
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) November 7, 2018

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| <u>Delaware</u> (State or other jurisdiction of incorporation) | <u>001-11596</u> (Commission File Number) | <u>58-1954497</u> (IRS Employer Identification No.) |
| <u>8302 Dunwoody Place, Suite 250, Atlanta, Georgia</u> (Address of principal executive offices) | | <u>30350</u> (Zip Code) |

Registrant's telephone number, including area code: (770) 587-9898

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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 accounting standards provided pursuant to Section 13(a) of the Exchange Act

Section 2 – Financial Information

Item 2.02 – Results of Operations and Financial Condition

On November 7, 2018 at 11:00 a.m. ET, Perma-Fix Environmental Services, Inc. (the “Company”) will hold a conference call broadcast live over the Internet. A press release dated November 5, 2018 announcing the conference call, is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A transcript of the conference call will also be available on the Company’s web page at www.perma-fix.com.

On November 7, 2018, the Company issued a press release to report its financial results for the three and nine months ended September 30, 2018. The press release is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information combined in this Item 2.02 of this Form 8-K and the Exhibits attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934 (as amended), or otherwise subject to the liabilities of such section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (as amended), except as shall be expressly set forth by specific reference in such filing.

Section 9 – Financial Statements and Exhibits

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | Press release dated November 5, 2018 |
| 99.2 | Press release dated November 7, 2018 |

SIGNATURES

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

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Dated: November 7, 2018

By: */s/ Ben Naccarato*

Ben Naccarato
Vice President and
Chief Financial Officer



Perma-Fix Schedules Third Quarter 2018 Conference Call

ATLANTA – November 5, 2018 — Perma-Fix Environmental Services, Inc. (NASDAQ: PESI) today announced that it will host a conference call at 11:00 a.m. ET on Wednesday, November 7, 2018. The call will be available on the Company’s website at www.perma-fix.com, or by calling 877-407-0778 for U.S. callers, or +1 201-689-8565 for international callers. 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, 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 11:00 a.m. November 14, 2018, and can be accessed by calling: 877-481-4010 (U.S. callers) or +1 919-882-2331 (international callers) and entering conference ID: 40844.

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 Department of Energy (“DOE”), the Department of Defense (“DOD”), and the commercial nuclear industry. The Company’s nuclear services group provides project management, waste management, environmental restoration, decontamination and decommissioning, and radiological protection, safety and industrial hygiene capability to our clients. The Company operates three nuclear waste treatment facilities and provides nuclear services at DOE, DOD, and commercial facilities, nationwide.

Please visit us at <http://www.perma-fix.com>.

Contacts:

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Perma-Fix Achieves Third Consecutive Quarter of Positive Net Income

ATLANTA – November 7, 2018 – Perma-Fix Environmental Services, Inc. (NASDAQ: PESI) today announced results for the third quarter and nine months ended September 30, 2018.

Third Quarter 2018 Financial Highlights:

- Revenue for the third quarter of 2018 increased to \$12.0 million versus \$11.8 million for the same period last year
- Gross profit included \$1.1 million and \$550,000 of closure costs related to the M&EC facility for 2018 and 2017, respectively; and excluding these costs, gross profit would have increased to \$2.9 million versus \$2.3 million for the third quarter of 2017
- Achieved third consecutive quarter of positive net income
- Backlog increased by \$2.0 million to \$9.4 million as of September 30, 2018, versus \$7.4 million as of June 30, 2018

Mark Duff, President & CEO, stated, “For the third straight quarter this year, we achieved revenue growth and profitability despite continued and unexpected delays related to the closure of our East Tennessee Materials and Energy Corporation (“M&EC”) facility. We now expect this facility to be closed on or before the end of the year, which we expect will result in a positive impact on performance of the overall Company. Our Waste Treatment plants exceeded our waste receipt targets for the quarter which is reflected in the increase in our backlog of approximately \$2.0 million to \$9.4 million on September 30, 2018 from \$7.4 million at June 30, 2018. Within our Services Segment, revenues increased 19.9% to \$2.9 million for the third quarter of 2018 from the third quarter of 2017. The quarter realized increases in bidding activities particularly within the US Army Corp of Engineers, which has seen increased funding for base upgrades. We believe we are well positioned to support large U.S Department of Energy (“DOE”) opportunities currently in the procurement process through our ability to provide commercialization alternatives for complex waste management challenges. Overall, completion of new construction at our facilities and attention to optimization of infrastructure has positioned Perma-Fix to complete 2018 with strong funded backlog and opportunity for sustainable growth in 2019.”

