

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

- (Mark One)
- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the quarterly period ended September 30, 2024
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-41027

PERIMETER SOLUTIONS, SA  
(Exact name of Registrant as specified in its Charter)

Grand Duchy of Luxembourg  
(State or other jurisdiction of incorporation or organization)

98-1632942  
(I.R.S. Employer Identification No.)

28, Boulevard Raiffeisen, L-2411 Luxembourg  
Grand Duchy of Luxembourg  
352 2668 62-1  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (314) 396-7343

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value \$1.00 per share	PRM	New York Stock Exchange

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2024, there were 146,227,972 ordinary shares, nominal value \$1.00 per share, outstanding.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q for the period ended September 30, 2024 (this “Quarterly Report”) contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements involve risks and uncertainties and reflect our current views with respect to, among other things, future events and our financial performance. When used in this Quarterly Report, the words “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “indicate,” “seek,” “should,” “would,” and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements contain these identifying words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. These forward-looking statements include, without limitation, statements about the following matters:

- future financial performance, financial projections or estimates used, including any growth or expansion plans and opportunities;
- our ability to expand our fire safety business;
- our beliefs regarding certain trends and growth drivers in our fire safety business, including weather and climate trends;
- our ongoing commitment to manufacturing high-quality products in an environmentally conscious way as well as our ongoing commitment to promoting diversity;
- our ability to grow long-term value through, among other things, the continuing performance improvement of our existing operations, execution of a disciplined capital allocation and management of our capital structure;
- our expectations regarding future capital expenditures;
- cash flow projections;
- our ability to maintain a leadership position in any market as well as our ability to remain an innovation leader by enhancing our products and services and investing in expansions through acquisitions;
- expectations concerning sources of revenue;
- expectations about demand for fire retardant products, equipment and services, including our ability to accurately identify key market drivers and leverage our relationships with customers and stakeholders;
- our expectations regarding the impact of significant infrequent events such as the ongoing regional conflicts in Ukraine or the Middle East, on our business as well as our ability to mitigate inflationary pressures;
- expectations concerning certain of our products’ ability to protect life and property as population settlement locations change;
- expectations concerning the markets in which we currently operate and intend to expand to in the coming years, overall economic conditions and disruptive weather events;
- our expectations regarding market risk;
- expectations concerning repurchases of our Ordinary Shares (as defined below) under the Share Repurchase Plan (as defined below);
- our beliefs regarding the sufficiency of our current sources of liquidity to fund our future liquidity requirements, our expectations regarding the types of future liquidity requirements and our expectations regarding the availability of future sources of liquidity;
- our beliefs regarding assumptions and estimates used in goodwill, including our beliefs regarding the methods and approaches a market participant would use;
- our ability to maintain an inventory position that is substantially balanced between our purchases and sales;
- our expectations and beliefs regarding accounting and tax matters;
- our plans to incorporate disclosure and reporting requirements pursuant to newly issued Accounting Standard Updates issued by the Financial Accounting Standards Board and their impact on our disclosures and consolidated financial statements;
- our expectations regarding the timing and impacts of the Redomiciliation Transaction (as defined below);
- our ability to pursue intellectual property protection on product and equipment enhancements; and

- the expected outcome of litigation matters and the effect of such claims on business, financial condition, results of operations or cash flows.

Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date of this Quarterly Report, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to those summarized below:

- negative or uncertain worldwide economic conditions;
- volatility, seasonality and cyclical in the industries in which we operate;
- our substantial dependence on sales to the U.S. Department of Agriculture ("USDA") Forest Service and the State of California and the risk of decreased sales to these customers;
- changes in the regulation of the petrochemical industry, a downturn in the specialty chemicals and/or fire retardant end markets or our failure to accurately predict the frequency, duration, timing, and severity of changes in demand in such markets;
- changes in customer relations or service levels;
- a small number of our customers represent a significant portion of our revenue;
- failure to continuously innovate and to provide products that gain market acceptance, which may cause us to be unable to attract new customers or retain existing customers;
- improper conduct of, or use of our products by, employees, agents, government contractors or collaborators;
- changes in the availability of products from our suppliers on a long-term basis;
- production interruptions or shutdowns, which could increase our operating or capital expenditures or negatively impact the supply of our products resulting in reduced sales;
- changes in the availability of third-party logistics suppliers for distribution, storage and transportation;
- increases in supply and raw material costs, supply shortages, long lead times for components or supply changes;
- adverse effects on the demand for our products or services due to the seasonal or cyclical nature of our business or severe weather events;
- introduction of new products, which are considered preferable, which could cause demand for some of our products to be reduced or eliminated;
- current ongoing and future litigation, including multi-district litigation and other legal proceedings;
- heightened liability and reputational risks due to certain of our products being provided to emergency services personnel and their use to protect lives and property;
- future products liabilities claims where indemnity and insurance coverage could be inadequate or unavailable to cover these claims due to the fact that some of the products that we produce may cause adverse health consequences;
- compliance with export control or economic sanctions laws and regulations;
- environmental impacts and side effects of our products, which could have adverse consequences for our business;
- compliance with environmental laws and regulations;
- compliance with securities regulations and Accounting Standard Updates issued by the Financial Accounting Standards Board;
- our ability to protect our intellectual property rights and know-how;
- our ability to generate the funds required to service our debt and finance our operations;
- fluctuations in foreign currency exchange;
- potential impairments or write-offs of certain assets;
- the adequacy of our insurance coverage; and
- challenges to our decisions and assumptions in assessing and complying with our tax obligations.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please read (1) Part I, Item 1A. "Risk Factors" in the annual report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report"); (2) Part II, "Item 1A. Risk Factors" in this Quarterly Report; (3)

our reports and registration statements filed from time to time with the Securities and Exchange Commission (the "SEC"), and (4) other public announcements we make from time to time. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

## Table of Contents

	<b>Page</b>
<a href="#"><b>Cautionary Statement Regarding Forward-Looking Statements</b></a>	2
<b>PART I</b>	
<a href="#"><b>FINANCIAL INFORMATION</b></a>	6
<a href="#">Item 1. Financial Statements</a>	6
<a href="#">Condensed Consolidated Balance Sheets as of September 30, 2024 (Unaudited) and December 31, 2023</a>	6
<a href="#">Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and nine months ended September 30, 2024 and 2023 (Unaudited)</a>	7
<a href="#">Condensed Consolidated Statements of Shareholders' Equity for the three and nine months ended September 30, 2024 and 2023 (Unaudited)</a>	8
<a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023 (Unaudited)</a>	10
<a href="#">Notes to Condensed Consolidated Financial Statements (Unaudited)</a>	11
<a href="#">1. Description of Business and Basis of Presentation</a>	11
<a href="#">2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements</a>	12
<a href="#">3. Balance Sheet Components</a>	14
<a href="#">4. Goodwill and Other Intangible Assets</a>	15
<a href="#">5. Leases</a>	16
<a href="#">6. Long-Term Debt and Redeemable Preferred Shares</a>	17
<a href="#">7. Income Taxes</a>	18
<a href="#">8. Commitments and Contingencies</a>	19
<a href="#">9. Equity</a>	19
<a href="#">10. Share-Based Compensation</a>	19
<a href="#">11. Fair Value Measurements</a>	21
<a href="#">12. Related Parties</a>	23
<a href="#">13. Revenue Recognition</a>	23
<a href="#">14. (Loss) Earnings Per Share</a>	24
<a href="#">15. Segment Information</a>	24
<a href="#">16. Subsequent Event</a>	25
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	26
<a href="#">Item 3. Quantitative and Qualitative Disclosures About Market Risk</a>	34
<a href="#">Item 4. Controls and Procedures</a>	35
<b>PART II</b>	
<a href="#"><b>OTHER INFORMATION</b></a>	
<a href="#">Item 1. Legal Proceedings</a>	36
<a href="#">Item 1A. Risk Factors</a>	36
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	36
<a href="#">Item 3. Defaults Upon Senior Securities</a>	36
<a href="#">Item 4. Mine Safety Disclosures</a>	36
<a href="#">Item 5. Other Information</a>	36
<a href="#">Item 6. Exhibits</a>	37
<a href="#"><b>SIGNATURES</b></a>	38

**PART I - FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>	<b>(Unaudited)</b>	
Current assets:		
Cash and cash equivalents	\$ 223,053	\$ 47,276
Accounts receivable, net	97,566	39,593
Inventories	108,366	145,652
Prepaid expenses and other current assets	9,732	18,493
Total current assets	438,717	251,014
Property, plant and equipment, net	61,552	59,402
Operating lease right-of-use assets	14,966	16,339
Finance lease right-of-use assets	6,322	6,064
Goodwill	1,036,481	1,036,279
Customer lists, net	646,136	674,786
Technology and patents, net	171,393	180,653
Tradenames, net	85,760	89,568
Other assets, net	978	1,317
Total assets	\$ 2,462,305	\$ 2,315,422
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 23,082	\$ 21,639
Accrued expenses and other current liabilities	65,040	30,710
Founders advisory fees payable - related party	15,148	2,702
Deferred revenue	8,792	—
Total current liabilities	112,062	55,051
Long-term debt, net	667,447	666,494
Operating lease liabilities, net of current portion	13,582	14,908
Finance lease liabilities, net of current portion	6,094	5,547
Deferred income taxes	253,956	253,454
Founders advisory fees payable - related party	294,865	56,917
Redeemable preferred shares	108,934	105,799
Redeemable preferred shares - related party	2,805	2,764
Other liabilities	2,377	2,193
Total liabilities	1,462,122	1,163,127
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Ordinary shares, \$1 nominal value per share, 4,000,000,000 shares authorized; 166,843,819 and 165,066,195 shares issued; 145,240,338 and 146,451,005 shares outstanding at September 30, 2024 and December 31, 2023, respectively	166,844	165,067
Treasury shares, at cost; 21,603,481 and 18,615,190 shares at September 30, 2024 and December 31, 2023, respectively	(127,827)	(113,407)
Additional paid-in capital	1,707,664	1,701,163
Accumulated other comprehensive loss	(15,605)	(19,710)
Accumulated deficit	(730,893)	(580,818)
Total shareholders' equity	1,000,183	1,152,295
Total liabilities and shareholders' equity	\$ 2,462,305	\$ 2,315,422

See accompanying notes to condensed consolidated financial statements.



**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE (LOSS) INCOME**  
(in thousands, except share and per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 288,417	\$ 142,658	\$ 474,737	\$ 262,653
Cost of goods sold	107,195	72,825	199,546	153,096
Gross profit	181,222	69,833	275,191	109,557
Operating expenses:				
Selling, general and administrative expense	18,520	12,693	45,888	32,936
Amortization expense	13,765	13,778	41,291	41,312
Founders advisory fees - related party	184,176	(24,544)	253,097	(108,806)
Intangible impairment	—	40,738	—	40,738
Other operating expense	—	—	—	10
Total operating expenses	216,461	42,665	340,276	6,190
Operating (loss) income	(35,239)	27,168	(65,085)	103,367
Other expense (income):				
Interest expense, net	10,054	10,448	31,292	30,938
Gain on contingent earn-out	—	(7,665)	—	(7,273)
Foreign currency (gain) loss	(1,354)	1,384	163	756
Other expense (income), net	151	(60)	252	29
Total other expense, net	8,851	4,107	31,707	24,450
(Loss) income before income taxes	(44,090)	23,061	(96,792)	78,917
Income tax (expense) benefit	(45,077)	(3,779)	(53,283)	1,810
Net (loss) income	(89,167)	19,282	(150,075)	80,727
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	10,637	(8,673)	4,105	(4,865)
Total comprehensive (loss) income	\$ (78,530)	\$ 10,609	\$ (145,970)	\$ 75,862
(Loss) earnings per share:				
Basic	\$ (0.61)	\$ 0.13	\$ (1.03)	\$ 0.52
Diluted	\$ (0.61)	\$ 0.12	\$ (1.03)	\$ 0.48
Weighted average number of ordinary shares outstanding:				
Basic	145,222,189	153,694,160	145,247,477	155,958,492
Diluted	145,222,189	165,479,465	145,247,477	167,743,797

See accompanying notes to condensed consolidated financial statements.



