

January 11, 2019



ShiftPixy, Inc. Reports Fiscal 2019 First Quarter Results

IRVINE, Calif., Jan. 11, 2019 (GLOBE NEWSWIRE) -- ShiftPixy, Inc. (NASDAQ: PIXY), a developing, proprietary next-gen technology platform for workforce engagement and management, today announced operating results for the three months ended November 30, 2018 ("2019 First Quarter").

2019 First Quarter Highlights

- Gross billings grew 77% to \$70.9 million, compared to \$40.2 million for the fiscal 2018 first quarter; gross billings for the quarter decreased 3.4% sequentially from \$73.4 million in the prior quarter.
- Revenues increased 62% to \$10.5 million for the quarter, compared to \$6.5 million for the first quarter of fiscal 2018.
- Worksite employees increased by 3,520 to an average of 8,990 compared to an average of 5,470 for the quarter ended November 30, 2017; the number of employees at the end of the quarter also represented a sequential increase of approximately 740 over the number of employees at the end of the fourth quarter of fiscal 2018.
- Gross profit for the quarter was \$3.4 million versus \$1.2 million in the prior year period, and net loss per share was 7 cents during the quarter, versus a net loss of 12 cents the prior year period.

"It's an exciting time for ShiftPixy and it's gratifying to see the rapid adoption of our platform driving strong growth in both our client base and our number of worksite employees," stated Chief Executive Officer, Scott Absher. "We are pleased with the pace of our growth and anticipate that our rapidly developing technology platform will further enhance our service offerings and better enable us to meet the needs of our assigned workforce and clients as we endeavor to create value for our shareholders."

Webcast

ShiftPixy will host a webcast at 8:30 a.m. Eastern Time on Friday, January 11, 2019, to discuss financial results for its 2019 fiscal first quarter. Investors can access the webcast through the ShiftPixy website at <https://ir.shiftpixy.com>.

About ShiftPixy

ShiftPixy is a disruptive human capital management (HCM) services provider, revolutionizing employment in the Gig Economy by delivering a next-gen platform for workforce management that helps businesses with shift-based employees navigate regulatory mandates, minimize administrative burdens and better connect with a ready-for-hire workforce. With expertise rooted in management's nearly 25 years of workers' compensation

and compliance programs experience, ShiftPixy adds a needed layer for addressing compliance and continued demands for equitable employment practices in the growing Gig Economy. ShiftPixy's complete HCM ecosystem is designed to manage regulatory requirements and compliance in such required areas as paid time off (PTO) laws, insurance and workers' compensation, minimum wage increases, and the Affordable Care Act (ACA) compliance.

ShiftPixy Cautionary Statement

The information provided in this release includes forward-looking statements, the achievement or success of which involves risks, uncertainties, and assumptions. Although such forward-looking statements are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate. If any of the risks or uncertainties, including those set forth below, materialize or if any of the assumptions proves incorrect, the results of ShiftPixy, Inc., could differ materially from the results expressed or implied by the forward-looking statements we make. The risks and uncertainties include, but are not limited to, risks associated with the nature of our business model; our ability to execute the Company's vision and growth strategy; our ability to attract and retain clients; our ability to assess and manage risks; changes in the law that affect our business and our ability to respond to such changes and incorporate them into our business model, as necessary; our ability to insure against and otherwise effectively manage risks that affect our business; competition; reliance on third-party systems and software; our ability to protect and maintain our intellectual property; and general developments in the economy and financial markets.

Statements made in connection with any guidance may refer to financial statements that have not been reviewed or audited. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The information in this press release shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and will not be deemed an admission as to the materiality of any information that is required to be disclosed solely by Regulation FD. Further information on these and other factors that could affect the financial results of ShiftPixy, Inc., is included in the filings on Forms 1-A and 10-Q and in other filings we make with the Securities and Exchange Commission from time to time. These documents are available on the "SEC Filings" subsection of the "Investor Information" section of our website at <https://ir.shiftpixy.com/financial-information/sec-filings>.

