

May 23, 2017



# Meridian Waste Solutions Reports First Quarter 2017 Results

***Revenue Growth of 46% to \$10.9 Million  
Adjusted EBITDA of \$3.2 Million***

**ATLANTA, GA / ACCESSWIRE / May 23, 2017** /Meridian Waste Solutions, Inc. (NASDAQ: MRDN) ("Meridian Waste" or the "Company"), a vertically integrated, non-hazardous solid waste services company, today reported financial and operational results for the three-month period ended March 31, 2017.

## **Key Financial Highlights for First Quarter 2017**

- Record revenues of \$10.9 million, increased 46% compared to the first quarter ended March 31, 2016; primarily due to the acquisition of the CFS Group
- Organic revenue growth of 9.2%
- Adjusted EBITDA of \$3.2 million; includes a full quarter pro-forma effect of the CFS acquisition

## **Key Business Highlights for First Quarter 2017**

- Listing on Nasdaq
- Closed the CFS Group acquisition expanding footprint into Virginia
- Awarded Contracts with St. Louis County Districts 4 and 6

With the acquisition of the CFS group during the three months ended March 31, 2017, the Company's operations are now managed through two operating segments:

- Mid-Atlantic region, centered upon the Richmond, VA area
- Midwest region, centered upon the St. Louis, MO area

Meridian Wastes revenue is generated primarily by collection services provided to residential customers, as well as commercial and temporary roll-off customers. With respect to its platform operation in St. Louis, the Company is focused on building in and around this initial marketplace, focusing on bidding for additional municipal contracts in the St. Louis market, as well as pursuing acquisitions in the Midwest to drive this plan. The recent acquisition of the CFS Group demonstrates a key element of Meridian Wastes strategy to create the vertically integrated infrastructure needed to expand its operations, as the Company was able to acquire underutilized assets such as a landfill and integrate these assets into the Company's collection and transfer network to improve the efficiencies and margins of the Company's operations in the market. Meridian Waste continues to evaluate many potential acquisitions both within its existing markets and new

geographic areas.

Chairman and Chief Executive Officer Jeff Cosman commented, "It was a very busy and productive start to 2017, as we solidified our platform in the St. Louis market by winning new business, entered a new market with potential based on vertical integration in the Richmond, Virginia area with the CFS Group acquisition, and advanced our capital markets strategy by uplisting to NASDAQ. As we continue to execute within our two existing markets, there is plenty of opportunity we are evaluating to further expand nationally. Additionally, we are excited about growth opportunities we have identified with both Meridian Innovations and Meridian Materials."

### Segment and Related Information:

	<b>Service Revenues</b>	<b>Net Income (loss)</b>	<b>Depreciation and Amortization</b>	<b>Capital Expenditures</b>	<b>Total Assets</b>
Mid-Atlantic	\$ 2,725,000	\$ (966,000)	\$ 937,000	\$ 500,000	\$ 58,800,000
Midwest	8,180,000	(585,000)	2,042,000	900,000	47,900,000
Corporate	-	(1,472,000)	20,000	-	1,000,000
Total	<u>\$10,905,000</u>	<u>\$(3,023,000)</u>	<u>\$ 2,999,000</u>	<u>\$ 1,400,000</u>	<u>\$107,700,000</u>

### Financial Results for the First Quarter Ended March 31, 2017:

For the three months ended March 31, 2017, revenues were \$ 10.9 million, a 46% increase from \$7.5 million for the three months ended March 31, 2016. Organic revenue growth of 9.2% was driven by additional customers and price increases.

Unaudited pro-forma revenue for the three months ended March 31, 2017 as if the acquisition of the CFS Group took place on January 1, 2016 was \$13.4 million, which represents 6.9% organic growth as compared to the three months ended March 31, 2016.

As revenues continue to grow in existing markets, Meridian Waste plans to increase the rate of this growth by increasing its presence in the commercial and "roll-off" business. Roll-off service is the hauling and disposal of large waste containers (typically between 10 and 40 cubic yards) that are loaded on to and off of the collection vehicle. Management also expects continued growth through additional mergers and acquisitions.

Gross profit improved by \$0.9 million to \$3.9 million in the three months ended March 31, 2017, as compared to a \$3.0 million gross profit in the three months ended March 31, 2016. The CFS Groups operating expenses are currently significantly higher than that of the other operating subsidiaries. For the three months ended March 31, 2017, CFS's operating expenses were approximately 74% of revenue, while the Midwest segments operating expenses were approximately 61% of revenue.

