

April 13, 2017



# Strategic Environmental & Energy Resources Reports Fourth Quarter and Full Year 2016 Financial Results

## Environmental Technology Solutions Revenue Increased 39% to \$4.5 Million, Driven by Media Replacement Sales & New Landfill Project Awards

GOLDEN, CO -- (Marketwired) -- 04/13/17 -- [Strategic Environmental & Energy Resources, Inc.](http://www.seerinc.com) (SEER) (OTCQB: SENR), a provider of environmental, renewable fuels and industrial waste stream management services, reported financial results for its fourth quarter and full year ended December 31, 2016.

### ***Fourth Quarter and Full Year 2016 Financial Highlights***

- Total revenue in Q4 2016 was \$2.8 million versus \$3.2 million in Q4 2015, with the full year 2016 revenue at \$11.7 million versus \$12.6 million in 2015.
- Q4 2016 revenues were \$1.7 million in Industrial and Railcar Cleaning, \$1.0 million in Environmental Technology Solutions (MV) and \$0.1 million in Solid Waste (Paragon Waste Solutions).
- Full year 2016 revenues were \$7.0 million in Industrial and Railcar Cleaning, \$4.5 million in Environmental Technology Solutions (MV) and \$0.2 million in Solid Waste (Paragon Waste Solutions).
- Gross profit margins in Q4 2016 were 4.8% vs. 8.1% in Q4 2015, with the full year 2016 gross profit margins at 18.5% vs 17.8% in 2015.
- Net loss attributable to SEER in Q4 2016 was \$2.4 million versus net loss of \$1.2 million in Q4 2015, with the full year 2016 net loss at \$3.9 million versus net loss of \$2.9 million in 2015. Excluding impairment and non-recurring litigation costs, Q4 2016 and full year 2016 net loss were \$0.6 million and \$2.1 million, respectively.
- Q4 2016 adjusted EBITDA loss was \$2.1 million compared to a loss of \$0.6 million in Q4 2015, with the full year 2016 adjusted EBITDA loss at \$2.7 million compared to a loss of \$1.8 million in 2015. Excluding impairment and non-recurring litigation costs, Q4 2016 and full-year 2016 adjusted EBITDA loss were \$0.3 million and \$0.9 million, respectively.

### ***2016 and Subsequent Financial and Operational Highlights by Division***

- ***Environmental Technology Solutions (MV & SEM)***

#### ***Financial***

- MV 2016 revenue increased 39% to \$4.5 million compared to \$3.2 million in 2015. Gross profits were \$1.1 million in 2016 compared to \$0.9 million in 2015.
- MV Q4 2016 revenue was \$1.0 million, an increase of 138% compared to Q4 2015 revenue of \$0.4 million. Gross profits fell 26% from \$21,600 in Q4 2015 to \$16,000 in Q4 2016. The lower gross margin in Q4 2016 was a result of a one-time accounting adjustment related to a contingency expense.

