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Zacks Small-Cap Research

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ShiftPixy, Inc. (PIXY-NASDAQ)

PIXY: Q2 Revenues Up 46% as ShiftPixy Expands its Geographic Rollout to New York, Texas and Florida

We believe the stock could be worth $8.00 per share based on an industry average of 1.1 EV to sales for calendar year 2018 if sales targets are met and using fully diluted shares.

Current Price (04/13/18)	$3.18
Valuation	**8.00**

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 has introduced 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. **It is at a $194 million annual gross billing run rate** and is now rolling out services in a number of large dense cities in other states.

SUMMARY DATA

52-Week High	**$10.32**
52-Week Low	**$2.00**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**276,528**
Shares Outstanding (mil)	**29**
Market Capitalization ($mil)	**$92**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**45**
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/A**
P/E using 2018 Estimate	**N/A**
P/E using 2019 Estimate	**N/A**
Zacks Rank	**N/A**

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

ZACKS ESTIMATES

Gross Billings
(in millions of $)

	Q1 (Nov)	**Q2** (Feb)	**Q3** (May)	**Q4** (Aug)	**Year** (Aug)
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	$40.2 A	$48.6 A	$54.0 E	$62.0 E	$205 E
2019					$300 E

EPS
(GAAP)

	Q1 (Nov)	**Q2** (Feb)	**Q3** (May)	**Q4** (Aug)	**Year** (Aug)
2016	-$0.01 A	-$0.01 A	$0.00 A	-$0.05 A	-$0.07 A
2017	$0.01 R	-$0.04 R	-$0.10 A	-$0.14 R	-$0.28 A
2018	-$0.12 A	-$0.09 A	-$0.09 E	-$0.09 E	-$0.37 E
2019					-$0.28 E

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

WHAT'S NEW

ShiftPixy reported earnings for its FY 2018 Q2 quarter ending February 28, 2018. Q2 gross billings came in at $48.6 million versus $30.8 million a year ago, up 58%, but below the company's guidance. Despite this shortfall in gross billings, the company beat earnings estimates and lost only $0.09 per share rather than the expected $0.10 per share. This was achieved primarily by reducing operating expenses sequentially from $4.6 million in Q1 to $3.4 million in Q2, by capitalizing software in the quarter and reducing spending in product development.

Net revenue was $7.9 million versus $5.4 million a year ago, up 46%. This was 16% of gross billings, the same as Q1, but below the 18% reported in last year's quarter.

Gross margin as a percent of gross billings declined to 1.8% versus 3.6% a year ago and 3.1% in FYQ1. The gross margin was restated downward in last year's quarter as the company readjusted it accounting to apply an unemployment insurance increase in the state of California ratably rather than adjusting the number in Q4 of 2017. We expect both Q3 and Q4 of 2017 to be restated in the future. Gross margin was down sequentially because of a rate increase in unemployment tax that kicked in January 1, 2018. Going forward the company expects gross margin to tick upwards as it charges customers a flat fee for unemployment insurance. As a percent of revenues, that number declines as the calendar year progresses and employees reach limits as their annual wages accumulate. Some of ShiftPixy's clients are "do not honor limits," which means that the gross amount of fees ShiftPixy bills them, including unemployment taxes, remains static over the course of the year. However, when the taxable wages attain $7,000 then it is under no obligation to remit the taxes to the tax authorities, and its costs stop at this point. Thus gross profit should increase gradually throughout the year as the $7,000 threshold of taxable earnings is met by employees. Another factor driving the increase in gross margin is expected to be caused the company's increasing purchasing power in obtaining lower rates for workers compensation.

Operating expenses in the quarter were $3.4 million versus $1.9 million a year ago. Sequentially they were down $1.2 million. Some of this was due to spending less on development. $760,000 was due to the company capitalizing software development rather than expensing is as it had been doing in previous quarters. As the company completes its large software development effort, this number should continue to move down.

In the quarter the company lost $2.5 million versus a restated loss of $960,000 a year ago. This resulted in a loss per share of $0.10 versus a restated loss of $0.04 a year ago. Shares outstanding increased 9.9% from the year ago quarter.

During the quarter the company burned $1.9 million of which $1.3 million was for payment for software development and the rest from the operations of the business. In Q1, it burned $3.3 million in the quarter, of which $1.9 million was spend on development of the mobile app and another $300,000 was for a prepayment of workers' compensation insurance. When the majority of this software development is completed this cash burn should be substantially reduced. Given the burn rate and only $900,000 in cash on February 28, 2018, we believe the company is now raising cash either through debt, or a public or private offering, or some combination of these. If we assume the company burns between $700,000 and a million dollars a month and needs another $2 million in working capital, to would need to raise $10-14 million for use during the next twelve months through a combination of debt and equity. This burn rate should be reduced as revenues increase and the product development tails off so this estimate could be high depending on development costs. Using all equity, this would be 3.1 to 4.4 million shares. Of course, once the mobile app is completed, the company could hold off on its platform development and reduce costs significantly reducing the need for cash.

