

ShiftPixy, Inc.

Q1 FY24 shows slight improvement. Tax liabilities remain a concern. PT unchanged at \$7.00

COMPANY UPDATE

Rating: **BUY**

Ticker: PIXY

Price: \$5.15

Target: \$7.00

Q1 EPS miss on higher operating expenses: On January 22, PIXY reported its Q1 FY24 (ending November) results. Revenue was \$3.38 million (-28% YOY), compared to our estimate of \$3.5 million and prior quarter compare of \$3.3 million. Pro forma EPS was \$(1.91), compared to our estimate of \$(0.97). Most of the EPS variance was due to share count. The company did not provide any forward guidance and we are the only brokerage publishing estimates for the company. All numbers reflect a 1:24 reverse stock split in October 2023.

Operating expenses higher than expected due to non-operating factors. Opex came in at \$8.5 million in the quarter, versus our estimate of \$5.4 million. While a large portion of the variance was driven by an unfavorable litigation settlement with ex-client, Sunz, the accrued expense of \$2.1 million was offset by a non-operating litigation gain of \$2.5 million, following a favorable conclusion to on-going dispute with Vensure, an acquirer of previous ShiftPixy assets. Still, the company booked an additional \$0.8 million in G&A due to a refund related to the company's previous SPAC activities. Overall, operating loss was \$5.5 million versus our estimate of \$5.1 million for the quarter.

Core business improved slightly in the quarter: Though revenue and gross profit improved slightly sequentially, it is difficult to gauge the health of the underlying business as the company did publish information on the number of WSEs it had in the quarter.

Tax liabilities a concern. The company has been delinquent with respect to remitting payroll taxes on behalf of its clients to the IRS and State taxing authorities. The company's balance sheet indicates that these liabilities have risen to \$31.8 million in Q4, up from \$18.8 million a year ago.

Adjusting estimates: We are lowering our FY24 EPS estimate to \$(4.59) on revenues of \$15.8 million from \$(4.04) on revenues of \$15.5 million previously. For FY25, we are initiating estimates of \$(4.26) on revenues of \$19.5 million.

Solvency concerns: On December 12, 2023, the company received a lien from the IRS, meaning the IRS could levy the company's bank accounts. Though the company is working to fend off collection efforts from the IRS, the outcome of these actions remains uncertain. If PIXY cannot get the outstanding penalties and interest abated or raise the necessary capital to fund its payroll tax obligations, it may lead to the company filing for bankruptcy protection in the near future.

Balance Sheet: ShiftPixy exited the November quarter with \$1.5 million in cash. The company's total shareholder deficit was \$54.5 million, and payables and tax liabilities amounted to \$24.4 million and \$31.8 million, respectively, versus total assets of \$7.2 million. While ShiftPixy has been able to reduce cash burn by extending payables and deferring tax remittances, the company will require considerable amounts of additional financing to address its delinquent tax liabilities and fund operations while it attempts to grow its core business.

Maintain BUY due to turnaround potential: We are maintaining our BUY recommendation and 12-month price target of \$7.00. Our price target is based on a NPV analysis, representing 27% upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and turnaround potential.

Company Description

Based in Sunrise, FL, ShiftPixy is a human resources solutions company that matches gig workers to flexible employment in the restaurant industry.

February 1, 2024

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$4.60-310.56
Shares Outstanding (million):	5.4
Market cap (\$million):	\$27.8
EV (\$million):	\$29.8
Debt (\$million):	\$3.5
Cash (\$million):	\$1.5
Avg. Daily Trading Vol. (\$ mil):	\$1.7
Float (million shares):	0.65
Short Interest (000 shares):	11.3
Dividend, annual (yield):	NA

Revenues (US\$ million)

	FY24E (Cur.)	FY24E (Old.)	FY25E (Cur.)
Q1 Nov	3.8A	3.5E	4.6E
Q2 Feb	3.8E		4.6E
Q3 May	4.0E		5.0E
Q4 Aug	4.2E		5.3E
Total	15.8E	15.5E	19.5E
EV/Rev	1.9x		1.5x

Earnings per Share (pro forma)

	FY24E (Cur.)	FY24E (Old.)	FY25E (Cur.)
Q1 Nov	\$(1.91)A	\$(0.97)E	\$(1.02)E
Q2 Feb	\$(1.01)E	\$(0.99)E	\$(1.05)E
Q3 May	\$(1.00)E	\$(0.98)E	\$(1.02)E
Q4 Aug	\$(1.10)E	\$(1.09)E	\$(1.18)E
Total	\$(4.59)E	\$(4.04)E	\$(4.26)E
EV/Rev	NM		NM

