UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File No. 001-11596

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**58-1954497**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
8302 Dunwoody Place, Suite 250, Atlanta, GA	**30350**
(Address of principal executive offices)	*(Zip Code)*

(770) 587-9898
(Registrant's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $.001 Par Value	PESI	Nasdaq Capital Markets

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☒ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the close of the latest practical date.

Class	Outstanding at August 7, 2026
Common Stock, $.001 Par Value	21,218,351 shares

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

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Glossary of Terms and Acronyms

Definitions of certain terms and acronyms that may appear in this report are provided below. The defined terms and acronyms identified below are used throughout the document.

AIG	AIG Specialty Insurance Company
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Directors
CEO	Chief Executive Officer
CODM	Chief Operating Decision Maker
COLA	Cost-of-Living Adjustment
Common Stock	The Company's common stock, par value $0.001 per share
Compensation Committee	Compensation and Stock Option Committee
COO	Chief Operating Officer
CR	Continuing Resolution
Credit Facility	The Company's credit facility under a Second Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated May 8, 2020, as amended, entered into with PNC National Association, acting as agent and lender, with a maturity date of May 15, 2027, consisting of (i) up to $12,500,000 revolving credit ("Revolving Credit), which borrowing capacity is subject to eligible receivables (as defined) and reduced by outstanding standby letters of credit and borrowing reductions that the Company's lender may impose from time to time; (ii) a term loan of $2,500,000 ("Term Loan"); and (iii) a capital loan ("Capital Loan") of approximately $524,000
D&D	Decontamination and Decommissioning
DFLAW	Direct-Feed Low-Activity Waste
DOE	U.S. Department of Energy
DOW	U.S. Department of War
EVP	Executive Vice President
EWOC	Environmental Waste Operations Center, an operating facility of the Company.
Exchange Act	The Securities Exchange Act of 1934 (as amended)
FASB	Financial Accounting Standards Board
IDIQ	Indefinite Delivery/Indefinite Quantity
IH	Industrial Hygiene
ISO	Incentive Stock Option
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MMDA	Money Market Deposit Account
NEOSH	Nuclear, Environmental, and Occupational Safety and Health
NQSO	Non-Qualified Stock Option
OSHA	U.S. Occupational Safety and Health Administration
PFAS	Per- and polyfluoroalkyl substances, a group of thousands of synthetic "forever chemicals" manufactured since the 1940s that resist heat, water, stains, and grease. They are found in non-stick cookware, stain-resistant fabrics, food packaging, and firefighting foam, and they persist in the environment and human body, posing significant, long-term health risks
PFNW	Perma-Fix Northwest Richland Inc., a wholly-owned subsidiary of the Company located in Richland, Washington
PRP	Potentially Responsible Party
PFSG	Perma-Fix South Georgia, Inc., a wholly-owned subsidiary of the Company within its discontinued operations
PNC Liquidity	Borrowing availability under the Revolving Credit under the PNC Loan Agreement plus cash in the MMDA maintained with the Company's lender
PNC Loan Agreement	Second Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated May 8, 2020, as amended, entered into with PNC National Association, acting as agent and lender, with a maturity date of May 15, 2027
R&D	Research and Development
ROU	Right-of-Use
SEC	The U.S. Securities and Exchange Commission
SG&A	Selling, General and Administrative expenses
SOFR	Secured Overnight Finance Rate
U.S. GAAP	Accounting principles generally accepted in the United States of America

PART I - FINANCIAL INFORMATION
Item 1. – Financial Statements

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Condensed Consolidated Balance Sheets

(Amounts in Thousands, Except for Share and Per Share Amounts)	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 20,497	$ 11,768
Accounts receivable, net of allowance for credit losses of $16 and $309, respectively	10,040	11,228
Unbilled receivables	9,578	8,781
Inventories	2,504	1,563
Prepaid and other assets	2,906	2,971
Current assets related to discontinued operations	242	60
Total current assets	45,767	36,371
Property and equipment:		
Buildings and land	25,307	24,672
Equipment	29,170	27,365
Vehicles	444	411
Leasehold improvements	8	8
Office furniture and equipment	1,076	1,076
Construction-in-progress	6,519	3,998
Total property and equipment	62,524	57,530
Less accumulated depreciation	(33,871)	(32,930)
Net property and equipment	28,653	24,600
Property and equipment related to discontinued operations	146	146
Operating lease right-of-use assets	1,296	1,445
Intangibles and other long term assets:		
Permits	10,855	10,722
Other intangible assets - net	473	362
Finite risk sinking fund (restricted cash)	13,457	13,216
Other assets	1,191	1,172
Total assets	$ 101,838	$ 88,034

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Condensed Consolidated Balance Sheets, Continued

(Amounts in Thousands, Except for Share and per Share Amounts)	June 30, 2026 (Unaudited)	December 31, 2025
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,051	$ 7,007
Accrued expenses	5,083	5,222
Disposal/transportation accrual	2,671	1,744
Deferred revenue	8,656	7,007
Accrued closure costs - current	11	27
Current portion of long-term debt	616	562
Current portion of operating lease liabilities	468	416
Current portion of finance lease liabilities	520	313
Current liabilities related to discontinued operations	301	270
Total current liabilities	27,377	22,568
Accrued closure costs	8,953	8,698
Long-term debt, less current portion	1,364	1,310
Long-term operating lease liabilities, less current portion	897	1,102
Long-term finance lease liabilities, less current portion	1,356	619
Long-term liabilities related to discontinued operations	3,561	3,598
Total long-term liabilities	16,131	15,327
Total liabilities	43,508	37,895
Commitments and Contingencies (Note 9)		
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; 21,215,194 and 18,525,823 shares issued, respectively; 21,207,552 and 18,518,181 shares outstanding, respectively	21	18
Additional paid-in capital	182,957	161,057
Accumulated deficit	(124,401)	(110,714)
Accumulated other comprehensive loss	(159)	(134)
Less Common Stock in treasury, at cost; 7,642 shares	(88)	(88)
Total stockholders' equity	58,330	50,139
Total liabilities and stockholders' equity	$ 101,838	$ 88,034

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net revenues	$ 12,885	$ 14,586	$ 24,011	$ 28,505
Cost of goods sold	15,388	13,039	29,395	26,301
Gross (loss) profit	(2,503)	1,547	(5,384)	2,204
Selling, general and administrative expenses	3,751	4,130	8,049	8,145
Research and development	253	312	556	695
Gain on disposal of property and equipment	—	(1)	—	(6)
Loss from operations	(6,507)	(2,894)	(13,989)	(6,630)
Other income (expense):				
Interest income	203	301	384	636
Interest expense	(73)	(124)	(133)	(236)
Interest expense-financing fees	(21)	(21)	(43)	(41)
Other	136	155	144	188
Loss from continuing operations before taxes	(6,262)	(2,583)	(13,637)	(6,083)
Income tax expense	—	—	—	—
Loss from continuing operations, net of taxes	(6,262)	(2,583)	(13,637)	(6,083)
Income (loss) from discontinued operations, net of taxes (Note 10)	62	(133)	(50)	(206)
Net loss	$ (6,200)	$ (2,716)	$ (13,687)	$ (6,289)
Net loss per common share - basic and diluted:				
Continuing operations	$ (.32)	$ (.14)	$ (.71)	$ (.33)
Discontinued operations	—	(.01)	—	(.01)
Net loss per common share	$ (.32)	$ (.15)	$ (.71)	$ (.34)
Weighted average number of common shares used in computing net loss per share:				
Basic	19,840	18,448	19,195	18,436
Diluted	19,840	18,448	19,195	18,436

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

(Amounts in Thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net loss	$ (6,200)	$ (2,716)	$ (13,687)	$ (6,289)
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	(1)	42	(25)	59
Total other comprehensive (loss) income	(1)	42	(25)	59
Comprehensive loss	$ (6,201)	$ (2,674)	$ (13,712)	$ (6,230)

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)
(Amounts in thousands, except for share amounts)

	Common Stock		Additional Paid-In	Common Stock Held In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Treasury	Loss	Deficit	Equity
Balance at December 31, 2025	18,525,823	$ 18	$ 161,057	$ (88)	$ (134)	$ (110,714)	$ 50,139
Net loss	—	—	—	—	—	(7,487)	(7,487)
Foreign currency translation	—	—	—	—	(24)	—	(24)
Issuance of Common Stock for services	9,514	—	119	—	—	—	119
Issuance of Common Stock upon exercise of options	19,844	—	16	—	—	—	16
Stock-Based Compensation	—	—	216	—	—	—	216
Balance at March 31, 2026	18,555,181	$ 18	$ 161,408	$ (88)	$ (158)	$ (118,201)	$ 42,979
Net loss	—	—	—	—	—	(6,200)	(6,200)
Foreign currency translation	—	—	—	—	(1)	—	(1)
Issuance of Common Stock for services	11,042	—	119	—	—	—	119
Issuance of Common Stock upon exercise of options	20,400	—	137	—	—	—	137
Stock-Based Compensation	—	—	182	—			182
Sale of Common Stock, net of offering costs	2,628,571	3	21,111	—	—	—	21,114
Balance at June 30, 2026	21,215,194	$ 21	$ 182,957	$ (88)	$ (159)	$ (124,401)	$ 58,330
Balance at December 31, 2024	18,384,879	$ 18	$ 159,590	$ (88)	$ (200)	$ (96,930)	$ 62,390
Net loss	—	—	—	—	—	(3,573)	(3,573)
Foreign currency translation	—	—	—	—	17	—	17
Issuance of Common Stock for services	10,565	—	117	—	—	—	117
Issuance of Common Stock upon exercise of options	40,591	—	41	—	—	—	41
Stock-Based Compensation	—	—	196	—	—	—	196
Balance at March 31, 2025	18,436,035	$ 18	$ 159,944	$ (88)	$ (183)	$ (100,503)	$ 59,188
Net loss	—	—	—	—	—	(2,716)	(2,716)
Foreign currency translation	—	—	—	—	42	—	42
Issuance of Common Stock for services	16,179	—	118	—	—	—	118
Issuance of Common Stock upon exercise of options	7,655	—	8	—	—	—	8
Stock-Based Compensation	—	—	186	—	—	—	186
Balance at June 30, 2025	18,459,869	$ 18	$ 160,256	$ (88)	$ (141)	$ (103,219)	$ 56,826

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(Amounts in Thousands)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (13,687)	$ (6,289)
Less: loss from discontinued operations, net of taxes (Note 10)	(50)	(206)
Loss from continuing operations, net of taxes	(13,637)	(6,083)
Adjustments to reconcile loss from continuing operations to cash used in operating activities:		
Depreciation and amortization	974	873
Amortization of debt issuance costs	43	42
Provision for credit losses on accounts receivable	(293)	46
Gain on disposal of property and equipment	—	(6)
Issuance of common stock for services	238	235
Stock-based compensation	398	382
Changes in operating assets and liabilities of continuing operations		
Accounts receivable	1,481	2,974
Unbilled receivables	(797)	(1,297)
Prepaid expenses, inventories and other assets	(250)	463
Accounts payable, accrued expenses, unearned revenue and other liabilities	3,074	(1,068)
Cash used in continuing operations	(8,769)	(3,439)
Cash used in discontinued operations	(192)	(222)
Cash used in operating activities	(8,961)	(3,661)
Cash flows from investing activities:		
Purchases of property and equipment	(2,675)	(1,766)
Additions to permits and other intangible assets	(275)	(74)
Proceeds from sale of property and equipment	—	33
Cash used in continuing operations	(2,950)	(1,807)
Cash used in discontinued operations	(45)	(16)
Cash used in investing activities	(2,995)	(1,823)
Cash flows from financing activities:		
Repayments of revolving credit borrowings	(60,838)	(37,708)
Borrowing on revolving credit	60,838	37,708
Proceeds from issuance of Common Stock upon exercise of options	153	49
Proceeds from sale of Common Stock Completed in May 2026, net of offering costs paid (Note 13)	21,295	—
Payment of offering costs from sale of Common Stock completed in December 2024	—	(194)
Principal repayments of finance lease liabilities	(191)	(148)
Principal repayments of long term debt	(330)	(313)
Payment of debt issuance costs	—	(20)
Cash provided by (used in) financing activities of continuing operations	20,927	(626)
Effect of exchange rate changes on cash	(1)	1
Increase (decrease) in cash and finite risk sinking fund (restricted cash)	8,970	(6,109)
Cash and finite risk sinking fund (restricted cash) at beginning of period	24,984	41,655
Cash and finite risk sinking fund (restricted cash) at end of period	$ 33,954	$ 35,546
Supplemental disclosure:		
Interest paid, net of capitalized amount of $74 and $0, respectively	$ 132	$ 229
Income taxes paid	—	—
Non-cash investing and financing activities:		
Property and equipment purchase subject to financing	395	—
Property and equipment purchase subject to finance leases	1,134	132
Property and equipment additions included in accounts payable	1,477	441

The accompanying notes are an integral part of these condensed consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Notes to Condensed Consolidated Financial Statements
June 30, 2026
(Unaudited)

1. Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by the Company (which may be referred to as we, us or our), without an audit, pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. Further, the condensed consolidated financial statements reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations as of and for the periods indicated. The results of operations for the six months ended June 30, 2026, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2026.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2025.

The condensed consolidated financial statements include the accounts of our wholly-owned subsidiaries.

Financial Position and Liquidity

These condensed consolidated financial statements have been prepared in accordance with U.S. GAAP assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company incurred losses from continuing operations before tax of $15,134,000 during 2024, $10,665,000 during 2025, and $13,637,000 during the first six months of 2026. The Company also experienced cash used in continuing operations of $14,146,000 during 2024, $10,311,000 during 2025, and $8,769,000 during the first six months of 2026. These results were due in part to delays in the enactment of federal appropriations and Congress's continued use of CRs, as well as increased investments in PFAS technology, expansion of treatment capacity, workforce growth, and infrastructure enhancements intended to support anticipated waste treatment volumes, including anticipated Hanford-related waste volumes. In addition, for 2026 year to date, delays in the commencement of several new projects within our Services Segment, processing delays due to customer-directed changes in treatment protocols and the continued processing of previously stored waste inventories to prepare for anticipated increases in certain Hanford-related waste volumes negatively impacted our revenues during the quarter. Certain of these previously stored waste inventories carried lower margins, which adversely affected our results of operations. These lower-margin previously stored waste inventories have now been substantially processed and are not expected to have a material effect on operating results during the next twelve months.

The Company's expected cash requirements over the next twelve months include working capital needs, scheduled principal payments on debt, costs associated with the administration and monitoring of discontinued operations, R&D expenditures related to PFAS technology, and capital expenditures.

A significant portion of the projected revenues and cash flows underlying management's forecast depends on the timing and volume of waste shipments and project activity directed by U.S. government customers. Because these customers do not provide binding assurances regarding the timing or volume of future work, and such activity is subject to appropriations, procurement processes, operational considerations and other factors outside the Company's control, management could not conclude that its plans are probable of effectively mitigating the conditions giving rise to substantial doubt. Accordingly, substantial doubt continues to exist about the Company's ability to continue as a going concern for one year following the date the accompanying Condensed Consolidated Financial Statements are issued.

Management's plans to address these conditions include utilizing existing cash and borrowing availability; pursuing operating improvements supported by the Company's Treatment and Services Segment backlogs; continuing to pursue additional government, commercial and international project opportunities; managing capital expenditures and operating costs; and, if necessary, seeking additional liquidity through equity or other financing arrangements or potential asset dispositions. In May 2026, the Company completed a public equity offering that generated net proceeds of approximately $21,114,000, net of offering costs. In addition, subsequent to June 30, 2026, the Company extended the maturity of its PNC Credit Facility from May 2027 to May 2030, among other changes (see "Note 14 —Subsequent Events—Credit Facility").

Although the May 2026 equity offering strengthened the Company's liquidity, management concluded that the substantial doubt was not alleviated. Management expects the Company's existing liquidity, anticipated operating cash flows and borrowing availability to be sufficient to fund its operations during the assessment period. However, the ability of management's plans to mitigate the conditions giving rise to substantial doubt depends in part on the timing and volume of government-directed waste shipments and project activity, as well as other matters outside the Company's control. In addition, the Company's borrowing availability is subject to compliance with applicable financial covenants and other conditions. There can be no assurance that additional liquidity, if needed, will be available on acceptable terms or at all.

The Condensed Consolidated Financial Statements do not include any adjustments to the carrying amounts or classification of assets and liabilities that might result from the outcome of this uncertainty.

Reclassification

During the second quarter of 2026, the Company revised the presentation of the disaggregation of revenue in "Note 3 – Revenue" for the three and six months ended June 30, 2025, to reclassify certain contracts previously presented as fixed-price revenue to time-and-materials revenue. Approximately $237,000 of revenue for each of the three- and six-month periods ended June 30, 2025, was reclassified from fixed-price revenue to time-and-materials revenue. This reclassification had no effect on the Company's previously reported consolidated statements of operations, balance sheets, stockholders' equity, cash flows, or total revenue.

