

## **Enservco Corporation**

Q3 about inline. Expect much better 2021/22 on major oil price rebound, steady increase in rig count, and improved balance sheet. Lowering P/T to \$5.00.

Q3 about inline: Revenue was \$3 million (+72% y-o-y), compared to our and consensus estimates of \$3 million. EBITDA was \$(1.5) million, compared to our estimate of \$(1.4) million (and vs. \$(1.7) million in Q3 2020). EPS was \$(0.02) (which includes \$0.23 special gains from PPP loan and tax benefits), compared to our estimate of \$(0.11) and consensus of \$(0.03). There was no Q3 guidance.

Q3 improvements: The massive decline in 2020 (staring in Q1 2020) in drilling and completion activity have led to continued lower levels of activity in Q3 (compared to pre-pandemic). However, Q3 has continued to see steady improvements with steady increases in rig count as oil prices have rebounded in 2021.

Weak margins: Gross margins were weak at -22% (vs -40% in Q3 2020) due to continued weaker industry pricing due to weaker industry demand.

**Adjusting estimates:** We are adjusting our 2021 revenue estimate to \$18 million, from \$20 million, and for EPS to \$(0.53) from \$(0.60).

However, major oil prices and rig count rebounds provide optimism: Due to macro issues (coronavirus starting in March and April 2020) and OPEC price war, the price of oil had dropped to ~\$25 per barrel but has rebounded steadily in 2020 and has now risen sharply in 2021 to ~\$80/bbl. We believe this rebound along with improvements in U.S. oil rig counts (currently at 454 and up from 231 just 1 year ago) greatly improves the company's and industry outlook from depressed levels. However, we note that U.S. oil rig count is still well below 2 years ago (was 671 on 11/22/19).

**2020 significant reduction in debt:** In September 2020, the company completed a major restructuring of its debt. It reduced total debt by \$16.0 million and increased stockholders' equity by \$12.5 million. Enservco just recently revised the revenue covenant on its senior credit facility (with East West Bank) and got a waiver for a covenant breach related to an October 2021 revenue shortfall that resulted from warmer than anticipated weather.

**Capital raise:** In February, Enservoo raised \$8.4 million by selling stock (3.7 million at \$2.30/share). With the reduced debt levels and new cash raised, we believe the company is in steady balance sheet position for the next year.

Market potential: With crude prices and the North American rig count (oil and gas) improving significantly, we believe the company is well positioned as industry activities rebounds. The U.S. Oil Rig count currently (as of 11/12/21) is 454 (which is up from 352 just 6 months ago). With the U.S. economy strong and the pandemic about over, we believe this bodes well for continued strong increases in oil prices and thus rig counts and demand for Enservco services.

**Positive high risks versus rewards:** We believe that the current valuation for Enservco has already factored in many of its risks (principally low rig counts and volatile oil prices) but is under valuing its overall growth prospects and product portfolio, resulting in a positive high risk/reward scenario for its stock.

**Current valuation favorable:** Maintaining our BUY rating, but lowering our 12-month price target to \$5.00 from \$5.50, which is based on a  $^2$ 20x P/E multiple on our 2023 EPS estimate of \$0.25. This multiple is based on its estimated long-term earnings growth rate (implying a PEG ratio of  $^2$ 1 (P/E to growth rate)). We believe this valuation appropriately balances out the company's high risks with the company's growth prospects and upside opportunities.

## **Company Description**

Based in Longmont, CO, Enservco is an oil field services company providing well enhancement and completion services to the U.S. onshore oil and natural gas industry.

