



BioHiTech Global, Inc.

Initiating Coverage with BUY and \$5.00 Target

Provides cost-effective technology and management solutions for sustainable waste disposal using: mixed municipal waste processing and conversions facilities; on-site waste disposal and cloud-based analytics and; management services.

United States
Environmental Equipment and Services

July 22, 2019

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COVERAGE INITIATION

Rating: BUY

Ticker: BHTG

Price: \$1.80

Target: \$5.00

Initiating with BUY: We are initiating coverage of BioHiTech Global, Inc. with a BUY rating and \$5.00 price target. BHTG is an innovative waste management services company with proprietary disruptive technologies providing sustainable waste disposal and supply chain management solutions for businesses and municipalities of all sizes. Its cost-effective technology platforms can virtually eliminate landfill usage through real-time data analytics to reduce waste generation, biological disposal of food waste at the point of generation, and the processing of municipal solid waste into a valuable renewable fuel.

First HEBioT™ in the U.S. drives growth: HEBioT stands for high-efficiency biological treatment, a patented high efficiency mechanical and biological treatment process that takes in mixed municipal waste and produces an EPA recognized solid recovered fuel ("SRF") that can be used as a partial replacement for coal in various applications. While the HEBioT process is common in the EU, it has not reached the U.S. until now. BHTG has an exclusive license to use the technology 11 States. BHTG's first HEBioT plant was completed in April 2019. The company anticipates it will generate \$7 million of high margin revenue/year by processing up to 110,000 tons of municipal solid waste/year. 50% of the waste will be converted to SRF and a total of 80% of the waste entering the facility will be diverted away from landfills. The 56,000-square foot Facility is completely enclosed and fully automated with no waste being exposed to the outside environment and no workers in direct contact to the waste processing.

Large growth opportunity from multiple revenue streams: The company collects tipping fees from municipalities that dump residential and commercial waste in its facilities, it then processes 50% of the material into fuel that is sold to a local cement company thus reducing the cement company's dependence on fossil fuels and its emission of air pollutants. It markets on-site digesters that small and large business alike can use to keep waste out of landfills. Many cities and states have already banned landfill disposal of food waste generated by large, commercial food waste generators, with pending legislation in numerous others. We anticipate this trend to continue as sustainability efforts advance. It also provides waste management services.

Topline growth could reach triple-digits. We believe the new HEBioT plant will drive topline growth of more than 100% in 2020 and if the company executes on plan, we may see similar growth for several years.

Executing on plan. The management team has a multi-year track record of meeting milestones.

Current valuation attractive: Our \$5.00 price target is derived from synthetic dividend discount model and represents significant upside from the current share price. We believe this valuation balances out the company's risks with the high growth prospects and large upside opportunity.

Company Description

BHTG provides cost-effective technology and management solutions for sustainable waste disposal using: mixed municipal waste processing and conversions facilities; on-site waste disposal and cloud-based analytics and; management services.

Stock Data

Exchange:	NASDAQ
52-week Range:	\$1.62 – 4.50
Shares Outstanding (million):	15
Market cap (\$million):	\$27
EV (\$million):	\$59
Debt (\$million):	\$36
Cash (\$million):	\$4
Avg. Daily Trading Vol. (\$million):	\$0.02
Float (million shares):	8
Short Interest (million shares):	0.03
Dividend, (annual Yield)	\$0 (NA%)

Revenues (US\$ million)

	2018A (Cur.)	2019E (Cur.)	2020E (Cur.)
Q1 Mar	0.7A	0.7A	2.2E
Q2 Jun	0.9A	0.7E	2.5E
Q3 Sep	1.1A	1.3E	2.5E
Q4 Dec	0.7A	1.8E	2.5E
Total	\$3.4A	\$4.5E	\$9.7E
EV/Revs	17x	13x	6x

Earnings per Share (pro forma)

	2018A (Cur.)	2019A (Cur.)	2020E (Cur.)
Q1 Mar	(\$0.48)A	(\$0.14)A	\$0.04E
Q2 Jun	(\$0.39)A	(\$0.01)E	\$0.05E
Q3 Sep	(\$0.14)A	\$0.01E	\$0.05E
Q4 Dec	(\$0.13)A	\$0.03E	\$0.05E
Total	(\$1.08)A	(\$0.11)	\$0.20E
P/E	NA	NA	8.5x

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 14.