**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands, except share data)  
**(Unaudited)**

	Ordinary Shares		Treasury Shares		Additional	Accumulated		Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance, December 31, 2023	165,066,195	\$ 165,067	18,615,190	\$ (113,407)	\$1,701,163	\$ (19,710)	\$ (580,818)	\$ 1,152,295
Share-based compensation	—	—	—	—	1,742	—	—	1,742
Ordinary shares issued related to founders advisory fees - related party	1,758,464	1,758	—	—	(1,758)	—	—	—
Ordinary shares repurchased	—	—	2,969,357	(14,278)	—	—	—	(14,278)
Net loss	—	—	—	—	—	—	(82,558)	(82,558)
Other comprehensive loss	—	—	—	—	—	(5,543)	—	(5,543)
Balance, March 31, 2024	166,824,659	\$ 166,825	21,584,547	\$ (127,685)	\$1,701,147	\$ (25,253)	\$ (663,376)	\$ 1,051,658
Share-based compensation	—	—	—	—	2,994	—	—	2,994
Ordinary shares repurchased	—	—	18,535	(139)	—	—	—	(139)
Net income	—	—	—	—	—	—	21,650	21,650
Other comprehensive loss	—	—	—	—	—	(989)	—	(989)
Balance, June 30, 2024	166,824,659	\$ 166,825	21,603,082	\$ (127,824)	\$1,704,141	\$ (26,242)	\$ (641,726)	\$ 1,075,174
Share-based compensation	—	—	—	—	3,312	—	—	3,312
Ordinary shares repurchased	—	—	399	(3)	—	—	—	(3)
Warrants exercised	19,160	19	—	—	211	—	—	230
Net loss	—	—	—	—	—	—	(89,167)	(89,167)
Other comprehensive income	—	—	—	—	—	10,637	—	10,637
Balance, September 30, 2024	<u>166,843,819</u>	<u>\$ 166,844</u>	<u>21,603,481</u>	<u>\$ (127,827)</u>	<u>\$1,707,664</u>	<u>\$ (15,605)</u>	<u>\$ (730,893)</u>	<u>\$ 1,000,183</u>

*See accompanying notes to condensed consolidated financial statements.*

**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands, except share data)  
**(Unaudited)**

	Ordinary Shares		Treasury Shares		Additional	Accumulated		Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Other Comprehensive Loss	Accumulated Deficit	Shareholders' Equity
Balance, December 31, 2022	163,234,542	\$ 163,235	6,436,736	\$ (49,341)	\$1,698,781	\$ (25,471)	\$ (648,304)	\$ 1,138,900
Share-based compensation	—	—	—	—	(3,074)	—	—	(3,074)
Ordinary shares issued related to founders advisory fees - related party	1,831,653	1,832	—	—	(1,832)	—	—	—
Ordinary shares repurchased	—	—	115,570	(864)	—	—	—	(864)
Net income	—	—	—	—	—	—	9,431	9,431
Other comprehensive income	—	—	—	—	—	1,593	—	1,593
Balance, March 31, 2023	165,066,195	\$ 165,067	6,552,306	\$ (50,205)	\$1,693,875	\$ (23,878)	\$ (638,873)	\$ 1,145,986
Share-based compensation	—	—	—	—	1,195	—	—	1,195
Ordinary shares repurchased	—	—	3,993,056	(26,348)	—	—	—	(26,348)
Net income	—	—	—	—	—	—	52,014	52,014
Other comprehensive income	—	—	—	—	—	2,215	—	2,215
Balance, June 30, 2023	165,066,195	\$ 165,067	10,545,362	\$ (76,553)	\$1,695,070	\$ (21,663)	\$ (586,859)	\$ 1,175,062
Share-based compensation	—	—	—	—	1,749	—	—	1,749
Ordinary shares repurchased	—	—	1,736,535	(10,035)	—	—	—	(10,035)
Net income	—	—	—	—	—	—	19,282	19,282
Other comprehensive loss	—	—	—	—	—	(8,673)	—	(8,673)
Balance, September 30, 2023	<u>165,066,195</u>	<u>\$ 165,067</u>	<u>12,281,897</u>	<u>\$ (86,588)</u>	<u>\$1,696,819</u>	<u>\$ (30,336)</u>	<u>\$ (567,577)</u>	<u>\$ 1,177,385</u>

See accompanying notes to condensed consolidated financial statements..

**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (150,075)	\$ 80,727
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Founders advisory fees - related party (change in fair value)	253,097	(108,806)
Depreciation and amortization expense	49,215	48,493
Interest and payment-in-kind on preferred shares	5,292	5,094
Share-based compensation	8,048	(130)
Non-cash lease expense	3,875	3,353
Deferred income taxes	663	(11,302)
Intangible impairment	—	40,738
Amortization of deferred financing costs	1,291	1,243
Gain on contingent earn-out	—	(7,273)
Foreign currency loss	163	756
Loss on disposal of assets	13	3
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(57,880)	(46,216)
Inventories	37,373	2,674
Prepaid expenses and other current assets	1,571	4,966
Accounts payable	1,375	(17,999)
Deferred revenue	8,792	1,169
Income taxes payable, net	21,510	(8,784)
Accrued expenses and other current liabilities	16,151	9,024
Founders advisory fees - related party (cash settled)	(2,702)	(4,655)
Operating lease liabilities	(2,426)	(3,206)
Financing lease liabilities	(374)	(172)
Other, net	(597)	69
Net cash provided by (used in) operating activities	194,375	(10,234)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(9,071)	(6,630)
Proceeds from short-term investments	5,383	—
Net cash used in investing activities	(3,688)	(6,630)
<b>Cash flows from financing activities:</b>		
Ordinary shares repurchased	(14,420)	(37,247)
Principal payments on finance lease obligations	(544)	(251)
Net cash used in financing activities	(14,964)	(37,498)
Effect of foreign currency on cash and cash equivalents	54	(627)
Net change in cash and cash equivalents	175,777	(54,989)
Cash and cash equivalents, beginning of period	47,276	126,750
Cash and cash equivalents, end of period	\$ 223,053	\$ 71,761
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 20,286	\$ 19,971
Cash paid for income taxes	\$ 31,414	\$ 20,562
<b>Non-cash activities:</b>		
Warrants exercised	\$ 230	\$ —

See accompanying notes to condensed consolidated financial statements



**PERIMETER SOLUTIONS, SA AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

***Organization and General***

Perimeter Solutions, SA ("PSSA"), a public company limited by shares ( *société anonyme*) was incorporated on June 21, 2021 under the laws of the Grand Duchy of Luxembourg. PSSA is headquartered in the Grand Duchy of Luxembourg with business operations across the globe. PSSA's ordinary shares, nominal value, \$1.00 per share (the "Ordinary Shares"), are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "PRM". The condensed consolidated financial statements herein include the assets, liabilities, and results of operations of PSSA and its subsidiaries, all of which are wholly owned by PSSA (collectively, the "Company").

***Business Operations***

The Company is a global solutions provider for the fire safety and specialty products industries. Approximately 65% of the Company's 2023 annual revenues were derived in the United States, approximately 15% in Europe and approximately 14% in Canada with the remaining approximately 6% spread across various other countries. The Company's business is organized and managed in two reporting segments: Fire Safety and Specialty Products.

The Fire Safety business is a formulator and manufacturer of fire management products that help the Company's customers combat various types of fires, including wildland, structural, flammable liquids and other types of fires. The Company's Fire Safety business also offers specialized equipment and services, typically in conjunction with its fire management products to support firefighting operations. The Company's specialized equipment includes air base retardant storage, mixing, and delivery equipment; mobile retardant bases; retardant ground application units; mobile foam equipment; and equipment that it custom designs and manufactures to meet specific customer needs. Significant end markets include primarily government-related entities and are dependent on approvals, qualifications, and permits granted by the respective governments and commercial customers around the world.

The Specialty Products segment produces and sells Phosphorus Pentasulfide ("P<sub>2</sub>S<sub>5</sub>") in several end markets and applications, including high quality specialty chemicals, various agricultural applications, various mining applications, and emerging electric battery technologies. Within the high quality specialty chemicals end market, currently the Company's largest end market application, P<sub>2</sub>S<sub>5</sub>, is primarily used in the production of a family of compounds called Zinc Dialkyldithiophosphates ("ZDDP"), which is considered an essential component in the formulation of engine oils with its main function to provide anti-wear protection to engine components. P<sub>2</sub>S<sub>5</sub> is also used in pesticide and mining chemicals applications.

***Global Economic Environment***

In recent years, the global economy and labor markets have experienced significant inflationary pressures attributable to ongoing economic recovery and supply chain issues, in part due to the impacts of the conflicts in Ukraine and the Middle East. While the Company has limited exposure in regions with active conflicts, it continues to monitor and take actions with its customers and suppliers to mitigate the impact of these inflationary pressures in the future. Actions to mitigate inflationary pressures with suppliers include aggregation of purchase requirements to achieve optimal volume benefits, negotiation of cost-reductions and identification of more cost competitive suppliers. While these actions are designed to offset the impact of inflationary pressures, the Company cannot provide assurance that they will be successful in fully offsetting increased costs resulting from inflationary pressure. In addition, interest payments for borrowings under the Company's revolving credit facility are based on variable rates, and any continued increase in interest rates may reduce the Company's cash flow available for other corporate purposes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

### Summary of Significant Accounting Policies

#### ***Basis of Presentation***

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments of a normal and recurring nature considered necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements. The results of operations for the interim period are not necessarily indicative of the results that will be realized for the entire fiscal year. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and accompanying notes thereto included in the Company's 2023 Annual Report filed with the SEC on February 22, 2024.

#### ***Principles of Consolidation***

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned, after elimination of intercompany transactions and balances.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management in connection with the preparation of the accompanying condensed consolidated financial statements include the useful lives of long-lived and intangible assets, the fair value of financial assets and liabilities, the valuation of goodwill, stock options, and founder advisory fees, and the realizability of deferred tax assets. Actual results could differ from those estimates.

#### ***Accounting Policies***

As of September 30, 2024, the Company's significant accounting policies are consistent with those discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" to its consolidated financial statements included in the Company's 2023 Annual Report.

## Reclassification

In 2024, the Company changed the presentation of freight expense from selling, general and administrative expense to cost of goods sold, to better match freight expense with freight income. The change has been applied retrospectively to the condensed consolidated financial statements for the prior periods presented in this Quarterly Report. The impact to the accompanying condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 is presented in the following table (in thousands). There was no impact on previously reported balances in the accompanying condensed consolidated balance sheet or statement of cash flows.

