

May 15, 2018



SEER Reports First Quarter 2018 Financial Results

First Quarter 2018 Highlighted by Significant Reduction in Net Cash Used in Operations and Start-Up of Paragon Southwest Medical Waste in Anahuac, Texas

First Quarter 2018 Conference Call Scheduled for Early June Post Major Pending Operational Milestone Achievements

GOLDEN, Colo., May 15, 2018 (GLOBE NEWSWIRE) -- [Strategic Environmental & Energy Resources, Inc.](#) (SEER) (OTCQB:SENR), a provider of environmental, renewable fuels and industrial waste stream management services, reported financial results for its first quarter ended March 31, 2018.

First Quarter 2018 Financial Highlights

- Total revenue in Q1 2018 was \$1.9 million versus \$2.6 million in Q1 2017.
- Q1 2018 net revenue was \$0.9 million in Industrial Cleaning (REGS), \$0.9 million in Environmental Technology Solutions (MV/SEM) and \$0.1 million in Solid Waste (Paragon Waste Solutions).
- Gross profit margin in Q1 2018 was 24.3% vs. 27.2% in Q1 2017.
- GAAP net loss attributable to SEER was \$0.7 million in Q1 2018 versus a net loss of \$0.4 million in Q1 2017.
- Q1 2018 adjusted EBITDA loss was \$0.2 million compared to a profit of \$0.3 million in Q1 2017.
- Q1 2018 net cash used in operations totaled \$0.2 million versus \$0.7 million in Q1 2017.

First Quarter 2018 and Subsequent Financial and Operational Highlights by Division

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

Financial

- Environmental Solutions Q1 2018 revenue was \$0.9 million, a decrease of 48% when compared to Q1 2017 revenue of \$1.7 million. Gross profit decreased from \$0.5 million in Q1 2017 to \$0.3 million in Q1 2018. The lower gross profit in Q1 2018 was primarily due to the year-over-year revenue decrease.

Operational

- MV continues to receive high-margin, recurring revenue from media replacement sales to over 30 anaerobic digester systems installed and operational across North America.
- Continued targeting replacement media sales to the large, existing base of non-MV systems with its exclusive distributorship of Axens NA media, which is also expected to minimize the impact of periodic lulls in new system orders.
- Continued to market rental systems and accompanying AxTrap granular iron oxide media in Northern California to landfills that need to comply with California's increasingly stringent disposal requirements.
- Kicked off new marketing campaign focused on placement of rental systems and already placed a rental system in a landfill in Northern California. The rental system uses MV's exclusively licensed Axens NA AxTrap granular iron oxide media. This media is specifically formulated to comply with California's more stringent disposal requirements. The rental system will generate approximately \$75,000/month of revenue between the equipment and the ongoing sales of AxTrap media. It is estimated the rental system will be in place for 6-12 months. MV is working with the landfill to design, supply and install a permanent system to keep the landfill in long-term compliance and has been contacted by another landfill operator in Central California and expects to install a similar rental system at that location.

• Paragon Waste Solutions - CoronaLux™

- Managed successful start-up of Paragon Southwest Medical Waste, LLC (PSMW), a waste destruction facility in Anahuac, Texas. The operation is utilizing three CoronaLux systems and generated approximately \$50,000 in revenue to Paragon during the quarter. The facility has set a precedence in the industry as it represents the first time an established incinerator operator has idled legacy equipment in favor of the CoronaLux technology.
- Several significant customer waste agreements have been signed by the Texas facility in the first months of operation, and a number of other agreements are being negotiated.
- Continued to engage with additional medical waste partners in Southern California, Texas, Florida (Broward & Orange counties) and North Carolina (Guilford County) to initiate or expand operations.

• REGS

- Initiated service work on several new projects during the quarter, including continuing work in the Midwest and expects to start over \$500,000 in new projects this quarter.

- Activity continues to ramp surrounding the partnership with Biochar Now (BCN), particularly with the expansion of manufacturing capabilities for kiln production. BCN manufactures high-quality and patented biochar. REGS expects to successfully leverage its relationships in the mining industry to enable initial market penetration.
- REGS is also working with leading water experts and service companies to expedite the deployment of its technology within the water treatment market.
- Debt financing is expected in the short term to enable increased capacity and specialized manufacturing capabilities to fulfill an anticipated \$2.4 million in kiln orders from BCN over the next two quarters.

Management Commentary

“The first quarter was highlighted by initiation of our revenue ramp at the Paragon Southwest Medical Waste facility in Anahuac, Texas,” stated John Combs, CEO of SEER. “We recognized initial revenues and management fees from the joint venture during the first quarter and expect to realize increasing volume and revenue as the year progresses and operations ramp. This represents a demonstrable foothold in the industry for our proprietary CoronaLux™ technology and we look forward to continuing to supply CoronaLux™ systems to the joint venture as operations continue to scale in the licensed region.

“Although a temporary decline in long-term contract revenue dampened revenue growth from the Environmental Solutions segment, we remain encouraged by the growth in our media replacement sales. We expect spikes in large system revenue due to the sales cycle of these products, so in order to offset this impact, the build-out of steadier, high-margin, recurring revenues leveraging our highly competitive media product offerings continues to be a major strategic priority of our management team.