### **Operational**

- Secured \$2.9 million of purchase orders for its H2SPlus™ hydrogen sulfide removal system in 2016.
- Awarded an odor control system contract at the nation's largest biogas facility with the potential to provide media and systems at its other facilities throughout the U.S. This was secured in combination with REGS.
- Added 3 new landfill projects (15 landfills operational in total); two new agricultural digester projects; one food and beverage facility, and one asphalt refinery system.
- Shipped multiple orders for the Company's proprietary BAM (bio-active media™) generating approximately \$1.0 million in high-margin sales in 2016.
- Awarded exclusive distributorship from a large European-based environmental company Axens, to sell its proprietary product, AXTrap™, a high-capacity adsorbent media.
- Appointed Richard Robertson to President of MV Technologies and COO of SEER.
- Secured \$300,000 of purchase orders for its next generation H2S Removal System -- SulfAx™ System in Q1 2017.
- Secured a \$760,000 purchase order for its OdorFilter™ System at a major asphalt refinery & emulsions facility in Texas in Q1 2017.
- **Paragon Waste Solutions - CoronaLux™**
  - California South Coast Air Quality Management District ("District") issued a public "Notice of Intent to Issue Permit to Operate" on March 25, 2017. The notice, which requires a statutory 30-day waiting period, addresses the final permit and, once issued, will allow for full-time operation of the CoronaLux System.
  - Granted a second U.S. patent that incorporates all original and prior claims, and provides expanded new claims and protection of the underlying and core waste destruction technology.
  - Granted a third U.S. patent in Q1 2017 for technology related to ultimate stack emissions and a novel way to control metals and acidic gasses generated under extreme waste destruction conditions. Total number of patents issued in the Company's portfolio is five, with several more patent applications pending both domestically and internationally.
  - Commenced the permitting process for CoronaLux technology rollout plan in Northern California at our current JV partner's existing facility.
  - Negotiations underway with a significant solid waste partner to commence operations in South Florida and expand throughout the South East.
  - Commissioned new, large CoronaLux Model L system in the Southern United Kingdom with final regulatory and agency approvals and permitting pending.
  - Expanded international business development activities in China, Panama, Hong Kong, Brazil and Chile. Active inquiries/discussions are being held with potential

partners in several mid-western states, Arizona and Nevada.

- Awarded air quality permit for its CoronaLux™ System for the destruction of medical waste by the Texas Commission on Environmental Quality (TCEQ) in Q1 2017. Currently and aggressively pursuing several opportunities in Texas and the neighboring states to roll out centralized medical waste destruction facilities with experienced solid and medical waste partners and executives.
- **REGS/Tactical (Services)**
  - Secured a new master services agreement at one of the nation's largest breweries and commenced multiple, high-margin day-work projects that are expected to evolve into a permanent presence on-site with recurring revenue.
  - Achieved substantial progress on marketing efforts in Colorado and Wyoming to deploy MV's patented and proprietary V3RU™ and V3RU Plus™ oil field vapor recovery technology to capture and recover fugitive emissions generated at smaller, stranded wells (10-75 bbl./day).
  - Commenced domestic service project in August 2016 with a new Fortune 500 oil field services company.
  - Commenced project in August 2016 with a Fortune Global 500 energy manufacturing and logistics company and negotiating future refinery and hydrovac projects.
  - Selected by a Fortune Global 500 pulp and paper company and, separately, a North American fertilizer company for chemical projects in the fourth quarter.
  - After months of set up and construction, commenced mobile cleaning services at two newly established rail facilities with robust back log of rail cars for cleaning at these new facilities as well as our existing sites.
  - Together REGS and Tactical are coordinating the start of new operations at the customer's rail site in Baltimore, Maryland where approximately 100 rail cars are on site and a very large rail car cleaning contract (up to 1,000 cars) is being negotiated.

### ***Management Commentary***

"During 2016, we passed the bottom from the oil and gas industry downturn in our services divisions and given events in the first quarter, we are very optimistic for 2017 services revenue," said SEER's Chairman & CEO, John Combs. "The evolution from a services company to an environmental technology company with proven and superior solution technologies that incorporate distinct and sustainable market advantages is well underway. With this goal in mind, we delivered solid operating results in our environmental technology and material divisions that confirms our commitment to growing this higher margin and recurring revenue side of the SEER business. For now, our service offerings remain important and Tactical revenue actually increased in 2016 with a marked increase in revenue projected for 2017. Further, we believe REGS is now poised for a significant rebound in 2017, driven in large part by the introduction of our new chemical cleaning services and our recent success in securing new customers both within and outside of the oil and gas sectors. To further support growth, we remain committed to rolling out our patented fugitive emission capture systems, the V3RU™ and the V3RU Plus™ systems into the oil and gas fields located in the US and Canada. REGS will play a critical role in this roll out.

