

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____

000-54987
(Commission File Number)

Strategic Environmental & Energy Resources, Inc.

(Exact name of registrant as specified in its charter)

Nevada

*(State or other jurisdiction
of incorporation)*

02-0565834

*(IRS Employer
Identification Number)*

370 Interlocken Blvd, Suite 680, Broomfield, CO 80021
(Address of principal executive offices including zip code)

303-277-1625
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| N/A | N/A | N/A |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "small reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 14, 2021, the Registrant had 65,088,575 shares outstanding of its \$.001 par value common stock.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

| | March 31, 2021 <u>(Unaudited)</u> | December 31, 2020 <u>*</u> |
|--|---|----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 111,700 | \$ 47,300 |
| Accounts receivable, net of allowance for doubtful accounts of \$800 and \$11,800, respectively | 547,800 | 375,600 |
| Inventory | 149,200 | 250,200 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | - | 6,800 |
| Prepaid expenses and other current assets | 386,500 | 110,600 |
| Total Current Assets | <u>1,195,200</u> | <u>790,500</u> |
| Property and equipment, net | 521,400 | 548,000 |
| Intangible Assets, net | 439,300 | 447,300 |
| Right of use assets | 338,300 | 380,400 |
| Other assets | <u>90,500</u> | <u>50,500</u> |
| TOTAL ASSETS | <u>\$ 2,584,700</u> | <u>\$ 2,216,700</u> |
| LIABILITIES AND STOCKHOLDERS’ DEFICIT | | |
| Current Liabilities | | |
| Accounts payable | \$ 954,800 | \$ 1,109,200 |
| Accrued liabilities | 2,097,400 | 1,977,200 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 408,500 | 323,900 |
| Deferred revenue | 22,000 | 30,200 |
| Payroll taxes payable | 1,093,700 | 1,085,400 |
| Customer deposits | 16,400 | 16,400 |
| Paycheck protection program liabilities | 720,400 | 590,300 |
| Short term notes | 2,914,600 | 3,032,800 |
| Short term notes and accrued interest - related party | 217,100 | 208,100 |
| Convertible notes | 1,605,000 | 1,605,000 |
| Current portion of long-term debt and capital lease obligations | 523,900 | 523,900 |
| Current portion of lease liabilities | 48,900 | 78,100 |
| Total Current Liabilities | <u>10,622,700</u> | <u>10,580,500</u> |
| Deferred revenue, non-current | - | - |
| Lease liabilities net of current portion | 322,000 | 334,700 |
| Long term debt and capital lease obligations, net of current portion | <u>694,500</u> | <u>30,300</u> |
| Total Liabilities | 11,639,200 | 10,945,500 |
| Commitments and contingencies | - | - |
| Stockholders’ deficit | | |
| Preferred stock; \$.001 par value; 5,000,000 shares authorized; -0- shares issued | - | - |
| Common stock; \$.001 par value; 70,000,000 shares authorized; 65,088,575 shares issued, issuable ** and outstanding December 31, 2020 and December 31, 2019 | 65,100 | 65,100 |

| | | |
|--|---------------------|---------------------|
| Common stock issuable | 25,000 | 25,000 |
| Additional paid-in capital | 22,965,900 | 22,961,200 |
| Stock Subscription receivable | (25,000) | (25,000) |
| Accumulated deficit | (30,011,300) | (29,693,700) |
| Total stockholders' deficit | (6,980,300) | (6,667,400) |
| Non-controlling interest | (2,074,200) | (2,061,400) |
| Total Deficit | (9,054,500) | (8,728,800) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 2,584,700 | \$ 2,216,700 |

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

*These numbers were derived from the audited financial statements for the year ended December 31, 2020.

**Includes 3,185,000 shares issuable as of March 31, 2021 and December 31, 2020, per terms of note agreements.

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

| | For the Three Months Ended March 31, | |
|---|--------------------------------------|---------------------|
| | 2021 | 2020 |
| Revenue: | | |
| Products | \$ 863,200 | \$ 765,800 |
| Solid waste | 58,200 | 58,200 |
| Total revenue | <u>921,400</u> | <u>824,000</u> |
| Operating expenses: | | |
| Products costs | 668,500 | 623,500 |
| Solid waste costs | 7,400 | 23,600 |
| General and administrative expenses | 313,700 | 417,800 |
| Salaries and related expenses | 165,400 | 408,400 |
| Total operating expenses | <u>1,155,000</u> | <u>1,473,300</u> |
| Loss from operations | <u>(233,600)</u> | <u>(649,300)</u> |
| Other income (expense): | | |
| Interest expense | (202,500) | (194,000) |
| Other | 105,700 | 189,900 |
| Total non-operating expense, net | <u>(96,800)</u> | <u>(4,100)</u> |
| Net loss | <u>(330,400)</u> | <u>(653,400)</u> |
| Less: Net loss attributable to non-controlling interest | <u>(12,800)</u> | <u>(27,300)</u> |
| Net loss attributable to SEER common stockholders | <u>\$ (317,600)</u> | <u>\$ (626,100)</u> |
| Net loss per share, basic and diluted | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> |
| Weighted average shares outstanding – basic and diluted | <u>65,088,575</u> | <u>62,709,949</u> |

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

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STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
(Unaudited)

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Common Stock Subscribed | Stock Subscription Receivable | Accumulated Deficit | Non- controller Interest | Total Stockholders' Deficit |
|--|-----------------|--------|--------------|-----------|----------------------------------|-------------------------------|-------------------------------------|------------------------|--------------------------------|-----------------------------------|
| | Shares | Amount | Shares | Amount | | | | | | |
| Balances at December 31, 2020 | - | \$ - | 65,088,600 | \$ 65,100 | \$ 22,961,200 | \$ 25,000 | \$ (25,000) | \$ (29,693,700) | \$ (2,061,400) | \$ (8,728,800) |
| Issuance of common stock upon debt penalty | - | - | - | - | - | - | - | - | - | - |
| Stock-based compensation | - | - | - | - | 4,700 | - | - | - | - | 4,700 |
| Allocated value of common stock and warrants related to debt | - | - | - | - | - | - | - | - | - | - |
| Net loss | - | - | - | - | - | - | - | (317,600) | (12,800) | (330,400) |

| | | | | | | | | | | |
|--|------------------------|--------|---------------------|-----------|---------------|------------|--------------|-----------------|----------------|----------------|
| Balances at March 31, 2021 | - | - | 65,088,600 | 65,100 | 22,965,900 | 25,000 | (25,000) | (30,011,300) | (2,074,200) | (9,054,500) |
| | <u>Preferred Stock</u> | | <u>Common Stock</u> | | Additional | Common | Stock | Accumulated | Non- | Total |
| | Shares | Amount | Shares | Amount | Paid-in | Stock | Subscription | Deficit | controller | Stockholders' |
| | | | | | Capital | Subscribed | Receivable | | Interest | Deficit |
| Balances at December 31, 2019 | - | \$ - | 62,591,100 | \$ 62,600 | \$ 22,651,100 | \$ 25,000 | \$ (25,000) | \$ (26,964,300) | \$ (2,026,700) | \$ (6,277,300) |
| Issuance of common stock upon debt penalty | - | - | 352,500 | 300 | 32,800 | - | - | - | - | 33,100 |
| Stock-based compensation | - | - | - | - | 8,300 | - | - | - | - | 8,300 |
| Allocated value of common stock and warrants related to debt | - | - | - | - | 5,500 | - | - | - | - | 5,500 |
| Net loss | - | - | - | - | - | - | - | (626,100) | (27,300) | (653,400) |
| Balances at March 31, 2020 | - | - | 62,943,600 | 62,900 | 22,697,700 | 25,000 | (25,000) | (27,590,400) | (2,054,000) | (6,883,800) |

