

November 2, 2023



Perma-Fix Reports 18% Year-Over-Year Increase in Revenue to \$21.9 Million for the Third Quarter of 2023

Gross profit increases 48% and achieves net income of \$341 thousand

ATLANTA, Nov. 02, 2023 (GLOBE NEWSWIRE) -- **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** (the "Company") today announced financial results for the third quarter ended September 30, 2023, and provided a business update.

Mark Duff, President and CEO of the Company, commented, "I am pleased to report another solid quarter, as we achieved an 18.4% increase in revenue to \$21.9 million, a 48.2% increase in gross profit, net income of \$341,000 and \$1.2 million of EBITDA (as defined below) for the third quarter of 2023. Within our Treatment Segment, we have experienced a steady improvement in waste receipts, supporting our visibility and backlog for the next year. Within the Services Segment, we realized several new awards, including a \$40 million, 5-year contract for our joint venture, Enviro-Fix Solutions, LLC, by the Buffalo District of the U.S. Army Corps of Engineers (USACE) for environmental remediation at the Niagara Falls Storage Site (NFSS)."

Mr. Duff continued, "While we achieved strong year-over-year growth, we believe we would have generated even stronger results if not for certain temporary customer delays in our Treatment and Services Segments, which is not unusual in our business. Nevertheless, these projects have since commenced, which we believe will contribute to improved results for the fourth quarter of 2023. Looking ahead, we are benefitting from improved waste backlog within our Treatment Segment, as well as increased bidding opportunities within our Services Segment, including both the government and commercial sectors. As I have stated previously, several of the projects we are bidding on are quite significant, and we are hopeful they will be awarded in the fourth quarter. We also continue to implement our strategy for growth, which includes positioning for large future procurements within DOE, USACE, EPA and the US Navy, while expanding our waste treatment offering within the commercial and international markets. Collectively, these projects represent a sizable opportunity for Perma-Fix in the coming years. In the meantime, we remain highly encouraged by the near-term outlook for the business based on our growing backlog and sales pipeline."

Financial Results

Revenue for the third quarter of 2023 was \$21.9 million versus \$18.5 million for the same period last year. Revenue for the Treatment Segment increased to approximately \$10.8 million for the three months ended September 30, 2023, from \$8.9 million for the corresponding period of 2022. The increase was primarily due to overall higher waste volume which was offset by lower average price due to revenue mix. The Treatment

Segment has continued to see steady improvements in waste receipts since the latter part of the second quarter of 2022, as the lingering effects of COVID-19 have continued to subside. Revenue for the Services Segment increased to approximately \$11.1 million for the three months ended September 30, 2023, from \$9.6 million for the corresponding period of 2022, due to continuing operation and improved productivity on certain projects that had previously been delayed/curtailed, due in part to the lingering effects of COVID-19. Revenue within both segments was also positively impacted by new contracts won in the first half of 2023.

Gross profit for the third quarter of 2023 was \$4.5 million versus \$3.1 million for the third quarter of 2022. The overall increases in gross profit and margin were entirely within the Services Segment due to improved margin on its projects.

Operating income was approximately \$496,000 versus an operating loss of approximately \$928,000 for the third quarter of 2022. Net income for the third quarter of 2023 was approximately \$341,000, or \$.03 per basic share, as compared to net income of \$664,000, or \$.05 per basic share, for the third quarter of 2022. Net income for the third quarter of 2022 included an income recorded in the amount of approximately \$2.0 million (within other income and current other receivables), that represented a refundable tax credit against the Company's share of certain payroll taxes as permitted by the Employee Retention Credit ("ERC") program under the Coronavirus Aid, Relief and Economic Securities Act ("CARES Act"), as amended. This refundable tax credit was received by the Company in March of 2023. The ERC program was provided to qualifying businesses that kept employees on their payroll during the COVID-19 pandemic.

The Company achieved EBITDA of \$1.2 million from continuing operations during the quarter ended September 30, 2023, and Adjusted EBITDA of (\$374,000) for the same period of 2022. There were no adjustments to EBITDA for the 2023 third quarter. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before income from ERC refund claim (net of costs incurred). Neither EBITDA nor Adjusted EBITDA are 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 similarly titled measures reported by other companies. The table below reconciles EBITDA and Adjusted EBITDA, both non-GAAP measures, to GAAP numbers for income (loss) from continuing operations for the three and nine months ended September 30, 2023 and 2022.

(In thousands)	(Unaudited)		(Unaudited)	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Income (loss) from continuing operations	\$ 246	\$ 824	\$ 448	\$ (1,682)

Adjustments:

Depreciation & amortization	686	497	2,124	1,433
Interest income	(146)	(29)	(445)	(69)
Interest expense	89	47	189	123
Interest expense - financing fees	36	16	80	44
Income tax expense (benefit)	254	179	482	(147)
EBITDA	1,165	1,534	2,878	(298)
Income from ERC refund claim, net ⁽¹⁾	—	(1,908)	—	(1,908)
Adjusted EBITDA	\$ 1,165	\$ (374)	\$ 2,878	\$ (2,206)

(1) net of costs incurred in connection with the ERC program in the amount of approximately \$67.

