

Midwest Energy Emissions Corp. Reports First Quarter 2018 Financial Results

Management to Host Earnings Conference Call Today At 5:00 p.m. Eastern Daylight Time

LEWIS CENTER, Ohio, May 21, 2018 (GLOBE NEWSWIRE) -- Midwest Energy Emissions Corp. (OTCQB:MEEC) ("ME₂C" or the "Company"), a global leader in mercury emissions control for the power industry, has provided its financial results for the first quarter ended March 31, 2018.

Recent Company Highlights:

- Secured another order from its previously announced Canadian customer to install ME₂C's proprietary Sorbent Enhancement Additive (SEA™) Technology at another one of their large power plants in Alberta, Canada. The agreement calls for one boiler at this new location, and if successful, may expand to up to three EGUs at this new location.
- Entered into a multi-year European licensing agreement with Cabot Corporation, a global specialty chemicals and performance materials company.
- Received the Nexus Small Business Award from one of their clients, Vistra Energy, in recognition of ME₂C's supply chain diversity success.

Management Commentary

"The beginning of 2018 was highlighted by advancements made in our expansion outside of the United States," said Richard MacPherson, President and CEO of ME₂C. "We believe our recently announced exclusive licensing agreement in Europe with Cabot Corporation—a multi-national player in the coal industry with an extremely established footprint and immense sales network throughout Europe and Asia—reaffirms the strength of our technology and positions us favorably to make inroads in the European market.

"The contract with Cabot entails the use of our proven two-part mercury capture technology, as well as our proprietary scrubber additive technology—both of which are expected to provide meaningful additions to the extensive Cabot Corporation product line, especially given the pending mercury capture legislation that is expected to be in effect by 2020 throughout Europe. Assisting our expansion efforts throughout Europe, our Senior VP and Chief Technology Officer, John Pavlish, presented today at the MEC 13 Workshop in Krakow, Poland alongside Cabot Corporation's Commercial Director, and will be on-site at several EGUs throughout Europe this week.

"We also continue to gain traction in North America, as evidenced by our recent order from our previously announced Canadian customer to install our technology at another one of their large power plants in Alberta, Canada. Although we are starting with one additional boiler at this location, we have the opportunity to contract with another three EGUs if successful.

“With a robust portfolio of patented technologies, multi-national leaders in the space as partners, and several regulatory tailwinds at our back, I am confident that we remain on track for significant traction in the U.S. Canada, and abroad, as well as expansion into other key international markets, such as Asia. We look forward to continuing our journey in establishing a much more mature, global organization, ultimately focused on increasing shareholder value over the long-term.”

Corporate Highlights

In the first quarter of 2018, ME₂C received the Nexus Small Business Award from one of their clients, Vistra Energy, which is presented to Small Business Enterprises which provide excellent service, have demonstrated a strong and positive commitment to their community, and support the utilization of a diverse workforce and supply chain including other small businesses.

In April 2018, ME₂C entered into a multi-year European licensing agreement with Cabot Corporation, a global specialty chemicals and performance materials company. Under the licensing agreement, Cabot Corporation has exclusive access to ME₂C’s extensive patented technologies for the developing markets across Europe, which is expected to result in accelerated growth for both entities. In addition to ME₂C’s proven two-part mercury capture technology, Cabot Corporation will also utilize ME₂C’s proprietary scrubber additive technology, which provides a new addition to the extensive Cabot Corporation product line. As the European Union (EU) prepares for mercury capture legislation that is expected to be in effect by 2020, the Companies will begin initial demonstrations at several plants in summer 2018. Europe’s coal market includes a total of 1,384 coal-fired electric generating units (EGUs), with 914 of those located in Eastern Europe—over two times the operating units throughout the U.S. today.

Also, in April, ME₂C secured another order from its previously announced Canadian customer to install its proprietary SEA™ Technology at another one of their large power plants in Alberta, Canada. Installation operations are expected to begin in May of 2018. This new international order follows the successful installation and operation of the Company’s SEA™ Technology on the front end of four electric generating units (EGUs), also in Alberta, Canada, in late 2017. ME₂C will begin by installing their proprietary technology on one boiler at this new location, and if successful, may install their SEA technology on up to three EGUs at this new location. ME₂C has worked with this Canadian customer since 2011 across multiple projects in both the United States and Canada.

On May 21, 2018, ME₂C presented at the [MEC 13 Workshop](#) in Krakow, Poland, which is a gathering of international emission control experts specializing in the reduction of mercury. John Pavlish, Senior VP and Chief Technology Officer of ME₂C, a widely recognized mercury capture expert, was a featured speaker at the event, and presented the application of ME₂C’s proprietary mercury capture technology with low-rank coals, Europe’s primary coal source, on May 21 at 5:00 p.m. GMT+2. In addition, Mr. Pavlish will jointly introduce the [recently announced](#) ME₂C-Cabot licensing arrangement in the EU with Jamie Fessenden, Cabot Corporation’s Commercial Director. Fessenden is scheduled to present under “Session 4: Sorbents” on May 22, 2018 at 4:00 p.m. GMT+2.

