

August 5, 2022



Perma-Fix Reports Over 20% Increase in Revenue to \$19.5 Million for the Second Quarter of 2022

Reports sequential and year-over-year revenue growth in both the Treatment and Services Segments

ATLANTA, Aug. 05, 2022 (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, 2022.

Mark Duff, President and CEO of the Company, commented, "We achieved a 20.5% increase in revenue to \$19.5 million and a 198.6% increase in gross profit for the second quarter of 2022, compared to the same period last year. Importantly, for the second quarter of 2022, we achieved sequential and year-over-year revenue growth in both our Treatment and Services Segments. This growth was due in part to the resumption of work and attaining complete operational levels on several projects within our Services Segment, which had been delayed due to the impact of COVID-19 pandemic. Within our Treatment Segment, we benefitted from a 54% increase in waste receipts, including both commercial and international waste.

"We are witnessing increased requests for proposals within both the government and commercial sectors, as well as international customers. Moreover, our ability to provide innovative solutions, including both waste management and radiological contamination, has supported our ability to join teams on larger strategic bids. Within our Treatment Segment we are seeing improvement in our project backlog, including expanded treatment services to the commercial utility sector. Our Test Bed Initiative (TBI) program also continues to progress with Nuclear Regulatory Commission (NRC) approval of the Department of Energy's (DOE) Waste Incidental to Reprocessing report, which we believe opens the door to commence shipment of the next 2,000 gallons to our facility, which we are hopeful will occur before year-end. Overall, we remain encouraged by the outlook for the business given the pace of waste treatment receipts, new bidding opportunities, and improved federal budgets."

Financial Results

Revenue for the second quarter of 2022 was approximately \$19.5 million versus approximately \$16.1 million for the same period last year. Services Segment revenue increased to approximately \$11.1 million for the three months ended June 30, 2022 from \$8.4 million for the corresponding period of 2021 due to resumed/increased work under certain projects which had been delayed/curtailed due to COVID-19 impact and/or administrative delays experienced by certain customers. These projects were awarded to us

in the second quarter of 2021. Revenue for the Treatment Segment was approximately \$8.4 million and \$7.7 million for the second quarter of 2022 and 2021, respectively. The increase was primarily due to improvement in waste receipts from certain customers who have delayed waste shipments due, in part, to the impact of COVID-19. This improvement is reflected in our Treatment Segment waste backlog of \$7,169,000 at June 30, 2022, an increase of approximately \$1,048,000 from the balance of \$6,121,000 at March 31, 2022.

Gross profit for the second quarter of 2022 was \$2.9 million versus \$966,000 for the second quarter of 2021 primarily due to higher revenue generated in both segments.

Operating loss for the second quarter of 2022 was approximately \$880,000 versus operating loss of \$2.2 million for the second quarter of 2021. Net loss attributable to common stockholders for the second quarter of 2022 was approximately \$1.4 million or (\$0.11) per basic share versus net income attributed to common stockholders for the second quarter of 2021 of approximately \$3.0 million or \$0.25 per basic share. Net income attributable to common stockholders for the second quarter of 2022 included a tax expense of \$347,000 which was primarily driven by our change in forecasted income for the year. Net income attributable to common stockholders for the second quarter of 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 in June 2021.

The Company reported Adjusted EBITDA of (\$403,000) from continuing operations for the quarter ended June 30, 2022, as compared to Adjusted EBITDA of (\$1.7) million from continuing operations for the same period of 2021. 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 on extinguishment of debt. As previously disclosed, in December 2021, the Company made the strategic decision to cease all research and development ("R&D") activities under the Medical Segment and sold 100% of its interest in Perma-Fix Medical S.A., which comprised its Medical Segment. 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 (loss) income from continuing operations for the three and six months ended June 30, 2022 and 2021.

(In thousands)	(Unaudited)		(Unaudited)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021

(Loss) income from continuing operations	\$	(1,257)	\$	3,121	\$	(2,506)	\$	2,083
Adjustments:								
Depreciation & amortization		480		400		936		799
Interest income		(29)		(2)		(40)		(21)
Interest expense		41		65		76		132
Interest expense - financing fees		15		9		28		17
Income tax expense (benefit)		347		13		(326)		(4)
EBITDA		(403)		3,606		(1,832)		3,006
Gain on extinguishment of debt		—		(5,381)		—		(5,381)
Research and development costs related to Medical Isotope project		—		72		—		149
Adjusted EBITDA	\$	(403)	\$	(1,703)	\$	(1,832)	\$	(2,226)

The tables below present certain unaudited financial information for the business segments, which excludes allocation of corporate expenses. As noted above, in December 2021, the Company made the strategic decision to cease all R&D activities under the Medical Segment and sold 100% of its interest in Perma-Fix Medical S.A., which comprised of its Medical Segment.