Financial Results

Revenue for the third quarter of 2018 was \$12.0 million versus \$11.8 million for the same period last year. Revenue from the Services Segment was \$2.9 million versus \$2.4 million for the same period in 2017. Our Services Segment revenues are project based and we continue to see modest growth and improvement in our project revenue. Revenue for the Treatment Segment was \$9.1 million compared to \$9.4 million for the same period in 2017. The decrease was primarily due to lower averaged price waste resulting from waste mix. Our Treatment Segment revenue was also impacted by the pending closure of our M&EC subsidiary which had a revenue decrease of approximately \$555,000 from the third quarter of 2017 to the third quarter of 2018. Additionally, our Treatment Segment revenue was impacted by the timing of the waste shipments with over 20% of the waste received in the quarter arriving after the middle of September; however, the anticipated future revenue related to these receipts is reflected in the increased backlog which was up approximately \$2.0 million from the second quarter and should bode well for us in the fourth quarter of 2018 and into the first quarter of 2019.

Gross profit for the third quarter of 2018 was \$1.8 million versus \$1.7 million for the third quarter of 2017. Gross profit for the third quarter of 2018 and 2017 included \$1.1 million and \$550,000, respectively, of additional closure costs recorded for our M&EC facility in connection with the pending closure of the facility. Excluding the additional closure costs in each period, gross profit for the third quarter of 2018 was \$2.9 million, an increase of \$623,000 or 27.1% from the corresponding period of 2017. This improvement was primarily due to increased revenue in the Services Segment, Treatment Segment revenue mix, and the reduction in our fixed costs. Excluding the additional closure costs recorded, gross margin increased to 24.3% in the third quarter of 2018 from 19.5% in the third quarter of 2017.

Operating loss for the third quarter of 2018 was \$1.0 million versus an operating loss of \$1.9 million for the third quarter of 2017. Operating loss for the third quarter of 2018 and 2017 included the closure costs of \$1.1 million and \$550,000, respectively, as discussed above. Operating loss for the third quarter of 2017 also included an impairment charge on tangible assets of \$672,000. Net income attributable to common stockholders for the third quarter of 2018 was \$221,000 or \$0.02 per share, versus net loss of \$2.0 million or (\$0.17) per share for the same period in 2017. Net income attributable to common stockholders for the third quarter of 2018 included a tax benefit in the amount of approximately \$1,380,000 resulting from the release of a portion of the valuation allowance on deferred tax assets related to indefinite-lived net operating losses generated due to the pending closure of our M&EC facility.

The Company recorded Adjusted EBITDA of \$510,000 from continuing operations during the quarter ended September 30, 2018, as compared to Adjusted EBITDA of \$654,000 for the same period of 2017. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before research and development costs related to the Medical Isotope project, closure costs accrued for M&EC subsidiary, impairment loss on tangible assets, and net gain on exchange offer of Series B Preferred Stock of M&EC. Both EBITDA and Adjusted EBITDA are not measures of performance calculated in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), and should not be considered in isolation of, or as a substitute for, earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. The Company believes the presentation of EBITDA and Adjusted EBITDA is relevant and useful by enhancing the readers' ability to understand the Company's operating performance. The Company's management utilizes EBITDA and Adjusted EBITDA as a means to measure performance. The Company's measurements of EBITDA and Adjusted EBITDA may not be comparable to similar titled measures reported by other companies. The table below reconciles EBITDA and Adjusted EBITDA, both non-GAAP measures, to GAAP numbers for income (loss) from continuing operations for the three and nine months ended September 30, 2018 and 2017.

| (In thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------|------------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Income (loss) from continuing operations | \$ 317 | \$ (1,977) | \$ 1,358 | \$ (3,878) |
| Adjustments: | | | | |
| Depreciation & amortization | 364 | 1,107 | 1,095 | 3,394 |
| Interest income | (82) | (34) | (212) | (105) |
| Interest expense | 62 | 59 | 177 | 249 |
| Interest expense - financing fees | 10 | 9 | 27 | 27 |
| Income tax (benefit) expense | (1,342) | 71 | (1,272) | 218 |
| EBITDA | (671) | (765) | 1,173 | (95) |
| Research and development costs related to Medical Isotope project | 88 | 197 | 259 | 947 |
| Closure costs accrued for M&EC subsidiary | 1,093 | 550 | 2,308 | 550 |
| Impairment loss on tangible assets | — | 672 | — | 672 |
| Net gain on exchange offer of Series B Preferred Stock of M&EC | — | — | (1,596) | — |
| Adjusted EBITDA | \$ 510 | \$ 654 | \$ 2,144 | \$ 2,074 |

