

## ShiftPixy, Inc.

Q3 FY23 miss due to soft revenues. Lowering P/T to \$1.30

### COMPANY UPDATE

### Rating: BUY

Ticker: PIXY

Price: \$0.81

Target: \$1.30  
(from \$5.50)

**Q3 EPS miss on soft revenues:** PIXY recently (on July 17) reported its Q3 FY23 (ending May) results. Revenue was \$4 million (-59% YOY), compared to our estimate of \$5 million and Q2 compare of \$4.6 million. EPS was \$(0.74), compared to our estimate of \$(0.56). The company did not provide any forward guidance and we are the only brokerage publishing estimates for the company.

**Core business softened in the quarter:** Total WSE's (worksites employees) in the quarter decreased to 1,600, from 2,100 in Q2, due to the loss of clients, partially offset set by new clients. In addition, gross profit declined sequentially to \$200,000 from \$484,000 in Q2 FY23, with GM coming in at 5%, versus 11% in Q2. Gross profit per WSE decreased to \$125, versus \$230 in Q2.

**Operating expenses up:** Operating expenses were \$6.6 million, up from \$5.5 million in Q2, led by a sharp sequential increase in SG&A. Key factors cited were a \$1.0 million increase in penalties related to payroll obligations owed to the IRS and state taxing authorities. 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 \$24.4 million in Q3, up from \$14.5 million a year ago.

**Adjusting estimates:** We are lowering our FY23 revenue estimate to \$18.3 million from \$20.3 million and lowering our FY24 revenue estimate to \$21.8 million from \$25.4 million. We are raising our FY23 EPS estimate to \$(1.96) from \$(2.06) due to a higher share count. Our new FY24 EPS estimate is \$(1.94), up from \$(2.34) previously.

**National sales campaign is key to reaccelerating growth in core business:** In response to pressure on its core business brought about by Covid-related disruptions to its QSR clients, ShiftPixy has built a new sales team focused on expanding its client portfolio into new metro areas and verticals. With only 1,600 active WSEs out of potentially 100s of thousands available, the potential for growth is quite large and sales traction could be a fundamental catalyst for the company's share price.

**Structural challenges remain:** ShiftPixy continues to face structural challenges, including high operating expenses relative to gross profit, recent client defections, customer concentration, ongoing lawsuits, balance sheet pressure, and a low cash balance which will likely require further dilutive financing.

**Balance Sheet:** ShiftPixy exited the February quarter with \$144,000 in cash, versus quarterly cash burn of roughly \$5 million. On July 12, the company announced the pricing of a sale of stock, warrants, and pre-funded warrants, along with the repricing of existing warrants at \$1.50 per share. The offering is expected to net the company \$2.8 million dollars. The company has for some time addressed cash flow needs by extending payables and deferring payroll tax deposits. These two items garnered a total of \$5.2 million in Q3, as an example. Going forward, ShiftPixy will continue to be dependent on external financing to fuel operations while it refocuses on its core business.

**Maintain BUY due to turnaround potential:** We are maintaining our BUY recommendation but lowering our 12-month price target to \$1.30 from \$5.50. This is based on a NPV analysis, representing significant 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.

#### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.72-44.89
Shares Outstanding (million):	12.2
Market cap (\$million):	\$9.9
EV (\$million):	\$13.7
Debt (\$million):	\$3.9
Cash (\$million):	\$0.1
Avg. Daily Trading Vol. (\$ mil):	\$1.5
Float (million shares):	3.6
Short Interest (000 shares):	187
Dividend, annual (yield):	NA

#### Revenues (US\$ million)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Nov	5.3A		5.0E	6.6E
Q2 Feb	4.6A		5.2E	5.7E
Q3 May	4.0A	5.0E	5.6E	6.3E
Q4 Aug	4.5E	5.5E	6.0E	6.9E
Total	18.3E	20.3E	21.8E	25.4E
EV/Rev	0.8x		0.6x	

#### Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Nov	\$(0.57)A		\$(0.48)E	\$(0.61)E
Q2 Feb	\$(0.59)A	\$(0.63)E	\$(0.47)E	\$(0.56)E
Q3 May	\$(0.74)A	\$(0.56)E	\$(0.48)E	\$(0.55)E
Q4 Aug	\$(0.49)E	\$(0.59)E	\$(0.51)E	\$(0.62)E
Total	\$(1.96)E	\$(2.08)E	\$(1.94)E	\$(2.34)E
EV/Rev	NM		NM	

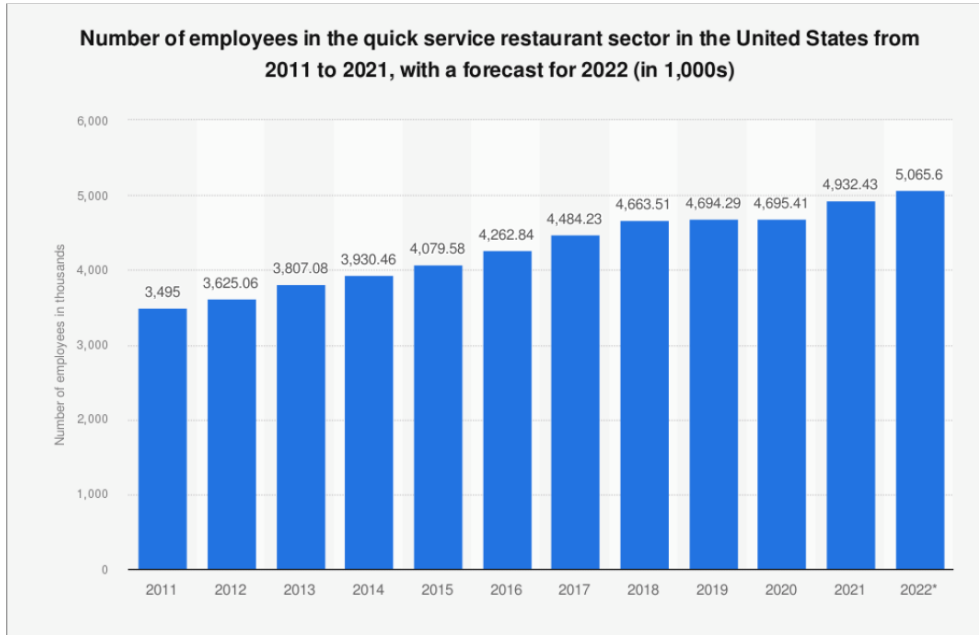
\* Reflects a 1:100 reverse stock split in August 2022

#### 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.

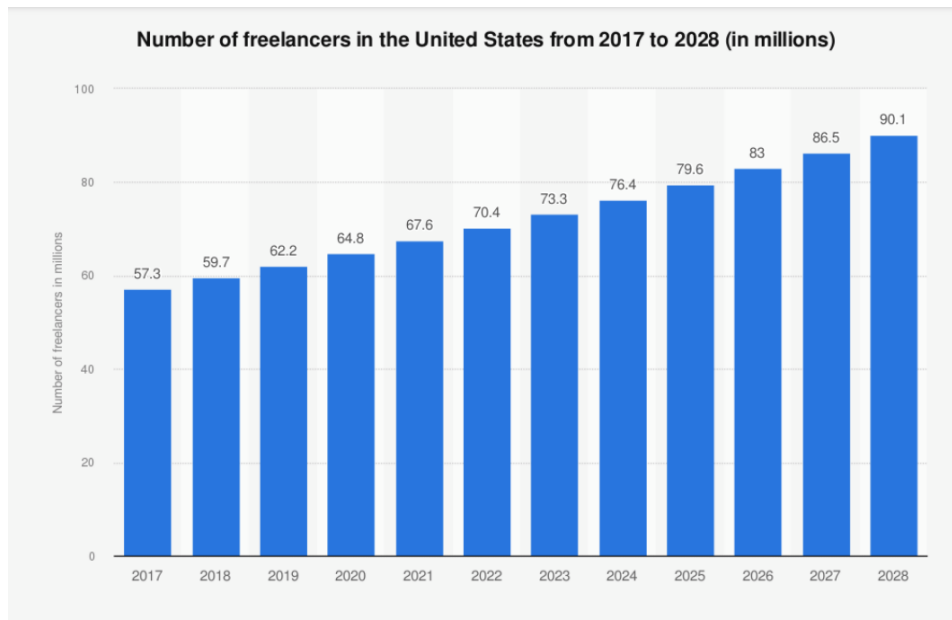
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 10.