“We experienced modest growth in the Industrial Cleaning segment and expect new projects to materialize starting in the second quarter. We are increasingly disciplined about the service work we bid on and expect this strategy to positively impact our future margins in the segment. Of note, our partnership with Biochar Now continues to progress and we look forward to providing operational updates on that front as soon as appropriate.

“Based on recent industry response, we continue to be optimistic regarding the revenue ramp in our Solid Waste segment as the CoronaLux™ technology sees increasing adoption nationwide.

“While we are not holding a quarterly call in the first quarter due to its proximity to our recent fourth quarter call, we do see several notable operational milestones on the horizon and look forward to holding an update call in early June,” concluded Combs.

First Quarter 2018 Financial Results

Total revenue in the first quarter of 2018 decreased to \$1.9 million compared to \$2.6 million in the same year-ago quarter. The decrease is primarily attributable to lower revenues from the Environmental Solutions segment as the result of fewer large system sales.

Industrial Cleaning revenue in the first quarter of 2018 totaled \$0.9 million versus \$0.8 million in the same year-ago quarter.

Environmental Solutions revenue in the first quarter of 2018 totaled \$0.9 million versus \$1.7 million in the same year-ago quarter. The decrease is primarily attributable to lower large-system sales revenue.

Solid Waste (PWS) net revenue in the first quarter of 2018 totaled \$97,400 versus \$69,300 in the same year-ago quarter. The increase in solid waste revenue in the first quarter of 2018 is primarily attributable to the start-up of the facility in Anahuac, Texas.

Gross margin in the first quarter of 2018 decreased to 24.3% from 27.2% in the same year-ago quarter. The decrease in quarterly gross margin was due to lower revenues from the Environmental Solutions segment.

Total operating expenses for the first quarter of 2018 decreased to \$2.3 million, compared to \$2.9 million in the first quarter of 2017. The decrease in total operating expenses is primarily attributable to a \$0.6 million decrease in product costs.

Net loss attributable to SEER in the first quarter of 2018 totaled \$0.7 million or (\$0.01) per diluted share, compared to a net loss of \$0.4 million or (\$0.01) per diluted share in the same year-ago quarter.

Adjusted EBITDA loss in the first quarter of 2018 totaled \$0.2 million, compared to a profit of \$0.3 million in the same year-ago quarter (see definition and further discussion about the presentation of adjusted EBITDA, a non-GAAP term, below).

Cash at March 31, 2018, totaled \$0.2 million compared to \$0.3 million at March 31, 2017.

Further details about the company's results in the first quarter of 2018 are available in its Quarterly Report Form 10-Q, accessible in the investor relations section of the company's website at www.seer-corp.com.

First Quarter 2018 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 May 15, 2018 in its Annual Report on Form 10-Q for the period ended March 31, 2018, and which can be viewed at www.sec.gov and in the investor relations section of the company's website at 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):

	Three Months Ended		Year Ended	
	3/31/2018	3/31/2017	12/31/2017	12/31/2016
Net Income (Loss) Continuing Operations	(747,300)	(774,600)	(6,133,400)	(5,063,200)
Net Income (Loss) Discontinued Operations	0	354,700	3,389,600	423,300
Noncontrolling Interest	16,600	51,200	545,400	753,500
Net Income (Loss) Applicable to SEER	(730,700)	(368,700)	(2,198,400)	(3,886,400)
Interest	365,800	426,900	1,425,600	324,200
Depreciation and Amortization	160,600	181,500	774,800	740,700
EBITDA, Including Noncontrolling Interest	(204,300)	239,700	2,000	(2,821,500)
Stock Based Compensation (Option Comp, Warrant Comp, Stock Issued for Services and Settlements, Warrant Extensions)	35,500	17,000	246,600	91,500
Modified EBITDA, Including Noncontrolling Interest	(168,800)	256,700	248,600	(2,730,000)
EBITDA, Excluding Noncontrolling Interest	(220,900)	188,500	(543,400)	(3,575,000)
Modified EBITDA, Excluding Noncontrolling Interest	(185,400)	205,500	(296,800)	(3,483,500)

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 three wholly-owned operating subsidiaries: REGS, 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.

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.