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

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

| | For the three months ended March 31, | |
|---|--------------------------------------|--------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Loss from continuing operations | \$ (330,400) | \$ (653,400) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 34,600 | 44,000 |
| Stock-based compensation expense | 4,700 | 8,300 |
| Non-cash expense for interest, common stock issued for debt penalty | - | 33,100 |
| Non-cash expense for interest, accretion of debt discount | 20,000 | 18,400 |
| Gain on disposition of assets | (75,800) | - |
| Non-cash relief of aged accounts payable | - | (35,700) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (172,200) | 384,600 |
| Costs in excess of billings on uncompleted contracts | 6,800 | (243,100) |
| Inventory | (53,700) | (76,300) |
| Prepaid expenses and other assets | (221,400) | (96,000) |
| Accounts payable, accrued liabilities, and customer deposits | (25,400) | 112,300 |
| Billings in excess of revenue on uncompleted contracts | 84,600 | 136,000 |
| Deferred revenue | (8,200) | 76,000 |
| Payroll taxes payable | 8,300 | 8,300 |
| Net cash used in operating activities | (728,100) | (283,500) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | - | (19,300) |
| Proceeds from the sale of fixed assets | 75,800 | - |
| Net cash provided (used) by investing activities | 75,800 | (19,300) |
| Cash flows from financing activities: | | |
| Payments of notes and capital lease obligations | (63,400) | (52,500) |
| Payments of short-term notes - related party | (10,000) | - |
| Proceeds of short-term notes - related party | 10,000 | - |
| Proceeds from short-term and long-term debt | 650,000 | 150,000 |
| Proceeds from paycheck protection program | 130,100 | - |
| Net cash provided by financing activities | 716,700 | 97,500 |
| Net (decrease) increase in cash | 64,400 | (205,300) |
| Cash at the beginning of period | 47,300 | 354,700 |
| Cash at the end of period | \$ 111,700 | \$ 149,400 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | \$ 24,700 | \$ 3,300 |
| Financing of prepaid insurance premiums | \$ 52,400 | \$ 94,700 |
| Non-cash repayment of debt | \$ 154,700 | \$ - |
| Non-cash payment of interest | \$ 22,500 | \$ - |

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

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NOTE 1 – ORGANIZATION AND FINANCIAL CONDITION

Organization and Going Concern

Strategic Environmental & Energy Resources, Inc. (“SEER,” or the “Company”), a Nevada corporation, is a provider of next-generation clean-technologies, waste management innovations and related services. SEER has three wholly owned operating subsidiaries and three majority-owned subsidiaries; all of which together provide technology solutions and services to companies primarily in the oil and gas, refining, landfill, food, beverage & agriculture, and renewable fuel industries. The three wholly owned subsidiaries include: 1) REGS, LLC (d/b/a Resource Environmental Group Services (“REGS”)) provided industrial and proprietary cleaning services to refineries, oil fields and other private and governmental entities, which is included in discontinued operations for fiscal years 2019. REGS is solely engaged in building kilns after the industrial cleaning has been discontinued; 2) MV, LLC (d/b/a MV Technologies) (“MV”), designs and builds biogas conditioning solutions for the production of renewable natural gas, odor control systems and natural gas vapor capture primarily for landfill operations, waste-water treatment facilities, oil and gas fields, refineries, municipalities and food, beverage & agriculture operations throughout the U.S.; 3) Strategic Environmental Materials, LLC, (“SEM”), a materials technology company focused on development of cost-effective chemical absorbents.

The three majority-owned subsidiaries include 1) Paragon Waste Solutions, LLC (“PWS”), 2) ReaCH4Biogas (“Reach”), and 3) PelleChar, LLC (“PelleChar”). PWS is currently owned 54% by SEER, Reach is owned 85% by SEER and PelleChar is owned 51% by SEER.

PWS has and continues to develop specific opportunities to deploy and commercialize patented technologies for a non-thermal plasma-assisted oxidation process that makes possible the clean and efficient destruction of solid hazardous chemical and biological waste (*i.e.*, regulated medical waste, chemicals, pharmaceuticals and refinery tank waste, *etc.*) without landfilling or traditional incineration and without harmful emissions. Additionally, PWS’ technology “cleans” and conditions emissions and gaseous waste streams (*i.e.*, volatile organic compounds and other greenhouse gases) generated from diverse sources such as refineries, oil fields, and many others.

Reach (the trade name for BeneFuels, LLC), is currently owned 85% by SEER and focuses specifically on treating biogas for conversion to pipeline quality gas and/or compressed natural gas (“CNG”) for fleet vehicle fuel. Reach had no operations for the three months ended March 31, 2021.

PelleChar was established in September 2018 and is owned 51% by SEER. Pellechar has secured third-party pellet manufacturing capabilities from one of the nation’s premier pellet manufacturer. Working closely with Biochar Now, LLC, Pellechar commenced sales in late 2019 of its proprietary pellets containing the proven and superior Biochar Now product starting with the landscaping and big agriculture markets. At this time, Pellechar is the only company able to offer a soil amendment pellet containing the Biochar Now product that is produced using the patented pyrolytic process. For the three months ended March 31, 2021 PelleChar activity related to startup of operations that were interrupted by the pandemic in 2020, and a commencement to market its product. Revenue and expenses of PelleChar were not material for the nine months then ended.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of SEER, its wholly owned subsidiaries, REGS, MV and SEM and its majority-owned subsidiaries PWS, Reach and PelleChar, since their respective acquisition or formation dates. All material intercompany accounts, transactions, and profits have been eliminated in consolidation. The Company has non-controlling interest in joint ventures, which are reported on the equity method.

Going Concern

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately \$30.0 million as of March 31, 2021, and \$29.7 million as of December 31, 2020. For the three months ended March 31, 2021 and 2020, the Company incurred net losses from continuing operations of approximately \$0.2 million and \$0.6 million, respectively. The Company had a working capital deficit of approximately \$9.4 million as of March 31, 2021, a decrease of \$0.4 million in working capital deficit from \$9.8 million as of December 31, 2020. These factors raise substantial doubt about the ability of the Company to continue to operate as a going concern.

Realization of a major portion of the Company’s assets as of March 31, 2021, is dependent upon continued operations. The Company is dependent on generating additional revenue or obtaining adequate capital to fund operating losses until it becomes profitable. For the three months ended March 31, 2021 the Company raised approximately \$0.7 million from the issuance of short-term and long-term debt, offset by payments of principal on short term notes and capital leases of \$0.2 million, for a net cash provided by financing activities of approximately \$0.1 million. In addition, the Company has undertaken a number of specific steps to continue to operate as a going concern. The Company continues to focus on developing organic growth in our operating companies and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions, including discontinuing a line of business with insufficient margins. Critical to achieving profitability will be the ability to license and or sell, permit and operate through the Company’s joint ventures and licensees the CoronaLux™ waste destruction units. The Company has increased business development efforts to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. In addition, the Company is evaluating various forms of financing which may be available to it. There can be no assurance that the Company will secure additional financing for working capital, increase revenues and achieve the desired result of net income and positive cash flow from operations in future years. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to report on a going concern basis.

Basis of presentation Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements are unaudited. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all the normal recurring adjustments necessary to present fairly the financial position and results of operations as of and for the periods presented. The interim results are not necessarily indicative of the results to be expected for the full year or any future period.

Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Company believes that the disclosures are adequate to make the interim information presented not misleading. These consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Report on Form 10-K filed on April 15, 2021 for the year ended December 31, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of intangible assets; valuation allowances and reserves for receivables and inventory and deferred income taxes; revenue recognition related to contracts accounted for under the percentage of completion method; share-based compensation; and loss contingencies, including those related to litigation. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported consolidated net loss.