* Reflects a 1:100 reverse stock split in August 2022

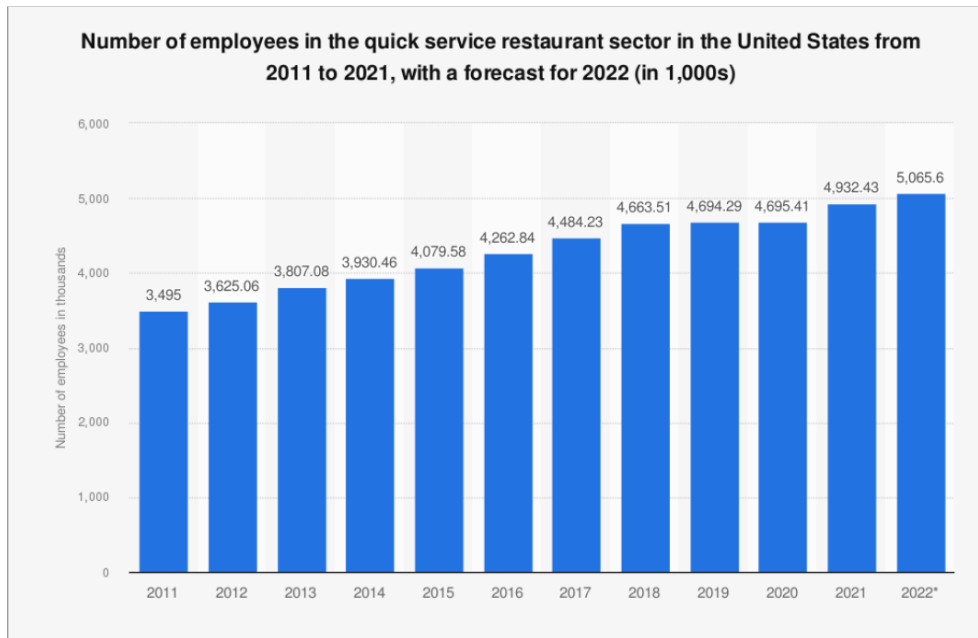
** Reflects a 1:24 reverse stock split in October 2023

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.

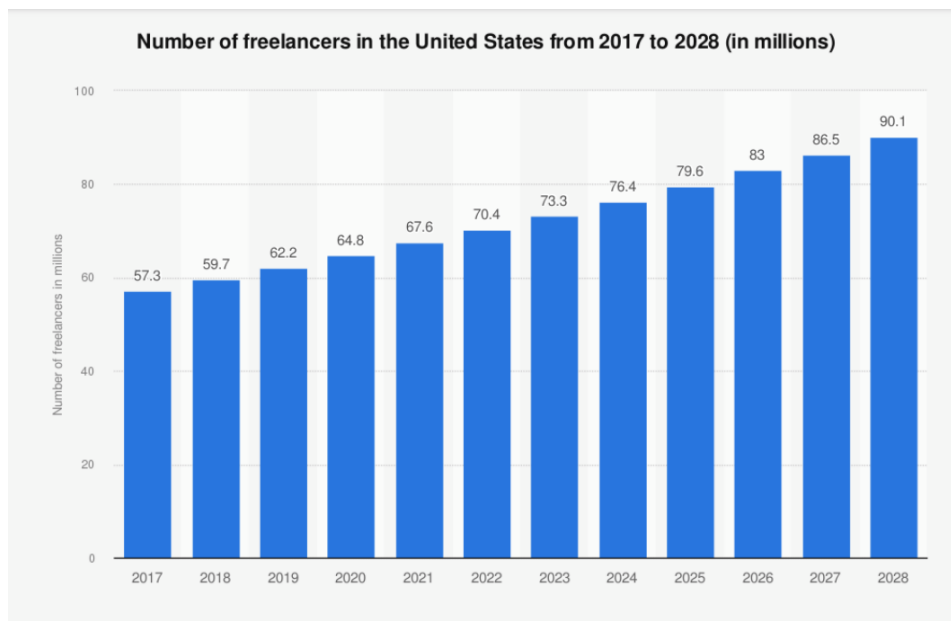
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 10.