Exhibit 1: BioHiTech Global Stock Price (Max – 45 months)



Source: NASDAQ.com

INVESTMENT THESIS

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VALUATION

We are initiating coverage of BioHiTech Global, with a BUY rating and a 12-month price target of \$5.00, which is based on a synthetic-dividend discount model. The model target is \$5.06 which we round down to \$5.00.

Our valuation model is shown in Figure 2 below. The model sums up all earnings per share, discounted at 15% to arrive at a per share value and terminal value growth is assumed to be GDP. Note, this model understates future growth through new products and acquisitions, probably understates the tax benefits, but offsetting that, the earnings never have a down year after 2020.

Figure 2 – BioHiTech Global, Inc. – Valuation Model

Target Price: \$5.06		
Year	EPS	Discounted EPS
2019	(\$0.11)	(\$0.11)
2020	0.20	0.18
2021	0.35	0.26
2022	0.50	0.33
2023	0.65	0.37
2024	0.75	0.37
2025	0.83	0.36
2026	0.87	0.33
2027	0.93	0.30
2028	0.97	0.28
Terminal Value:		\$2.39

Source: Ascendant Capital Markets LLC

COMPANY DESCRIPTION

BHTG provides cost-effective technology and management solutions for sustainable waste disposal using: mixed municipal waste processing and conversions facilities; on-site waste disposal; and cloud-based analytics. The mixed municipal waste processing and conversion is a licensed technology called HEBioT™. BHTG controls the exclusive development rights to build and operate HEBioT facilities in 11 Northeast states and the District of Columbia. We believe this is the engine of growth for BHTG. The on-site waste disposal segment and cloud-based analytics are the legacy segments of the business. These meet the needs of companies who want to control and manage their waste streams, by keeping them out of landfills, addressing stakeholder concerns about sustainability and in the end, saving money. Summarized in Figure 3, below.

Figure 3 - BioHiTech Global, Inc – Overall Product and Service Offerings

Providing Cost-Effective Technology and Management Solutions for Sustainable Waste Disposal

BioHiTech integrates proprietary technology solutions into the traditional disposal services model that are designed to:

- Reduce waste volume.
- Lower transportation costs.
- Minimize landfill usage to achieve Zero Waste.

Our sustainable technology solutions include:

- **Mixed municipal waste processing/conversion facilities** - utilizes proven patented technology to reduce weight and convert waste into an EPA recognized renewable solid recovered fuel.
- **On-site food waste disposal technology** - converts food waste into a liquid that is safely discharged to any standard sewer line, eliminating transportation costs while reducing odors and pest problems.
- **Cloud-based data analytics platform** - patented technology that collects food waste disposal data and converts it into actionable real-time supply chain management information to help change behavior and reduce food waste generation.

Source: Company presentation

PRODUCT OFFERINGS

Specifically, there are three revenue streams that fuel growth, with the largest near-term growth opportunity in building out HEBioT facilities, the first one of which is up and running in Martinsburg W. VA.

The legacy business includes on-site waste digesters which come in different sizes. The Eco-Safe Digester® is designed for mid- to large-level food waste generators that provides information allowing customers to reduce and eliminate or minimize their food waste through improved supply chain management and other efficiencies. The company developed proprietary technologies that improve the operation and monitoring of its digesters on the cloud. This allows customers access to critical data and information that can help its clients change their waste generation practices with a view of reducing the generation of waste at the source. The Eco-Safe Digester® can digest up to 3,500 pounds of food waste every day.