Correction of an Immaterial Error

During the preparation of the accompanying Condensed Consolidated Financial Statements, the Company determined that the cash flow effects of certain property and equipment additions included in accounts payable were incorrectly presented in its previously issued Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2025. Specifically, the change in "Accounts payable, accrued expenses, unearned revenue and other liabilities" within operating activities included amounts attributable to property and equipment additions, and "Purchases of property and equipment" within investing activities did not properly reflect the cash paid during the period for such additions.

Accordingly, the Company has revised the comparative prior-period Condensed Consolidated Statement of Cash Flows presented herein by reducing the decrease in "Accounts payable, accrued expenses, unearned revenue and other liabilities" within operating activities by $334,000, from $(1,402,000) to $(1,068,000), and increasing the cash outflow from "Purchases of property and equipment" within investing activities by $334,000, from $(1,432,000) to $(1,766,000). The Company also presented property and equipment additions of $441,000 that remained unpaid and were included in accounts payable as of June 30, 2025 as a supplemental non-cash investing activity. The correction decreased net cash used in operating activities by $334,000 and increased net cash used in investing activities by $334,000 and had no effect on the Company's previously reported condensed consolidated statements of operations, balance sheets or stockholders' equity.

2. Summary of Significant Accounting Policies

Our accounting policies are as set forth in the notes to the December 31, 2025 consolidated financial statements referred to above.

Recently Issued Accounting Standards –Adopted

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets." ASU 2025-05 provides the option to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. The adoption of ASU 2025-05 by the Company in the first quarter of 2026 on a prospective basis did not have a material impact on its condensed consolidated financial statements.

Recently Issued Accounting Standards – Not Yet Adopted

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." ASU 2025-11 clarifies interim disclosure requirements and the applicability of Topic 270. The objective of the update is to provide clarity about current interim requirements. The amendments in this Update also include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU are required to be adopted for interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, "Income Statement— Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) - Disaggregation of Income Statement Expenses," which enhances the disclosures required for certain expense captions in the Company's annual and interim consolidated financial statements. ASU 2024-03 is effective prospectively or retrospectively for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, "Intangible - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." ASU 2025-06 removes all references to prescriptive and sequential software development stages. The ASU requires entities to begin capitalizing software costs when management authorizes and commits to funding the software project, and it is probable that the project will be completed, and the software will be used for its intended purpose. The amendments in this ASU are effective for the Company for fiscal years beginning after December 15, 2027, and interim periods within those annual reporting periods. The standard allows for prospective, modified, or retrospective transition. Early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In May 2026, the FASB issued ASU 2026-02, "Environmental Credits and Environmental Credit Obligations (Topic 818)." ASU 2026-02 improves the financial accounting for and disclosure of activities related to environmental credits and environmental credit obligations. This update provides recognition, measurement, presentation, and disclosure requirements for all entities that generate, purchase, or receive environmental credits or have a regulatory compliance obligation that may be settled with environmental credits. The amendments in ASU 2026-02 are effective for annual reporting periods beginning after December 15, 2027, including interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

3. Revenue

Disaggregation of Revenue

In general, the Company's business segmentation is aligned according to the nature and economic characteristics of our services and provides meaningful disaggregation of each business segment's results of operations. The nature of the Company's performance obligations within our Treatment and Services Segments results in the recognition of our revenue primarily over time. The following tables present further disaggregation of our revenues by different categories for our Services and Treatment Segments:

Revenue by Contract Type (In thousands)	Three Months Ended June 30, 2026			Three Months Ended June 30, 2025		
	Treatment	Services	Total	Treatment	Services	Total
Fixed price	$ 8,289	$ 284	$ 8,573	$ 11,397	$ 640	$ 12,037
Time and materials	—	4,312	4,312	—	2,549	2,549
Total	$ 8,289	$ 4,596	$ 12,885	$ 11,397	$ 3,189	$ 14,586

Revenue by Contract Type (In thousands)	Six Months Ended June 30, 2026			Six Months Ended June 30, 2025		
	Treatment	Services	Total	Treatment	Services	Total
Fixed price	$ 16,168	$ 516	$ 16,684	$ 20,583	$ 3,570	$ 24,153
Time and materials	—	7,327	7,327	—	4,352	4,352
Total	$ 16,168	$ 7,843	$ 24,011	$ 20,583	$ 7,922	$ 28,505

Revenue by generator (In thousands)	Three Months Ended June 30, 2026			Three Months Ended June 30, 2025		
	Treatment	Services	Total	Treatment	Services	Total
Domestic government	$ 5,583	$ 3,838	$ 9,421	$ 7,146	$ 2,752	$ 9,898
Domestic commercial	2,233	697	2,930	3,323	333	3,656
Foreign government	264	27	291	617	70	687
Foreign commercial	209	34	243	311	34	345
Total	$ 8,289	$ 4,596	$ 12,885	$ 11,397	$ 3,189	$ 14,586

Revenue by generator (In thousands)	Six Months Ended June 30, 2026			Six Months Ended June 30, 2025		
	Treatment	Services	Total	Treatment	Services	Total
Domestic government	$ 10,288	6,738	$ 17,026	$ 12,396	$ 7,286	$ 19,682
Domestic commercial	4,594	929	5,523	4,790	444	5,234
Foreign government	854	107	961	2,824	124	2,948
Foreign commercial	432	69	501	573	68	641
Total	$ 16,168	$ 7,843	$ 24,011	$ 20,583	$ 7,922	$ 28,505

Revenues generated from fixed unit rate contracts within the Services Segment are included within "time and material" caption under the disaggregation table above due to similarity of the revenue recognition methodology.

Contract Balances

The timing of revenue recognition and billings can result in unbilled receivables (contract assets). The Company's contract liabilities consist of deferred revenues which represent advance payment from customers in advance of the completion of the Company's performance obligation. The following table represents changes in our contract asset and contract liabilities balances for the periods noted:

(In thousands)	June 30, 2026	December 31, 2025	Year-to-date Change ($)	Year-to-date Change (%)
Contract assets				
Unbilled receivables - current	$ 9,578	$ 8,781	$ 797	9.1%
Contract liabilities				
Deferred revenue	$ 8,656	$ 7,007	$ 1,649	23.5%

(In thousands)	June 30, 2025	December 31, 2024	Year-to-date Change ($)	Year-to-date Change (%)
Contract assets				
Unbilled receivables - current	$ 6,287	$ 4,990	$ 1,297	26.0%
Contract liabilities				
Deferred revenue	$ 6,982	$ 6,711	$ 271	4.0%

During the three and six months ended June 30, 2026, the Company recognized revenue of $2,490,000 and $7,316,000, respectively, related to untreated waste that was in the Company's control as of the beginning of such respective year. During the three and six months ended June 30, 2025, the Company recognized revenue of $954,000 and $3,888,000, respectively, related to untreated waste that was in the Company's control as of the beginning of such respective year. Revenue recognized in each period related to performance obligations satisfied within the respective period.

Accounts Receivable

The following table represents changes in accounts receivable, net of credit losses, for the periods noted:

(In thousands)	June 30, 2026	December 31, 2025	Year-to-date Change ($)	Year-to-date Change (%)
Accounts Receivable (net)	$ 10,040	$ 11,228	$ (1,188)	-10.6%

	June 30, 2025	December 31, 2024	Year-to-date Change ($)	Year-to-date Change (%)
Accounts Receivable (net)	$ 8,559	$ 11,579	$ (3,020)	-26.1%

Remaining Performance Obligations

The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Within our Services Segment, there are service contracts which provide that the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of our performance completed to date. For those contracts, the Company has utilized the practical expedient in ASC 606-10-55-18, which allows the Company to recognize revenue in the amount for which we have the right to invoice; accordingly, the Company does not disclose the value of remaining performance obligations for those contracts.

The Company's contracts and subcontracts relating to activities at governmental sites generally allow for termination for convenience at any time at the government's option without payment of a substantial penalty. The Company does not disclose remaining performance obligations on these contracts.

4. Leases

At the inception of an arrangement, the Company determines if an arrangement is, or contains, a lease based on facts and circumstances present in that arrangement. Lease classifications, recognition, and measurement are then determined at the lease commencement date.

The Company's operating lease ROU assets and operating lease liabilities primarily include leases for office and warehouse spaces used to conduct our business. Finance leases primarily consist of lab and processing equipment and motor vehicles used by the Company's facilities' operations.

The components of lease cost for the Company's leases for the three and six months ended June 30, 2026, and 2025 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating Leases:				
Lease cost	$ 141	$ 121	$ 282	$ 242
Finance Leases:				
Amortization of ROU assets	81	64	163	127
Interest on lease liability	30	25	52	48
	111	89	215	175
Short-term lease rent expense	2	2	4	4
Total lease cost	$ 254	$ 212	$ 501	$ 421

The weighted average remaining lease term and the weighted average discount rate for operating and finance leases as of June 30, 2026, were:

	Operating Leases	Finance Leases
Weighted average remaining lease terms (years)	3.3	3.9
Weighted average discount rate	7.8%	7.5%

The weighted average remaining lease term and the weighted average discount rate for operating and finance leases as of June 30, 2025, were:

	Operating Leases	Finance Leases
Weighted average remaining lease terms (years)	4.3	3.6
Weighted average discount rate	7.7%	9.5%

The following table reconciles the undiscounted cash flows for the operating and finance leases as of June 30, 2026, to the operating and finance lease liabilities recorded on the balance sheet (in thousands):

	Operating Leases	Finance Leases
2026 (Remaining)	$ 293	$ 320
2027	492	641
2028	355	467
2029	349	384
2030	77	254
2031	-	83
Total undiscounted lease payments	1,566	2,149
Less: Imputed interest	(201)	(273)
Present value of lease payments	$ 1,365	$ 1,876
Current portion of operating lease obligations	$ 468	$ N/A
Long-term operating lease obligations, less current portion	$ 897	$ N/A
Current portion of finance lease obligations	$ N/A	$ 520
Long-term finance lease obligations, less current portion	$ N/A	$ 1,356

Supplemental cash flow and other information related to our leases were as follows for the three and six months ended June 30, 2026, and 2025 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flow used in operating leases	$ 145	$ 123	$ 287	$ 236
Operating cash flow used in finance leases	$ 30	$ 25	$ 52	$ 48
Financing cash flow used in finance leases	$ 110	$ 77	$ 191	$ 148
ROU assets obtained in exchange for lease obligations for:				
Finance liabilities	$ 1,134	$ —	$ 1,134	$ 132
Operating liabilities	$ —	$ —	$ 70	$ —

5. **Intangible Assets**

The following table summarizes information relating to the Company's definite-lived intangible assets:

Other Intangibles (amount in thousands)	Weighted Average Amortization Period (Years)	June 30, 2026 Gross Carrying Amount	June 30, 2026 Accumulated Amortization	June 30, 2026 Net Carrying Amount	December 31, 2025 Gross Carrying Amount	December 31, 2025 Accumulated Amortization	December 31, 2025 Net Carrying Amount
Patents	5.9	$ 790	$ (467)	$ 323	$ 760	$ (456)	$ 304
Software	3	784	(634)	150	676	(618)	58
Permits	10	83	(4)	79	—	—	—
Total		$ 1,657	$ (1,105)	$ 552	$ 1,436	$ (1,074)	$ 362

The intangible assets noted above are amortized on a straight-line basis over their useful lives.

The permits disclosed above reflect the capitalization of costs associated with the renewal of certain regulatory permits. These costs represent fees paid to secure the Company's right to operate for a defined ten-year period and are therefore amortized on a straight-line basis over that period.

The following table summarizes the expected amortization over the next five years for our definite-lived intangible assets:

Year	Amount (In thousands)
2026 (Remaining)	$ 25
2027	36
2028	25
2029	22
2030	19

Amortization expenses relating to the definite-lived intangible assets as discussed above were $15,000 and $31,000 for the three and six months ended June 30, 2026, respectively, and $13,000 and $28,000 for the three and six months ended June 30, 2025, respectively.

6. **Capital Stock, Stock Plans, Warrants and Stock Based Compensation**

The Company has certain stock option plans under which it may award ISO and/or NQSOs to employees, officers, outside directors, and outside consultants. No option was granted during the first six months of 2026.

The following table summarizes stock-based compensation recognized for the three and six months ended June 30, 2026, and 2025 for our employee and director stock options (in thousands).

Stock Options	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Employee Stock Options	$ 71	$ 96	$ 177	$ 203
Director Stock Options	111	90	221	179
Total	$ 182	$ 186	$ 398	$ 382

As of June 30, 2026, the Company had approximately $1,375,000 of total unrecognized compensation costs related to unvested options for employees and directors. The weighted average period over which the unrecognized compensation costs are expected to be recognized is approximately 2.5 years.

The summary of the Company's total stock option plans as of June 30, 2026, and June 30, 2025, and changes during the periods then ended, are presented below. The Company's stock option plans consist of the 2017 Stock Option Plan and the 2003 Outside Directors Stock Plan:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (4)
Options outstanding January 1, 2026	982,000	$ 7.04		
Granted	—	$ —		
Exercised	(52,400)	$ 6.26		$ 347,871
Forfeited	(35,400)	$ 7.12		
Options outstanding end of period (1)	894,200	$ 7.09	4.2	$ 6,439,756
Options exercisable at June 30, 2026(2)	497,600	$ 6.53	3.7	$ 4,032,931

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (4)
Options outstanding January 1, 2025	1,000,900	$ 6.18		
Granted	50,000	$ 10.70		
Exercised	(69,500)	$ 3.91		$ 459,305
Forfeited	(17,000)	$ 8.72		
Options outstanding end of period (2)	964,400	$ 6.54	4.6	$ 3,846,034
Options exercisable at June 30, 2025(3)	398,500	$ 5.73	3.9	$ 1,908,857

(1) Options with exercise price ranging from $3.31 to $12.23.
(2) Options with exercise price ranging from $3.31 to $10.70.
(3) Options with exercise price ranging from $3.31 to $9.81.
(4) The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option.

During the six months ended June 30, 2026, the Company issued a total of 20,556 shares of its Common Stock under the 2003 Outside Directors Stock Plan to its outside directors as compensation for serving on the Board. The Company recorded approximately $238,000 in compensation expenses (included in SG&A) in connection with the issuance of shares of its Common Stock to outside directors.

During the six months ended June 30, 2026, the Company issued an aggregate 15,844 shares of its Common Stock from cashless exercises of options for the purchase of 28,000 shares of the Company's Common Stock ranging from $3.95 per share to $7.75 per share. Additionally, the Company issued an aggregate 24,400 shares of its Common Stock from cash exercises of options for the purchase of 24,400 shares of the Company's Common Stock ranging from $3.95 per share to $7.75 per share, resulting in proceeds of approximately $153,000.

In connection with the Company's sales of its Common Stock in May 2024 and December 2024, the Company issued warrants to certain underwriters, placement agents, and their designees to purchase an aggregate of 188,038 shares of the Company's Common Stock. The warrants consisted of (i) warrants to purchase 61,538 shares of Common Stock at an exercise price of $12.19 per share issued in connection with the May 2024 offering and (ii) warrants to purchase 126,500 shares of Common Stock at an exercise price of $11.50 per share issued in connection with the December 2024 offering. These warrants remained outstanding as of June 30, 2026.

7. Loss Per Share

Basic loss per share is calculated based on the weighted-average number of outstanding common shares during the applicable period. Diluted loss per share is based on the weighted-average number of outstanding common shares plus the weighted-average number of potential outstanding common shares. In periods where they are anti-dilutive, such amounts are excluded from the calculations of dilutive earnings per share. The following table reconciles the loss and average share amounts used to compute both basic and diluted loss per share:

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2026	2025	2026	2025
Loss per common share from continuing operations				
Loss from continuing operations, net of taxes	$ (6,262)	$ (2,583)	$ (13,637)	$ (6,083)
Basic loss per share	$ (.32)	$ (.14)	$ (.71)	$ (.33)
Diluted loss per share	$ (.32)	$ (.14)	$ (.71)	$ (.33)
Income (loss) per common share from discontinued operations, net of taxes				
Income (loss) from discontinued operations, net of taxes	$ 62	$ (133)	$ (50)	$ (206)
Basic loss per share	$ —	$ (.01)	$ —	$ (.01)
Diluted loss per share	$ —	$ (.01)	$ —	$ (.01)
Net loss per common share				
Net loss	$ (6,200)	$ (2,716)	$ (13,687)	$ (6,289)
Basic loss per share	$ (.32)	$ (.15)	$ (.71)	$ (.34)
Diluted loss per share	$ (.32)	$ (.15)	$ (.71)	$ (.34)
Weighted average shares outstanding:				
Basic weighted average shares outstanding	19,840	18,448	19,195	18,436
Add: dilutive effect of stock options	—	—	—	—
Add: dilutive effect of warrants	—	—	—	—
Diluted weighted average shares outstanding	19,840	18,448	19,195	18,436

For both the three and six months ended June 30, 2026, 1,082,238 weighted average shares of common stock underlying options and warrants were excluded from the computation of diluted loss per share because the effect would be anti-dilutive.

For the three and six months ended June 30, 2025, 1,152,438 and 1,146,361 weighted average shares of common stock underlying options and warrants, respectively, were excluded from the computation of diluted loss per share because the effect would be anti-dilutive.