Revenue Recognition

Revenue is recognized under FASB guidelines, which requires an evaluation of revenue arrangements with customers following a five-step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) the company satisfies each performance obligation. Revenues are recognized when control of the promised services are transferred to the customers in an amount that reflects the expected consideration in exchange for those services. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the services. Other major provisions of the guidance include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. (see Note 3)

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Research and Development

Research and development (“R&D”) costs are charged to expense as incurred. R&D expenses consist primarily of salaries, project materials, contract labor and other costs associated with ongoing product development and enhancement efforts. R&D expenses were \$0 for both the three months ended March 31, 2021 and 2020.

Inventories

Inventories are stated at the lower of cost or net realizable value on a first in, first out basis and includes the following amounts:

| | March 31, 2021 (Unaudited) | December 31, 2020 |
|-----------------|----------------------------------|-------------------|
| Finished goods | \$ 17,300 | \$ 158,100 |
| Work in process | 85,400 | 88,800 |
| Raw materials | 46,500 | 3,300 |
| | <u>\$ 149,200</u> | <u>\$ 250,200</u> |

Income Taxes

The Company accounts for income taxes pursuant to *Accounting Standards Codification* (“ASC”) 740, *Income Taxes*, which utilizes the asset and liability method of computing deferred income taxes. The objective of this method is to establish deferred tax assets and liabilities for any temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

ASC 740 also provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a “more-likely-than-not” recognition threshold at the effective date to be recognized. During the three months ended March 31, 2021 and 2020 the Company recognized no adjustments for uncertain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were recognized as of March 31, 2021 and 2020. The Company expects no material changes to unrecognized tax positions within the next twelve months.

The Company has filed federal and state tax returns through December 31, 2019. The tax periods for the years ending December 31, 2017 through 2019 are open to examination by federal and state authorities.

NOTE 3 – REVENUE

Products Revenue

Product revenue generated from contracts with customers, for the manufacture of products for the removal and treatment of hazardous vapor and gasses. Total estimated revenue includes all of the following: (1) the basic contract price, (2) contract options, and (3) change orders. Once contract performance is underway, the Company may experience changes in conditions, client requirements, specifications, designs, materials, and expectations regarding the period of performance. Such changes are “change orders” and may be initiated by us or by our clients. In many cases, agreement with the client as to the terms of change orders is reached prior to work commencing; however, sometimes circumstances require that work progress without obtaining client agreement. Revenue related to change orders is recognized as costs are incurred if it is probable that costs will be recovered by changing the contract price. The Company does not incur pre-contract costs. Under the new revenue recognition guidance, the Company found no change in the manner product revenue is recognized. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses are identified and included as additional loss. Provisions for estimated losses on contracts are shown separately as liabilities on the balance sheet, if significant, except in circumstances in which related costs are accumulated on the balance sheet, in which case the provisions are deducted from the accumulated costs. A provision as a liability is reported as a current liability.

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The Company includes in current assets and current liabilities amounts related to contracts realizable and payable. Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits recognized to date over billings to date and are recognized as a current asset. Revenue contract liabilities represent the excess of billings to date over the amount of contract costs and profits recognized to date and are recognized as a current liability.

Products revenue also includes media sales which are recognized as the product is shipped to the customer for use.

Solid Waste Revenue

The Company’s revenues from waste destruction licensing agreements are recognized as a single accounting unit over the term of the license. Revenue from joint venture operations of the Company’s CoronaLux™ units is recognized as the revenue is earned by the joint venture. Revenue from management services is recognized as services are performed.

Disaggregation of Revenue

Three months ended March 31, 2021

| | Environmental Solutions | Solid Waste | Total |
|---------------------------|----------------------------|------------------|-------------------|
| Sources of Revenue | | | |
| Product sales | \$ 608,800 | - | \$ 608,800 |
| Media sales | 254,400 | - | 254,400 |
| Licensing fees | - | 8,200 | 8,200 |
| Operating fees | - | - | - |
| Management fees | - | 50,000 | 50,000 |
| Total Revenue | \$ 863,200 | \$ 58,200 | \$ 921,400 |

| Three months ended March 31, 2020 | | | |
|-----------------------------------|----------------------------|------------------|-------------------|
| | Environmental Solutions | Solid Waste | Total |
| Sources of Revenue | | | |
| Product sales | 624,700 | - | 624,700 |
| Media sales | 141,100 | - | 141,100 |
| Licensing fees | - | 8,200 | 8,200 |
| Operating fees | - | - | - |
| Management fees | - | 50,000 | 50,000 |
| Total Revenue | \$ 765,800 | \$ 58,200 | \$ 824,000 |

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Contract Balances

Where a performance obligation has been satisfied but not yet invoiced at the reporting date, a contract asset is recognized on the balance sheet. Where a performance obligation has not yet been satisfied but an invoice has been raised at the reporting date, a contract liability is recognized on the balance sheet.

The opening and closing balances of the Company's accounts receivables and contract liabilities (current and non-current) are as follows:

| | Accounts Receivable, net | Revenue Contract Assets | Contract Liabilities | | |
|---------------------------------|--------------------------------|-------------------------------|------------------------------------|----------------------------------|--------------------------------------|
| | | | Revenue Contract Liabilities | Deferred Revenue (current) | Deferred Revenue (non-current) |
| Balance as of March 31, 2021 | \$ 547,800 | \$ - | \$ 408,500 | \$ 22,000 | \$ - |
| Balance as of December 31, 2020 | 375,600 | 6,800 | 323,900 | 30,200 | - |
| (Decrease) increase | \$ 172,200 | \$ (6,800) | \$ 84,600 | \$ (8,200) | \$ - |

The majority of the Company's revenue is generally invoiced on a weekly or monthly basis, and the payments are generally received within approximately 30-60 days. Deferred revenue is recorded when cash payments are received or due in advance of the Company's performance, including amounts that are refundable.

Remaining Performance Obligations

As of March 31, 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations was approximately \$0.9 million, of which the Company expects to recognize approximately 75% of this revenue over the next 12 months.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected term of one year or less and (ii) contracts for which the Company recognizes revenue at the amounts to which it has the right to invoice for services performed.

NOTE 4 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets are assets and payments previously made, that benefit future periods. The balance as of March 31, 2021 includes Employee Retention Tax Credit ("ERTC") program from the U.S Treasury, as part of the COVID-19 stimulus package. The ERTC program refunds a portion of taxes paid for payroll. We accrued the amounts that we qualify for, and this reduced our payroll expenses during the quarter applied for and approved. Prepaid and other current assets comprised of the following:

| | March 31, 2021 (Unaudited) | December 31, 2020 |
|--|----------------------------------|----------------------|
| Prepaid expenses | \$ 165,200 | \$ 110,600 |
| ERTC credits | 221,300 | - |
| Total prepaid expenses and other current assets | \$ 386,500 | \$ 110,600 |

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following:

| | March 31, 2021 (Unaudited) | December 31, 2020 |
|--|----------------------------------|-------------------|
| Field and shop equipment | \$ 1,282,700 | \$ 1,282,700 |
| Vehicles | 476,900 | 476,900 |
| Waste destruction equipment, placed in service | 553,300 | 553,300 |
| Furniture and office equipment | 345,700 | 345,700 |
| Leasehold improvements | 36,200 | 36,200 |

| | | |
|---|-------------------|-------------------|
| Building and improvements | 21,200 | 21,200 |
| Land | 162,900 | 162,900 |
| | <u>2,878,900</u> | <u>2,878,900</u> |
| Less: accumulated depreciation and amortization | (2,357,500) | (2,330,900) |
| Property and equipment, net | <u>\$ 521,400</u> | <u>\$ 548,000</u> |

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Depreciation expense for the three months ended March 31, 2021 and 2020 was \$26,600 and \$35,900, respectively. For the three months ended March 31, 2021 and 2020, depreciation expense included in cost of goods sold was \$20,100 and \$21,000, respectively. For the three months ended March 31, 2021 and 2020, depreciation expense included in selling, general and administrative expenses was \$6,400 and \$14,900, respectively.