United States Energy

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# Stock Data

Exchange:	NYSE
52-week Range:	\$1.05 – 3.25
Shares Outstanding (million):	11
Market cap (\$million):	\$13
EV (\$million):	\$26
Debt (\$million):	\$15
Cash (\$million):	\$2
Avg. Daily Trading Vol. (\$million):	~\$1
Float (million shares):	9
Short Interest (million shares):	~1
Dividend, annual (yield):	\$0 (NA%)

#### Revenues (US\$ million)

	2021E (Cur.)	2021E (Old)	2022E (Cur.)	2022E (Old)
Q1 Mar	5A		11E	10E
Q2 Jun	3A		4E	
Q3 Sep	3A	3E	4E	
Q4 Dec	<u>7E</u>	<u>9E</u>	<u>10E</u>	<u>11E</u>
Total	18E	20E	30E	
EV/Revs	1.4x		0.9x	

#### Earnings per Share (pro forma)

	<u>2021E</u> (Cur.)	2021E (Old)	2022E (Cur.)	2022E (Old)
Q1 Mar	(0.24)A		(0.06)E	(0.05)E
Q2 Jun	(0.14)A		(0.23)E	
Q3 Sep	(0.02)A	(0.11)E	(0.23)E	
Q4 Dec	(0.16)E	(0.13)E	(0.05)E	
Total	(0.53)E	(0.60)E	(0.57)E	
P/E	N/A		N/A	

#### **Important Disclosures**

Ascendiant 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 8.

## COMPANY UPDATE

## Rating: BUY

Ticker: ENSV

Price: \$1.19

Target: \$5.00 (from \$5.50)



## **OVERVIEW**

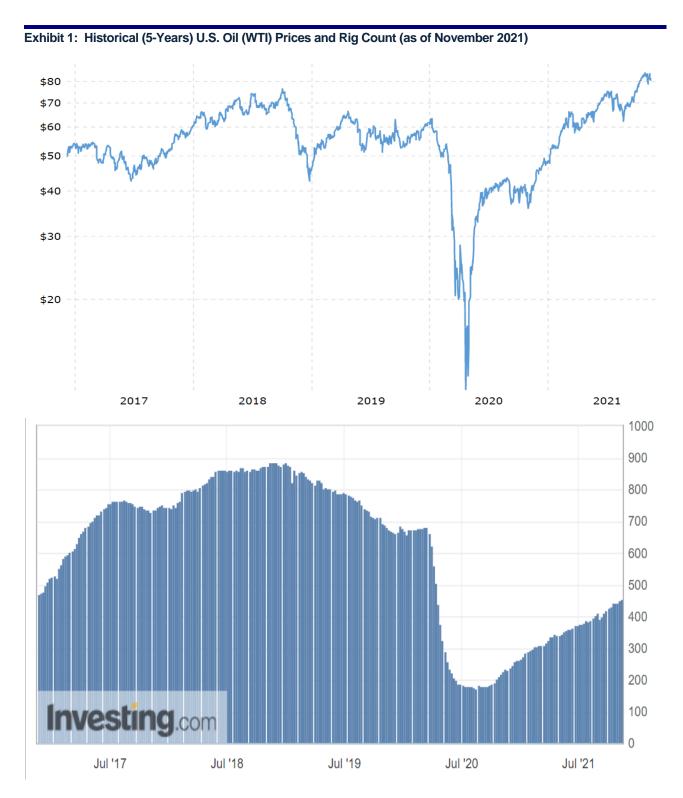
- After market close Monday, Enservco reported its fiscal Q3 2021 (ending September) results.
- Revenue was \$3 million (+72% y-o-y), compared to our and consensus estimates of \$3 million.
- EBITDA was \$(1.5) million, compared to our estimate of \$(1.4) million (and vs. \$(1.7) million in Q3 2020).
- EPS was \$(0.02) (which includes \$0.23 special gains from PPP loan and tax benefits), compared to our estimate of \$(0.11) and consensus of \$(0.03).
- There was no Q3 guidance.
- As usual, the company did not provide any forward guidance.
- We are lowering our 2021 estimates for revenue to \$18 million, from \$20 million, and for EPS to \$(0.53) from \$(0.60).
- We are maintaining our 2022 estimates for revenue of \$30 million, and for EPS of \$(0.57).