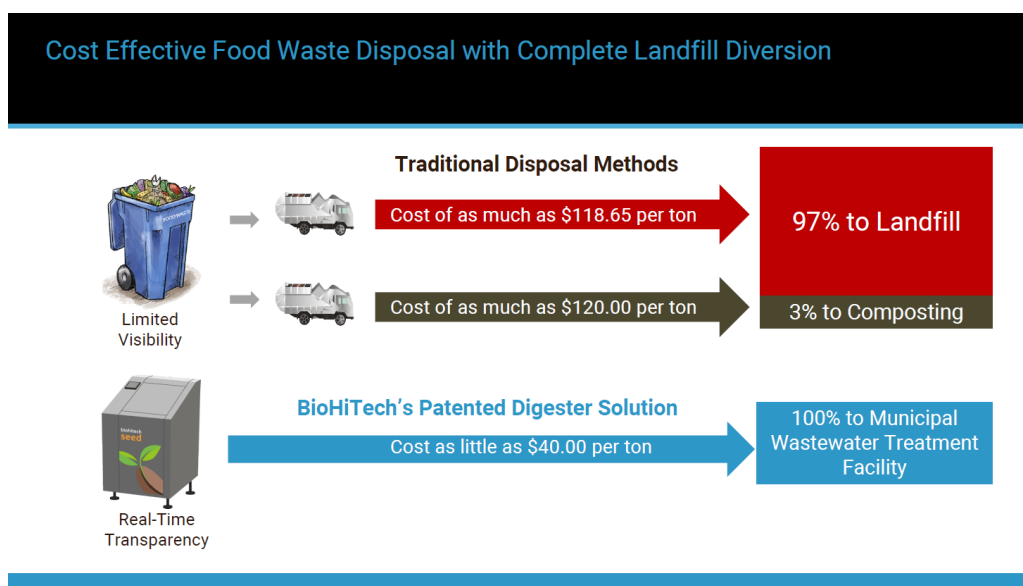
The Eco-Safe Digester® is currently available in three sizes to fit varying customer requirements. The appliance is manufactured using the high-quality components and materials. It is wrapped in durable stainless steel to complement industrial kitchen equipment, provide long life and resist corrosion. The Eco-Safe Digester® targets businesses that generate a high volume of waste including food service, hospitality, healthcare, government, conference centers, education centers, and stadiums. The Company estimates that the US addressable market for this type of digester is in excess of 250,000 locations and an additional 250,000 internationally.

Beginning in late 2017, it began selling its Revolution Series of Digesters. The Revolution is a technologically advanced digester targeting smaller food waste generators. It is smaller in size, easy to install, and offered at a lower price point. The Revolution Series Digesters are available in three models, the Seed, the Sprout and the Sapling, each offering a compact footprint. The Company also markets an add-on pre-processor that allows for a broader range of food waste feed stocks. The Series is capable of handling 100 to 800 pounds per day depending on the model size. The Compact footprint allows access through standard doorways, eliminating one barrier to entry of the larger Eco-Safe units. The units can be delivered through standard shipping and installed efficiently in fewer than two hours with no need for specialty utilities or hook-ups required. The Revolution Series Digesters are mainly available on a rental basis except in certain international markets where they are offered for direct sale. Under the rental model, it bundles the digester, customary maintenance service, consumables and an annual cloud license for one monthly charge. These contracts generally range from three to five years in duration.

In addition to the US domestic marketplace, the Company anticipates growth internationally with a primary focus on the United Kingdom, Singapore, Mexico and Latin America. As international communities continue to strive toward more sustainable options, the Company has identified a need for its digester platforms and BioHiTech Cloud, which is serviced by its London office and various qualified resellers in the target markets.

The Company targets municipalities that enact ordinances prohibiting commercial food waste from being disposed of in landfills. Many cities and states have already banned landfill disposal of food waste generated by large, commercial food waste generators, with pending legislation in numerous others. We anticipate this trend to continue as sustainability efforts advance. BHTG’s digester business is environmentally sustainable as shown in Figure 4.

Figure 4 – BioHiTech Global, Inc. – Benefit of digesters



Source: Company presentation

SERVICES

Participating in traditional waste management services provides several integration opportunities for the Company to integrate with its other lines of business. Traditional services providers typically have existing direct relationships with customers targeted for its digesters. By being aligned with the traditional waste collector, the Company can leverage those existing relationships through customized service agreements that can result in installations of digesters that benefit the Company, the waste collector and their customers. Additionally, municipal solid waste that is typically delivered to transfer stations or directly to landfills can provide a reliable source feedstock for its planned HEBioT plants.

On January 25, 2018, the Company made its first investment in waste collection by entering into a Membership Interest Purchase Agreement (the “Purchase Agreement”) to a non-controlling number of membership units (the “Units”) of Gold Medal Group, LLC (“GM Group”), a traditional waste collection company with a materials recovery facility located in southern New Jersey and eastern Pennsylvania, which through subsequent acquisitions at the GM Group level have been expanded to West Virginia and Maryland.

The Company also entered into an Advisory Services Agreement (the “Advisory Agreement”) with Gold Medal Holdings, Inc. (“Holdings”). Pursuant to the Advisory Services Agreement, the Company will provide Holdings with advisory services relating to corporate development, strategic planning, operational and sales oversight and other general administrative and support services, as more particularly described within the Advisory Agreement. As consideration for providing these services, the Company, will be compensated with an annual advisory services fee equal to the greater of (i) \$750,000 and (ii) 10% of Holdings’ annual ordinary earnings before interest, taxes, depreciation and amortization. The initial term of the Advisory Agreement is for one year. During 2018, this Advisory Agreement has subsequently been renegotiated to provide for annual fees of \$1,000,000 per year and renewal beyond the initial term.