The tables below present certain unaudited financial information for the business segments, excluding allocation of corporate expenses:

| (In thousands) | Three Months Ended September 30, 2018 (Unaudited) | | | Nine Months Ended September 30, 2018 (Unaudited) | | |
|-----------------------|---|----------|----------|--|-----------|-----------|
| | Treatment | Services | Medical | Treatment | Services | Medical |
| | Net revenues | \$ 9,103 | \$ 2,881 | \$ — | \$ 27,207 | \$ 10,594 |
| Gross profit | 1,564 | 261 | — | 5,867 | 1,322 | — |
| Segment profit (loss) | 1,848 | (224) | (88) | 5,556 | (194) | (259) |

| (In thousands) | Three Months Ended September 30, 2017 (Unaudited) | | | Nine Months Ended September 30, 2017 (Unaudited) | | |
|-----------------------|---|----------|----------|--|-----------|----------|
| | Treatment | Services | Medical | Treatment | Services | Medical |
| | Net revenues | \$ 9,355 | \$ 2,403 | \$ — | \$ 29,019 | \$ 8,160 |
| Gross profit | 1,613 | 132 | — | 6,474 | 343 | — |
| Segment (loss) profit | (30) | (478) | (197) | 2,665 | (1,738) | (947) |

Conference Call

Perma-Fix will host a conference call at 11:00 a.m. ET on Wednesday, November 7, 2018. The call will be available on the Company's website at www.perma-fix.com, or by calling 877-407-0778 for U.S. callers, or +1 201-689-8565 for international callers. The conference call will be led by Mark J. Duff, President and Chief Executive Officer, Dr. Louis F. Centofanti, Executive Vice President of Strategic Initiatives, and Ben Naccarato, Vice President and Chief Financial Officer of Perma-Fix Environmental Services, Inc.

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About Perma-Fix Environmental Services

Perma-Fix Environmental Services, Inc. is a nuclear services company and leading provider of nuclear and mixed waste management services. The Company's nuclear waste services include management and treatment of radioactive and mixed waste for hospitals, research labs and institutions, federal agencies, including the DOE, the Department of Defense ("DOD"), and the commercial nuclear industry. The Company's nuclear services group provides project management, waste management, environmental restoration, decontamination and decommissioning, new build construction, and radiological protection, safety and industrial hygiene capability to our clients. The Company operates three nuclear waste treatment facilities and provides nuclear services at DOE, DOD, and commercial facilities, nationwide.

Please visit us at <http://www.perma-fix.com>.

This press release contains "forward-looking statements" which are based largely on the Company's expectations and are subject to various business risks and uncertainties, certain of which are beyond the Company's control. Forward-looking statements generally are identifiable by use of the words such as "believe", "expects", "intends", "anticipate", "plans to", "estimates", "projects", and similar expressions. Forward-looking statements include, but are not limited to: the impact on the Company of closure of M&EC facility on or before the end of the year; the effect of increase in backlog in the fourth quarter of 2018 and into the first quarter of 2019; and sustainable growth in 2019. These forward-looking statements are intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. While the Company believes the expectations reflected in this news release are reasonable, it can give no assurance such expectations will prove to be correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this release, including, without limitation, future economic conditions; industry conditions; competitive pressures; our ability to apply and market our new technologies; the government or such other party to a contract granted to us fails to abide by or comply with the contract or to deliver waste as anticipated under the contract; inability to win bid projects; that Congress fails to provides continuing funding for the DOD's and DOE's remediation projects; ability to obtain new foreign and domestic remediation contracts; inability to meet financial covenants; and the "Risk Factors" discussed in, and the additional factors referred to under "Special Note Regarding Forward-Looking Statements" of, our 2017 Form 10-K and Forms 10-Q for quarters ended March 31, 2018, June 30, 2018 and September 30, 2018. 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.

Please visit us on the World Wide Web at <http://www.perma-fix.com>.