#### **ADDITIONAL DETAILS**

- Gross profit for the quarter was ~\$(1) million, compared with our estimate of ~\$0 million.
- Gross margin for the quarter was -22%, versus -40% last year and our expectation of -10%.
- Operating expenses were \$2 million, versus our expectation of \$3 million.
- Operating loss was \$2.9 million, versus our expectation of a loss of \$2.8 million.
- Net loss was \$0.2 million (which includes \$2.6 million in special PPP and tax gains), versus our expectation of a loss of \$1.3 million.
- Enservco completed a 1-for-15 reverse stock split on November 20, 2020.
- The U.S. Oil Rig count currently (as of 11/12/21) is 454 (vs. 387 in August and 236 last year).
- In October 2018, ENSERVCO acquired privately-held Adler Hot Oil Service, LLC. Under terms of the \$12.5 million transaction, ENSERVCO paid \$3.7 million in cash with an additional \$4.8 million in a seller's note due March 31, 2019. In addition, ENSERVCO retired \$2.0 million of Adler's debt. Adler had 2017 revenue of \$17.0 million and adjusted EBITDA of \$2.8 million.
- In October 2018, ENSERVCO also announced that, following an extensive review of all operations, it will sell or close the company's underperforming Dillco water hauling business. It ultimately decided to close the business. Dillco had ~\$4 million in revenue in 2017.
- In 2019, it also existed its water transfer business, which had \$3 million in revenue in 2019.
- In June 2020, Ian Dickinson resigned as CEO of the company. Richard Murphy (a member of the board since 2016) has been
  appointed as Executive Chairman and interim CEO. Mr. Murphy is a managing member of Cross River Capital Management, LLC,
  the largest shareholder of the company.
- In September 2020, the company completed a major restructuring of its debt. It reduced total debt by \$16.0 million and increased stockholders' equity by \$12.5 million. In return for the lender eliminating \$16.0 million in debt, Enservco issued the lender 8 million shares of common stock and warrants to purchase an additional 15 million shares at \$3.75 per share. The company had been in default with its lender since October 2019.

The company's balance sheet remains levered with \$2 million in cash and \$15 million in debt, compared with \$4 million in cash and \$17 million in debt as of Q2. Enservco just recently revised the revenue covenant on its senior credit facility (with East West Bank) and got a waiver for a covenant breach related to an October 2021 revenue shortfall that resulted from warmer than anticipated weather.





Source: Baker Hughes, Investing.com, and https://www.macrotrends.net/.







Source: https://bigcharts.marketwatch.com/

**Exhibit 3: Consensus Expectations** 

	Revenue (mil)			EPS	
	<u>2021E</u>	<u>2022E</u>		<u>2021E</u>	<u>2022E</u>
Q1 Mar	\$5A		Q1 Mar	\$(0.24)A	
Q2 Jun	\$3A		Q2 Jun	\$(0.14)A	
Q3 Sep	\$3E		Q3 Sep	\$(0.03)E	
Q4 Dec	\$8E		Q4 Dec	\$(0.07)E	
Total	\$20E	\$30E	Total	\$(0.44)E	\$(0.27)E

<sup>\*</sup>Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendiant Capital Markets estimates



