

April 11, 2019



Midwest Energy Emissions Corp. Reports Fourth Quarter and Year-End 2018 Financial Results

LEWIS CENTER, OH, April 11, 2019 (GLOBE NEWSWIRE) -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME₂C" or the "Company"), a leader in mercury emissions control in North America, has provided its financial results for the fourth quarter and full year ended December 31, 2018.

Full Year 2018 Results

	<u>FY 2018</u>	<u>FY 2017</u>
Revenues	\$12.3 million	\$27.5 million
Net Loss	(\$4.8) million	(\$2.9) million
Adjusted EBITDA (non-GAAP) ¹	(\$1.5) million	\$2.9 million
Shares Outstanding (Fully diluted)	93.2 million	95.0 million

Fourth Quarter 2018 Results

	<u>Q4 2018</u>	<u>Q4 2017</u>
Revenues	\$3.5 million	\$5.7 million
Net Loss	(\$0.6) million	(\$2.1) million
Adjusted EBITDA (non-GAAP) ¹	\$0.1 million	(\$0.2) million

¹We define Adjusted EBITDA (a non-GAAP financial measure) as net income adjusted for interest and financing fees, income taxes, depreciation, amortization, stock-based compensation and other non-cash income and expenses. Please see "Use of Non-GAAP Financial Measures" below.

Management Commentary

"We started 2018 by signing a multi-year licensing agreement with Cabot Corporation which will drive our efforts to penetrate the European market with our patented technologies. As the year progressed, we announced a supply contract extension and expansion with one of the largest utilities in North America and announced moving forward with a licensing program throughout the USA," said Richard MacPherson, President and CEO of ME₂C.

MacPherson continued, "As we move forward in 2019, we expect to continue to drive shareholder value by securing additional contracts with USA-based and international customers currently in our pipeline. This will be combined with the continued support of Caldwell Cassady & Curry P.C. previously announced as having been engaged to lead the Company's efforts in licensing our patented SEA[®] technologies across the USA coal fleet."

Corporate Highlights

In April 2018, ME₂C announced a multi-year European licensing agreement with Cabot Corporation (NYSE: CBT), 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.

In October 2018, ME₂C announced that they secured a three-year, multi-million dollar per year supply contract extension with its largest customer. ME₂C also announced that it expanded into two additional coal-fired boilers for this same customer, which is expected to generate multi-million dollars annually in revenue over the course of three years. In March 2019, ME₂C announced that it had further expanded into this customer's fleet by securing another two additional coal-fired boilers for the supply of product.

In the second half of 2018, ME₂C announced that it is now moving forward with a new licensing program throughout the USA whereby the Company will offer licenses and other commercial opportunities to utility operations in the USA who have adopted ME₂C's patented SEA[®] technologies.

In connection with this program, the Company has retained Caldwell Cassady & Curry P.C., an IP law firm based in Dallas, Texas, to lead the efforts to license the Company's SEA[®] technologies.

In February 2019, ME₂C announced that it had completed a restructuring of all unsecured and secured debt obligations with Alterna Capital Partners, LLC.

In March 2019, ME₂C announced that it had secured a multi-year supply contract valued in excess of \$1.0 Million annually with a new, USA-based utility customer and also announced a multi-year contract renewal with a long-term customer.

Fourth Quarter and Full Year 2018 Financial Results

Total revenue in the fourth quarter of 2018 was \$3.5 million, compared to \$5.7 million in the same year-ago quarter. The decrease is attributable to the decrease of customer EGU's in operation in 2018.

Total revenue for the year ended December 31, 2018 was \$12.3 million, compared to revenue of \$27.5 million in 2017. The decrease from the prior year is primarily due to the decrease in product sales due to the loss of customer EGU's that were shut down as a result of competitive disadvantages to other EGU's, optimization efforts with our customers, as well as lower capacity factors seen at some customer sites resulting in decreased product needed to keep our customers in MATS compliance.

Costs and expenses were \$4.1 million and \$7.2 million during the three months ended December 31, 2018 and 2017, respectively. Costs and expenses were \$17.1 million and \$29.9 million during the full year 2018 and 2017, respectively. The decrease in costs and expenses from the prior year is primarily attributable to a decrease in costs of sales in the current year. The decrease in cost of sales is primarily associated with the significant decrease in revenues in 2018 compared to 2017.