Exhibit 1: US Employment in the QSR Industry



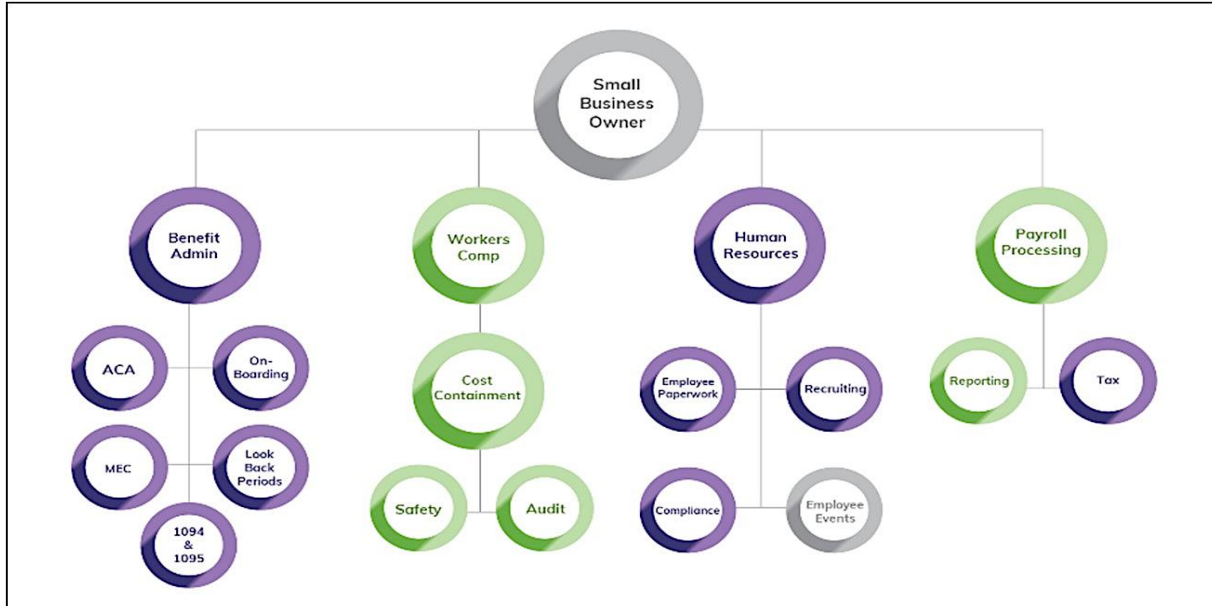
Source: IBISWorld, Statista

Exhibit 2: Number of US Independent Workers, 2017-2028



Source: Upwork, Edelman, Statista

Exhibit 3: Small Business Reporting and Administrative Burden



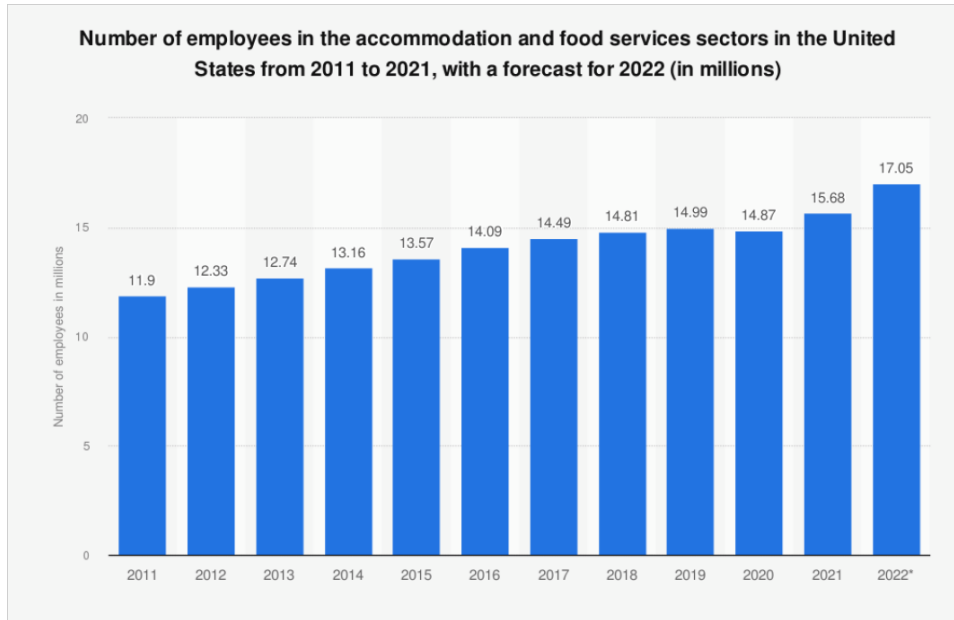
Source: Company Reports

Exhibit 4: ShiftPixy, Inc. HRIS Technology Platform



Source: Company Reports

Exhibit 5: US employment, food service and accommodation sectors



Source: IBISWorld, Statista

Exhibit 6: ShiftPixy Go to Market Strategy – Initial Food Markets



Source: Company Reports

Exhibit 7: ShiftPixy Billings and Revenue Breakdown, Q1 FY24 vs. Q1 FY23

Revenue (in thousands):	For the Three Months Ended	
	November 30, 2023	November 30, 2022
HCM / EAS (1)	\$ 0.6	\$ 1.5
Staffing	3.2	3.8
Total	\$ 3.8	\$ 5.3

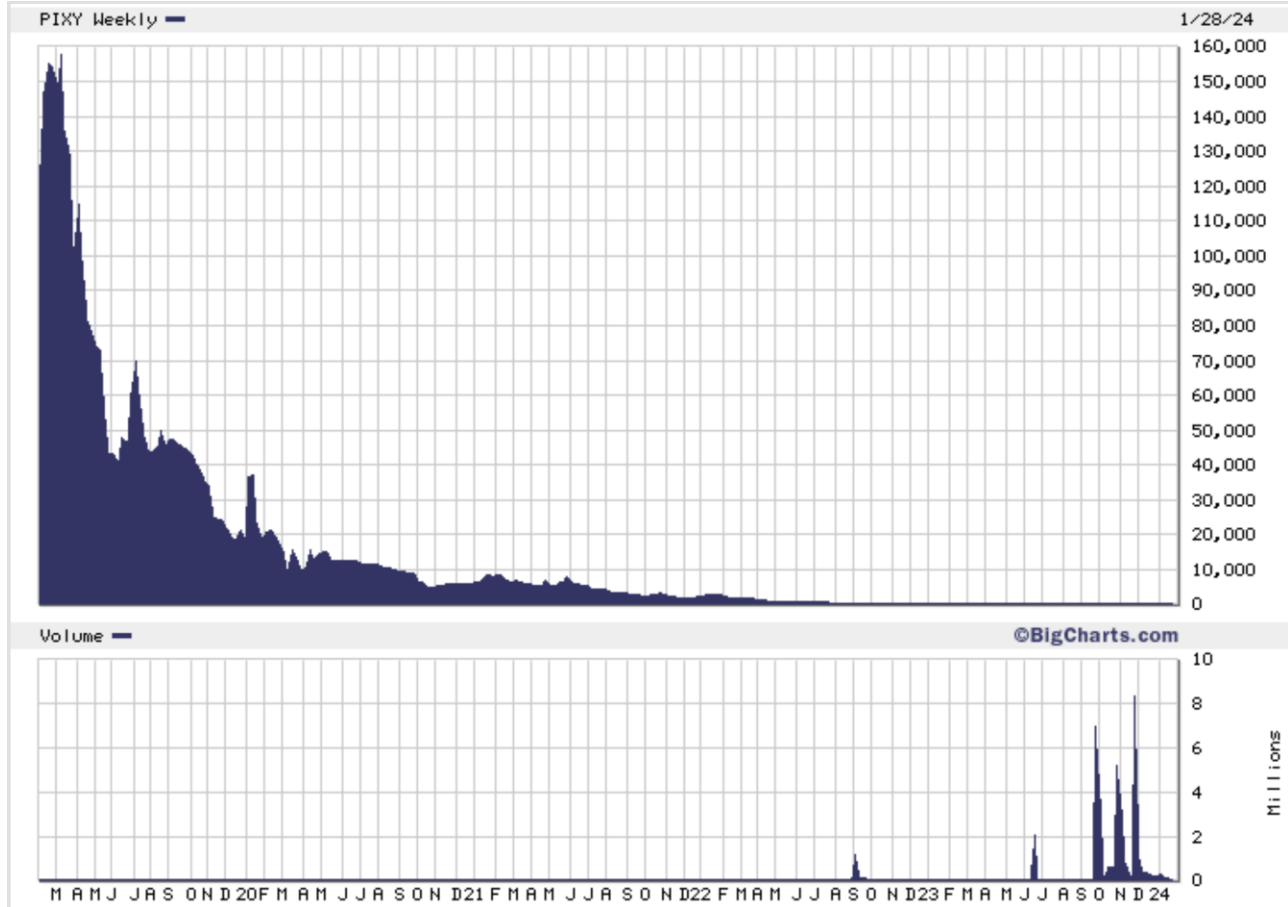
(1) HCM / EAS revenue is presented net, gross less worksite employees' payroll cost. Gross billings for the three months ended November 30, 2023 was \$7.9 million, less worksite employee cost of \$7.3 million. Gross billings for the three months November 30, 2022 was \$11.7 million, less worksite employees payroll cost of \$10.2 million.

