December 1, 2017

Zacks Small-Cap Research

Lisa Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

ShiftPixy, Inc. (PIXY-NASDAQ)

Preliminary Q4 Results Show Higher Than Expected Expenses But Gross Billings on Target

We believe the stock could be worth $11.50 per share based on an industry comparables trading at 1.1 EV to sales by FY 2018 if sales targets are met.

Current Price (11/30/17)	$2.66
Valuation	**$12.60**

OUTLOOK

ShiftPixy is a start-up providing staffing services for the gig economy. Focusing first 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 related tasks. It is beta testing a novel, easy to use app, which allows establishments to keep track of workers' hours and scheduling as well as giving employers and employees a Match.com-like platform to fill shift openings. **We believe it is already near a $200 million annual gross billing run rate** and is now planning a geographic rollout in large dense cities.

SUMMARY DATA

52-Week High	**$10.32**
52-Week Low	**$2.29**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**80,061**
Shares Outstanding (mil)	**28.7**
Market Capitalization ($mil)	**$76.3**
Short Interest Ratio (days)	**1.8**
Institutional Ownership (%)	**0.0**
Insider Ownership (%)	**88.3**
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 2017 Estimate	**N/M**
P/E using 2018 Estimate	**N/M**

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

ZACKS ESTIMATES

Gross Billings
(in millions of $)

	Q1 (Nov)	**Q2** (Feb)	**Q3** (May)	**Q4** (Aug)	**Year** (Aug)
2015	$0.0 A	$0.0 A	$0.0 A	$0.0 A	$0.0 A
2016	$1.0 A	$2.8 A	$13.3 A	$33.6 A	$50.7 A
2017	$35.0 A	$30.8 A	$27.5 A	$33.1 A	$126 A
2018					$300 E

Earnings per Share
(EPS is GAAP earnings)

	Q1 (Nov)	**Q2** (Feb)	**Q3** (May)	**Q4** (Aug)	**Year** (Aug)
2015	NA	NA	NA	NA	NA
2016	-$0.01 A	-$0.01 A	$0.00 A	-$0.05 A	-$0.07 A
2017	$0.01 A	-$0.01 A	-$0.10 A	-$0.17 A	-$0.28 A
2018					-$0.05 E

WHAT'S NEW

Last night, ShiftPixy filed a Form 12b-25 Notification of Late Filing, for its 10K for the year ending August 31, 2017. The company now has 15 days to finish its audit, (which it believes will be issued without qualification) and report results on or before December 14, 2017.

According to this filing, the company has "a financial statement account of **$460,000**, representing accumulated entries and reconciliations recorded collectively as **Miscellaneous Expense**, which the company has endeavored unsuccessfully to detail. The account exists because of our limited staff, rapid growth, and software systems that are not integrated, all of which have collectively worked to make many of our reconciliation processes more challenging. (The) auditors have indicated that the amount at issue exceeds their materiality threshold, and they will need further information regarding the stated amount in order to issue the audit report without qualification." ShiftPixy has hired a forensic accounting firm to further analyze the expenses in this Miscellaneous Expense account and to help provide additional detail to the auditors.

This $460,000 is now allocated to G&A in the financial statement that was released in this filing. Once these expenses are identified and correctly categorized in the right line items, (i.e. Cost of Goods, G&A, S&M, or Product Development) individual line items may be adjusted but the over top and bottom line are expected to remain the same. If these expenses are determined to belong in G&A, nothing will change. We also think there could be a restatement of the historical quarters to reflect this recategorization if the expenses do not remain in G&A.

Preliminary Unaudited Income Statement for Fiscal Year Ending August 21, 2017

The company issued a preliminary unaudited income statement, which shows **gross billings of $126.4 million for the year (up 149%) and net revenue of $20.4 million (up 141%)** versus gross billings for the 2016 year of $50.7 million and revenues of $8.5 million. Gross billings increased as the number of worksite employees grew from 3,463 at fiscal year end 2016 to 5,074 at fiscal year end 2017, up 46.5%. While gross billings and revenues were only about a million short of our estimate, gross margin was $2 million short. Gross margin for the year was 20.0% for the year versus 17.9% last year. Billings and revenues were both up sequentially.