8. Long Term Debt

Long-term debt consists of the following as of June 30, 2026, and December 31, 2025:

(Amounts in Thousands)	June 30, 2026	December 31, 2025
Revolving Credit facility dated May 8, 2020, subject to monthly borrowing base calculation. Effective interest rates for first six months of 2026 was 8.8% [(1)]	$ — [(4)]	$ —
Term Loan dated July 31, 2023, payable in equal monthly **installments in** principal of approximately $42. Effective interest rates for first six months of 2026 was 7.6% [(1)]	1,083 [(4)]	1,333
Capital Loan dated May 4, 2021, payable in equal monthly **installments in** principal of approximately $9. Effective interest rates for first six months of 2026 was 7.0% [(1)]	96 [(4)]	149
Debt Issuance Costs [(2)]	(71) [(2)]	(114) [(2)]
Notes Payable up to 2044, with annual interest rates ranging from **8.2%** to 10.7% [(3)]	872	504
Total debt	1,980	1,872
Less current portion of long-term debt	616	562
Long-term debt	$ 1,364	$ 1,310

(1) Under our Credit Facility, our Revolving Credit is collateralized by our accounts receivable, and our Term Loan and Capital Loan are collateralized by our property, plant, and equipment.

(2) Aggregate unamortized debt issuance costs in connection with the Company's Credit Facility.

(3) Includes two promissory notes executed in July 2024 and April 2026 in connection with the purchases of the Company's EWOC property and a parcel adjacent to the Company's PFNW facility, respectively. Each note contains a variable interest rate provision under which the applicable interest rate is adjusted based on the term of the note. (see a discussion of the April 2026 promissory note below).

(4) As discussed in Note 14 – "Subsequent Events – Credit Facility", on August 10, 2026, the Company entered into an amendment to its PNC Loan Agreement which extended the maturity date of the Credit Facility under the PNC Loan Agreement from May 15, 2027 to May 15, 2030, among other things. In accordance with ASC 470, "Debt," this post balance-sheet date agreement demonstrated the Company's ability to refinance its short-term obligations on a long-term basis; therefore, the Company has reclassified the current portion of the outstanding debt to long-term except for approximately $500,000 in principal payments under the Term Loan that will be due by June 30, 2027. The Capital Loan was not affected by the amendment and remained as a current liability (see Note 14 - "Subsequent Events – Credit Facility" for a discussion of this amendment).

Credit Facility

The Company's Credit Facility, established pursuant to its PNC Loan Agreement, and maturing on May 15, 2027 (see "Note 14 – Subsequent Event – Credit Facility" for a discussion of the extension date to May 15, 2030), consists of a Revolving Credit facility with a maximum borrowing capacity of $12,500,000. Availability under the Revolving Credit facility is subject to a borrowing base comprised of eligible receivables (as defined in the agreement) and is reduced by (i) outstanding standby letters of credit ($3,420,000 as of June 30, 2026) and (ii) discretionary reserves imposed by the lender ($750,000 as of June 30, 2026). The Credit Facility also includes the Term Loan and the Capital Loan.

Pursuant to the PNC Loan Agreement, payments of annual interest rates are as follows: (i) interest due on the Revolving Credit is at prime (6.75% as of June 30, 2026) plus 2% or SOFR (as defined in the PNC Loan Agreement) plus 3.00% plus an SOFR Adjustment applicable for an interest period selected by the Company; (ii) interest due on the Capital Loan is at prime plus 2.50% or SOFR plus 3.50% plus an SOFR Adjustment applicable for an interest period selected by the Company; and (iii) interest due on the Term Loan is at prime plus 3.00% or SOFR plus 4.00% plus an SOFR Adjustment applicable for an interest period selected by the Company. SOFR Adjustment rates of 0.10% and 0.15% are applicable for a one-month interest period and three-month period, respectively, that may be selected by the Company.

As of June 30, 2026, the Company had no outstanding borrowings under its Revolving Credit and its PNC Liquidity was approximately $25,584,000. Pursuant to the PNC Loan Agreement, the Company is required to maintain a minimum of $5,000,000 in daily PNC Liquidity.

The PNC Loan Agreement contains certain financial covenant requirements, along with customary representations and warranties. A breach of any of these financial covenant requirements, unless waived by the lender, could result in a default under the PNC Loan Agreement allowing its lender to immediately require the repayment of all outstanding debt under the PNC Loan Agreement and terminate all commitments to extend further credit. The Company met all of its financial covenant requirements in the first and second quarters of 2026.

Promissory Note

In April 2026, the Company purchased a parcel of property adjacent to its PFNW facility that provides direct rail access pursuant to a Purchase and Sale Agreement dated November 17, 2025, for a purchase price of $350,000. The Company paid $87,500 in cash and financed the remaining $262,500 through a promissory note dated April 15, 2026, with a bank (the "Note"). The Note matures on April 15, 2036. Beginning May 15, 2026, the Company is required to make monthly payments of approximately $3,100 based on a fixed annual interest rate of 7.50% for the first five years of the Note. Thereafter, the interest rate will adjust every five years based on the weekly average five-year U.S. Treasury Securities Rate plus 3.0%. Under no circumstances will the variable interest rates on the Note be less than 4.0% per annum or more than (except in the case of default) the lesser of 20.5% per annum or the maximum rate allowed by applicable law. The Note also contains a declining prepayment penalty. If the Company prepays the Note during the first year, it must pay a prepayment fee equal to 3.0% of the outstanding principal balance. The prepayment fee decreases by 1.0% on each annual anniversary of the Note and is eliminated beginning on the fourth anniversary of the Note.

9. <u>Commitments and Contingencies</u>

Hazardous Waste

In connection with our waste management services, the Company processes hazardous, non-hazardous, low-level radioactive and mixed (containing both hazardous and low-level radioactive) waste, which we transport to our own, or other, facilities for destruction or disposal. As a result of disposing of hazardous substances, in the event any cleanup is required at the disposal site, the Company could be a PRP for the costs of the cleanup notwithstanding any absence of fault on our part.

Notice of Non-Compliance

On April 30, 2026, the Company received a notice of non-compliance (the "Notice") from the Washington State Department of Ecology (the "Department of Ecology") following a June 24, 2025 inspection of the Company's PFNW facility in Richland, Washington. The Notice is based on an inspection report identifying alleged non-compliance with certain Department of Ecology waste regulations and permit requirements and requires the Company to implement specified corrective actions and provide documentation of its compliance within prescribed timeframes.

No administrative order has been issued and no monetary penalties have been assessed as of the date of this report. The Company is actively responding to the Notice and implementing corrective measures. Based on information currently available and the Company's ongoing response, the Company does not expect this matter to result in a material adverse effect on its financial condition, results of operations, or cash flows.

The outcome of this matter remains subject to regulatory review. While the Department of Ecology may pursue escalated enforcement action in accordance with Washington State Dangerous (Hazardous) Waste Regulations, the Company currently expects a favorable resolution of the Notice and does not believe that a loss is probable. Accordingly, the Company has not recorded an accrual for any potential loss related to this matter.

Legal Matters

In the normal course of conducting our business, the Company may be involved in various litigation. The Company is not a party to any litigation or governmental proceeding which our management believes could result in any judgments or fines against us that would have a material adverse effect on our financial position, liquidity or results of future operations.

Michael O'Neill

On November 25, 2024, purported shareholder Michael O'Neill (the "Plaintiff") filed a complaint in the Court of Chancery of the State of Delaware against the Company and all current directors of the Company (the "Defendants"), asserting individual and class action claims for alleged breach of contract and breach of fiduciary duty. The case is styled Michael O'Neill v. Perma-Fix Environmental Services, Inc., et al., C.A. No. 2024-1211-PAF.

The plaintiff has filed an amended and supplemented complaint (the Amended Complaint"), alleging that certain provisions of the Amended Bylaws violated Delaware law (the "Challenged Bylaws).

The plaintiff is seeking a declaration of the Chancery Court that the Challenged Bylaws are invalid, illegal, and void, or, alternatively, an order of the Chancery Court rescinding or enjoining the Challenged Bylaws.

The Company and the other Defendants are vigorously defending against the Amended Complaint.

The Company's insurance carrier is providing a defense in connection with this lawsuit, subject to a reservation of rights, a $500,000 self-insured retention and the terms and limitations contained in the insurance policy.

Edwin Monroy Wage and Hour Litigation

On June 26, 2026, Edwin Monroy filed a putative class action complaint in the Superior Court of the State of Washington for Benton County against Perma-Fix Northwest Richland, Inc., Perma-Fix Environmental Services, Inc., Perma-Fix Northwest, Inc., and other, unnamed, defendants. The complaint purports to assert claims on behalf of current and former hourly-paid or non-exempt employees who worked for the defendants in Washington during the three-year period preceding the filing of the complaint through the date of final judgment. The complaint alleges, among other things, failures to provide legally compliant meal and rest periods, pay for all hours worked, pay minimum and overtime wages, properly administer paid sick leave, timely pay wages, provide accurate wage statements and maintain required payroll and employment records, and reimburse certain business expenses. The plaintiff seeks class certification, recovery of allegedly unpaid wages and other compensation, statutory or enhanced damages, penalties, restitution, injunctive relief, interest, and attorneys' fees and costs.

The Company believes the claims are without merit and intends to defend the action vigorously. The action is in its preliminary stages, no class has been certified, and the allegations have not been proven. The Company has not accrued any amount with respect to this matter because a loss is not considered probable, and the amount or range of any reasonably possible loss cannot presently be estimated.

Insurance

The Company has a 25-year finite risk insurance policy entered into in June 2003 ("2003 Closure Policy") with AIG, which provides financial assurance to the applicable states for our permitted facilities in the event of unforeseen closure. The 2003 Closure Policy, as amended, provides for a maximum allowable coverage of $28,177,000 which includes available capacity to allow for annual inflation and other performance and surety bond requirements. Total coverage under the 2003 Closure Policy, as amended, was $24,552,000 as of June 30, 2026. As of June 30, 2026, and December 31, 2025, finite risk sinking funds contributed by the Company related to the 2003 Closure Policy, which is included in other long term assets on the accompanying Condensed Consolidated Balance Sheets, totaled $13,457,000 and $13,216,000, respectively. These amounts included interest earned of $3,986,000 and $3,745,000 as of June 30, 2026 and December 31, 2025, respectively. Interest income for the three and six months ended June 30, 2026, was approximately $116,000 and $241,000, respectively. Interest income for the three and six months ended June 30, 2025, was approximately $128,000 and $272,000, respectively. If we elect so, AIG is obligated to pay the Company an amount equal to 100% of the finite risk sinking fund account balance in return for complete release of liability from both the Company and any applicable regulatory agency using this policy as an instrument to comply with financial assurance requirements.

Letter of Credits and Bonding Requirements

From time to time, the Company is required to post standby letters of credit and various bonds to support contractual obligations to customers and other obligations, including facility closures. As of June 30, 2026, the total amount of standby letters of credit outstanding was approximately $3,420,000 and the total amount of bonds outstanding was approximately $19,295,000.

10. Discontinued Operations

The Company's discontinued operations consist of all our subsidiaries included in our previous Industrial Segment which encompasses subsidiaries divested in 2011 and prior and three previously closed locations.

The Company's discontinued operations reported net income of $62,000 and a net loss of $133,000 (net of income taxes of $0 for each period) for the three months ended June 30, 2026 and 2025, respectively, and net losses of $50,000 and $206,000 (net of income taxes of $0 for each period) for the six months ended June 30, 2026 and 2025, respectively. The results of discontinued operations primarily reflect costs incurred in the administration and continued monitoring of the Company's discontinued operations. The Company's discontinued operations generated no revenues during any of the periods presented. During the second quarter of 2026, the Company recorded a receivable and a corresponding reduction in expense of approximately $130,000 related to a member-approved reimbursement of contributions and expenses in connection with the Company's participation in an association of PRP.

The following table presents the major class of assets of discontinued operations as of June 30, 2026, and December 31, 2025. No assets and liabilities were held for sale at each of the periods noted.

(Amounts in Thousands)	June 30, 2026	December 31, 2025
Current assets		
Other assets	$ 242	$ 60
Total current assets	242	60
Long-term assets		
Property, plant and equipment, net [1]	146	146
Total long-term assets	146	146
Total assets	$ 388	$ 206
Current liabilities		
Accounts payable	$ 94	$ 67
Accrued expenses and other liabilities	137	127
Environmental liabilities	70	76
Total current liabilities	301	270
Long-term liabilities		
Closure liabilities	195	189
Environmental liabilities	3,366	3,409
Total long-term liabilities	3,561	3,598
Total liabilities	$ 3,862	$ 3,868

[1] net of accumulated depreciation of $10,000 for each period presented.

11. Segment Reporting

In accordance with ASC 280, "Segment Reporting", the Company defines an operating segment as a business activity: (1) from which we may earn revenue and incur expenses; (2) whose operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance; and (3) for which discrete financial information is available.

The Company has two reporting segments, consisting of the Treatment and Services Segments, which are primarily based on a service offering approach and defined as follow:

TREATMENT SEGMENT includes:

- nuclear, low-level radioactive, mixed waste (containing both hazardous and low-level radioactive constituents), hazardous and non-hazardous waste treatment, processing and disposal services primarily through four uniquely licensed and permitted treatment and storage facilities; and
- R&D activities to identify, develop and implement innovative waste processing techniques for problematic waste streams.

SERVICES SEGMENT includes:

- Technical services:
    - professional radiological measurement and site survey of large government and commercial installations using advanced methods, technology and engineering;
    - integrated occupational safety and health services including IH assessments; hazardous materials surveys, e.g., exposure monitoring; lead and asbestos management/abatement oversight; indoor air quality evaluations; health risk and exposure assessments; health & safety plan/program development, compliance auditing and training services; and OSHA citation assistance;
    - global technical services providing consulting, engineering, project management, waste management, environmental, and D&D field, technical, and management personnel and services to commercial and government customers; and
    - on-site waste management services to commercial and governmental customers.
- Nuclear services:
    - technology-based services including engineering, D&D, specialty services and construction, logistics, transportation, processing and disposal;
    - remediation of nuclear licensed and federal facilities and the remediation cleanup of nuclear legacy sites. Such services capability includes project investigation; radiological engineering; partial and total plant D&D; facility decontamination, dismantling, demolition, and planning; site restoration; logistics; transportation; and emergency response; and
- A company owned equipment calibration and maintenance laboratory that services, maintains, calibrates, and sources (i.e., rental) health physics, IH and customized NEOSH instrumentation.

The Company's CODM is represented by its CEO and COO (or "CODM group"). The CODM group evaluates the performance of the Treatment and Services segments and allocates resources to each reporting segment based on revenue and income (loss) from operations by comparing actual results for these measures to budgeted and forecasted amounts on a monthly, quarterly and year-to-date basis. The Company's CODM group does not evaluate and allocate resources for the reportable segments using assets, including expenditures for additions to long-lived assets; therefore, the Company does not disclose asset information for its reporting segments.

The Company’s reportable segments exclude corporate headquarters, which support the Company’s two reportable segments through executive management, finance, treasury, human resources, accounting, legal, and other corporate functions. The financial results of corporate headquarters are not included in segment income (loss) from operations, the measure reviewed by the CODM, and are presented as unallocated corporate expenses in the reconciliation of segment income (loss) from operations to consolidated income (loss) from continuing operations before income taxes. The Company’s reportable segments also exclude discontinued operations (see Note 10 – Discontinued Operations), which do not generate revenues.

The table below summarizes segment loss from operations, the measure reviewed by the CODM, and reconciles this measure to consolidated loss from continuing operations before income taxes for the three and six months ended June 30, 2026 and 2025. Significant segment expense categories included in segment loss from operations include payroll and benefits, materials and supplies, disposal, transportation, and subcontract expenses. These expense categories are presented separately, where applicable. R&D expenses, while not considered a significant segment expense category, are also presented separately because they are regularly provided to the CODM (in thousands).

