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Zacks Small-Cap Research

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ShiftPixy, Inc. (PIXY-NASDAQ)

PIXY: ShiftPixy Hits The Reset Button to Raise $19 Million in Cash and Focus Strategically

We believe the stock could be worth $50.00 per share based on an average of 1.1 EV to revenues for calendar year 2020 using a maximum all in share count.

Current Price (01/07/20)	$8.07
Valuation	**50.00**

OUTLOOK

ShiftPixy is a start-up providing staffing services for the gig economy. Focused on the restaurant and hospitality vertical, the company serves as the employer of a customer's staff thereby alleviating the business of almost all human resource management tasks. It is has introduced a novel, easy to use app, which will allow establishments to keep track of workers' hours and scheduling as well as giving a Match.com-like platform to fill shift openings. With this sale of 60% of its business, it is **at approximately a $168 million annual gross billing run rate** and mainly focused on restaurant chains. We believe it now has sufficient cash to reach its goals.

SUMMARY DATA

52-Week High	**$69.60**
52-Week Low	**$7.34**
One-Year Return (%)	**-87.8**
Beta	**1.3**
Average Daily Volume (sh)	**32,005**
Shares Outstanding (mil)	**0.9**
Market Capitalization ($mil)	**$7.4**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**44.0**
Insider Ownership (%)	**66.1**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2019 Estimate	**N/M**
P/E using 2020 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Internet-Software**

ZACKS ESTIMATES

Revenues
(in millions of $)

	Q1 (Nov)	Q2 (Feb)	Q3 (May)	Q4 (Aug)	Year (Aug)
2018	$6.5 A	$7.9 A	$9.4 A	$11.2 A	$35.0 A
2019	$10.5 A	$13.2 A	$14.3 A	$15.4 A	$53.4 A
2020	$16.6 E	$11.3 E	$8.1 E	$10.1 E	$46.1 E
2021					40.0 E

EPS
(GAAP)

	Q1 (Nov)	Q2 (Feb)	Q3 (May)	Q4 (Aug)	Year (Aug)
2018	-$4.99 A	-$3.47 A	-$2.52 A	-$12.41	-$23.36
2019	-3.11 A	-2.75 A	-5.79 A	-10.32	-22.89
2020	-3.90 E	-2.40 E	-4.55 E	-4.09 E	-13.63 E
2021					-12.00 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

ShiftPixy Reassigns 60% of its Customer Revenues to Raise $19 Million and Focus On Restaurants

Last night ShiftPixy announced it has sold off its PEO business, which was 60% of its revenue base to Vensure Employer Services of Duluth, Georgia for approximately $19 million in cash. This not only raises desperately needed cash, it hits the reset button for the company to strategically focus on its higher margin, value added services for restaurants. The business reassigned is mostly comprised of lower margin customers and those not in the restaurant chain business. The business it kept has double the gross margin of that that it sold, and as a result the company will retain half its gross margin dollars going forward.

This move shows how ridiculously low ShiftPixy's valuation was at a $7 million market cap, when it could raise $19 million just by reassigning contracts for 60% of its business while retaining all its assets and its technology platform. Even now at $21.20 per share, ShiftPixy is only valued at a $20 million market cap, or subtracting the cash infusion in January of $9.7 million and adding the convertible debt, an **enterprise value of $13.7 million**.

The transaction was dated January 1, 2020 and on closing ShiftPixy received $9.7 million in cash (adjusted for working capital) with the rest being paid out over time. The remainder will be paid in 48 monthly installments of $197,916.66 (with the exception of the final monthly installment payment, which shall be equal to the remaining adjusted balance), due no later than the 15th day of each month beginning in April 2020 and ending April 2024. Given adjustments this transaction could raise a total of between $18 million and $22 million.

The company has been onboarding a large number of new customers since the beginning of the new year and hopes to be back to past quarterly gross margin dollars as soon as six months from now. Its operating expenses should also go down somewhat. By strategically focusing on chain restaurants, the company should be able to continue to increase gross margins, and upsell its new metered car insurance for delivery drivers, while retaining a meaningful base of restaurant workers to be able to implement shift sharing among the restaurants.

The company will retain the worksite employees in its ecosystem but they will no longer be processing their payroll or providing benefits. That will be provided by the purchasing company. The company will now categorize them as unbilled workers. The worksite employees will still be eligible to sign up for a shift at all of ShiftPixy's customers if they are qualified for the gig.