All three product offerings are summarized in Figure 5.

Figure 5 – BioHiTech Global, Inc. – Multiple revenue sources

Three Complimentary Revenue Streams to Fuel Growth in 2019 and Beyond

HEBioT Facilities

- Martinsburg W.Va facility expected to generate \$7 million in high margin annual revenue starting in 2019.
- Rensselaer facility expected to commence operations in Q4 2020 – Q1 2021 expected \$12 million in high margin annual revenue.
- Anticipates having 2-3 projects in various stages of development each year.

Revolution Series and Eco-Safe Digesters

- Recurring revenue model with growing customer base to target 30%+ year over year unit growth.
- Consistent international product sales.

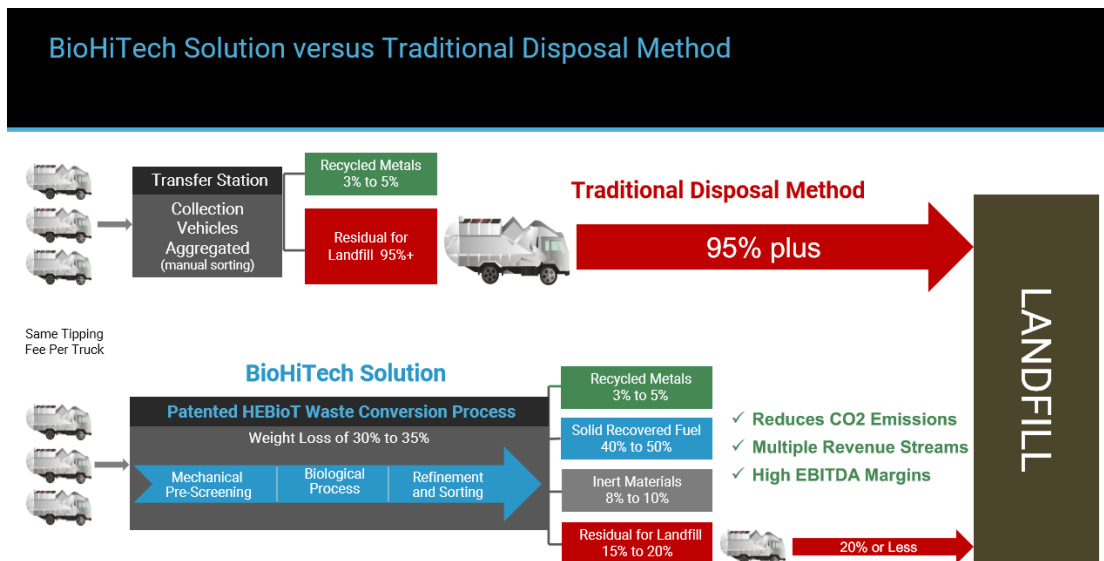
Gold Medal Management Services

- High margin revenue expected to be approximately \$1 million in 2019 for oversight of Gold Medal's operations leveraging it's existing management team.
- Gold Medal/Kinderhook partnership creates significant opportunities to accelerate the growth of our other businesses.

Source: Company presentation

Overall, BHTG's product offerings substantially reduce the demand for landfill. See Figure 6