## **FINANCIAL MODEL**

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Income Statement (\$ mils)	Mar-19	Jun-19	Sep-19	Dec-19	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	26.2	7.2	4.7	8.1	46.2	9.4	2.1	1.8	2.4	15.7	5.1	3.1	3.0	7.0	18.3	11.4	4.3	4.2	10.2	30.0
Cost of Revenues	<u>17.4</u>	7.4	5.4	<u>7.8</u>	38.0	<u>8.5</u>	3.3	2.5	2.9	17.2	<u>5.1</u>	3.7	3.7	6.2	18.6	9.4	4.2	4.2	8.1	25.9
Gross Profit	8.8	(0.2)	(0.7)	0.3	8.2	0.9	(1.2)	(0.7)	(0.6)	(1.5)	0.0	(0.6)	(0.7)	8.0	(0.4)	1.9	0.0	0.0	2.0	4.0
Functional support	0.2	0.3	0.5		0.9					0.0				0.1	0.1	0.2	0.1	0.1	0.2	0.5
General and administrative	1.6	1.5	1.7	1.4	6.2	1.8	1.2	1.0	0.9	5.0	1.0	1.0	0.9	0.9	3.8	0.9	1.1	1.1	0.8	3.8
Patent litigation and defense	0.0	0.0	0.0		0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	1.7	1.7	1.7	1.4	6.6	1.4	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.2
Restructuring and other	0.1	0.0	0.1	(0.1)	0.1	0.0	0.2	0.0	0.7	0.9	0.1	0.0			0.1					0.0
Total operating expenses	3.6	3.5	4.0	2.7	13.8	3.2	2.7	2.3	3.0	11.2	2.4	2.3	2.2	2.3	9.3	2.4	2.5	2.4	2.3	9.5
Operating income (loss)	5.3	(3.7)	(4.6)	(2.5)	(5.6)	(2.3)	(3.9)	(3.1)	(3.5)	(12.7)	(2.4)	(3.0)	(2.9)	(1.5)	(9.7)	(0.4)	(2.4)	(2.4)	(0.2)	(5.5
Interest income (expense)	(0.9)	(0.7)	(0.7)	(0.6)	(2.8)	(0.6)	(0.5)	(0.5)	(0.0)	(1.7)	(0.0)	(0.0)	(0.0)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(1.5
Other income (expense)	(0.1)	1.2	(0.1)	(0.3)	0.8	0.1	0.1	11.9	(0.2)	11.9	0.2	1.4	2.7		4.3	0.1	0.1	0.1		0.3
Income before income taxes	4.3	(3.2)	(5.4)	(3.3)	(7.6)	(2.8)	(4.3)	8.4	(3.7)	(2.5)	(2.2)	(1.6)	(0.2)	(1.8)	(5.8)	(0.7)	(2.7)	(2.7)	(0.6)	(6.7
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	4.3	(3.2)	(5.4)	(3.3)	(7.7)	(2.8)	(4.4)	8.4	(3.7)	(2.5)	(2.2)	(1.6)	(0.2)	(1.8)	(5.8)	(0.7)	(2.7)	(2.7)	(0.6)	(6.7
Nonrecurring/noncash adjustme Net income (pro forma)	nts 4.3	(3.2)	(5.4)	(3.3)	<u>0.0</u> (7.7)	(2.8)	(4.4)	8.4	(3.7)	0.0 (2.5)	(2.2)	(1.6)	(0.2)	(1.8)	0.0 (5.8)	(0.7)	(2.7)	(2.7)	(0.6)	0.0 (6.7
EBITDA	7.2	(1.9)	(2.7)	0.2	2.8	(0.5)	(2.1)	(1.7)	(1.5)	(5.7)	(0.9)	(1.6)	(1.5)	(0.2)	(4.2)	0.9	(1.1)	(1.1)	1.1	(0.2
Shares, Basic	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.9	5.4	4.2	9.2	11.4	11.4	11.5	10.9	11.5	11.6	11.7	11.8	11.7
