

November 14, 2019



Midwest Energy Emissions Corp. Reports Third Quarter 2019 Financial Results

LEWIS CENTER, OH, Nov. 14, 2019 (GLOBE NEWSWIRE) -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME₂C" or the "Company"), a leader in mercury emissions control in North America, today announced financial results for the third quarter ended September 30, 2019.

Third Quarter and Recent Company Highlights

- During Q3 2019, the Company announced that it had initiated patent litigation against defendants in the U.S. District Court for the District of Delaware for infringement of certain patents which relate to the Company's two-part Sorbent Enhancement Additive (SEA[®]) process for mercury removal from coal-fired power plants.
- During Q3 2019, the Company announced a two-year contract extension with a long-term customer expected to generate approximately \$1.0 million annually in product sales.
- Beginning in Q2 2019 and through October 2019, the Company raised \$2.6 million in a private placement offering of unsecured convertible promissory notes.
- In October 2019, the Company entered into a license and development agreement with an unaffiliated entity to work together and develop a plan to commercialize and market certain technology related to the removal of mercury from air and water emissions generated by coal burning power plants.
- Revenues decreased 14.5% in Q3 2019 compared to Q3 2018 and increased 1.3% in the nine months ended September 30, 2019 compared to the comparable prior year period.
- Restructured debt completed in Q1 2019 enables the Company to have a solid financial footing going forward. The restructured debt does not mature until August 2022.

Management Commentary

"The third quarter of 2019 was highlighted by the commencement of patent litigation against multiple defendants which action has been taken to protect our patented technologies," stated Richard MacPherson, President and CEO of ME₂C.

Mr. MacPherson continued, "The lawsuit is in the early stages but is proceeding in the normal course. While the litigation proceeds, we are continuing our efforts to seek organic growth through current customers and with new business opportunities."

Third Quarter 2019 Financial Results

Total revenue in the third quarter of 2019 was \$3.60 million compared to \$4.21 million in the year-ago quarter. The decrease from the prior-year period is primarily due to lower usage by recurring customers due to their decreased overall generation compared to the same period in the prior year.

Costs and expenses were \$4.4 million during the three months ended September 30, 2019 compared to \$4.8 million in the same prior year quarter. The decrease in costs and expenses for the three months ended September 30, 2019 as compared to September 30, 2018 is primarily due to a decrease in cost of sales.

Net loss in the third quarter of 2019 was \$851,000, or \$(0.01) per diluted share, compared to a net loss of \$636,000, or \$(0.01) per diluted share, in the third quarter of 2018.

The Company's cash balance on September 30, 2019, was \$999,000, an increase from the balance as of December 31, 2018, of \$585,000.

Adjusted EBITDA in the third quarter of 2019 improved \$65,000 over the prior 2018 comparable period. Adjusted EBITDA was positive \$162,000 in the third quarter of 2019 as compared to positive \$97,000 in the same period of 2018.

Company Conference Call and Webcast

In light of the patent litigation commenced by the Company and due to the sensitive nature of any legal proceeding in its early stages, the Company has decided not to host an earnings call or webcast for its Q3 2019 results.

About Midwest Energy Emissions Corp. (ME₂C®)

Midwest Energy Emissions Corp. (OTCQB: MEEC) delivers patented and proprietary solutions to the global coal-power industry to remove mercury from power plant emissions, providing performance guarantees, and leading-edge emissions services. ME₂C has developed patented technology and proprietary products that have been shown to achieve mercury removal at a significantly lower cost and with less operational impact than currently used methods, while maintaining and/or increasing unit output and preserving the marketability of fly-ash for beneficial use. For more information, please visit www.midwestemissions.com.

Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA, a Non-GAAP financial measure. We view Adjusted EBITDA as an operating performance measure and, as such, we believe that the GAAP financial measure most directly comparable to it is net income (loss). We define Adjusted EBITDA as net income adjusted for interest and financing fees, income taxes, depreciation, amortization, stock-based compensation, and other non-cash income and expenses. We believe that Adjusted EBITDA provides us an important measure of operating performance. Our use of Adjusted EBITDA has limitations as an analytical tool, and this measure should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP, as the excluded items may have significant effects on our operating results and financial condition. Additionally, our measure of Adjusted EBITDA may differ from other companies' measure of Adjusted EBITDA. When evaluating our performance, Adjusted EBITDA should be considered with other financial performance measures, including various cash flow metrics, net income and other GAAP results. In the future, we may disclose different non-GAAP financial measures to help our investors and others more meaningfully evaluate and compare our future results of operations to our previously reported results of operations.