Figure - 6 BioHiTech Global, Inc. – Solving the landfill issue

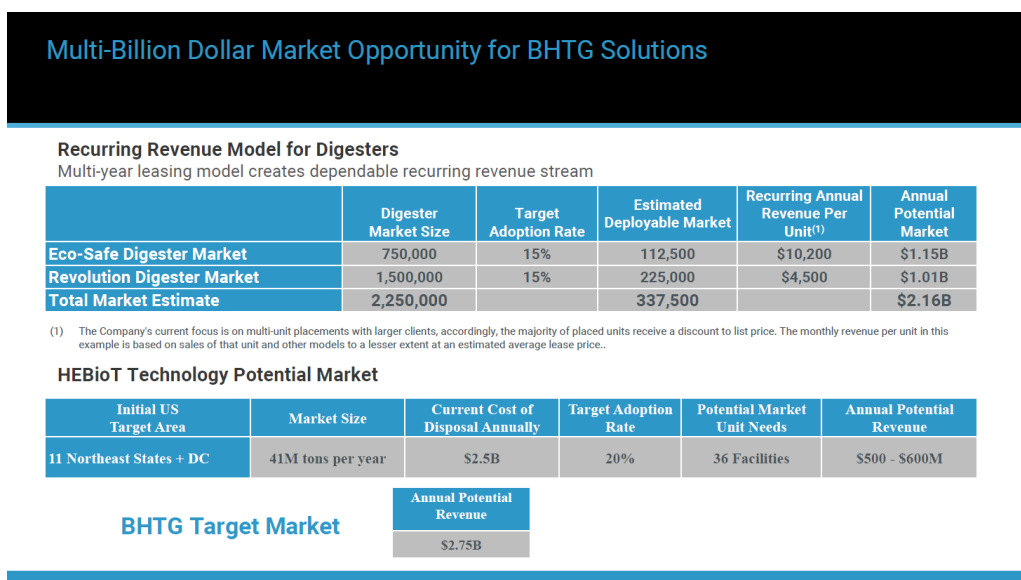


Source: Company presentation

MARKET SIZE

As we show in Figure 7, there is a large market opportunity, which the company believes meets or exceeds \$2.75 billion/year and does so while improving the environment. Digesters are the larger part of the estimate, however near-term the majority of growth is in the HEBioT product.

Figure 7 – BioHiTech Global, Inc. – Market Size

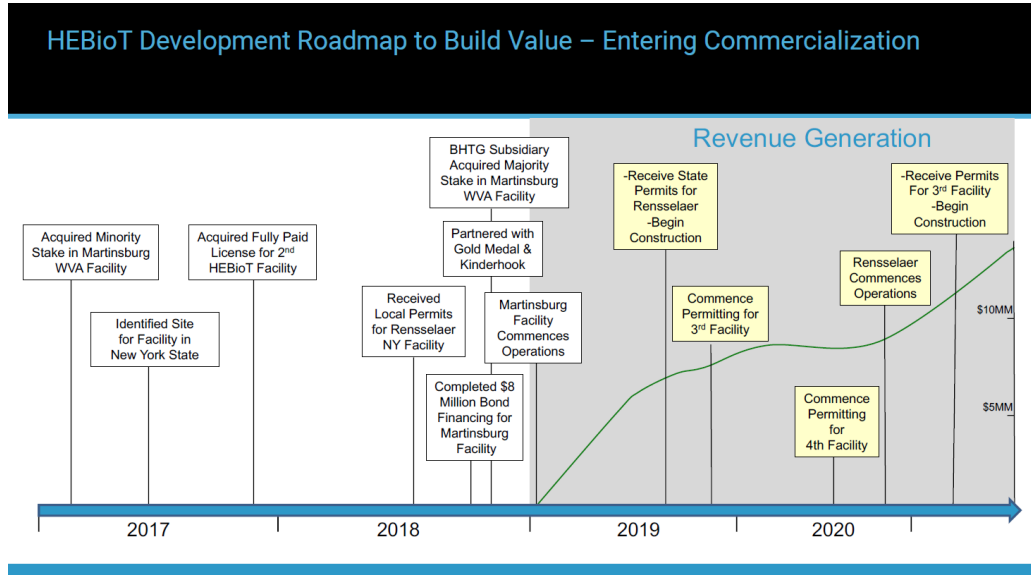


Source: Company presentation

EXECUTING ON PLAN

Since 2017, the Company has shown a solid track record in executing its business plan including the construction of a major waste processing facility that has never been built in the U.S. (see Figure 8). The next milestone we expect is revenue from its W. VA plant.

Figure 8 – BioHiTech Global, Inc. - Milestones



Source: Company filings

CUSTOMERS

As we show in Figure 9, BHTG has a world class customer list. These are primarily customers for their food waste digesters.

Figure 9 – BioHiTech Global, Inc. – Customers



Source: Company presentation

MANAGEMENT

Frank E. Celli, Chief Executive Officer. Mr. Celli is a lifelong waste industry veteran. Most recently he was co-founder and CEO of Interstate Waste Services from October 2000 until November 2006, during which time the company achieved growth of over \$150 million in revenue. During his time at Interstate Waste he was responsible for all aspects of the business including collection, recycling, landfills and emerging technologies.

After selling his interests in Interstate Waste he transitioned to BioHiTech America. With over 25 years of Waste Industry experience, Mr. Celli has leveraged his knowledge of the traditional waste industry to facilitate the development of the Eco-Safe Digester and BioHiTech Cloud to begin the transformation of the organic waste industry.

