

November 3, 2022



Perma-Fix Reports 17% Increase In Revenue to \$18.5 Million for the Third Quarter of 2022

Third quarter 2022 gross profit increases 38% over same period last year

ATLANTA, Nov. 03, 2022 (GLOBE NEWSWIRE) -- **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** (the “Company”) today announced financial results and provided a business update for the third quarter ended September 30, 2022.

Mark Duff, President and CEO of the Company, commented, “I am pleased to report that we achieved a 17% increase in revenue to \$18.5 million and a 38% increase in gross profit for the third quarter of 2022, compared to the same period last year. As previously announced, we were able to reach full operational status on several projects that had been delayed due, in part, to the impact of COVID-19 pandemic, contributing to revenue growth within our Service Segment in the third quarter of 2022. While federal government clients remain slow to procure new task orders, we realized an increase in procurements in September 2022, which we believe will continue in the fourth quarter of 2022. Moreover, we are encouraged by our bidding pipeline, with many of these contracts expected to be awarded over the next few quarters.”

“Within our Treatment Segment, we benefitted from a 46% increase in waste receipts to \$9.1 million as compared to \$6.2 million for same quarter last year, including both commercial and international waste. Excluding the one-time significant request for equitable adjustment (“REA”) under a government waste generator contract in the third quarter of 2021, our Treatment Segment revenue would have increased by approximately \$1.3 million or 17% in the third quarter of 2022. We achieved these results despite the negative impact of delays in waste shipments from certain customers at our Florida facility due, in part, to Hurricane Ian. At the same time, we continue to expand our waste treatment offering to the commercial utility sector, along with the oil and gas markets, which we believe will likely be sustainable for several years. We have defined new procurement and market expansion opportunities with the US Navy, the US Department of Defense (DOD) and the US Department of Energy (DOE). The second phase of the Test Bed Initiative (TBI) project continues to move forward as DOE intends to submit the Research, Development and Demonstration (RD&D) permit to the state by the end of first quarter of 2023. We expect this will trigger review and approval by the State of Washington to support the shipment of 2,000 gallons of this waste shortly after approval.”

“Overall, we continue to see improvement in waste receipts. In addition, qualifying for the Employee Retention Credit (“ERC”) helped with offsetting some of the losses incurred from

the pandemic. We believe our foundation, coupled with expansion of our treatment capabilities, increased bidding opportunities and improved federal budgets will continue to support our growth objectives.”

Financial Results

Revenue for the third quarter of 2022 was \$18.5 million versus \$15.8 million for the same period last year. Revenue for the Services Segment increased to approximately \$9.6 million for the three months ended September 30, 2022 from \$6.9 million for the corresponding period of 2021 due to achievement of full operational status on certain projects which had previously been delayed/curtailed due to COVID-19 impact and/or administrative delays experienced by certain customers since the award of these project to us late in the second quarter of 2021. Revenue for the Treatment Segment was approximately \$8.9 million for each of the third quarters of 2022 and 2021. Revenue for our Treatment Segment for the third quarter of 2021 included approximately \$1.3 million recognized from a significant request for equitable adjustment (“REA”) under a government waste generator contract resulting from certain pricing provisions of the contract. Excluding this REA, Treatment Segment revenue increased approximately \$1.3 million primarily due to higher waste volume which was offset by lower averaged price waste due to revenue mix. Our Treatment Segment continues to see steady improvement in waste receipts since the second quarter of 2022 from certain customers who had previously delayed waste shipments.

Gross profit for the third quarter of 2022 was \$3.1 million versus \$2.2 million for the third quarter of 2021. Excluding the REA recorded in the third quarter of 2021 within our Treatment Segment as discussed above, gross profit increased in both segments where Treatment Segment gross profit increase by approximately \$766,000 primarily due to higher waste volume which was partially offset by lowered averaged price waste from revenue mix and Services Segment gross profit increased by approximately \$1.4 million due to higher revenue from increased work.