Consistent with the SEC's April 2013 guidance on using social media outlets like Facebook and Twitter to make corporate disclosures and announce key information in compliance with Regulation FD, ShiftPixy is alerting investors and other members of the general public that ShiftPixy will provide updates on operations and progress required to be disclosed under Regulation FD through its social media on Facebook, Twitter, LinkedIn and YouTube. Investors, potential investors, shareholders and individuals interested in our Company are encouraged to keep informed by following us on Facebook, Twitter, LinkedIn and YouTube.

CONTACT:

Media:

Clark Wilson

clark.wilson@shiftpixy.com

888.798.9100

Investors:

InvestorRelations@shiftpixy.com

800.475.3655

ShiftPixy, Inc.
Condensed Consolidated Balance Sheets

	November 30, 2018	August 31, 2018
	(Unaudited)	
ASSETS		
Current assets		
Cash	\$ 227,454	\$ 1,649,783
Accounts receivable	129,452	110,931
Unbilled accounts receivable	4,759,141	6,192,631
Deposit – workers’ compensation	1,923,465	1,672,097
Prepaid expenses	378,525	563,002
Other current assets	351,555	258,901
Total current assets	7,769,592	10,447,345
Fixed assets, net	3,337,861	3,032,325
Deposits – workers’ compensation	2,841,882	2,201,556
Deposits and other assets	94,375	120,606
Total assets	<u>\$ 14,043,710</u>	<u>\$ 15,801,832</u>
LIABILITIES AND STOCKHOLDERS’ DEFICIT		
Current liabilities		
Accounts payable	\$ 1,486,581	\$ 1,246,461
Payroll related liabilities	7,488,262	9,476,641
Convertible note, net	6,309,104	7,156,515
Accrued workers’ compensation costs	634,697	305,217
Registration rights penalties accrual (Note 9)	3,500,000	3,500,000
Other current liabilities	1,230,418	1,955,921
Total current liabilities	20,649,062	23,640,755
Non-current liabilities		
Accrued workers’ compensation costs	1,639,900	900,978
Total liabilities	22,288,962	24,541,733
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, 50,000,000 authorized shares; \$0.0001 par value; no shares issued and outstanding	-	-
Common stock, 750,000,000 authorized shares; \$0.0001 par value; 29,822,822 and 28,851,787 shares issued and outstanding, respectively	2,983	2,886
Additional paid-in capital	19,728,657	17,233,919
Accumulated deficit	(27,976,892)	(25,976,706)
Total stockholders' deficit	(8,245,252)	(8,739,901)
Total liabilities and stockholders' deficit	<u>\$ 14,043,710</u>	<u>\$ 15,801,832</u>

ShiftPixy Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended November 30,	
	2018	2017
Revenues (gross billings of \$70.9 million and \$40.2 million less worksite employee payroll cost of \$60.4 million and \$33.7 million, respectively)	\$ 10,519,990	\$ 6,511,919
Cost of revenue	7,134,168	5,266,403
Gross profit	3,385,822	1,245,516
Operating expenses:		
Salaries, wages and payroll taxes	1,794,965	1,180,489
Stock-based compensation - general and administrative	77,222	70,296
Commissions	553,216	271,630
Professional fees	624,045	492,455
Software development	310,000	1,900,000
Depreciation and amortization	187,723	17,695
General and administrative	1,127,915	654,168
Total operating expenses	4,675,086	4,586,733
Operating Loss	(1,289,264)	(3,341,217)
Other Expense		
Interest expense	(710,922)	-
Net Loss	\$ (2,000,186)	\$ (3,341,217)
Net loss per common share		
Basic and diluted	\$ (0.07)	\$ (0.12)
Weighted average number of common shares		
Basic and diluted	28,921,300	26,767,850



Source: ShiftPixy, Inc.