Adjustment to reflect non-recurring expenses; severance costs and fees related to internal audit support.

²Represents the non-cash impact of purchase accounting on the cost of inventory sold in connection with the business combination with Perimeter Solutions. The inventory acquired received a purchase accounting step-up in basis, which is a non-cash adjustment to the cost.



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