Depreciation expense on leased CoronaLux™ units included in depreciation and amortization above is \$0 and \$9,700 as of March 31, 2021 and 2020, respectively.

Property and equipment included the following amounts for leases that have been capitalized at:

| | | |
|------------------------------------|-------------------|----------------------|
| | March 31, 2021 | December 31, 2020 |
| Vehicles, field and shop equipment | \$ 10,200 | \$ 10,200 |
| Less: accumulated amortization | (10,200) | (10,200) |
| | <u>\$ -</u> | <u>\$ -</u> |

NOTE 6 – INTANGIBLE ASSETS

Intangible assets were comprised of the following:

| | March 31, 2021 (Unaudited) | | |
|---------------|----------------------------|--------------------------|--------------------|
| | Gross carrying amount | Accumulated amortization | Net carrying value |
| Goodwill | \$ 277,800 | \$ - | \$ 277,800 |
| Customer list | 42,500 | (42,500) | - |
| Technology | 1,021,900 | (860,400) | 161,500 |
| Trade name | 54,900 | (54,900) | - |
| | <u>\$ 1,397,100</u> | <u>\$ (957,800)</u> | <u>\$ 439,300</u> |

| | December 31, 2020 | | |
|---------------|-----------------------|--------------------------|--------------------|
| | Gross carrying amount | Accumulated amortization | Net carrying value |
| Goodwill | \$ 277,800 | \$ - | \$ 277,800 |
| Customer list | 42,500 | (42,500) | - |
| Technology | 1,021,900 | (852,400) | 169,500 |
| Trade name | 54,900 | (54,900) | - |
| | <u>\$ 1,397,100</u> | <u>\$ (949,800)</u> | <u>\$ 447,300</u> |

The estimated useful lives of the intangible assets range from seven to ten years. Amortization expense was \$6,400 and \$8,000 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 7 – LEASES

The Company has entered into operating leases primarily for real estate. These leases have terms which range from 4 to 6 years, and often include one or more options to renew. These renewal terms can extend the lease term from 1 year to month-to-month and are included in the lease term when it is reasonably certain that the Company will exercise the option. These operating leases are included in “Right of use assets” on the Company’s December 31, 2020 Consolidated Balance Sheets and represent the Company’s right to use the underlying asset for the lease term. The Company’s obligation to make lease payments are included in “Current portion of lease liabilities” and “Lease liabilities net of current portion” on the Company’s March 31, 2021 Condensed Consolidated Balance Sheets. Based on the present value of the lease payments for the remaining lease term of the Company’s existing leases, the Company recognized right-of-use assets of approximately \$225,300 and lease liabilities for operating leases of approximately \$246,100 on January 1, 2019. Operating lease right-of-use assets and liabilities commencing after January 1, 2019 are recognized at commencement date based on the present value of lease payments over the lease term. As of March 31, 2021, total right-of-use assets and operating lease liabilities were approximately \$338,300. All operating lease expense is recognized on a straight-line basis over the lease term. In the three months ended March 31, 2021, the Company recognized approximately \$20,900 in operating lease costs for right-of-use assets.

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Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments. The Company has certain contracts for real estate which may contain lease and non-lease components which it has elected to treat as a single lease component.

Information related to the Company’s right-of-use assets and related lease liabilities were as follows (unaudited):

| | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2021 | 2020 |
| Cash paid for operating lease liabilities | \$ 77,000 | \$ 73,600 |
| Right-of-use assets obtained in exchange for new operating lease obligations | - | 13,900 |
| Weighted-average remaining lease term | 0.0 months | 8.0 months |
| Weighted-average discount rate | 10% | 10% |

Maturities of lease liabilities as of March 31, 2021 were as follows:

| | |
|------|-----------|
| 2022 | \$ 83,800 |
| 2023 | 86,300 |
| 2024 | 88,900 |

| | | |
|---|-------------------------|------------|
| | 2025 | 91,600 |
| | 2026 | 94,300 |
| | Thereafter | 40,400 |
| | | 485,300 |
| Less imputed interest | | (114,400) |
| | Total lease liabilities | 370,900 |
| Current operating lease liabilities | | 48,900 |
| Non-current operating lease liabilities | | 322,000 |
| | Total lease liabilities | \$ 370,900 |

NOTE 8 – ACCRUED LIABILITIES

Accrued liabilities were comprised of the following:

| | March 31, 2021 (Unaudited) | December 31, 2020 |
|--|----------------------------------|----------------------|
| Accrued compensation and related taxes | \$ 473,600 | \$ 486,400 |
| Accrued interest | 1,310,900 | 1,170,500 |
| Accrued settlement/litigation claims | 150,000 | 150,000 |
| Warranty and defect claims | 35,700 | 34,000 |
| Other | 127,200 | 136,300 |
| Total Accrued Liabilities | \$ 2,097,400 | \$ 1,977,200 |

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NOTE 9 – UNCOMPLETED CONTRACTS

Costs, estimated earnings and billings on uncompleted contracts are as follows:

| | March 31, 2021 (Unaudited) | December 31, 2020 |
|---|----------------------------------|----------------------|
| Revenue recognized | \$ - | \$ 102,700 |
| Less: billings to date | - | (95,900) |
| Costs and estimated earnings in excess of billings on uncompleted contracts | - | 6,800 |
| Billings to date | 2,169,900 | 1,716,800 |
| Revenue recognized | (1,761,400) | (1,392,900) |
| Revenue contract liabilities | \$ 408,500 | \$ 323,900 |

NOTE 10 – INVESTMENT IN PARAGON WASTE SOLUTIONS LLC

Since its inception through March 31, 2021, the Company has provided approximately \$6.9 million in funding to PWS for working capital and the further development and construction of various prototypes and commercial waste destruction units. No members of PWS have made capital contributions or other funding to PWS other than SEER. The intent of the operating agreement is to provide the funding as an advance against future earnings distributions made by PWS.

Payments received for non-refundable licensing and placement fees have been recorded as deferred revenue in the accompanying consolidated balance sheets. The balance as of March 31, 2021 and December 31, 2020 are \$22,000 and \$30,200, respectively, and are being recognized as revenue ratably over the term of the contract.

NOTE 11 – PAYROLL TAXES PAYABLE

In 2009 and 2010, REGS, a subsidiary of the Company, became delinquent for unpaid federal employer and employee payroll taxes, accrued interest and penalties were incurred related to these unpaid payroll taxes.

In 2010 the IRS filed notices of federal tax liens against certain of REGS assets in order to secure certain tax obligations. The IRS is to release this lien if and when REGS pays the full amount due. Two of the officers of REGS also have liability exposure for a portion of the taxes if REGS does not pay the liability.

As of March 31, 2021, and December 31, 2020, the outstanding balance due to the IRS by REGS was \$1,093,700, and \$1,085,400, respectively.

Other than this outstanding payroll tax matter, which is owed exclusively by REGS, arising in 2009 and 2010, all state and federal payroll taxes have been paid by REGS in a timely manner.

