

August 14, 2018



SEER Reports Second Quarter 2018 Financial Results

Second Quarter 2018 Conference Call Scheduled for Wednesday, August 15, 2018 at 11:30 a.m. ET

GOLDEN, Colo., Aug. 14, 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 second quarter ended June 30, 2018.

Second Quarter 2018 Financial Highlights

- Total revenue in Q2 2018 was \$2.4 million versus \$2.5 million in Q2 2017.
- Q2 2018 net revenue was \$0.8 million in Industrial Cleaning (REGS), \$1.5 million in Environmental Technology Solutions (MV/SEM) and \$88,000 in Solid Waste (Paragon Waste Solutions).
- Gross profit margin in Q2 2018 was 27.4% vs. 14.2% in Q2 2017.
- GAAP net loss attributable to SEER was \$1.0 million in Q2 2018 versus a net loss of \$1.3 million in Q2 2017.
- Q2 2018 adjusted EBITDA loss was \$0.3 million compared to a loss of \$0.5 million in Q2 2017.
- Q2 2018 net cash used in operations totaled \$0.3 million versus \$0.5 million in Q2 2017.

Second Quarter 2018 and Subsequent Financial and Operational Highlights by Division

- **Environmental Technology Solutions (MV & SEM)**
 - Environmental Solutions Q2 2018 revenue was \$1.5 million, a decrease of 17.1% when compared to Q2 2017 revenue of \$1.9 million. Gross profit decreased from \$0.63 million in Q2 2017 to \$0.59 million in Q2 2018 and gross profit margin increased from 34.1% in Q2 2017 to 38.3% in Q2 2018.
 - MV continues to receive high-margin, recurring revenue from media replacement sales to a steadily growing base of approximately 70 system installations in landfills, anaerobic digester systems and WWTPs across North

America.

- In the first 7 months of 2018, MV has written about \$35 million of proposals compared to the same figure of for the entire calendar year of 2017, an increase of approximately 50%. The landfill Gas segment continues to account for almost 40% of dollar volume at over \$15 million in proposals written. MV has seen a notable increase is in proposal dollars written in the Wastewater Treatment segment, which has written approximately \$12 million of proposals year to date, as compared to \$1 million in fiscal 2017.

-In the northeast market, MV received a \$170,000 purchase order from an organic waste processing facility in Maine.

-Another MV customer, a large landfill in NJ, was issued a permit that includes an H2SPlus system listed as the control device that will enable compliance with their Title V air permit. This is a 6-vessel system that will result in approximately \$1.3 million in revenue to MV. It is anticipated the system will be installed in the first part of 2019 to meet their Feb. 2020 compliance date. This will be MV's 5th H2SPlus system in the State of NJ.

-MV expects to receive an approximately \$800,000 purchase order in the third quarter for a large odor control system for an Arizona refinery.

-MV is currently experiencing a backlog in media orders and intends to expand operations at its Texas SEM facility to meet growing demand.

- Placed an additional rental system requiring ongoing replacement media at a central California landfill to help it comply with California's increasingly stringent emissions requirements. The rental will bring in \$7,000 per month of rental revenue. In addition, the landfill will need to purchase about \$30,000 of replacement media each month. This is the second temporary rental system in the California market. Combined, the two systems bring in \$21,000 each month in rental income in addition to the recurring revenue from replacement media monthly sales.
- MV is currently in discussions with a landfill in the Midwest for a third potential rental program, which needs a quick solution to come into compliance for its Title V air permit. This would add additional recurring, high-margin revenue.

- **Paragon Waste Solutions - CoronaLux™**

- Paragon's joint venture in Paramount, California is in full commercial operation and, in addition to hazardous medical waste, has secured new pharmaceutical waste streams. The agreement with Paragon's partner is being negotiated so that the management team at MWS can assist with the national roll-out of Paragon, including a major California operation. Paragon anticipates announcing a definitive plan to fund this expansion in the near term.

