

August 3, 2023



Perma-Fix Reports 29% Increase in Revenue to \$25 Million for the Second Quarter of 2023

Gross profit increases 57%; achieves net income of \$474 thousand

ATLANTA, Aug. 03, 2023 (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, 2023.

Mark Duff, President and CEO of the Company, commented, "We are on a solid growth trajectory and have returned to profitability following the impact of the COVID-19 pandemic. Specifically, revenue increased 28.7% to \$25.0 million and we achieved a 56.6% increase in gross profit over the same period last year. Revenue increased year-over-year and sequentially within both our Treatment and Services segments. Importantly, we achieved net income of \$474,000 and EBITDA (as defined below) of more than \$1.5 million for the second quarter of 2023."

"Within our Treatment Segment, we witnessed an increase in volume with strong waste receipts during the second quarter, which provides us a solid backlog and improved visibility for the balance of 2023. Within the Services Segment, we realized several new awards, including a project in support of the U.S. Army Corps of Engineers, and were on a winning team for a project at Los Alamos National Laboratory, both of which will contribute revenue in 2023. We also commenced work on awards granted earlier this year, that have now begun to generate revenue. Importantly, we continue to develop new proposals and position ourselves for large strategic bids in both segments, including initiatives within the U.S. Department of Energy (DOE) and the U.S. Department of Defense (DOD), as well as international and commercial clients. Overall, we are encouraged by the market outlook given our strong sales pipeline, with many of these contracts expected to be awarded in the coming quarters."

Financial Results

Revenue for the second quarter of 2023 was approximately \$25.0 million versus approximately \$19.5 million for the same period last year. Revenue for the Treatment Segment was approximately \$12.8 million for the second quarter of 2023 as compared to \$8.4 million for the second quarter 2022. The increase was primarily due to overall higher waste volume which was offset by lower averaged price due to revenue mix. The Treatment Segment has seen steady improvements in waste receipts since the latter part of the second quarter of 2022 as the lingering effects of the COVID-19 continued to subside. Services Segment revenue increased to approximately \$12.2 million for the three months ended June

30, 2023 from \$11.1 million for the corresponding period of 2022 due to continuing full operational status of certain projects which had been delayed/curtailed in the early part of 2022 due, in part, from the lingering effects of COVID-19. Revenue within both segments was also positively impacted from new contracts won in early part of 2023.

Gross profit for the second quarter of 2023 was \$4.5 million versus \$2.9 million for the second quarter of 2022 primarily due to higher revenue generated in both segments. Gross margin for the second quarter of 2023 was approximately 18.0% versus 14.8% for the second quarter of 2022 primarily due to increases in revenue from higher waste volume in the Treatment Segment and higher margin projects in the Services Segment.

Operating income for the second quarter of 2023 was approximately \$844,000 versus operating loss of \$880,000 for the second quarter of 2022. Net income for the second quarter of 2023 was approximately \$474,000 or \$.04 per basic share as compared to net loss of approximately \$1.4 million for the second quarter of 2022 or (\$0.11) per basic share.

On July 31, 2023, the Company entered into an amendment to its Loan Agreement, as amended, with its lender which extended the maturity date of its credit facility to May 15, 2027 and provided a new term loan to the Company in the amount of \$2,500,000, among other things.

The Company reported EBITDA of \$1.5 million from continuing operations for the quarter ended June 30, 2023, as compared to EBITDA of (\$403,000) from continuing operations for the same period of 2022. 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 income (loss) from continuing operations for the three and six months ended June 30, 2023 and 2022.

(In thousands)	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2023	2022	2023	2022
Income (loss) from continuing operations	\$ 519	\$ (1,257)	\$ 202	\$ (2,506)

Adjustments:

Depreciation & amortization	692	480	1,439	936
Interest income	(172)	(29)	(298)	(40)
Interest expense	47	41	100	76
Interest expense - financing fees	24	15	44	28

Income tax expense (benefit)	432	347	228	(326)
EBITDA	\$ 1,542	\$ (403)	\$ 1,715	\$ (1,832)

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

	Three Months Ended June 30, 2023 (Unaudited)		Six Months Ended June 30, 2023 (Unaudited)	
(In thousands)	Treatment	Services	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

	Three Months Ended June 30, 2022 (Unaudited)		Six Months Ended June 30, 2022 (Unaudited)	
(In thousands)	Treatment	Services	Treatment	Services
Net revenues	\$ 8,393	\$ 11,062	\$ 15,872	\$ 19,498
Gross profit	1,563	1,321	2,201	2,319
Segment profit	60	472	137	871

Conference Call

Perma-Fix will host a conference call at 11:00 a.m. ET on Thursday, August 3, 2023. 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: 789286. 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, Thursday, August 10, 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: 48811.

