November 11, 2021

Perma-Fix Reports Financial Results and Provides Business Update for the Third Quarter of 2021

Treatment Segment revenue increases and Services Segment adds approximately $50 million of new project backlog

ATLANTA, Nov. 11, 2021 (GLOBE NEWSWIRE) -- **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** (the "Company") today announced financial results and provided a business update for the third quarter ended September 30, 2021.

Mark Duff, President and CEO of the Company, commented, "We have started to see an improvement in the business following the pandemic-related decline. Specifically, our Treatment Segment revenues have begun to increase, which has continued to build heading into the fourth quarter. Importantly, we hope to capitalize on the pent-up demand as the industry returns to normal. Similarly, our Services Segment was impacted by a hiatus in new contract awards due to the pandemic, as reflected in our third quarter results. However, the government has begun issuing these awards, and we're starting to see the positive impact. I'm pleased to report we have already won a number of service contracts, adding approximately $50 million of project backlog since the start of the third quarter, which we believe should have a positive impact on our results beginning in the fourth quarter and into 2022. We also secured numerous Indefinite Delivery/Indefinite Quantity (IDIQ) or multi-award task order contracts (MATOCs), which limit competition and provide an opportunity for quick and low-cost proposal development. In addition, we have continued to define and position for new procurement and market expansion opportunities with the US Navy, the US Department of Defense (DOD) and the US Department of Energy (DOE). These opportunities include work scope directly within our core competencies that will support innovative solutions and the potential for increased revenue within both sectors."

"We continue to maintain a solid balance sheet, with cash on hand of more than $7.2 million as of September 30, 2021. As a result, we believe that we are capitalized to execute on our business strategy. We feel our recent funding will allow us to accelerate facility upgrades to support potential new revenue streams from Hanford and other government sites that could be a benefit to our Treatment Segment."

COVID-19

The Company continues to proactively update its ongoing business operations and safety plans to mitigate any potential impact of COVID-19. However, as the situations surrounding COVID-19 remain fluid, the full impact and extent of the pandemic on the Company's financial results cannot be estimated with any degree of certainty.

Financial Results

Revenue for the third quarter of 2021 was $15.8 million versus $30.2 million for the same period last year. The decrease was primarily within the Services Segment where revenue decreased to approximately $6.9 million for the three months ended September 30, 2021 from $23.1 million for the corresponding period of 2020 resulting primarily from delays in procurement actions and contract awards from the impact of COVID-19 in the first half of 2021 and the completion of a certain large project within the Services Segment in the second quarter of 2021. However, since the end of the second quarter of 2021, our Services Segment has been awarded a number of new contracts, including a fixed price contract awarded to the Company at the end of the third quarter of 2021 with a value of approximately $40.0 million for the decommissioning of a navy ship. We expect to see a ramp-up of activities from these new projects starting in the fourth quarter of 2021. The Company's Services Segment revenues are project based; as such, the scope, duration and completion of each project vary. As a result, the Services Segment revenues are subject to differences relating to timing and project value. Revenue for the Treatment Segment was approximately $8.9 million and $7.1 million for the third quarter of 2021 and 2020, respectively. Treatment Segment revenue for the third quarter of 2021 included revenue recognized in the amount of approximately $1,286,000 from a request for equitable adjustment ("REA") under a certain contract. The Company's revenue within our Treatment Segment for each of the third quarters of 2021 and 2020 continued to be negatively impacted by waste shipment delays from certain key customers primarily due to the impact of COVID-19.

Gross profit for the third quarter of 2021 was $2.2 million versus $4.8 million for the third quarter of 2020. The decrease was entirely within our Services Segment due to lower revenue from fewer projects resulting primarily from delays in contract awards from the impact of COVID-19 and the completion of a certain large project as discussed above.

Operating loss for the third quarter of 2021 was approximately $1.4 million versus operating income of $1.3 million for the third quarter of 2020. Net income attributable to common stockholders for the third quarter of 2021 was approximately $1.4 million or $0.11 per share (both basic and diluted) versus $1.4 million or $0.12 per share (both basic and diluted) for the third quarter of 2020. Net income attributable to common stockholders for the third quarter of 2021 included a tax benefit recorded in the amount of approximately $2.4 million resulting from the release of valuation allowance on the Company's deferred tax assets.