Gross margin was down due in Q3 to additional investments in workers compensation programs needed to on-board new clients beginning in June 2017 and we hypothesize this was the same in Q4.

Operating expenses for the year were $11.5 million. Included in that amount is $328,000 in a one-time stock based compensation charge that was related to the IPO. Last year, the company spent $3.4 million on operating expenses.

The net loss for the year was $7.5 million versus $1.9 million a year ago. Excluding one-time expenses the loss would have been $7.2 million. This loss resulted in EPS of $0.28 per share versus breakeven last year. The average share count in 2017 was 26.8 million versus 25.6 million a year ago.

Q4 2017 Results

For Q4 2017 ending August 31, 2017 the company reported a preliminary $33.1 million in gross billings, inline with the $34 million we expected, and flat with last year. Net revenue was $4.7 million below the expected $6.1 million, and down 21% on a year over year basis.

Cost of goods was $5.3 million resulting is a negative gross margin of $679,000. Last year with similar gross billings, cost of goods was $5.1 million, but resulted in a positive $746,000 of gross margin. The company says this is due to "catch up" expenses in the 2017 quarter, although what expenses they were is unclear.

Spending on on-boarding and product development was expected to be heavy this quarter as backlog was brought on and the App was launched. The company to reported a net loss of $5.0 million (versus an expected $3.5 million) or $0.17 per share versus a loss of $1.2 million and $0.05 per share last year.

This quarter that ended November 30, we believe that revenues continued to ramp but we are holding off on putting out quarterly forecasts or adjusting 2018 estimates until the company releases it audited 10K and reports earnings.

Since the Quarter Ended

On September 28, 2017, ShiftPixy elected three new board members.

Whitney White is a former Hambrecht banker who was involved with the company's IPO. From April 2017 to date, Mr. White has been COO & CTO of Prime Trust, LLC, a Nevada chartered trust company. Before Prime Trust, Mr. White spent 17 years with W.R. Hambrecht + CoMr. Whitney earned a BS in computer science & psychology from Hamilton College, an MBA in finance and accounting from Columbia University, and an MBA in technology and entrepreneurship from the UC Berkeley. Mr. White holds a Series 79 license as an Investment Banking Representative, a Series 24 license as a General Securities Principal, and a Series 7 license as a General Securities Representative.

Sean Higgins, the co-founder and VP of Professional Services of Herjavec Group, an information security solutions firm headquartered in Toronto. Sean earned a BS in computer science from Purdue and a MS in electrical engineering and applied physics from Case Western Reserve.

Mark Absher, the company's registered in-house counsel, and Scott's brother has been with ShiftPixy since June 2016. Before that, Mark served for 11 years as Associate General Counsel of LifeWay. Mark earned a BA in English education from Bob Jones University and a JD from The John Marshall Law School. Mark is licensed practice law in Illinois and Tennessee, and is registered in California to provide legal services as in-house counsel to ShiftPixy.

On June 27, 2017, ShiftPixy completed its initial public offering of two million shares priced at $6.00 per share and netting the company $11.3 million dollars. The August balance sheet, which has not yet been reported, will be the first since the IPO. The company did indicate on this filing that it now has $3.8 million in total liabilities.

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 is first targeting 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. ShiftPixy currently serves about 100 clients who utilize over 3,000 workers in California. 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 starting to be used by customers. This app facilitates scheduling between restaurants and shift workers by matching qualified workers to shifts, while giving workers access to their schedules and earnings in real-time. It also creates a social job-seeking network for matching job openings with workers. Like a match.com it lets 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.