Safe Harbor Statement

With the exception of historical information contained in this press release, content herein may contain "forward-looking statements" that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified by using words such as "anticipate," "believe," "plan," "expect," "intend," "will," and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Investors are cautioned that forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the statements made. Matters that may cause actual results to differ materially from those in the forward-looking statements include, among other factors, the gain or loss of a major customer, change in environmental regulations, disruption in supply of materials, capacity factor fluctuations of power plant operations and power demands, a significant change in general economic conditions in any of the regions where our customer utilities might experience significant changes in electric demand, a significant disruption in the supply of coal to our customer units, the loss of key management personnel, availability of capital and any major litigation regarding the Company. In addition, this release contains time-sensitive information that reflects management's best analysis only as of the date of this release. The Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release. Further information concerning issues that could materially affect financial performance related to forward-looking statements contained in this release can be found in the Company's periodic filings with the Securities and Exchange Commission.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(UNAUDITED)

	<u>September 30,</u> <u>2019</u> <u>(Unaudited)</u>	<u>December</u> <u>31,</u> <u>2018</u>
ASSETS		
Current assets		
Cash	\$ 998,896	\$ 584,877
Accounts receivable	1,431,066	1,642,126

Inventory	629,427	509,416
Prepaid expenses and other assets	256,413	136,628
Customer acquisition costs, net	-	34,467
Total current assets	<u>3,315,802</u>	<u>2,907,514</u>
Property and equipment, net	2,149,737	2,397,691
Right of use asset	1,201,285	-
Intellectual property, net	2,582,762	2,733,662
Total assets	<u>\$ 9,249,586</u>	<u>\$ 8,038,867</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities

Accounts payable and accrued expenses	\$ 1,826,908	\$ 1,858,326
Current portion of equipment notes payable	53,304	63,424
Current portion of operating lease liability	383,307	-
Accrued interest	94,957	96,902
Customer credits	167,000	167,000
Deferred compensation	409,623	555,877
Total current liabilities	<u>2,935,099</u>	<u>2,741,529</u>

Equipment notes payable, less current portion	54,675	104,226
Operating lease liability	901,450	-
Convertible notes payable, net of discount and issuance costs	3,261,901	1,760,570
Secured note payable	271,686	271,686
Unsecured note payable, net of discount and issuance costs	9,752,882	11,781,952
Total liabilities	<u>17,177,693</u>	<u>16,659,963</u>

COMMITMENTS AND CONTINGENCIES (Note 11)

Stockholders' deficit

Preferred stock, \$.001 par value: 2,000,000 shares authorized	-	-
Common stock; \$.001 par value; 150,000,000 shares authorized; 76,747,750 shares issued and outstanding as of September 30, 2019 76,246,113 shares issued and outstanding as of December 31, 2018	76,747	76,246
Additional paid-in capital	44,882,209	42,785,990
Accumulated deficit	(52,887,063)	(51,483,332)
Total stockholders' deficit	<u>(7,928,107)</u>	<u>(8,621,096)</u>

Total liabilities and stockholders' deficit	<u>\$ 9,249,586</u>	<u>\$ 8,038,867</u>
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The accompanying notes are an integral part of these condensed consolidated financial statements.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Revenues	\$ 3,596,107	\$ 4,209,091	\$ 8,893,177	\$ 8,781,754
Costs and expenses:				
Cost of sales	2,477,673	3,009,656	6,438,998	6,600,582

Selling, general and administrative expenses	1,186,280	1,364,312	5,116,487	4,855,442
Interest expense & letter of credit fees	782,695	471,086	2,075,761	1,529,670
(Gain)/Loss on debt restructuring	-	-	(3,412,204)	44,036
Total costs and expenses	4,446,648	4,845,054	10,219,042	13,029,730
Net loss	\$ (850,541)	\$ (635,963)	\$ (1,325,865)	\$ (4,247,976)
Net loss per common share - basic and diluted:	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.06)
Weighted average common shares outstanding	76,730,400	76,246,113	76,463,246	76,246,113

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

We prepare and publicly release yearly audited financial statements prepared in accordance with GAAP. The following table shows our reconciliation of Net Income to Adjusted EBITDA for the third quarter that ended on September 30, 2019:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(In thousands)		(In thousands)	
Net loss	\$ (851)	\$ (636)	\$ (1,326)	\$ (4,248)
Non-GAAP adjustments:				
Depreciation and amortization	230	205	717	602
Interest and letter of credit fees	783	471	2,076	1,530
Income taxes	-	4	-	12
Stock based compensation	-	53	1,763	438
(Gain)/Loss on debt exchange	-	-	(3,412)	44
Adjusted EBITDA	\$ 162	\$ 97	\$ (182)	\$ (1,622)

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