

May 9, 2017



# Strategic Environmental & Energy Resources Reports First Quarter 2017 Financial Results

## Environmental Technology Solutions Revenue Increased 195% to \$1.7 Million

GOLDEN, CO -- (Marketwired) -- 05/09/17 -- [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 first quarter ended March 31, 2017.

### ***First Quarter 2017 Financial Highlights***

- Total revenue in Q1 2017 increased 20% to \$4.2 million versus \$3.5 million in Q1 2016
- Q1 2017 revenues were \$2.4 million in Industrial and Railcar Cleaning, \$1.7 million in Environmental Technology Solutions (MV) and \$0.1 million in Solid Waste (Paragon Waste Solutions).
- Gross profit margins in Q1 2017 were 27.9% vs. 38.3% in Q1 2016
- Net loss attributable to SEER in Q1 2017 was \$0.4 million versus net income of \$0.1 million in Q1 2016
- Q1 2017 adjusted EBITDA was \$0.3 million compared to \$0.4 million in Q1 2016

### ***First Quarter 2017 Operational Highlights by Division***

#### ***Environmental Technology Solutions (MV & SEM) Financial***

- MV Q1 2017 revenue increased 195% to \$1.7 million compared to \$0.6 million in Q1 2016
- MV Q1 2017 gross profits were \$0.5 million compared to \$0.2 million in Q1 2016

#### ***Operational***

- Secured \$0.4 million of purchase orders for H2SPlus™ hydrogen sulfide removal system
- Added one new landfill project (16 landfills operational in total); one new waste water treatment project; one food and beverage facility, and one asphalt refinery system.

- Shipped multiple orders for the Company's proprietary BAM (bio-active media™) and continued to generate high-margin sales revenue
  - Appointed Richard Robertson to President of MV Technologies and COO of SEER
  - Secured \$1.4 million of purchase orders for next generation H2S Removal System - SulfAx™ System
    - SulfAx™ System Deployed at Fortune 500 beverage company production facility in California
  - Secured a \$760,000 purchase order for its OdorFilter™ System at a major asphalt refinery & emulsions facility in Texas
- **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, that requires a statutory 30-day waiting period, addresses the final permit and, once issued, will allow for full-time operation of the CoronaLux system. A public hearing on this matter is expected to occur in May 2017.
    - Granted a third U.S. patent 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.
    - Awarded air quality permit for its CoronaLux system for the destruction of medical waste by the Texas Commission on Environmental Quality (TCEQ). 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.
    - Commenced the permitting process for CoronaLux technology rollout plan in Northern California at our current JV partner's existing facility and a "greenfield" site in Bakersfield, California. Paragon's objective will be to pursue the first site where a permit is attained.
- **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).
    - Partnered with Innovative Energy Technologies and entered Canadian oil & gas field market for V3RU Technology in Q2 2017.
    - 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**

"The first quarter of 2017 concluded on a strong up swing as all of our divisions displayed notable quarter-over-quarter, top-line revenue growth," said SEER's CEO, John Combs. "We delivered solid operating results in our environmental technology and material divisions. This confirms our commitment to growing this higher-margin and recurring revenue side of the SEER business.

"We are particularly pleased with the progress MV Technologies made in the first quarter of 2017 with revenues up 195% to \$1.7 million. This also represented the highest revenue growth segment at SEER: \$0.4 million in new purchase orders for our H2SPlus, Hydrogen Sulfide Removal System and higher-margin SEM revenues were generated in the first quarter. 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 particularly focused on immediately leveraging our enhanced and expanded board of directors to increase our MV LFG installations and associated media sales.

"Our service offerings remain important and Tactical revenue continued its upward trajectory reaffirming our belief that a material turnaround is in place. REGS also made progress during the first quarter, 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.

"The momentum is continuing in the second quarter with our patented fugitive emission capture systems, the V3RU™ and the V3RU Plus™ systems. As we announced recently, we are aggressively targeting the Canadian market with our new partner, Innovative Energy Technologies. Initially, the collective efforts will be focused to deploy the fugitive emission capture technologies in major oil and gas fields located in Western Canada, particularly the Lloydminster area. Phase I will be to deploy its V3RU systems and Phase II will be to introduce the V3RU Plus system that not only captures emissions, but also produces natural gas liquids for resale or beneficial uses in oil field operations. In Canada, these programs are currently much more developed and economically rewarding when compared to the U.S. and we believe this market represents an imminent and potentially very lucrative opportunity for the Company and our new Canadian partners," continued Combs.