We have adjusted our model to reflect this transaction and expect the company to report its November quarter (pre-divestiture) by January 14th for a further update.

Balance Sheet and Cash Usage

This much need infusion of cash should show a changed company although we do not believe other than cash, the balance sheet will be radically changed with this transaction. Next week we will see its condition as of November 30th. On August 31, the company had $1.6 million in cash and its only debt was a convertible note of $3.4 million. Its working capital deficit was $18.2 million and its current ratio 0.4 times. At last we heard the company's cash burn was about $400,000 per month. In the press release the company stated that it "expects proceeds to fully fund operations through to cash flow breakeven, including the ongoing successful development of its next-gen workforce platform, and to further fulfill its growth initiatives. Given the company's early calendar year 2020 business outlook, its accelerating growth profile, and an enhanced focus on its most profitable customers resulting from the assignment, ShiftPixy expects to quickly replace the revenue stream and achieve cash flow breakeven by mid calendar year 2020."

INVESTMENT THESIS

- ShiftPixy is taking a unique approach to solving the human resource management problems of the gig economy. Its solution is to have its customers move their workers over to be employed by ShiftPixy, which then acts as a staffing agency for the customer. By pooling the employees of many smaller companies, ShiftPixy can administrate the human resource management function with economies of scale. In return for providing insurance, payroll processing, benefits, and compliance services these enterprises pay ShiftPixy a fee based on their payroll, that is much less than the cost of doing these functions in-house.

- ShiftPixy first targeted the underserved restaurant and hospitality industry vertical, particularly small, and medium businesses (SMBs) with 100-500 employees. These companies are the main victims of increasing regulation. As of August 31, ShiftPixy served about 246 clients who utilized over 13,000 workers. We believe there are three million restaurant and hospitality entities with under 500 employees in the US and we estimate this vertical market size is $3 billion in service fee revenue, or $30 billion in gross billings including wages.

- By pooling customers' work forces together ShiftPixy not only affords its clients with lower overall prices due larger buying power (as with worker's comp and health insurance), it also alleviates the need for clients to understand and correctly comply with increasingly complex state and federal employment regulations which are particularly onerous for employers with many part time workers.

- Another differentiator for ShiftPixy is its mobile app that has been launched and is rolling out capabilities. It is being used now to onboard new employees. It has added the car insurance metering product for deliveries and scheduling between restaurants and shift workers by matching qualified workers to shifts, while giving workers access to their schedules and earnings in real-time which are both being tested by a few customers. Later it will also create a social job-seeking network for matching job openings with workers. Like a match.com it will let employers find shift workers to fill available hours and workers to find jobs. This can be used not only to fill temp or shift work but as a resource for permanent hires. Since all the workers in the network are already employees of ShiftPixy, a restaurant can get a fill in or even hire someone without any additional paperwork or onboarding. In the future this app will allow non-ShiftPixy employees to search for job opportunities.

- ShiftPixy is working to further develop its custom mobile and cloud platforms and continue its geographic roll out. It already has offices in Southern California, New York City, Austin, Chicago, and Orlando. It plans to open offices in Miami and San Francisco.

- Management has significant experience in managing a number of staffing and insurance companies targeted at small business and created ShiftPixy to address the unique needs of the emerging gig economy.

- Based an average comparable multiple of 1.1 times enterprise value to calendar 2020 revenues, we believe the company could be worth at least $46 million or $50.00 per share.

OVERVIEW

ShiftPixy, Inc. was founded in 2015 as a temporary staffing company. It contracts with clients who employ numerous part-time shift workers and alleviates their burdens by moving their employees over to ShiftPixy. Its

customers are primarily restaurants and hospitality enterprises in California, but it is now signing customers in the transportation last mile and the staffing services businesses as well as other US locations. The company has been expanding its services and is develop its own platform to handle not only HR management, insurance, payroll and compliance, but provide an easy to use, fully integrated mobile system to hire, onboard, schedule and share part time employees among all its customers. With this approach, the customer offloads the entire employee related administrative burden to ShiftPixy and the part-time employees have the ability to manage schedules and increase wages by working at multiple locations owned by different entities because they all are now employees of ShiftPixy. The company has found great success in California as it pays lower worker's comp insurance rates as a large company with many employees, than its smaller customers can. It also has better buying power for health insurance and other benefits. Customers also rely on it to navigate through the complex state and federal employment regulations. In particular ACA reporting compliance is a nightmare for companies with many part time and shift workers and requires much more administrative time than in white-collar industries with salaried employees typically served by PEOs. Add this to the extremely high turnover found in this vertical requiring more hiring and onboarding, it is no wonder these companies are embracing the ShiftPixy solution.