He also serves as a director and officer of Entsorga West Virginia, the first resource recovery facility currently being constructed in the United States that will utilize Entsorga's proprietary HEBioT mechanical biological treatment ("MBT") system. Mr. Celli graduated from Pace University's Lubin School of Business.

Robert A. Joyce, President. Bob has spent the last 30 years in the technology and engineering workplace. His diverse background includes design and development of one of the original 3D CAD systems, implementation support of some of the world's largest cable networks, development of patent pending mobile location technologies and leadership of Inc 500 listed private companies. Previous employment includes industry leaders Arthur D. Little, Inc., Sun Microsystems, Perfect Order and Versatile Systems.

In Bob's role as President, his responsibilities include day to day management of the company's expanding channel partner network, research and development direction, engineering, manufacturing execution, sales growth, marketing and service to its customers.

Bob is a trustee of Harrisburg University and sits on the boards of The Technology Council of Central Pennsylvania, WorkXpress and Telkore.

Brian C. Essman, Chief Financial Officer. Mr. Essman has over 30 years of experience as a senior financial executive with a wide range of industry experiences that have included strategic, operational and financial leadership roles.

Most recently, he was the CEO of Data Communiqué, Inc. a Havas Company from 1997-2014 where he was responsible for overall leadership, including strategy and tactics of the Software-as-a-Service company. From 1997 to 2007 he was COO – CFO and contributed to the growth of the company's technology/data, printing and letter shop services and developed pricing and cost structures that created efficiencies within the company that increased gross margin rates and technology sales threefold.

Mr. Essman was previously the Chief Financial Officer at a Fidelity portfolio company and a Senior Manager and CPA at PricewaterhouseCoopers. Brian graduated with a BS in Accounting with High Honors from Boston College's School of Management.

William M. Kratzer, Chief Technology Officer. Bill is a 20-year veteran of the IT field with extensive experience in large scale web-infrastructure, machine-to-machine computing, and mobile touch devices. In prior roles, Bill has designed, built, and supported software used by some of the world's largest and most-demanding customers, including Comcast, GE Capital, HSBC, and MBNA Canada to name a few. Bill leads the vision and execution of BioHiTech machine-to-machine and Big Data technology strategy. Bill holds a Bachelor degree in Computer Science and Engineering from the Pennsylvania State University.

Dennis Soriano, Director of Business Development. Dennis has 43 years of experience in the Waste, Recycling and Concrete industries. Dennis has held executive level management positions at Waste Management Inc. at both the regional and corporate levels. Additionally, he served as COO of Greenstar North America and most recently CEO of Waste to Water LLC. Dennis has extensive experience in operations, business development and management of municipal contracts. Mr. Soriano's career in the Waste and Recycling Industries has focused on working with public, private and municipal entities on projects aimed at the long-term preservation of our environment.



As Director of Business Development for EntSORGA North America, Dennis will cooperatively work with the management team to advance their efforts to provide alternatives for the disposal of waste into landfills. EntSORGA's long-term goal is the development of a network of MBT processing facilities that will provide an acceptable alternative to landfill disposal, while producing an SRF fuel substitute for coal. Mr. Soriano will draw on his years of experience to help the EntSORGA team formulate and implement a successful marketing plan to achieve their goal of providing long-term sustainable solutions.

Figure 10 - BioHiTech Global, Inc. - Income Statement

(\$ in thousands except per share)