- ShiftPixy is working to further develop its custom cloud platform and continue its geographic roll out from Southern California to the San Francisco, New York, Chicago, Dallas, Orlando, Atlanta, Philadelphia, and Las Vegas areas. These locations contain 53% of all enterprises with 50 or more employees in its targeted sector.

- 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 on its rapid ramp and a comparable multiple of 1.1 times enterprise value to revenues we believe the company could be worth $330 million a year from now, if estimates are met.

OVERVIEW

ShiftPixy, Inc. was founded in 2015 as a temporary staffing company, which contracted with clients who employ numerous part-time shift workers and alleviated their burdens by moving their employees over to ShiftPixy. Its customers are primarily restaurants and hospitality enterprises. The company has been expanding its services to fulfill the needs of this unique vertical market and plans to 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 restaurants 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.

MARKET

Although there are 55 million workers in the US who work for companies that have 0-500 employees, ShiftPixy is targeting companies with over 50 full time equivalent employees that employ a total of 7.2 million shift workers. This company size is the one newly affected by the government's Affordable Care Act that now requires all employees working more than 30 hours per week to be offered health insurance. While there is still the possibility that ACA will be altered or repealed, the complexity in complying with regulations regarding insurance and benefits should persist. These 7.2 million workers are about half the number of the 15.9 million temporary and contract workers that U.S. staffing companies employed in 2015 according to data from the American Staffing Association.

Its first target market with many part time workers is the restaurant and hospitality industry. In 2015, 14.4 million people were employed in restaurants and there were over 1 million restaurant locations. This is about 13% of the total US workforce of 115 million. Of the 14.4 million, 1.7 million of these employees and 70,000 of the locations are in California. ShiftPixy plans to roll out services in the major markets that cover 53% of the employers with 50 or more employees in the restaurant and hospitality sector. This markets, in order of planned rollout, are: New York, Orlando, Dallas, Chicago, Las Vegas, and Atlanta. A New York office has already been established.

FINANCIALS

There has been some confusion as what the company defines as gross billings, net revenues, and cost of goods. The following explanation is taken from the company's filings and can be used to compare and contrast it with other staffing companies and PEOs. There are extreme inconsistencies as to how companies in these businesses report revenues, but there are new requirements being implemented to make companies report in the manner ShiftPixy currently does. While other companies report a variety of net and gross numbers on the revenue line, the gross margins being reported by all should be similar.

Revenue Recognition

The company's revenues are primarily attributable to fees for providing staffing solutions and PEO services. The company recognizes revenue when all of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) the product has been shipped or the services have been rendered to the customer; (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Gross billings are primarily based on:

- the payroll cost of our worksite employees;
- the employer portion of payroll-related taxes;
- employee benefit programs;
- workers' compensation insurance coverage and
- admin fees and delivery fees, which are the fees charged to clients for providing payroll processing and temporary staffing services.

Net revenues exclude the payroll cost of website employees component of gross billings. With respect to employer payroll taxes, employee benefit programs, workers' compensation insurance, ShiftPixy believes it is the primary obligor, has latitude in establishing price, selecting suppliers, and determining the service specifications and, as such, the gross billings for those components are included as net revenues. Net revenues are recognized ratably over the payroll period as worksite employees perform their service at the client worksite.

Consistent with revenue recognition policy, **direct costs do not include the payroll cost of our worksite employees**. Cost of revenue is primarily comprised of all other costs related to our worksite employees, such as the employer portion of payroll-related taxes, employee benefit plan premiums and workers' compensation insurance costs.

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 2017 calendar year sales. However it is evolving into a SaaS/PEO type company, which has the potential for higher EBITDA margins and thus valuations. These companies trade at an average valuation of 6.9 times EV/EBITDA.

Using a calendar year estimate for gross billings in 2018 of $300 million and the high end of industry valuations (due to its above average growth) of 1.1 times enterprise value to sales, ShiftPixy could be worth $330 million by 2018 or $11.50 per share.