The following states represents more than 10% of total revenues for the three months ended November 30, 2023 and November 30, 2022, respectively, as follows:

States:	For the Three Months Ended	
	November 30, 2023	November 30, 2022
California	26.2%	48.8%
Washington	16.5%	12.2%
New Mexico	23.6%	10.2%
New York	12.9%	0.4%

Source: Company Reports

Exhibit 8: ShiftPixy, Inc. Daily Stock Price (5 Years)



* Reflects a 1:100 reverse stock split in August 2022
 ** Reflects a 1:24 reverse stock split in October 2023

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

FINANCIAL MODEL

ShiftPixy

Income Statement (\$ mils)	2020	2021	2022	Nov-22	Feb-23	May-23	Aug-23	2023	Nov-23	Feb-24	May-24	Aug-24	2024	Nov-24	Feb-25	May-25	Aug-25	2025	
Fiscal Year End: August 31	FY-A	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Gross Billings for HCM																			
Gross Wages for HCM																			
Total Net Revenue for HCM																			
Revenue for Staffing																			
Sales	8.6	23.4	36.0	5.3	4.6	4.0	3.3	17.1	3.8	3.8	4.0	4.2	15.8	4.6	4.6	5.0	5.3	19.5	
Cost of Revenues	7.7	23.1	34.2	4.8	4.1	3.8	3.5	16.3	3.3	3.5	3.7	3.9	14.4	4.2	4.3	4.5	4.8	17.8	
Gross profit	1.0	0.3	1.8	0.4	0.5	0.2	(0.2)	0.9	0.5	0.3	0.3	0.3	1.3	0.4	0.4	0.4	0.5	1.7	
Operating expenses																			
Salaries, Wages and Payroll Taxes	7.2	11.1	13.6	2.3	2.6	2.6	8.3	15.8	2.9	1.9	1.9	2.0	8.7	2.1	2.0	2.0	2.1	8.1	
Commissions	0.2	0.2	0.1	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	
General and Administrative	4.2	8.2	12.8	2.0	1.8	3.1	3.9	10.7	4.6	2.7	2.6	2.7	12.6	2.8	2.8	2.7	2.9	11.2	
Professional Fees	3.4	4.1	7.7	1.2	0.9	0.8	0.8	3.6	0.8	0.8	0.8	0.8	3.2	0.8	1.0	1.0	1.0	3.8	
Research and Development	2.2	3.8	2.5	0.1	0.1	0.1	0.0	0.3	0.0	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.4	
Stock based Compensation-general and Admin	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.3	0.3	
Depreciation and Amortization	0.3	0.4	0.5	0.1	0.2	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.6	0.1	0.1	0.1	0.1	0.6	
Total operating expenses	19.0	27.7	37.2	5.6	5.5	6.6	13.1	30.9	8.5	5.6	5.6	6.0	25.6	5.9	6.0	6.0	6.5	24.4	
Loss from operations	(18.0)	(27.3)	(35.4)	(5.2)	(5.0)	(6.4)	(13.3)	(30.0)	(8.03000)	(5.3)	(5.3)	(5.7)	(24.3)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Other income (expenses)																			
Gain on legal settlement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expense	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	
Interest Income (Expense)	(2.5)	(0.0)	(0.0)	0.0	(0.2)	(0.6)	0.8	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Impaired Asset Expense (1,2)	(3.5)	0.0	(7.9)	0.0	0.0	0.0	(3.9)	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Expensed SPAC offering costs	0.0	0.0	(0.5)	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	
Loss from debt conversion (3)	(62.1)	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	
Change in Fair Value of Derivative Liability	1.8	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	
Inducement Loss	(0.6)	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	
Loss on Debt Extinguishment	(5.1)	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	
Gain on Convertible Note Settlement	(0.3)	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	
Total other income (expenses)	(72.4)	0.0	(8.1)	0.0	0.4	(0.6)	(3.2)	(3.3)	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Earnings (Loss) before Taxes	(90.4)	(27.3)	(43.4)	(5.2)	(4.6)	(7.0)	(16.5)	(33.3)	(5.5)	(5.3)	(5.3)	(5.7)	(24.3)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Provision for Income Tax	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	