**Exhibit 1: US Employment in the QSR Industry**



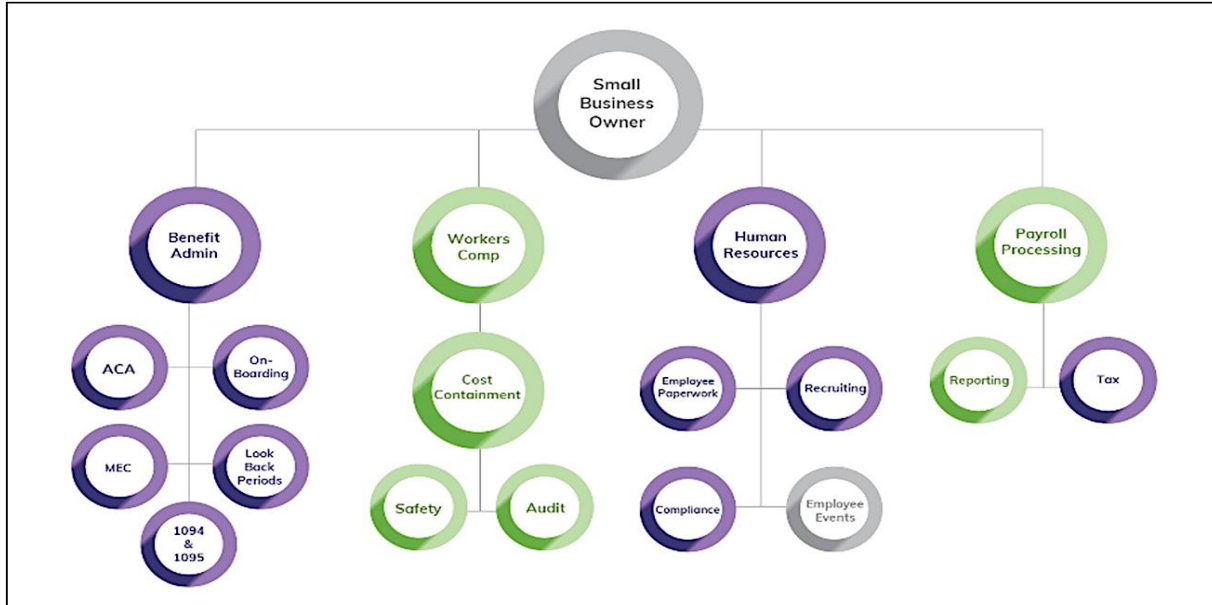
Source: IBISWorld, Statista

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



Source: Upwork, Edelman, Statista

**Exhibit 3: Small Business Reporting and Administrative Burden**



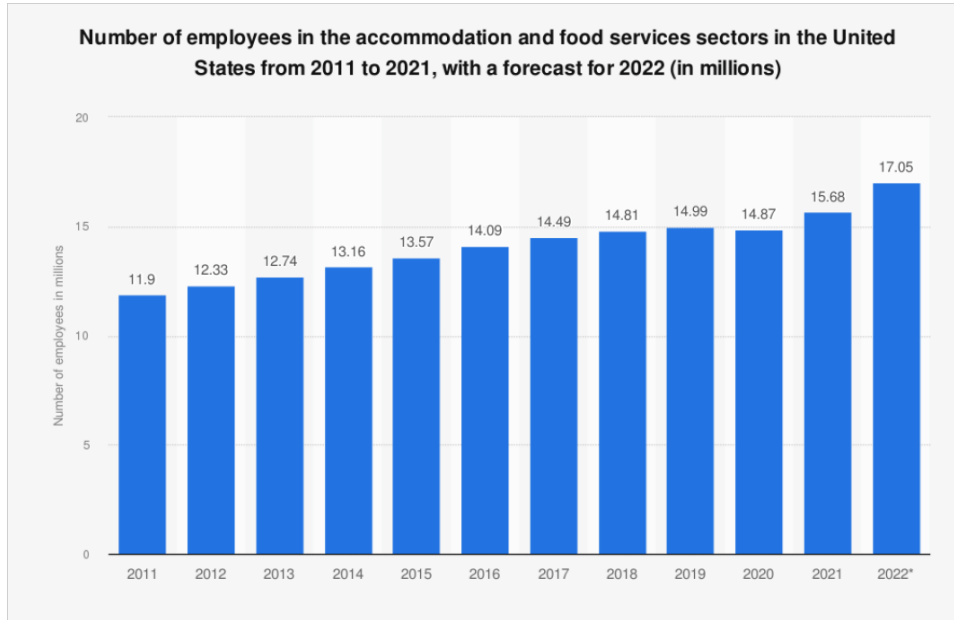
Source: Company Reports