- Continued to ramp operations and throughput at Paragon Southwest Medical Waste, LLC (PSMW), a waste destruction facility in Anahuac, Texas. Customer volume has grown steadily since start-up, and PSMW has expanded its customer base organically by taking “bypass” or “thermal destruction” waste streams from a broad range of autoclave facilities and government agencies.

-PSMW generated approximately \$50,000 in revenue to Paragon during the quarter.

-Several significant customer waste agreements have been signed by PSMW in the first few months of operation, and a number of other agreements are being negotiated. The facility is moving toward implementing a second shift per day with three systems installed, which would increase waste destruction capacity to 9 tons per day.

-The facility has set the gold standard in the industry as it represents the first time an established incinerator operator has idled expansive and high-maintenance legacy equipment in favor of the superior CoronaLux technology. The facility has and will continue to host industry groups and prospective partners from around the world.

- The UK-based Joint Venture (Paragon UK) continues to work through the permitting process, and Paragon continues to support the local partner to achieve final permitting and commissioning.

- **REGS (Industrial Services and Manufacturing)**

- Commenced an estimated \$0.45M cleaning project for a large steel company in Pueblo, Colorado, consisting of tank cleaning, ultra-high-pressure water cutting and vacuum truck services. The project is expected to be completed in Q3 2018.

- Received its first manufacturing order from Biochar Now (“BCN”) to fabricate and complete production of kilns sets and related equipment required by BCN as part of its expansion. The initial order is in excess of \$1 million for deliveries to commence before year’s end.

- Secured several new project wins, including tank cleaning for an energy firm in Kansas, an Asphalt firm in the Western US and a pipeline company in Colorado, as well as a chemical cleaning project in Oklahoma and several smaller projects throughout Colorado. These projects total approximately \$200,000, representing new clients and tangible results from renewed marketing efforts.

-REGS has hired an additional seven employees to support new contract wins as well as in anticipation of continued growth over the coming months.

- Activity continues to ramp surrounding the partnership with Biochar Now

(BCN), as several water remediation projects completed in Texas demonstrated that the patented BCN product outperformed alternatives in removing excess nitrogen and phosphorus while successfully destroying invasive algae.

-REGS and BCN expect to leverage this success and expand both the size and scope of similar projects. Large projects in California and Florida are being evaluated.

-The next phase of a large river remediation project in the South East has already begun and the equipment manufactured by REGS is performing in line with expectations.

-REGS continues to work with leading water experts and service companies to expedite the deployment of its technology within both the water treatment market and the mining industry.

Management Commentary

“The second quarter was highlighted by continued operational execution and foundation building across several divisions,” stated John Combs, CEO of SEER. “The company is pleased to have enhanced and expanded its management team with Scott Yenzer, an experienced executive, joining the board. Mr. Yenzer has vast and very relevant talents to be contributed to SEER’s growth initiatives.

“Although a temporary lull in long-term contract revenue softened revenue growth from our Environmental Solutions division, we remain encouraged by the strong growth in rental program and our backlog of media replacement sales, both of which provide us with a growing base of high-margin, recurring revenues. Despite the lull, MV is on track to have a record year when considering outstanding proposals and orders. The MV team and its product solutions continue to demonstrate superior performance within the industry.

“We are particularly excited to see the revenue ramp at the Paragon Southwest Medical Waste facility in Anahuac, Texas and achieving full commercial operations at our California facility. While the initial Texas revenues will not carry over onto our income statement, we maintain a significant equity interest in the operation and expect to sell up to 12 additional CoronaLux units to the joint venture as operations expand. We are in discussions to engage in similar ventures in several key markets throughout the United States and continue to be highly optimistic regarding the long-term adoption of our proprietary CoronaLux technology.

“Paragon is receiving tangible interest from funding groups that are focused on making significant cash investment directly into Paragon and the Company is entertaining offers that are being carefully considered by management.