Segment Reporting for the Three Months Ended June 30, 2026

	Treatment	Services	Consolidated Total
Revenue from external customers	$ 8,289	$ 4,596	$ 12,885
Cost of Goods Sold:			
Payroll and benefits expenses	5,458	2,293	
Material and supplies expenses	1,573	—	
Disposal expenses	911	—	
Transportation expenses	436	—	
Subcontract expenses	—	665	
Other cost of goods sold [(1)]	2,563	1,489	
Total cost of goods sold	10,941	4,447	
Gross (loss) profit	(2,652)	149	
SG&A:			
Payroll and benefits	890	552	
Other SG&A [(2)]	396	(145)	
Total SG&A	1,286	407	
R&D	189	4	
Loss from operations	$ (4,127)	$ (262)	(4,389)
Interest income			203
Interest expense			(73)
Interest expense-financing fees			(21)
Other income			136
Unallocated corporate expenses [(3)]			(2,118)
Loss from continuing operations before taxes			$ (6,262)

Segment Reporting for the Three Months Ended June 30, 2025

	Treatment	Services	Consolidated Total
Revenue from external customers	$ 11,397	$ 3,189	$ 14,586
Cost of Goods Sold:			
Payroll and benefits expenses	4,742	1,874	
Material and supplies expenses	1,235	—	
Disposal expenses	1,095	—	
Transportation expenses	366	—	
Subcontract expenses	—	158	
Other cost of goods sold [(1)]	2,393	1,176	
Total cost of goods sold	9,831	3,208	
Gross profit (loss)	1,566	(19)	
SG&A:			
Payroll and benefits	942	647	
Other SG&A [(2)]	408	176	
Total SG&A	1,350	823	
R&D	232	4	
Gain on disposal of property and equipment	(1)	—	
Loss from operations	$ (15)	$ (846)	(861)
Interest income			301
Interest expense			(124)
Interest expense-financing fees			(21)
Other income			155
Unallocated corporate expenses [(3)]			(2,033)
Loss from continuing operations before taxes			$ (2,583)

Segment Reporting for the Six Months Ended June 30, 2026

	Treatment	Services	Consolidated Total
Revenue from external customers	$ 16,168	$ 7,843	$ 24,011
Cost of Goods Sold:			
Payroll and benefits expenses	10,222	4,421	
Material and supplies expenses	2,918	—	
Disposal expenses	2,366	—	
Transportation expenses	825	—	
Subcontract expenses	—	670	
Other cost of goods sold (1)	5,322	2,651	
Total cost of goods sold	21,653	7,742	
Gross (loss) profit	(5,485)	101	
SG&A:			
Payroll and benefits	1,768	1,162	
Other SG&A (2)	957	62	
Total SG&A	2,725	1,224	
R&D	419	4	
Loss from operations	$ (8,629)	$ (1,127)	(9,756)
Interest income			384
Interest expense			(133)
Interest expense-financing fees			(43)
Other income			144
Unallocated corporate expenses (3)			(4,233)
Loss from continuing operations before taxes			$ (13,637)

Segment Reporting for the Six Months Ended June 30, 2025

	Treatment	Services	Consolidated Total
Revenue from external customers	$ 20,583	$ 7,922	$ 28,505
Cost of Goods Sold:			
Payroll and benefits expenses	9,179	3,887	
Material and supplies expenses	2,586	—	
Disposal expenses	1,316	—	
Transportation expenses	861	—	
Subcontract expenses	—	1,066	
Other cost of goods sold (1)	4,825	2,581	
Total cost of goods sold	18,767	7,534	
Gross profit	1,816	388	
SG&A:			
Payroll and benefits	1,815	1,185	
Other SG&A (2)	891	374	
Total SG&A	2,706	1,559	
R&D	523	27	
Gain on disposal of property and equipment	(1)	(5)	
Loss from operations	$ (1,412)	$ (1,193)	(2,605)
Interest income			636
Interest expense			(236)
Interest expense-financing fees			(41)
Other income			188
Unallocated corporate expenses (3)			(4,025)
Loss from continuing operations before taxes			$ (6,083)

(1) Other cost of goods sold for each reportable segment includes:

Treatment - lab, regulatory, repair and maintenance, depreciation and amortization, travel, outside services and general expenses.
Services - material and supplies, disposal, transportation, lab, regulatory, repair and maintenance, depreciation and amortization, travel, outside services and general expenses.

(2) Other SG&A for each reportable segment includes:

Treatment-depreciation and amortization, travel, outside services, repair and maintenance and general expenses.
Services- travel, outside services, repair and maintenance and general expenses.

(3) The following table reflects the unallocated corporate expenses. “Other” unallocated corporate expenses consists of repair and maintenance, depreciation and amortization, travel, public company, outside services, general and R&D expenses. (in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Payroll and benefits	$ 924	$ 940	$ 1,921	$ 1,871
Other	1,194	1,093	2,312	2,154
Total	$ 2,118	$ 2,033	$ 4,233	$ 4,025

The following table presents depreciation and amortization for the three and six months ended June 30, (in thousand):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Treatment	$ 449	$ 389	$ 904	$ 771
Services	24	38	48	81
Total segment	473	427	952	852
Corporate	11	10	22	21
Total	$ 484	$ 437	$ 974	$ 873

12. Income Taxes

The Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes.

The Company had no income tax expense for continuing operations for the three and six months ended June 30, 2026 and 2025. The Company's effective tax rate was 0% for each period as a result of the full valuation allowance recognized against its U.S. federal and state deferred tax assets during the quarter ended September 30, 2024.

13. Sale of Common Stock

On May 14, 2026, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Craig-Hallum Capital Group, LLC (the "Underwriter") to which the Company sold and issued pursuant to the terms and conditions of the Underwriting Agreement, 2,285,714 shares of its Common Stock. The shares of Common stock were sold at a negotiated price to the public of $8.75 per share. The Underwriting Agreement also allowed the Underwriter a 30-day over-allotment option (the "Option") to purchase up to an additional 342,857 shares of the Company's Common Stock on the same terms and conditions, which the Option was exercised in its entirely on May 15, 2026. The shares were offered and sold to the public pursuant to the Company's "universal shelf" registration statement on Form S-3 filed with the SEC on December 2, 2024, and declared effective by the SEC on December 12, 2024, and prospectus supplement relating thereto. The aggregate gross proceeds received by the Company from the sale of the 2,628,571 shares sold totaled approximately $23,000,000, before deducting fees payable to the Underwriter and other estimated offering expenses payable by the Company (the "Offering"). The net proceeds from the Offering is anticipated to fund (i) costs relating to DFLAW and grouting upgrades at the Company's PFNW facility, (ii) continued R&D and business development relating to the Company's patent-pending Perma-FAS process for the destruction of PFAS, as well as the cost to complete the installation of the Company's Perma-FAS Gen 2.0 commercial treatment unit; (iii) ongoing facility cap-ex and maintenance costs; and (iv) general corporate and working capital purposes.

The Company paid the Underwriter a total cash fee of 7.00% of the aggregate gross proceeds in the Offering, which totaled approximately $1,610,000. The Company also reimbursed the Underwriter certain expenses in connection with the Offering in an aggregate amount of approximately $95,000.

After deducting costs incurred of approximately $1,886,000, which were recorded as a reduction to additional paid-in capital, net cash proceeds from the Offering totaled approximately $21,114,000. As of June 30, 2026, the Company had paid approximately $1,705,000 of these offering costs, with the remaining unpaid costs included in accounts payable.

14. Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through August 12, 2026, the date that these consolidated financial statements were available to be issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements other than the events described below.

Credit Facility

On August 10, 2026, the Company entered into an amendment to its PNC Loan Agreement with its lender that extended the maturity date of the PNC Loan Agreement from May 15, 2027 to May 15, 2030. The amendment also eliminated the annual capital expenditure limitation of $6,000,000, provided that the Company maintains a minimum daily PNC Liquidity of $5,000,000. If PNC Liquidity falls below $5,000,000, the annual capital expenditure limitation of $6,000,000 becomes applicable.

Pursuant to the amendment, the Company may terminate the PNC Loan Agreement upon 90 days' prior written notice upon payment in full of its obligations under the PNC Loan Agreement. The Company has agreed to pay PNC 0.25% of the total financing in the event the Company pays off its obligations on or before May 15, 2027. No early termination fee shall apply if the Company pays off its obligations under the PNC Loan Agreement after May 15, 2027.

In connection with the amendment, the Company paid its lender a fee of $12,500. All other terms of the PNC Loan Agreement remain unchanged.

Contract Award

On August 10 2026, the Company was awarded a Master IDIQ Subcontract by Hanford Tank Waste Operations & Closure, LLC ("H2C") for the treatment and disposal of pretreated liquid mixed low-level waste from DOE's Hanford Site (the "Company's Master Subcontract"). H2C also awarded Master IDIQ Subcontracts to two other companies. H2C is the prime contractor to DOE's Office of Environmental Management for tank waste operations and closure at the Hanford Site in southeastern Washington State. Work awarded to the Company under future task orders, if any, under the Company's Master Subcontract, would be performed at its PFNW facility in Richland, Washington and would include the receipt and treatment of pretreated mixed low-level waste, with treated waste transported by rail for final disposal at a licensed commercial mixed low-level waste disposal facility outside the State of Washington. Task orders may be issued from January 1, 2027 through December 31, 2041, with performance of task orders issued before the end of the ordering period permitted for up to five years beyond the end of the ordering period. The multiple-award IDIQ procurement provides for a maximum cumulative quantity of 50 million gallons, with a maximum cumulative value of approximately $4.4 billion. These amounts represent procurement ceilings shared among all Master IDIQ Subcontract holders and do not represent amounts awarded or committed to the Company. The number, size and timing of task orders to be issued to the Company, if any, cannot be assured. Under the Company's Performance Work Statement, the Company is required to maintain the capability to treat and dispose of pretreated tank waste at a rate of 100,800 gallons per week in accordance with facility license and permit conditions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

Certain statements contained within this report may be deemed "forward-looking statements" within the meaning of the "Private Securities Litigation Reform Act of 1995". All statements in this report other than a statement of historical fact are forward-looking statements that are subject to known and unknown risks, uncertainties and other factors, which could cause actual results and performance of the Company to differ materially from such statements. The words "believe," "expect," "anticipate," "intend," "will," and similar expressions identify forward-looking statements. Forward-looking statements contained herein relate to, among other things,

- demand for our services;
- reductions in the level of government funding in future years;
- spending priorities of Congress;
- passage of U.S. fiscal year government budgets or enactment of CRs to keep government departments and agencies in operations;
- commence treatment of Hanford-related waste received in the second quarter of 2026 in the third quarter of 2026 ;
- ramp-up of Hanford-related waste at our PFNW facility;
- investments made to support Hanford-related activity;
- value of LLNL contract;
- the issuance, number, size and timing of task orders to be issued to the Company under the Company's Master Subcontract award;
- the effect of recent stabilize Services Segment contract recent awards on the segment's revenue base;
- improvement in financial results in remainder of 2026;
- demand, pricing, or throughput levels for PFAS waste volumes are sufficient to offset costs incurred from PFAS initiatives;
- increase in Hanford waste receipts in 2026;
- delays in anticipated treatment waste volumes and project activity;
- ability to meet our quarterly financial covenant requirements under our PNC Loan Agreement;
- expansion into international and commercial markets;
- cash flow requirements;
- sufficient cash flow and liquidity to fund operations for the next twelve months;
- projected cash flows from operations subject to timing and uncertainty, including those resulting from ongoing federal spending constraints;
- amount and funding of capital expenditures;
- funding of operating and capital expenditures from existing cash from operations, PNC Liquidity under our Credit Facility, and/or financing;
- ability to continue to operate as a going concern;
- lower margin previously stored waste inventories substantially processed and not expected to have a material effect to operating results in the next twelve months;
- obtain additional liquidity on acceptable terms, or at all;
- adoption and acceptance of our PFAS technology are subject to regulatory and market factors;
- limited current treatment destruction options for these materials to eliminate generator liabilities;
- deployment of the second generation PFAS destruction unit in second half of 2026;
- expectation that the second generation PFAS destruction unit will triple our production capacity;
- funding of remediation expenditures for sites from funds generated internally;
- compliance with environmental regulations;
- remediation of material weakness identified;
- potential effect of being a PRP;
- material adverse effect on financial condition, results of operations, or cash flow from notice of non-compliance at the PFNW facility;
- favorable resolution of the notice of non-compliance at the PFNW facility;

- potential violations of environmental laws and attendant remediation at our facilities.
- result of contract with Lawrence Livermore National Laboratory; and
- results of strategic operations.

While the Company believes the expectations reflected in such forward-looking statements 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 report, including, but not limited to:

- general economic conditions and uncertainties;
- inability to process waste at our facilities;
- inability to properly bid contracts;
- reduction in or inability to obtain new contracts with federal, state and local governments, agencies and departments, resulting in a reduction in revenue;
- changes in federal government budgeting and spending priorities;
- failure by Congress or other governmental bodies to approve budgets and debt ceiling increases in a timely fashion and related reductions in government spending;
- tariff actions and uncertainties related to trade wars;
- inability to meet PNC covenant requirements;
- inability to collect in a timely manner a material amount of receivables;
- increased competitive pressures;
- inability to maintain and obtain required permits and approvals to conduct operations;
- inability to develop new and existing technologies in the conduct of operations;
- inability to maintain and obtain closure and operating insurance requirements;
- discovery of additional contamination or expanded contamination at any of the sites or facilities leased or owned by us or our subsidiaries which would result in a material increase in remediation expenditures;
- refusal of third-party disposal sites to accept our waste;
- changes in federal, state and local laws and regulations, especially environmental laws and regulations, or in interpretation of such;
- material adjustments to environmental remediation reserves;
- new or additional requirements to handle low-level radioactive and hazardous waste materials;
- management retention and development;
- financial valuation of intangible assets is substantially more/less than expected;
- the need to use internally generated funds for purposes not presently anticipated;
- inability of the Company to maintain the listing of its Common Stock on the Nasdaq;
- terminations of contracts with government agencies or subcontracts involving government agencies or reduction in amount of waste delivered to the Company under the contracts or subcontracts;
- failure of our Italian team partner to perform its requirements in connection with the Italian project;
- changes in the scope of work relating to existing contracts;
- occurrence of a health pandemic having adverse effects on the U.S. and world economics;
- renegotiation or termination of contracts involving government agencies;
- disposal expense accrual could prove to be inadequate in the event the waste requires re-treatment;
- inability to raise capital on commercially reasonable terms;
- inability to increase profitable revenue;
- risks resulting from expanding our service offerings and client base;
- non-acceptance of our new technology;
- adjustments to our valuation allowance;
- supply chain difficulties;
- pricing adjustments;
- cost reduction measures;
- new governmental regulations; and
- risk factors and other factors set forth in "Special Note Regarding Forward-Looking Statements" contained in the Company's 2025 Form 10-K and the "Forward-Looking Statements" contained in the MD&A of the first quarter 2026 Form 10-Q and the this second quarter Form 10-Q.

Our forward-looking statements are based on the beliefs and assumptions of our management and the information available to our management at the time these statements were prepared. Although we believe the expectations reflected in these statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not place undue reliance on the forward-looking statements as noted above, which apply only to as of the date of this Form 10-Q. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

Overview

Our operating results for the second quarter of 2026 were below management's expectations, primarily due to the timing of anticipated waste receipts, processing delays due to customer-directed changes in treatment protocols and continued strategic investments in support of future growth initiatives within our Treatment Segment. In addition, delays in the commencement of several new projects within our Services Segment and the continued processing of previously stored waste inventories to prepare for anticipated increases in certain Hanford-related waste volumes negatively impacted our revenues during the quarter, as described below. Despite these near-term impacts, the quarter marked an important operational milestone as our PFNW facility received certain Hanford-related waste streams as anticipated. These receipts contributed to an increase in our Treatment Segment backlog to approximately $15,733,000 at June 30, 2026, up approximately 28.5% from $12,248,000 at March 31, 2026. Subsequent to quarter-end, in early July, PFNW also began receiving liquid effluent wastes from the DFLAW facility, representing another significant operational milestone for the Company.

Although these operational milestones were achieved, our second quarter financial results did not reflect the benefit of the waste receipts discussed above. Customer-directed changes in treatment protocols delayed the processing of certain Hanford-related waste streams received during the second quarter into the third quarter. We expect to commence treatment of these wastes during the third quarter of 2026. At the same time, we incurred increased personnel and other operating expenses in anticipation of increases of these waste receipts; thus, while the revenue shifted to the second half, associated costs were incurred in the second quarter, which contributed to our losses for the period. In addition, as noted above, delays in the commencement of several new projects within our Services Segment and the continued processing of previously stored waste inventories to prepare for anticipated increases in certain Hanford-related waste volumes negatively impacted our revenues during the quarter. Certain of these previously stored waste inventories carried lower margins, which adversely affected our results of operations. These lower-margin previously stored waste inventories have now been substantially processed and are not expected to have a material effect on operating results during the next twelve months.

We believe the investments we have made in personnel, operational readiness, facility upgrades, capacity enhancements, as well as the acquisition of the rail-line land parcel that connects the PFNW property to the Port of Benton short-line railroad (see "Note 8 – Long-Term Debt – Promissory Note" to the accompanying Condensed Consolidated Financial Statements for further discussion of rail-line land parcel) have positioned us to support increasing Hanford-related activity. The commencement of Hanford-related waste receipts during the second quarter, the start of DFLAW liquid effluent waste receipts subsequent to quarter-end, the H2C contract award in August 2026 discussed below, and the growth in our Treatment Segment backlog indicate that these investments are beginning to translate into increased operating activity.

On August 10 2026, we were awarded a Master IDIQ Subcontract by Hanford Tank Waste Operations & Closure, LLC ("H2C") for the treatment and disposal of pretreated liquid mixed low-level waste from DOE's Hanford Site (the "Company's Master Subcontract"). H2C also awarded Master IDIQ Subcontracts to two other companies. H2C is the prime contractor to DOE's Office of Environmental Management for tank waste operations and closure at the Hanford Site in southeastern Washington State. Work awarded to us under future task orders, if any, under the Company's Master Subcontract, would be performed at our PFNW facility in Richland, Washington and would include the receipt and treatment of pretreated mixed low-level waste, with treated waste transported by rail for final disposal at a licensed commercial mixed low-level waste disposal facility outside the State of Washington. Task orders may be issued from January 1, 2027 through December 31, 2041, with performance of task orders issued before the end of the ordering period permitted for up to five years beyond the end of the ordering period. The multiple-award IDIQ procurement provides for a maximum cumulative quantity of 50 million gallons, with a maximum cumulative value of approximately $4.4 billion. These amounts represent procurement ceilings shared among all Master IDIQ Subcontract holders and do not represent amounts awarded or committed to us. The number, size and timing of task orders to be issued to us, if any, cannot be assured. Under our Performance Work Statement, we are required to maintain the capability to treat and dispose of pretreated tank waste at a rate of 100,800 gallons per week in accordance with facility license and permit conditions.