**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, Q3 FY2023 vs. Q3 FY2022**

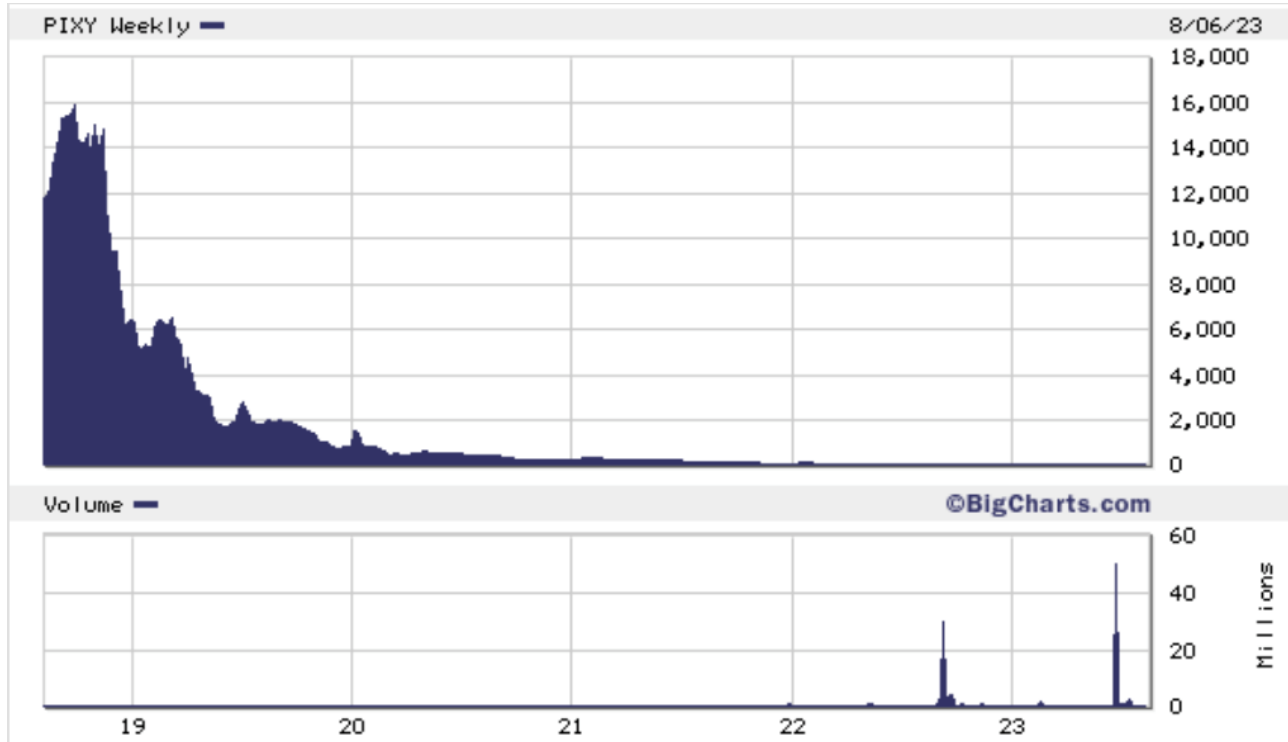
(\$ in thousands)	For the Three Months Ended May 31,	
	2023	2022
Gross Billings	\$ 12,144	\$ 22,628
Less: Adjustment to Gross Billings	(8,156)	(12,985)
<b>Revenues</b>	<b>\$ 3,988</b>	<b>\$ 9,643</b>

The following table provides the key revenue and our primary gross profit driver used by management (unaudited).