First Quarter 2018 Financial Results

Total revenue in the first quarter of 2018 was \$2.1 million, compared to \$5.4 million in the same year-ago quarter.

Costs and expenses were \$3.5 million and \$6.5 million during the three months ended March 31, 2018 and 2017, respectively. The decrease is primarily associated with the significant decrease in revenues over the same quarter 2017.

Operating loss in the first quarter of 2018 was \$1.4 million, compared to operating loss of \$1.1 million in the first quarter of 2017.

Net loss in the first quarter of 2018 was \$1.9 million, or \$(0.03) per diluted share, compared to net loss of \$1.7 million, or \$(0.02) per diluted share, in the first quarter of 2017.

On March 31, 2018, ME₂C had cash and cash equivalents of \$0.6 million compared to \$2.4 million on December 31, 2017.

Adjusted EBITDA in the first quarter of 2018 was negative \$0.8 million compared to \$0.1 million in the same year-ago quarter.

Conference Call and Webcast

Management will host a conference call today, May 21, 2018 at 5:00 p.m. Eastern time to discuss ME₂C's first quarter 2018 results, provide a corporate update, and conclude with a Q&A from participants. To participate, please use the following information:

Q1 2018 Conference Call and Webcast

Date: Monday, May 21, 2018

Time: 5:00 p.m. Eastern time

U.S. Dial-in: 1-888-394-8218

International Dial-in: 1-323-701-0225

Conference ID: 9714385

Webcast: <http://public.viavid.com/index.php?id=129563>

Please dial in at least 10 minutes before the start of the call to ensure timely participation.

A playback of the call will be available through June 21st, 2018. To listen, call 1-844-512-2921 within the United States or 1-412-317-6671 when calling internationally. Please use the replay pin number 9714385.

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 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 in order 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.

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MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2018 AND DECEMBER 31, 2017
(UNAUDITED)

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 629,583	\$ 2,418,427
Accounts receivable	841,066	2,931,353
Inventory	618,763	659,579
Prepaid expenses and other assets	169,663	210,535
Total current assets	2,259,075	6,219,894
Property and equipment, net	2,679,178	2,728,993
Intellectual property, net	2,884,562	2,934,862
Customer acquisition costs, net	137,867	172,333
Total assets	\$ 7,960,682	\$ 12,056,082
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 285,136	\$ 1,795,703
Current portion of notes payable	2,625,000	2,500,000
Convertible notes payable, net of discount and issuance costs	1,499,031	1,461,417
Current portion of equipment notes payable	61,240	61,177
Customer credits	167,000	167,000
Accrued interest	38,750	77,500
Deferred revenue	-	517,060
Total current liabilities	4,676,157	6,579,857
Notes payable, net of discount and issuance costs	9,167,773	9,733,361

Equipment notes payable	152,070	167,650
Total liabilities	<u>13,996,000</u>	<u>16,480,868</u>
Stockholders' deficit		
Preferred stock, \$.001 par value: 2,000,000 shares authorized	-	-
Common stock; \$.001 par value; 150,000,000 shares authorized; 76,246,113 shares issued and outstanding as of March 31, 2018		
76,246,113 shares issued and outstanding as of December 31, 2017	76,246	76,246
Additional paid-in capital	42,466,160	42,165,620
Accumulated deficit	<u>(48,577,724)</u>	<u>(46,666,652)</u>
Total stockholders' deficit	<u>(6,035,318)</u>	<u>(4,424,786)</u>
Total liabilities and stockholders' deficit	<u>\$ 7,960,682</u>	<u>\$ 12,056,082</u>

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

**MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(UNAUDITED)**

	<u>For the Three Months Ended March 31, 2018</u>	<u>For the Three Months Ended March 31, 2017</u>
Revenues		
Product sales	\$ 2,059,819	\$ 5,284,234
Equipment sales	9,146	7,160
Demonstrations and consulting services	<u>52,147</u>	<u>136,000</u>
Total revenues	2,121,112	5,427,394
Costs and expenses		
Cost of sales	1,708,315	3,785,922
Selling, general and administrative expenses	<u>1,781,368</u>	<u>2,694,282</u>

Total costs and expenses	3,489,683	6,480,204
Operating loss	(1,368,571)	(1,052,810)
Other expenses		
Interest expense	(513,501)	(540,475)
Letter of credit fees	(29,000)	(60,000)
Total other expenses	(542,501)	(600,475)
Net loss before taxes	(1,911,072)	(1,653,285)
Income tax expense	-	-
Net loss	\$ (1,911,072)	\$ (1,653,285)
Net loss per common share - basic and diluted:	\$ (0.03)	\$ (0.02)
Weighted average common shares outstanding	76,246,113	73,585,727

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

**MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
FOR THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(UNAUDITED)**

	Quarter Ended March 31,	
	2018	2017
	(In thousands)	
Net loss	\$ (1,911)	\$ (1,653)
Non-GAAP adjustments:		
Depreciation and amortization	249	300
Interest	514	540
State income taxes	-	10
Stock based compensation	301	955
Adjusted EBITDA	\$ (847)	\$ 152



Source: Midwest Energy Emissions Corp.