Our PFNW facility is working with Washington State regulators regarding an expansion of its existing grouting permits and is advancing the design and procurement of facility upgrades intended to support the proposed expanded capacity.

Activity in our Services Segment is also increasing. During the first quarter of 2026, the segment was awarded a two-year master task agreement with an estimated value of approximately $24 million for demolition and disposal services at Lawrence Livermore National Laboratory ("LLNL"). In addition, during the second quarter we were awarded nearly $15 million of additional contracts supporting multiple DOE and commercial sites.

In May 2026, we completed a public equity raise and issued and sold an aggregate 2,628,571 shares of our Common Stock to fund capital investments and general working capital needs, including investments at our PFNW facility to support the Hanford waste program (see "Liquidity and Capital Resources – Financing Activities" within this MD&A and "Note 13 – Sale of Common Stock" to the accompanying Condensed Consolidated Financial Statements for further discussion of this equity raise).

Looking ahead, we believe our current initiatives position us for potential improvement in our financial results during the remainder of 2026. These initiatives include pursuing additional large and mid-size procurement opportunities within the DOE and DOW, including opportunities under the Hanford waste program, as well as expanding our presence in commercial and international markets.

See "Federal Funding" and "Market Trends and Uncertainties" in "Known Trends and Uncertainties" within this MD&A for a discussion of factors that could negatively impact our results of operations for the remainder of 2026.

Financial Results Overview

As a result of the combined factors discussed above, revenue decreased by $1,701,000, or 11.7%, to $12,885,000 for the three months ended June 30, 2026, from $14,586,000 for the same period of 2025. The decrease was primarily attributable to our Treatment Segment, where revenue declined by $3,108,000, or 27.3%, to $8,289,000 from $11,397,000 in the prior-year period. This decrease was partially offset by higher Services Segment revenue, which increased by $1,407,000, or 44.1%, to $4,596,000 from $3,189,000 in the same period of 2025. Cost of goods sold increased by $2,349,000, or 18.0%, to $15,388,000 for the three months ended June 30, 2026, compared to $13,039,000 for the same period of 2025. As a result, we incurred a gross loss of $2,503,000 for the three months ended June 30, 2026, compared with gross profit of $1,547,000 in the prior-year period. SG&A expenses decreased by $379,000 to $3,751,000 for the three months ended June 30, 2026, from $4,130,000 in the same period of 2025.

For the six months ended June 30, 2026, revenue decreased by $4,494,000, or 15.8%, to $24,011,000 from $28,505,000 for the same period of 2025. The decrease was primarily attributed to our Treatment Segment where revenue declined by $4,415,000. Services Segment revenue decreased slightly by $79,000 or 1.0% to $7,843,000 for the six months ended June 30, 2026 from $7,922,000 for the same period of 2025. Cost of goods sold increased by $3,094,000, or 11.8%, to $29,395,000 for the six months ended June 30, 2026, from $26,301,000 in the same period of 2025. As a result, we incurred a gross loss of $5,384,000 for the six months ended June 30, 2026, compared with gross profit of $2,204,000 in the prior-year period. SG&A expenses decreased by $96,000, or 1.2%, to $8,049,000 from $8,145,000 for the same period of 2025.

See below "Results of Operations" for a discussion of our financial results for the three and six months ended June 30, 2026 as compared to the corresponding period of 2025.

Despite the positive developments discussed above, management concluded that substantial doubt continues to exist about our ability to continue as a going concern within one year after the date the accompanying Condensed Consolidated Financial Statements are issued (see "Liquidity and Capital Resources" within this MD&A for a discussion of the factors and conditions underlying this conclusion).

Business Environment

Our Treatment and Services Segments' business continue to be heavily dependent on services that we provide to federal governmental clients, primarily as subcontractors for others who are contractors to government entities or directly as the prime contractor. We believe demand for our services will continue to be subject to fluctuations due to a variety of factors beyond our control. In addition, our governmental contracts and subcontracts relating to activities at federal governmental sites are generally subject to termination for convenience at any time, at the government's option. Significant reductions in the level of governmental funding, government shutdown or specifically mandated levels for different programs that are important to our business could have a material adverse impact on our business, financial position, results of operations, liquidity and cash flows.

Results of Operations

The reporting of financial results and pertinent discussions are tailored to our two reportable segments: The Treatment and Services.

Summary – Three and Six Months Ended June 30, 2026 and 2025

	Three Months Ended June 30,				Six Months Ended June 30,			
Consolidated (amounts in thousands)	2026	%	2025	%	2026	%	2025	%
Net revenues	$ 12,885	100.0	$ 14,586	100.0	$ 24,011	100.0	$ 28,505	100.0
Cost of goods sold	15,388	119.4	13,039	89.4	29,395	122.4	26,301	92.3
Gross (loss) profit	(2,503)	(19.4)	1,547	10.6	(5,384)	(22.4)	2,204	7.7
Selling, general and administrative	3,751	29.1	4,130	28.3	8,049	33.5	8,145	28.6
Research and development	253	2.0	312	2.1	556	2.4	695	2.4
Gain on disposal of property and equipment	—	—	(1)	—	—	—	(6)	—
Loss from operations	(6,507)	(50.5)	(2,894)	(19.8)	(13,989)	(58.3)	(6,630)	(23.3)
Interest income	203	1.6	301	2.1	384	1.6	636	2.2
Interest expense	(73)	(.6)	(124)	(.9)	(133)	(.5)	(236)	(.8)
Interest expense-financing fees	(21)	(.2)	(21)	(.1)	(43)	(.2)	(41)	(.1)
Other	136	1.1	155	1.0	144	.6	188	.7
Loss from continuing operations before taxes	(6,262)	(48.6)	(2,583)	(17.7)	(13,637)	(56.8)	(6,083)	(21.3)
Income tax expense	—	—	—	—	—	—	—	—
Loss from continuing operations	$ (6,262)	(48.6)	$ (2,583)	(17.7)	$ (13,637)	(56.8)	$ (6,083)	(21.3)

Revenues

Consolidated revenues decreased $1,701,000, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change	% Change
Treatment						
Government waste	$ 5,145	39.9	$ 7,196	49.3	$ (2,051)	(28.5)
Hazardous/non-hazardous (1)	1,723	13.4	1,406	9.6	317	22.5
Other nuclear waste	1,421	11.0	2,795	19.2	(1,374)	(49.2)
Total	8,289	64.3	11,397	78.1	(3,108)	(27.3)
Services						
Nuclear services	2,317	18.0	1,681	11.5	636	37.8
Technical services	2,279	17.7	1,508	10.4	771	51.1
Total	4,596	35.7	3,189	21.9	1,407	44.1
Total	$ 12,885	100.0	$ 14,586	100.0	$ (1,701)	(11.7)

(1) Includes wastes generated by government clients of $702,000 and $567,000 for the three months ended June 30, 2026 and the corresponding period of 2025, respectively.

Treatment Segment revenue decreased by $3,108,000, or 27.3%, for the three months ended June 30, 2026, compared with the same period in 2025. The decline was primarily due to lower waste volume and a less favorable revenue mix. The less favorable revenue mix reflected lower average pricing, primarily resulting from the processing of certain previously stored waste inventories. These previously stored waste inventories were processed as part of our preparation for anticipated increases in Hanford-related waste volumes.

The increase in revenue in our Services Segment was primarily attributable to a higher volume of project work during the period compared with the same period in 2025. Revenue in our Services Segment is project-based and is influenced by the scope, duration, timing, and completion of individual projects. As a result, revenue may fluctuate significantly between reporting periods based on the timing, scope, and mix of projects performed.

Consolidated revenues decreased $4,494,000 for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change	% Change
Treatment						
Government waste	$ 9,928	41.3	$ 14,213	49.8	$ (4,285)	(30.1)
Hazardous/non-hazardous [1]	3,055	12.7	2,473	8.7	582	23.5
Other nuclear waste	3,185	13.3	3,897	13.7	(712)	(18.3)
Total	16,168	67.3	20,583	72.2	(4,415)	(21.4)
Services						
Nuclear services	4,377	18.2	5,055	17.7	(678)	(13.4)
Technical services	3,466	14.5	2,867	10.1	599	20.9
Total	7,843	32.7	7,922	27.8	(79)	(1.0)
Total	$ 24,011	100.0	$ 28,505	100.0	$ (4,494)	(15.8)

[1] Includes wastes generated by government clients of $1,214,000 and $1,007,000 for the six months ended June 30, 2026, and the corresponding period of 2025, respectively.

Treatment Segment revenue decreased by $4,415,000, or 21.4%, for the six months ended June 30, 2026, compared with the same period in 2025. The decline was primarily due to lower waste volumes and a less favorable revenue mix. The less favorable revenue mix reflected lower average pricing, which was impacted in part by the processing of certain previously stored waste inventories that carried lower average pricing. These previously stored waste inventories were processed as part of our preparation for anticipated increases in Hanford-related waste volumes.

The decrease in revenue in our Services Segment was primarily attributable to a lower volume of project work during the first quarter of 2026. The lower project volume reflected, in part, the impact of typical winter weather and post-holiday slowdowns that reduced field activity. Revenue in our Services Segment is project-based, and the scope, duration, timing, and completion of individual projects vary from period to period. As a result, revenue may fluctuate significantly between reporting periods based on the timing, scope, and mix of projects performed.

Cost of Goods Sold

Cost of goods sold increased $2,349,000 for the quarter ended June 30, 2026, compared with the same period in 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Treatment	$ 10,941	132.0	$ 9,831	86.3	$ 1,110
Services	4,447	96.8	3,208	100.6	1,239
Total	$ 15,388	119.4	$ 13,039	89.4	$ 2,349

Cost of goods sold for the Treatment Segment increased by approximately $1,110,000, or 11.3%. Variable costs increased by approximately $477,000, primarily due to higher materials and supplies, transportation, and outside services costs totaling approximately $444,000, as well as higher overtime expense of approximately $217,000 incurred in processing previously stored waste inventories in anticipation of increases in Hanford-related waste volumes. These increases were partially offset by lower disposal costs of approximately $184,000. Within our Treatment Segment, the composition and level of variable costs can fluctuate based on the waste mix. Treatment Segment fixed costs increased by approximately $633,000. Fixed salaries and payroll-related expenses increased by approximately $499,000, primarily due to COLA adjustments implemented in July 2025 and increased headcount. Maintenance costs increased by approximately $45,000 due to general equipment upkeep and facility security enhancements. Depreciation expense increased by approximately $59,000 due to additional capitalized equipment, including our prototype PFAS reactor. Regulatory expenses increased by approximately $74,000 due to increased regulatory activities and higher fees assessed by regulatory agencies. These increases were partially offset by a decrease of approximately $44,000 in general expenses, primarily due to lower utility costs.

Services Segment cost of goods sold increased by $1,239,000, or 38.6%, primarily due to higher revenue during the period. The increase was primarily driven by higher subcontract and outside services costs of approximately $655,000 and higher salaries and payroll-related expenses of approximately $419,000. The increase in salaries and payroll-related expenses primarily reflected the COLA implemented in July 2025, as well as increased labor associated with the higher volume of project work. Cost of goods sold also increased due to higher travel costs of approximately $118,000 and increased materials and supplies, disposal, and regulatory costs totaling approximately $108,000. These increases were partially offset by lower general expenses of approximately $48,000 across various categories and lower depreciation expense of approximately $13,000, as certain equipment became fully depreciated in 2025. Within our Services Segment, the composition and level of cost of goods sold are influenced by the type, scope, and timing of projects performed during the period. Certain projects require greater reliance on subcontractors, specialized materials, regulatory compliance activities, or travel, while others are more labor-intensive or utilize primarily in-house resources. As a result, the mix of project work can significantly affect both the composition and level of costs incurred and may not be directly proportional to changes in revenue.

Cost of goods sold increased $3,094,000, for the six months ended June 30, 2026, compared with the same period in 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Treatment	$ 21,653	133.9	$ 18,767	91.2	$ 2,886
Services	7,742	98.7	7,534	95.1	208
Total	$ 29,395	122.4	$ 26,301	92.3	$ 3,094

Cost of goods sold for the Treatment Segment increased by approximately $2,886,000, or 15.4%. Variable costs increased by approximately $1,686,000, primarily due to higher disposal, materials and supplies, transportation and lab costs totaling approximately $1,453,000, as well as higher overtime expense of approximately $233,000 incurred in processing previously stored waste inventories in anticipation of increases in Hanford-related waste volumes. Within our Treatment Segment, the composition and level of variable costs can fluctuate based on waste mix. Treatment Segment fixed costs increased by approximately $1,200,000. Fixed salaries and payroll-related expenses increased by approximately $810,000, primarily due to COLA adjustments implemented in July 2025 and increased headcount. Maintenance costs increased by approximately $127,000 due to general equipment upkeep and facility security enhancements. Depreciation expense increased by approximately $133,000 due to additional capitalized equipment, including our prototype PFAS reactor. Regulatory expenses increased by approximately $192,000 due to increased regulatory activities and higher fees assessed by regulatory agencies. These increases were partially offset by a decrease of approximately $62,000 in general expenses, primarily due to lower utility costs.

Services Segment cost of goods sold increased by $208,000, or 2.8%. The increase was primarily driven by higher salaries and payroll-related expenses of approximately $534,000, reflecting the COLA implemented in July 2025, as well as increased labor associated with the higher volume of project work. Cost of goods sold also increased due to higher travel costs of approximately $237,000. These increases were partially offset by lower outside services costs of approximately $276,000, lower materials and supplies, disposal and regulatory costs totaling approximately $171,000, lower general expenses of approximately $83,000 across various categories, and lower depreciation expense of approximately $33,000 as certain equipment became fully depreciated in 2025. Within our Services Segment, the composition and level of cost of goods sold are influenced by the type, scope, and timing of projects performed during the period. Certain projects require greater reliance on subcontractors, specialized materials, regulatory compliance activities, or travel, while others are more labor-intensive or utilize primarily in-house resources. As a result, the mix of project work can significantly affect both the composition and level of costs incurred and may not be directly proportional to changes in revenue.

Gross (Loss) Profit

Gross profit for the quarter ended June 30, 2026 decreased $4,050,000 over the same period in 2025 as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Treatment	$ (2,652)	(32.0)	$ 1,566	13.7	$ (4,218)
Services	149	3.2	(19)	(0.6)	168
Total	$ (2,503)	(19.4)	$ 1,547	10.6	$ (4,050)

Treatment Segment incurred a gross loss of $2,652,000 for the three months ended June 30, 2026, compared with a gross profit of $1,566,000 for the same period in 2025. Gross margin declined to (32.0%) from 13.7%. The decline in gross profit and gross margin was primarily due to lower revenue resulting from reduced waste volumes and a less favorable waste mix. In addition, the Treatment Segment's higher fixed operating costs were spread over a lower revenue base, further reducing gross margin and contributing to the gross loss.

Services Segment gross profit increased by approximately $168,000, and gross margin improved to 3.2% from (0.6%) in the prior-year period, primarily due to higher revenue. Gross margins within our Services Segment are influenced by the type, scope, and mix of projects performed, which are generally competitively bid and have varying margin structures. As a result, gross margins may fluctuate from period to period based on the timing and mix of projects completed.

Gross profit for the six months ended June 30, 2026 decreased $7,588,000 over 2025 as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Treatment	$ (5,485)	(33.9)	$ 1,816	8.8	$ (7,301)
Services	101	1.3	388	4.9	(287)
Total	$ (5,384)	(22.4)	$ 2,204	7.7	$ (7,588)

Treatment Segment incurred a gross loss of $5,485,000 for the six months ended June 30, 2026, compared a gross profit of $1,816,000 for the same period of 2025. Gross margin declined to (33.9%) from 8.8%, primarily due to lower revenue from lower waste volume and a less favorable waste mix. In addition, higher operating fixed costs within the Treatment Segment, which were spread over a lower revenue base, further reduced gross margin and contributed to the gross loss.

Services Segment gross profit decreased by $287,000, and gross margin declined to 1.3% from 4.9% in the prior-year period, primarily due to lower revenue and a less favorable project margin mix. Gross margins within our Services Segment are influenced by the type, scope, and mix of projects performed, which are generally competitively bid and have varying margin structures. As a result, gross margins may fluctuate from period to period based on the timing and mix of projects completed.

SG&A

SG&A expenses decreased $379,000 for the three months ended June 30, 2026, compared to the corresponding period for 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Administrative	$ 2,058	—	$ 1,957	—	$ 101
Treatment	1,286	15.5	1,350	11.8	(64)
Services	407	8.9	823	25.8	(416)
Total	$ 3,751	29.1	$ 4,130	28.3	$ (379)

Administrative SG&A increased primarily due to higher outside services costs associated with increased legal and business activities. Treatment Segment SG&A declined primarily due to lower salaries and payroll-related expenses as fewer employee hours were required to support administrative and marketing functions. Services Segment SG&A declined primarily due to a decrease in the provision for credit losses resulting from the settlement of a receivable that had previously been determined to be uncollectible, as well as lower salaries and payroll-related expenses due to fewer employee hours needed to support marketing functions.