“We are also pleased to have demonstrated the efficacy of Biochar Now’s patented product in several water remediation projects throughout Texas. REGS will continue to leverage these project successes as we work with leading industry experts to expedite the deployment of the proprietary technology throughout the industry. The receipt of the initial

\$1 million order from BCN is the first of many large and profitable orders we expect REGS to receive in the coming quarters and years to come. We believe this represent a turning point for REGS and will return it to sustainable profitability.

“Having overcome many obstacles and delays involving politics and permitting, management remains optimistic regarding the future of our businesses as we continue to accomplish key milestones in our CoronaLux commercialization plan supplemented by revenue growth in our industrial cleaning segment and continued replacement media contract wins. We look forward to providing the investment community with further updates on our achievements as the company appears to be entering into a critical inflection point that will become more and more apparent over the next two quarters,” concluded Combs.

Second Quarter 2018 Financial Results

Total revenue in the second quarter of 2018 decreased 3% to \$2.4 million, as compared to \$2.5 million in the same year-ago quarter. The decrease in revenue is primarily attributable to a \$0.4 million decrease in environmental solutions revenue, somewhat offset by a \$0.3 million increase in industrial cleaning revenue.

Industrial Cleaning revenue in the second quarter of 2018 totaled \$0.8 million, as compared to \$0.5 million in the same year-ago quarter. The increase in industrial cleaning revenue is primarily attributable to new mobile rail car cleaning contract wins in the first half of 2018.

Environmental Solutions revenue in the second quarter of 2018 totaled \$1.5 million, as compared to \$1.9 million in the same year-ago quarter. The decrease in environmental solutions revenue is primarily attributable to a decline in long-term contract revenues.

Solid Waste (PWS) net revenue in the second quarter of 2018 totaled \$88,000, as compared to \$74,500 in the same year-ago quarter. The increase in solid waste revenue in the second quarter of 2018 is primarily attributable to management services revenue from the PSMW joint venture.

Gross margin in the second quarter of 2018 increased to 27.4%, as compared to 14.2% in the same year-ago quarter. The increase in gross margin was primarily attributable to an improvement of gross margin across all segments.

Total operating expenses for the second quarter of 2018 decreased to \$2.9 million, as compared to \$3.4 million in the second quarter of 2017. The decrease in operating expenses is primarily attributable to a decrease in environmental solutions costs, corresponding with the decrease in environmental solutions revenue.

Net loss attributable to SEER in the second quarter of 2018 totaled \$1.0 million or (\$0.02) per diluted share, as compared to a net loss of \$1.3 million or (\$0.02) per diluted share in the same year-ago quarter.

Adjusted EBITDA loss in the second quarter of 2018 totaled \$0.3 million, as compared to a loss of \$0.5 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 June 30, 2018, totaled \$0.2 million compared to \$0.3 million at June 30, 2017.

Further details about the company's results in the second 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.

Conference Call

SEER CEO John Combs and CFO Heidi Anderson will host the conference call, followed by a question and answer period.

Date:	Wednesday, August 15, 2018
Time:	11:30 a.m. Eastern time (8:30 a.m. Pacific time)
Toll-free dial-in number:	1- 888-254-3590
International dial-in number:	1- 323-994-2093
Conference ID:	4664552

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=130774> and via the investor relations section of the company's website at www.seer-corp.com.

A replay of the conference call will be available after 2:30 p.m. Eastern time through October 15, 2018.

Toll-free replay number:	1-844-512-2921
International replay number:	1-412-317-6671
Replay ID:	4664552

Second 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 August 14, 2018 in its Quarterly Report on Form 10-Q for the period ended June 30, 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		Six Months Ended	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Net income (loss) continuing operations	(1,072,100)	(1,460,100)	(1,819,400)	(2,234,800)
Net income (loss) discontinued operations	41,000	123,600	41,000	478,300
Noncontrolling interest	4,200	40,000	20,800	91,200
Net income (loss) applicable to SEER	(1,026,900)	(1,296,500)	(1,757,600)	(1,665,300)
Interest	613,800	529,600	979,600	956,500
Depreciation and Amortization	121,000	229,600	281,700	408,700
EBITDA, including noncontrolling interest	(292,100)	(537,300)	(496,300)	(300,100)
stock based compensation (option comp, warrant comp, stock issued for services)	35,500	39,800	71,000	56,800
Modified EBITDA, including noncontrolling interest	(256,600)	(497,500)	(425,300)	(243,300)
EBITDA, excluding noncontrolling interest	(296,300)	(577,300)	(517,100)	(391,300)
Modified EBITDA, excluding noncontrolling interest	(260,800)	(537,500)	(446,100)	(334,500)