FINANCIAL TABLES FOLLOW

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| (Amounts in Thousands, Except for Per Share Amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------|------------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net revenues | \$ 11,984 | \$ 11,758 | \$ 37,801 | \$ 37,179 |
| Cost of goods sold | 10,159 | 10,013 | 30,612 | 30,362 |
| Gross profit | 1,825 | 1,745 | 7,189 | 6,817 |
| Selling, general and administrative expenses | 2,640 | 2,653 | 8,061 | 8,337 |
| Research and development | 229 | 293 | 680 | 1,300 |
| Gain on disposal of property and equipment | (9) | — | (34) | (1) |
| Impairment loss on tangible assets | — | 672 | — | 672 |
| Loss from operations | (1,035) | (1,873) | (1,518) | (3,491) |
| Other income (expense): | | | | |
| Interest income | 82 | 34 | 212 | 105 |
| Interest expense | (62) | (59) | (177) | (249) |
| Interest expense-financing fees | (10) | (9) | (27) | (27) |
| Net gain on exchange offer of Series B Preferred Stock of subsidiary | — | — | 1,596 | — |
| Other | — | 1 | — | 2 |
| (Loss) income from continuing operations before taxes | (1,025) | (1,906) | 86 | (3,660) |
| Income tax (benefit) expense | (1,342) | 71 | (1,272) | 218 |
| Income (loss) from continuing operations, net of taxes | 317 | (1,977) | 1,358 | (3,878) |
| Loss from discontinued operations, net of taxes of \$0 | (131) | (145) | (495) | (436) |
| Net income (loss) | 186 | (2,122) | 863 | (4,314) |
| Net loss attributable to non-controlling interest | (35) | (78) | (102) | (374) |
| Net income (loss) attributable to Perma-Fix Environmental Services, Inc. common stockholders | \$ 221 | \$ (2,044) | \$ 965 | \$ (3,940) |
| Net income (loss) per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - basic and diluted: | | | | |
| Continuing operations | \$.03 | \$ (.16) | \$.12 | \$ (.30) |
| Discontinued operations | (.01) | (.01) | (.04) | (.04) |
| Net income (loss) per common share | \$.02 | \$ (.17) | \$.08 | \$ (.34) |
| Number of common shares used in computing net income (loss) per share: | | | | |
| Basic | 11,922 | 11,714 | 11,828 | 11,698 |
| Diluted | 12,027 | 11,714 | 11,909 | 11,698 |

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEET

| (Amounts in Thousands, Except for Share and Per Share Amounts) | (Unaudited) September 30, 2018 | (Audited) December 31, 2017 |
|--|-----------------------------------|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 793 | \$ 1,063 |
| Account receivable, net of allowance for doubtful accounts of \$159 and \$720, respectively | 8,300 | 7,940 |
| Unbilled receivables | 3,389 | 4,547 |
| Other current assets | 3,688 | 3,674 |
| Assets of discontinued operations included in current assets, net of allowance for doubtful accounts of \$0 for each period presented | 95 | 89 |
| Total current assets | <u>16,265</u> | <u>17,313</u> |
| Net property and equipment | 15,342 | 14,870 |
| Property and equipment of discontinued operations, net of accumulated depreciation of \$10 for each period presented | 81 | 81 |
| Intangibles and other assets | 26,783 | 27,079 |
| Other assets related to discontinued operations | 138 | 195 |
| Total assets | <u>\$ 58,609</u> | <u>\$ 59,538</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | \$ 19,258 | \$ 18,676 |
| Current liabilities related to discontinued operations | 940 | 905 |
| Total current liabilities | <u>20,198</u> | <u>19,581</u> |
| Long-term liabilities | 9,371 | 11,152 |
| Long-term liabilities related to discontinued operations | 354 | 359 |
| Total liabilities | <u>29,923</u> | <u>31,092</u> |
| Commitments and Contingencies | | |
| Series B Preferred Stock of subsidiary, \$0 par value; 1,467,396 shares authorized, 0 and 1,284,730 shares issued, respectively; 0 and 1,284,730 shares outstanding, respectively; liquidation value \$1.00 per share plus accrued and unpaid dividends of \$0 and \$955, respectively | — | 1,285 |
| 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, 11,930,247 and 11,738,623 shares issued, respectively; 11,922,605 and 11,730,981 shares outstanding, respectively | 12 | 12 |
| Additional paid-in capital | 107,435 | 106,417 |
| Accumulated deficit | (77,245) | (77,893) |
| Accumulated other comprehensive loss | (151) | (112) |
| Less Common Stock held in treasury, at cost: 7,642 shares | (88) | (88) |
| Total Perma-Fix Environmental Services, Inc. stockholders' equity | <u>29,963</u> | <u>28,336</u> |
| Non-controlling interest in subsidiary | (1,277) | (1,175) |
| Total stockholders' equity | <u>28,686</u> | <u>27,161</u> |
| Total liabilities and stockholders' equity | <u>\$ 58,609</u> | <u>\$ 59,538</u> |