Shares, Diluted	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.9	5.4	4.2	9.2	11.4	11.4	11.5	10.9	11.5	11.6	11.7	11.8	11.7
EPS Basic (Pro forma)	\$1.19	(\$0.88)	(\$1.46)	(\$0.90)	(\$2.08)	(\$0.77)	(\$1.18)	\$2.15	(\$0.69)	(\$0.60)	(\$0.24)	(\$0.14)	(\$0.02)	(\$0.16)	(\$0.53)	(\$0.06)	(\$0.23)	(\$0.23)	(\$0.05)	(\$0.57
EPS Diluted (Pro forma)	\$1.17	(\$0.87)	(\$1.46)	(\$0.90)	(\$2.07)	(\$0.77)	(\$1.18)	\$2.15	(\$0.69)	(\$0.60)	(\$0.24)	(\$0.14)	(\$0.02)	(\$0.16)	(\$0.53)	(\$0.06)	(\$0.23)	(\$0.23)	(\$0.05)	(\$0.57
Margins																				
Gross margin	33.7%	-3.2%	-14.2%	3.6%	17.8%	9.8%	-55.5%	-40.2%	-23.0%	-9.7%	0.7%	-19.7%	-21.5%	12.0%	-2.1%	17.0%	1.0%	1.0%	20.0%	13.59
Functional support	0.6%	4.0%	10.2%		2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	0.6%	1.5%	2.0%	2.0%	1.5%	1.69
General and administrative	6.2%	20.3%	36.7%		13.4%	18.8%	58.2%	59.5%	39.5%	31.9%	19.5%	32.1%	30.0%	13.0%	20.9%	8.0%	25.0%	25.0%	8.0%	12.89
Patent litigation and defense	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.09
Operating margin		-51.7%	-98.8%		-12.1%	-24.0%		-172.9%	-147.4%	-81.2%	-45.8%	-95.8%		-21.1%	-52.8%	-4.0%	-56.6%	-56.9%	-2.3%	-18.39
Tax rate, GAAP	0.0%		0.0%		-0.4%	0.0%	-0.2%	0.1%	0.1%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.09
Net margin		,	-115.1%		-16.6%		-203.5%	476.5%	-155.5%	-16.0%	-42.3%	-52.0%		-26.4%	-31.8%	-6.4%	-63.0%		-6.0%	-22.39
Y/Y % change																				
Total Revenue	24%	-18%	5%	-46%	-6%	-64%	-70%	-62%	-70%	-66%	-45%	44%	72%	193%	16%	121%	38%	39%	45%	649
Gross margin	44%	-124%	-22%	-92%	-16%	-90%	415%	6%	-291%	-119%	-96%	-49%	-8%	-253%	-75%	5583%	-107%	-106%	142%	-11559
Functional support	7%	59%	240%	-100%	47%	-100%	-100%	-100%	#DIV/0!	-100%	#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!		45%	3689
General and administrative	18%	18%	45%	-7%	17%	9%	-15%	-39%	-31%	-100%	-43%	-20%	-14%	-3%	-24%	-10%	7%	16%	-11%	19
					-88%	-100%	-100%	+DIV/0!	#DIV/0!	-100%			+DIV/0!		-24% #DIV/0!		#DIV/0!			#DIV/
Patent litigation and defense	-55%	-98%	-100%																	
Patent litigation and defense Operating income (loss)	77%	38%	26%	-662%	87%	-143%	5%	-34%	44%	129%	5%	-24%	-6%	-58%	-24%	-81%	-18%	-16%	-84%	-439
Patent litigation and defense				-662% 548%							5% -23%		-6% -102%				-18% 67%	-16%		