NOTE 12 – DEBT

Debt as of March 31, 2021 and December 31, 2020, was comprised of the following:

| | Paycheck protection program | Short term notes | Convertible notes, unsecured | Current portion of long-term debt and capital lease obligations | Long term debt and capital lease obligations | Total |
|-------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|--------------|
| Balance December 31, 2020 | \$ 590,300 | \$ 3,032,800 | \$ 1,605,000 | \$ 523,900 | \$ 30,300(5) | \$ 5,781,300 |
| Increase in borrowing | 130,100(1) | 52,400(2) | - | - | 650,000(3) | 832,500 |
| Principal reductions | - | (170,600) | - | - | (5,800)(5) | (176,400) |
| Amortization of debt discount | - | - | - | - | 20,000 | 20,000 |

| | | | | | | |
|------------------------|-------------------|-----------------------------------|---------------------|-------------------|-------------------|---------------------|
| Balance March 31, 2021 | <u>\$ 720,400</u> | <u>\$ 2,914,600⁽⁴⁾</u> | <u>\$ 1,605,000</u> | <u>\$ 523,900</u> | <u>\$ 694,500</u> | <u>\$ 6,458,400</u> |
|------------------------|-------------------|-----------------------------------|---------------------|-------------------|-------------------|---------------------|

- (1) Paycheck Protection Program (“PPP”) draw #2, received the first quarter of 2021.
- (2) Unsecured note payable insurance premium financing, interest at approximately 5.1% per annum, payable in 10 installments of \$5,400, maturing on November 1, 2021.
- (3) A) Unsecured note payable dated January 19, 2021, interest at an annual rate of 8% simple interest and matures on January 18, 2026. This note is included as part of a series of anticipated notes, all of which will be converted into common equity of Paragon Waste Services, LLC. (Note 1), in accordance with the note’s provisions. For the three months ended March 31, 2021, the Company recorded interest expense of \$2,400. Unpaid interest at March 31, 2021 was approximately \$2,400.
B) Note payable dated February 2, 2021, interest at an annual rate of 8% simple interest and matures on January 18, 2026. This note is included as part of a series of anticipated notes, all of which will be converted into common equity of Paragon Waste Services, LLC. (Note 1), in accordance with the note’s provisions. For the three months ended March 31, 2021, the Company recorded interest expense of \$6,200. Unpaid interest at March 31, 2021 was approximately \$6,200.
- (4) The balance consists of \$2,460,000 of secured notes, and \$454,600 unsecured notes payable.
- (5) Secured notes.

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NOTE 13 – RELATED PARTY TRANSACTIONS

Notes payable and accrued interest, related parties

Related parties accrued interest due to certain related parties are as follows:

| | March 31, 2021 | December 31, 2020 |
|--|-------------------|----------------------|
| | (Unaudited) | |
| Short term notes | \$ 155,000 | \$ 155,000 |
| Accrued interest | 62,100 | 53,100 |
| Total short-term notes and accrued interest - Related parties | <u>\$ 217,100</u> | <u>\$ 208,100</u> |

On January 6, 2021, the Company signed a \$10,000 short-term note payable to the CEO. The note accrued interest at 8% interest per annum, with a \$250 minimum interest to be paid. The loan was paid back withing the quarter, and \$250 was recorded as interest expense.

NOTE 14 – EQUITY TRANSACTIONS

2021 Common Stock Transactions

During the three months ended March 31, 2021, no new equity transactions have occurred.

2020 Common Stock Transactions

During the three months ended March 31, 2020, the Company recorded 352,500 shares of \$.001 par value common stock as issued and issuable to short-term note holders as required under their respective short-term notes valued at approximately \$33,100. (See Note 11)

During the three months ended March 31, 2020, the Company issued options to purchase 60,000 shares of \$0.001 par value common stock to a short-term note holder of the Company, at \$0.10 per share. The options were in connection with a new short-term note, and therefore recorded as debt discount. The Company valued the options using the Black-Sholes model, using a volatility of 134%, a risk-free rate of 0.29%, and an expected term, using the simplified method, of 3.0 years. The fair value at grant date of \$3,500 will be amortized over the vesting period and recorded as interest expense.

During the three months ended March 31, 2020, the Company issued options to purchase 30,000 shares of \$0.001 par value common stock to a short-term note holder of the Company, at \$0.10 per share. The options were in connection with a new short-term note, and therefore recorded as debt discount. The Company valued the options using the Black-Sholes model, using a volatility of 134%, a risk-free rate of 0.30%, and an expected term, using the simplified method, of 3.0 years. The fair value at grant date of \$2,000 will be amortized over the vesting period and recorded as interest expense.

Non-controlling Interest

The non-controlling interest presented in our condensed consolidated financial statements reflects a 46% non-controlling equity interest in PWS and 49% non-controlling equity interest in PelleChar. Net losses attributable to non-controlling interest, as reported on our condensed consolidated statements of operations, represents the net loss of each entity attributable to the non-controlling equity interest. The non-controlling interest is reflected within stockholders’ equity on the condensed consolidated balance sheet.

NOTE 15 – CUSTOMER CONCENTRATIONS

The Company had sales from operations to three customers, for the three months ended March 31, 2021 and 2020 that surpassed the 10% threshold of total revenue. In total, these customers represented approximately 64% and 50% of our total sales, respectively. The concentration of the Company’s business with a relatively small number of customers may expose us to a material adverse effect if one or more of these large customers were to experience financial difficulty or were to cease being customers for non-financial related issues.

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NOTE 16 – NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding plus the number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares. Potentially dilutive securities are excluded from the calculation when their effect would be anti-dilutive. For all periods presented in the condensed consolidated financial statements, all potentially dilutive securities have been excluded from the diluted share calculations as they were anti-dilutive as a result of the net losses incurred for the respective years. Accordingly, basic shares equal diluted shares for all years presented.

Potentially dilutive securities were comprised of the following (unaudited):

| | Three Months Ended March 31, | |
|---|------------------------------|------------------|
| | 2021 | 2020 |
| Warrants | 271,000 | 1,221,000 |
| Options | 1,640,000 | 1,665,000 |
| Convertible notes payable, including accrued interest | 2,918,900 | 2,717,900 |
| | <u>4,829,900</u> | <u>5,603,900</u> |

NOTE 17 – SEGMENT INFORMATION AND MAJOR CUSTOMERS

The Company currently has identified two segments as follows:

| | |
|---------------------------------|--|
| MV, SEM, PelleChar, REGS PWS | Environmental Solutions Solid Waste |
|---------------------------------|--|

The composition of our reportable segments is consistent with that used by our chief decision makers to evaluate performance and allocate resources. All of our operations are located in the U.S. The Company has not allocated corporate selling, general and administrative expenses, and stock-based compensation to the segments. All intercompany transactions have been eliminated.

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Segment information for the three and three months ended March 31, 2021 and 2020 is as follows:

Three Months ended

| | 2021 | Environmental Solutions | Solid Waste | Corporate | Total |
|---|-------------|-------------------------|-------------|------------|--------------|
| Revenue | | \$ 863,200 | \$ 58,200 | \$ - | \$ 921,400 |
| Depreciation and amortization (1) | | 17,200 | 8,500 | 8,900 | 34,600 |
| Interest expense | | 9,700 | - | 192,800 | 202,500 |
| Stock-based compensation | | - | - | 4,700 | 4,700 |
| Net income (loss) | | 138,200 | (22,300) | (433,500) | (317,600) |
| Capital expenditures (cash and noncash) | | - | - | - | - |
| Total assets | | \$ 1,545,500 | \$ 354,200 | \$ 685,000 | \$ 2,584,700 |
| | <u>2020</u> | Environmental Solutions | Solid Waste | Corporate | Total |
| Revenue | | \$ 765,800 | \$ 58,200 | \$ - | \$ 824,000 |
| Depreciation and amortization (1) | | 11,900 | 9,700 | 14,400 | 36,000 |
| Interest expense | | 13,100 | - | 180,900 | 194,000 |
| Stock-based compensation | | - | - | 8,300 | 8,300 |
| Net income (loss) | | (46,700) | (71,000) | (535,700) | (653,400) |
| Capital expenditures (cash and noncash) | | 19,300 | - | - | 19,300 |
| Total assets | | \$ 1,849,300 | \$ 308,300 | \$ 799,700 | \$ 2,957,300 |

(1) Includes depreciation of property, equipment and leasehold improvement and amortization of intangibles

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you in understanding our business and the results of our operations. It should be read in conjunction with the Condensed Consolidated Financial Statements and the related notes that appear elsewhere in this report as well as our Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2021. Certain statements made in our discussion may be forward looking. Forward-looking statements involve risks and uncertainties and a number of factors could cause actual results or outcomes to differ materially from our expectations. These risks, uncertainties, and other factors include, among others, the risks described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, as well as other risks described in this Quarterly Report. Unless the context requires otherwise, when we refer to “we,” “us” and “our,” we are describing Strategic Environmental & Energy Resources, Inc. and its consolidated subsidiaries on a consolidated basis.