	For the Three Months Ended May 31,	
	2023	2022
Administrative Fees (in thousands)	\$ 433	\$ 461
Increase (Decrease), Quarter over Quarter (in thousands)	\$ (28)	100
Percentage Increase (Decrease), Quarter over Quarter	(6.1)%	15.8%
Administrative Fee % of Gross Billings	4.2%	2.0%
Average WSEs	1,600	3,000
Average Gross Billings per Average WSE	\$ 7,590	\$ 7,543

Source: Company Reports

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



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

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



**ShiftPixy**

Balance Sheet (\$ mils)	Aug-20	Aug-21	Aug-22	Nov-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Aug-25
Fiscal Year End: August 31	Q4A	Q4A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E	Q4E
<b>Current Assets</b>												
Cash and Cash Equivalents	4.3	1.2	0.6	0.9	0.8	0.1	0.1	(4.0)	(9.3)	(13.9)	(18.3)	(36.7)
Cash and Marketable Securities Held in Trust Account (1)	0.0	0.0	117.0	117.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts Receivables	0.3	0.5	0.3	0.2	0.7	0.5	0.7	0.8	0.8	0.9	1.0	1.2
Unbilled Accounts Receivable	2.3	2.7	2.1	2.7	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
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
Prepaid Expenses	0.7	0.6	0.7	0.5	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.3
Other Current Assets	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deposits-workers Compensation	0.3	0.2	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Current Assets</b>	<b>9.0</b>	<b>5.7</b>	<b>120.9</b>	<b>122.3</b>	<b>4.226</b>	<b>3.254</b>	<b>3.3</b>	<b>(0.7)</b>	<b>(5.9)</b>	<b>(10.5)</b>	<b>(14.7)</b>	<b>(32.8)</b>
<b>Noncurrent Assets</b>												
Fixed Assets	0.6	2.8	2.8	3.0	2.8	2.7	2.5	2.4	2.2	2.1	1.9	1.3
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
Notes Receivables-net	4.0	4.0	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	4.1	4.0	3.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Deferred Charges	0.0	48.3	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	0.0	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	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Deposits-workers Compensation	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>17.4</b>	<b>62.9</b>	<b>128.6</b>	<b>130.3</b>	<b>11.8</b>	<b>10.6</b>	<b>10.5</b>	<b>6.3</b>	<b>1.0</b>	<b>(3.7)</b>	<b>(8.1)</b>	<b>(26.8)</b>
<b>Current Liabilities</b>												
Accounts Payable	3.8	6.6	17.1	15.8	16.5	18.3	20.5	22.3	22.7	23.9	25.6	30.5
Payrolls and Related Liabilities	5.8	7.9	16.1	18.8	20.9	24.4	25.4	25.4	25.4	25.4	25.4	25.4
Accrued Workers' Compensation Costs	0.5	0.7	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
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
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
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
Current Liabilities of Discontinued Operations	1.7	1.5	1.4	1.4	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8
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
Class a Common shares subject to possible redemption 11,50C	0.0	0.0	117.0	117.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Current Liabilities</b>	<b>11.8</b>	<b>16.6</b>	<b>152.1</b>	<b>154.4</b>	<b>39.5</b>	<b>44.9</b>	<b>48.1</b>	<b>49.8</b>	<b>50.2</b>	<b>51.4</b>	<b>53.1</b>	<b>58.1</b>
<b>Noncurrent Liabilities</b>												
Accrued Workers' Compensation Costs	1.2	1.6	1.2	1.2	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
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
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
Operating Lease Liability, Noncurrent	0.0	0.0	3.5	3.5	3.2	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Minority Interest	0.0	47.5	9.5	9.5	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	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	3.3	3.4	3.8	4.1	4.1	4.1	4.1	4.1	4.1	4.1
<b>Total liabilities</b>	<b>17.5</b>	<b>69.5</b>	<b>169.6</b>	<b>171.9</b>	<b>47.5</b>	<b>53.0</b>	<b>56.1</b>	<b>57.9</b>	<b>58.3</b>	<b>59.5</b>	<b>61.2</b>	<b>66.1</b>
<b>Shareholders' Equity</b>												
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
Additional Paid in Capital	119.4	142.8	151.7	156.5	168.2	169.0	171.8	171.8	171.8	171.8	171.8	171.8
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
Accumulated Deficit	(119.5)	(149.3)	(192.7)	(198.1)	(203.9)	(211.4)	(217.4)	(223.3)	(229.1)	(235.0)	(241.1)	(264.7)
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
<b>Total Shareholders Equity</b>	<b>(0.0)</b>	<b>(6.5)</b>	<b>(41.0)</b>	<b>(41.7)</b>	<b>(35.7)</b>	<b>(42.4)</b>	<b>(45.6)</b>	<b>(51.6)</b>	<b>(57.3)</b>	<b>(63.2)</b>	<b>(69.3)</b>	<b>(93.0)</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>17.4</b>	<b>62.9</b>	<b>128.6</b>	<b>130.3</b>	<b>11.8</b>	<b>10.6</b>	<b>10.5</b>	<b>6.3</b>	<b>1.0</b>	<b>(3.7)</b>	<b>(8.1)</b>	<b>(26.8)</b>