VALUATION

As a start-up we believe that ShiftPixy should be valued first on gross billings to enterprise value focusing on later years. While it reports revenue on a gross basis like a staffing company, we believe its value proposition is much higher and it should be able to command higher fees for its services as it fulfills a customer's needs more like a technology company and a PEO. Given this, we believe given the company's growth prospects, its unique product offering, and it long term potential for higher margins it should initially trade at the high end of valuation for staffing companies. Its staffing company competitors are much larger companies and are trading in a range of 0.2-1.5 enterprise value to sales with an average of 0.7 times estimated 2020 calendar year sales. However it is evolving into a SaaS type company, which has the potential for higher EBITDA margins and thus valuations. These companies trade at an average valuation of 7.7 times EV/EBITDA.

Using a calendar year estimate for revenues in 2020 of $41 million and 1.5 times enterprise value to sales, ShiftPixy should be worth $62 million or a $68 million market value with new cash and old debt, or about $74.53 per share using an all in share count of 1.3 million shares. Even if we use 0.7 times, the stock price would be $27 per share. The mid point of these two is approximately $50.00 per share.

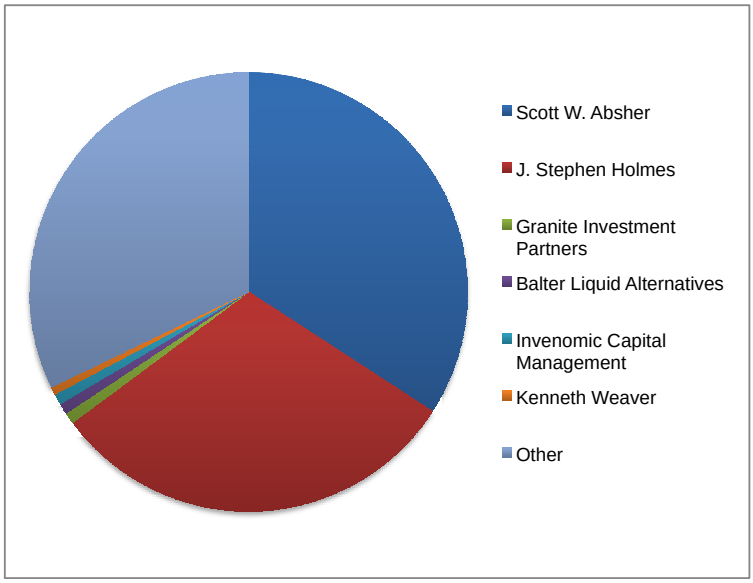
Company	Ticker	Calendar Revenue 2020E	LTM	EBIDTA Margin	Enterprise Value / Sales 2020E	Enterprise Value / Sales LTM	Included in Average?	Enterprise Value
AMN Healthcare Services, Inc.	AMN	2,370	2,160	11%	1.5	1.7	y	3,580
Cross Country Healthcare, Inc.	CCRN	854	808	2%	0.6	0.6	y	477
GEE Group, Inc.	JOB	158	152	6%	0.6	0.7	y	102
Insperity, Inc.	NSP	4,720	4,210	5%	0.7	0.8	y	3,470
Kelly Services, Inc. Class A	KELYA	5,370	5,430	2%	0.2	0.2	y	938
Kforce Inc.	KFRC	1,410	1,460	6%	0.6	0.6	y	900
ManpowerGroup Inc.	MAN	20,800	21,060	4%	0.3	0.3	y	6,400
ASGN Inc.	ASGN	4,180	3,830	11%	1.1	1.2	y	4,720
Robert Half International Inc.	RHI	6,310	6,020	11%	1.1	1.2	y	7,130
Staffing 360 Solutions, Inc.	STAF	305	289	2%	0.2	0.2	y	67
TrueBlue, Inc.	TBI	2,320	2,430	5%	0.4	0.4	y	960
Average				6.0%	0.7	0.7		2,613