"Finally, and most important, yesterday we announced a major enhancement to our board and executive suite by appointing former USA Waste Services Chairman and CEO, Donald Moorehead, as Chairman of the SEER board of directors and CEO of Paragon Waste Solutions. Don's appointment represents one of the most important milestones in SEER's operating history to date and we believe the company is well positioned to make available to Mr. Moorehead a unique portfolio of assets that will enable him to leverage his 30 years of successful acquisitions and mergers as well as decades of stellar operations across all aspects of waste markets worldwide. The company's initial focus will be to provide Mr. Moorehead with several patented technologies to change the way medical waste is handled in the U.S. and abroad (Paragon) as well as capture market share in the LFG space (MV). We couldn't be more excited to start the next phase of our growth cycle for our disruptive CoronaLux technology and our MV LFG environmental technology solutions technologies," concluded Combs.

### ***First Quarter 2017 Financial Results***

Total revenue in the first quarter of 2017 increased 20% to \$4.2 million compared to \$3.5 million in the same year-ago quarter. This increase is primarily driven by an increase of approximately \$1.1 million in environmental solutions revenue, partially offset by a \$0.4 million reduction in service revenue.

Industrial and Railcar Cleaning revenue in the first quarter of 2017 totaled \$2.4 million versus \$2.9 million in the same year-ago quarter. The increase in the number of railcars serviced is due to the railcar industry transitioning to transporting other liquid products as a result of the downturn in the oil and gas market, thus increasing service opportunities.

Environmental Solutions revenue in the first quarter of 2017 totaled \$1.7 million versus \$0.6 million in the same year-ago quarter. The increase in the environmental solutions revenue is due to greater long term contract revenue, one time revenue and recurring media sales to new and existing customers.

Solid Waste (PWS) revenue in the first quarter of 2017 totaled \$69,300 versus \$71,600 in the same year-ago quarter.

Gross margins in the first quarter of 2017 decreased to 27.9% from 38.3% in the same year-ago quarter. The decrease in gross margin is largely attributable to a decrease in the utilization of manpower in the services division.

Total operating expenses for the first quarter of 2017 grew to at \$4.2 million compared to \$3.4 million in the same year-ago quarter. The increase in operating costs is primarily the result of the 175% increase in environmental solutions revenue resulting in a 220% increase in environmental solutions costs, and an increase in industrial and railcar cleaning services costs of approximately \$0.1 million.

Net loss attributable to SEER in the first quarter of 2017 totaled \$0.4 million or (\$0.01) per diluted share, compared to net income of \$0.1 million or \$0.00 per diluted share in the same year-ago quarter.

Adjusted EBITDA in the first quarter of 2017 totaled \$0.3 million, compared to \$0.4 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, 2017, totaled \$0.3 million compared to \$0.2 million at December 31, 2016.

Further details about the company's results in the first quarter of 2017 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](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: Tuesday, May 9, 2017

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

Toll-free dial-in number: 1-888-857-6932

International dial-in number: 1-719-457-2643  
Conference ID: 1215191

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=124234> 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 July 9, 2017.

Toll-free replay number: 1-844-512-2921  
International replay number: 1-412-317-6671  
Replay ID: 1215191

### ***First Quarter 2017 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 9, 2017 in its Quarterly Report on Form 10-Q for the period ended March 31, 2017, 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):

|                                      | <b><i>Period Ended</i></b> |                         |
|--------------------------------------|----------------------------|-------------------------|
|                                      | <b><i>3/31/2017</i></b>    | <b><i>3/31/2016</i></b> |
| Net income (loss)                    | (419,900)                  | 48,600                  |
| Noncontrolling interest              | 51,200                     | 82,600                  |
| Net income (loss) applicable to SEER | (368,700)                  | 129,400                 |
| Interest                             | 427,100                    | 47,700                  |
| Depreciation and Amortization        | 191,900                    | 194,300                 |

|   |         |         |
|---|---------|---------|
| EBITDA, including noncontrolling interest                                       | 250,300 | 371,400 |
| Stock based compensation (option comp, warrant comp, stock issued for services) | 17,000  | 29,600  |
| Modified EBITDA, including noncontrolling interest                              | 267,300 | 401,000 |
| EBITDA, excluding noncontrolling interest                                       | 199,100 | 288,800 |
| Modified EBITDA, excluding noncontrolling interest                              | 216,100 | 318,400 |

***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. CONDENSED  
CONSOLIDATED BALANCE SHEETS***

|   | March 31, 2017      | December 31,<br>2016 |
|---|---------------------|----------------------|
|   | Unaudited           | *                    |
| <b>ASSETS</b>   |                     |                      |
| Current assets:   |                     |                      |
| Cash  | \$ 342,600          | \$ 233,200           |
| Accounts receivable, net of allowance for doubtful<br>accounts of \$300,500 and \$300,500, respectively | 2,273,600           | 2,029,900            |
| Costs and estimated earnings in excess billings on<br>uncompleted contracts                             | -                   | 13,600               |
| Prepaid expenses and other current assets   | 1,033,800           | 535,900              |
| Total current assets  | 3,650,100           | 2,812,600            |
| Property and equipment, net   | 2,795,800           | 2,961,300            |
| Intangible assets, net  | 712,900             | 738,000              |
| Other assets  | 25,600              | 25,600               |
| <b>TOTAL ASSETS</b>   | <b>\$ 7,184,300</b> | <b>\$ 6,537,500</b>  |