SG&A expenses decreased $96,000 for the six months ended June 30, 2026, compared to the corresponding period for 2025, as follows:

(In thousands)	2026	% Revenue	2025	% Revenue	Change
Administrative	$ 4,100	—	$ 3,880	—	$ 220
Treatment	2,725	16.9	2,706	13.1	19
Services	1,224	15.6	1,559	19.7	(335)
Total	$ 8,049	33.5	$ 8,145	28.6	$ (96)

Administrative SG&A increased primarily due to approximately $184,000 of higher outside services costs associated with increased legal and business activities. The remaining increase was primarily attributable to higher salaries and payroll-related expenses resulting from COLA implemented in July 2025 for employees and January 2026 for executives. Treatment Segment SG&A increased primarily due to approximately $53,000 of higher outside services costs associated with increased consulting and business activities and approximately $31,000 of higher travel expenses incurred by information technology personnel. These increases were partially offset by lower salaries and payroll-related expenses, as fewer employee hours were required to support administrative and marketing functions. Services Segment SG&A declined primarily due to a decrease in provision for credit losses resulting from the settlement of a receivable that had previously been determined to be uncollectible.

Interest Income

Interest income decreased by approximately $98,000 and $252,000 for the three and six months ended June 30, 2026, respectively, compared with the same periods in 2025. The decreases were primarily due to lower interest income earned on lower balances maintained in our MMDA. Interest income also declined due to lower interest earned on our finite risk sinking funds, primarily as a result of lower interest rates.

Interest Expense

Interest expense decreased by approximately $51,000 and $103,000 for the three and six months ended June 30, 2026, respectively, compared with the same periods in 2025. The decreases were primarily due to the capitalization of approximately $40,000 and $74,000 of interest in the three and six months ended June 30, 2026, respectively, related to debt incurred for construction projects, including our second PFAS reactor.

Income Taxes

We had no income tax expense for continuing operations for the three and six months ended June 30, 2026 and 2025. Our effective tax rate was 0% for each period as a result of the full valuation allowance recognized against its U.S. federal and state deferred tax assets during the quarter ended September 30, 2024.

Liquidity and Capital Resources

Our cash flow requirements during the six months ended June 30, 2026, were funded primarily from available PNC Liquidity. Our PNC Liquidity includes cash held in our MMDA, which includes net proceeds from the sale of 2,628,571 shares of our Common Stock completed in May 2026 (see "Financing Activities" below within this MD&A and "Note 13—Sale of Common Stock" to the accompanying Condensed Consolidated Financial Statements for further discussion of the equity offering).

As of June 30, 2026, we had no outstanding borrowings under our Revolving Credit and our PNC Liquidity was approximately $25,584,000, which included approximately $20,338,000 of cash held in our MMDA. As of December 31, 2025, we had no outstanding borrowing under our Revolving Credit and our PNC Liquidity was approximately $18,126,000, which included approximately $11,529,000 of cash held in our MMDA.

We incurred losses from continuing operations before tax of $15,134,000 during 2024, $10,665,000 during 2025, and $13,637,000 during the first six months of 2026. We also experienced cash used in continuing operations of $14,146,000 during 2024, $10,311,000 during 2025, and $8,769,000 during the first six months of 2026. These results were due in part to delays in the enactment of federal appropriations and Congress's continued use of CRs, as well as increased investments in PFAS technology (see "Known Trends and Uncertainties – New Processing Technology" within this MD&A for a discussion of our new technology), expansion of treatment capacity, workforce growth, and infrastructure enhancements intended to support anticipated waste treatment volumes, including anticipated Hanford-related waste volumes. In addition, for 2026 year to date, delays in the commencement of several new projects within our Services Segment, processing delays due to customer-directed changes in treatment protocols and the continued processing of previously stored waste inventories to prepare for anticipated increases in certain Hanford-related waste volumes negatively impacted our revenues during the quarter. Certain of these previously stored waste inventories carried lower margins, which adversely affected our results of operations. These lower-margin previously stored waste inventories have now been substantially processed and are not expected to have a material effect on operating results during the next twelve months.

Our expected cash requirements over the next twelve months include working capital needs, scheduled principal payments on debt, costs associated with the administration and monitoring of discontinued operations, R&D expenditures related to PFAS technology, and capital expenditures.

A significant portion of our projected revenues and cash flows underlying our forecast depends on the timing and volume of waste shipments and project activity directed by U.S. government customers. Because these customers do not provide binding assurances regarding the timing or volume of future work, and such activity is subject to appropriations, procurement processes, operational considerations and other factors outside our control, we could not conclude that our plans are probable of effectively mitigating the conditions giving rise to substantial doubt. Accordingly, substantial doubt continues to exist about our ability to continue as a going concern for one year following the date the accompanying Condensed Consolidated Financial Statements are issued.

Our plans to address these conditions include utilizing existing cash and borrowing availability; pursuing operating improvements supported by the Company's Treatment and Services Segment backlogs; continuing to pursue additional government, commercial and international project opportunities; managing capital expenditures and operating costs; and, if necessary, seeking additional liquidity through equity or other financing arrangements or potential asset dispositions. In addition, on August 10, 2026, we extended the maturity of our PNC Credit Facility from May 2027 to May 2030, among other things (see "Liquidity and Capital Resources—Financing Activities—Credit Facility" for a discussion of this extension).

Although the May 2026 equity offering discussed elsewhere in this Report strengthened our liquidity, we concluded that the substantial doubt was not alleviated. We expect our existing liquidity, anticipated operating cash flows and borrowing availability to be sufficient to fund our operations during the assessment period. However, the ability of our plans to mitigate the conditions giving rise to substantial doubt depends in part on the timing and volume of government-directed waste shipments and project activity, as well as other matters outside our control. In addition, the Company's borrowing availability is subject to compliance with applicable financial covenants and other conditions. There can be no assurance that additional liquidity , if needed, will be available on acceptable terms or at all.

The following table reflects the cash flow activities during the first six months of 2026 and 2025.

	Six Months Ended June 30,	
(In thousands)	2026	2025
Cash used in operating activities of continuing operations	$ (8,769)	$ (3,439)
Cash used in operating activities of discontinued operations	(192)	(222)
Cash used in investing activities of continuing operations	(2,950)	(1,807)
Cash used in investing activities of discontinued operations	(45)	(16)
Cash provided by (used in) financing activities of continuing operations	20,927	(626)
Effect of exchange rate changes in cash	(1)	1
Increase (decrease) in cash and finite risk sinking fund (restricted cash)	$ 8,970	$ (6,109)

As of June 30, 2026, we had cash on hand of approximately $20,497,000.

Operating Activities

Cash used in operating activities from continuing operations during the first six months of 2026 primarily reflected our net loss of approximately $13,637,000, adjusted for non-cash items, including stock-based compensation expense of approximately $398,000 and depreciation and amortization expense of approximately $974,000. Changes in operating assets and liabilities provided approximately $3,508,000 of cash, primarily reflecting a decrease in accounts receivable (including the recovery of credit losses) of approximately $1,481,000 and a net increase in accounts payable, accrued expenses, deferred revenue, and other accrued liabilities of approximately $3,074,000. These favorable changes were partially offset by an increase in unbilled receivables of approximately $797,000 and a net increase in inventories, prepaid expenses, and other assets of approximately $250,000. Accounts receivable balances are affected by the timing of customer invoicing and collections, while the timing of cash receipts is influenced by the payment terms and conditions of our customer contracts.

Cash used in operating activities from continuing operations during the first six months of 2025 primarily reflected our net loss of approximately $6,083,000, adjusted for non-cash items, including stock-based compensation expense of approximately $382,000 and depreciation and amortization expense of approximately $873,000. Changes in operating assets and liabilities provided approximately $1,072,000 of cash, primarily reflecting a decrease in accounts receivable (net of the provision for credit losses) of approximately $2,974,000 and a net decrease in inventories, prepaid expenses, and other assets of approximately $463,000. These favorable changes were partially offset by an increase in unbilled receivables of approximately $1,297,000 and a net decrease in accounts payable, accrued expenses, deferred revenue, and other accrued liabilities of approximately $1,068,000.

Cash used in operating activities from discontinued operations during the first six months of 2026 and 2025 consisted primarily of costs incurred in connection with the management of administrative and regulatory matters related to our remediation projects.

We had working capital of $18,390,000 (which included working capital of our discontinued operations) as of June 30, 2026, compared to working capital of $13,803,000 as of December 31, 2025. The increase in our working capital was primarily due to net proceeds received from the equity raise that we completed in May of 2026.

Investing Activities

Cash used in investing activities from continuing operations during the first six months of 2026 consisted primarily of cash purchases of property and equipment of approximately $2,675,000. The remaining cash outflows related to expenditures for operating permits and certain intangible assets.

Cash used in investing activities of our continuing operations in the first six months of 2025 consisted primarily of cash purchases of property and equipment of approximately $1,766,000. The remaining cash used in investing activities consisted of cash outlays made in connection with our operating permits and certain intangible assets. Total cash used in investing activities of our continuing operations was partially offset by approximately $33,000 from our sale of idle equipment.

Our capital expenditures for the periods noted above included investments in our second-generation and prototype PFAS technology systems, as well as facility upgrades and capacity enhancements to support anticipated increases in waste volumes associated with the Hanford waste program.

Our anticipated capital expenditures for the remainder of 2026 include expenditures to complete our second-generation reactor for our PFAS technology and continuing facility upgrades and capacity enhancements to support anticipated increases in waste volumes associated with the Hanford waste program. We plan to fund our capital expenditures for the remainder of 2026 from cash from operations, available PNC Liquidity (which includes proceeds from the May 2026 equity raise) and/or financing. The initiation, timing, and amount of these capital expenditures are subject to a number of factors, including, among other things, cost/benefit analysis, the pace of our strategic project initiatives, operating performance, project timing, and management's continuing evaluation of liquidity. Continuing losses may require us to seek additional liquidity through equity or other financing arrangements, potential asset dispositions, or other strategic alternatives. We may also be required to reduce certain operating expenditures, including, but not limited to, reduction in R&D activities.

Cash used in investing activities of our discontinued operations in the first six months of 2026 and 2025 consisted of payments made in connection with a certain regulatory permit at our PFSG subsidiary.

Financing Activities

Cash provided by financing activities during the first six months of 2026 consisted primarily of net proceeds of approximately $21,295,000 received from the sale of 2,628,571 shares of our Common Stock in May 2026 to fund certain capital investments and general working capital needs (see "Note 13 – Sale of Common Stock" to the accompanying Condensed Consolidated Financial Statements for further discussion of this equity raise). The net proceeds reflect gross proceeds from the offering of approximately $23,000,000, net of $1,705,000 of offering costs paid through June 30, 2026. Total offering costs incurred in connection with the offering were $1,886,000 as of June 30, 2026. Cash provided by financing activities also included proceeds received of approximately $153,000 from stock option exercises. These cash inflows were partially offset by principal payments of approximately $521,000 on our Term Loan, Capital Loan, and finance lease obligations.

Our cash used in financing during the first six months of 2025 consisted mostly of principal payments of approximately $313,000 primarily for our Term and Capital Loans under our Credit Facility, principal payments of $148,000 for our finance leases, payments of $194,000 of offering costs from the equity raise that we completed in December 2024, partially offset by proceeds received from option exercises of approximately $49,000.

Credit Facility

Our Credit Facility, established pursuant to our PNC Loan Agreement, and maturing on May 15, 2027, consists of a Revolving Credit facility with a maximum borrowing capacity of $12,500,000. Availability under the Revolving Credit facility is subject to a borrowing base comprised of eligible receivables (as defined in the agreement) and is reduced by (i) outstanding standby letters of credit ($3,420,000 as of June 30, 2026) and (ii) discretionary reserves imposed by the lender ($750,000 as of June 30, 2026). The Credit Facility also includes a Term Loan and a Capital Loan with outstanding balances of approximately $1,083,000 and $96,000, respectively, as of June 30, 2026. On August 10, 2026, we entered into an amendment to our PNC Loan Agreement with our lender that extended the maturity date of the PNC Loan Agreement from May 15, 2027 to May 15, 2030. The amendment also eliminated the annual capital expenditure limitation of $6,000,000, provided that we maintain a minimum daily PNC Liquidity of $5,000,000. If PNC Liquidity falls below $5,000,000, the annual capital expenditure limitation of $6,000,000 becomes applicable.

Pursuant to the amendment, we may terminate the PNC Loan Agreement upon 90 days' prior written notice upon payment in full of its obligations under the PNC Loan Agreement. We also agreed to pay PNC 0.25% of the total financing in the event we pay off our obligations on or before May 15, 2027. No early termination fee shall apply if we pay off our obligations under the PNC Loan Agreement after May 15, 2027.

In connection with the amendment, we paid our lender a fee of $12,500. All other terms of the PNC Loan Agreement remain unchanged.

Our PNC Loan Agreement contains certain financial covenant requirements, along with customary representations and warranties. A breach of any of these financial covenant requirements, unless waived by our lender, could result in a default under our PNC Loan Agreement allowing our lender to immediately require the repayment of all outstanding debt under our PNC Loan Agreement and terminate all commitments to extend further credit. We met all of our financial covenant requirements in the first and second quarters of 2026, including maintenance of a minimum of $5,000,000 in daily PNC Liquidity. We expect to meet our financial covenant requirements for the next twelve months.

Off Balance Sheet Arrangements

From time to time, we are required to post standby letters of credit and various bonds to support contractual obligations to customers and other obligations, including facility closures. As of June 30, 2026, the total amount of standby letters of credit outstanding totaled approximately $3,420,000 and the total amount of bonds outstanding totaled approximately $19,295,000. We also provide closure and post-closure requirements through a financial assurance policy for certain of our Treatment Segment facilities through AIG. As of June 30, 2026, the closure and post-closure requirements for these facilities were approximately $24,552,000.

Critical Accounting Policies and Estimates

There were no significant changes in our accounting policies or critical accounting estimates that are discussed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

See "Note 2 – Summary of Significant Accounting Policies" in the "Notes to Condensed Consolidated Financial Statements" for the recent accounting pronouncement that was adopted in the first six months of 2026 and recent accounting pronouncements that will be adopted in future periods.

Known Trends and Uncertainties

Significant Customers. The contracts that we are a party to with others as subcontractors to the federal government or directly with the federal government generally provide that the government may terminate the contract at any time for convenience at the government's option. Our inability to continue under existing contracts that we have with the federal government authorities (directly or indirectly as a subcontractor) or significant reductions in the level of governmental funding in any given year could have a material adverse impact on our operations and financial condition. We performed services relating to waste generated by federal government clients, either indirectly as a subcontractor or directly as a prime contractor to federal government entities, representing approximately $8,809,000 or 68.4% and $15,646,000 or 65.2% of our total revenues during the three and six months ended June 30, 2026, respectively, compared to $9,204,000 or 63.1% and $17,609,000 or 61.8% of our total revenues during the three and six months ended June 30, 2025.

Federal Funding. As discussed above, a significant portion of our revenue is generated through contracts entered into indirectly as subcontractors for others who are prime contractors or directly as the prime contractor to federal government authorities. The timeliness of annual appropriations for U.S. government departments and agencies remains a recurrent risk for us. Uncertainties exist regarding how future federal government budgets and program and policy decisions will unfold, which include, the spending priorities of Congress, passage of federal government fiscal year annual budgets and potential for enactment of CRs to keep government departments and agencies in operations. The full impact of these uncertainties could negatively impact our financial results by impairing our ability to perform work on existing contracts, delaying or cancelling procurement actions by government entities, and/or cause other disruptions or delays, including payment delays.

Market Trends and Uncertainties. Macroeconomic conditions, including government and policy changes, government budget issues, tariff actions and uncertainties related to trade wars, ambiguity surrounding interest rates, inflationary pressures, softening labor markets, and geopolitical instability, including ongoing conflicts and unrest in the Middle East, have created significant uncertainty in the global economy and volatility in the capital markets. Inflationary pressures, including volatility in oil and fuel prices, have increased certain production-related variable costs, adversely impacting our gross margins. We continue to monitor the potential effects of these conditions on our revenue and profitability, including supply chain challenges, volatility in the cost of the goods and services we utilize in generating revenue, and economic pressures on our customers that may result in reduced and/or delayed spending. We continue to evaluate and implement strategic initiatives that we believe will assist us in managing the potential impacts of these factors, including supply chain optimization, pricing strategies, sourcing adjustments, and cost reduction measures designed to minimize the impact on our financial results.

New Processing Technology. With significant upgrades to our prototype Perma-FAS system (“System”) for PFAS destruction substantially completed in the latter part of 2025, our System has achieved commercial operational status at our PFF facility. PFAS, commonly known as “forever chemicals,” is a diverse group of thousands of human-made chemical pollutants that have the potential to persist in both the environment and the human body. An increasing number of studies have documented adverse health risks that are associated with PFAS exposure, including increased risks of some cancers, reduced immune function, and developmental delays in children.