Net Income (Loss) from continued operations	(90.4)	(27.4)	(43.4)	(5.2)	(4.6)	(7.0)	(16.5)	(33.3)	(5.548)	(5.3)	(5.3)	(5.7)	(24.3)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Earnings of Discontinued Operations	15.1	(2.5)	(0.6)	(0.2)	(0.6)	(0.5)	1.5	0.2	0.0	(0.1)	(0.1)	(0.1)	(0.3)	0.0	0.0	0.0	0.0	0.0	
Warrant Modification Expense (4, 5)	0.0	0.0	(15.7)	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	
Preferred Stock Dividend (6)	0.0	0.0	0.0	(127.1)	0.0	0.0	0.0	(127.1)	(67.4)	0.0	0.0	0.0	(67.4)	0.0	0.0	0.0	0.0	0.0	
Non-controlling interest					(0.5)			(0.5)											
Net income	(75.3)	(29.9)	(59.7)	(132.6)	(5.8)	(7.5)	(15.0)	(160.8)	(73.0)	(5.4)	(5.4)	(5.8)	(92.0)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Nonrecurring/noncash adjustments	(68.4)	0.0	(24.1)	(127.1)	0.0	0.0	(3.9)	(131.1)	(67.4)	0.0	0.0	0.2	(67.2)	0.0	0.0	0.0	0.3	0.3	
Net income (pro forma)	(7.0)	(29.9)	(35.6)	(5.4)	(5.8)	(7.5)	(11.0)	(29.7)	(5.5)	(5.4)	(5.4)	(6.0)	(24.8)	(5.5)	(5.6)	(5.5)	(6.4)	(23.0)	
EBITDA	(17.8)	(27.0)	(34.9)	(5.1)	(4.9)	(6.3)	(13.3)	(23.5)	(7.9)	(5.2)	(5.1)	(5.5)	(23.7)	(5.4)	(5.5)	(5.4)	(5.9)	(22.2)	
Weighted average common shares outstanding Shares, Basic and Diluted (7)	0.008	0.014	0.017	0.40	0.40	0.42	0.479	0.538	2.9	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	
EPS Diluted (pro forma)	\$ (916.01)	\$ (2,126.25)	\$ (2,123.74)	\$ (13.65)	\$ (14.27)	\$ (17.79)	\$ (23.09)	\$ (55.19)	\$ (1.91)	\$ (1.01)	\$ (1.00)	\$ (1.10)	\$ (4.59)	\$ (1.02)	\$ (1.05)	\$ (1.02)	\$ (1.18)	\$ (4.26)	
Margins																			
Gross margin	11%	1%	5%	8%	11%	5%	-7%	5%	12%	7%	7%	8%	8%	8%	8%	9%	9%	9%	
Salaries, Wages and Payroll Taxes	84%	47%	38%	43%	57%	66%	251%	92%	77%	50%	48%	48%	55%	45%	43%	40%	40%	42%	
General and Administrative	48%	35%	36%	37%	39%	77%	119%	63%	123%	70%	65%	65%	80%	60%	60%	55%	55%	57%	
Software and Development	26%	16%	7%	1%	3%	1%	1%	2%	0%	3%	3%	2%	2%	2%	2%	2%	2%	2%	
Operating margin	-209%	-117%	-98%	-99%	-110%	-162%	-405%	-175%	-213%	-140%	-132%	-135%	-154%	-120%	-122%	-111%	-115%	-117%	
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Net margin	-872%	-128%	-166%	-2517%	-126%	-187%	-454%	-939%	-1934%	-143%	-135%	-137%	-583%	-120%	-122%	-111%	-115%	-117%	
Y/Y % change																			
Revenue	-17%	171%	54%	-41%	-56%	-59%	-53%	-52%	-28%	-17%	0%	27%	-8%	22%	22%	24%	25%	23%	
COGS	-10%	201%	48%	-41%	-61%	-58%	-45%	-53%	-31%	-14%	-2%	10%	-11%	27%	21%	21%	24%	23%	
Gross Profit	-50%	-66%	451%	-39%	-893%	-67%	-142%	-51%	7%	-45%	40%	-248%	52%	-18%	39%	59%	41%	24%	
Salaries, Wages and Payroll Taxes	15%	54%	22%	-42%	-29%	-19%	198%	16%	28%	-27%	-27%	-76%	-45%	-28%	5%	3%	4%	-7%	
General and Administrative	-17%	96%	56%	-16%	-12%	17%	-37%	-16%	135%	51%	-15%	-31%	17%	-40%	5%	5%	6%	-12%	
Professional Fees	-14%	21%	88%	-31%	-48%	-72%	-50%	-53%	-32%	-8%	6%	1%	-1%	-2%	25%	25%	25%	18%	
Software and Development	85%	68%	-33%	-95%	-89%	-83%	325%	-90%	-100%	-16%	100%	194%	14%	#DIV/0!	0%	0%	0%	3%	
Total operating expenses	9%	46%	34%	-39%	-38%	-29%	36%	-17%	50%	2%	-16%	-54%	-17%	-31%	7%	7%	9%	-5%	
Operating Income	16%	52%	29%	-39%	-44%	-26%	46%	-15%	54%	6%	-18%	-58%	-19%	-31%	6%	4%	7%	-7%	
Net Income	317%	-60%	100%	1421%	-67%	-42%	-28%	169%	-45%	-6%	-28%	-62%	-43%	-92%	4%	2%	5%	-75%	
EPS	#DIV/0!	132%	0%	-98%	-98%	-97%	-95%	-97%	-86%	-93%	-94%	-95%	-92%	-47%	4%	2%	7%	-7%	