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

	June 30, 2018	December 31, 2017
	Unaudited	*
ASSETS		
Current assets:		
Cash	\$ 218,600	\$ 54,100
Accounts receivable, net of allowance for doubtful accounts of \$460,100 and \$460,100, respectively	1,262,600	692,400
Notes receivable, net	-	184,600
Prepaid expenses and other current assets	520,700	340,900
Total current assets	2,001,900	1,272,000
Property and equipment, net	1,067,100	1,296,400
Intangible assets, net	570,700	623,100
Notes receivable, net of current portion	523,300	542,900
Other assets	16,500	16,500
TOTAL ASSETS	\$ 4,179,500	\$ 3,750,900
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,996,400	\$ 1,436,900

Accrued liabilities	1,358,400	1,307,600
Revenue contract liabilities	550,100	227,300
Deferred revenue	128,000	304,200
Payroll taxes payable	1,021,900	997,700
Customer deposits	1,600	21,600
Current portion of notes payable and capital lease obligations	2,654,200	2,166,300
Notes payable - related parties, including accrued interest	11,800	11,800
Total current liabilities	<u>7,722,400</u>	<u>6,473,400</u>
Deferred revenue, non-current	76,900	113,100
Notes payable and capital lease obligations, net of current portion	<u>467,200</u>	<u>504,300</u>
Total liabilities	<u>8,266,500</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; 58,863,575 and

56,528,575 shares issued, issuable** and outstanding 2018 and 2017, respectively

Common stock subscribed	25,000	25,000
Additional paid-in capital	21,819,900	20,790,700
Stock subscription receivable	(25,000)	(25,000)
Accumulated deficit	<u>(23,229,500)</u>	<u>(21,471,900)</u>
Total stockholders' equity	<u>(1,351,000)</u>	<u>(624,700)</u>
Non-controlling interest	<u>(2,736,000)</u>	<u>(2,715,200)</u>
Total equity	<u>(4,087,000)</u>	<u>(3,339,900)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,179,500</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 2,200,000 and 190,000 shares issuable at June 30, 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 June 30,		For the Six Months Ended June 30,	
Revenue:	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>

Products	\$ 1,543,700	\$ 1,862,500	\$ 2,419,200	\$ 3,551,500
Services	796,800	555,500	1,720,000	1,390,000
Licensing	88,000	74,500	185,400	143,900
Total revenue	<u>2,428,500</u>	<u>2,492,500</u>	<u>4,324,600</u>	<u>5,085,400</u>
Operating expenses:				
Products costs	953,000	1,227,700	1,467,800	2,406,100
Services costs	802,000	857,100	1,593,100	1,508,500
Solid waste costs	8,700	53,000	25,700	110,300
General and administrative expenses	648,900	750,200	1,143,400	1,293,700
Salaries and related expenses	502,700	534,400	995,400	1,039,200
Total operating expenses	<u>2,915,300</u>	<u>3,422,400</u>	<u>5,225,400</u>	<u>6,357,800</u>
Income (Loss) from operations	<u>(486,800)</u>	<u>(929,900)</u>	<u>(900,800)</u>	<u>(1,272,400)</u>
Other income (expense):				
Interest income	11,800	-	21,700	-
Interest expense	(613,800)	(529,600)	(979,600)	(956,500)
Other	16,700	(600)	39,300	(5,900)
Total non-operating expense, net	<u>(585,300)</u>	<u>(530,200)</u>	<u>(918,600)</u>	<u>(962,400)</u>
Net loss from continuing operations	(1,072,100)	(1,460,100)	(1,819,400)	(2,234,800)
Discontinued operations, net of tax	-	123,600	-	478,300
Gain on sale of rail operations	41,000	-	41,000	-
Discontinued operations, net of tax	41,000	123,600	41,000	478,300
Net loss before earnings from equity method joint ventures	(1,031,100)	(1,336,500)	(1,778,400)	(1,756,500)
Income from equity method joint ventures	-	-	-	-
Net loss	<u>(1,031,100)</u>	<u>(1,336,500)</u>	<u>(1,778,400)</u>	<u>(1,756,500)</u>
Less: Net loss attributable to non-controlling interest	<u>(4,200)</u>	<u>(40,000)</u>	<u>(20,800)</u>	<u>(91,200)</u>
Net loss attributable to SEER common				