Management believes there is an opportunity to improve efficiencies of operations at CFS, and would expect its operating margins to improve over time. There are also synergistic opportunities, such as creating density in some of its routes and internalization of its waste, which are also in process.

For the three months ended March 31, 2017, adjusted EBITDA was \$3.2 million; includes a full quarter pro-forma effect of the CFS acquisition.

The following table presents Adjusted EBITDA, a non-GAAP financial measure, and provides a reconciliation of Adjusted EBITDA to the directly comparable GAAP measure reported in the Company's consolidated financial statements:

	<b>March 31, 2017</b>
Net loss	\$(3,814,029)
Extinguishment of derivative liability	(2,100,000)
Depreciation and amortization	4,460,413
Financing and acquisition related costs	657,100
Interest expense	1,563,213
Other income, corporate overhead, bonus, internalization	2,411,530
Adjusted EBITDA	<u>\$ 3,177,527</u>

\* includes a full quarter pro-forma effect of the CFS acquisition.

Net loss for the three months ended March 31, 2017 decreased by \$ 3.4 million to \$3.0 million or \$0.58 per share, as compared to \$6.4 million or \$5.93 per share in the three months ended March 31, 2016.

### **Non-GAAP Financial Measure - Adjusted EBITDA**

We make reference to "Adjusted EBITDA," a measure of financial performance not calculated in accordance with accounting principles generally accepted in the United States ("GAAP"). Management has included Adjusted EBITDA because it believes that investors may find it useful to review our financial results as adjusted to exclude items as determined by management. Reconciliations of this non-GAAP financial measure to the most directly comparable GAAP financial measure, net loss, to the extent available without unreasonable effort, are set forth below. The Company defines Adjusted EBITDA as earnings or (loss) from continuing operations before the items noted in the table on page 2.

Management believes Adjusted EBITDA provides a meaningful representation of our operating performance that provides useful information to investors regarding our financial condition and results of operations. Adjusted EBITDA is commonly used by financial analysts and others to measure operating performance. Furthermore, management believes that this non-GAAP financial measure may provide investors with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business. However, while we consider Adjusted EBITDA to be an important measure of operating performance, Adjusted EBITDA and other non-GAAP financial measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Further, Adjusted EBITDA, as we define it, may not be comparable to EBITDA, or similarly titled measures, as defined by other companies.

## **About Meridian Waste Solutions, Inc.**

Meridian Waste Solutions, Inc. (NASDAQ:[MRDN](#)) is a company defined by our commitment to servicing our customers with unwavering respect, fairness and care. We are focused on finding and implementing solutions to solid waste needs and challenges within the industry and for our customers. Meridian Waste's core business is centered on residential and commercial waste collection and disposal but it also includes a fundamental objective to seek rewarding environmental solutions through innovation. Currently, the company operates in St. Louis, Missouri and Richmond, Virginia servicing over 113,000 residential, commercial, industrial and governmental customers. In addition to a fleet of commercial, residential and roll off trucks, the Company operates four transfer stations, one recycling facility and three municipal solid waste landfills. For more information, visit [www.MWSinc.com](http://www.MWSinc.com).

## **Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve certain risks and uncertainties. The actual results or outcomes of Meridian Waste Solutions, Inc. may differ materially from those anticipated. Although Meridian Waste Solutions, Inc. believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any such assumptions could prove to be inaccurate. Therefore, Meridian Waste Solutions, Inc. can provide no assurance that any of the forward-looking statements contained in this press release will prove to be accurate.

In light of the significant uncertainties and risks inherent in the forward-looking statements included in this press release, such information should not be regarded as a representation by Meridian Waste Solutions, Inc. that its objectives or plans will be achieved. Included in these uncertainties and risks are, among other things, fluctuations in operating results, general economic conditions, uncertainty regarding the results of certain legal proceedings and competition. Forward-looking statements consist of statements other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "intend," "expect," "will," "anticipate," "estimate" or "continue" or the negatives thereof or other variations thereon or comparable terminology. Because they are forward-looking, such statements should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Meridian Waste Solutions, Inc.'s most recent Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled "Risk Factors." Meridian Waste Solutions, Inc. does not undertake an obligation to update publicly any of its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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## Consolidated Balance Sheets