(In thousands)	Three Months Ended June 30, 2022 (Unaudited)		Six Months Ended June 30, 2022 (Unaudited)	
	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

(In thousands)	Three Months Ended June 30, 2021 (Unaudited)			Six Months Ended June 30, 2021 (Unaudited)		
	Treatment	Services	Medical	Treatment	Services	Medical

Net revenues	\$ 7,706	\$ 8,439	\$ —	\$ 15,201	\$ 24,077	\$ —
Gross profit (negative gross profit)	1,433	(467)	—	2,358	964	—
Segment profit (loss)	468	(1,302)	(72)	366	(747)	(149)

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.

Conference Call

Perma-Fix will host a conference call at 11:00 a.m. ET on Friday, August 5, 2022. The call will be available on the Company's website at www.perma-fix.com, or by calling toll free 877-545-0320 for U.S. callers, or +1 973-528-0002 for international callers and by entering access code: 963791. 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 Friday, August 12, 2022, and can be accessed by calling: 877-481-4010 for U.S. callers, or +1 919-882-2331 for international callers and entering conference ID: 46310.

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: shipment of the next 2,000 gallons before year-end and outlook. 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 2021 Form 10-K and Form 10-Q for quarters ended March 31, 2022 and June 30, 2022. 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenues	\$ 19,455	\$ 16,145	\$ 35,370	\$ 39,278
Cost of goods sold	16,571	15,179	30,850	35,956
Gross profit	2,884	966	4,520	3,322
Selling, general and administrative expenses	3,684	2,997	7,106	6,202
Research and development	80	144	176	295

Loss on disposal of property and equipment	—	—	1	—
Loss from operations	<u>(880)</u>	<u>(2,175)</u>	<u>(2,763)</u>	<u>(3,175)</u>
Other income (expense):				
Interest income	29	2	40	21
Interest expense	(41)	(65)	(76)	(132)
Interest expense-financing fees	(15)	(9)	(28)	(17)
Other	(3)	—	(5)	1
Gain on extinguishment of debt	—	5,381	—	5,381
(Loss) income from continuing operations before taxes	<u>(910)</u>	<u>3,134</u>	<u>(2,832)</u>	<u>2,079</u>
Income tax expense (benefit)	347	13	(326)	(4)
(Loss) income from continuing operations, net of taxes	<u>(1,257)</u>	<u>3,121</u>	<u>(2,506)</u>	<u>2,083</u>
Loss from discontinued operations (net of taxes)	<u>(188)</u>	<u>(127)</u>	<u>(282)</u>	<u>(242)</u>
Net (loss) income	<u>(1,445)</u>	<u>2,994</u>	<u>(2,788)</u>	<u>1,841</u>
Net loss attributable to non-controlling interest	—	(29)	—	(59)
Net (loss) income attributable to Perma-Fix Environmental Services, Inc. common stockholders	\$ (1,445)\$	3,023 \$	(2,788)\$	1,900
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - basic:				
Continuing operations	\$ (.10)\$.26\$	(.19)\$.18
Discontinued operations	<u>(.01)</u>	<u>(.01)</u>	<u>(.02)</u>	<u>(.02)</u>
Net (loss) income per common share	\$ <u>(.11)\$</u>	<u>.25\$</u>	<u>(.21)\$</u>	<u>.16</u>
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - diluted:				
Continuing operations	\$ (.10)\$.25\$	(.19)\$.17
Discontinued operations	<u>(.01)</u>	<u>(.01)</u>	<u>(.02)</u>	<u>(.02)</u>
Net (loss) income per common share	\$ <u>(.11)\$</u>	<u>.24\$</u>	<u>(.21)\$</u>	<u>.15</u>

Number of common shares used in computing

net (loss) income per share:

Basic	13,264	12,180	13,249	12,173
Diluted	13,264	12,440	13,249	12,420

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

(Amounts in Thousands, Except for Share and Per Share Amounts)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current assets:		
Cash	\$ 163	\$ 4,440
Account receivable, net of allowance for doubtful accounts of \$30 and \$85, respectively	12,956	11,372
Unbilled receivables	6,348	8,995
Other current assets	4,197	5,152
Assets of discontinued operations included in current assets	17	15
Total current assets	<u>23,681</u>	<u>29,974</u>
Net property and equipment	18,991	18,609
Property and equipment of discontinued operations	81	81
Operating lease right-of-use assets	2,202	2,460
Intangibles and other assets	26,193	26,177
Total assets	<u>\$ 71,148</u>	<u>\$ 77,301</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current liabilities related to discontinued operations	914	506
Total current liabilities	<u>22,560</u>	<u>25,914</u>
Long-term liabilities	10,120	10,126
Long-term liabilities related to discontinued operations	265	677
Total liabilities	<u>32,945</u>	<u>36,717</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, 13,280,265 and 13,222,552 shares issued, respectively; 13,272,623 and 13,214,910 shares outstanding, respectively	13	13
Additional paid-in capital	114,755	114,307
Accumulated deficit	(76,408)	(73,620)
Accumulated other comprehensive loss	(69)	(28)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total stockholders' equity	<u>38,203</u>	<u>40,584</u>
 Total liabilities and stockholders' equity	 \$ 71,148	 \$ 77,301



Source: Perma-Fix Environmental Services, Inc