Net loss in the fourth quarter of 2018 was \$0.6 million, or \$(0.01) per diluted share, compared to a net loss of \$2.1 million, or \$(0.02) per diluted share, in the fourth quarter of

2017. Net loss for the full year 2018 was \$4.8 million, or (\$0.06) per diluted share, compared to a net loss of \$2.9 million, or (\$0.03) per diluted share, in 2017. The change in net loss is primarily due to the decreased sales.

Adjusted EBITDA in the fourth quarter of 2018 totaled \$0.1 million compared to adjusted EBITDA of \$(0.2) million in the same year-ago quarter. Adjusted EBITDA totaled \$(1.5) million for FY 2018, compared to \$2.9 million in 2017.

On December 31, 2018, the Company had cash and cash equivalents of \$585,000 compared to \$2.4 million on December 31, 2017.

Although substantial doubt regarding the Company's going concern has been expressed at times in the past in the financial statements, the audited financial statements for the year ended December 31, 2018, reflect that after extending the maturities of its principal debt in February 2019, historical sales and gross margins with its current customers and the incremental sales and gross margins from the newly announced customer contracts, management believes substantial doubt has been mitigated regarding the Company's ability to continue as a going concern.

Conference Call and Webcast

Management will host a conference call today, April 11, 2019 at 5:00 p.m. Eastern time to discuss ME₂C's fourth quarter and year end 2018 results, provide a corporate update, and conclude with a Q&A from participants. To participate, please use the following information:

Date: Thursday, April 11, 2019

Time: 5:00 p.m. Eastern time

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

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

Conference ID: 1679762

Webcast: <http://public.viavid.com/index.php?id=133949>

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 May 11, 2019, 11:59 PM. 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 1679762.

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.

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 full year ended December 31, 2018 and 2017, respectively:

Year Ended

	12/31/2018	12/31/2017
	(In thousands)	
Net loss	\$ (4,817)	\$ (2,903)
Non-GAAP adjustments:		
Depreciation and amortization	796	1,354
Interest and letter of credit fees	2,004	2,374
Income taxes	22	540
Stock based compensation	491	1,532
Adjusted EBITDA	<u>\$ (1,504)</u>	<u>\$ 2,897</u>

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current assets		
Cash	\$ 584,877	\$ 2,418,427
Accounts receivable	1,642,126	2,931,353
Inventory	509,416	659,579
Prepaid expenses and other assets	136,628	210,535
Customer acquisition costs, net	34,467	137,866
Total current assets	<u>2,907,514</u>	<u>6,357,760</u>
Property and equipment, net	2,397,691	2,728,993
Intellectual property, net	2,733,662	2,934,862
Customer acquisition costs, net	-	34,467
Total assets	<u>\$ 8,038,867</u>	<u>\$ 12,056,082</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities		
Accounts payable and accrued expenses	\$ 1,858,326	\$ 1,795,703
Current portion of notes payable, net	-	3,961,417
Current portion of equipment notes payable	63,424	61,177
Accrued interest	96,902	77,500
Customer credits	167,000	167,000
Deferred compensation	555,877	-
Deferred revenue	-	517,060
Total current liabilities	<u>2,741,529</u>	<u>6,579,857</u>

Notes payable, net of discount and issuance costs, less current portion	13,814,208	9,733,361
Equipment notes payable, less current portion	104,226	167,650
Total liabilities	<u>16,659,963</u>	<u>16,480,868</u>

COMMITMENTS AND CONTINGENCIES (Note 9)

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 December 31, 2018 and 2017

76,246 76,246

Additional paid-in capital

42,785,990 42,165,620

Accumulated deficit

(51,483,332) (46,666,652)

Total stockholders' deficit

(8,621,096) (4,424,786)

Total liabilities and stockholders' deficit

\$ 8,038,867 \$ 12,056,082

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

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues	\$ 12,295,862	\$ 27,499,080
Costs and expenses:		
Cost of sales	9,147,745	19,016,932
Selling, general and administrative expenses	5,894,511	8,471,096
Loss on debt restructuring	44,036	-
Interest expense	1,975,097	2,154,570
Letter of credit fees	29,000	219,333
Total costs and expenses	<u>17,090,389</u>	<u>29,861,931</u>
Net loss before provision for income taxes	(4,794,527)	(2,362,851)
Provision for income taxes	<u>(22,153)</u>	<u>(540,422)</u>
Net loss	<u>\$ (4,816,680)</u>	<u>\$ (2,903,273)</u>

Net loss per common share - basic and diluted:	<u>\$ (0.06)</u>	<u>\$ (0.03)</u>
Weighted average common shares outstanding	<u>76,137,894</u>	<u>75,061,800</u>

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

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Source: Midwest Energy Emissions Corp.