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	As Previously Reported	As Adjusted	Effect of Change	As Previously Reported	As Adjusted	Effect of Change
Cost of goods sold	\$ 69,357	\$ 72,825	\$ 3,468	\$ 144,509	\$ 153,096	\$ 8,587
Gross profit	73,301	69,833	(3,468)	118,144	109,557	(8,587)
Selling, general and administrative expense	16,161	12,693	(3,468)	41,523	32,936	(8,587)
Total operating expenses	46,133	42,665	(3,468)	14,777	6,190	(8,587)
Operating income	27,168	27,168	—	103,367	103,367	—
Net income	19,282	19,282	—	80,727	80,727	—

## Recently Issued and Adopted Accounting Standards

In March 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2024-02 "Codification Improvements," which amends the Codification to remove references to various concepts statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance, but in most instances, the references removed are extraneous and not required in order to understand or apply the guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective January 1, 2025, and the Company does not expect that the application of this standard will have a material impact on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to disclose disaggregated information about a reporting entity's effective tax rate reconciliation, using both percentages and reporting currency amounts for specific standardized categories, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not plan to early adopt and is currently assessing the potential effects of this standard.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU requires disclosure of incremental segment information, primarily through enhanced disclosures about significant segment expense categories and amounts for each reportable segment on an annual and interim basis. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The most significant provision of this standard requires the Company to disclose information about significant segment expenses and other segment items that are regularly provided to the chief operating decision-maker ("CODM"). The Company will adopt this ASU retrospectively for the annual period beginning on January 1, 2024 and for interim periods beginning on January 1, 2025.

In October 2023, the FASB issued ASU 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative," to amend certain disclosure and presentation requirements for a variety of topics within the ASC. These amendments align the requirements in the ASC to the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The Company does not expect that the application of this standard will have a material impact on its consolidated financial statements and disclosures.

### 3. BALANCE SHEET COMPONENTS

Details of certain balance sheet items are presented below (in thousands):

	September 30, 2024	December 31, 2023
<b>Inventories:</b>		
Raw materials and manufacturing supplies	\$ 55,163	\$ 77,657
Work in process	264	224
Finished goods	52,939	67,771
Total inventories	<u>\$ 108,366</u>	<u>\$ 145,652</u>
<b>Prepaid Expenses and Other Current Assets:</b>		
Advance to vendors	\$ 2,897	\$ 3,197
Prepaid insurance	917	5,567
Prepaid value-added taxes	1,868	897
Short-term investments	—	5,519
Income tax receivable	—	1,714
Other	4,050	1,599
Total prepaid expenses and other current assets	<u>\$ 9,732</u>	<u>\$ 18,493</u>
<b>Property, Plant and Equipment:</b>		
Buildings	\$ 4,004	\$ 3,986
Leasehold improvements	2,820	2,743
Furniture and fixtures	521	516
Machinery and equipment	70,179	63,202
Vehicles	4,095	4,114
Construction in progress	6,836	4,695
Total property, plant and equipment, gross	88,455	79,256
Less: Accumulated depreciation	(26,903)	(19,854)
Total property, plant and equipment, net	<u>\$ 61,552</u>	<u>\$ 59,402</u>
<b>Accrued Expenses and Other Current Liabilities:</b>		
Accrued bonus	\$ 5,508	\$ 3,483
Accrued salaries	2,344	2,336
Accrued employee benefits	1,426	1,185
Accrued interest	16,179	8,342
Accrued purchases	4,414	2,072
Accrued income taxes	27,915	7,100
Operating lease liabilities	2,259	2,146
Finance lease liabilities	752	600
Other	4,243	3,446
Total accrued expenses and other current liabilities	<u>\$ 65,040</u>	<u>\$ 30,710</u>

Depreciation expense related to property, plant and equipment was \$2.7 million and \$7.9 million for the three and nine months ended September 30, 2024, respectively, and \$2.5 million and \$7.2 million for the three and nine months ended September 30, 2023, respectively, substantially all of which was presented in cost of goods sold in the accompanying condensed consolidated statements of operations and comprehensive (loss) income.

The Company had an allowance for doubtful accounts, included in accounts receivable, net of \$1.1 million and \$1.0 million as of September 30, 2024 and December 31, 2023, respectively.



#### 4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill by reportable segment are as follows (in thousands):

	Fire Safety	Specialty Products	Total
Balance, December 31, 2023	\$ 863,889	\$ 172,390	\$ 1,036,279
Foreign currency translation	(393)	595	202
Balance, September 30, 2024	<u>\$ 863,496</u>	<u>\$ 172,985</u>	<u>\$ 1,036,481</u>

Intangible assets and related accumulated amortization as of September 30, 2024 and December 31, 2023 are as follows (in thousands):

September 30, 2024						
	Estimated Useful Life (in years)	Gross Value	Impairment	Foreign Currency Translation	Accumulated Amortization	Net Book Value
<b>Definite Lived Intangible Assets:</b>						
Customer lists	20	\$ 761,000	\$ —	\$ (5,675)	\$ (109,189)	\$ 646,136
Technology and patents	20	250,000	(40,738)	(2,086)	(35,783)	171,393
Tradenames	20	101,000	—	(747)	(14,493)	85,760
Balance, September 30, 2024		<u>\$ 1,112,000</u>	<u>\$ (40,738)</u>	<u>\$ (8,508)</u>	<u>\$ (159,465)</u>	<u>\$ 903,289</u>

December 31, 2023						
	Estimated Useful Life (in years)	Gross Value	Impairment	Foreign Currency Translation	Accumulated Amortization	Net Book Value
<b>Definite Lived Intangible Assets:</b>						
Customer lists	20	\$ 761,000	\$ —	\$ (5,294)	\$ (80,920)	\$ 674,786
Technology and patents	20	250,000	(40,738)	(2,096)	(26,513)	180,653
Tradenames	20	101,000	—	(691)	(10,741)	89,568
Balance, December 31, 2023		<u>\$ 1,112,000</u>	<u>\$ (40,738)</u>	<u>\$ (8,081)</u>	<u>\$ (118,174)</u>	<u>\$ 945,007</u>

During the year ended December 31, 2023, due to a downward revision in the revenue forecast related to a contingent earn-out eligible fire retardant product acquired by the Company in May 2020 during the purchase of LaderaTech, Inc. ("LaderaTech"), the Company determined that the \$40.7 million in carrying value of the technology underlying the contingent earn-out eligible fire retardant product was no longer recoverable. As a result, during the year ended December 31, 2023, the Company recorded an impairment of \$40.7 million.

Amortization expense for definite-lived intangible assets was \$13.8 million for the three months ended September 30, 2024, and 2023, and \$41.3 million for the nine months ended September 30, 2024 and 2023.

Estimated annual amortization expense of intangible assets for the next five years ended December 31 and thereafter is as follows (in thousands):

	Amount
2024 remaining	\$ 13,338
2025	53,350
2026	53,350
2027	53,350
2028	53,350
Thereafter	676,551
Total	<u>\$ 903,289</u>

## 5. LEASES

Lease cost for the three and nine months ended September 30, 2024 and 2023 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost <sup>(1)</sup>	\$ 888	\$ 1,082	\$ 2,640	\$ 3,353
Finance lease cost:				
Amortization of right-of-use assets	236	217	836	335
Interest on lease liabilities	129	106	399	181
Total lease cost	\$ 1,253	\$ 1,405	\$ 3,875	\$ 3,869
Reported in:				
Cost of goods sold	\$ 1,112	\$ 1,268	\$ 3,435	\$ 3,532
Selling, general and administrative expense	141	137	440	337
Total lease cost	\$ 1,253	\$ 1,405	\$ 3,875	\$ 3,869

(1) Operating lease cost does not include short-term leases or variable costs, all of which are immaterial.

As of September 30, 2024, the weighted-average remaining lease terms of the Company's operating leases and finance leases were approximately 7.9 years and 6.5 years, respectively, and the weighted-average discount rates applied were 6.8% and 7.6%, respectively.

Supplemental cash flow information related to leases for the nine months ended September 30, 2024 and 2023 are as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows for operating leases	\$ 2,426	\$ 3,206
Operating cash flows for finance leases	374	172
Financing cash flows for finance leases	544	251
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 273	\$ 4,492
Financing leases	790	5,677
Net change in operating lease right-of-use assets due to lease modifications resulting in reclassification of leases from operating to finance	\$ (34)	\$ (1,514)

As of September 30, 2024, the estimated future minimum payment obligations for non-cancelable operating and finance leases are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2024	\$ 830	\$ 319
2025	3,223	1,189
2026	2,886	1,078
2027	2,704	932
2028	2,006	1,632
Thereafter	9,078	4,243
Total lease payments	20,727	9,393
Less: imputed interest	(4,886)	(2,547)
Present value of lease liabilities	\$ 15,841	\$ 6,846

## 6. LONG-TERM DEBT AND REDEEMABLE PREFERRED SHARES

Long-term debt consists of the following (in thousands):

	September 30, 2024	December 31, 2023
Senior Notes	\$ 675,000	\$ 675,000
Less: unamortized debt issuance costs	(7,553)	(8,506)
Long-term debt, net	<u>\$ 667,447</u>	<u>\$ 666,494</u>

### *Revolving Credit Facility*

SK Invictus Intermediate II S.à r.l.'s, a private limited liability company governed by the laws of the Grand Duchy of Luxembourg ("SK Intermediate II"), five-year Revolving Credit Facility (the "Revolving Credit Facility") provides for a senior secured Revolving Credit Facility in an aggregate principal amount of up to \$100.0 million.

The Revolving Credit Facility matures on November 9, 2026. The Revolving Credit Facility includes a \$ 20.0 million swingline sub-facility and a \$25.0 million letter of credit sub-facility. The Revolving Credit Facility allows SK Intermediate II to increase commitments under the Revolving Credit Facility up to an aggregate amount not to exceed the greater of (i) \$143.0 million and (ii) 100.00% of consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") for the most recent four-quarter period (minus the aggregate outstanding principal amount of certain ratio debt permitted to be incurred thereunder). All borrowings under the Revolving Credit Facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, subject to customary exceptions.

Borrowings under the Revolving Credit Facility bear interest at a rate equal to (i) an applicable margin, plus (ii) at SK Intermediate II's option, either (x) Secured Overnight Financing Rate for the applicable corresponding tenor ("Term SOFR") as published by CME Group Benchmark Administration, adjusted for certain additional costs or (y) a base rate determined by reference to the highest of (a) the prime commercial lending rate published by the Wall Street Journal, (b) the federal funds rate plus 0.50%, (c) the one-month Term SOFR rate plus 1.00% and (d) a minimum floor of 1.00%. The applicable margin is 3.25% in the case of Term SOFR-based loans and 2.25% in the case of base rate-based loans, with two step downs of 0.25% each based upon the achievement of certain leverage ratios.

Solely to the extent that on the last day of the applicable fiscal quarter, the utilization of the Revolving Credit Facility (excluding cash collateralized letters of credit and up to \$10.0 million of undrawn letters of credit) exceeds 40.00% of the aggregate commitments, the Revolving Credit Facility requires compliance on a quarterly basis with a maximum secured net leverage ratio of 7.50:1.00.

The Revolving Credit Facility is fully and unconditionally guaranteed by the Company and each of SK Intermediate II's existing and future wholly-owned material restricted subsidiaries, subject to customary exceptions, and is secured by a first priority lien, subject to certain permitted liens, on substantially all of SK Intermediate II's and each of the guarantors' existing and future property and assets, subject to customary exceptions.

Deferred financing costs incurred in connection with securing the Revolving Credit Facility were \$ 2.3 million, which are carried as a long-term asset in the accompanying condensed consolidated balance sheets and is amortized on a straight-line over the term of the Revolving Credit Facility and included in interest expense in the accompanying condensed consolidated statements of operations and comprehensive income (loss).

As of September 30, 2024, the Company did not have any outstanding borrowings under the Revolving Credit Facility and was in compliance with all covenants.

### *Senior Notes*

SK Intermediate II has \$675.0 million principal amount of 5.00% senior secured notes due October 30, 2029 ("Senior Notes"). The Senior Notes bear interest at an annual rate of 5.00%. Interest on the Senior Notes is payable in cash semi-annually in arrears on April 30 and October 30 of each year.