Source: Company reports and Ascendiant Capital Markets estimates.

Reflects a 1:15 reverse stock split in November 2020



Enservco Corp.

Balance Sheet (\$ mils)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	0.0	0.5	0.0	0.7	0.2	0.4	0.0	1.5	3.7	3.8	1.7	0.8	(0.4)	0.8	(2.1)	(5.1
Short term investments												0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	21.4	8.6	2.9	6.4	5.7	1.5	1.0	1.7	3.2	1.6	2.3	4.7	7.6	2.8	2.8	6.8
Inventory	0.4	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.5	0.2	0.2	0.4
Deferred income taxes	0.1	0.1	0.1	0.0	0.1	0.1	0.1					0.0	0.0	0.0	0.0	0.
Prepaid expenses and other	<u>1.0</u>	1.0	0.7	1.2	0.7	0.9	1.6	1.4	1.5	2.8	3.0	0.4	0.6	0.2	0.2	0.
Total current assets	22.8	10.6	4.1	8.7	7.1	3.2	3.0	4.9	8.7	8.4	7.3	6.1	8.2	4.1	1.1	2.
Long term securities/investments												0.0	0.0	0.0	0.0	0.0
Property and equipment, net	31.7	30.3	29.4	26.6	25.5	23.7	22.6	20.3	19.0	18.2	17.1	16.5	16.0	15.4	14.9	14.3
Intangibles, net	1.5	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Deferred income tax	0.0	0.0		0.0								0.0	0.0	0.0	0.0	0.0
Other	2.5	6.2	5.6	6.2	5.8	4.8	4.4	3.8	3.6	3.0	2.7	2.7	2.7	2.7	2.7	2.
Total assets	58.6	48.7	40.5	43.0	39.6	33.0	31.2	30.2	32.4	30.7	28.1	26.4	27.9	23.2	19.7	20.
Liabilities and stockholders' equity																
Accounts payable	4.6	3.0	3.0	4.5	3.6	2.1	2.5	1.9	1.3	1.6	1.6	1.8	2.8	1.1	1.1	2.
Accrued expenses												0.0	1.1	0.9	0.0	0.
Accrued interest							1.0	0.9	0.7			0.0	0.0	0.0	0.0	0.0
Deferred revenue												0.0	0.0	0.0	0.0	0.0
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Other	0.8	1.0	1.2	1.1	1.1	1.0	0.9	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.
Short term debt	4.0	0.1	0.1	34.1	37.1	34.5	0.1	0.8	0.7	1.7	2.1	2.1	2.1	2.1	2.1	2.
Total current liabilities	9.4	4.1	4.3	39.7	41.8	37.6	4.5	4.6	3.7	4.2	4.5	4.6	6.8	4.8	3.9	5.4
Deferred income taxes																
Other long term liabilities	2.1	4.6	4.0	3.3	3.1	2.8	2.5	1.9	1.6	1.9	1.7	1.7	1.7	1.7	1.7	1.7
Accrued interest							0.8	0.5	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
PPP debt						1.9	1.9	1.9				0.0	0.0	0.0	0.0	0.0
Long term debt	38.1	34.0	31.5	2.6	0.2	0.1	18.4	18.8	15.9	15.1	12.8	12.8	12.8	12.8	12.8	12.
Total other liabilities	40.2	38.6	35.5	5.9	3.2	4.9	23.7	23.1	18.0	17.2	14.5	14.5	14.5	14.5	14.5	14.
Preferred stock																
Common stock	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Additional paid-in capital	21.9	22.0	22.0	22.1	22.1	22.4	26.5	30.1	40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5
Treasury stock			0									0.0	0.0	0.0	0.0	0.0
Retained earnings	(13.2)	(16.3)	(21.7)	(25.0)	(27.9)	(32.2)	(23.8)	(27.5)	(29.7)	(31.3)	(31.5)	(33.3)	(34.1)	(36.7)	(39.4)	(40.0
Accumulated other comprehensive in		( 5.5)	(=)	()	(=1.10)	,,	,,	()	(====)	(/	(=)	0.0	0.0	0.0	0.0	0.0
Other	1											0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	9.0	6.0	0.6	(2.7)	(5.5)	(9.5)	3.0	2.6	10.8	9.2	9.1	7.2	6.5	3.9	1.2	0.6
Total stockholders' equity and liabil	i 58.6	48.7	40.5	43.0	39.6	32.969	31.2	30.2	32.4	30.7	28.1	26.4	27.9	23.2	19.7	20.0

Balance Sheet Drivers

Dalance Officer Differs																
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	4%	14%	15%	15%	8%	44%	91%	58%	29%	90%	99%	5%	5%	5%	5%	5%
Accounts payable as % of total rev	18%	41%	63%	55%	38%	98%	144%	81%	26%	53%	54%	25%	25%	25%	25%	25%
Inventories as % of cost of rev	2%	5%	6%	5%	4%	9%	13%	10%	7%	8%	10%	5%	5%	5%	5%	5%
Accrued expenses as % of total rev	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	0%	0%
Activity Ratios																
A/R Days Sales Outstanding	73	108	56	72	55	61	52	65	56	46	68	60	60	60	60	60
Inventory Turnover	176x	80x	63x	78x	94x	42x	32x	40x	61x	51x	40x	80x	80x	80x	80x	80x
A/P Days Payable	24	36	50	52	38	57	92	59	23	40	40	26	27	23	23	28
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$2.44	\$1.62	\$0.17	-\$0.72	-\$1.48	-\$2.58	\$0.77	\$0.47	\$1.18	\$0.81	\$0.79	\$0.63	\$0.57	\$0.33	\$0.11	\$0.05
Cash per Share (diluted)	\$0.00	\$0.14	\$0.00	\$0.18	\$0.06	\$0.12	\$0.00	\$0.27	\$0.40	\$0.33	\$0.15	\$0.07	-\$0.03	\$0.07	-\$0.18	-\$0.43
Net cash per Share (diluted)	-\$11.42	-\$9.13	-\$8.57	-\$9.75	-\$10.02	-\$9.81	-\$5.23	-\$3.72	-\$1.40	-\$1.14	-\$1.16	-\$1.22	-\$1.33	-\$1.21	-\$1.45	-\$1.69