Additionally as ShiftPixy adds features and capabilities equal to or surpassing competitors like TriNet, its margins could expand which could warrant even higher valuation multiples.

Company	Ticker	Calendar Revenue 2017E	LTM	EBIDTA Margin	Enterprise Value / Sales 2017E	LTM	Included in Average?	Enterprise Value
AMN Healthcare Services, Inc.	AMN	1,981	1,950	12%	1.4	1.4	y	2,750
Cross Country Healthcare, Inc.	CCRN	871	854	5%	0.6	0.6	y	500
GEE Group, Inc.	JOB	160	110	4%	0.6	0.9	y	99
Insperity, Inc.	NSP	3,290	3,110	4%	0.7	0.7	y	2,300
Kelly Services, Inc. Class A	KELYA	5,370	5,180	2%	0.2	0.2	y	1,090
Kforce Inc.	KFRC	1,360	1,340	6%	0.6	0.6	y	785
ManpowerGroup Inc.	MAN	20,890	19,980	4%	0.4	0.4	y	8,920
On Assignment, Inc.	ASGN	2,610	2,530	10%	1.5	1.6	y	3,970
Randstad Holding NV	RANJY	NA	26,540	4%	NA	0.5	n	12,970
Robert Half International Inc.	RHI	5,240	5,200	11%	1.3	1.3	y	6,780
Staffing 360 Solutions, Inc.	STAF	196	181	2%	0.2	0.2	y	33
TrueBlue, Inc.	TBI	2,510	2,610	5%	0.5	0.5	y	1,290
Average				6.0%	0.7	0.8		2,593

Company	Ticker	Calendar Revenue 2017E	LTM	EBIDTA Margin	Enterprise Value / Sales 2017E	LTM	Included in Average?	Enterprise Value
Match Group	MTCH	1,310	1,300	28%	6.3	6.4	y	8,310
Paychex	PAYX	3235	3,180	44%	7.4	7.5	y	23,850
TriNet	TNET	804	779	26%	4.1	4.2	y	3,280
Workday	WDAY	2,130	1,850	-12%	9.7	11.1	y	20,610
Average				21.5%	6.9	7.3		14,013

RISKS

- The company is an early stage company and has just reached a reported annual gross billing run-rate of $133 million. It is very difficult to project revenue and net income with such a short operating history and historical cash constraints.

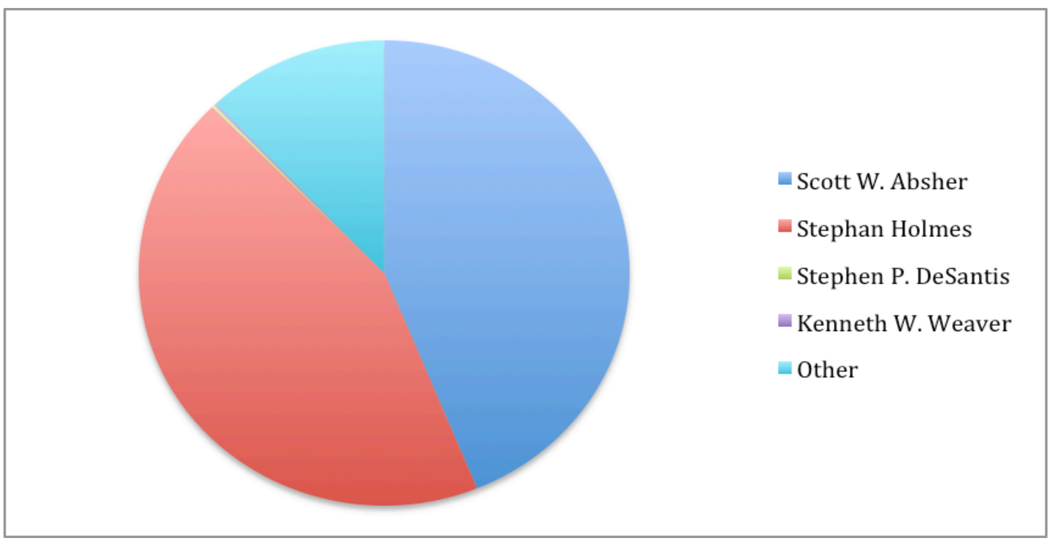
- The company is entering a mature industry and it may be difficult to dislodge entrenched competitors. Some of these competitors are multi-billion companies with much greater resources and proven track record for customers.