**Balance Sheet Drivers**

	Aug-20	Aug-21	Aug-22	Nov-22	Feb-23	May-23	Aug-23	Nov-23	Feb-24	May-24	Aug-24	Aug-25
	Q4A	Q4A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E	Q4E
<b>Book &amp; Cash Value (per share)</b>												
Book Value per Share (diluted)	(0.10)	(17.36)	(101.81)	(4.37)	(3.68)	(4.22)	(3.71)	(4.19)	(4.66)	(5.14)	(5.64)	(7.56)
Cash per Share (diluted)	14.94	3.18	292.08	12.44	0.08	0.01	0.01	(0.33)	(0.76)	(1.13)	(1.49)	(2.98)
Net cash per Share (diluted)	14.94	3.18	292.08	12.44	0.08	0.01	0.01	(0.33)	(0.76)	(1.13)	(1.49)	(2.98)

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	2025
Fiscal Year End: August 31	FY-A	FY-A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	FY-E
<b>Cash flow from operating activities</b>														
<b>Net loss</b>	(75.3)	(29.9)	(44.0)	(5.4)	(5.8)	(7.5)	(6.0)	(24.7)	(5.9)	(5.8)	(5.9)	(6.1)	(23.7)	(23.6)
Income (loss) from discontinuing operations	15.1	(2.5)	(0.6)	(0.2)	(0.6)	(0.5)								
Non-controlling interest					(0.5)	0.0								
<b>Net loss from continuing operations</b>	(90.5)	(27.4)	(43.4)	(5.2)	(4.6)	(7.0)	(6.0)	(24.7)	(5.9)	(5.8)	(5.9)	(6.1)	(23.7)	(23.6)
<b>Adjustments to reconcile net loss from continuing operations to net cash used in continuing operating activities:</b>														
Bad debt expense	0.0	0.0	0.0											
Expense related to Preferred Options	62.1	0.0	0.0											
Depreciation and amortization	0.3	0.4	0.5	0.1	0.2	0.1	0.1	0.6	0.1	0.1	0.1	0.1	0.6	0.6
Provision for doubtful accounts							0.0							
Impaired asset expense	3.5	0.0	4.0											
Gain on convertible note settlement	(0.8)	0.0	0.0											
ROU asset impairment	0.0	0.0	3.9											
Stock issued for services	0.1	0.0	0.0		0.1	0.1								
Stock-based compensation	1.3	1.6	1.3	0.3	0.2	0.2								
Expense related to warrant modification	0.0	0.0	0.0	0.1	0.0	0.0								
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								
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											
Loss (Gain) associated with note defaults, net	0.0	0.0	0.0											
Interest paid in common shares	0.0	0.0	0.0											
<b>Changes in operating assets and liabilities</b>														
Accounts receivable	(0.2)	(0.2)	0.2	0.0	(0.5)	0.2	(0.2)	(0.5)	(0.1)	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)
Unbilled accounts receivable	(0.9)	(0.4)	0.6	(0.6)	0.5	0.1								
Prepaid expenses and other current assets	(0.4)	0.1	(0.2)	0.1	0.3	(0.0)	0.1	0.4	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Other current assets	0.2	0.0	0.0											
Other long term assets					(0.1)	(0.1)								
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								
Accounts payable and other accrued liabilities	(0.6)	2.7	6.4	(1.3)	0.5	1.7	2.1	3.1	1.8	0.4	1.2	1.7	5.1	4.9
Payroll related liabilities	3.2	2.1	8.2	2.7	2.2	3.5	1.0							
Accrued workers' compensation	1.0	0.6	(0.5)	(0.0)	(0.4)	(0.0)								
Other current liabilities	(0.8)	0.0	0.0	0.0										
<b>Net cash used in continuing operating activities</b>	(15.6)	(20.5)	(17.5)	(3.7)	(1.6)	(1.1)	(2.9)	(21.0)	(4.1)	(5.3)	(4.6)	(4.3)	(18.3)	(18.4)
Net cash used by discontinued operating activities	(1.3)	(1.0)	(0.0)	0.0										