The Senior Notes are general, secured, senior obligations of SK Intermediate II; rank equally in right of payment with all existing and future senior indebtedness of SK Intermediate II (including, without limitation, the Revolving Credit Facility); and together with the Revolving Credit Facility, are effectively senior to all existing and future indebtedness of SK Intermediate II that is not secured by the collateral. The Senior Notes are fully and unconditionally guaranteed on a senior secured basis, jointly and severally, by all of SK Intermediate II's existing or future restricted subsidiaries (other than certain excluded subsidiaries) that guarantee the Revolving Credit Facility. The Senior Notes contain certain covenants limiting SK Intermediate II's ability and the ability of the restricted subsidiaries (as defined in the indenture governing the Senior Notes) to, under certain circumstances, prepay subordinated indebtedness, pay distributions, redeem stock or make certain restricted investments; incur indebtedness; create liens on the SK Intermediate II's assets to secure debt; restrict dividends, distributions or other payments; enter into transactions with affiliates; designate subsidiaries as unrestricted subsidiaries; sell or otherwise transfer or dispose of assets, including equity interests of restricted subsidiaries; effect a consolidation or merger; and change the Company's line of business. As of September 30, 2024 the Company was in compliance with all covenants.

Deferred financing costs incurred in connection with securing the Senior Notes were \$ 11.0 million, which were capitalized and amortized using the effective interest method over the term of the Senior Notes and included in interest expense in the accompanying condensed consolidated statements of operations and comprehensive income (loss). The unamortized portion of the deferred financing costs is included as a reduction to the carrying value of the Senior Notes which have been recorded as long-term debt, net in the accompanying condensed consolidated balance sheets.

#### **Redeemable Preferred Shares**

The Company issued 10 million redeemable preferred shares of PSSA ("Redeemable Preferred Shares"), nominal value \$ 10 per share, valued at \$100.0 million. The Redeemable Preferred Shares are entitled to a preferred annual cumulative right to a dividend equal to 6.50% of its nominal value. The preferred dividend will generally be paid 40.00% in cash and 60.00% in kind each year within three business days following the Company's annual general meeting. Holders of the Redeemable Preferred Shares have no voting rights (only protective rights).

The Company, under its articles of association (the "Articles") is mandatorily required to redeem the Redeemable Preferred Shares at any time prior to the earliest of (i) six months following the latest maturity date of the above-mentioned Senior Notes, (ii) nine years after the date of issuance of the Redeemable Preferred Shares or (iii) upon the occurrence of a change of control, as defined in the Company's Articles. Due to the fact that the Redeemable Preferred Shares are mandatorily redeemable, the Redeemable Preferred Shares are classified as a liability in the accompanying condensed consolidated balance sheets, and \$1.8 million, \$5.3 million, \$1.7 million, and \$5.1 million of dividends on these Redeemable Preferred Shares for the three and nine ended September 30, 2024 and 2023, respectively, were recorded as interest expense in the accompanying condensed consolidated statements of operations and comprehensive (loss) income. Preferred dividends in arrears were \$11.7 million and \$8.6 million at September 30, 2024 and December 31, 2023, respectively.

The Redeemable Preferred Shares have an aggregate liquidation preference of \$100.0 million, plus any accrued and unpaid dividends thereon and are senior to the Ordinary Shares with respect to dividends and with respect to dissolution, liquidation or winding up of the Company. At September 30, 2024 and December 31, 2023, the redemption price was \$111.7 million and \$108.6 million, respectively.

#### **7. INCOME TAXES**

The Company is subject to U.S. federal income tax, U.S. state and local tax and tax in foreign jurisdictions. The Company estimates its annual effective tax rate in recording its quarterly provision for income taxes in the various jurisdictions in which it operates. The Company's effective tax rate was (102.24)% and (55.05)% for the three and nine months ended September 30, 2024, respectively, and 16.39% and (2.29)% for the three and nine months ended September 30, 2023, respectively. The primary differences between the effective tax rate and the amount computed by applying the Luxembourg statutory rate of 24.94% are related to losses not expected to be benefited in certain jurisdictions that have a valuation allowance, permanently non-deductible compensation, withholding taxes accrued on unremitted earnings and the impact of foreign tax rate differences.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. While the Company expects to realize the remaining net deferred tax assets, changes in future taxable income or in tax laws may alter this expectation and result in future increases to the valuation allowance. The valuation allowance for deferred tax assets as of September 30, 2024 and 2023 primarily relates to net operating loss and interest deduction limitation carryforwards that, in the judgment of the Company, are not more likely than not to be realized.

The Company evaluates its tax positions and recognizes only tax benefits that, more likely than not, will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax position is measured at the largest amount of benefit that has a greater than 50.0% likelihood of being realized upon settlement. As of September 30, 2024, it is not expected that the Company's unrecognized tax benefits will decrease within twelve months.

## **8. COMMITMENTS AND CONTINGENCIES**

### ***Legal Proceedings***

The Company is involved in various claims, actions, and legal proceedings arising in the ordinary course of business, including a number of matters related to the aqueous film forming foam litigation consolidated in the District of South Carolina multi-district litigation and other similar matters pending in other jurisdictions in the United States. The Company's exposure to losses, if any, is not considered probable or reasonably estimable at this time.

### ***Commitments***

The Company has an agreement to purchase various types of capital equipment up to \$ 5.0 million through October 2027. As of September 30, 2024, the Company has paid \$3.2 million to the supplier and the remaining \$ 1.8 million will be paid through April 2027.

## **9. EQUITY**

The Company's authorized share capital is \$4,100.0 million, consisting of 4,000.0 million Ordinary Shares with a nominal value of \$ 1.00 per share and 10.0 million Redeemable Preferred Shares with a nominal value of \$10.00 per share. Each Ordinary Share entitles the holder thereof to one vote.

On May 23, 2024, subject to certain limits, the shareholders of the Company approved a proposal authorizing the Board to repurchase up to 25% of the Company's Ordinary Shares outstanding as of the date of the shareholders' approval, being 36,310,028 Ordinary Shares, at any time during the next five years. The Board had re-established the limit for Ordinary Share repurchases at \$100.0 million on February 21, 2024, which is within the repurchase limit approved by the Company's shareholders' on May 23, 2024.

During the three and nine months ended September 30, 2024, the Company repurchased 399 and 2,988,291 Ordinary Shares, respectively, under its Share Repurchase Plan. The repurchased Ordinary Shares were recorded at cost and are being held in treasury.

During both the three and nine months ended September 30, 2024, the Company issued 19,160 Ordinary Shares related to 76,640 warrants that were exercised in September 2024.

As of September 30, 2024, there were 145,240,338 Ordinary Shares, 33,766,800 warrants and 10,000,000 Redeemable Preferred Shares outstanding.

## **10. SHARE-BASED COMPENSATION**

### ***2021 Equity Plan***

The Company's Board adopted, and its shareholders approved, the 2021 Equity Incentive Plan (the "2021 Equity Plan"). A total of 31,900,000 Ordinary Shares are authorized and reserved for issuance under the 2021 Equity Plan which provides for the grant of stock options (either incentive or non-qualified), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance shares, performance share units and other share-based awards with respect to the Ordinary Shares. Shares associated with underlying awards that are expired, forfeited, or otherwise

terminated without the delivery of shares, or are settled in cash, and any shares tendered to or withheld by the Company for the payment of an exercise price or for tax withholding will again be available for issuance under the 2021 Equity Plan.

During the nine months ended September 30, 2024, the Company granted 4,655,000 performance-based non-qualified stock options ("PBNQSO") that vest based on the achievement of certain performance goals to its employees and independent directors. The Company recognizes compensation costs for PBNQSO granted in 2024 based on the estimated fair value of the awards on the date of grant. The Company estimated the grant date fair value, and the resulting share-based compensation expense, using the Hull-White model. The Company records forfeitures as they are incurred. The grant date fair value of the PBNQSO is expensed proportionately for each tranche over the applicable service period. The fair value of PBNQSO is recognized as compensation expense beginning at the time in which the performance conditions are deemed probable of achievement, over the remaining requisite service period.

In March 2024, based on the Company's performance for 2023, its compensation committee verified and determined the Annual Operational Performance per Diluted Share ("AOP") for 2023 to be \$5.31. As the AOP for 2023 was below the minimum vesting AOP target of \$ 12.10, employees separated from the Company through the date of determination of the 2023 AOP relinquished 240,000 options retained by them and such options were cancelled by the Company.

As of September 30, 2024, there were 15,134,171 PBNQSO outstanding. The exercise prices of these PBNQSO ranged from \$ 2.94 to \$14.00 per Ordinary Share and expire ten years from the grant date.

The table below summarizes the PBNQSO activity for the nine months ended September 30, 2024:

	Number of Options	Weighted-Average Exercise/ Conversion Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	11,244,171	\$ 9.30		
Granted	4,655,000	\$ 6.43		
Exercised	—	\$ —		
Forfeited	(525,000)	\$ 7.40		
Cancelled	(240,000)	\$ 8.63		
Outstanding at September 30, 2024	15,134,171	\$ 8.49	8.10	\$ 76,230
Options vested and exercisable	245,004	\$ 10.00	5.36	\$ 845

The assumptions used to fair value the PBNQSO granted during the nine months ended September 30, 2024 using the Hull-White model was as follows:

	September 30, 2024
Dividend yield	— %
Expected volatility	39.00% to 44.00%
Expected term (years)	10.00
Suboptimal exercise multiple	2.50
Drift rate	3.72% to 4.42%
Weighted average exercise price of options granted	\$ 6.43
Weighted average fair value of options granted	\$ 3.45

Non-cash share-based compensation expense recognized by the Company for the three and nine months ended September 30, 2024 was \$3.3 million and \$8.0 million, respectively. Non-cash share-based compensation expense (benefit) recognized by the Company for the three and nine months ended September 30, 2023 was \$1.7 million and \$(0.1) million, respectively.

Compensation expense is recognized based upon probability assessments of PBNQSO that are expected to vest in future periods. Such probability assessments are subject to revision and, therefore, unrecognized compensation expense is subject to future changes in estimates. As of September 30, 2024, there was approximately \$21.6 million of total

unrecognized compensation expense related to non-vested PBNQSO expected to vest, which is expected to be recognized over a weighted-average period of 1.59 years.

#### **Founder Advisory Amounts**

On November 9, 2021, the Company assumed the advisory agreement entered into on December 12, 2019 by EverArc ("Founder Advisory Agreement") with EverArc Founders, LLC, a Delaware limited liability company ("EverArc Founder Entity"), pursuant to which the EverArc Founder Entity, for the services provided to the Company, including strategic and capital allocation advice, is entitled to receive both a fixed amount (the "Fixed Annual Advisory Amount") and a variable amount (the "Variable Annual Advisory Amount," each an "Advisory Amount" and collectively, the "Advisory Amounts") until the years ending December 31, 2027 and 2031, respectively. Under the Founder Advisory Agreement, at the election of the EverArc Founder Entity, at least 50% of the Advisory Amounts will be paid in Ordinary Shares and the remainder in cash.

The Fixed Annual Advisory Amount will be equal to 2,357,061 Ordinary Shares (1.5% of 157,137,410 Ordinary Shares outstanding on November 9, 2021) for each year through December 31, 2027 and is valued using the period end volume weighted average closing share price of Ordinary Shares for ten consecutive trading days. The Variable Annual Advisory Amount for each year through December 31, 2031 is based on the appreciation of the market price of Ordinary Shares if such market price exceeds certain trading price minimums at the end of each reporting period and is valued using a Monte Carlo simulation model. Because up to 50% of the Advisory Amounts could be settled through a cash payment, 50% are classified as a liability and the remaining 50% are classified within equity. For Advisory Amounts classified within equity, the Company does not subsequently remeasure the fair value. For the Advisory Amounts classified as a liability, the Company remeasures the fair value at each reporting date, accordingly, the compensation expense recorded by the Company in the future will depend upon changes in the fair value of the liability-classified Advisory Amounts.