The company has given revenue guidance for Q3 2018 of $50 - $65 million in gross billings. Since the quarter ended the company signed agreements with 6 new clients, who combined have approximately 1,300 worksite employees with approximately $93 million in annual gross billings. It also reported that gross billings for the month of March grew 21% sequentially from February.

Updates in the Quarter

ShiftPixy continues to take steps to expand geographically and has offices in NYC, Austin (announced March 8th) and Orlando (announced March 14th). We believe that any sales generated outside of California have been less than 5% of revenues so far, and believe that these new offices provide major growth potential.

The company also recently rolled out a new product offering for restaurants wanting to provide delivery service. Many restaurants, with the exception of pizza places, have no ability to make deliveries due to the inability to get insurance, and have relied on services such as Grubhub that are costly and are not the restaurant's employees who can be supervised as such. ShiftPixy's new insurance offering lets restaurants economically send their own employees, as the restaurant only is charged for insurance when a delivery is in progress, making costs very low. The company believes there will be great interest in this product as restaurants seek to expand sales potential and service. Products such as these will also sold at better than average gross margins increasing ShiftPixy's profitability.

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 rolling out capabilities. It is being used now to onboard new employees. Soon the company expects it will be able to 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 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.

- ShiftPixy is working to further develop its custom cloud platform and continue its geographic roll out from Southern California, New York, Austin, and Orlando, to San Francisco, Chicago, Dallas, Atlanta, Philadelphia, and Las Vegas. These locations more than 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 calendar gross billings we believe the company could be worth $259 million or $8.00 per share.

OVERVIEW

ShiftPixy, Inc. was founded in 2015 as a temporary staffing company. It 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 in California. 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.

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 0.2-1.8 enterprise value to sales with an average of 0.7 times estimated 2018 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 6.7 times EV/EBITDA.

Using a calendar year estimate for gross billings in 2018 of $235 million and 1.1 times enterprise value to sales, ShiftPixy could be worth $259 million by 2019 or $8.00 per share using a fully diluted share count of 32.2 million shares.

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 2018E	LTM	EBIDTA Margin	Enterprise Value / Sales 2018E	Enterprise Value / Sales LTM	Included in Average?	Enterprise Value
AMN Healthcare Services, Inc.	AMN	2,160	1,990	12%	1.4	1.6	y	3,130
Cross Country Healthcare, Inc.	CCRN	878	865	5%	0.5	0.6	y	478
GEE Group, Inc.	JOB	188	159	5%	0.5	0.6	y	95
Insperity, Inc.	NSP	3,700	3,300	4%	0.7	0.8	y	2,640
Kelly Services, Inc. Class A	KELYA	5,650	5,370	2%	0.2	0.2	y	1,110
Kforce Inc.	KFRC	1,410	1,360	6%	0.6	0.6	y	800
ManpowerGroup Inc.	MAN	23,190	21,030	4%	0.4	0.4	y	8,350
ASGN Inc.	ASGN	3,300	2,630	11%	1.5	1.8	y	4,810
Randstad Holding NV	RANJY	NA	28,620	4%	NA	0.5	n	13,430
Robert Half International Inc.	RHI	5,580	5,270	11%	1.2	1.3	y	6,790
Staffing 360 Solutions, Inc.	STAF	193	185	2%	0.4	0.4	y	68
TrueBlue, Inc.	TBI	2,580	2,510	5%	0.4	0.5	y	1,140
Average				6.1%	0.7	0.8		2,674

Company	Ticker	Calendar Revenue 2018E	LTM	EBIDTA Margin	Enterprise Value / Sales 2018E	LTM	Included in Average?	Enterprise Value
Match Group	MTCH	1,600	1,330	29%	7.8	9.4	y	12,530
Paychex	PAYX	3539	3,310	43%	6.1	6.5	y	21,450
TriNet	TNET	856	809	29%	3.9	4.2	y	3,380
Workday	WDAY	2,690	2,140	-8%	9.1	11.4	y	24,360
Average				23.2%	6.7	7.9		15,430

RISKS

- The company is an early stage company and has just reported an annual gross billing run-rate of $194 million. It is very difficult to project revenue and net income with such a short operating history.

- 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.