Source: Company reports and Ascendiant Capital Markets estimates



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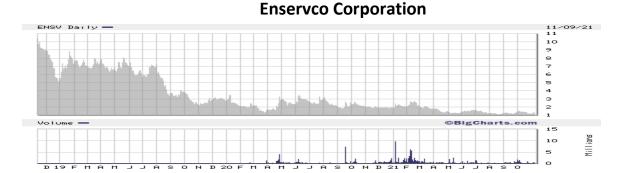
Enservco Corp.  Cash Flow Statement (\$ mils)	Mar-19	Jun-19	Sep-19	Dec-19	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities	es																			ı
Net income	4.3	(3.2)	(5.4)	(3.3)	(7.7)	(2.8)	(4.4)	8.4	(3.6)	(2.4)	(2.2)	(1.6)	(0.2)	(1.8)	(5.8)	(0.7)	(2.7)	(2.7)	(0.6)	(6.7
Depreciation	1.7	1.7	1.7	0.6	5.7	1.4	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.2
Amortization				0.3	0.3					0.0					0.0					0.0
Stock comp	0.1	0.1	0.1	0.1	0.3	0.0	0.3	0.0	0.0	0.4	0.3	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.1
Provision for bad debts		0.0	0.2	(0.0)	0.2	0.3	(0.0)	0.1	(0.2)	0.1	0.0	(0.0)	(0.0)		0.0					0.0
Deferred income taxes					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt related amortization expen	0.2	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.5	0.6	0.0				0.0					0.
Change in fair value of warrant lial	bility				0.0					0.0					0.0					0.0
Writedowns and impairments	0.1			0.1	0.2			(11.9)	0.7	(11.2)	0.1	0.1	(0.0)		0.1					0.0
Other gains/losses		(1.3)	(0.0)	(0.1)	(1.3)	0.0	0.0	0.0	(0.0)	0.0		0.1	(2.0)		(2.0)					0.
Other	0.0	0.0	0.1	(0.7)	(0.6)	0.2	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	0.0		0.0					0.0
Changes in operating assets and lial	bilities:																			l
Accounts receivable	(10.7)	12.8	5.5	(4.4)	3.3	0.4	4.2	0.4	(0.5)	4.6	(1.5)	1.6	(0.7)	(2.4)	(2.9)	(2.9)	4.7	0.0	(4.0)	(2.
Inventory	0.1	0.0	0.0	(0.1)	0.1	0.0	0.0	0.0	0.0	0.1	(0.0)	0.0	(0.1)	0.1	(0.0)	(0.2)	0.3	0.0	(0.2)	(0.
Prepaid expenses & other curre	0.1	(0.1)	0.3	(0.3)	0.0	0.3	(0.3)	(0.7)	0.8	0.2	(0.1)	(1.3)	(0.2)	2.6	1.0	(0.2)	0.4	0.0	(0.3)	(0.3
Income tax				0.0	0.0	0.2	(0.2)		0.1	0.0					0.0					0.0
Other assets	0.1	0.4	0.4	0.2	1.0	0.0	0.7	0.3	(0.2)	0.8	0.2	0.3	0.3	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.2	(1.7)	(0.0)	1.8	1.3	(0.9)	(1.5)	0.9	(0.8)	(2.3)	(0.6)	0.3	0.0	0.1	(0.1)	1.1	(1.8)	(0.0)	1.5	0.8
Accrued expenses				2.0	2.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.2)	(0.2)	0.4	0.0	0.0	1.1	(0.3)	(0.9)	0.0	0.0
Deferred revenue		0.0	(0.0)	0.0	0.0			(0.0)	0.0	0.0		(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.1	(0.3)	(0.2)	(0.2)	(0.7)	(0.1)	0.1	0.1	(0.1)	0.1	(0.0)	0.0	(0.7)	0.0	(0.7)	0.0	0.0	0.0	0.0	0.0
Net cash (used in) provided by	(2.6)	8.5	2.6	(4.0)	4.5	(1.0)	0.1	(1.4)	(2.1)	(4.4)	(2.6)	0.5	(1.8)	(0.1)	(4.0)	(0.5)	1.9	(2.2)	(2.3)	(3.0
Cash flow from investing activitie	s																			l
Purchases of property and equi	(0.3)	(0.3)	(0.6)	0.0	(1.2)	(0.2)	(0.1)	(0.0)	(0.0)	(0.4)	(0.0)	(0.2)	(0.2)	(0.8)	(1.1)	(0.8)	(8.0)	(0.8)	(8.0)	(3.0