- Part of the company's selling point is to enable customers to lessen the burden of the Affordable Care Act, which has a reasonable possibility of being repealed and/or replaced. In addition, possible changes laws regulating documenting workers as citizens such as eVerify could also impact business.

- The company has no CTO and is in the process of hiring a new CFO.

- 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 in tax reporting issues.

OWNERSHIP



INCOME STATEMENT FY 2017 Unaudited

	Q1 Nov 30, 2015	Q2 Feb 29, 2016	Q3 May 31, 2016R	Q4 Aug 31, 2016	Q1 Nov 30, 2016	Q2 Feb 28, 2017	Q3 May 31, 2017	Q4 Aug 31, 2017	FY 2015	FY 2016	FY 2017	FY 2018E
Gross billings	**0.982**	**2.771**	**13.325**	**$33.594**	**$35.037**	**$30.758**	**$27.457**	**$33.139**	**$0.078**	**$50.672**	**$126.391**	**$300.000**
Yr-to-Yr Growth					3469%	1010%	106%	-1%		65148%	149%	137%
Adjustment to gross billings	0.937	2.441	11.126	27.707	29.356	25.350	22.828	28.484	0.060	42.211	106.018	246.000
Net Revenue	$0.045	$0.330	$2.199	$5.887	$5.682	$5.409	$4.628	$4.654	$0.018	$8.461	$20.373	$54.000
Yr-to-Yr Growth					12633%	1538%	111%	-21%		47687%	141%	165%
Net Rev as % of Gross Billing	5%	12%	16%	18%	16%	18%	17%	14%	23%	17%	16%	18%
Cost of goods	0.159	0.421	1.223	5.141	3.593	3.619	3.750	5.333	0.012	6.944	16.295	35.000
Gross margin	(0.115)	(0.091)	0.976	0.746	2.089	1.790	0.878	(0.679)	0.006	1.516	4.078	19.000
Percent of sales	-257.1%	-27.5%	44.4%	12.7%	36.8%	33.1%	19.0%	-14.6%	34.2%	17.9%	20.0%	35.2%
Operating expenses												
Sales and Marketing	0.054	0.083	0.280	0.603	0.487	0.603	NA	NA	0	1.020	2.710	3.500
Product development	0.017	0.026	0.087	0.187	0.022	0.000	NA	NA	0	0.317	2.695	1.200
Customer support	0.029	0.045	0.153	0.329	0.297	0.269	NA	NA	0	0.557	1.455	9.600
General and administrative	0.078	0.121	0.406	0.874	0.915	1.047	NA	NA	0.060	1.478	4.674	6.000
Total operating expenses	0.177	0.275	0.926	1.993	1.720	1.919	3.588	4.308	0.060	3.371	11.534	20.300
Operating income	(0.292)	(0.366)	0.050	(1.247)	0.369	(0.129)	(2.710)	(4.986)	(0.054)	(1.855)	(7.456)	(1.300)
Operating margin	-654%	-111%	2%	-21%	6%	-2%	-59%	-107%	-303%	-22%	-37%	-2%
Total other income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Income	(0.292)	(0.366)	0.050	(1.247)	0.369	(0.129)	(2.710)	(4.986)	(0.054)	(1.855)	(7.456)	(1.300)
Net loss per share	**$ (0.01)**	**$ (0.01)**	**$ 0.00**	**$ (0.05)**	**$ 0.01**	**$ (0.01)**	**$ (0.10)**	**$ (0.17)**	**$ (0.00)**	**$ (0.07)**	**$ (0.28)**	**$ (0.05)**
Shares outstanding	25.6	25.6	25.7	25.7	25.7	25.7	26.6	28.7	24.1	25.6	26.8	28.7
Adjusted EBITDA	(0.282)	(0.356)	0.060	(1.236)	0.385	(0.113)	(2.365)	(4.970)		(1.827)	(7.063)	(1.200)