Commercial destruction of PFAS offers a promising new source of revenue for us, as it complements our core waste remediation technologies. However, our PFAS technology remains in an early stage of commercialization, and we continue to incur operating, R&D and capital costs associated with scaling, market development, and regulatory acceptance. While we have filed patent applications relating to our technology for PFAS destruction and have processed limited commercial quantities of PFAS-containing waste materials with our System, there can be no assurance that demand, pricing, or throughput levels will be sufficient in the near term to offset these costs. Still, we believe that there are limited treatment options currently available that are intended to permanently destroy these materials, as opposed to managing them through storage or containment, which may be important to waste generators seeking to address potential long-term environmental liability. We believe that our patent-pending technology exceeds the performance of other current destruction-based methods; however, adoption and acceptance of any such technology remain subject to regulatory and market factors.

Some of the sizable markets for PFAS include Aqueous Film-Foaming Foam (“AFFF”) firefighting foams, both expired concentrate and flushing liquids, contaminated liquids from PFAS systems, and other water-based separation products from a variety of industrial systems.

With commercial operation of our System, we anticipate deployment of our second-generation unit in the second half of 2026 at our EWOC facility in Oak Ridge, Tennessee, which we believe will allow us to triple our production capacity. We continue to market our System technology through various channels. In the next several calendar quarters, we expect to further advance our patent-pending PFAS technology from demonstrated successful bench-scale testing to pilot-scale applications for soil, biosolids, and filter media, broadening the reach of our System’s PFAS destruction capabilities.

Environmental Contingencies

We are engaged in the waste management services segment of the pollution control industry. As a participant in the on-site treatment, storage and disposal market and the off-site treatment and services market, we are subject to rigorous federal, state and local regulations. These regulations mandate strict compliance and therefore are a cost and concern to us. Because of their integral role in providing quality environmental services, we make every reasonable attempt to maintain complete compliance with these regulations; however, even with a diligent commitment, we, along with many of our competitors, may be required to pay fines for violations or investigate and potentially remediate our waste management facilities.

On April 30, 2026, we received a notice of non-compliance (the "Notice") from the Washington State Department of Ecology (the "Department of Ecology") following a June 24, 2025 inspection of our PFNW facility in Richland, Washington. The Notice is based on an inspection report identifying alleged non-compliance with certain Department of Ecology waste regulations and permit requirements and requires us to implement specified corrective actions and provide documentation of its compliance within prescribed timeframes.

No administrative order has been issued and no monetary penalties have been assessed as of the date of this report. We are actively responding to the Notice and implementing corrective measures. Based on information currently available and our ongoing response, we do not expect this matter to result in a material adverse effect on our financial condition, results of operations, or cash flows.

The outcome of this matter remains subject to regulatory review. While the Department of Ecology may pursue escalated enforcement action in accordance with Washington State Dangerous (Hazardous) Waste Regulations, we currently expects a favorable resolution of the Notice and does not believe that a loss is probable. Accordingly, the Company has not recorded an accrual for any potential loss related to this matter.

We routinely use third party disposal companies, who ultimately destroy, or secure landfill residual materials generated at our facilities or at a client's site. In the past, numerous third-party disposal sites have improperly managed waste and consequently require remedial action; consequently, any party utilizing these sites may be liable for some or all of the remedial costs. Despite our aggressive compliance and auditing procedures for disposal of wastes, we could further be notified, in the future, that we are a PRP at a remedial action site, which could have a material adverse effect.

We have three environmental remediation projects, all within our discontinued operations, which principally entail the removal/remediation of contaminated soil, and, in most cases, the remediation of surrounding ground water. We expect to fund the expenses to remediate these sites from funds generated from operations. As of June 30, 2026, we had total environmental remediation liabilities of $3,436,000, a decrease of approximately $49,000 from the December 31, 2025 balance of $3,485,000. The decrease reflects payments for our PFSG remediation project. As of June 30, 2026, approximately $70,000 of the total environmental remediation liabilities were recorded as current.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Not required for smaller reporting companies.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management. As of the end of the period covered by this report, we conducted an evaluation with the participation of our Principal Executive Officer and Principal Financial Officer. Based on this recent assessment, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) were not effective as of June 30, 2026 due to a material weakness in our internal controls over financial reporting identified for the year ended December 31, 2025, as set forth below.

Material Weakness

For the Treatment Segment, management did not have a completeness check control that was effectively designed and implemented to provide assurance that revenue for waste disposal was appropriately accounted for as part of the period-end revenue reconciliation process. The material weakness identified resulted in errors in our books and records which led to identified adjustments during the year ended December 31, 2025. The errors arising from the underlying revenue adjustments were not material to the financial statements previously reported in any interim or annual period.

Remediation of Material Weakness in Internal Control Over Financial Reporting

We are committed to maintaining effective internal control over financing reporting. For the material weakness identified, we have commenced the process of developing and implementing our remediation plan that includes completeness checks and additional reconciliation procedure related to processed waste and our inventory waste management systems at our Treatment Segment. However, some of these steps will take time to be fully integrated and validated for operating effectiveness. Additional controls may also be required over time. Until the remediation steps set forth above are fully implemented and tested, the material weakness described above will continue to exist.

(b) *Changes in internal control over financial reporting.*

There was no other change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceeding pending against us and/or our subsidiaries not previously reported by us in Item 3 of our Form 10-K for the year ended December 31, 2025, except for the matter described below. In addition, there has been no material change in the legal proceeding previously disclosed by us in our Form 10-Q for the quarter ended March 31, 2026 as discussed in "Note 9 - Commitments and Contingencies – Legal Matters – Michael O'Neill" of the Condensed Consolidated Financial Statements.

Monroy Wage and Hour Litigation

On June 26, 2026, Edwin Monroy filed a putative class action complaint in the Superior Court of the State of Washington for Benton County against Perma-Fix Northwest Richland, Inc., Perma-Fix Environmental Services, Inc., Perma-Fix Northwest, Inc., and other, unnamed, defendants. The complaint purports to assert claims on behalf of a class of approximately 50 or more current and former hourly-paid or non-exempt employees in Washington during the period beginning approximately June 26, 2023 through the date of final judgment. The complaint alleges, among other things, failures to provide legally compliant meal and rest periods, pay for all hours worked, pay minimum and overtime wages, properly administer paid sick leave, timely pay wages, provide accurate itemized wage statements and maintain required payroll and employment records, and reimburse certain business expenses. The complaint also alleges willful withholding of wages under Washington law. The plaintiff seeks class certification, recovery of allegedly unpaid wages and related compensation, statutory or enhanced damages, penalties, restitution, injunctive relief, pre- and post-judgment interest, and attorneys' fees and costs.

The Company believes the claims are without merit and intends to defend the action vigorously. The action is in its preliminary stages, no class has been certified, and the allegations have not been proven. The Company has not accrued any amount with respect to this matter because a loss is not considered probable, and the amount or range of any reasonably possible loss cannot presently be estimated.

Item 1A. Risk Factors

There has been no other material change from the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2025 and Form 10-Q for the quarter ended March 31, 2026, except as follows:

Risks Relating to our Financial Performance and Position and Need for Financing:

We have sustained losses during 2024, 2025, and the first six months of 2026.

The Company sustained significant losses during 2024, 2025, and the first six months of 2026. We believe that our results of operations should improve starting in the second half of 2026. If, however, we fail to become profitable on an annualized basis in the foreseeable future, this could have a material adverse effect on our operations, credit facility, liquidity and potential growth. Continuing losses may require us to seek additional liquidity through equity or other financing arrangements, potential asset dispositions, or other strategic alternatives. We may also be required to reduce certain operating expenditures, including, but not limited to, reduction in R&D activities.

Our recurring losses and negative operating cash flows have raised substantial doubt about our ability to continue as a going concern, and our expected improvement depends substantially on government-directed waste shipments and project activity that are outside our control.

As described in Note 1 to our unaudited condensed consolidated financial statements, our recurring operating losses and negative cash flows from continuing operations have raised substantial doubt about our ability to continue as a going concern within one year after the date those financial statements are issued. Although the May 2026 equity offering significantly increased our liquidity, management concluded that the substantial doubt was not alleviated because a significant portion of the revenues and cash flows underlying our forecast depends on the timing and volume of waste shipments and project activity directed by U.S. government customers. Those customers do not provide binding assurances regarding the timing or volume of future work, and such activity is subject to appropriations, procurement processes, operational considerations and other factors outside our control. We expect that the operational developments and backlog discussed in this report may result in improved operating results during the second half of 2026; however, the timing and amount of any improvement remain subject to significant uncertainty.

Item 5. Other Information

Entry into Material Definitive Agreements

Credit Facility

On August 10, 2026, subsequent to the end of the fiscal quarter ended June 30, 2026, and within four business days prior to the filing of this Quarterly Report on Form 10-Q, the Company and certain of its subsidiaries entered into an amendment to the PNC Loan Agreement. The amendment, among other things, extended the maturity date of the credit facility from May 15, 2027 to May 15, 2030 and eliminated the annual capital expenditure limitation of $6,000,000, provided that the Company maintains a minimum daily PNC Liquidity of $5,000,000. If PNC Liquidity falls below $5,000,000, the annual capital expenditure limitation of $6,000,000 becomes applicable.

Contract Award

On August 10, 2026, subsequent to the end of the fiscal quarter ended June 30, 2026, and within four business days prior to the filing of this Quarterly Report on Form 10-Q, the Company was awarded a Master IDIQ Subcontract by Hanford Tank Waste Operations & Closure, LLC ("H2C") for the treatment and disposal of pretreated liquid mixed low-level waste from DOE's Hanford Site (the "Company's Master Subcontract"). H2C also awarded Master IDIQ Subcontracts to two other companies. H2C is the prime contractor to DOE's Office of Environmental Management for tank waste operations and closure at the Hanford Site in southeastern Washington State. Work awarded to the Company under future task orders, if any, under the Company's Master Subcontract, would be performed at its PFNW facility in Richland, Washington and would include the receipt and treatment of pretreated mixed low-level waste, with treated waste transported by rail for final disposal at a licensed commercial mixed low-level waste disposal facility outside the State of Washington. Task orders may be issued from January 1, 2027 through December 31, 2041, with performance of task orders issued before the end of the ordering period permitted for up to five years beyond the end of the ordering period. The multiple-award IDIQ procurement provides for a maximum cumulative quantity of 50 million gallons, with a maximum cumulative value of approximately $4.4 billion. These amounts represent procurement ceilings shared among all Master IDIQ Subcontract holders and do not represent amounts awarded or committed to the Company. The number, size and timing of task orders to be issued to the Company, if any, cannot be assured. Under the Company's Performance Work Statement, the Company is required to maintain the capability to treat and dispose of pretreated tank waste at a rate of 100,800 gallons per week in accordance with facility license and permit conditions.

In accordance with Exchange Act Form 8-K Compliance and Disclosure Interpretation ("CDI") 101.01, the Company is disclosing the above information in this Quarterly Report on Form 10-Q in lieu of filing a separate Current Report on Form 8-K.

The foregoing description of the amendment to the PNC Loan Agreement under "Credit Facility" does not purport to be complete and is qualified in its entirety by reference to the amendment, which is filed as Exhibits 4.1 and 10.6 to this Form 10-Q and incorporated herein by reference.

The information set forth above under "Credit Facility" is being provided pursuant to Items 1.01 and 2.03 of Form 8-K and the information set forth above under "Contract Award" is being provided pursuant to Item 1.01 of Form 8-K.

Item 6. Exhibits

(a) **Exhibits**

4.1	Eleventh Amendment to Second Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated August 10, 2026, between Perma-Fix Environmental Services, Inc., and PNC Bank, National Association.
10.1^	Employment Agreement dated May 1, 2026, between Mark Duff, President and Chief Executive Officer and Perma-Fix Environmental Services, Inc., as incorporated by reference from Exhibit 10.6 to the Company's Form 10-Q for the quarter ended March 31, 2026, filed on May 7, 2026.
10.2^	Employment Agreement dated May 1, 2026, between Ben Naccarato, EVP and Chief Financial Officer and Perma-Fix Environmental Services, Inc., as incorporated by reference from Exhibit 10.7 to the Company's Form 10-Q for the quarter ended March 31, 2026, filed on May 7, 2026.
10.3^	Employment Agreement dated May 1, 2026, between Dr. Louis Centofanti, EVP of Strategic Initiatives and Perma-Fix Environmental Services, Inc., as incorporated by reference from Exhibit 10.8 to the Company's Form 10-Q for the quarter ended March 31, 2026, filed on May 7, 2026.
10.4^	Employment Agreement dated May 1, 2026, between Richard Grondin, EVP of Hanford Waste Operations and Perma-Fix Environmental Services, Inc., as incorporated by reference from Exhibit 10.9 to the Company's Form 10-Q for the quarter ended March 31, 2026, filed on May 7, 2026.
10.5^	Employment Agreement dated May 1, 2026, between Chief Operating Officer and Perma-Fix Environmental Services, Inc. , as incorporated by reference from Exhibit 10.10 to the Company's Form 10-Q for the quarter ended March 31, 2026, filed on May 7, 2026.
10.6	Eleventh Amendment to Second Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated August 10, 2026, between Perma-Fix Environmental Services, Inc., and PNC Bank, National Association, incorporated by reference to Exhibit 4.1 of this Quarterly Report on Form 10-Q.
31.1	Certification by Mark Duff, Chief Executive Officer of the Company pursuant to Rule 13a-14(a) or 15d-14(a).
31.2	Certification by Ben Naccarato, Chief Financial Officer of the Company pursuant to Rule 13a-14(a) or 15d-14(a).
32.1	Certification by Mark Duff, Chief Executive Officer of the Company furnished pursuant to 18 U.S.C. Section 1350.
32.2	Certification by Ben Naccarato, Chief Financial Officer of the Company furnished pursuant to 18 U.S.C. Section 1350.
99.1	Perma-Fix Environmental Services, Inc.'s Press Release dated August 12, 2026 Announcing its Second Quarter 2026 Results.
101.INS*	XBRL Instance Document*
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data File in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purpose of Section 18 of the Exchange Act, and otherwise are not subject to liability under those sections.

^ Certain identified information has been excluded from these exhibits because it is not material and is the type of information that the Company customarily and actually treats as private and confidential. Redacted information is indicated by [***].

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

	PERMA-FIX ENVIRONMENTAL SERVICES
Date: August 12, 2026	By: */s/ Mark Duff* Mark Duff President and Chief (Principal) Executive Officer
Date: August 12, 2026	By: */s/ Ben Naccarato* Ben Naccarato Chief (Principal) Financial Officer

Exhibit 4.1

ELEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED
REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

THIS ELEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT, dated as of August 10, 2026 (this "Amendment"), relating to the Credit Agreement referenced below, is by and among PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the "Borrower"), and PNC Bank, National Association, a national banking association, as agent (in such capacity, the "Agent") and the lender (in such capacity, the "Lender"). Terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement.

W I T N E S S E T H

WHEREAS, a credit facility has been extended to the Borrower pursuant to the terms of that certain Second Amended and Restated Revolving Credit, Term Loan and Security Agreement dated as of May 8, 2020 (as amended and modified from time to time, the "Credit Agreement") among the Borrower, each Lender identified therein, and the Agent, and;

WHEREAS, the Borrower has requested certain modifications to the Credit Agreement; and

WHEREAS, the Agent and each Lender have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments. The Credit Agreement is hereby amended:

(a) To delete Section 7.6 appearing therein in its entirety and to substitute the following new Section 7.6 in lieu thereof to read in its entirety as follows:

"**7.6 Capital Expenditures**.

For each fiscal year during which a Trigger Date has occurred, contract for, purchase or make any expenditure or commitments for Capital Expenditures in any fiscal year in an aggregate amount in excess of $6,000,000."

(b) To delete Section 13.1 appearing therein in its entirety and to substitute the following new Section 13.1 in lieu thereof to read in its entirety as follows:

"**13.1 Term.**

This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of Borrower, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until May 15, 2030 (the 'Term') unless sooner terminated as herein provided. Borrower may terminate this Agreement at any time upon ninety (90) days' prior written notice upon payment in full of the Obligations. In the event the Obligations are prepaid in full prior to the last day of the Term (the date of such prepayment hereinafter referred to as the "Early Termination Date"), Borrower shall pay to Agent for the benefit of Lenders an early termination fee in an amount equal to (x) one quarter of one percent (0.25%) of the Maximum Loan Amount if the Early Termination Date occurs on or prior to May 15, 2027 and (y) zero percent (0.00%) if the Early Termination Date occurs thereafter."

2. Conditions Precedent. This Amendment shall be effective as of the date hereof upon satisfaction of the following conditions:

(a) the execution of this Amendment by the Borrower and PNC Bank, National Association as the Agent and Lender; and

(b) receipt by the Agent of an amendment fee of $12,500.

3. Representations and Warranties. The Borrower hereby represents and warrants in connection herewith that as of the date hereof (after giving effect hereto) (i) the representations and warranties set forth in Article V of the Credit Agreement are true and correct in all material respects (except those which expressly relate to an earlier date), and (ii) no Default or Event of Default has occurred and is continuing under the Credit Agreement.

4. Acknowledgments, Affirmations and Agreements. The Borrower (i) acknowledges and consents to all of the terms and conditions of this Amendment and (ii) affirms all of its obligations under the Credit Agreement and the Other Documents.