Purchases of short-term investme	nts				0.0					0.0					0.0					0.0
Acquisitions					0.0					0.0					0.0					0.0
Other	0.9	0.1	0.0	(0.3)	0.7	0.2	1.1	0.0	0.1	1.4	0.0	0.1			0.1					0.0
Net cash used in investing activ	0.6	(0.1)	(0.6)	(0.3)	(0.5)	0.0	1.0	(0.0)	0.1	1.0	(0.0)	(0.1)	(0.2)	(8.0)	(1.0)	(8.0)	(8.0)	(8.0)	(8.0)	(3.0
Cash flow from financing activitie	s																			l
Issuance of debt	2.0	(4.1)	1.7	0.9	0.6	0.6	1.3			1.9	l			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt	(0.2)	(3.8)	(4.2)	3.9	(4.3)	(0.1)	(2.2)	1.0	0.3	(1.0)	(4.0)	(0.3)	(0.1)		(4.4)					0.0
Issuance of stock					0.0			0.0	3.3	3.3	8.8		0.0	0.0	8.8	0.0	0.0	0.0	0.0	0.0
Repurchase of common stock					0.0					0.0					0.0					0.0
Proceeds from stock option exerc	ises				0.0					0.0		0.0	(0.0)		0.0					0.0
Other		(0.0)		(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.1)		(0.1)					0.0
Dividends and distributions				0.1	0.1					0.0					0.0					0.0
Cash provided by (used in) fina	1.8	(7.8)	(2.5)	4.9	(3.6)	0.5	(0.9)	1.0	3.6	4.2	4.9	(0.3)	(0.2)	0.0	4.4	0.0	0.0	0.0	0.0	0.0
Effect of exchange rate on cash										0.0					0.0					0.
Net increase (decrease) in cash	(0.3)	0.5	(0.5)	0.7	0.41	(0.4)	0.2	(0.4)	1.5	0.8	2.233	0.106	(2.133)	(0.9)	(0.7)	(1.2)	1.2	(2.9)	(3.0)	(6.
Beginning cash and equivalents	0.3	(0.0)	0.5	(0.0)	0.3	0.7	0.2	0.4	(0.0)	0.7	1.5	3.7	3.8	1.7	1.5	0.8	(0.4)	0.8	(2.1)	0.
Ending cash and equivalents	(0.0)	0.5	(0.0)	0.7	0.7	0.2	0.4	(0.0)	1.5	1.5	3.7	3.8	1.7	0.8	0.8	(0.4)	0.8	(2.1)	(5.1)	(5.

Source: Company reports and Ascendiant Capital Markets estimates



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Source: https://bigcharts.marketwatch.com/

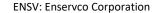
	Report Date		Price
Report	Date	Rating	Target
1	4/25/2018	В	30.00
2	5/11/2018	В	33.75
3	8/15/2018	В	22.50
4	11/16/2018	В	26.25
5	3/31/2019	В	22.50
6	5/16/2019	В	26.25
7	8/15/2019	В	18.75
8	11/18/2019	В	11.25
9	1/27/2020	В	6.00
10	3/21/2020	В	4.50
11	5/16/2020	В	5.25
12	8/22/2020	В	6.00
13	11/25/2020	В	6.75
14	2/26/2021	В	7.00
15	3/28/2021	В	7.25
16	5/17/2021	В	6.00
17	8/7/2021	В	5.50

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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.

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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.



## Ascendiant Capital Markets, LLC Distribution of Investment Ratings (as of October 15, 2021)

Invest	me	nt B	anking	Services
	_			

			Past 12 months	
Rating	Count	Percent	Count	Percent
Buy	41	98%	14	34%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	14	33%

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