Source: Company reports, Ascendant Capital Markets estimates

* Reflects a 1:100 reverse stock split in August 2022

* Reflects a 1:24 reverse stock split in October 2023

ShiftPixy

Balance Sheet (\$ mil)	Aug-20	Aug-21	Nov-21	Feb-22	May-22	Aug-22	Nov-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
Fiscal Year End: August 31	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Current Assets																		
Cash and Cash Equivalents	4.3	1.2	1.7	3.3	0.1	0.6	0.9	0.8	0.1	0.1	1.5	(0.0)	(3.9)	(8.5)	(11.3)	(16.6)	(20.2)	(24.2)
Cash and Marketable Securities Held in Trust Account (1)	0.0	0.0	116.7	116.7	116.8	117.0	117.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts Receivables	0.3	0.5	0.4	0.4	0.4	0.3	0.2	0.7	0.5	0.6	0.4	0.6	0.7	0.7	0.7	0.8	0.8	0.9
Unbilled Accounts Receivable	2.3	2.7	2.7	2.6	3.5	2.1	2.7	2.2	2.0	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Notes Receivables-net	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
Prepaid Expenses	0.7	0.6	1.0	1.2	0.8	0.7	0.5	0.2	0.3	0.8	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Current Assets	0.1	0.1	0.2	0.1	0.1	0.2	0.3	0.3	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Deposits-workers Compensation	0.3	0.2	0.1	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
Current Assets of Discontinued Operations	1.0	0.4	0.2	0.1	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
Total Current Assets	9.0	5.7	123.1	124.5	121.5	120.9	122.3	4.2	3.3	3.8	4.7	3.0	(0.9)	(5.5)	(8.1)	(13.4)	(16.9)	(20.9)
Noncurrent Assets																		
Fixed Assets	0.6	2.8	3.0	3.0	2.9	2.8	3.0	2.8	2.7	1.6	1.5	1.3	1.2	1.0	0.9	0.8	0.6	0.5
Deposits-workers Compensation	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
Notes Receivables-net	4.0	4.0	4.0	4.0	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
Right-of-use - Operating Lease	0.0	0.0	0.0	7.2	8.2	4.1	4.0	3.8	3.6	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Deferred Charges	0.0	48.3	38.5	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
Non-current Assets of Discontinued Operations	2.6	0.9	0.6	0.2	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
Deposits and Other Assets	0.4	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Deposits-workers Compensation	0.7	0.4	0.2	0.1	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
Total Assets	17.4	62.9	170.4	140.0	133.6	128.6	130.3	11.8	10.6	6.5	7.2	5.3	1.3	(3.4)	(6.2)	(11.6)	(15.3)	(19.5)
Current Liabilities																		
Accounts Payable	3.8	6.6	7.7	9.6	11.5	17.1	15.8	16.5	18.3	16.7	24.4	25.9	27.3	28.3	31.0	31.3	33.1	35.0
Payroll Tax Related Liabilities	5.8	7.9	8.6	11.2	14.5	16.1	18.8	20.9	24.4	29.6	31.8	31.8	31.8	31.8	31.8	31.8	31.8	31.8
Payroll Related Liabilities										2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Accrued Workers' Compensation Costs	0.5	0.7	0.6	0.6	0.7	0.6	0.6	0.4	0.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible Notes, Net	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
Derivative Liability	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
Other Current Liabilities	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
Current Liabilities of Discontinued Operations	1.7	1.5	1.4	1.3	1.3	1.4	1.4	1.6	1.8	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Registration Rights Penalties Accrual	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
Class a Common shares subject to possible redemption 11,50K	0.0	0.0	0.0	0.0	0.0	117.0	117.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	11.8	16.6	18.3	22.7	27.9	152.1	154.4	39.5	44.9	54.8	59.1	60.6	62.0	63.1	65.8	66.0	67.8	69.8
Noncurrent Liabilities																		
Accrued Workers' Compensation Costs	1.2	1.6	1.3	1.3	1.4	1.2	1.2	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payroll and Related Liabilities - Long Term	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
Convertible Notes, Net	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
Operating Lease Liability, Noncurrent	0.0	0.0	0.0	6.8	7.9	3.5	3.5	3.2	3.0	2.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Minority Interest	0.0	47.5	47.5	9.5	9.5	9.5	9.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class a Common Shares Subject to Possible Redemption 11,50	0.0	0.0	116.7	116.7	116.7	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
Non-current Liabilities of Discontinued Operation	4.4	3.8	3.6	3.2	3.1	3.3	3.4	3.8	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	17.5	69.5	187.5	160.2	166.5	169.6	171.9	47.5	53.0	57.6	61.7	63.2	64.6	65.6	68.3	68.6	70.4	72.3
Shareholders' Equity																		
Common Stock - Par Value	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
Additional Paid in Capital	119.4	142.8	141.0	146.7	146.9	151.7	156.5	168.2	169.0	175.2	177.4	179.4	179.4	179.4	179.4	179.4	179.4	179.4
Treasury Stock - Common	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
Accumulated Deficit	(119.5)	(149.3)	(158.1)	(166.9)	(179.8)	(192.7)	(198.1)	(203.9)	(211.4)	(236.4)	(231.9)	(237.3)	(242.7)	(248.5)	(254.0)	(259.6)	(265.1)	(271.2)
Stock Subscription Receivable	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
Total Shareholders Equity	(0.0)	(6.5)	(17.1)	(20.2)	(32.9)	(41.0)	(41.7)	(35.7)	(42.4)	(51.1)	(54.5)	(57.9)	(63.3)	(69.0)	(74.6)	(80.2)	(85.7)	(91.8)
Total Liabilities & Shareholders Equity	17.4	62.9	170.4	140.0	133.6	128.6	130.3	11.8	10.6	6.5	7.2	5.3	1.3	(3.4)	(6.2)	(11.6)	(15.3)	(19.5)