stockholders	<u>\$ (1,026,900)</u>	<u>\$ (1,296,500)</u>	<u>\$ (1,757,600)</u>	<u>\$ (1,665,300)</u>
Net loss per share from continuing operations	\$ (.02)	\$ (.03)	\$ (.03)	\$ (.04)
Discontinued operations	\$ -	\$.01	\$ -	\$.01
Net income (loss) per share, basic and diluted	<u>\$ (.02)</u>	<u>\$ (.02)</u>	<u>\$ (.03)</u>	<u>\$ (.03)</u>
Weighted average shares outstanding – basic and diluted	<u>58,362,476</u>	<u>54,708,905</u>	<u>57,553,741</u>	<u>54,621,302</u>

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

	For the Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (1,778,400)	\$ (1,756,500)
Income from discontinued operations	41,000	478,300
Net loss from continuing operations	(1,819,400)	(2,234,800)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	281,800	408,700
Stock-based compensation expense	59,500	56,800
Stock issued for services	71,000	-
Non-cash expense for interest, common stock issued for debt penalty	780,800	820,000
Amortization of note discount	(19,800)	-
Non-cash expense for interest, warrants – accretion of debt discount	4,000	4,000
Non-cash expense for extension of warrants	-	83,600
Changes in operating assets and liabilities:		
Accounts receivable	(570,200)	446,100
Costs in Excess of billings on uncompleted contracts	-	(98,700)
Prepaid expenses and other assets	170,700	281,400
Accounts payable and accrued liabilities	610,200	644,600
Revenue contract liabilities	322,800	(840,400)
Deferred revenue	(212,400)	(94,200)
Payroll taxes payable	24,200	(7,000)
Net cash used by operating activities	<u>(296,800)</u>	<u>(529,900)</u>
Cash flows from investing activities:		

Purchase of property and equipment	-	(61,700)
Proceeds (purchase) of intangibles	(100)	2,400
Proceeds from notes receivable	224,000	-
Net cash provided by (used in) investing activities	<u>223,900</u>	<u>(59,300)</u>
Cash flows from financing activities:		
Payments of notes and capital lease obligations	(273,600)	(557,000)
Proceeds from short-term notes	350,000	450,000
Proceeds from warrant extensions	-	138,600
Proceeds from the sale of common stock and warrants, net of expenses	120,000	-
Net cash provided by financing activities	<u>196,400</u>	<u>31,600</u>
Net cash flows from discontinued operations	<u>41,000</u>	<u>611,700</u>
Net increase in cash	164,500	54,100
Cash at the beginning of period	54,100	233,200
Cash at the end of period	<u>\$ 218,600</u>	<u>\$ 287,300</u>

Supplemental disclosures of cash flow information:

Cash paid for interest	<u>\$ 41,900</u>	<u>\$ 53,300</u>
Financing of prepaid insurance premiums	<u>\$ 373,900</u>	<u>\$ 175,300</u>
Issuance of common stock for other assets	<u>\$ -</u>	<u>\$ -</u>



Source: Strategic Environmental & Energy Resources, Inc.