December ending year	2017	2018				2018	2019E				2019E	2020E				2020E
	Year	Q1	Q2	Q3	Q4	Year	Q1A	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year
Revenues																
Rental, service and maintenance	\$1,622	\$440	\$459	\$470	\$432	\$1,801	\$488	\$450	\$450	\$450	\$1,838	\$450	\$450	\$450	\$450	\$1,800
Equipment Sales	799	66	200	282	0	548	0	0	50	50	100	0	0	50	50	100
Management advisory	0	139	251	336	284	1,010	250	250	250	250	1,000	250	250	250	250	1,000
HEBioT	0	0	0	0	0	0	0	10	500	1,000	1,510	1,500	1,750	1,750	1,750	6,750
Total revenue	\$2,421	\$646	\$909	\$1,088	\$716	\$3,359	\$738	\$710	\$1,250	\$1,750	\$4,448	\$2,200	\$2,450	\$2,500	\$2,500	\$9,650
<i>Growth</i>	8%	9%	66%	66%	15%	39%	14%	-22%	15%	144%	32%	198%	245%	100%	43%	117%
Operational expenses	1,207	336	289	337	276	1,238	305	500	600	700	2,105	1,000	1,000	1,000	1,000	4,000
Equipment sales	479	27	136	156	85	403	0	0	40	40	80	0	0	40	40	80
SG&A	4,067	1,580	1,323	1,745	2,094	6,742	2,326	11	20	28	2,386	35	39	40	40	154
R&D	819	0	195	0	(195)	0	0	0	0	0	0	0	0	0	0	0
Professional fees	2,299	0	169	0	(169)	0	0	0	0	0	0	0	0	0	0	0
Depreciation and amort.	114	31	28	28	28	115	28	100	200	200	528	300	300	300	300	1,200
Total operating expense	8,985	1,973	2,140	2,265	2,118	8,497	2,659	611	860	968	5,098	1,335	1,339	1,380	1,380	5,434
Operating Income	(6,564)	(1,327)	(1,231)	(1,177)	(1,402)	(5,137)	(1,921)	99	390	782	(651)	865	1,111	1,120	1,120	4,216
Operating Margin	-271%	-206%	-135%	-108%	-196%	-153%	-260%	14%	31%	45%	-15%	39%	45%	45%	45%	44%
Interest expense and other	(1,786)	(3,893)	(4,265)	(820)	(555)	(9,533)	(28)	(50)	(50)	(100)	(228)	(100)	(100)	(100)	(100)	(400)
Pre-Tax Income	(8,351)	(5,221)	(5,496)	(1,997)	(1,956)	(14,670)	(1,949)	49	340	682	(879)	765	1,011	1,020	1,020	3,816
Pre-Tax Margin	(3)	(8)	(6)	(2)	(3)	(4)	(3)	0	0	0	(0)	0	0	0	0	0
Tax expense/(benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	(\$8,351)	(\$5,221)	(\$5,496)	(\$1,997)	(\$1,956)	(\$14,670)	(\$1,949)	\$49	\$340	\$682	(\$879)	\$765	\$1,011	\$1,020	\$1,020	\$3,816
Dividends	\$9	\$0	\$0	\$0	\$1	\$0	\$128	\$200	\$200	\$200	\$728	\$200	\$200	\$200	\$200	\$800
Net loss attributable to common	(\$8,359)	(\$5,221)	(\$5,496)	(\$1,997)	(\$1,957)	(\$14,670)	(\$2,077)	(\$151)	\$140	\$482	(\$1,607)	\$565	\$811	\$820	\$820	\$3,016
EPS	(\$0.98)	(\$0.48)	(\$0.39)	(\$0.14)	(\$0.13)	(\$1.08)	(\$0.14)	(\$0.01)	\$0.01	\$0.03	(\$0.11)	\$0.04	\$0.05	\$0.05	\$0.05	\$0.20
Pro-forma EPS																
Diluted common shares	8,541	10,940	14,216	14,575	14,600	13,616	14,817	14,910	14,920	14,930	14,894	14,940	14,950	14,960	14,970	14,955

Sources: Company reports and Ascendant Capital Markets, LLC

Figure 11 - BioHiTech Global, Inc. - Balance Sheet

(\$ in thousands)

