March 31, 2022

Perma-Fix Reports Financial Results and Provides Business Update for 2021

Treatment Segment revenue increases 56.8% for the fourth quarter of 2021

Services Segment project backlog increases to approximately $66 million

ATLANTA , March 31, 2022 (GLOBE NEWSWIRE) -- **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** (the "Company") today announced financial results and provided a business update for the fourth quarter and full year ended December 31, 2021.

Mark Duff, President and CEO of the Company, commented, "Despite the challenges faced in 2021, we achieved a number of important milestones. Specifically, we were awarded strategic and high-profile projects within our Services Segment resulting in over $66 million in project backlog, which provides us a solid foundation for 2022 as these projects ramp up. We are encouraged by the approved federal budgets that will directly support our portfolio of Indefinite Delivery/Indefinite Quantity (IDIQ) contracts or multi-award task order contracts (MATOCs). In turn, this is expected to result in the release of a significant backlog of task orders over the next few quarters. Within our Treatment Segment, although we continued to experience weakness due to the pandemic, revenues increased 56.8% for the fourth quarter of 2021 compared to the same period in 2020, and we have seen further improvement heading into the new year."

"During 2021 we enhanced our capabilities and personnel, while maintaining our workforce despite industry wide labor shortages, which we believe will enable us to gear up quickly as we actively pursue larger procurements. We were also successful in completing facility upgrades and technology deployments to support expanded revenue streams within our Treatment Segment."

"Looking ahead to 2022, we remain hopeful the impacts of the pandemic are largely behind us and we believe we are well positioned for the balance of the year. Although January still experienced some of the COVID-related impact, we are seeing improvement in our project backlog with increasing waste treatment through March, along with successful mobilization of all our major services projects. We are in the early phases of defining the opportunities associated with the recently approved 2022 federal spending bill, which allocates $900 million of incremental funding within U.S Department of Energy's (DOE) Office of Environmental Management, including $7 million for low level waste off-site disposition at Hanford to support the Test Bed Initiative program. This budget increase, along with additional potential carryover funding from 2021 provides us the opportunities needed to support increased waste treatment and new projects this year. Overall, we remain encouraged by the outlook for the business, with improved visibility, which we believe will allow us to restore the momentum we had prior to the pandemic."

COVID-19
The Company continues to proactively update its ongoing business operations and safety plans, which we believe will 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

Fourth-Quarter 2021 Results
Revenue for the fourth quarter of 2021 was $17.1 million versus $28.3 million for the same period last year. Revenue from the Services Segment decreased by $14.4 million to $8.2 million from $22.6 million for the same period in 2020. Although our Services Segment was awarded a number of new contracts since the end of the second quarter of 2021, work under certain of these new awards was temporarily curtailed/delayed due to customer administrative delay and/or COVID-19 impact experienced by the customer. Revenue for the Treatment Segment increased approximately $3.2 million to $8.9 million in the fourth quarter of 2021 from $5.7 million for the corresponding period of 2020. Although Treatment Segment revenue has not returned to pre-pandemic level, our Treatment Segment has begun to see a gradual return in waste receipts from certain customers who have delayed waste shipment due to impact of COVID-19.

Gross profit for the fourth quarter of 2021 was $1.3 million and $3.2 million for the fourth quarter of 2020.

Operating loss for the fourth quarter of 2021 was approximately $2.2 million versus operating income of $188,000 for the fourth quarter of 2020. Loss from continuing operations for the fourth quarter of 2021 was approximately $2.4 million as compared to income from continuing operations of $100,000 for the corresponding period of 2020. Loss from continuing operations for the fourth quarter of 2021 included a non-cash loss of approximately $1.1 million resulting from the sale of our Polish majority-owned subsidiary, Perma-Fix Medical S.A. During the fourth quarter of 2021, the Company made the strategic decision to cease all research and development activities under its Medical Segment. Loss per share (basic) attributable to common stockholders was $0.19 for the fourth quarter of 2021 as compared to income per share (basic) of $0.00 for the corresponding period of 2020.

2021 Financial Results
Revenue in 2021 was $72.2 million versus $105.4 million in 2020. The revenue decrease was entirely within our Services Segment where revenue decreased by approximately $36.1 million to $39.2 million in 2021 from $75.3 million in 2020. Services Segment revenue was negatively impacted by delays in procurement action and contract awards from the continued impact of COVID-19 which was further exacerbated by the completion of a large project in the second quarter of 2021 and the near completion of a certain other project. Additionally, although the Services Segment was awarded a number of new projects starting in the second half of 2021, work under certain of these new awards was temporarily curtail/delays due to customer administrative delay and/or COVID-19 impact experienced by the customer. Revenue for the Treatment Segment increased approximately $2.9 million to $33.0 million in 2021 from $30.1 million in 2020. Treatment Segment revenue for 2021 included revenue recognized in the amount of approximately $1.3 million from a request for equitable adjustment ("REA") under a certain contract.