SEER BUSINESS OVERVIEW

Strategic Environmental & Energy Resources, Inc. (“the Company” or “SEER”) was originally organized under the laws of the State of Nevada on February 13, 2002 for the purpose of acquiring one or more businesses, under the name of Satellite Organizing Solutions, Inc. (“SOZG”). In January 2008, SOZG changed its name to Strategic Environmental & Energy Resources, Inc., reduced its number of outstanding shares through a reverse stock split and consummated the acquisition of both, REGS, LLC and Tactical Cleaning Company, LLC. SEER is dedicated to assembling complementary service and environmental, clean-technology businesses that provide safe, innovative, cost effective, and profitable solutions in the environmental, waste management and renewable energy industries. SEER currently operates five companies with four offices in the western and mid-western U.S. Through these operating companies, SEER provides products and services throughout the U.S. and has licensed and owned technologies with many customer installations throughout the U.S. Each of the five operating companies is discussed in more detail below. The Company also has non-controlling interests in joint ventures, some of which have no or minimal operations.

The Company’s domestic strategy is to grow internally through SEER’s subsidiaries that have well established revenue streams and, simultaneously, establish long-term alliances with and/or acquire complementary domestic businesses in rapidly growing markets for renewable energy, waste and water treatment and industrial services. The focus of the SEER family of companies, however, is to increase margins by securing or developing proprietary patented and patent-pending technologies and then leveraging its 20 plus-year service experience to place these innovations and solutions into the growing markets of emission capture and control, renewable “green gas” capture and sale, compressed natural gas fuel generation, as well as general solid waste and medical/pharmaceutical waste destruction. Many of SEER’s current operating companies share customer bases and each provides synergistic services, technologies and products.

The company now owns and manages four operating entities and two entities that have no significant operations to date.

Subsidiaries

Wholly owned

REGS, LLC d/b/a Resource Environmental Group Services (“REGS”): (operating since 1994) designs and manufactures environmental systems and provides general industrial cleaning services and waste management consulting to many industry sectors. During the fourth quarter of 2019, the Company ceased bidding on, and accepting contracts for the services division of its REGS subsidiary. The results from the subsidiary are included in discontinued operations for the years ended 2019 and 2018. No contracts have been uncompleted relating to the services division; therefore, the division did not have any performance obligations as of December 31, 2019, nor thereafter. Fifteen employees in the division were terminated at December 31, 2019. Subsequent to January 1, 2020, REGS is engaged solely to build kilns for PWS, and other customers.

MV, LLC (d/b/a MV Technologies), (“MV”): (operating since 2003) MV designs and sells patented and/or proprietary, dry scrubber solutions for management of Hydrogen Sulfide (H₂S) in biogas, landfill gas, and petroleum processing operations. These system solutions are marketed under the product names H₂SPlus™ and OdorFilter™. The markets for these products include land fill operations, agricultural and food product processors, wastewater treatment facilities, and petroleum product refiners. MV also develops and designs proprietary technologies and systems used to condition biogas for use as renewable natural gas (“RNG”), for a number of applications, such as transportation fuel and natural gas pipeline injection.

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SEER Environmental Materials, LLC (“SEM”): (formed September 2015) is a wholly owned subsidiary established as a materials technology business with the purpose of developing advanced chemical absorbents and catalysts that enhance the capability of biogas produced from, landfill, wastewater treatment operations and agricultural digester operations.

Majority owned

Paragon Waste Solutions, LLC (“PWS”): (formed late 2010) PWS is an operating company that has developed a patented waste destruction technology using a pyrolytic heating process combined with “non-thermal plasma” assisted oxidation. This technique involves gasification of solid waste by heating the waste in a low-oxygen environment, followed by complete oxidation at higher temperatures in the presence of plasma. The term “non-thermal plasma” refers to a low energy ionized gas that is generated by electrical discharges between two electrodes. This technology, commercially referred to as CoronaLux™, is designed and intended for the “clean” destruction of hazardous chemical and biological waste (*i.e.*, hospital “red bag” waste) thereby eliminating the need for costly segregation, transportation, incineration or landfill (with their associated legacy liabilities). PWS is a 54% owned subsidiary.

ReaCH4BioGas (“Reach”) (trade name for Benefuels, LLC): (formed February 2013) owned 85% by SEER. Reach develops renewable natural gas projects that convert raw biogas into pipeline quality gas and/or Renewable, “RNG”, for fleet vehicles. Reach had minimal operations as of March 31, 2021.

PelleChar, LLC (“PelleChar”): (formed September 2018) owned 51% by SEER. PelleChar has secured third-party pellet manufacturing capabilities from one of the nation’s premier pellet manufacturer. Working closely with Biochar Now, LLC, PelleChar commenced sales in 2019 of its proprietary pellets containing the proven and superior Biochar Now product starting with the landscaping and big agriculture markets. At this time, PelleChar is the only company able to offer a soil amendment pellet containing the Biochar Now product that is produced using the patented pyrolytic process. PelleChar activity to date relates to startup of operations, and an increasing sales effort. Revenue and expenses of PelleChar were not material for the three months ended March 31, 2021.

Joint Ventures

Paragon Waste (UK) Ltd: In June 2014, PWS and PCI Consulting Ltd (“PCI”) formed Paragon Waste (UK) Ltd (“Paragon UK Joint Venture”) to develop, permit and exploit the PWS waste destruction technology within the territory of Ireland and the United Kingdom. PWS and PCI each own 50% of the voting shares of Paragon UK Joint Venture. Operations to date of the Paragon UK Joint Venture have been limited to formation, the delivery of a CoronaLux™ unit with a third party in the United Kingdom and application and permitting efforts with regulatory entities.

P&P Company: In February 2015, PWS and Particle Science Tech of Environmental Protection, Inc. (“Particle Science”) formed a joint venture, Particle & Paragon Environmental Solutions, Inc (“P&P”) to exploit the PWS technology in China, including Hong Kong, Macao and Taiwan. PWS and Particle Science each own 50% of P&P. Operations to date have been limited to formation of P&P and the sale and delivery of a CoronaLux™ unit to Particle Science in China.

PWS MWS Joint Venture: In October 2014, PWS and Medical Waste Services, LLC (“MWS”) formed a contractual joint venture to exploit the PWS medical waste destruction technology. In 2015, MWS licensed and installed a CoronaLux™ unit at an MWS facility, and subsequently received a limited permit to operate from the South Coast Air Quality Management District (“SCAQMD”) and the California Department of Public Health. In November 2017, PWS received final air quality permit approval from SCAQMD allowing for full operations of the CoronaLux™ unit at the MWS facility.

Paragon Southwest Joint Venture: In December 2017, PWS and GulfWest Waste Solutions, LLC (“GWWS”) formed Paragon Southwest Medical Waste, LLC (“PSMW”) to exploit the PWS medical waste destruction technology. PSMW will have an exclusive license to the CoronaLux™ technology in a six-state area of the Southern United States. In addition to the equity position, PWS will be the operating partner for the business and intends to sell a number of additional systems to the joint venture. In 2017, PSMW purchased and installed three CoronaLux™ units at an PSMW facility.