Company	Ticker	Calendar Revenue 2020E	LTM	EBIDTA Margin	Enterprise Value / Sales 2020E	Enterprise Value / Sales LTM	Included in Average?	Enterprise Value
Match Group	MTCH	2,420	1,960	33%	10.2	12.6	y	24,750
Paychex	PAYX	4,100	4,030	41%	7.5	7.6	y	30,580
TriNet	TNET	1,010	928	30%	4.1	4.5	y	4,180
Workday	WDAY	4,360	3,440	-6%	8.8	11.2	y	38,430
Average				24.6%	7.7	9.0		24,485

RISKS

- The company is an early stage company and has just sold off 60% of its business to raise cash. It is very difficult to project revenue and net income with a such a significant transaction.
- The company is entering a mature industry with a unique business model and it may be difficult to dislodge entrenched competitors. Some of these competitors are multi-billion companies with much greater resources and proven track record for customers.
- Part of the company's selling point is to enable customers to lessen the burden of the Affordable Care Act, which has been slowly being rolled back and could be completely replaced by new rules. The individual mandate has already been eliminated. In addition, possible changes laws regulating documenting workers as citizens such as eVerify could also impact business.
- The restaurant industry is notorious for rapid turnover and using undocumented workers for staff particularly in California. New government regulations could put further burdens in management of this workforce. Also being a largely cash business, clients may subject ShiftPixy to risk in tax reporting issues.
- As ShiftPixy expands geographically to other states, its offering may not be as compelling in those states compared with California as the economic savings may not be the same due to different pricing for salaries and insurance and different regulatory burdens. Gross billings from customers in California are approximately 86% of the total gross billings. With the recent sale, we expect that number to change.
- ShiftPixy must be careful in managing its risk from its customer base. Restaurants operate on very thin margins and have the highest risk for failure of any industry.
- The company is not yet profitable nor cash flow breakeven.
- It is in litigation with certain of its convertible note holders, which could be costly and result in even more dilution to the common stock.