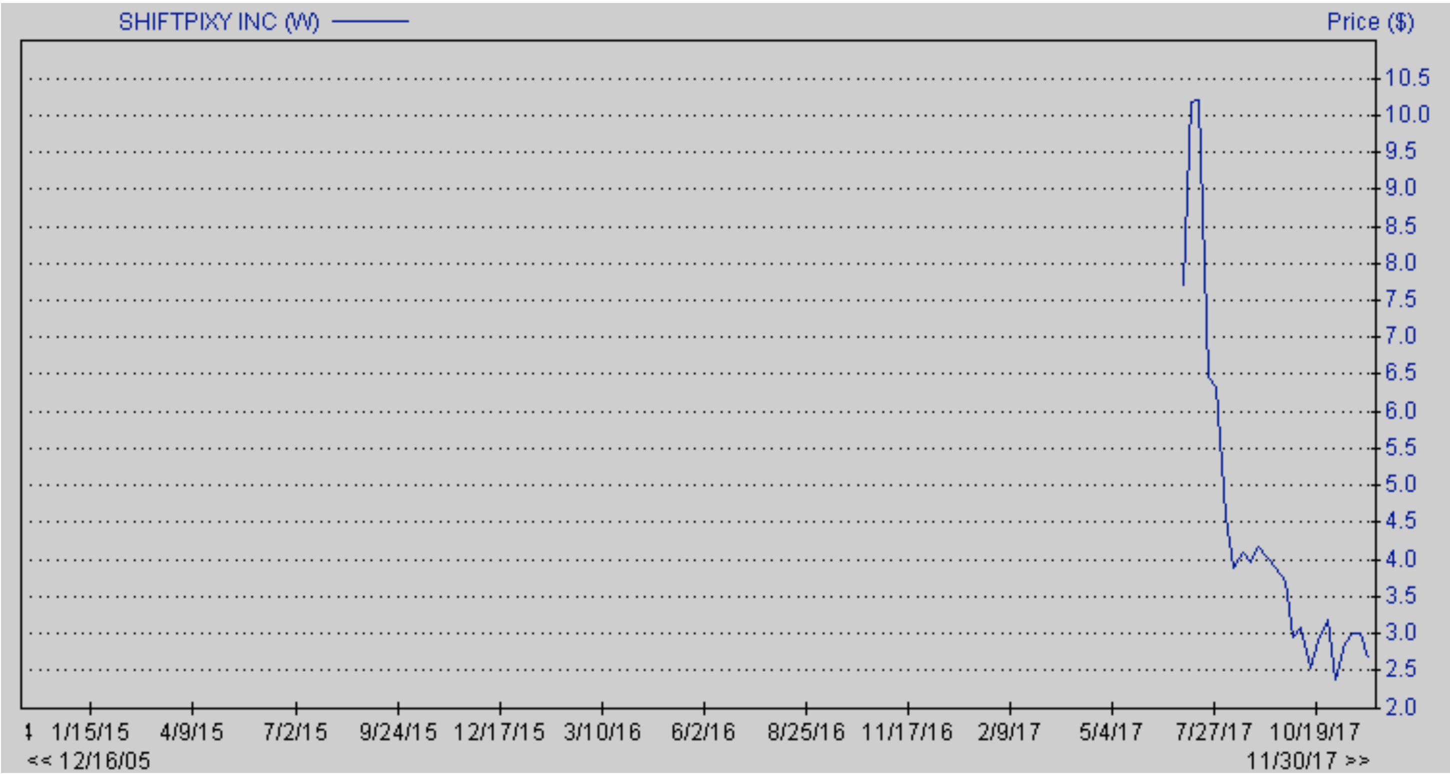
BALANCE SHEET - Pre IPO

	May 31, 2017	February 28, 2017	Qtr-Qtr % Change	May 31, 2016	Yr-Yr % Change
Assets:					
Cash and cash equivalents	$ 511,267	$ 572,055	-11%	$ 1,608,259	-68%
Accounts receivable	155,995	123,236	27%	79,038	97%
Prepaid expenses	404,820	999,852	-60%	323,767	25%
Other current assets	17,470	84,011	-79%	0	NM
Total current assets	1,089,552	1,779,154	-39%	2,011,064	-46%
Fixed assets	304,413	320,762	-5%	257,566	18%
Deposits and other	93,183	132,540	-30%	83,732	11%
Total Assets	1,487,148	2,232,456	-33%	2,491,415	-40%
Current Liabilities:					
Accounts payable	578,105	437,805	32%	976,525	-41%
Payroll related liabilities	1,178,545	680,558	73%	9,776	11955%
Other current liabiliities	370,228	223,066	66%	0	NM
Total current liabilities	2,126,878	1,341,429	59%	986,301	116%
Total Liabilities	2,126,878	1,341,429	59%	986,301	116%
Stockholders' Equity					
Common Stock	2,664	2,635	1%	2,622	2%
Additional paid in capital	3,735,891	2,557,005	46%	2,030,018	84%
Stock subscription receiveable	0	0	0%	(110,000)	-100%
Accumulated deficit	(4,378,285)	(1,668,613)	162%	(417,526)	949%
Total Stockholders' Equity	(639,730)	891,027	-172%	1,505,114	-143%
Total Liabilities and Stockholders' Equity	1,487,148	2,232,456	-33%	2,491,415	-40%
Net cash	$511,267	$572,055	-11%	$1,608,259	-68%
Current and quick ratios	0.5	1.3	-61%	2.0	-75%
Cash as % of assets	34%	26%	34%	65%	-47%
Working Capital	(1,037,326)	437,725	-337%	1,024,763	-201%

CASH FLOWS