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SEER’s Financial Condition and Liquidity

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately \$30.0 million as of March 31, 2021, and \$29.7 million as of December 31, 2020. For the three months ended March 31, 2021 and 2020 we had net losses from continuing operations before adjustment for losses attributable to non-controlling interest of approximately \$0.3 million and \$0.7 million, respectively. As of March 31, 2021, and December 31, 2020 our current liabilities exceed our current assets by approximately \$9.4 million and \$9.8 million, respectively. The primary reason for the decrease in negative working capital from December 31, 2020 to March 31, 2021 is due to a net increase in COVID-19 related stimulus related payroll tax credits. The Company has limited common shares available for issue which may limit the ability to raise capital or settle debt through issuance of shares. These factors raise substantial doubt about the ability of the Company to continue to operate as a going concern for a period of at least one year after the date of the issuance of our audited financial statements for the period ended March 31, 2021.

Realization of a major portion of our assets as of March 31, 2021, is dependent upon our continued operations. The Company is dependent on generating additional revenue or obtaining adequate capital to fund operating losses until it becomes profitable. In addition, we have undertaken a number of specific steps to continue to operate as a going concern. We continue to focus on developing organic growth in our operating companies, diversifying our service customer base and market concentrations and

improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions, including discontinuing a line of business with insufficient margins. Critical to achieving profitability will be our ability to license and or sell, permit and operate through our joint ventures and licensees our CoronaLux™ waste destruction units. We have increased our business development focus to address opportunities identified in domestic markets attributable to increased federal and state emission control regulations and a growing demand for energy conservation and renewable energies. In addition, the Company is evaluating various forms of financing that may be available to it. There can be no assurance that the Company will secure additional financing for working capital on favorable terms or at all, increase revenues and achieve the desired result of net income and positive cash flow from operations in future years. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to report on a going concern basis.

Results of Operations for the Three Months Ended March 31, 2021 and 2020

Total revenues were \$0.9 million and \$0.8 million for the three months ended March 31, 2021 and 2020, respectively. The increase of approximately \$0.1 million or 12% in revenues comparing the three months ended March 31, 2021 to the three months ended March 31, 2020 is attributable to the increases in revenues from our products segment revenue, which includes our environmental solutions segment, which increased from \$765,800 for the three months ended March 31, 2020 to \$863,200 for the three months ended March 31, 2021, an increase of approximately \$97,400 or approximately 13%. Environmental solutions segment generated more revenue as 10 internally built kilns were delivered during the first quarter of 2021, and an increased volume of media sales from the first quarter of 2021 over the first quarter of 2020, partially offset by reduced revenue recognized in our construction contracts, due to a general slowdown in the economy attributable to the COVID-19 pandemic.

Operating expenses, which include cost of products, cost of solid waste and general and administrative (G&A) expenses, and salaries and related expenses, were approximately \$1.2 million for the three months ended March 31, 2021 compared to \$1.5 million for the three months ended March 31, 2020. The decrease primarily consists of a decrease in general and administrative costs of approximately \$0.1 million, as a result of reduced professional fees during the quarter, and a reduction in salaries and related of approximately \$0.2 million due to the Employee Retention Tax Credit (“ERTC”) program from the U.S Treasury, as part of the COVID-19 stimulus package. The ERTC program refunds a portion of taxes paid for payroll. We accrued the amounts that we qualify for, and this reduced our payroll expenses during the quarter.

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Total non-operating other expense, net was \$0.1 million for the three months ended March 31, 2021 compared to \$4,100 for the three months ended March 31, 2020. The increase in expense in 2021 compared to 2020 is primarily due to the reduced other income, which in 2020 included a greater amount of gain on sale of fixed assets.

There is no provision for income taxes for both the three months ended March 31, 2021 and 2020, due to our net losses for both periods and we continue to maintain full allowances covering our net deferred tax benefits as of March 31, 2021 and 2020.

Net loss, before non-controlling interest, for the three months ended March 31, 2021 was \$330,400 compared to a net loss, before non-controlling interest, of \$653,400 for the three months ended March 31, 2020. The net loss attributable to SEER after deducting \$12,800 for the non-controlling interest was \$317,600 for the three months ended March 31, 2021 as compared to \$626,100, after deducting \$27,300 in non-controlling interest, for the three months ended March 31, 2020. As noted above, a decrease in operating expenses during 2021 of 22%, an increase in revenue of 12%, offset by increase in non-operating expenses, was the primary reason for the decrease in the net loss.

Changes in Cash Flow

Operating Activities

The Company had net cash used by operating activities for the three months ended March 31, 2021 of \$0.7 million compared to net cash used by operating activities for the three months ended March 31, 2020 of \$0.3 million, an increase of cash used of approximately \$0.4 million. Cash used by operating activities is driven by our net loss and adjusted by non-cash items as well as changes in operating assets and liabilities. Non-cash adjustments primarily include depreciation, amortization of intangible assets, stock-based compensation expense, provision for bad debt, and non-cash interest expense. Non-cash adjustments reduced cash flows \$16,500 for the three months ended March 31, 2021, compared to increasing cash flows \$68,100 for the three months ended March 31, 2020. Depreciation and amortization totalled \$34,600 during first quarter 2021 compared to \$44,000 in the first quarter of 2020, non-cash expense for interest was \$33,100 in the first quarter 2020, and \$0 in the first quarter of 2021, and gain on disposal of fixed assets was \$75,800 in the first quarter of 2021, and \$0 in the first quarter of 2020. In addition to the non-cash adjustments to net income, changes in assets and liabilities include: a) changes in account receivable used \$0.2 million in cash in the first quarter of 2021, compared to providing \$0.2 million in the first quarter of 2020, a net decrease in cash of \$0.6 million, b) changes in prepaid expenses and other assets used \$0.2 million in the first quarter of 2021, compared to use of \$0.1 million in the first quarter of 2020, c) changes in accounts payable and accrued expenses used \$25,400 in the first quarter of 2021, compared to providing \$112,300 in the first quarter of 2020, a net increase in cash of \$0.1 million, d) changes in billings in excess of revenue on uncompleted contracts provided \$6,800 in the first quarter of 2021, compared to using \$243,100 in the first quarter of 2020, a net increase in cash of \$0.2 million, e) changes in deferred revenue used \$8,200 in the first quarter of 2021, compared to providing \$76,000 in the first quarter of 2020, a net decrease in cash of \$0.1 million, and f) changes in prepaid expenses and other assets used \$0.2 million in the first quarter of 2021, compared to using \$0.1 million in the first quarter of 2020, a net decrease in cash of \$0.1 million.

Investing activities

Net cash provided by investing activities was \$0.1 million for the three months ended March 31, 2021 compared to using \$19,300 of cash for the three months ended March 31, 2020. The purchase of property and equipment was \$19,300 for the three months ended March 30, 2020, while \$0 for the three months ended March 31, 2021. The proceeds from sale of fixed assets totalled \$75,800 for the three months ended March 31, 2021, while \$0 for the three months ended March 31, 2020.

Financing Activities

Net cash provided by financing activities was \$0.7 million for the three months ended March 31, 2021 compared to \$0.1 million for the three months ended March 31, 2020. The net of proceeds and payments related to debt of approximately \$0.6 million in the three months ended March 31, 2021 compared to approximately \$0.1 million in the three months ended March 31, 2020 and the net proceeds related to paycheck protection program of approximately \$0.1 in the three months ended March 31, 2021 compared to approximately \$0 in the three months ended March 31, 2020.