Gross profit in 2021 was $6.8 million and $15.9 million in 2020.

Operating loss in 2021 was $6.8 million versus operating income of $3.3 million in 2020. Income from continuing operations in 2021 was approximately $1.1 million as compared to income from continuing operations of $3.1 million in 2020. Income from continuing operations for 2021 included a “Gain on extinguishment of debt” recorded in the amount of approximately $5.4 million resulting from the Paycheck Protection Program (“PPP”) Loan that was forgiven by the U.S. Small Business Administration effective June 2021 and a non-cash “Loss from deconsolidation of subsidiary” recorded in the amount of approximately $1.1 million resulting from the sale of our Polish majority-owned subsidiary as discussed above. Additionally, income from continuing operations for 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 beginning of year deferred tax assets primarily related to U.S. Federal income taxes.

Net income attributable to common stockholders in 2021 was $835,000 as compared to net income attributable to common stockholders of $2.9 million in 2020. Income per share (basic) attributable to common stockholders was $0.07 in 2021 as compared to income per share (basic) of $0.24 in 2020.

The Company’s Adjusted EBITDA at December 31, 2021 was approximately ($4.8) million from continuing operations as compared to approximately $5.4 million for the corresponding 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, (gain) loss on extinguishment of debt and loss on deconsolidation of subsidiary. Both EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with Accounting Principles Generally Accepted 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 twelve months ended December 31, 2021 and 2020.

	Quarter Ended December 31, (Unaudited)		Twelve Months Ended December 31, (Unaudited)	
(In thousands)	2021	2020	2021	2020
(Loss) income from continuing operations	$ (2,372)	$ 100	$ 1,092	$ 3,149
Adjustments:				
Depreciation & amortization	479	408	1,687	1,596
Interest income	(3)	(28)	(26)	(140)

Interest expense	38	92	247	398
Interest expense - financing fees	13	107	41	294
Income tax benefit	(1,050)	(61)	(3,890)	(189)
EBITDA	(2,895)	618	(849)	5,108
Research and development costs related to medical Isotope project	102	91	414	311
(Gain) loss on extinguishment of debt	—	—	(5,381)	27
Loss on deconsolidation of subsidiary	1,062	—	1,062	—
Adjusted EBITDA	$ (1,731)	$ 709	$ (4,754)	$ 5,446

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

	Three Months Ended December 31, 2021 (Unaudited)			Twelve Months Ended December 31, 2021 (Audited)		
(In thousands)	Treatment	Services	Medical	Treatment	Services	Medical
Net revenues	$ 8,899	$ 8,217	$ —	$ 32,992	$ 39,199	$ —
Gross profit (negative gross profit)	1,874	(596)	—	6,718	106	—
Segment profit (loss)	751	(350)	(1,190)	2,433	(2,082)	(1,502)

	Three Months Ended December 31, 2020 (Unaudited)			Twelve Months Ended December 31, 2020 (Unaudited)		
(In thousands)	Treatment	Services	Medical	Treatment	Services	Medical
Net revenues	$ 5,675	$ 22,672	$ —	$ 30,143	$ 75,283	$ —
(Negative gross profit) gross profit	(42)	3,235	—	5,491	10,402	—
Segment (loss) profit	(983)	2,660	(91)	1,758	7,820	(311)

Financial Covenant and Internal Control over Financial Reporting

The Company failed to meet its fixed charge coverage ratio (FCCR) requirement for the fourth quarter of 2021 pursuant to its loan agreement. However, this non-compliance was waived by the Company's lender. Additionally, the Company's management and CEO and CFO concluded that there was a material weakness in its internal control over financial

reporting as of December 31, 2021 due to the existence of a material weakness in which certain revenue contracts that contained nonstandard terms and conditions were not appropriately evaluated in accordance with Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers." This material weakness did not result in revisions to any previously filed financial statements. The Company is in the process of developing a plan to remediate this material weakness.

Form 10-K Filing
Our Form 10-K for 2021 may be filed late due, in part, to additional time required to finalize the assessment of our internal controls over financial reporting and for examination by our independent registered public accounting firm. If this is the case, we anticipate that our 2021 Form 10-K may be filed within the next few days.