As of September 30, 2024 and December 31, 2023, the fair value of the Fixed Annual Advisory Amount was calculated to be \$ 121.2 million and \$42.5 million, respectively, based on the period end volume weighted average closing share price for ten consecutive trading days of Ordinary Shares of \$ 12.85 and \$4.51, respectively. As of September 30, 2024 and December 31, 2023, the fair value of the Variable Annual Advisory Amount, determined using a Monte Carlo simulation model, was \$498.8 million and \$71.3 million, respectively.

For the three and nine months ended September 30, 2024, the Company recognized an increase in the compensation expense related to the founders advisory fees-related party due to an increase in fair value for liability-classified Advisory Amounts of \$184.2 million and \$253.1 million, respectively. For the three and nine months ended September 30, 2023, the Company recognized a decrease in the compensation expense related to the founders advisory fees-related party due to a decrease in fair value for liability-classified Advisory Amounts of \$24.5 million and \$108.8 million, respectively.

## **11. FAIR VALUE MEASUREMENTS**

### ***Fair Value Measurement***

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, accounts payable, accrued expenses and other current liabilities approximates fair value due to the short-term nature of their maturities. Borrowings under the Company's Revolving Credit Facility accrues interest at a floating rate tied to a standard short-term borrowing index, selected at the Company's option, plus an applicable margin. The carrying amount of this floating rate debt approximates fair value based upon the respective interest rates adjusting with market rate adjustments. The carrying amount of the Company's Redeemable Preferred Shares equals the redemption price, which approximates fair value. At September 30, 2024 and December 31, 2023, the estimated fair value of the Company's Senior Notes, calculated using Level 2 inputs, based on bid prices obtained from a broker was approximately \$649.1 million and \$587.9 million, respectively.

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

- Level 2 inputs: Other than quoted prices in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

### Liabilities by Hierarchy Level

The following tables set forth the Company's liabilities that were measured at fair value on a recurring basis, by level, within the fair value hierarchy as of September 30, 2024 and December 31, 2023 (in thousands):

	Fair Value Measurements Using:				
September 30, 2024	Level 1	Level 2	Level 3	Total	
Liabilities:					
Founders advisory fees payable - related party	\$ 60,596	\$ —	\$ 249,417	\$ 310,013	
December 31, 2023					
Liabilities:					
Founders advisory fees payable - related party	\$ 23,972	\$ —	\$ 35,647	\$ 59,619	

The fair value of the founders advisory fees payable is based on the appreciation of the market price of Ordinary Shares if such market price exceeds certain trading price minimums at the end of each reporting period and is valued using a Monte Carlo simulation model, which requires the input of subjective assumptions, including the fair value of the underlying Ordinary Shares, the risk-free interest rate, the expected equity volatility, and the expected term of the Founder Advisory Agreement. See Note 10, "Share-Based Compensation" for discussion of the fair value estimation on the founders advisory fees payable.

### Changes in Level 3 Liabilities

The reconciliations for all liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows (in thousands):

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
	Founders Advisory Fees Payable - Related Party	Founders Advisory Fees Payable - Related Party
Fair value, beginning of period	\$ 89,317	\$ 35,647
Founders advisory fees - related party, change in fair value	160,100	213,770
Fair value, end of period	\$ 249,417	\$ 249,417

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
	Founders Advisory Fees Payable - Related Party	LaderaTech Contingent Earn-out	Founders Advisory Fees Payable - Related Party	LaderaTech Contingent Earn-out
Fair value, beginning of period	\$ 51,729	\$ 7,665	\$ 118,490	\$ 7,273
Founders advisory fees - related party, change in fair value	(19,414)	—	(86,175)	—
Gain on contingent earn-out	—	(7,665)	—	(7,273)
Fair value, end of period	\$ 32,315	\$ —	\$ 32,315	\$ —

During the year ended December 31, 2023, due to a downward revision in the revenue forecast of the contingent earn-out eligible fire retardant product, the Company determined that \$7.7 million in contingent earn-out payable to LaderaTech was no longer probable. Accordingly, the Company recorded a gain of \$7.7 million during the year ended December 31, 2023. For this reason, the Company no longer recognizes a contingent earn-out payable as of September 30, 2024.



## 12. RELATED PARTIES

On November 9, 2021, the Company, EverArc and the EverArc Founder Entity entered into an Assignment and Assumption Agreement (the "Founder Assignment Agreement") pursuant to which the Company assumed, and agreed to pay, perform, satisfy and discharge in full, all of EverArc's liabilities and obligations under the Founder Advisory Agreement.

In exchange for the services provided to the Company, including strategic and capital allocation advice, the EverArc Founder Entity is entitled to receive both the Fixed Annual Advisory Amount and the Variable Annual Advisory Amount from the Company.

The Fixed Annual Advisory Amount will be equal to 2,357,061 Ordinary Shares (1.5% of 157,137,410 Ordinary Shares outstanding) for each year through December 31, 2027 and valued using the period end volume weighted average closing share price for ten consecutive trading days of Ordinary Shares. The Variable Annual Advisory Amount for each year through December 31, 2031 is based on the appreciation of the market price of Ordinary Shares if such market price exceeds certain trading price minimums at the end of each reporting period and is valued using a Monte Carlo simulation model.

For 2023, the EverArc Founder Entity was entitled to receive the Fixed Annual Advisory Amount of 2,357,061 Ordinary Shares or a value of \$ 10.6 million, based on an average price of \$4.51 per Ordinary Share (the "2023 Fixed Amount"). The EverArc Founder Entity did not qualify to receive the Variable Annual Advisory Amount for 2023 as the average price of \$4.51 per Ordinary Share for 2023 was lower than the average price of \$ 13.63 per Ordinary Share established in 2021 (the "2023 Variable Amount" and together with the 2023 Fixed Amount, the "2023 Advisory Amount"). The EverArc Founder Entity elected to receive approximately 74.6% of the 2023 Advisory Amount in Ordinary Shares ( 1,758,464 Ordinary Shares) and approximately 25.4% of the 2023 Fixed Amount in cash (\$ 2.7 million). On February 15, 2024, the Company issued 1,758,464 Ordinary Shares and paid \$2.7 million in cash in satisfaction of the 2023 Advisory Amount.

As of September 30, 2024, the Company calculated the fair value of the Fixed Annual Advisory Amounts using the period end volume weighted average closing share price of Ordinary Shares for ten consecutive trading days of \$12.85 and used a Monte Carlo simulation model to calculate the fair value of the Variable Annual Advisory Amount. These approaches resulted in fair values of \$121.2 million for the Fixed Annual Advisory Amount and \$498.8 million for the Variable Annual Advisory Amount, of which 50% may be paid in cash and recorded as a liability and the remaining 50% would be settled in Ordinary Shares. While the entire instrument is subject to the fair value calculation described above, the amount classified and recorded as equity remains consistent while the amount classified and recorded as a liability is updated each period.

For the three and nine months ended September 30, 2024, the Company recognized an increase in share-based compensation expense related to an increase in fair value for liability-classified Advisory Amounts of \$184.2 million and \$253.1 million primarily due to the increase in price of its Ordinary Shares.

## 13. REVENUE RECOGNITION

### *Disaggregation of revenues*

Amounts for products sold are recognized at a point in time, whereas amounts for contract services associated with full-service and portable retardant are recognized over time. Revenues for the three and nine months ended September 30, 2024 and 2023 are presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues from products	\$ 235,150	\$ 122,347	\$ 387,767	\$ 238,207
Revenues from services	53,227	19,845	86,744	23,483
Other revenues	40	466	226	963
Total net sales	<u>\$ 288,417</u>	<u>\$ 142,658</u>	<u>\$ 474,737</u>	<u>\$ 262,653</u>

#### 14. (LOSS) EARNINGS PER SHARE

Basic earnings per share represents income available to ordinary shareholders divided by the weighted average number of Ordinary Shares outstanding during the reported period. Diluted earnings per share is based upon the weighted-average number of Ordinary Shares outstanding during the period plus additional weighted-average potentially dilutive Ordinary Share equivalents during the period when the effect is dilutive.

Basic and diluted weighted average shares outstanding and (loss) earnings per share were as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income	\$ (89,167)	\$ 19,282	\$ (150,075)	\$ 80,727
<b>Weighted-average shares outstanding:</b>				
Weighted average shares used in computing (loss) earnings per share, basic	145,222,189	153,694,160	145,247,477	155,958,492
Founders advisory fees	—	11,785,305	—	11,785,305
Weighted average shares used in computing (loss) earnings per share, diluted	145,222,189	165,479,465	145,247,477	167,743,797
<b>Basic (loss) earnings per share</b>	\$ (0.61)	\$ 0.13	\$ (1.03)	\$ 0.52
<b>Diluted (loss) earnings per share</b>	\$ (0.61)	\$ 0.12	\$ (1.03)	\$ 0.48

As of September 30, 2024, 38.8 million Ordinary Shares issuable under the Founder Advisory Agreement towards Variable Annual Advisory Amount were excluded from the diluted earnings per share calculation as the contingency related to the instrument had not been met. In addition, 15.1 million PBNQSO, 8.4 million Ordinary Shares equivalent warrants and 9.4 million Ordinary Shares issuable under the Founder Advisory Agreement towards Fixed Annual Advisory Amount were excluded, as applicable, from the diluted earnings per share calculation as their effect would have been anti-dilutive. As of September 30, 2023, 11.5 million PBNQSOs and 12.9 million Ordinary Shares issuable under the Founder Advisory Agreement were excluded from the diluted earnings per share calculation as the contingencies related to such instruments had not been met. In addition, 8.5 million Ordinary Shares equivalent warrants were excluded from the diluted earnings per share calculation as their effect would have been anti-dilutive.

#### 15. SEGMENT INFORMATION

The Company's products and operations are managed and reported in two operating segments: Fire Safety and Specialty Products.

The Fire Safety segment manufactures and sells fire retardant and firefighting foam products, as well as specialized equipment and services typically offered in conjunction with these retardant and foam products.

The Specialty Products segment produces and sells P<sub>2</sub>S<sub>5</sub> used in several end markets and applications, including high quality specialty chemicals, various agricultural applications, various mining applications, and emerging electric battery technologies. Within the high quality specialty chemicals end market, currently the Company's largest end market application, P<sub>2</sub>S<sub>5</sub> is primarily used in the production of a family of compounds called ZDDP, which is considered an essential component in the formulation of engine oils with its main function to provide anti-wear protection to engine components. P<sub>2</sub>S<sub>5</sub> is also used in pesticide and mining chemicals applications.

Interest income, interest expense, other income (expense) and certain corporate operating expenses are neither allocated to the segments nor included in the measures of segment performance by the CODM. The corporate category is not considered to be a segment. The CODM is the Company's Chief Executive Officer.

The Company's CODM uses the segment net sales and segment Adjusted EBITDA to assess the ongoing performance of the Company's business segments and to allocate resources. The Company defines segment Adjusted EBITDA as

earnings before interest, taxes, depreciation and amortization, as adjusted on a consistent basis for certain non-recurring or unusual items in a balanced manner and on a segment basis ("Segment Adjusted EBITDA"). These non-recurring or unusual items may include acquisition, integration and restructuring related costs along with other non-recurring items.

