August 8, 2024

Perma-Fix Reports Financial Results and Provides Business Update for the Second Quarter of 2024

ATLANTA, Aug. 08, 2024 (GLOBE NEWSWIRE) -- **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** (the "Company") today announced financial results and provided a business update for the second quarter ended June 30, 2024.

Mark Duff, President and CEO of the Company, commented, "Our second quarter performance remained weak due to ongoing government delays in waste shipments, awarding new task orders and procuring other projects. We also experienced an extended equipment failure at one of our facilities that adversely impacted our revenue and overall performance. Nevertheless, we believe that these are temporary issues. We are encouraged by the trends heading into Q3, driven by our increasing backlog and bidding activities along with progress we believe is being made on our long-term growth initiatives."

"In the past few months we successfully completed two critical Department of Energy (DOE) audits at our PFNW and DSSI facilities. These audits are vital to our participation in key missions at the Hanford and Oak Ridge Reservation cleanup programs. We remain committed to supporting the DOE's priorities at Hanford, including the treatment of effluent following the commissioning of the Direct Feed Low-Activity Waste (DFLAW) facility, currently anticipated in mid-2025, as well as grouting Hanford tank waste, which could potentially save taxpayers billions of dollars. We believe these programs may be transformative for the Company beginning in 2025."

"Perma-Fix also continues to pursue several large procurements within the U.S. government, while advancing our international waste programs, particularly with the Joint Research Center (JRC) in Italy, where the first shipment is anticipated in late 2025. Additionally, we have secured new waste treatment contracts in Canada and Mexico of approximately $5 million, helping further diversify our revenue streams."

"Lastly, we have made significant progress advancing our technology to treat Per- and Polyfluorinated Substances (PFAS) contamination, including engineering and fabrication of our first commercial unit, which is expected to commence operations in Q4. In anticipation of this milestone, we have already received PFAS liquid samples from over a dozen clients and the Federal Government. We look forward to beginning treatment of this waste later this year."

Financial Results

Revenue for the second quarter of 2024 was approximately $14.0 million versus

approximately $25.0 million for the same period last year. Our overall revenue for the second quarter of 2024 continued to be impacted in part by the unexpected residual effects of the Continuing Resolution ("CR") which resulted in continued delays in procurements, waste shipments and slower project mobilizations and delays in certain projects. Revenue for the Treatment Segment was approximately $8.4 million for the second quarter of 2024 as compared to $12.8 million for the second quarter of 2023. The decrease in revenue in the Treatment Segment was primarily due to overall lower waste volume and lower averaged price from waste mix. Additionally, the equipment failure and extended repair time at one of the Treatment Segment facilities negatively impacted revenue production. We expect this equipment to be back in service by the first half of August and once back in service, we intend to accelerate waste processing to address the backlog accumulated due to the equipment failure. Services Segment revenue decreased to approximately $5.6 million for the three months ended June 30, 2024, from $12.2 million for the corresponding period of 2023 due to continued residual impact of the CR as discussed above. Additionally, the decrease in revenue in the Services Segment was due, in part to the completion of two large projects in late 2023 which were not replaced by new projects with similar value. These two completed projects together generated significant amount of revenue in the second quarter of 2023 as they were in full operational status.

Gross profit for the second quarter of 2024 was a loss $1.3 million versus gross profit of $4.5 million for the second quarter of 2023. The decrease in gross profit was primarily attributed to lower revenue generated in both segments as discussed above. Overall gross margin for the second quarter of 2024 was approximately (9.3%) versus 18.0% for the second quarter of 2023 primarily due to a decrease in revenue in both segments and the impact of our fixed costs structure.

Operating loss for the second quarter of 2024 was approximately $5.0 million versus operating income of $844,000 for the second quarter of 2023. Net loss for the second quarter of 2024 was approximately $4.0 million or ($.27) per basic share as compared to net income of approximately $474,000 for the second quarter of 2023 or $0.04 per basic share.

The Company reported EBITDA of ($4.6) million from continuing operations for the quarter ended June 30, 2024, as compared to EBITDA of $1.5 million from continuing operations for the same period of 2023. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is not a measure 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 is relevant and useful by enhancing the readers' ability to understand the Company's operating performance. The Company's management utilizes EBITDA as a mean to measure performance. The Company's measurement of EBITDA may not be comparable to similar titled measures reported by other companies. The table below reconciles EBITDA, a non-GAAP measures, to GAAP numbers for (loss) income from continuing operations for the three and six months ended June 30, 2024, and 2023.

	(Unaudited) Three Months Ended	(Unaudited) Six Months Ended

(In thousands)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(Loss) income from continuing operations	$ (3,785)	$ 519	$ (7,243)	$ 202
Adjustments:				
Depreciation & amortization	430	692	862	1,439
Interest income	(213)	(172)	(387)	(298)
Interest expense	109	47	225	100
Interest expense - financing fees	16	24	29	44
Income tax (benefit) expense	(1,161)	432	(2,117)	228
EBITDA	$ (4,604)	$ 1,542	$ (8,631)	$ 1,715

The tables below present certain unaudited financial information for the business segments, which excludes allocation of corporate expenses.