Operating loss for the third quarter of 2022 was approximately \$928,000 versus operating loss of \$1.4 million for the third quarter of 2021. Net income attributable to common stockholders for the third quarter of 2022 was approximately \$664,000 or \$0.05 per share (both basic and diluted) versus \$1.4 million or \$0.11 per share for the third quarter of 2021. Net income attributable to common stockholders 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), representing a refundable tax credit against the Company’s shares of certain payroll taxes as permitted by the ERC program under the Coronavirus Aid, Relief and Economic Securities Act (“CARES Act”), as amended. The ERC program is provided to qualifying businesses that kept employee on their payroll during the COVID-19 pandemic. Net income attributable to common stockholders for the third quarter of 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 deferred tax assets.

The Company recorded Adjusted EBITDA of (\$374,000) from continuing operations during the quarter ended September 30, 2022, as compared to Adjusted EBITDA of (\$798,000) 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 (“R&D”) costs related to the Medical Isotope project, gain on extinguishment of debt and income from ERC refund claim (net of costs incurred). As previously disclosed, 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 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 income (loss) from continuing operations for the three and nine months ended September 30, 2022 and 2021.

| (In thousands) | (Unaudited) Three Months Ended September 30, | | (Unaudited) Nine Months Ended September 30, | |
|--|--|----------|---|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Income (loss) from continuing operations | \$ 824 | \$ 1,381 | \$ (1,682) | \$ 3,464 |
| Adjustments: | | | | |
| Depreciation & amortization | 497 | 409 | 1,433 | 1,208 |
| Interest income | (29) | (2) | (69) | (23) |
| Interest expense | 47 | 77 | 123 | 209 |
| Interest expense - financing fees | 16 | 11 | 44 | 28 |
| Income tax benefit (benefit) | 179 | (2,836) | (147) | (2,840) |
| EBITDA | 1,534 | (960) | (298) | 2,046 |
| Income from ERC refund claim, net ⁽¹⁾ | (1,908) | — | (1,908) | — |
| R&D costs related to Medical Isotope project | — | 162 | — | 311 |
| Gain on extinguishment of debt | — | — | — | (5,381) |
| Adjusted EBITDA | \$ (374) | \$ (798) | \$ (2,206) | \$ (3,024) |

(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. 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 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 |

| (In thousands) | Three Months Ended September 30, 2021 (Unaudited) | | | Nine Months Ended September 30, 2021 (Unaudited) | | |
|--|---|----------|---------|--|-----------|---------|
| | Treatment | Services | Medical | Treatment | Services | Medical |
| Net revenues | \$ 8,893 | \$ 6,904 | \$ — | \$ 24,094 | \$ 30,981 | \$ — |
| Gross profit (negative gross profit) | 2,487 | (263) | — | 4,845 | 701 | — |
| Segment profit (loss) | 1,316 | (984) | (162) | 1,682 | (1,731) | (311) |

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 Thursday, November 3, 2022. The call will be available on the Company's website at <https://ir.perma-fix.com/conference-calls>, or by calling 877-545-0523 for U.S. callers or +1 973-528-0016 for international callers, and by entering access code: 996909. 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 10, 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: 47036.