#### **LIABILITIES & STOCKHOLDERS' EQUITY**

|  |              |              |
|--|--------------|--------------|
| Current liabilities:   |              |              |
| Accounts payable   | \$ 2,338,800 | \$ 2,158,500 |
| Accrued liabilities  | 1,462,900    | 1,469,100    |
| Billings in excess of costs and estimated earnings on<br>uncompleted contracts | 956,500      | 1,090,800    |
| Deferred revenue   | 188,300      | 188,300      |
| Payroll taxes payable  | 999,000      | 993,300      |
| Customer deposits  | 330,000      | 330,000      |
| Current portion of notes payable and capital lease<br>obligations              | 1,280,300    | 571,800      |
| Notes payable - related parties, including accrued<br>interest                 | 11,800       | 11,800       |
| Total current liabilities  | 7,567,600    | 6,813,600    |
| Deferred revenue, non-current  | 236,500      | 283,600      |
| Notes payable and capital lease obligations, net of<br>current portion         | 1,749,500    | 1,751,500    |
| Total liabilities  | 9,553,600    | 8,848,700    |

#### **Commitments and contingencies**

#### **Stockholders' Equity):**

|  |            |            |
|--|------------|------------|
| Preferred stock; \$.001 par value; 5,000,000 shares<br>authorized; -0- shares issued   |            |            |
| Common stock; \$.001 par value; 70,000,000 shares<br>authorized; 55,038,575 and 54,525,079 shares issued,<br>issuable** and outstanding 2017 and 2016,<br>respectively | 55,000     | 54,500     |
| Common stock subscribed  | 25,000     | 25,000     |
| Additional paid-in capital   | 19,438,900 | 19,077,600 |

|  |                  |                     |
|--|------------------|---------------------|
| Stock subscription receivable              | (25,000)         | (25,000)            |
| Accumulated deficit                        | (19,642,200)     | (19,273,500)        |
| Total stockholders' equity                 | (148,300)        | (141,400)           |
| Non-controlling interest                   | (2,221,000)      | (2,169,800)         |
| Total equity                               | (2,369,300)      | (2,311,200)         |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>7,184,300</u> | <u>\$ 6,537,500</u> |

*\*These numbers were derived from the audited financial statements for the year ended December 31, 2016.*

*\*\*Includes 500,000 shares issuable at March 31, 2017 per terms of short-term note agreements.*

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

|   | For the Three Months Ended<br>March 31, |                   |
|---|---|-------------------|
|   | 2017                                    | 2016              |
| Revenue:  |   |                   |
| Products  | \$ 1,689,000                            | \$ 572,800        |
| Services  | 2,436,000                               | 2,860,100         |
| Solid waste   | 69,300                                  | 71,600            |
| Total revenue   | <u>4,194,300</u>                        | <u>3,504,500</u>  |
| Operating expenses:                                     |   |                   |
| Products costs  | 1,178,400                               | 368,100           |
| Services costs  | 1,789,500                               | 1,690,300         |
| Solid waste costs                                       | 57,300                                  | 103,900           |
| General and administrative expenses                     | 568,200                                 | 570,000           |
| Salaries and related expenses                           | 587,800                                 | 690,700           |
| Total operating expenses                                | <u>4,181,20</u>                         | <u>3,423,000</u>  |
| Income from operations                                  | <u>13,100</u>                           | <u>81,500</u>     |
| Other income (expense):                                 |   |                   |
| Interest expense  | (427,100)                               | (47,700)          |
| Other   | (5,900)                                 | 13,000            |
| Total non-operating expense, net                        | <u>(433,000)</u>                        | <u>(34,700)</u>   |
| Net income (loss)                                       | (419,900)                               | 46,800            |
| Less: Net loss attributable to non-controlling interest | (51,200)                                | (82,600)          |
| Net income attributable to SEER common stockholders     | <u>\$ (368,700)</u>                     | <u>\$ 129,400</u> |
| Net loss per share, basic and diluted                   | <u>\$ (0.01)</u>                        | <u>\$ 0.00</u>    |



|   |                   |                   |
|---|-------------------|-------------------|
| Weighted average shares outstanding - basic and diluted | <u>54,532,727</u> | <u>52,593,211</u> |
|---|-------------------|-------------------|

Investor Relations

MZ Group

Chris Tyson

Managing Director - MZ North America

Direct: 949-491-8235

[chris.tyson@mzgroup.us](mailto:chris.tyson@mzgroup.us)

[www.mzgroup.us](http://www.mzgroup.us)

Source: Strategic Environmental & Energy Resources, Inc.