5. Credit Agreement. Except as expressly modified hereby, all of the terms and provisions of the Credit Agreement remain in full force and effect.

6. Expenses. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of this Amendment, including the reasonable fees and expenses of the Agent's legal counsel.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

8. Governing Law. This Amendment shall be deemed to be a contract under, and shall for all purposes be construed in accordance with, the laws of the State of New York.

[*Remainder of page intentionally blank; signature page follows.*]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/ Ben Naccarato
Name: Ben Naccarato
Title: CFO

AGENT AND LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James Belanger
Name: James Belanger
Title: Senior Vice President

EXHIBIT 31.1

CERTIFICATIONS

I, Mark Duff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perma-Fix Environmental Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2026

/s/ Mark Duff

Mark Duff
Chief Executive Officer, President
and Principal Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Ben Naccarato, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perma-Fix Environmental Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2026

/s/ Ben Naccarato

Ben Naccarato
Executive Vice President and
Chief Financial Officer and
Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. (“PESI”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Mark Duff, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2026

/s/ Mark Duff
Mark Duff
Chief Executive Officer, President
and Principal Executive Officer

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. §1350 subject to the knowledge standard contained therein, and not for any other purpose.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. (“PESI”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Ben Naccarato, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or §78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2026

/s/ Ben Naccarato
Ben Naccarato
Executive Vice President and Chief Financial
Officer and Principal Financial Officer

This certification is furnished to the Securities and Exchange Commission solely for purpose of 18 U.S.C. §1350 subject to the knowledge standard contained therein, and not for any other purpose.

Exhibit 99.1

Perma-Fix Reports Second Quarter 2026 Results, Award of Hanford Master IDIQ Subcontract and Commencement of DFLAW Waste Receipts

Company awarded Master IDIQ Subcontract by Hanford Tank Waste Operations & Closure, LLC for grouting and disposal of Hanford mixed low-level waste; task orders eligible to be issued beginning January 2027

Perma-Fix Northwest begins receiving liquid effluent waste from the Direct-Feed Low-Activity Waste (DFLAW) facility — a major milestone for the Company

Treatment backlog up 29% to $15.7 million; Services revenue up 44%

DOE's recently announced Hanford Dual Glass-Plus-Grout Strategy creates what the Company believes could become the largest commercial opportunity in its history

ATLANTA – August 12, 2026 – 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, 2026.

Mark Duff, President and Chief Executive Officer of Perma-Fix, commented, "The second quarter did not deliver the financial results we expected, but it did deliver several key operational milestones we have been working toward for years. Our Perma-Fix Northwest (PFNW) facility began receiving Hanford-related waste streams as forecast, driving a 29% increase in treatment backlog to approximately $15.7 million at June 30, 2026, from $12.2 million at the end of the first quarter. In early July, PFNW began receiving liquid effluent wastes from the Direct-Feed Low-Activity Waste (DFLAW) facility — a major milestone for the Company and the culmination of years of permitting, capital investment and operational preparation. We have since begun receiving additional waste streams from DFLAW operations, and we expect those volumes to increase.

"Separately, as announced today, H2C has awarded the Company a Master Indefinite Delivery/Indefinite Quantity (IDIQ) Subcontract for the treatment and disposal of pretreated liquid mixed low-level waste from the Hanford Site, effective August 11, 2026, with task orders eligible to be issued from January 1, 2027 through December 31, 2041. The procurement is a multiple- IDIQ award arrangement, and its maximum ceiling quantity of 50 million gallons and maximum value of approximately $4.4 billion are shared among all Master IDIQ Subcontract holders; they do not represent amounts awarded or committed to Perma-Fix, and the number, size and timing of task orders issued to the Company, if any, cannot be assured. H2C awarded Master IDIQ Subcontracts to two other companies under this procurement, and we believe PFNW competes for task orders from a position of strength. Ours is the only facility of the three located adjacent to the Hanford Site, meaning liquid tank waste travels only a short distance for treatment, and waste leaves our facility only as a stabilized, grouted solid, shipped out of state by rail for disposal. That proximity, together with the licensing, permitting and operational foundation we have built at PFNW over many years and the capacity investments already underway, is why we believe we are strongly positioned as task orders are issued.

“Our second quarter financial results do not reflect these developments. Customer-directed changes in treatment protocols required us to delay processing of certain Hanford-related waste streams received during the quarter, shifting the associated revenue into the second half of the year while the personnel and operating costs we had added in anticipation of those receipts were incurred in the quarter. We expect to commence treatment of these wastes during the third quarter. During the second quarter, we also substantially completed the processing of previously stored, lower-margin waste inventories, which will free up capacity ahead of anticipated tank waste receipts.

“We are highly encouraged by the outlook for the second half of 2026 — an outlook further strengthened by the U.S. Department of Energy’s (DOE) recently announced Hanford Dual Glass-Plus-Grout Strategy. As presented publicly by DOE, grouting is a proven technology already approved under the Hanford Holistic Agreement and is expected to provide up to 300% more throughput while reducing treatment and disposal costs by supplementing the vitrification program with commercially available grouting capacity, resulting in significant acceleration of tank closures. The Glass-plus-Grout approach includes acceleration of DOE’s 200 East Area tank retrieval through the existing TSCR (Tank-Side Cesium Removal) through 2027, with the addition of the AMPS (Advanced Modular Pretreatment System) before 2028, reaching a total removal capacity of 300,000 gallons per month of pretreated tank waste in 2028, to be processed by grouting and DFLAW. However, state regulatory approval is still required to move forward with implementation. DOE’s planning materials reflect its current strategy and do not commit waste volumes to any particular provider. Our PFNW facility provides permitted commercial treatment capacity immediately adjacent to the Hanford Site providing minimal public road shipments of liquid tank waste with only grouted final waste forms shipped out of state via rail.

“Separately, DOE’s West Area tank program represents a substantially larger opportunity, and DOE totals across both the East and West tank areas are targeted to reach 9 million gallons annually by 2030. No task orders have been issued under the Master Subcontract to date. PFNW is working with Washington State regulators to expand our grouting permit from an existing annual capacity of 1.2 million gallons per year to levels that meet DOE’s objectives for both the East and West tanks. The facility is in final design and procurement for the upgrades needed to achieve that expanded capacity by the third quarter of 2027. Implementation requires continued coordination with Washington State regulators, and DOE’s proposed permit modifications remain subject to public review — a process we actively support and are engaged in. Based on the volumes contemplated in DOE’s current plan, we believe the Hanford tank waste grouting program could represent the largest commercial opportunity in the Company’s history.

“Our Services Segment provides a second engine of growth, with revenue up 44% year over year in the quarter. Following the approximately $24 million Lawrence Livermore National Laboratory award in the first quarter, we secured additional contracts at multiple DOE facilities as well as commercial and international customers, supporting services backlog of over $17 million over the next year. This backlog adds performance stability while generating additional waste receipts for our treatment facilities. Combined with the DFLAW ramp, the strengthened balance sheet from our May equity offering, and the strategic partnership with Mirion Technologies announced earlier this month, we believe Perma-Fix enters the second half of 2026 better positioned than at any point in the Company’s history.”

Financial Results

Revenue for the second quarter of 2026 was approximately $12.9 million, compared with approximately $14.6 million for the same period last year. The decline was entirely attributable to our Treatment Segment, where revenue decreased to $8.3 million for the three months ended June 30, 2026, from $11.4 million in the same period of 2025. The decrease in Treatment Segment revenue was primarily due to lower waste volume and a less favorable revenue mix. The less favorable revenue mix reflected lower average pricing associated with the processing of certain previously stored waste inventories in anticipation of increases in Hanford-related waste volumes. Revenue in our Services Segment increased to $4.6 million for the three months ended June 30, 2026, from $3.2 million in the same period of 2025, primarily due to a higher volume of project work. Because revenue in our Services Segment is project-based, the scope, duration, timing, and completion of individual projects can vary significantly from period to period. As a result, revenue may fluctuate between reporting periods depending on the timing, scope, and mix of projects performed.

Gross loss for the second quarter of 2026 was $2.5 million, compared with gross profit of $1.5 million for the second quarter of 2025. Our Treatment Segment incurred a gross loss of $2.6 million for the second quarter of 2026, compared with gross profit of $1.6 million for the same period of 2025. The decrease in gross profit of approximately $4.2 million and the decline in gross margin to (32.0%) from 13.7**%** were primarily due to lower revenue resulting from reduced waste volumes and a less favorable revenue mix. In addition, higher fixed operating costs, which were spread over a lower revenue base, further reduced gross profit and gross margin. Services Segment gross profit was approximately $149,000 for the second quarter of 2026, compared with a gross loss of approximately $19,000 for the same period of 2025. The increase in gross profit of approximately $168,000 and the improvement in gross margin to 3.2% from (0.6%) were primarily attributable to higher revenue, as discussed above. Gross margins within our Services Segment are influenced by the type, scope, and mix of projects performed, which are generally competitively bid and therefore have varying margin structures. As a result, gross margins may fluctuate from period to period based on the timing and mix of projects completed.

Operating loss for the second quarter of 2026 was approximately $6.5 million versus operating loss of $2.9 million for the second quarter of 2025. Net loss for the second quarter of 2026 was approximately $6.2 million or a loss per basic share of $(0.32), compared to net loss of approximately $2.7 million or a loss per basic share of $(0.15) for the same period of 2025.

Our Quarterly Report on Form 10-Q for the period ended June 30, 2026 continues to disclose that our recurring operating losses and negative operating cash flows have raised substantial doubt about our ability to continue as a going concern. Our May 2026 public equity offering strengthened our liquidity, and subsequent to quarter-end we extended the maturity of our PNC credit facility from May 2027 to May 2030, among other things. We expect our existing liquidity, anticipated operating cash flows, and borrowing availability to be sufficient to fund our operations over the next twelve months. However, management concluded that the substantial doubt was not alleviated because a significant portion of the revenues and cash flows underlying our forecast depends on the timing and volume of waste shipments and project activity directed by U.S. government customers, and such activity is subject to factors outside our control.

The Company reported EBITDA of ($5.9) million from continuing operations for the quarter ended June 30, 2026, compared to EBITDA of ($2.3) million from continuing operations for the same period of 2025. 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 from continuing operations for the three and six months ended June 30, 2026, and 2025.

(In thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Loss from continuing operations	$ (6,262)	$ (2,583)	$ (13,637)	$ (6,083)
Adjustments:				
Depreciation & amortization	484	437	974	873
Interest income	(203)	(301)	(384)	(636)
Interest expense	73	124	133	236
Interest expense - financing fees	21	21	43	41
Income tax benefit	—	—	—	—
EBITDA	$ (5,887)	$ (2,302)	$ (12,871)	$ (5,569)

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

	Three Months Ended June 30, 2026		Six Months Ended June 30, 2026	
(In thousands)	Treatment	Services	Treatment	Services
Net revenues	$ 8,289	$ 4,596	$ 16,168	$ 7,843
Gross (loss) profit	(2,652)	149	(5,485)	101
Loss from operations	(4,127)	(262)	(8,629)	(1,127)

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
(In thousands)	Treatment	Services	Treatment	Services
Net revenues	$ 11,397	$ 3,189	$ 20,583	$ 7,922
Gross profit (loss)	1,566	(19)	1,816	388
Loss from operations	(15)	(846)	(1,412)	(1,193)

Conference Call

Perma-Fix will host a conference call at 4:30 PM Eastern Time on Wednesday, August 12, 2026. The call will be available on the Company’s website at https://ir.perma-fix.com/conference-calls, or by calling toll-free: 877-545-0523 for U.S. callers or +1 973-528-0016 for international callers, and by entering access code: 180833. 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 Wednesday, August 26, 2026, 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: 54338.

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, U.S. Department of War (DOW), and the commercial nuclear industry. The Company's nuclear services group provides project management, waste management, environmental restoration, decontamination and decommissioning, demolition, 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, DOW, 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: outlook for the second half of 2026; commencement and timing of treatment of Hanford-related waste streams received during the second quarter; continued and increasing receipts of DFLAW-related waste streams; anticipated tank waste receipts; implementation, timing and volumes contemplated under DOE's Hanford Dual Glass-Plus-Grout Strategy, including estimated monthly and annual tank waste volumes through 2030 and anticipated throughput and disposal cost benefits; DOE's identification of Perma-Fix Northwest in its publicly presented dual-path materials; the West Area tank program representing a substantially larger opportunity; the potential incremental revenue opportunity associated with the grouting of Hanford tank waste and our characterization of that opportunity, including as the largest commercial opportunity in the Company's history; the issuance of task orders for East Area or West Area tank waste; expansion of our grouting permit capacity and completion of related facility upgrades by the third quarter of 2027; realization of Services Segment backlog and additional waste receipts resulting therefrom; anticipated benefits of the strategic partnership with Mirion Technologies; the Master IDIQ Subcontract awarded by H2C; the issuance, number, size and timing of task orders under the Master IDIQ Subcontract, if any; the maximum quantity and maximum value of the Master IDIQ Subcontract, which are ceilings shared among all Master IDIQ Subcontract holders and are not indicative of revenue to the Company; continued coordination with Washington State regulators and other stakeholders and the outcome of public review of DOE's proposed permit modifications; and the Company being better positioned than at any point in its history. 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 provide funding for the DOW's and DOE's remediation projects; inability to obtain new foreign and domestic remediation contracts; the failure of H2C or DOE to issue task orders to the Company under the Master IDIQ Subcontract, or to issue them in the quantities or on the timing anticipated; competition from the other holders of Master IDIQ Subcontracts under the same procurement; the fact that identification of our facility in DOE planning or public materials does not constitute a contract, an award, or a commitment of any waste volumes; inability to be awarded any portion of DOE's East Side or West Side tank waste grouting programs; failure or delay in obtaining approval from the Washington State Department of Ecology to expand our grouting permit capacity; delays or increased costs in completing the facility upgrades required to achieve expanded capacity; the fact that DOE's proposed permit modifications remain in draft form and subject to public comment and regulatory approval; opposition from state or regional regulators, governmental bodies, tribes or other stakeholders to the grouting or offsite transport and disposal of Hanford tank waste; litigation or administrative challenges to DOE's tank waste treatment approach; changes in DOE's treatment strategy, priorities or plans, or in the volumes, timing, composition or pricing of waste actually shipped to our facilities; and the additional factors referred to under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" of our 2025 Form 10-K and Form 10-Qs for quarters ended March 31, 2026 and June 30, 2026. 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

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net revenues	$ 12,885	$ 14,586	$ 24,011	$ 28,505
Cost of goods sold	15,388	13,039	29,395	26,301
Gross (loss) profit	(2,503)	1,547	(5,384)	2,204
Selling, general and administrative expenses	3,751	4,130	8,049	8,145
Research and development	253	312	556	695
Gain on disposal of property and equipment	—	(1)	—	(6)
Loss from operations	(6,507)	(2,894)	(13,989)	(6,630)
Other income (expense):				
Interest income	203	301	384	636
Interest expense	(73)	(124)	(133)	(236)
Interest expense-financing fees	(21)	(21)	(43)	(41)
Other	136	155	144	188
Loss from continuing operations before taxes	(6,262)	(2,583)	(13,637)	(6,083)
Income tax expense	—	—	—	—
Loss from continuing operations, net of taxes	(6,262)	(2,583)	(13,637)	(6,083)
Income (loss) from discontinued operations, net of taxes	62	(133)	(50)	(206)
Net loss	$ (6,200)	$ (2,716)	$ (13,687)	$ (6,289)
Net loss per common share - basic and diluted:				
Continuing operations	$ (.32)	$ (.14)	$ (.71)	$ (.33)
Discontinued operations	—	(.01)	—	(.01)
Net loss per common share	$ (.32)	$ (.15)	$ (.71)	$ (.34)
Weighted average number of common shares used in computing net loss per share:				
Basic	19,840	18,448	19,195	18,436
Diluted	19,840	18,448	19,195	18,436

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

(Amounts in Thousands, Except for Share and Per Share Amounts)	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 20,497	$ 11,768
Account receivable, net of allowance for credit losses of $16 and $309, respectively	10,040	11,228
Unbilled receivables	9,578	8,781
Other current assets	5,410	4,534
Assets of discontinued operations included in current assets	242	60
Total current assets	45,767	36,371
Net property and equipment	28,653	24,600
Property and equipment of discontinued operations	146	146
Operating lease right-of-use assets	1,296	1,445
Intangibles and other assets	25,976	25,472
Total assets	$ 101,838	$ 88,034
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 27,076	$ 22,298
Current liabilities related to discontinued operations	301	270
Total current liabilities	27,377	22,568
Long-term liabilities	12,570	11,729
Long-term liabilities related to discontinued operations	3,561	3,598
Total liabilities	43,508	37,895
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, 21,215,194 and 18,525,823 shares issued, respectively; 21,207,552 and 18,518,181 shares outstanding, respectively	21	18
Additional paid-in capital	182,957	161,057
Accumulated deficit	(124,401)	(110,714)
Accumulated other comprehensive loss	(159)	(134)
Less Common Stock held in treasury, at cost: 7,642 shares	(88)	(88)
Total stockholders' equity	58,330	50,139
Total liabilities and stockholders' equity	$ 101,838	$ 88,034