<b>Net cash used in operating activities</b>	(16.9)	(21.5)	(17.5)	(3.7)	(1.6)	(1.1)	(2.9)	(21.0)	(4.1)	(5.3)	(4.6)	(4.3)	(18.3)	(18.4)
<b>Investing Activities</b>														
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
Investment of IHC IPO proceeds into Trust Account	0.0	0.0	(17.0)	0.0										
Redemption of trust account					117.6	0.0								
Investment in private company						(0.1)								
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										
<b>Net cash used in investing activities</b>	9.4	(2.6)	(117.5)	(0.4)	117.7	(0.1)	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financing Activities</b>														
Proceeds from initial public offering IHC	0.0	0.0	116.7											
Payment to IHC shareholders				(117.6)	0.0									
Proceeds from issuance of common stock and warrants	0.0	0.0	0.0				2.8	2.8	0.0	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											
Proceeds from private placement prefunded warrants, net of offering cost	0.0	0.0	6.9	4.4	(0.0)	0.0								
Proceeds from At-The-Market Offering, net of offering costs					1.4	0.5								
Proceeds from prefunded warrant exercises				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								
<b>Net cash provided by financing activities</b>	10.3	21.0	134.4	4.4	(116.1)	0.5	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash increase (decrease)</b>	2.7	(3.1)	(0.6)	0.2	(0.0)	(0.7)	-0.1	(18.6)	-4.1	-5.3	-4.6	-4.3	(18.3)	(18.4)
Cash balance at beginning of period	1.6	4.3	1.2	0.6	0.9	0.8	0.1	0.6	0.1	-4.0	-9.3	-13.9	(18.0)	(36.3)
<b>Cash balance at end of period</b>	4.3	1.2	0.6	0.9	0.8	0.1	0.1	(18.0)	-4.0	-9.3	-13.9	-18.3	(36.3)	(54.7)

Source: Company reports, Ascendant Capital Markets estimates

## **ANALYST CERTIFICATION**

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

## **ShiftPixy, Inc.**

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

## **IMPORTANT DISCLOSURES**

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

## **Risks & Considerations**

Risks to attainment of our share price target include balance sheet/liquidity risks, failure of new business initiatives to materialize, adverse legal judgments, single shareholder control, changes in regulatory labor and employment frameworks, client defections, customer concentration, ability to expand customer base, increased insurance liability, competition, changing macroeconomic factors, investor sentiment towards investing in employment services stocks, and changes in consumer or government priorities for gig employment.

## **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 Distribution of Investment Ratings (as of July 14, 2023)

	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
<b>Buy</b>	<b>51</b>	<b>98%</b>	<b>16</b>	<b>31%</b>
<b>Hold</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Sell</b>	<b>1</b>	<b>2%</b>	<b>0</b>	<b>0%</b>
<b>Total</b>	<b>52</b>	<b>100%</b>	<b>16</b>	<b>31%</b>

#### Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

#### Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ, and FactSet. Please contact your investment advisor or institutional salesperson for more information.

#### General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

#### Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.