"We are particularly pleased with the progress MV Technologies made in 2016, which also represented the highest revenue growth segment at SEER: \$2.9 million in new purchase

orders for our H2SPlus, Hydrogen Sulfide Removal System and higher margin SEM revenues of \$1.0 million during 2016. We expect to continue growing this important component of our environmental technology solutions as our number of installations increase nationwide along with our new product media sales. We are already seeing the benefits of our newly appointed President of MV, Richard Robertson with several new contract awards announced in the first quarter of 2017. In fact, sales of BAM™ media through the first half of 2017 are projected to exceed \$0.5 million bringing total media, parts, and related service sales alone to more than \$1.1 million through the first half of 2017.

"The momentum with our H2SPlus System deployments in the LFG market also continued in 2016 as the end-markets for this technology further embraced both the superior performance and reliability of our systems. The ultimate validation comes from our customers who continue to be pleased with their operational savings and demonstrable compliance with today's increasingly stringent air pollution requirements. On the international front, we entered into a very attractive exclusive distribution agreement with [Axens](#), a European-based and very successful environmental company. In response to recent regulatory pressure to reduce greenhouse gas emission from palm oil mill effluent, we established a partnership with one of the world's largest biogas upgrading companies to represent MV in the New Zealand, Australian and Southeast Asian markets and also have added two new experienced engineers/marketers to our team this year to build on our domestic sales momentum," continued Combs.

"Paragon Waste Solutions continued to expand its patent estate with several new awards and recently we received our final "Intent to Issue Permit to Operate" from South Coast Air Quality Management District (SCAQMD) for an unconditional, non-research permit of our CoronaLux System in the Southern Region in California. The SCAQMD has since issued the formal public notification that a permit is being issued, and we are currently in the 30-day public review process.

"Having been live in California since May, 2015, operational efficiencies, system automation and throughput capabilities were optimized with our CoronaLux system in 2016. Once final permitting has been obtained, our California JV partner plans to implement an initial state-wide, roll-out program with at least two centralized processing facilities strategically located with four to six CoronaLux systems at each facility.

"The results from the SCAQMD review have laid the foundation for permitting with the Bay Area Air Quality District where our application has been submitted, as well as the San Joaquin Valley District where we are in the process of preparing the submission. The momentum is continuing in the first quarter of 2017 as we received notification that Paragon was awarded a permit by the TCEQ in Texas and efforts continue to receive full and final permitting from the Environmental Agency in the United Kingdom. The overall progress at Paragon and the positive response from the TCEQ has created several potential opportunities including the recommencement of operations in Florida and establishment of a facility in Texas, either with a potential JV partner at an existing medical waste destruction facility or setting up our own facility with experienced solid waste partners," said Combs.

### ***2017 Business Update & Outlook***

"In terms of our capital needs, we are currently entertaining offers for the sale of certain assets within our services business to strategic buyers. Sale proceeds will help us

strengthen our balance sheet, simplify our business model, minimize ongoing SG&A expenses while enabling us to allocate capital to the businesses we believe will drive the greatest ROI to the company and our shareholders.

"Overall, with or without the sale of assets, the heavy lifting and corrective measures in 2016 have been completed with all our business units and we believe the stage is now set for a rewarding 2017. Given the growth in our tech divisions and the progress made on the permitting and regulatory fronts of Paragon, 2017 may very well be an important inflection point for SEER. We anticipate being cash flow positive for the calendar year based upon our internal forecasts and first quarter progress," concluded Combs.

#### ***Fourth Quarter and Full Year 2016 Financial Results***

Total revenue in the fourth quarter of 2016 declined to \$2.8 million compared to \$3.2 million in the same year-ago quarter. For the full year of 2016, total revenue was \$11.7 million versus \$12.6 million in 2015. The decrease is primarily attributable to the decreases in revenues from our industrial cleaning segment, which decreased from approximately \$5.3 million in 2015 to approximately \$3.7 million in 2016, a decrease of \$1.6 million or approximately 30% and was primarily attributable to a single customer.