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

(In thousands)	Three Months Ended September 30, 2023 (Unaudited)		Nine Months Ended September 30, 2023 (Unaudited)	
	Treatment	Services	Treatment	Services
Net revenues	\$ 10,795	\$ 11,082	\$ 33,223	\$ 33,793
Gross profit	1,494	3,055	5,237	6,837
Segment profit	1,014	1,120	2,619	2,933

(In thousands)	Three Months Ended September 30, 2022 (Unaudited)		Nine Months Ended September 30, 2022 (Unaudited)	
	Treatment	Services	Treatment	Services
Net revenues	\$ 8,877	\$ 9,595	\$ 24,749	\$ 29,093
Gross profit	1,967	1,103	4,168	3,422
Segment profit	1,628	710	1,766	1,580

Conference Call

Perma-Fix will host a conference call at 11:00 a.m. ET on Thursday, November 2, 2023. The call will be available on 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: 443703. 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 9, 2023, 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: 49407.

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: improved results for the fourth quarter; award of significant projects in the fourth quarter; collectively, projects represent a sizable opportunity for Perma-Fix in the coming years; continue to implement our strategy for growth; expanding our waste treatment offering within the commercial and international markets; and near-term outlook for the business based on our growing backlog and sales pipeline. 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 provide 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 2022 Form 10-K and Form 10-Q for quarters ended March 31, 2023, June 30, 2023 and September 30, 2023. 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in Thousands, Except for Per Share Amounts)	2023	2022	2023	2022
Net revenues	\$21,877	\$18,472	\$67,016	\$53,842
Cost of goods sold	17,328	15,402	54,942	46,252
Gross profit	4,549	3,070	12,074	7,590
Selling, general and administrative expenses	3,933	3,929	10,969	11,035
Research and development	120	69	340	245
Loss on disposal of property and equipment	—	—	—	1
Income (loss) from operations	496	(928)	765	(3,691)
Other income (expense):				
Interest income	146	29	445	69
Interest expense	(89)	(47)	(189)	(123)
Interest expense-financing fees	(36)	(16)	(80)	(44)
Other	(17)	1,965	(11)	1,960
Income (loss) from continuing operations before taxes	500	1,003	930	(1,829)
Income tax expense (benefit)	254	179	482	(147)
Income (loss) from continuing operations, net of taxes	246	824	448	(1,682)
Income (loss) from discontinued operations, net of taxes	95	(160)	(44)	(442)
Net income (loss)	\$ 341	\$ 664	\$ 404	\$ (2,124)

Net income (loss) per common share - basic:

Continuing operations	\$.02	\$.06	\$.03	\$ (.13)
Discontinued operations	.01	(.01)	—	(.03)
Net income (loss) per common share	\$.03	\$.05	\$.03	\$ (.16)

Net income (loss) per common share - diluted:

Continuing operations	\$.02	\$.06	\$.03	\$ (.13)
Discontinued operations	—	(.01)	—	(.03)
Net income (loss) per common share	\$.02	\$.05	\$.03	\$ (.16)

Number of common shares used in computing
net income (loss) per share:

Basic	13,568	13,297	13,468	13,265
Diluted	13,979	13,447	13,749	13,265

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

	September 30, 2023	December 31, 2022
(Amounts in Thousands, Except for Share and Per Share Amounts)	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 1,988	\$ 1,866
Account receivable, net of allowance for credit losses of \$42 and \$57, respectively	15,342	9,364
Unbilled receivables	9,336	6,062
Other current assets	5,536	6,219
Assets of discontinued operations included in current assets	15	15
Total current assets	32,217	23,526
Net property and equipment	18,693	18,957
Property and equipment of discontinued operations	81	81
Operating lease right-of-use assets	2,094	1,971

Intangibles and other assets	26,419	26,363
Total assets	<u>\$ 79,504</u>	<u>\$ 70,898</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 27,230	\$ 22,346
Current liabilities related to discontinued operations	239	362
Total current liabilities	<u>27,469</u>	<u>22,708</u>
Long-term liabilities	12,254	9,749
Long-term liabilities related to discontinued operations	950	908
Total liabilities	<u>40,673</u>	<u>33,365</u>
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, 13,588,933 and 13,332,398 shares issued, respectively; 13,581,291 and 13,324,756 shares outstanding, respectively	14	13
Additional paid-in capital	116,106	115,209
Accumulated deficit	(77,032)	(77,436)
Accumulated other comprehensive loss	(169)	(165)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total stockholders' equity	<u>38,831</u>	<u>37,533</u>
Total liabilities and stockholders' equity	<u>\$ 79,504</u>	<u>\$ 70,898</u>



Source: Perma-Fix Environmental Services, Inc