Summarized financial information for the Company's reportable segments are presented and reconciled to consolidated financial information in the following tables (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net sales:</b>				
Fire safety				
Products	\$ 198,578	\$ 97,969	\$ 288,568	\$ 165,718
Service and others	53,267	20,311	86,970	24,446
Total fire safety	251,845	118,280	375,538	190,164
Specialty products	36,572	24,378	99,199	72,489
Total net sales	\$ 288,417	\$ 142,658	\$ 474,737	\$ 262,653
<b>Segment Adjusted EBITDA:</b>				
Fire safety	\$ 157,479	\$ 56,038	\$ 212,877	\$ 69,209
Specialty products	12,897	5,431	34,543	16,366
Total Segment Adjusted EBITDA	170,376	61,469	247,420	85,575
Less:				
Depreciation and amortization	16,444	16,276	49,215	48,493
Interest and financing expense	10,054	10,448	31,292	30,938
Founders advisory fees - related party	184,176	(24,544)	253,097	(108,806)
Intangible impairment	—	40,738	—	40,738
Non-recurring expenses	1,834	22	2,397	1,942
Share-based compensation expense (benefit)	3,312	1,749	8,048	(130)
Gain on contingent earn-out	—	(7,665)	—	(7,273)
Foreign currency (gain) loss	(1,354)	1,384	163	756
(Loss) income before income taxes	\$ (44,090)	\$ 23,061	\$ (96,792)	\$ 78,917

## 16. SUBSEQUENT EVENT

On July 31, 2024, the Company filed a registration statement on Form S-4 with a preliminary proxy statement seeking shareholder approval to convert PSSA into a corporation incorporated under the laws of the State of Delaware (the "Redomiciliation Transaction"), after which, PSSA will continue as an entity under the name "Perimeter Solutions, Inc." and the existing PSSA shareholders would hold shares of common stock in Perimeter Solutions, Inc. rather than in PSSA.

On October 25, 2024, the Company filed Amendment No. 1 to the registration statement on Form S-4 to amend certain information on the registration statement on Form S-4 filed on July 31, 2024. The Company expects to complete the Redomiciliation Transaction by December 31, 2024, subject to shareholder approval at a special meeting of shareholders on November 20, 2024. The Company is currently evaluating the potential impact on deferred taxes, resulting from and subject to the completion of the Redomiciliation Transaction.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this quarterly report on Form 10-Q for the quarter ended September 30, 2024 (this "Quarterly Report"). This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, such statements are subject to the "safe harbor" created by those sections and involve risks and uncertainties. Forward-looking statements are based on our management's beliefs and assumptions and on information available to our management as of the date hereof. As a result of many factors, such as those set forth under "Item 1A. Risk Factors" included in our 2023 Annual Report, our actual results may differ materially from those anticipated in these forward-looking statements, accordingly, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.*

### Overview

Perimeter Solutions, SA ("PSSA"), a public company limited by shares ( *société anonyme*) was incorporated on June 21, 2021 under the laws of the Grand Duchy of Luxembourg. PSSA is headquartered in the Grand Duchy of Luxembourg with business operations across the globe. PSSA's ordinary shares, nominal value, \$1.00 per share (the "Ordinary Shares"), are listed on New York Stock Exchange ("NYSE") and trade under the symbol "PRM".

On July 31, 2024, the Company filed a registration statement on Form S-4 with a preliminary proxy statement seeking shareholder approval to convert PSSA into a corporation incorporated under the laws of the State of Delaware (the "Redomiciliation Transaction"), after which, PSSA will continue as an entity under the name "Perimeter Solutions, Inc." and the existing PSSA shareholders would hold shares of common stock in Perimeter Solutions, Inc. rather than in PSSA.

On October 25, 2024, the Company filed Amendment No. 1 to the registration statement on Form S-4 to amend certain information on the registration statement on Form S-4 filed on July 31, 2024. The Company expects to complete the Redomiciliation Transaction by December 31, 2024, subject to shareholder approval at a special meeting of shareholders on November 20, 2024. The Company is currently evaluating the potential impact on deferred taxes, resulting from and subject to the completion of the Redomiciliation Transaction.

We are a global solutions provider, producing high-quality firefighting products and high quality specialty chemicals. Approximately 65% of our 2023 annual revenues were derived in the United States, approximately 15% in Europe and approximately 14% in Canada with the remaining approximately 6% spread across various other countries. Our business is organized and managed in two reporting segments: Fire Safety and Specialty Products.

The Fire Safety business is a formulator and manufacturer of fire management products that help our customers combat various types of fires, including wildland, structural, flammable liquids and other types of fires. Our Fire Safety business also offers specialized equipment and services, typically in conjunction with our fire management products to support firefighting operations. Our specialized equipment includes air base 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 globally. The segment is built on the premise of superior technology, exceptional responsiveness to our customers' needs, and a "never-fail" service network. Significant end markets include primarily government-related entities and are dependent on approvals, qualifications, and permits granted by the respective governments and commercial customers around the world.

The Specialty Products segment produces and sells  $P_2S_5$  used in several end markets and applications, including high quality specialty chemicals, various agricultural applications, various mining applications, and emerging electric battery technologies. Within the high quality specialty chemicals end market, currently the Company's largest end market application,  $P_2S_5$ , is primarily used in the production of a family of compounds called ZDDP, which is considered an essential component in the formulation of lubricating oils with its main function to provide anti-wear protection to engine components. In addition, ZDDP inhibits oxidation of lubricating oil by scavenging free radicals that initiate oil breakdown and sludge formation, resulting in better and longer engine function.  $P_2S_5$  is also used in pesticide and mining chemicals applications. We offer several grades of  $P_2S_5$  with varying degrees of phosphorus content, particle size, distribution, and reactivity to our global customers.

We operate four business units within our two reporting segments. The business unit structure is meant to promote the decentralized execution and accountability and maintain the geography and product-specific focus and granularity necessary to drive continued improvement in our key operational value drivers. Our key operational value drivers are profitable new business, pricing our products and services to the value they provide, and continued productivity improvements. Each business unit has a business unit manager, who is responsible for achieving targeted financial and operational results.

In 2024, the Company changed the presentation of freight expense from selling, general and administrative expense to cost of goods sold, to better match freight expense with freight income. The change has been applied retrospectively to the condensed consolidated financial statements for the prior periods presented in this Quarterly Report. The impact to the accompanying condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2023 is presented in the following table (in thousands). There was no impact on previously reported balances in the accompanying condensed consolidated balance sheet or statement of cash flows.

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	As Previously Reported	As Adjusted	Effect of Change	As Previously Reported	As Adjusted	Effect of Change
Cost of goods sold	\$ 69,357	\$ 72,825	\$ 3,468	\$ 144,509	\$ 153,096	\$ 8,587
Gross profit	73,301	69,833	(3,468)	118,144	109,557	(8,587)
Selling, general and administrative expense	16,161	12,693	(3,468)	41,523	32,936	(8,587)
Total operating expenses	46,133	42,665	(3,468)	14,777	6,190	(8,587)
Operating income	27,168	27,168	—	103,367	103,367	—
Net income	19,282	19,282	—	80,727	80,727	—

## Known Trends and Uncertainties

### Growth in Fire Safety

We believe that our Fire Safety segment benefits from several secular growth drivers, including increasing fire severity, as measured by higher acres burned, longer fire seasons and a growing wildland urban interface resulting in a need for higher quantity of retardant use per acre and thereby necessitating an increase of the airtanker capacity. We believe that these trends are prevalent in North America, as well as globally and we expect these trends to continue and to drive growth in demand for fire retardant products.

We are also working to grow our fire prevention and protection business, which is primarily focused on expanding use of ground-applications for long-term fire retardant. This includes use of ground assets in response to active fires (protection), as well as proactive treatments around critical infrastructure and known high-risk areas (prevention). The protection business expands on our existing aerial support to enhance the ability of customers to effectively fight active fires. Fire prevention products can be used to prevent fire ignitions and protect property from potential fire danger by providing proactive retardant treatment in high-risk areas such as roadways and near critical infrastructure like electrical utilities and railroads. Treating these areas ahead of the fire season can potentially stop ignitions from equipment failures or sparks.

We have invested and intend to continue investing in the expansion of our fire safety business through acquisitions to further grow our global customer base.

### Weather Conditions and Climate Trends

Our business is highly dependent on the needs of government agencies to suppress fires. As such, our financial condition and results of operations are significantly impacted by weather as well as environmental and other factors affecting climate change, which impact the number and severity of fires in any given year. Historically, sales of our products have been higher in the summer season of each fiscal year due to weather patterns which we believe are generally correlated to a higher prevalence of wildfires. This is in part offset by the disbursement of our operations in both the northern and southern hemispheres, where the summer seasons alternate.

## Global Economic Environment

In recent years, the global economy and labor markets have experienced significant inflationary pressures attributable to ongoing economic recovery and supply chain issues, in part due to the impacts of the conflicts in Ukraine and the Middle East. While the Company has limited exposure in regions with active conflicts, it continues to monitor and take actions with its customers and suppliers to mitigate the impact of these inflationary pressures in the future. Actions to mitigate inflationary pressures with suppliers include aggregation of purchase requirements to achieve optimal volume benefits, negotiation of cost-reductions and identification of more cost competitive suppliers. While these actions are designed to offset the impact of inflationary pressures, the Company cannot provide assurance that they will be successful in fully offsetting increased costs resulting from inflationary pressure. In addition, interest payments for borrowings under the Company's revolving credit facility are based on variable rates, and any continued increase in interest rates may reduce the Company's cash flow available for other corporate purposes.

## Results of Operations

### Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

#### Total Company

The following table sets forth our results of operations for each of the periods indicated (in thousands):

	Three Months Ended September 30,		Change	
	2024	2023	\$	%
Net sales	\$ 288,417	\$ 142,658	\$ 145,759	102 %
Cost of goods sold	107,195	72,825	34,370	47 %
Gross profit	181,222	69,833	111,389	160 %
Operating expenses				
Selling, general and administrative expense	18,520	12,693	5,827	46 %
Amortization expense	13,765	13,778	(13)	— %
Founders advisory fees - related party	184,176	(24,544)	208,720	(850 %)
Intangible impairment	—	40,738	(40,738)	(100 %)
Total operating expenses	216,461	42,665	173,796	407 %
Operating (loss) income	(35,239)	27,168	(62,407)	(230 %)
Other expense (income):				
Interest expense, net	10,054	10,448	(394)	(4 %)
Gain on contingent earn-out	—	(7,665)	7,665	(100 %)
Foreign currency (gain) loss	(1,354)	1,384	(2,738)	(198 %)
Other expense (income), net	151	(60)	211	(352 %)
Total other expense, net	8,851	4,107	4,744	116 %
(Loss) income before income taxes	(44,090)	23,061	(67,151)	(291 %)
Income tax expense	(45,077)	(3,779)	(41,298)	1093 %
Net (loss) income	\$ (89,167)	\$ 19,282	\$ (108,449)	(562 %)

**Net Sales.** Net product and services sales increased by \$145.8 million for the three months ended September 30, 2024, compared to the same period in 2023. Net sales in the Fire Safety segment increased by \$133.6 million, representing a \$132.9 million increase in fire retardant sales and a \$0.7 million increase in fire suppressant sales. Fire retardant sales increased \$131.5 million in the Americas and \$1.7 million in Europe, partially offset by a decrease of \$0.3 million in Asia Pacific. Retardant strength was driven by increasingly proactive use of air attack, and by extension of fire retardant, by our customers, as they combat the growing threat of wildfires, and by continued successful implementation of the Company's strategies on profitable new business, as well as pricing our products and services to the value they provide. Fire suppressant sales increased by \$0.7 million, primarily due to sales of fluorine-free foam concentrates. Net sales in the Specialty Products segment increased by \$12.2 million, of which \$8.0 million was an increase in Americas and \$4.2 million was an increase in Europe. The growth in Specialty Products sales reflects an increase in purchases by our high-quality specialty chemicals customers.