OWNERSHIP



Source: SEC Filings, Zacks Investment Research

INCOME STATEMENT

	Q1 Nov 30, 2018	Q2 Feb 28, 2019	Q3 May 31, 2019	Q4 Aug 31, 2019	Q1 Nov 30, 2019E	Q2 Feb 28, 2020E	Q3 May 31, 2020E	Q4 Aug 31, 2020E	FY 2018	FY 2019	FY 2020E	FY 2021E
Gross billings	**70.900**	**82.500**	**94.220**	**104.816**	**112.000**	**75.000**	**54.000**	**67.500**	**$222.400**	**$352.436**	**$308.500**	**$250.00**
Yr-to-Yr Growth	76%	70%	57%	43%	58%	-9%	-43%	-36%	76.0%	58.5%	-12.5%	-19.0%
Adjustment to gross billings	60.380	69.312	79.916	89.392	95.424	63.750	45.900	57.375	187.441	299.200	262.449	210.000
Net Revenue	**$10.520**	**$13.188**	**$14.304**	**$15.424**	**$16.576**	**$11.250**	**$8.100**	**$10.125**	**$34.959**	**53.436**	**46.051**	**$40.000**
Yr-to-Yr Growth	62%	67%	53%	38%	58%	-15%	-43%	-34%	72.7%	52.9%	-13.8%	-13.1%
Net Rev as % of Gross Billing	14.8%	16.0%	15.2%	14.7%	14.8%	15.0%	15.0%	15.0%	15.7%	15.2%	14.9%	16.0%
Cost of goods	7.134	9.967	11.592	12.353	11.872	7.917	5.500	7.225	29.458	41.046	32.514	26.000
Gross margin	3.386	3.221	2.712	3.071	4.704	3.333	2.600	2.900	5.500	12.390	13.537	14.000
Percent of gross billings	4.8%	3.9%	2.9%	2.9%	4.2%	4.4%	4.8%	4.3%	2.5%	3.5%	4.4%	5.6%
Percent of revenues	32.2%	24.4%	19.0%	19.9%	28.4%	29.6%	32.1%	28.6%	15.7%	23.2%	29.4%	35.0%
Salaries, wages & payroll taxes	1.795	1.987	1.814	2.107	2.200	2.000	1.900	1.900	5.383	7.702	8.000	8.040
Stock-based compensation	0.077	0.081	(0.005)	0.478	0.120	0.120	0.120	0.120	0.363	0.632	0.480	0.500
Commissions	0.553	0.589	0.765	0.825	0.862	0.525	0.351	0.439	1.594	2.732	2.177	1.200
Professional Fees	0.624	0.895	1.280	1.119	1.200	1.000	0.800	0.600	2.078	3.918	3.600	3.000
Sales and Marketing	NA	NA	NA	0.300	0.300	0.300	0.300	0.300	0.547	1.208	1.200	2.500
Software development	0.310	0.718	0.000	0.181	0.200	0.200	0.200	0.200	3.828	1.209	0.800	0.700
Depreciation and amortization	0.188	0.191	0.222	0.239	0.240	0.250	0.260	0.270	0.274	0.839	1.020	1.100
General and administrative	1.128	0.988	1.763	0.852	0.852	0.800	0.780	0.760	3.005	3.823	3.192	3.831
Total operating expenses	4.675	5.448	5.838	6.102	5.975	5.195	4.711	4.589	17.071	22.063	19.269	16.771
Operating income	(1.289)	(2.227)	(3.126)	(3.030)	(1.271)	(1.862)	(2.111)	(1.689)	(11.571)	(9.673)	(5.732)	(2.771)
Operating margin	-1.8%	-16.9%	-21.9%	-19.6%	-1.1%	-16.5%	-26.1%	-16.7%	-33%	-18%	-12%	-7%
Interest expense	(0.957)	(0.969)	(4.345)	(2.236)	(2.300)	(2.135)	(2.053)	(2.053)	(1.751)	(8.507)	(8.540)	(8.210)
Registration rights penalties	0.000	2.611	0.000	(1.800)	0.000	1.800	0.000	0.000	(3.500)	0.811	1.800	0.000
Inducement loss from debt	0.000	(1.556)	(2.273)	(0.098)	0.000	0.000	0.000	0.000	0.000	(3.927)	-	0.000
Chg in FV of der. & warr. liability	0.000	0.000	4.748	(2.179)	0.000	0.000	0.000	0.000	0.000	2.569	-	0.000
Total other income	(0.957)	0.087	(1.870)	(6.314)	(2.300)	(0.335)	(2.053)	(2.053)	(5.251)	(9.054)	(6.740)	(8.210)
Net Income	(2.246)	(2.140)	(4.996)	(9.344)	(3.571)	(2.197)	(4.164)	(3.741)	(16.822)	(18.727)	(12.472)	(10.981)
Net loss per share	**$ (3.11)**	**$ (2.75)**	**$ (5.79)**	**$ (10.32)**	**$ (3.90)**	**$ (2.40)**	**$ (4.55)**	**$ (4.09)**	**$ (23.36)**	**$ (22.89)**	**$ (13.63)**	**$ (12.00)**
Non-GAAP loss per share	$ (3.00)	$ (2.64)	$ (5.80)	$ (9.32)	$ (3.77)	$ (0.30)	$ (4.42)	$ (3.96)	$ (22.85)	$ (21.59)	$ (15.07)	$ (11.45)
Shares outstanding	0.723	0.780	0.863	0.905	0.915	0.915	0.915	0.915	0.720	0.818	0.915	0.915
Yr-to-Yr Growth	8%	8%	20%	26%	27%	17%	6%	1%	8%	14%	12%	0%
Fully diluted shares	0.933	1.023	1.113	1.155	1.315	1.315	1.315	1.315	0.949	1.468	1.315	1.315