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: increase in orders and procurements; award of contracts the next few quarters; expansion of waste treatment offering; submission of RD&D permit by the DOE; approval by State of Washington to support shipment of the next 2,000 gallons waste; and growth objectives. 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, June 30, 2022 and September 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 September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Net revenues | \$ 18,472 | \$ 15,797 | \$ 53,842 | \$ 55,075 |
| Cost of goods sold | 15,402 | 13,573 | 46,252 | 49,529 |
| Gross profit | 3,070 | 2,224 | 7,590 | 5,546 |
| Selling, general and administrative expenses | 3,929 | 3,348 | 11,035 | 9,550 |
| Research and development | 69 | 243 | 245 | 538 |
| Loss on disposal of property and equipment | — | 1 | 1 | 1 |
| Loss from operations | (928) | (1,368) | (3,691) | (4,543) |
| Other income (expense): | | | | |
| Interest income | 29 | 2 | 69 | 23 |
| Interest expense | (47) | (77) | (123) | (209) |
| Interest expense-financing fees | (16) | (11) | (44) | (28) |
| Other | 1,965 | (1) | 1,960 | — |
| Gain on extinguishment of debt | — | — | — | 5,381 |
| Income (loss) from continuing operations before taxes | 1,003 | (1,455) | (1,829) | 624 |
| Income tax expense (benefit) | 179 | (2,836) | (147) | (2,840) |
| Income (loss) from continuing operations, net of taxes | 824 | 1,381 | (1,682) | 3,464 |
| Loss from discontinued operations, net of taxes | (160) | (43) | (442) | (285) |
| Net income (loss) | 664 | 1,338 | (2,124) | 3,179 |
| Net loss attributable to non-controlling interest | — | (64) | — | (123) |
| Net income (loss) attributable to Perma-Fix Environmental Services, Inc. common stockholders | \$ 664 | \$ 1,402 | \$ (2,124) | \$ 3,302 |

Net income (loss) per common share attributable to Perma-Fix

Environmental Services, Inc.
stockholders - basic:

| | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| Continuing operations | \$.06 | \$.12 | \$ (.13) | \$.29 |
| Discontinued operations | <u>(.01)</u> | <u>(.01)</u> | <u>(.03)</u> | <u>(.02)</u> |
| Net income (loss) per common share | \$.05 | \$.11 | \$ (.16) | \$.27 |

Net income (loss) per common share attributable to Perma-Fix

Environmental Services, Inc.
stockholders - diluted:

| | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| Continuing operations | \$.06 | \$.12 | \$ (.13) | \$.29 |
| Discontinued operations | <u>(.01)</u> | <u>(.01)</u> | <u>(.03)</u> | <u>(.02)</u> |
| Net income (loss) per common share | \$.05 | \$.11 | \$ (.16) | \$.27 |

Number of common shares used in computing

net income (loss) per share:

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 13,297 | 12,198 | 13,265 | 12,181 |
| Diluted | 13,447 | 12,406 | 13,265 | 12,416 |

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

| (Amounts in Thousands, Except for Share and Per Share Amounts) | September 30, 2022 | December 31, 2021 |
|---|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 1,858 | \$ 4,440 |
| Account receivable, net of allowance for doubtful accounts of \$31 and \$85, respectively | 9,993 | 11,372 |
| Unbilled receivables | 6,306 | 8,995 |
| Other current assets | 7,266 | 5,152 |
| Assets of discontinued operations included in current assets | <u>17</u> | <u>15</u> |

| | | |
|---|-----------|-----------|
| Total current assets | 25,440 | 29,974 |
| Net property and equipment | 19,515 | 18,609 |
| Property and equipment of discontinued operations | 81 | 81 |
| Operating lease right-of-use assets | 2,087 | 2,460 |
| Intangibles and other assets | 26,066 | 26,177 |
| Total assets | \$ 73,189 | \$ 77,301 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | \$ 23,008 | \$ 25,408 |
| Current liabilities related to discontinued operations | 927 | 506 |
| Total current liabilities | 23,935 | 25,914 |
| Long-term liabilities | 10,017 | 10,126 |
| Long-term liabilities related to discontinued operations | 267 | 677 |
| Total liabilities | 34,219 | 36,717 |
| 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, 13,305,750 and 13,222,552 shares issued, respectively; 13,298,108 and 13,214,910 shares outstanding, respectively | 13 | 13 |
| Additional paid-in capital | 114,993 | 114,307 |
| Accumulated deficit | (75,744) | (73,620) |
| Accumulated other comprehensive loss | (204) | (28) |
| Less Common Stock held in treasury, at cost: 7,642 shares | (88) | (88) |
| Total stockholders' equity | 38,970 | 40,584 |
| Total liabilities and stockholders' equity | \$ 73,189 | \$ 77,301 |

Source: Perma-Fix Environmental Services, Inc