Investor Relations

MZ Group

Chris Tyson

Managing Director – MZ North America

Direct: 949-491-8235

chris.tyson@mzgroup.us

www.mzgroup.us

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

	March 31, 2018	December 31, 2017
	Unaudited	*
ASSETS		
Current assets:		
Cash	\$ 170,600	\$ 54,100
Accounts receivable, net of allowance for doubtful accounts of \$460,100 and \$460,100, respectively	695,900	692,400
Notes receivable, net	184,600	184,600
Prepaid expenses and other current assets	684,000	340,900
Total current assets	1,735,100	1,272,000
Property and equipment, net	1,163,400	1,296,400
Intangible assets, net	595,500	623,100
Notes receivable, net of current portion	552,800	542,900
Other assets	16,500	16,500
TOTAL ASSETS	\$ 4,063,300	\$ 3,750,900
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,615,800	\$ 1,436,900
Accrued liabilities	1,207,600	1,307,600
Revenue contract liabilities	213,900	227,300
Deferred revenue	325,400	304,200
Payroll taxes payable	1,011,700	997,700
Customer deposits	1,600	21,600
Current portion of notes payable and capital lease obligations	2,769,600	2,166,300
Notes payable - related parties, including accrued interest	11,800	11,800
Total current liabilities	7,157,400	6,473,400
Deferred revenue, non-current	87,900	113,100

Notes payable and capital lease obligations, net of current portion	485,900	504,300
Total liabilities	<u>7,731,200</u>	<u>7,090,800</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; 57,348,575 and 56,528,575 shares issued, issuable** and outstanding 2018 and 2017, respectively		
	57,100	56,500
Common stock subscribed	25,000	25,000
Additional paid-in capital	21,209,400	20,790,700
Stock subscription receivable	(25,000)	(25,000)
Accumulated deficit	<u>(22,202,600)</u>	<u>(21,471,900)</u>
Total stockholders' equity	(936,100)	(624,700)
Non-controlling interest	<u>(2,731,800)</u>	<u>(2,715,200)</u>
Total equity	<u>(3,667,900)</u>	<u>(3,339,900)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,063,300</u>	<u>\$ 3,750,900</u>

**These numbers were derived from the audited financial statements for the year ended December 31, 2017. See accompanying notes.*

***Includes 760,000 and 190,000 shares issuable at March 31, 2018 and December 31, 2017, respectively, per terms of short-term notes.*

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	<u>2018</u>	<u>2017</u>
Revenue:		
Products	\$ 875,500	\$ 1,689,000
Services	923,200	834,500
Solid waste	97,400	69,300
Total revenue	<u>1,896,100</u>	<u>2,592,800</u>
Operating expenses:		
Products costs	530,200	1,178,400
Services costs	775,700	652,900
Solid waste costs	17,000	57,300
General and administrative expenses	494,500	541,900
Salaries and related expenses	<u>492,700</u>	<u>504,800</u>

Total operating expenses	<u>2,310,100</u>	<u>2,935,300</u>
Loss from operations	<u>(414,000)</u>	<u>(342,500)</u>
Other income (expense):		
Interest expense	(365,800)	(426,900)
Other	32,500	(5,200)
Total non-operating expense, net	<u>(333,300)</u>	<u>(432,100)</u>
Net loss from continuing operations	(747,300)	(774,600)
Net income from discontinued operations, net of tax	<u>-</u>	<u>354,700</u>
Net loss	(747,300)	(419,900)
Less: Net loss attributable to non-controlling interest	<u>(16,600)</u>	<u>(51,200)</u>
Net loss attributable to SEER common stockholders	<u>\$ (730,700)</u>	<u>\$ (368,700)</u>
Net loss per share from continuing operations	\$ (0.01)	\$ (0.01)
Discontinued operations	-	*
Net loss per share, basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average shares outstanding – basic and diluted	<u>56,736,019</u>	<u>54,532,727</u>

*Less than \$0.01 per share

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net loss	\$ (747,300)	\$ (419,900)
Income from discontinued operations	-	354,700
	<u>(747,300)</u>	<u>(774,600)</u>
Net loss from continuing operations		
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	160,600	191,900
Stock-based compensation expense	35,500	17,000
Non-cash expense for interest, common stock issued for debt penalty	263,800	345,000

Non-cash expense for interest, warrants – accretion of debt discount	-	1,600
Changes in operating assets and liabilities:		
Accounts receivable	(3,500)	46,700
Costs in Excess of billings on uncompleted contracts	-	13,600
Prepaid expenses and other assets	17,500	(44,000)
Accounts payable and accrued liabilities	58,900	(286,200)
Revenue contract liabilities	(13,400)	(134,300)
Deferred revenue	(4,000)	(47,100)
Payroll taxes payable	14,000	5,700
Net cash used by operating activities	<u>(217,900)</u>	<u>(664,700)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(1,300)
Net cash used in investing activities	<u>-</u>	<u>(1,300)</u>
Cash flows from financing activities:		
Payments of notes and capital lease obligations	(135,600)	(183,600)
Proceeds from short-term notes	350,000	450,000
Proceeds from the sale of common stock and warrants, net of expenses	120,000	-
Net cash provided by financing activities	<u>334,400</u>	<u>266,400</u>
Net cash flows from discontinued operations	<u>-</u>	<u>509,000</u>
Net increase in cash	116,500	109,400
Cash at the beginning of period	54,100	233,200
Cash at the end of period	<u>\$ 170,600</u>	<u>\$ 42,600</u>

Supplemental disclosures of cash flow information:

Cash paid for interest	<u>\$ 61,500</u>	<u>\$ 12,400</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Financing of prepaid insurance premiums	<u>\$ 370,500</u>	<u>\$ 438,300</u>



Source: Strategic Environmental & Energy Resources, Inc.