BALANCE SHEET

	Aug 31, 2019	May 31, 2019	Qtr-Qtr % Change	Aug 31, 2018	Yr-Yr % Change
Assets:					
Cash and cash equivalents	**$ 1,561,000**	**$ 2,931,274**	-47%	**$ 1,649,783**	-5%
Accounts receivable	272,000	338,112	-20%	110,931	145%
Unbilled accounts receivable	9,478,000	6,700,054	41%	6,192,631	53%
Deposit workers' compensation	1,957,000	2,250,103	-13%	1,672,097	17%
Prepaid expenses	519,000	762,990	-32%	563,002	-8%
Other current assets	244,000	227,103	7%	258,901	-6%
Total current assets	14,031,000	13,209,636	6%	10,447,345	34%
Fixed assets	3,360,000	3,013,062	12%	3,032,325	11%
Deposits- workers' comp	6,281,000	5,438,125	15%	2,201,556	185%
Deposits and other	124,000	94,083	32%	120,606	3%
Total Assets	23,796,000	21,754,906	9%	15,801,832	51%
Current Liabilities:					
Accounts payable	3,061,000	2,178,351	41%	1,246,461	146%
Payroll related liabilities	16,412,000	14,311,903	15%	9,476,641	73%
Convertible note, net	**3,351,000**	**1,407,340**	138%	**6,171,315**	-46%
Derivative liability	3,756,000	1,577,328	138%	0	0%
Accrued workers' compensation cost	1,957,000	1,027,043	91%	305,217	541%
Registration rights penalty accrual	1,800,000	0	NM	3,500,000	-49%
Other current liabiliities	1,850,000	1,670,997	11%	1,955,921	-5%
Total current liabilities	32,187,000	22,172,962	45%	22,655,555	42%
Accrued workers' compensation costs	4,379,000	3,000,732	46%	900,978	386%
Total Liabilities	36,566,000	25,173,694	45%	23,556,533	55%
Stockholders' Equity					
Common Stock	4,000	3,604	11%	2,886	39%
Additional paid in capital	32,501,000	32,183,503	1%	18,465,419	76%
Treasury stock	(325,000)				
Accumulated deficit	(44,950,000)	(35,605,895)	26%	(26,223,006)	71%
Total Stockholders' Equity	(12,445,000)	(3,418,788)	264%	(7,754,701)	60%
Total Liabilities and Stockholders' Equity	24,121,000	21,754,906	11%	15,801,832	53%
Current and quick ratios	0.4	0.6	-27%	0.5	-5%
Cash as % of assets	7%	13%	-51%	10%	-37%
Working Capital	(18,156,000)	(8,963,326)	103%	(12,208,210)	49%
Debt	3,351,000	1,407,340	138%	6,171,315	-46%
Debt/Total Assets	14%	6%	118%	39%	-64%