Balance Sheet Drivers

	Aug-20	Aug-21	Nov-21	Feb-22	May-22	Aug-22	Nov-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25
	Q4A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)																		
Book Value per Share (diluted)	(2.50)	(416.54)	(1,140.41)	(1,554.69)	(2,056.84)	(2,443.45)	(104.88)	(88.34)	(101.18)	(106.84)	(18.76)	(10.73)	(11.73)	(12.79)	(13.81)	(14.86)	(15.88)	(17.00)
Cash per Share (diluted)	358.58	76.26	7,908.26	9,232.44	7,307.40	7,009.81	298.64	2.02	0.34	0.16	0.51	(0.00)	(0.73)	(1.58)	(2.09)	(3.07)	(3.74)	(4.48)
Net cash per Share (diluted)	358.58	76.26	7,908.26	9,232.44	7,307.40	7,009.81	298.64	2.02	0.34	0.16	0.51	(0.00)	(0.73)	(1.58)	(2.09)	(3.07)	(3.74)	(4.48)

Source: Company reports, Ascendant Capital Markets estimates

ShiftPixy

Cash Flow Statement (\$ mils)	2020	2021	2022	Nov-22	Feb-23	May-23	Aug-23	2023	Nov-23	Feb-24	May-24	Aug-24	2024	Nov-24	Feb-25	May-25	Aug-25	2025	
Fiscal Year End: August 31	FY-A	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																			
Net loss	(75.3)	(29.9)	(44.0)	(5.4)	(5.8)	(7.5)	(15.0)	(33.6)	(5.5)	(5.4)	(5.4)	(5.8)	(22.1)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Income (loss) from discontinued operations	15.1	(2.5)	(0.6)	(0.2)	(0.6)	(0.5)	1.5	0.2											
Non-controlling interest					(0.5)	0.0	0.0	(0.5)											
Net loss from continuing operations	(90.5)	(27.4)	(43.4)	(5.2)	(4.6)	(7.0)	(16.5)	(33.3)	(5.5)	(5.4)	(5.4)	(5.8)	(22.1)	(5.5)	(5.6)	(5.5)	(6.1)	(22.7)	
Adjustments to reconcile net loss from continuing operations to net cash used in continuing operating activities:																			
Bad debt expense	0.0	0.0	0.0				0.0	0.2	0.1										
Expense related to Preferred Options	62.1	0.0	0.0										0.6	0.1	0.1	0.1	0.1	0.6	
Depreciation and amortization	0.3	0.4	0.5	0.1	0.2	0.1	0.1	0.5	0.1	0.1	0.1	0.1							
Impaired asset expense	3.5	0.0	4.0					1.4											
Gain on convertible note settlement	(0.5)	0.0	0.0																
RDU asset impairment	0.0	0.0	3.9				2.5	2.5											
Stock issued for services	0.1	0.0	0.0		0.1	0.1	(0.0)	0.2	0.0										
Stock-based compensation	1.3	1.6	1.3	0.3	0.2	0.2	0.2	1.0	0.2										
Stock compensation related conditional option grant preferred series A to CEO							3.1	3.1											
Expense related to warrant modification	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.3											
Expense related to warrant exchange	0.6	0.0	0.0																
Inducement loss on note conversions	0.6	0.0	0.0																
Expensed SPAC offering costs	0.0	0.0	0.5																
Non-cash lease expense	0.0	0.0	0.4	0.0	0.1	0.0	0.6	0.7	0.1										
Change in fair value of note receivable	1.1	0.0	0.0																
Change in fair value of derivative and warrant liability	(1.8)	0.0	0.0																
Excess of derivative liabilities over Notes at issuance	0.0	0.0	0.0																
Amortization of debt discount and debt issuance cost	6.7	0.0	0.0																
Gain from settlement	0.0	0.0	0.0				(1.0)	(1.0)											
Interest paid in common shares	0.0	0.0	0.0					0.0											
Loss from sale of fixed assets									0.0										
Changes in operating assets and liabilities																			
Accounts receivable	(0.2)	(0.2)	0.2	0.0	(0.5)	0.2	(0.2)	(0.5)	0.1	(0.2)	(0.0)	(0.0)	(0.2)	(0.1)	(0.0)	(0.1)	(0.0)	(0.2)	
Unbilled accounts receivable	(0.9)	(0.4)	0.6	(0.6)	0.5	0.1	0.3	0.3	0.1										
Prepaid expenses and other current assets	(0.4)	0.1	(0.2)	0.1	0.3	(0.0)	(0.8)	(0.5)	0.2	0.5	(0.0)	(0.0)	0.7	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
Other current assets	0.2	0.0	0.0																
Other long term assets					(0.1)	(0.1)	0.2	0.0											
Deposits - workers' compensation	(0.0)	0.5	0.5																
Deposits and other assets	(0.3)	(0.5)	0.0	(0.0)	0.0	0.1	(0.1)	0.0											