(In thousands)	Three Months Ended June 30, 2024 (Unaudited) Treatment	Services	Six Months Ended June 30, 2024 (Unaudited) Treatment	Services
Net revenues	$ 8,343	$ 5,643	$ 17,052	$ 10,551
Gross loss	(1,197)	(109)	(1,249)	(677)
Segment (loss) profit	(1,668)	(462)	(2,514)	(1,419)

(In thousands)	Three Months Ended June 30, 2023 (Unaudited) Treatment	Services	Six Months Ended June 30, 2023 (Unaudited) Treatment	Services
Net revenues	$ 12,834	$ 12,198	$ 22,428	$ 22,711
Gross profit	2,491	2,025	3,743	3,782
Segment profit	1,273	840	1,605	1,813

Conference Call

Perma-Fix will host a conference call at 11:00 a.m. ET on Thursday, August 8, 2024. The call will be available on the Company's website at https://ir.perma-fix.com/conference-calls, or by calling toll-free: 888-506-0062 for U.S. callers, or +1 973-528-0011 for international callers, and by entering access code: 108386. 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 theCompany's website and a telephone replay of the call will be available approximately one hour following the call, Thursday, August 15, 2024, 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: 51027.

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 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: backlog and bidding activities; long-term growth initiatives; commissioning of the DFLAW facility in mid-2025; programs could be transformative for the Company beginning in 2025; receipt of JRC shipment in late 2025; operation of first commercial unit in Q4 for PFAS; treatment of PFAS waste later this year; and accelerate waste processing to address backlog accumulated due to equipment failure. 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; acceptance of our PFAS technology by the public; 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 or terminates existing contracts; Congress fails to provides funding for the DOD's and DOE's remediation projects; inability to obtain new foreign and domestic remediation contracts; and the additional factors referred to under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" of our 2023 Form 10-K and Form 10-Qs for quarters ended March 31, 2024 and June 30, 2024. 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.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net revenues	$ 13,986	$ 25,032	$ 27,603	$ 45,139
Cost of goods sold	15,292	20,516	29,529	37,614
Gross (loss) profit	(1,306)	4,516	(1,926)	7,525
Selling, general and administrative expenses	3,455	3,551	6,999	7,036
Research and development	273	121	569	220
Loss on disposal of property and equipment	1	—	1	—
(Loss) income from operations	(5,035)	844	(9,495)	269
Other income (expense):				
Interest income	213	172	387	298
Interest expense	(109)	(47)	(225)	(100)
Interest expense-financing fees	(16)	(24)	(29)	(44)
Other	1	6	2	7
(Loss) income from continuing operations before taxes	(4,946)	951	(9,360)	430
Income tax (benefit) expense	(1,161)	432	(2,117)	228
(Loss) income from continuing operations, net of taxes	(3,785)	519	(7,243)	202
Loss from discontinued operations, net of taxes	(166)	(45)	(268)	(139)
Net (loss) income	$ (3,951)	$ 474	$ (7,511)	$ 63
Net (loss) income per common share - basic:				
Continuing operations	$ (.26)	$ .04	$ (.51)	$ .01

Discontinued operations	(.01)	—	(.02)	(.01)
Net (loss) income per common share	$ (.27)	$ .04	$ (.53)	$ —
Net (loss) income per common share - diluted:				
Continuing operations	$ (.26)	$ .03	$ (.51)	$ .01
Discontinued operations	(.01)	—	(.02)	(.01)
Net (loss) income per common share	$ (.27)	$ .03	$ (.53)	$ —
Number of common shares used in computing net (loss) income per share:				
Basic	14,593	13,474	14,134	13,417
Diluted	14,593	13,848	14,134	13,657

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

(Amounts in Thousands, Except for Share and Per Share Amounts)	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash	$ 18,122	$ 7,500
Account receivable, net of allowance for credit losses of $19 and $30, respectively	6,423	9,722
Unbilled receivables	7,076	8,432
Other current assets	3,825	4,893
Assets of discontinued operations included in current assets	5	13
Total current assets	35,451	30,560
Net property and equipment	19,079	19,009
Property and equipment of discontinued operations	130	81
Operating lease right-of-use assets	2,278	1,990
Intangibles and other assets	30,033	27,109
Total assets	$ 86,971	$ 78,749
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 22,292	$ 25,678

Current liabilities related to discontinued operations	376	269
Total current liabilities	22,668	25,947
Long-term liabilities	12,398	12,472
Long-term liabilities related to discontinued operations	940	953
Total liabilities	36,006	39,372
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, 15,796,028 and 13,654,201 shares issued, respectively; 15,788,386 and 13,646,559 shares outstanding, respectively	16	14
Additional paid-in capital	135,686	116,502
Accumulated deficit	(84,462)	(76,951)
Accumulated other comprehensive loss	(187)	(100)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total stockholders' equity	50,965	39,377
Total liabilities and stockholders' equity	$ 86,971	$ 78,749

Source: Perma-Fix Environmental Services, Inc