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
	<u>(UNAUDITED)</u>	<u>(UNAUDITED)</u>
<b>Assets</b>		
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Current assets:		
Cash	\$ 1,278,362	\$ 823,272
Short-term investments - restricted	1,940,522	1,953,969
Accounts receivable, net	6,080,555	2,540,657
Prepaid expenses	1,452,497	746,776
Other current assets	496,275	39,895
Total current assets	<u>11,248,211</u>	<u>6,104,569</u>
Property, plant and equipment, at cost net of accumulated depreciation	30,780,604	16,797,015
Landfill assets, net of accumulated amortization	30,593,023	3,278,817
Assets held for sale	395,000	395,000
Other assets:		
Investment in related party	360,763	360,763
Deposits	151,495	144,793
Contract receivable	175,180	179,067
Goodwill	18,888,503	7,234,420
Trademarks	780,000	-
Customer list, net of accumulated amortization	14,185,754	14,553,629
Non-compete, net of accumulated amortization	104,380	114,680
Website, net of accumulated amortization	38,123	38,819
Total other assets	<u>34,684,198</u>	<u>22,626,171</u>
Total assets	<u>\$ 107,701,036</u>	<u>\$ 49,201,572</u>
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<b>Liabilities and Shareholders' Equity (Deficit)</b>		
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Current liabilities:		
Accounts payable	\$ 4,084,315	\$ 3,327,618
Accrued expenses	2,510,747	1,998,531
Notes payable, related parties	356,891	609,891
Deferred compensation	-	769,709
Deferred revenue	4,482,393	3,431,869
Derivative liability	-	3,343,623
Current portion - capital leases payable	534,901	-
Current portion - long term debt	250,752	1,385,380
Total current liabilities	<u>12,219,999</u>	<u>14,866,621</u>
Long term liabilities:		
Asset retirement obligation	7,965,320	5,299
Deferred tax liability	295,095	193,482
Capital leases, payable	6,511,315	-
Long term debt, net of current	77,910,474	41,810,733
Total long term liabilities	<u>92,682,204</u>	<u>42,009,514</u>
Preferred Series C stock redeemable, cumulative, stated		

value \$100 per share, par value \$.001, 67,361 shares authorized, 0 and 35,750 shares issued and outstanding, respectively	-	2,644,951
Shareholders' equity (deficit):		
Preferred Series A stock, par value \$.001, 51 shares authorized, issued and outstanding	-	-
Preferred Series B stock, par value \$.001, 71,210 shares authorized, 0 and 0 issued and outstanding	-	-
Common stock, par value \$.025, 75,000,000 shares authorized, 6,944,244 and 1,712,471 shares issued and 6,932,744 and 1,700,971 shares outstanding, respectively	173,318	42,812
Treasury stock, at cost, 11,500 shares	(224,250)	(224,250)
Additional paid in capital	51,292,872	35,353,209
Accumulated deficit	<u>(48,546,137)</u>	<u>(45,491,285)</u>
Total Meridian Waste Solutions, Inc. shareholders' equity (deficit)	2,695,803	(10,319,514)
Noncontrolling Interest	<u>103,030</u>	<u>-</u>
Total equity	<u>2,798,833</u>	<u>(10,319,514)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 107,701,036</u>	<u>\$ 49,201,572</u>

**Meridian Waste Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**

	<b>Three months ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>(UNAUDITED)</b>	<b>(UNAUDITED)</b>
Revenue		
Services	<u>\$ 10,905,067</u>	<u>\$ 7,488,239</u>
Cost and expenses:		
Operating	6,987,386	4,469,898
Bad debt expense	178,488	44,589
Depreciation and amortization	2,998,766	1,707,406
Accretion expense	56,401	45,176
Selling, general and administrative	<u>4,060,146</u>	<u>6,422,339</u>
Total cost and expenses	<u>14,281,187</u>	<u>12,689,408</u>
Loss from operations	(3,376,120)	(5,201,169)
Other income (expenses):		
Miscellaneous income	45,145	6,700
Gain (loss) on disposal of assets	841	(1,451)
Unrealized gain (loss) on change in fair value of derivative liability	(554,112)	180,000
Gain on extinguishment of derivative instrument	2,654,821	-
Loss from proportionate share of equity method investment	-	(2,105)
Unrealized loss on investment	(5,855)	-