Conference Call
Perma-Fix will host a conference call at 11:00 a.m. ET on Thursday, March 31, 2022. 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: 524813. 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, April 7, 2022 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: 44975.

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 U.S Department of Defense (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: project ramp up; COVID related impact; approved federal budget support of IDIQ or MATOC contracts; release of a significant backlog of task orders; improvement heading into the new year; gear up quickly; well positioned for 2022; increased waste treatment; remediation of material weakness; filing of our 2021 Form 10-K; and new projects

in 2022; and outlook for business. 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; Congress fails to provides continuing funding for the DOD's and DOE's remediation projects; inability to obtain new foreign and domestic remediation contracts; inability to meet financial covenants; impact of the COVID-19; and the "Risk Factors" discussed in, and the additional factors referred to under "Special Note Regarding Forward-Looking Statements" of, our 2021 Form 10-K. 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

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended December 31, 2021 (Unaudited)	Three Months Ended December 31, 2020	Twelve Months Ended December 31, 2021 (Unaudited)	Twelve Months Ended December 31, 2020 (Unaudited)
Net revenues	$ 17,116	$ 28,347	$ 72,191	$ 105,426
Cost of goods sold	15,838	25,154	65,367	89,533
Gross profit	1,278	3,193	6,824	15,893
Selling, general and administrative expenses	3,295	2,839	12,845	11,774
Research and development	208	164	746	762

Loss on disposal of property and equipment	1	2	2	29
(Loss) income from operations	(2,226)	188	(6,769)	3,328
Other income (expense):				
Interest income	3	28	26	140
Interest expense	(38)	(92)	(247)	(398)
Interest expense-financing fees	(13)	(107)	(41)	(294)
Other	(86)	22	(86)	211
Gain (loss) on debt extinguishment of debt	—	—	5,381	(27)
Loss on deconsolidation of subsidiary	(1,062)	—	(1,062)	—
(Loss) income from continuing operations before taxes	(3,422)	39	(2,798)	2,960
Income tax benefit	(1,050)	(61)	(3,890)	(189)
(Loss) income from continuing operations, net of taxes	(2,372)	100	1,092	3,149
Loss from discontinued operations, net of taxes	(137)	(146)	(421)	(412)
Net (loss) income	(2,509)	(46)	671	2,737
Net loss attributable to non-controlling interest	(41)	(36)	(164)	(123)
Net (loss) income attributable to Perma-Fix Environmental Services, Inc. common stockholders	$ (2,468)	$ (10)	$ 835	$ 2,860
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - basic:				
Continuing operations	$ (.18)	$ .01	$ .10	$ .27
Discontinued operations	(.01)	(.01)	(.03)	(.03)
Net (loss) income per common share	$ (.19)	$ —	$ .07	$ .24
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - diluted:				
Continuing operations	$ (.18)	$ .01	$ .10	$ .26
Discontinued operations	(.01)	(.01)	(.03)	(.03)
Net (loss) income per common share	$ (.19)	$ —	$ .07	$ .23

Number of common shares used in computing net (loss) income per share:				
Basic	13,179	12,154	12,433	12,139
Diluted	13,179	12,370	12,673	12,347

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except for Share and Per Share Amounts)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current assets:		
Cash	$ 4,440	$ 7,924
Account receivable, net of allowance for doubtful accounts of $85 and $404, respectively	11,372	9,659
Unbilled receivables	8,995	14,453
Other current assets	5,152	4,577
Assets of discontinued operations included in current assets	15	22
Total current assets	29,974	36,635
Net property and equipment	18,609	17,783
Property and equipment of discontinued operations	81	81
Operating lease right-of-use assets	2,460	2,287
Intangibles and other assets	26,177	22,133
Other assets related to discontinued operations	—	—
Total assets	$ 77,301	$ 78,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 25,408	$ 32,065
Current liabilities related to discontinued operations	506	898
Total current liabilities	25,914	32,963
Long-term liabilities	10,126	13,253
Long-term liabilities related to discontinued operations	677	252
Total liabilities	36,717	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, 13,222,552 and 12,161,539 shares issued, respectively; 13,214,910 and 12,153,897 shares outstanding, respectively	13	12
Additional paid-in capital	114,307	108,931
Accumulated deficit	(73,620)	(74,455)
Accumulated other comprehensive loss	(28)	(207)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total Perma-Fix Environmental Services, Inc. stockholders' equity	40,584	34,193
Non-controlling interest in subsidiary	—	(1,742)
Total stockholders' equity	40,584	32,451
Total liabilities and stockholders' equity	$ 77,301	$ 78,919

Source: Perma-Fix Environmental Services, Inc