*Cost of Goods Sold.* Cost of goods sold increased by \$34.4 million for the three months ended September 30, 2024 compared to the same period in 2023. The increase in the Fire Safety segment of \$30.2 million was primarily due to a \$29.5 million increase in labor, material and freight costs as a result of the increase in revenue and a \$0.7 million increase in other costs. The \$4.2 million increase in the Specialty Products segment was due to a \$4.5 million increase in raw material, manufacturing and freight, offset by a \$0.3 million decrease in other costs.

*Selling, General and Administrative Expense.* Selling, general and administrative expense increased by \$5.8 million for the three months ended September 30, 2024 compared to the same period in 2023. The increase was primarily due to a \$3.3 million increase in personnel related and share-based compensation expenses, a \$1.0 million increase in professional fees, and a \$1.5 million increase in other costs.

*Founder Advisory Fees - related party.* Founder advisory fees - related party represents the change in the fair value of the liability-classified Fixed Annual Advisory Amount and Variable Annual Advisory Amount (collectively, the "Annual Advisory Amounts"). The increase in the fair value of the Annual Advisory Amounts for the three months ended September 30, 2024 of \$184.2 million was primarily due to an increase in the average price per Ordinary Share from \$7.75 as of June 30, 2024 to \$12.85 as of September 30, 2024. The decrease in the fair value of the Annual Advisory Amount for the three months ended September 30, 2023 of \$24.5 million was primarily due to a reduction in the average price per Ordinary Share from \$5.89 as of June 30, 2023, to \$5.02 September 30, 2023.

*Intangible Impairment.* Intangible impairment decreased by \$40.7 million for the three months ended September 30, 2024 compared to the same period in 2023. The decrease was due to the prior year impairment on the carrying value of the technology underlying the contingent earn-out eligible fire retardant product acquired by the Company during the purchase of LaderaTech in May 2020.

*Foreign Currency (Gain) Loss.* Foreign currency gain of \$1.4 million for the three months ended September 30, 2024 reflects weakening of the U.S. dollar, primarily against the Euro. Foreign currency loss of \$1.4 million for the three months ended September 30, 2023 reflects strengthening U.S. dollar, primarily against the Euro.

*Income Tax Expense.* Income tax expense increased by \$41.3 million for the three months ended September 30, 2024 compared to the same period in 2023. The increase is due primarily to changes in earnings in jurisdictions that were not covered by a valuation allowance and the impact of non-deductible compensation and accrued withholding taxes on the annualized effective tax rate.

# **Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023**

	Nine Months Ended September 30,		Change	
	2024	2023	\$	%
Net sales	\$ 474,737	\$ 262,653	\$ 212,084	81 %
Cost of goods sold	199,546	153,096	46,450	30 %
Gross profit	275,191	109,557	165,634	151 %
Operating expenses				
Selling, general and administrative expense	45,888	32,936	12,952	39 %
Amortization expense	41,291	41,312	(21)	— %
Founders advisory fees - related party	253,097	(108,806)	361,903	(333 %)
Intangible impairment	—	40,738	(40,738)	(100 %)
Other operating expense	—	10	(10)	(100 %)
Total operating expenses	340,276	6,190	334,086	5397 %
Operating (loss) income	(65,085)	103,367	(168,452)	(163 %)
Other expense (income):				
Interest expense, net	31,292	30,938	354	1 %
Gain on contingent earn-out	—	(7,273)	7,273	(100 %)
Foreign currency loss	163	756	(593)	(78 %)
Other expense, net	252	29	223	769 %
Total other expense, net	31,707	24,450	7,257	30 %
(Loss) income before income taxes	(96,792)	78,917	(175,709)	(223 %)
Income tax (expense) benefit	(53,283)	1,810	(55,093)	(3044 %)
Net (loss) income	\$ (150,075)	\$ 80,727	\$ (230,802)	(286 %)

**Net Sales.** Net product and services sales for the nine months ended September 30, 2024 increased by \$212.1 million compared to the same period in 2023. Net sales in the Fire Safety segment increased by \$185.4 million, representing a \$173.6 million increase in fire retardant sales and \$11.8 million increase in fire suppressant sales. Fire retardant sales increased \$174.4 million in the Americas, offset by decreases of \$0.3 million in Asia Pacific and \$0.5 million in Europe. Retardant strength was driven by increasingly proactive use of air attack, and by extension of fire retardant, by our customers, as they combat the growing threat of wildfires, and by continued successful implementation of the Company's strategies on profitable new business, as well as pricing our products and services to the value they provide. Fire suppressant sales increased by \$11.8 million, primarily due to sales of fluorine-free foam concentrates. Net sales in the Specialty Products segment increased by \$26.7 million, of which \$21.8 million was in the Americas and \$4.9 million was in Europe. The growth in Specialty Products sales reflects an increase in purchases by our high-quality specialty chemicals customers.

**Cost of Goods Sold.** Cost of goods sold increased by \$46.5 million for the nine months ended September 30, 2024 compared to the same period in 2023. The increase in the Fire Safety segment of \$38.9 million was primarily due to a \$37.9 million increase in labor, material and freight costs as a result of the increase in revenue and a \$1.0 million increase in other costs. The \$7.6 million increase in the Specialty Products segment was due to a \$9.4 million increase in raw material, manufacturing and freight, offset by a \$1.8 million decrease in other costs.

**Selling, General and Administrative Expense.** Selling, general and administrative expense increased by \$13.0 million for the nine months ended September 30, 2024 compared to the same period in 2023. The increase was primarily due to a \$9.5 million increase in personnel related and share-based compensation expenses and a \$6.5 million increase in other costs, partially offset by \$3.0 million decrease in professional fees.

**Founder Advisory Fees - related party.** Founder advisory fees - related party represents the change in the fair value of the liability-classified Fixed Annual Advisory Amount and Variable Annual Advisory Amount. The increase in the fair value of the Annual Advisory Amounts for the nine months ended September 30, 2024 of \$253.1 million was primarily due to a increase in the average price per Ordinary Share from \$4.51 as of December 31, 2023 to \$12.85 as of September 30, 2024. The decrease in the fair value of the Annual Advisory Amount for the nine months ended September 30, 2023 of



\$108.8 million was primarily due to a reduction in the average price per Ordinary Share from \$8.86 as of December 31, 2022 to \$5.02 as of September 30, 2023.

**Intangible Impairment.** Intangible impairment decreased by \$40.7 million for the nine months ended September 30, 2023 compared to the same period in 2023. The decrease was due to the prior year impairment on the carrying value of the technology underlying the contingent earn-out eligible fire retardant product acquired by the Company during the purchase of LaderaTech in May 2020.

**Income Tax (Expense) Benefit.** Income tax expense increased by \$55.1 million for the nine months ended September 30, 2024 compared to the same period in 2023. The increase is due primarily to changes in earnings in jurisdictions that were not covered by a valuation allowance and the impact of non-deductible compensation and accrued withholding taxes on the annualized effective tax rate.

### Business Segments

We use segment net sales and segment adjusted earnings before interest, taxes, depreciation and amortization ("Segment Adjusted EBITDA") to evaluate operating performance by segment, for business planning purposes and to allocate resources. The following tables provide information for our net sales and Segment Adjusted EBITDA (in thousands) for the three and nine months ended September 30, 2024 compared to the same periods in 2023:

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023	
	Fire Safety	Specialty Products	Fire Safety	Specialty Products
Net sales	\$ 251,845	\$ 36,572	\$ 118,280	\$ 24,378
Segment Adjusted EBITDA	\$ 157,479	\$ 12,897	\$ 56,038	\$ 5,431

Adjusted EBITDA for our Fire Safety segment increased by \$101.4 million during the three months ended September 30, 2024 compared with the same period in 2023. The increase was primarily due to higher net sales.

Adjusted EBITDA for our Specialty Products segment increased by \$7.5 million during the three months ended September 30, 2024 compared with the same period in 2023. The increase was primarily due to higher net sales.

	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	Fire Safety	Specialty Products	Fire Safety	Specialty Products
Net sales	\$ 375,538	\$ 99,199	\$ 190,164	\$ 72,489
Segment Adjusted EBITDA	\$ 212,877	\$ 34,543	\$ 69,209	\$ 16,366

Adjusted EBITDA for our Fire Safety segment increased by \$143.7 million during the nine months ended September 30, 2024 compared with the same period in 2023. The increase was primarily due to higher net sales.

Adjusted EBITDA for our Specialty Products segment increased by \$18.2 million during the nine months ended September 30, 2024 compared with the same period in 2023. The increase was primarily due to higher net sales.

### Liquidity and Capital Resources

We have historically funded our operations primarily through cash flows from operations, borrowings under our revolving credit facility, and the issuance of debt and equity securities. However, future operating cash flows are subject to a number of variables, including the length and severity of the fire season, growth of the wildland urban interface and the availability of air tanker capacity, all of which could negatively impact revenues, earnings and cash flows, and potentially our liquidity if we do not moderate our expenditures accordingly. Our cash requirements, cash flows, indebtedness and available credit as of September 30, 2024 is discussed below.

We believe that our existing cash and cash equivalents of approximately \$223.1 million, net cash flows generated from operations and availability under the Revolving Credit Facility as of September 30, 2024 will be sufficient to meet our current capital expenditures, working capital, and debt service requirements for at least 12 months from the filing date of this Quarterly Report. As of September 30, 2024, we expect our remaining fiscal year 2024 capital expenditure budget to cover both our maintenance and growth capital expenditures. We may also utilize borrowings under other various financing

sources available to us, including the issuance of equity and/or debt securities through public offerings or private placements, to fund our acquisitions, the Annual Advisory Amounts and long-term liquidity needs. Our ability to complete future offerings of equity or debt securities and the timing of these offerings will depend upon various factors including prevailing market conditions and our financial condition.

### **Warrants**

On September 27, 2024, the Company executed a supplement (the "Supplement") to the Warrant Instrument with Computershare Trust Company, N.A. and Computershare Inc. dated as of November 8, 2021 (the "Warrant Instrument") permitting holders of all outstanding warrants of the Company issued to investors in connection with its initial public offering, which expired on November 11, 2024, to exercise their warrants on a cashless exercise basis. A copy of the Supplement, the notice provided to holders of warrants of the Company and the related press release can be found on our Form 8-K filed with the SEC on October 1, 2024.

### **Revolving Credit Facility**

SK Invictus Intermediate II S.à r.l.'s, a private limited liability company governed by the laws of the Grand Duchy of Luxembourg ("SK Intermediate II"), five-year revolving credit facility (the "Revolving Credit Facility") provides for a senior secured revolving credit facility in an aggregate principal amount of up to \$100.0 million.

The Revolving Credit Facility matures on November 9, 2026. The Revolving Credit Facility includes a \$20.0 million swingline sub-facility and a \$25.0 million letter of credit sub-facility. All borrowings under the Revolving Credit Facility are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, subject to certain exceptions.

Borrowings under the Revolving Credit Facility bear interest at a rate equal to (i) an applicable margin, plus (ii) at SK Intermediate II's option, either (x) Secured Overnight Financing Rate for the applicable corresponding tenor ("Term SOFR") as published by CME Group Benchmark Administration, adjusted for certain additional costs or (y) a base rate determined by reference to the highest of (a) the prime commercial lending rate published by the Wall Street Journal, (b) the federal funds rate plus 0.50%, (c) the one-month Term SOFR rate plus 1.00% and (d) a minimum floor of 1.00%. The applicable margin is 3.25% in the case of Term SOFR-based loans and 2.25% in the case of base rate-based loans, with two step downs of 0.25% each based upon the achievement of certain leverage ratios.