The Company recorded Adjusted EBITDA of ($798,000) from continuing operations during the quarter ended September 30, 2021, as compared to Adjusted EBITDA of $2.0 million for the same period of 2020. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before research and development costs related to the Medical Isotope project and (gain) loss on extinguishment of debt. Both EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), and should not be considered in isolation of, or as a substitute for, earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. The Company believes the presentation of EBITDA and Adjusted EBITDA is relevant and useful by enhancing the readers' ability to understand the Company's operating performance. The Company's management utilizes EBITDA and Adjusted EBITDA as a means to measure performance. The Company's measurements of EBITDA and Adjusted

EBITDA may not be comparable to similar titled measures reported by other companies. The table below reconciles EBITDA and Adjusted EBITDA, both non-GAAP measures, to GAAP numbers for income from continuing operations for the three and nine months ended September 30, 2021 and 2020.

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
(In thousands)	2021	2020	2021	2020
Income from continuing operations	$ 1,381	$ 1,481	$ 3,464	$ 3,049
Adjustments:				
Depreciation & amortization	409	478	1,208	1,189
Interest income	(2)	(28)	(23)	(112)
Interest expense	77	87	209	306
Interest expense - financing fees	11	58	28	187
Income tax benefit	(2,836)	(133)	(2,840)	(128)
EBITDA	(960)	1,943	2,046	4,491
Research and development costs related to Medical Isotope project	162	81	311	221
(Gain) loss on extinguishment of debt	—	—	(5,381)	27
Adjusted EBITDA	$ (798)	$ 2,024	$ (3,024)	$ 4,739

The tables below present certain unaudited financial information for the business segments, excluding allocation of corporate expenses:

	Three Months Ended September 30, 2021 (Unaudited)			Nine Months Ended September 30, 2021 (Unaudited)		
(In thousands)	Treatment	Services	Medical	Treatment	Services	Medical
Net revenues	$ 8,893	$ 6,904	$ —	$ 24,094	$ 30,981	$ —
Gross profit (negative gross profit)	2,487	(263)	—	4,845	701	—
Segment (loss) profit	1,316	(984)	(162)	1,682	(1,731)	(311)

	Three Months Ended September 30, 2020 (Unaudited)			Nine Months Ended September 30, 2020 (Unaudited)		
(In thousands)	Treatment	Services	Medical	Treatment	Services	Medical

Net revenues	$ 7,066	$ 23,106	$ —	$ 24,469	$ 52,610	$ —
Gross profit	1,094	3,656	—	5,533	7,167	—
Segment profit (loss)	450	2,811	(81)	2,742	5,160	(221)

Conference Call
Perma-Fix will host a conference call at 2:00 p.m. ET on Thursday, November 11, 2021. The call will be available in the investors section of the Company's website at https://ir.perma-fix.com/conference-calls, or by calling 888-506-0062 for U.S. callers or +1 973-528-0011 for international callers, and by entering access code: 592717. The conference call will be led by Mark J. Duff, Chief Executive Officer, Dr. Louis F. Centofanti, Executive Vice President of Strategic Initiatives, and Ben Naccarato, Executive Vice President and Chief Financial Officer of Perma-Fix Environmental Services, Inc.

A webcast will also be archived on the Company's website and a telephone replay of the call will be available approximately one hour following the call, through Thursday, November 18, 2021 and can be accessed by dialing 877-481-4010 for U.S. callers or +1 919-882-2331 for international callers and entering access code: 43641.

About Perma-Fix Environmental Services
Perma-Fix Environmental Services, Inc. is a nuclear services company and leading provider of nuclear and mixed waste management services. The Company's nuclear waste services include management and treatment of radioactive and mixed waste for hospitals, research labs and institutions, federal agencies, including the DOE, the DOD, and the commercial nuclear industry. The Company's nuclear services group provides project management, waste management, environmental restoration, decontamination and decommissioning, new build construction, and radiological protection, safety and industrial hygiene capability to our clients. The Company operates four nuclear waste treatment facilities and provides nuclear services at DOE, DOD, and commercial facilities, nationwide.

Please visit us at http://www.perma-fix.com.