Industrial and Railcar Cleaning revenue in the fourth quarter of 2016 totaled \$1.7 million versus \$1.9 million in the same year-ago quarter and for the full year of 2016 totaled \$7.0 million versus \$8.3 million in 2015.

Environmental Solutions revenue in the fourth quarter of 2016 totaled \$1.0 million versus \$0.4 million in the same year-ago quarter and for the full year of 2016 totaled \$4.5 million versus \$3.2 million in 2015. The increase in both periods is primarily attributable to higher media replacement sales and higher long-term contracts.

Solid Waste (PWS) revenue in the fourth quarter of 2016 totaled \$0.1 million versus \$0.9 million in the same year-ago quarter and for the full year of 2016 totaled \$0.2 million versus \$1.1 million in 2015. The decrease in solid waste revenue in both periods is primarily attributable to no sales of CoronaLux™ units during 2016.

Gross margins in the fourth quarter of 2016 decreased to 4.8% from 8.1% in the same year-ago quarter, and for the full year of 2016 increased to 18.5 % versus 17.8% in 2015. The increase in full year margin is due to increased attention to pricing and aggressive cost management, whereas for the fourth quarter a one-time accounting adjustment for contingency expense resulted in the decrease.

Total operating expenses for the full year of 2016 remained consistent at \$16 million compared to \$16.0 million in 2015. Although total operating costs remained consistent in total, the make-up changed by 1) a decrease in service costs of approximately \$0.8 million associated with a 16.6% decrease in service revenues of \$1.4 million and 2) a decrease in SG&A of approximately \$1 million in 2016 versus 2015, but offset in 2016 by \$0.8 million of fixed asset impairment charges, \$0.7 million of other asset impairment charges and \$0.3 million of litigation settlement expense.

Net loss attributable to SEER in the fourth quarter of 2016 totaled \$2.4 million or (\$0.04) per diluted share, compared to net loss of \$1.2 million or (\$0.02) per diluted share in the same

year-ago quarter. For the full year of 2016, net loss attributable to SEER totaled \$3.9 million or (\$0.07) per diluted share, compared to net loss of \$2.9 million or (\$0.05) per diluted share in 2015. The net loss in both periods was primarily due to the 7% decrease in revenue in 2016 versus 2015 coupled with asset impairment charges and litigation settlement expenses.

Adjusted EBITDA loss in the fourth quarter of 2016 totaled \$2.1 million, compared to a loss of \$0.6 million in the same year-ago quarter. Adjusted EBITDA loss in 2016 totaled \$2.7 million compared to an adjusted EBITDA loss of \$1.8 million in 2015 (see definition and further discussion about the presentation of adjusted EBITDA, a non-GAAP term, below).

Cash at December 31, 2016, totaled \$233,200 compared to \$257,100 at December 31, 2015.

Further details about the company's results in 2016 are available in its Annual Report Form 10-K, accessible in the investor relations section of the company's website at [www.seer-corp.com](http://www.seer-corp.com).

### ***Conference Call***

Strategic Environmental & Energy Resources Chairman and CEO John Combs and COO Richard Robertson will host the conference call, followed by a question and answer period.

Date: Thursday, April 13, 2017

Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)

Toll-free dial-in number: 1-888-312-3047

International dial-in number: 1-719-457-2640

Conference ID: 7395093

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact MZ Group at 1-949-491-8235.

The conference call will be broadcast live and available for replay at <http://public.viavid.com/index.php?id=123565> and via the investor relations section of the company's website at [www.seer-corp.com](http://www.seer-corp.com).

A replay of the conference call will be available after 7:30 p.m. Eastern time through June 13, 2017.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay ID: 7395093

### ***Fourth Quarter and Full Year 2016 Financial Summary Tables***

The following financial information should be read in conjunction with the unaudited financial statements and accompanying notes filed by the company with the Securities and Exchange Commission on April 13, 2017 in its Annual Report on Form 10-K for the period ended December 31, 2016, and which can be viewed at [www.sec.gov](http://www.sec.gov) and in the investor relations section of the company's website at [www.seer-corp.com](http://www.seer-corp.com).