CASH FLOW

	Year Ending Aug 31, 2019	3 Months Ending Aug 31, 2019	3 Months Ending May 31, 2019	3 Months Ending Feb 28, 2019	3 Months Ending Nov 30, 2018	Year Ending Aug 31, 2018	3 Months Ending Aug 31, 2018	3 Months Ending May 31, 2018	3 Months Ending Feb 28, 2018	3 Months Ending Nov 30, 2017
Net Income	$ (18,727,000)	$ (9,344,111)	$ (4,996,022)	$ (2,386,681)	$ (2,000,186)	$ (16,576,479)	$ (8,699,060)	(1,817,319)	$ (2,718,883)	$ (3,341,217)
Adjustments to reconcile net loss to net cash used in operating activities:										
Excess of derv liab over notes at issuance	2,588,000	0	$ 2,588,000	0	0	0	0	0	0	0
Inducement loss	3,829,000	450	$ 2,273,000	1,555,550	0	0	0	0	0	0
Depreciation and amortization	839,000	238,640	$ 221,523	191,114	187,723	274,321	139,335	59,342	57,949	17,695
Settlement of reg. rights penalties accrual	0	2,611,112	$ 0	(2,611,112)	0	0	-	0	0	0
Amort. Debt discount, debt iss.	5,607,000	2,008,224	$ 1,703,352	1,184,502	710,922	951,000	951,000	0	0	0
Stock issued for services	263,000	37,994	$ 112,503	0	112,503	162,857	37,503	75,000	3,114	47,240
Stock-based compensation	369,000	215,429	$ (4,743)	81,092	77,222	200,332	30,925	72,311	26,800	70,296
Registration rights penalties	(811,000)	(811,000)	$ 0	0	0	3,500,000	3,500,000	0	0	0
Non-cash interest	509,000	490	$ 210,632	211,101	86,777	0				
Change in FV derivative & warrant liabilities	(2,569,000)	2,179,342	$ (4,748,342)	0	0	0				
Changes in assets and liabilities:										
Restricted cash-worker's comp	0	0	$ 0	0	0	(305,218)	(305,218)	0	0	0
Accounts recievable	(161,000)	66,181	$ 405,468	(614,128)	(18,521)	317,859	196,916	(115,937)	279,279	(42,399)
Unbilled accounts receivable	(3,286,000)	(2,778,577)	$ (1,529,167)	(411,746)	1,433,490	(6,192,631)	(6,192,631)	0	0	0
Prepaid expenses	43,000	242,988	$ (448,803)	64,338	184,477	(210,814)	(692,261)	574,418	114,917	(207,888)
Other current assets	15,000	(16,798)	$ (7,513)	131,965	(92,654)	(242,985)	(81,189)	(144,433)	(16,916)	(447)
Deposits and other assets	(3,000)	(29,523)	$ 292	0	26,231	5,874	17,374	20,435	(8,935)	(23,000)
Deposits- workers' comp	(4,364,000)	(549,425)	$ (1,554,946)	(1,367,935)	(891,694)	(1,233,435)	(1,233,435)	0	0	0
Accounts payable	1,815,000	883,110	$ 487,967	203,803	240,120	85,987	396,236	(509,702)	(413,391)	612,844
Payroll related liabilities	6,935,000	2,099,738	$ 2,835,094	3,988,547	(1,988,379)	7,088,187	4,101,687	2,045,691	1,034,001	(93,192)
Accrued workers' comp costs	5,129,000	2,307,420	$ 1,005,230	747,948	1,068,402	1,206,195	1,206,195	0	0	0
Other current liabilities	(106,000)	178,924	$ (166,496)	607,075	(725,503)	1,676,939	1,160,729	106,881	546,236	(136,907)
Net Cash Used In Operating Activities	(2,086,000)	(459,392)	(1,612,971)	1,575,433	(1,589,070)	(9,292,011)	(5,465,894)	366,687	(1,095,829)	(3,096,975)
CASH FLOWS FROM INVESTING ACTIVITIES:										
Purchase of fixed assets	(1,167,000)	(585,903)	$ (83,818)	(4,020)	(493,259)	(3,018,580)	(2,085,378)	(83,722)	(822,075)	(27,405)
Issuance of related party note receivable	(325,000)	(325,000)	$ 0	0	0	0	0	0	0	0
Net Cash Used In Investing Activities	(1,492,000)	(910,903)	(83,818)	(4,020)	(493,259)	(3,018,580)	(2,085,378)	(83,722)	(822,075)	(27,405)
CASH FLOWS FROM FINANCING ACTIVITIES:										
Proceeds from issuance of common stock	0	0	0	0	0	0	(50,000)	50,000	0	0
Issuance costs from common stock	0	0	0	0	0	0	0	0	0	0
Proceeds from issuance of common stock with warrants	0	0	0	0	0	0	0	0	0	0
Proceeds from exercise of warrants	660,000	0	0	0	660,000	75,000	75,000	(50,000)	0	50,000
Proceeds from issuance of convertible notes	3,750,000	0	3,750,000	0	0	9,000,000	9,000,000	0	0	0
Issuance costs from convertible notes	(485,198)	0	$ (485,198)	0	0	(765,077)	(765,077)	0	0	0
Repayment of convertible notes	(435,606)	0	$ (435,606)	0	0	0	-	0		
Proceeds from stock subscription receivable	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By Financing Activities	3,489,196	0	2,829,196	0	660,000	8,309,923	8,259,923	0	0	50,000
Net Increase in Cash	(88,804)	(1,370,295)	1,132,407	1,571,413	(1,422,329)	(4,000,668)	708,651	282,965	(1,917,904)	(3,074,380)
Cash - Beginning of Period	1,650,000	2,931,274	2,045,121	473,708	1,896,037	5,896,705	1,187,386	904,421	2,822,325	5,896,705
Cash - End of Period	1,561,196	1,560,979	3,177,528	2,045,121	473,708	1,896,037	1,896,037	1,187,386	904,421	2,822,325
				0						
Cash Paid During the Period for:										
Income taxes	0	0	0	0	0	0	0	0	0	0
Interest	226,000	106	81,005	11,556	133,333	133,333	133,333	0	0	0
Operating cash flow	(8,103,000)	(2,863,430)	(2,640,097)	(1,774,434)	(825,039)	(11,487,969)	(4,040,297)	(1,610,666)	(2,631,020)	(3,205,986)
Free cash flow	(9,270,000)	(3,449,333)	(2,723,915)	(1,778,454)	(1,318,298)	(14,506,549)	(6,125,675)	(1,694,388)	(3,453,095)	(3,233,391)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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