Interest income	9,682	2,139
Interest expense	<u>(1,695,479)</u>	<u>(1,410,980)</u>
Total other income (expenses)	<u>455,043</u>	<u>(1,225,697)</u>
Loss before income taxes	(2,921,077)	(6,426,866)
Provision for income taxes	<u>(101,613)</u>	<u>-</u>
Net loss	\$ (3,022,690)	\$ (6,426,866)
Net loss attributable to noncontrolling interest	\$ 32,160	\$ -
Net loss attributable to Meridian Waste Solutions, Inc	\$ (3,054,850)	\$ (6,426,866)
Deemed dividend related to beneficial conversion feature and accretion of a discount on Series C Preferred Stock	\$ (2,115,317)	\$ -
Net loss attributable to common stockholders	<u>\$ (5,170,167)</u>	<u>\$ (6,426,866)</u>
Basic and diluted net loss per share	<u>\$ (1.00)</u>	<u>\$ (5.93)</u>
Weighted average common shares outstanding (Basic and Diluted)	<u>5,167,578</u>	<u>1,084,001</u>

**Meridian Waste Solutions, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

	<b>Three months ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>(UNAUDITED)</b>	<b>(UNAUDITED)</b>
Cash flows from operating activities:		
Net loss	\$ (3,022,690)	\$ (6,426,866)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,998,766	1,707,406
Interest accretion on landfill liabilities	56,401	45,176
Amortization of capitalized loan fees & debt discount	150,684	413,639
Unrealized (gain) loss on derivatives	554,112	(180,000)
Bad debt expense	178,488	44,589
Stock issued to vendors for services	-	778,985
Deferred tax expense	101,613	-
Stock and Options issued to employees as incentive compensation	27,375	3,545,422
Gain on extinguishment of liability	(2,654,821)	-
Loss from proportionate share of equity investment	-	2,105
Loss on disposal of equipment	(841)	1,451
Changes in working capital items net of acquisitions:		
Accounts receivable, net of allowance	(924,962)	(350,704)
Prepaid expenses and other current assets	(324,244)	(2,291)
Accounts payable and accrued expenses	(1,383,897)	188,546
Deferred compensation	(769,709)	40,250
Deferred revenue	1,050,524	133,671
Net cash used in operating activities	<u>(3,963,201)</u>	<u>(58,621)</u>
Cash flows from investing activities:		

Acquisition of the CFS Group	(3,933,276)	-
Landfill additions	(12,333)	(29,669)
Acquisition of property, plant and equipment	(1,403,896)	(2,436,439)
Purchases of short-term investments	13,447	(1,947,127)
Cash proceeds received from post acquisition settlement	-	245,222
Proceeds from sale of property, plant and equipment	-	46,975
Net cash used in investing activities	<u>(5,336,058)</u>	<u>(4,121,038)</u>
Cash flows from financing activities:		
(Repayments) borrowings on notes due related parties	(253,000)	-
Proceeds from loans	569,212	2,150,000
Proceeds from issuance of common stock, net of fees	10,764,931	1,100,000
Proceeds from issuance of Series C Preferred Stock, net of placement fees of \$79,688	-	(33,567)
Principal payments on capital lease	(71,178)	(33,567)
Principal payments on notes payable	(1,259,503)	-
Proceeds from Direct Financing lease payments	3,887	-
Net cash provided from financing activities	<u>9,754,349</u>	<u>3,182,866</u>
Net change in cash	455,090	(996,793)
Beginning cash	823,272	2,729,795
Ending cash	<u>\$ 1,278,362</u>	<u>\$ 1,733,002</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 1,497,429</u>	<u>\$ 272,840</u>
<b>Supplemental Non-Cash Investing and Financing Information:</b>		
Note payable incurred for acquisition	<u>\$ 34,100,000</u>	<u>\$ -</u>
Capital lease incurred for property, plant and equipment	<u>\$ 195,646</u>	<u>\$ -</u>
Common stock issued for consideration in an acquisition	<u>\$ 1,390,000</u>	<u>\$ -</u>
Retirement of Preferred Stock C and related top off provision through the issuance of Common Stock (and related derivative liability)	<u>\$ 2,644,951</u>	<u>\$ -</u>

**SOURCE:** Meridian Waste Solutions, Inc.