This press release contains "forward-looking statements" which are based largely on the Company's expectations and are subject to various business risks and uncertainties, certain of which are beyond the Company's control. Forward-looking statements generally are identifiable by use of the words such as "believe", "expects", "intends", "anticipate", "plans to", "estimates", "projects", and similar expressions. Forward-looking statements include, but are not limited to: results beginning the fourth quarter and into 2022; revenue increase; capitalized to execute business strategy; new projects; capitalize on pent-up demand; backlog impact; revenue within both sectors; and support potential new revenue streams These forward-looking statements are intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. While the Company believes the expectations reflected in this news release are reasonable, it can give no assurance such expectations will prove to be correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this release, including, without limitation, future economic conditions; industry conditions; competitive pressures; our ability to apply and market our new technologies; the government or such other party to a contract granted to us fails to abide by or comply with the contract or to deliver waste as anticipated under the contract; inability to win bid projects; failure of

Congress to provides continuing funding for the DOD's and DOE's remediation projects; ability to obtain new foreign and domestic remediation contracts; inability to meet financial covenants; impact of COVID-19; and the "Risk Factors" discussed in, and the additional factors referred to under "Special Note Regarding Forward-Looking Statements" of, our 2020 Form 10-K and Forms 10-Q for quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. The Company makes no commitment to disclose any revisions to forward-looking statements, or any facts, events or circumstances after the date hereof that bear upon forward-looking statements.

FINANCIAL TABLES FOLLOW

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net revenues	$ 15,797	$ 30,172	$ 55,075	$ 77,079
Cost of goods sold	13,573	25,422	49,529	64,379
Gross profit	2,224	4,750	5,546	12,700
Selling, general and administrative expenses	3,348	3,308	9,550	8,935
Research and development	243	157	538	598
Loss on disposal of property and equipment	1	—	1	27
(Loss) income from operations	(1,368)	1,285	(4,543)	3,140
Other income (expense):				
Interest income	2	28	23	112
Interest expense	(77)	(87)	(209)	(306)
Interest expense-financing fees	(11)	(58)	(28)	(187)
Other	(1)	180	—	189
Gain (loss) on debt extinguishment of debt	—	—	5,381	(27)
(Loss) income from continuing operations before taxes	(1,455)	1,348	624	2,921

Income tax benefit	(2,836)	(133)	(2,840)	(128)
Income from continuing operations, net of taxes	1,381	1,481	3,464	3,049
Loss from discontinued operations, net of taxes	(43)	(67)	(285)	(266)
Net income	1,338	1,414	3,179	2,783
Net loss attributable to non-controlling interest	(64)	(32)	(123)	(87)
Net income attributable to Perma-Fix Environmental Services, Inc. common stockholders	$ 1,402	$ 1,446	$ 3,302	$ 2,870
Net income (loss) per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - basic:				
Continuing operations	$ .12	$ .13	$ .29	$ .26
Discontinued operations	(.01)	(.01)	(.02)	(.02)
Net income per common share	$ .11	$ .12	$ .27	$ .24
Net income (loss) per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - diluted:				
Continuing operations	$ .12	$ .13	$ .29	$ .25
Discontinued operations	(.01)	(.01)	(.02)	(.02)
Net income per common share	$ .11	$ .12	$ .27	$ .23
Number of common shares used in computing net income (loss) per share:				
Basic	12,198	12,145	12,181	12,134
Diluted	12,406	12,371	12,416	12,337

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEET

(Amounts in Thousands, Except for Share and Per Share Amounts)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		

Current assets:		
Cash	$ 7,222	$ 7,924
Account receivable, net of allowance for doubtful accounts of $60 and $404, respectively	11,816	9,659
Unbilled receivables	5,696	14,453
Other current assets	4,675	4,577
Assets of discontinued operations included in current assets	18	22
Total current assets	29,427	36,635
Net property and equipment	18,363	17,783
Property and equipment of discontinued operations	81	81
Operating lease right-of-use assets	2,570	2,287
Intangibles and other assets	24,963	22,133
Total assets	$ 75,404	$ 78,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 21,948	$ 32,065
Current liabilities related to discontinued operations	332	898
Total current liabilities	22,280	32,963
Long-term liabilities	11,264	13,253
Long-term liabilities related to discontinued operations	802	252
Total liabilities	34,346	46,468
Commitments and Contingencies		
Stockholders' equity:		
Preferred Stock, $.001 par value; 2,000,000 shares authorized, no shares issued and outstanding	—	—
Common Stock, $.001 par value; 30,000,000 shares authorized, 12,304,265 and 12,161,539 shares issued, respectively; 12,296,623 and 12,153,897 shares outstanding, respectively	12	12
Additional paid-in capital	109,954	108,931
Common Stock subscriptions	4,387	—
Accumulated deficit	(71,153)	(74,455)
Accumulated other comprehensive loss	(189)	(207)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total Perma-Fix Environmental Services, Inc. stockholders' equity	42,923	34,193
Non-controlling interest in subsidiary	(1,865)	(1,742)
Total stockholders' equity	41,058	32,451
Total liabilities and stockholders' equity	$ 75,404	$ 78,919

Source: Perma-Fix Environmental Services, Inc