### **Use of Non-GAAP Financial Information**

The Company believes that the presentation of results excluding certain items in "Modified EBITDA," such as non-cash equity compensation charges, provides meaningful supplemental information to both management and investors, facilitating the evaluation of performance across reporting periods. The Company uses these non-GAAP measures for internal planning and reporting purposes. These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or net income per share prepared in accordance with generally accepted accounting principles.

Set forth below is a reconciliation of Adjusted EBITDA to net income (loss):

	<i>Year Ended</i>		<i>Three Months Ended</i>	
	<i>12/31/2016</i>	<i>12/31/2015</i>	<i>12/31/2016</i>	<i>12/31/2015</i>
Net income (loss)	(4,639,900)	(3,423,600)	(2,960,000)	(1,306,400)
Noncontrolling interest	753,500	536,300	530,300	155,800
Net income (loss) applicable to SEER	(3,886,400)	(2,887,300)	(2,429,700)	(1,150,600)
Interest	327,700	93,300	69,400	48,300
Depreciation and Amortization	785,000	716,200	214,200	335,200
EBITDA, including noncontrolling interest	(2,773,700)	(2,077,800)	(2,146,100)	(767,100)
Stock based compensation (option comp, warrant comp, stock issued for services)	91,500	307,800	29,800	132,000
Modified EBITDA, including noncontrolling interest	(2,682,200)	(1,770,000)	(2,116,300)	(635,100)
EBITDA, excluding noncontrolling interest	(3,527,200)	(2,614,100)	(2,676,400)	(922,900)



Modified EBITDA, excluding noncontrolling interest	(3,435,700)	(2,306,300)	(2,646,600)	(790,900)
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**About Strategic Environmental & Energy Resources, Inc.**

Strategic Environmental & Energy Resources, Inc. (SEER) (OTCQB: SENR), identifies, secures, and commercializes patented and proprietary environmental clean technologies in several multibillion dollar sectors (including oil & gas, renewable fuels, and all types of waste management, both solid and gaseous) for the purpose of either destroying/minimizing hazardous waste streams more safely and at lower cost than any competitive alternative, and/or processing the waste for use as a renewable fuel for the benefit of the customers and the environment. SEER has four wholly-owned operating subsidiaries: REGS, LLC; Tactical Cleaning Company, LLC; MV Technologies, LLC and SEER Environmental Materials, LLC; and two majority-owned subsidiaries: Paragon Waste Solutions, LLC; and ReaCH4biogas ("Reach"). For more information about the Company visit: [www.seer-corp.com](http://www.seer-corp.com).

**Forward Looking Statements**

This press release contains "forward-looking statements" within the meaning of various provisions of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, commonly identified by such terms as "believes," "looking ahead," "anticipates," "estimates," and other terms with similar meaning. Although the company believes that the assumptions upon which its forward-looking statements are based are reasonable, it can give no assurance that these assumptions will prove to be correct. Such forward-looking statements should not be construed as fact. Statements in this press release regarding future performance or fiscal projections, the cost effectiveness, impact and ability of the Company's products to handle the future needs of customers are forward-looking statements. The information contained in such statements is beyond the ability of the Company to control, and in many cases the Company cannot predict what factors would cause results to differ materially from those indicated in such statements. All forward-looking statements in the press release are expressly qualified by these cautionary statements and by reference to the underlying assumptions.

**STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC. CONSOLIDATED  
BALANCE SHEETS**

ASSETS	December 31,	
	2016	2015
Current assets:		
Cash	\$ 233,200	\$ 257,100
Accounts receivable, net of allowance for doubtful accounts of \$300,500 and \$246,500, respectively	2,029,900	1,298,900
Costs and estimated earnings in excess billings on uncompleted contracts	13,600	204,000
Prepaid expenses and other current assets	535,900	534,000
Total current assets	<u>2,812,600</u>	<u>2,294,000</u>
Property and equipment, net	2,961,300	4,331,300
Intangible assets, net	738,000	786,600



Other assets	25,600	37,500
TOTAL ASSETS	<u>\$ 6,537,500</u>	<u>\$ 7,449,400</u>
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
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Current liabilities:		
Accounts payable	\$ 2,158,500	\$ 1,382,200
Accrued liabilities	1,469,100	889,500
Billings in excess of costs and estimated earnings on uncompleted contracts	1,090,800	587,900
Deferred revenue	188,300	133,900
Payroll taxes payable	993,300	970,500
Customer deposits	330,000	330,000
Current portion of notes payable and capital lease obligations	571,800	660,100
Notes payable - related parties, including accrued interest	11,800	31,800
Total current liabilities	<u>6,813,600</u>	<u>4,985,900</u>
Deferred revenue, non-current	283,600	337,200
Notes payable and capital lease obligations, net of current portion	1,751,500	1,161,400
Total liabilities	<u>8,848,700</u>	<u>6,484,500</u>
Commitments and contingencies		
Stockholders' Equity):		
Preferred stock; \$.001 par value; 5,000,000 shares authorized; -0- shares issued		
Common stock; \$.001 par value; 70,000,000 shares authorized; 54,525,079 and 52,375,079 shares issued and outstanding 2016 and 2015, respectively	54,500	52,400
Common stock subscribed	25,000	50,000
Additional paid-in capital	19,077,600	17,690,900
Stock subscription receivable	(25,000)	(25,000)
Accumulated deficit	(19,273,500)	(15,387,100)
Total stockholders' equity (deficit)	<u>(141,400)</u>	<u>2,381,200</u>
Non-controlling interest	(2,169,800)	(1,416,300)
Total equity (deficit)	<u>(2,311,200)</u>	<u>964,900</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 6,537,500</u>	<u>\$ 7,449,400</u>

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

**STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC. CONSOLIDATED  
STATEMENTS OF OPERATIONS**

	For the Year Ended December 31,	
	2016	2015
Revenue:		
Products	\$ 4,494,700	\$ 3,233,900
Services	6,958,600	8,346,300
Solid waste disposal	230,200	1,064,700
Total revenue	<u>11,683,500</u>	<u>12,644,900</u>
Operating expenses:		
Products costs	3,417,000	2,381,300
Services costs	5,789,300	6,600,900
Solid waste disposal costs	315,000	1,411,200
General and administrative expenses	2,358,800	3,034,800
Salaries and related expenses	2,329,700	2,601,200
Other asset impairment	720,000	-
Fixed asset impairment	809,000	-
Litigation settlement	277,500	-
Total operating expenses	<u>16,016,300</u>	<u>16,029,400</u>
Loss from operations	<u>(4,332,800)</u>	<u>(3,384,500)</u>
Other income (expense):		
Interest expense net	(327,700)	(93,300)
Gain on debt settlements	-	50,100
Gain on disposition of assets	27,800	2,500
Other	(22,900)	(4,800)
Total non-operating expense, net	<u>(322,800)</u>	<u>(45,500)</u>
Net loss before earnings from equity method joint ventures	(4,655,600)	(3,430,000)
Income from equity method joint ventures	<u>15,700</u>	<u>6,400</u>
Net Loss	(4,639,900)	(3,423,600)
Less: Net loss attributable to non-controlling interest	<u>(753,500)</u>	<u>(536,300)</u>
Net loss attributable to SEER common stockholders	<u>\$ (3,886,400)</u>	<u>\$ (2,887,300)</u>
Net loss per share, basic and diluted	<u>\$ (.07)</u>	<u>\$ (.05)</u>
Weighted average shares outstanding - basic and diluted	<u>53,450,079</u>	<u>52,320,762</u>

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

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