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: contracts that will contribute revenue in 2023; market outlook; contracts to be awarded in the coming quarters; and improved visibility for the balance of 2023. 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 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 2022 Form 10-K and Form 10-Qs for quarters ended March 31, 2023 and June 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)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net revenues	\$ 25,032	\$ 19,455	\$ 45,139	\$ 35,370
Cost of goods sold	20,516	16,571	37,614	30,850
Gross profit	4,516	2,884	7,525	4,520
Selling, general and administrative expenses	3,551	3,684	7,036	7,106
Research and development	121	80	220	176
Loss on disposal of property and equipment	—	—	—	1
Income (loss) from operations	844	(880)	269	(2,763)
Other income (expense):				
Interest income	172	29	298	40
Interest expense	(47)	(41)	(100)	(76)
Interest expense-financing fees	(24)	(15)	(44)	(28)
Other	6	(3)	7	(5)
Income (loss) from continuing operations before taxes	951	(910)	430	(2,832)
Income tax expense (benefit)	432	347	228	(326)
Income (loss) from continuing operations, net of taxes	519	(1,257)	202	(2,506)
Loss from discontinued operations, net of taxes	(45)	(188)	(139)	(282)
Net income (loss)	\$ 474	\$ (1,445)	\$ 63	\$ (2,788)
Net income (loss) per common share - basic:				
Continuing operations	\$.04	\$ (.10)	\$.01	\$ (.19)
Discontinued operations	—	(.01)	(.01)	(.02)
Net income (loss) per common share	\$.04	\$ (.11)	\$ —	\$ (.21)
Net income (loss) per common share - diluted:				
Continuing operations	\$.03	\$ (.10)	\$.01	\$ (.19)
Discontinued operations	—	(.01)	(.01)	(.02)
Net income (loss) per common share	\$.03	\$ (.11)	\$ —	\$ (.21)

Number of common shares used in computing

net income (loss) per share:

Basic	13,474	13,264	13,417	13,249
Diluted	13,848	13,264	13,657	13,249

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

	June 30, 2023	December 31, 2023
(Amounts in Thousands, Except for Share and Per Share Amounts)	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 4,750	\$ 1,866
Account receivable, net of allowance for credit losses of \$13 and \$57, respectively	11,930	9,364
Unbilled receivables	7,121	6,062
Other current assets	3,767	6,219
Assets of discontinued operations included in current assets	17	15
Total current assets	27,585	23,526
Net property and equipment	18,832	18,957
Property and equipment of discontinued operations	81	81
Operating lease right-of-use assets	1,732	1,971
Intangibles and other assets	26,350	26,363
Total assets	\$ 74,580	\$ 70,898
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 25,601	\$ 22,346
Current liabilities related to discontinued operations	280	362
Total current liabilities	25,881	22,708
Long-term liabilities	9,556	9,749
Long-term liabilities related to discontinued operations	913	908
Total liabilities	36,350	33,365

Commitments and Contingencies

Stockholders' equity:

Preferred Stock, \$.001 par value; 2,000,000 shares authorized,
no shares issued and outstanding

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Common Stock, \$.001 par value; 30,000,000 shares authorized,
13,562,743 and 13,332,398 shares issued, respectively;

13,555,101 and 13,324,756 shares outstanding, respectively

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Additional paid-in capital

115,789

115,209

Accumulated deficit

(77,373)

(77,436)

Accumulated other comprehensive loss

(112)

(165)

Less Common Stock held in treasury, at cost: 7,642 shares

(88)

(88)

Total stockholders' equity

38,230

37,533

Total liabilities and stockholders' equity

\$ 74,580

\$ 70,898



Source: Perma-Fix Environmental Services, Inc