As of September 30, 2024, the Company did not have any outstanding borrowings under the Revolving Credit Facility and was in compliance with all covenants.

### **Senior Notes**

SK Intermediate II has \$675.0 million principal amount of 5.00% senior secured notes due October 30, 2029 ("Senior Notes"). The Senior Notes bear interest at an annual rate of 5.00%. Interest on the Senior Notes is payable in cash semi-annually in arrears on April 30 and October 30 of each year.

The Senior Notes are general, secured, senior obligations of SK Intermediate II; rank equally in right of payment with all existing and future senior indebtedness of SK Intermediate II (including, without limitation, the Revolving Credit Facility); and together with the Revolving Credit Facility, are effectively senior to all existing and future indebtedness of SK Intermediate II that is not secured by the collateral.

For additional information about our long-term debt, refer to Note 6, "Long-Term Debt and Redeemable Preferred Shares," in the notes to the condensed consolidated financial statements included in this Quarterly Report.

### **Share Repurchase Plan**

On May 23, 2024, subject to certain limits, the shareholders of the Company approved a proposal authorizing the Board to repurchase up to 25% of the Company's Ordinary Shares outstanding as of the date of the shareholders' approval, being 36,310,028 Ordinary Shares, at any time during the next five years. The Board had re-established the limit for Ordinary Share repurchases at \$100.0 million on February 21, 2024, which is within the repurchase limit approved by the Company's shareholders' on May 23, 2024.

We repurchased 399 and 2,988,291 Ordinary Shares during the three and nine months ended September 30, 2024, respectively. The repurchased Ordinary Shares were recorded at cost and are being held in treasury.

### **Founder Advisory Agreement**

The advisory agreement entered into on December 12, 2019 by EverArc ("Founder Advisory Agreement") with EverArc Founders, LLC, a Delaware limited liability company (the "EverArc Founder Entity"), which is owned and operated by William N. Thorndike, Jr., W. Nicholas Howley, Tracy Britt Cool, Vivek Raj and Haitham Khouri (the "EverArc Founders"), pursuant to which the EverArc Founder Entity, for the services provided to the Company, including strategic and capital allocation advice, is entitled to receive both a fixed amount (the "Fixed Annual Advisory Amount") and a variable amount (the "Variable Annual Advisory Amount," each an "Advisory Amount" and collectively, the "Advisory Amounts") until the years ending December 31, 2027 and 2031, respectively. Under the Founder Advisory Agreement, at the election of the EverArc Founder Entity, at least 50% of the Advisory Amounts will be paid in Ordinary Shares and the remainder in cash.

For 2023, the EverArc Founder Entity was entitled to receive the Fixed Annual Advisory Amount of 2,357,061 Ordinary Shares or a value of \$10.6 million, based on average price of \$4.51 per Ordinary Share (the "2023 Fixed Amount"). The EverArc Founder Entity did not qualify to receive the Variable Annual Advisory Amount as the average price of \$4.51 per Ordinary Share for 2023 was lower than the average price of \$13.63 per Ordinary Share established in 2021 (the "2023 Variable Amount" and together with the 2023 Fixed Amount, the "2023 Advisory Amount"). The EverArc Founder Entity elected to receive approximately 74.6% of the 2023 Advisory Amount in Ordinary Shares (1,758,464 Ordinary Shares) and approximately 25.4% of the 2023 Fixed Amount in cash (\$2.7 million). On February 15, 2023, the Company issued 1,758,464 Ordinary Shares and paid \$2.7 million in cash in satisfaction of the 2023 Advisory Amount.

For additional information about the Founder Advisory Agreement, refer to Note 10, "Share-Based Compensation" and Note 12, "Related Parties," in the notes to the condensed consolidated financial statements included in this Quarterly Report.

### **Cash Flows:**

The summary of our cash flows is as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Cash provided by (used in):		
Operating activities	\$ 194,375	\$ (10,234)
Investing activities	(3,688)	(6,630)
Financing activities	(14,964)	(37,498)
Effect of foreign currency on cash and cash equivalents	54	(627)
Net change in cash and cash equivalents	\$ 175,777	\$ (54,989)

### **Operating Activities**

Net cash provided by operating activities for the nine months ended September 30, 2024 was \$194.4 million compared to net cash used in operating activities of \$10.2 million for the nine months ended September 30, 2023. For the nine months ended September 30, 2024, the primary components of operating cash flows were net loss of \$150.1 million, non-cash charges of \$321.7 million and net operating asset reductions of \$22.8 million. For the nine months ended September 30, 2023, the primary components of operating cash flows were net income of \$80.7 million, non-cash benefits of \$27.8 million and net operating asset investments of \$63.1 million. The net operating asset reduction for the nine months ended September 30, 2024 was primarily related to inventories.

### **Investing Activities**

Cash used in investing activities was \$3.7 million and \$6.6 million for the nine months ended September 30, 2024 and 2023 respectively. During the nine months ended September 30, 2024, the Company purchased property and equipment of \$9.1 million offset by proceeds from short-term investments of \$5.4 million upon settlement of a Euro denominated

certificate of deposit. During the nine months ended September 30, 2023, the Company purchased property and equipment of \$6.6 million.

### ***Financing Activities***

Cash used in financing activities was \$14.9 million and \$37.5 million for the nine months ended September 30, 2024 and 2023 respectively. During the nine months ended September 30, 2024, we repurchased outstanding Ordinary Shares for \$14.4 million and made \$0.5 million in principal payments on finance lease obligations. During the nine months ended September 30, 2023, we repurchased outstanding Ordinary Shares for \$37.2 million and made principal payments on finance lease obligations of \$0.3 million.

### ***Critical Accounting Estimates and Policies***

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements which have been prepared in accordance with U.S. GAAP. The Company's significant accounting policies and estimates are consistent with those discussed in Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" of its consolidated financial statements included in the Company's 2023 Annual Report filed on Form 10-K with the SEC on February 22, 2024. Significant estimates made by management in connection with the preparation of the accompanying condensed consolidated financial statements include the useful lives of long-lived and intangible assets, the fair value of financial assets and liabilities, stock options, founder advisory fees and realizability of deferred tax assets. We are not presently aware of any events or circumstances that would require us to update our estimates, assumptions or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained. As a result, actual results may differ significantly from our estimates, and any such differences may be material to our financial statements. For information on the impact of recently issued accounting pronouncements, see Note 2, "Summary of Significant Accounting Policies and Recent Accounting Pronouncements" in the notes to the condensed consolidated financial statements included in this Quarterly Report.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risk from changes in foreign currency exchange rates, short-term interest rates and price fluctuations of certain material commodities in the ordinary course of our business. We have not engaged in hedging activities since inception and currently, do not expect to engage in any hedging activities with respect to the market risk to which we are exposed.

#### **Foreign Currency Risk**

Foreign currency exchange risks are attributable to sales to foreign customers and purchases from foreign suppliers not denominated in a location's functional currency, foreign plant operations, intercompany indebtedness, intercompany investments and include exposures to the Euro, Canadian dollar, Norwegian krone and Australian dollar. We have elected to use the U.S. dollar for our Luxembourg entities. Transactions that are paid in a foreign currency are remeasured into U.S. dollars and recorded in the consolidated financial statements at prevailing currency exchange rates. A reduction in the value of the U.S. dollar against currencies of other countries could result in the use of additional cash to settle operating, administrative and tax liabilities.

#### **Interest Rate Risk**

For variable rate debt, interest rate changes generally do not affect the fair market value of such debt, but do impact future earnings and cash flows, assuming other factors are held constant. We are subject to market risk exposure related to changes in interest rates on borrowings under the Revolving Credit Facility. Interest on borrowings under the Revolving Credit Facility is based on adjusted SOFR plus or base rate plus an applicable margin. At September 30, 2024, we had no borrowings outstanding under the Revolving Credit Facility.

#### **Commodity Price Risk**

Our realized margins depend on the differential of sales prices over our total supply costs. Generally, we attempt to maintain an inventory position that is substantially balanced between our purchases and sales, including our future delivery obligations. However, market, weather or other conditions beyond our control may disrupt our expected supply of product,

and we may be required to obtain supply at increased prices that cannot be passed through to our customers. For example, some of our material supply contracts follow market prices, which may fluctuate through the year, while our product sales prices may be fixed on a quarterly or annual basis, and therefore, fluctuations in our material supply may not be passed through to our customers and can produce an adverse effect on our margins.

#### **Effects of Inflation**

We are subject to inflationary pressures with respect to raw materials, labor and transportation. Accordingly, we continue to take actions with our customers and suppliers to mitigate the impact of these inflationary pressures in the future. Actions to mitigate inflationary pressures with customers include contractual price escalation clauses and negotiated customer recoveries. Actions to mitigate inflationary pressures with suppliers include aggregation of purchase requirements to achieve optimal volume benefits, negotiation of cost-reductions and identification of more cost competitive suppliers. While these actions are designed to offset the impact of inflationary pressures, the Company cannot provide assurance that it will be successful in fully offsetting increased costs resulting from inflationary pressure.

#### **Item 4. Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Exchange Act, at September 30, 2024, PSSA has evaluated, under the supervision and with the participation of the Company's management, including PSSA's principal executive officer and principal financial officer, the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Our controls and procedures are designed to ensure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation, PSSA's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings.

We are involved in various claims, actions, and legal proceedings arising in the ordinary course of business, including a number of matters related to the aqueous film forming foam litigation consolidated in the District of South Carolina multi-district litigation and other similar matters pending in other jurisdictions in the United States. Our exposure to losses, if any, is not considered material.

### Item 1A. Risk Factors

There have been no material changes to the Company's risk factors disclosed in Part I, Item 1A. "Risk Factors" of the Company's 2023 Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Below is a summary of Ordinary Share repurchases for the quarter ended September 30, 2024.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Program
July 1, 2024 - July 31, 2024	399	\$ 7.50	399	36,291,094
August 1, 2024 - August 31, 2024	—	\$ —	—	36,291,094
September 1, 2024 - September 30, 2024	—	\$ —	—	36,291,094
Total	399	\$ —	399	

### Item 3. Defaults Upon Senior Securities

Not Applicable.

### Item 4. Mine Safety Disclosures.

Not Applicable.

### Item 5. Other Information

#### (c) Trading Plans

During the three and nine months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>32.1**</u></a>	<a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Perimeter Solutions, SA

Date: November 12, 2024

By: /s/ Haitham Khouri

Haitham Khouri  
Chief Executive Officer and Director  
(Principal Executive Officer)

Date: November 12, 2024

By: /s/ Kyle Sable

Kyle Sable  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)



Certification of Principal Executive Officer  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Haitham Khouri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perimeter Solutions, SA;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

By: /s/ Haitham Khouri

Haitham Khouri

Chief Executive Officer and Director

(Principal Executive Officer)

Certification of Principal Financial Officer  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kyle Sable, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perimeter Solutions, SA;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

By: /s/ Kyle Sable

Kyle Sable  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Haitham Khouri, Chief Executive Officer of Perimeter Solutions, SA (the "Registrant"), and Kyle Sable, Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his knowledge on the date hereof:

1. the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (the "Quarterly Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Perimeter Solutions, SA

Date: November 12, 2024

By: /s/ Haitham Khouri

Haitham Khouri  
Chief Executive Officer and Director  
(Principal Executive Officer)

Date: November 12, 2024

By: /s/ Kyle Sable

Kyle Sable  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.