Accounts payable and other accrued liabilities	(0.6)	2.7	6.4	(1.3)	0.5	1.7	(0.5)	0.5	1.8	1.5	1.4	1.1	5.7	2.7	0.2	1.8	1.9	6.7	
Payroll related liabilities	3.2	2.1	8.2	2.7	2.2	3.5	7.3	15.6	2.2										
Accrued workers' compensation	1.0	0.6	(0.5)	(0.0)	(0.4)	(0.0)	0.9	0.5											
Other current liabilities	(0.8)	0.0	0.0	0.0	0.0	(0.6)	(0.6)	(0.6)											
Net cash used in continuing operating activities	(15.6)	(20.5)	(17.5)	(3.7)	(1.6)	(1.1)	(2.9)	(9.2)	(0.6)	(3.5)	(3.9)	(4.6)	(15.3)	(2.7)	(5.3)	(3.6)	(4.0)	(15.7)	
Net cash used by discontinued operating activities	(1.3)	(1.0)	(0.0)																
Net cash used in operating activities	(16.9)	(21.5)	(17.5)	(3.7)	(1.6)	(1.1)	(2.9)	(9.2)	(0.6)	(3.5)	(3.9)	(4.6)	(15.3)	(2.7)	(5.3)	(3.6)	(4.0)	(15.7)	
Investing Activities																			
Purchase of fixed assets	(0.2)	(2.6)	(0.5)	(0.4)	0.1	(0.0)	(0.0)	(0.3)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Investment of IHC IPO proceeds into Trust Account	0.0	0.0	(117.0)	0.0															
Redemption of trust account				117.6	0.0	0.0	117.6												
Investment in private company					(0.1)	0.1	0.0												
Disposal of fixed assets	0.0	0.0	0.0	0.0															
Issuance of related party note receivable	0.0	0.0	0.0	0.0															
Proceeds from working capital adjustment - sale of assets	0.1	0.0	0.0	0.0															
Proceeds from sale of assets	9.5	0.0	0.0	0.0					0.0										
Net cash used in investing activities	9.4	(2.6)	(117.5)	(0.4)	117.7	(0.1)	0.1	117.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Financing Activities																			
Proceeds from initial public offering IHC	0.0	0.0	116.7																
Payment to IHC shareholders				(117.6)	0.0	0.0	(117.6)												
Proceeds from issuance of common stock and warrants	0.0	0.0	0.0					0.0	0.0	2.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from Public offering, net of offering costs	11.5	10.7	0.0																
Issuance costs related to common stock issuance	0.0	0.0	0.0																
Proceeds from stock subscription receivable	0.0	0.0	0.0																
Deferred offering costs	0.0	(0.8)	0.0																
SPAC offering costs paid	0.0	0.0	(3.7)																
Proceeds from private placement offering, net of offering costs	0.0	11.1	4.2				7.1	7.1											
Proceeds from private placement prefunded warrants, net of offering costs	0.0	0.0	6.9	4.4	(0.0)	0.0	(4.4)	0.0	2.0										
Proceeds from At-The-Market Offering, net of offering costs					1.4	0.5	0.0	2.0											
Proceeds from prefunded warrant exercises				0.0	0.0	(0.0)	0.0	0.0											
Preferred stock issued	0.0	0.0	3.7																
Repayment of convertible notes	(1.2)	0.0	0.0																
Issuance costs related to convertible notes	0.0	0.0	0.0																
Proceeds from issuance of convertible notes	0.0	0.0	0.0																
Proceeds from exercise of warrants	0.0	0.0	6.6			0.0													
Net cash provided by financing activities	10.3	21.0	134.4	4.4	(116.1)	0.5	2.7	(108.5)	2.0	2.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	
Net cash increase (decrease)	2.7	(3.1)	(0.6)	0.2	(0.0)	(0.7)	(0.1)	(0.5)	1.4	(1.5)	(3.9)	(4.6)	(13.3)	(2.7)	(5.3)	(3.6)	(4.0)	(15.7)	
Cash balance at beginning of period	1.6	4.3	1.2	0.6	0.9	0.8	0.1	0.6	0.1	1.5	(0.0)	(3.9)	0.1	(8.5)	(11.3)	(16.6)	(20.3)	(13.2)	
Cash balance at end of period	4.3	1.2	0.6	0.9	0.8	0.1	0.1	0.0750	1.5	(0.0)	(3.9)	(8.5)	(13.2)	(11.3)	(16.6)	(20.2)	(24.3)	(28.9)	

Source: Company reports, Ascendant Capital Markets estimates

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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 Distribution of Investment Ratings (as of January 15, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

Other Important Disclosures

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