	Three Months Ending May 31, 2017	Nine Months Ending May 31, 2017	Nine Months Ending May 31, 2016
Net Income	$ (2,709,672)	$ (2,470,048)	$ (150,655)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	16,348	49,021	12,620
Stock-based compensation	328,415	$ 328,415	$ 0
Changes in operating assets and liabilities:			
Accounts recievable	(32,759)	(99,557)	(93,477)
Prepaid expenses	595,032	(61,824)	(307,639)
Other current assets	66,541	56,012	0
Other assets	39,357	11,430	(117,107)
Accounts payable	140,300	(248,342)	360,863
Payroll related liabilities	497,987	455,830	549,305
Accounts payable - related party	0	0	0
Other current liabilities	147,162	248,959	0
Net Cash Used In Operating Activities	(1,239,704)	(1,730,104)	253,910
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	1	(4,661)	(270,186)
Purchase of intangibles	0	0	0
Net Cash Used In Investing Activities	1	(4,661)	(270,186)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock with warrants	850,500	1,377,500	1,767,641
Net Cash Provided By Financing Activities	850,500	1,377,500	1,767,641
Net Increase in Cash	(389,203)	(357,265)	1,751,365
Cash - Beginning of Period	572,055	868,532	103,650
Cash - End of Period	182,852	511,267	1,855,015
Operating cash flow	(2,364,909)	(2,092,612)	(138,035)
Free cash flow	(2,364,908)	(2,097,273)	(408,221)

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Lisa Thompson, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article. Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.