December ending year	2020E	2019E	2018	2017	2016
Current Assets					
Cash and S.T.I.	\$12,325	\$8,347	\$8,106	\$901	\$326
Accounts receivable	9	7	403	274	140
Inventory	1	1	500	332	706
Prepaid and other	<u>60</u>	<u>45</u>	<u>66</u>	<u>80</u>	<u>22</u>
Total Current Assets	12,395	8,399	9,075	1,587	1,194
Restricted cash	0	0	2,521	0	0
Equipment on operating lease, net	2,000	2,000	1,749	1,451	1,023
Equipment, fixtures and vehicles, net	100	100	49	64	54
HEBioT Facility	31,000	33,000	33,104	1,016	0
Operating lease right of use	0	0	0	0	0
Intangible	0	0	84	174	267
Investment in uncons, affiliate	2,000	2,000	1,687	0	0
MBT Facility license	8,500	8,500	8,475	6,224	0
Goodwill	50	50	58	0	0
Other non-current	10	10	14	24	14
Total Assets	<u>\$56,055</u>	<u>\$54,059</u>	<u>\$56,816</u>	<u>\$10,540</u>	<u>\$2,552</u>
Current Liabilities					
Current portion loan payable	0	0	0	0	0
Line of credit	1,000	1,000	1,469	1,000	2,464
Advance from related party	0	0	0	0	1,213
Payables	6,000	5,000	2,271	1,317	1,609
Accrued expenses	1,000	1,000	3,354	892	523
Deferred revenue	100	100	99	85	62
Customer Deposits	0	0	8	39	36
Note payable	0	0	0	0	375
CP-LTD	0	0	0	0	9
Other	<u>2</u>	<u>2</u>	<u>9</u>	<u>9</u>	<u>0</u>
Total current liabilities	8,102	7,102	7,210	3,342	6,290
Note payable	100	100	100	375	0
Note(s) due to related party	1,000	1,000	926	5,045	2,500
Accrued interest	1,500	1,500	1,305	1,861	253
WV EDA Bond	30,000	31,000	31,086	0	0
Sr. Secured note	3,800	3,800	3,851	0	0
Line of credit	1,500	1,500	1,500	1,464	0
Convert.	0	0	0	8,825	4,956
Other non-current	<u>0</u>	<u>0</u>	<u>13</u>	<u>22</u>	<u>11</u>
Total liabilities	46,002	46,002	45,991	20,933	14,010
Stockholders' Equity					
Preferred stock	5,357	5,357	5,357	1,323	0
Common stock	1	1	1	1	1
Additional paid-in-capital	50,000	50,000	43,453	17,753	9,604
Retained earnings	(45,306)	(47,301)	(44,594)	(29,431)	(21,072)
Cum. trans. adj. and treasury stock	<u>0</u>	<u>0</u>	<u>6,608</u>	<u>(39)</u>	<u>9</u>
Total stockholders' equity	10,053	8,057	10,825	(10,393)	(11,458)
Total Liabilities and equity	<u>\$56,055</u>	<u>\$54,059</u>	<u>\$56,816</u>	<u>\$10,540</u>	<u>\$2,552</u>

Sources: Company reports and Ascendant Capital Markets, LLC

Figure 12 - BioHiTech Global, Inc. - Cash Flow				
Cash Flow	2020E	2019E	2018	2017
Net Income	\$2,796	(\$1,979)	(\$14,670)	(\$8,351)
Accounts receivable	(2)	396	(129)	(134)
Inventory	0	499	(168)	374
Prepaid and other	(15)	21	13	(58)
Restricted cash	0	2,521	(2,521)	0
Equipment on operating lease, net	0	(251)	(298)	(428)
Equipment , fixtures and vehicles, net	0	(51)	14	(9)
HEBioT Facility	2,000	104	(32,088)	(1,016)
Operating lease right of use	0	0	0	0
Intangible	0	84	90	93
Investment in uncons, affiliate	0	(313)	(1,687)	0
MBT Facility license	0	(25)	(2,252)	(6,224)
Goodwill	0	8	(58)	0
Other non-current	0	4	10	(10)
Current portion loan payable	0	0	0	0
Line of credit	0	(469)	469	(1,464)
Advance from related party	0	0	0	(1,213)
Payables	1,000	2,729	954	(292)
Accrued expenses	0	(2,354)	2,462	369
Deferred revenue	0	1	14	23
Customer Deposits	0	(8)	(32)	3
Note payable	0	0	0	(375)
CP-LTD	0	0	0	(9)
Other	0	(7)	0	9
Note payable	0	0	(275)	375
Note(s) due to related party	0	74	(4,119)	2,545
Accrued interest	0	195	(555)	1,608
WV EDA Bond	(1,000)	(86)	31,086	0
Sr. Secured note	0	(51)	3,851	0
Line of credit	0	0	36	1,464
Convert.	0	0	(8,825)	3,868
Other non-current	0	(13)	(9)	11
Preferred stock	0	0	4,034	1,323
Common stock	0	0	1	0
Additional paid-in-capital	0	6,547	25,700	8,149
Other equity	0	(6,608)	6,646	(48)
Other	(800)	(728)	(493)	(9)
Total Cash Flow	\$3,979	\$241	\$7,205	\$575

Source: Ascendant Capital Markets, LLC

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BioHiTech Global, Inc.

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Risks & Considerations

Risks to attainment of our share price target include the ability to commercialize the HEBioT facility, receiving regulatory bodies approval, competition, changing macroeconomic factors, investor sentiment for investing in stocks, and changes in consumer or government priorities for waste disposal.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

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Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 16, 2019)

	Investment Banking Services Past 12 Months			
	Count	Percent	Count	Percent
Buy	37	93%	11	30%
Hold	3	8%	1	33%
Sell	0	0%	0	0%
Total	40	100%	12	30%

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