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Critical Accounting Policies, Judgments and Estimates

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of intangible assets; valuation allowances and reserves for receivables, inventory and deferred income taxes; revenue recognition related to contracts accounted for under the percentage of completion method; share-based compensation; and loss contingencies, including those related to litigation. Actual results could differ from those estimates.

Accounts receivable are recorded at the invoiced amounts less an allowance for doubtful accounts and do not bear interest. The allowance for doubtful accounts is based on our estimate of the amount of probable credit losses in our accounts receivable. We determine the allowance for doubtful accounts based upon an aging of accounts receivable, historical experience and management judgment. Accounts receivable balances are reviewed individually for collectability, and balances are charged off against the allowance when we determine that the potential for recovery is remote. An allowance for doubtful accounts of approximately \$800 and \$11,800 has been reserved as of March 31, 2021 and December 31, 2020, respectively.

The Company is exposed to credit risk in the normal course of business, primarily related to accounts receivable. Our customers operate primarily in the biogas generating and wastewater treatment industries in the United States. Accordingly, we are affected by the economic conditions in these industries as well as general economic conditions in the United States. To limit credit risk, management periodically reviews and evaluates the financial condition of its customers and maintains an allowance for doubtful accounts. As of March 31, 2021, and December 31, 2020, we do not believe that we have significant credit risk.

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including accounts receivable and accounts payable, are carried at cost, which approximates their fair value due to their short-term maturities. We believe that the carrying value of notes payable with third parties, including their current portion, approximate their fair value, as those instruments carry market interest rates based on our current financial condition and liquidity. We believe the amounts due to related parties also approximate their fair value, as their carried interest rates are consistent with those of our notes payable with third parties.

Long-lived Assets

The Company evaluates the carrying value of long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset is considered to be impaired when the anticipated undiscounted future cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. No impairments were determined as of March 31, 2021.

Revenue Recognition

Revenue is recognized under FASB guidelines, which requires an evaluation of revenue arrangements with customers following a five-step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) the company satisfies each performance obligation. Revenues are recognized when control of the promised services are transferred to the customers in an amount that reflects the expected consideration in exchange for those services. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the services. Other major provisions of the guidance include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Stock-based Compensation

We account for stock-based awards at fair value on the date of grant and recognize compensation over the service period that they are expected to vest. We estimate the fair value of stock options and stock purchase warrants using the Black-Scholes option pricing model. The estimated value of the portion of a stock-based award that is ultimately expected to vest, taking into consideration estimated forfeitures, is recognized as expense over the requisite service periods. The estimate of stock awards that will ultimately vest requires judgment, and to the extent that actual forfeitures differ from estimated forfeitures, such differences are accounted for as a cumulative adjustment to compensation expenses and recorded in the period that estimates are revised.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings with the Securities and Exchange Commission (SEC) are recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

As of the end of the period covered by this report, and under the supervision and with the participation of our management, including our Chief Executive Officer and the person performing the similar function as Chief Financial Officer, we evaluated the effectiveness of the design and operation of these disclosure controls and procedures. Based on this evaluation and subject to the foregoing, our Chief Executive Officer and Acting Chief Financial Officer concluded that our disclosure controls and procedures were not effective.

Changes in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Not Applicable.

ITEM 1A. Risk Factors

Please review our report on Form 10-K Part 1, Item 1A for a complete statement of "Risk Factors" that pertain to our business.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The \$500,000 secured short-term note issued on February 1, 2019 was past due as of March 31, 2021. We have accrued 100,000 shares of Company stock per month, recorded as interest, as penalty shares per agreement with the lender, until paid, through December 31, 2020 in accordance with a verbal agreement with the lender. No further share accrual is being made. A total of 1,850,000 penalty shares are accrued, and due on demand, in accordance with this borrowing.

The \$100,000 secured short-term note issued on July 2, 2019 was past due as of March 31, 2021. We are continuing to accrue interest at the stated rate of 12%, which is a total of approximately \$21,000 as of the date of this report, until the loan is paid in full, or an extension agreement is reached with the lender. We are currently in discussions with the lender regarding these matters, although we have not obtained a written waiver or entered into an amendment revising these terms.

The \$150,000 secured short-term note issued on July 18, 2019 was past due as of March 31, 2021. We have accrued 15,000 shares of Company stock per month, which increased to 30,000 shares of common stock per month beginning March 16, 2020, recorded as interest, as penalty shares per agreement with the lender, until paid, through December 31, 2020 in accordance with a verbal agreement with the lender. A total of 360,000 penalty shares are accrued and due on demand, in accordance with this borrowing.

The \$450,000 secured short-term note issued on December 14, 2019 was past due as of March 31, 2021. We are continuing to accrue interest at the stated rate of 15%, which is a total of approximately \$87,500 as of the date of this report, until the loan is paid in full, or an extension agreement is reached with the lender. We are currently in discussions with the lender regarding these matters, although we have not obtained a written waiver or entered into an amendment revising these terms.

The \$220,000 secured short-term note issued on July 8, 2020 was past due as of March 31, 2021. We are continuing to accrue interest at the stated rate of 15%, which is a total of approximately \$24,100 as of the date of this report, until the loan is paid in full, or an extension agreement is reached with the lender. We are currently in discussions with the lender regarding these matters, although we have not obtained a written waiver or entered into an amendment revising these terms.

The \$120,000 secured short-term note issued on August 18, 2020 was past due as of March 31, 2021. We are continuing to accrue interest at the stated rate of 15%, which is a total of approximately \$11,000 as of the date of this report, until the loan is paid in full, or an extension agreement is reached with the lender. We are currently in discussions with the lender regarding these matters, although we have not obtained a written waiver or entered into an amendment revising these terms.

The \$280,000 secured short-term note issued on September 3, 2020 was past due as of March 31, 2021. We are continuing to accrue interest at the stated rate of 15%, which is a total of approximately \$24,000 as of the date of this report, until the loan is paid in full, or an extension agreement is reached with the lender. We are currently in discussions with the lender regarding these matters, although we have not obtained a written waiver or entered into an amendment revising these terms.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS**EXHIBIT INDEX**

| | |
|------------|---|
| 31.1* | Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 |
| 31.2* | Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 |
| 32.1** | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2** | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS*** | XBRL Instance Document |
| 101.SCH*** | XBRL Taxonomy Extension Schema Document |
| 101.CAL*** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF*** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB*** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE*** | XBRL Taxonomy Extension Presentation Linkbase Document |

* Filed herewith.

** This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act.

*** Pursuant to applicable securities laws and regulations, these interactive data files will not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liability of that section, nor will they be deemed filed or made a part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, or otherwise subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 14, 2021

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.

By /s/ J. John Combs III

J. John Combs III
Chief Executive Officer with
Responsibility to sign on behalf of Registrant as a
Duly authorized officer and principal executive officer

By /s/ Clark Knopik
Clark Knopik
Interim Chief Financial Officer with
responsibility to sign on behalf of Registrant as a
duly authorized officer and principal financial officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, J. John Combs III, certify that:

1. I have reviewed this Form 10-Q for the period ended March 31, 2021, of Strategic Environmental & Energy Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2021

/s/ J. John Combs III

J. John Combs III

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Clark Knopik, certify that:

1. I have reviewed this Form 10-Q for the period ended March 31, 2021, of Strategic Environmental & Energy Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2021

/s/ Clark Knopik
Clark Knopik

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Strategic Environmental & Energy Resources, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. John Combs III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Dated: May 14, 2021

/s/ J. John Combs III

J. John Combs III
President and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Strategic Environmental & Energy Resources, Inc. (the "Company") Quarterly on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clark Knopik, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Dated: May 14, 2021

/s/ Clark Knopik

Clark Knopik
Interim Chief Financial Officer