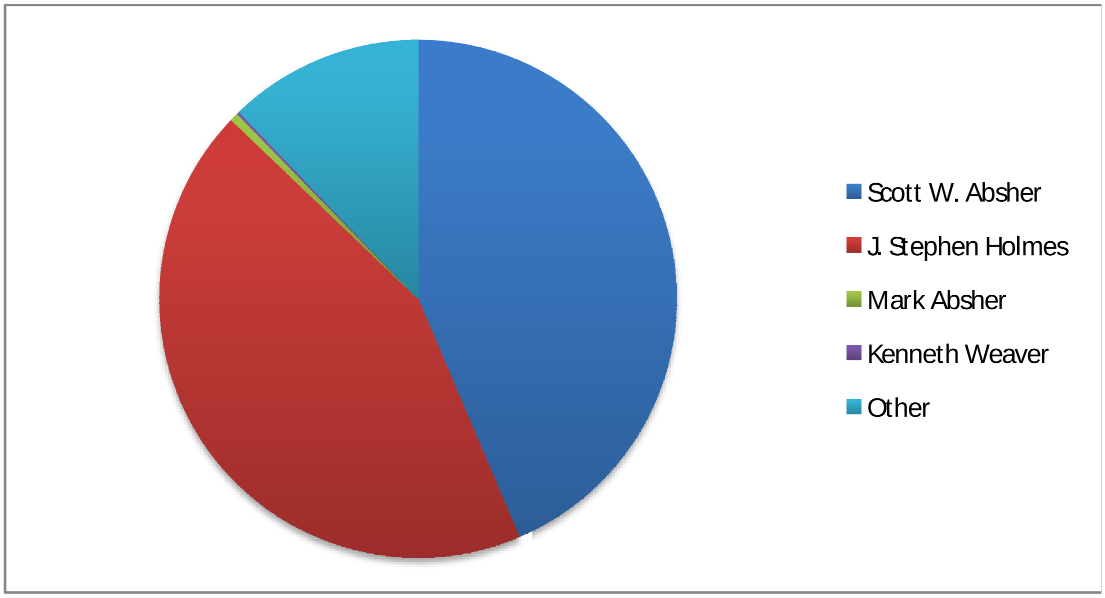
- Part of the company's selling point is to enable customers to lessen the burden of the Affordable Care Act, which has a reasonable possibility of being repealed and/or replaced. In the tax bill about to be passed the individual mandate has been eliminated. In addition, possible changes laws regulating 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.

- 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.

OWNERSHIP



INCOME STATEMENT

	Q1 Nov 30, 2016R	Q2 Feb 28, 2017R	Q3 May 31, 2017	Q4 Aug 31, 2017	Q1 Nov 30, 2017	Q2 Feb 28, 2018	Q3 May 31, 2018E	Q4 Aug 31, 2018E	FY 2015	FY 2016	FY 2017	FY 2018E	FY 2019E
Gross billings	**$35.000**	**$30.758**	**$27.457**	**$33.176**	**40.200**	**48.600**	**54.000**	**62.000**	**$0.078**	**$50.672**	**$126.391**	**$204.800**	**$300.000**
Yr-to-Yr Growth	3465%	1010%	106%	-1%	15%	58%	97%	87%		NM	149%	62%	46%
Adjustment to gross billings	29.500	25.350	22.828	28.469	33.600	40.800	45.500	52.080	0.060	42.211	106.147	171.982	252.000
Net Revenue	$5.682	$5.409	$4.628	$4.707	$6.512	$7.886	$8.500	$9.920	$0.018	$8.461	$20.244	$32.818	$48.000
Yr-to-Yr Growth	12633%	1538%	111%	-20%	15%	46%	84%	111%		47687%	139%	62%	46%
Net Rev as % of Gross Billing	16%	18%	17%	14%	16%	16%	16%	16%	23%	17%	16%	16%	16%
Cost of goods	3.731	4.303	3.750	4.768	5.267	7.006	7.300	8.600	0.012	6.944	16.552	28.174	42.000
Gross margin	1.951	1.106	0.878	(0.061)	1.245	0.880	1.200	1.320	0.006	1.516	3.692	4.645	6.000
Percent of gross billings	5.6%	3.6%	3.2%	-0.2%	3.1%	1.8%	2.2%	2.1%	7.8%	3.0%	2.9%	2.3%	2.0%
Percent of revenues	34.3%	20.4%	19.0%	-1.3%	19.1%	11.2%	14.1%	13.3%	34.2%	17.9%	18.2%	14.2%	12.5%
Payroll	0.93	0.91	NA	NA	1.25	1.37	1.40	1.50	NA	NA	NA	5.523	5.965
Commissions	0.10	0.20	NA	NA	0.27	0.34	0.40	0.45	NA	NA	NA	1.460	1.752
Professional Fees	0.17	0.28	NA	NA	0.49	0.51	0.52	0.52	NA	NA	NA	2.041	2.000
Sales and Marketing	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.020	2.710	NA	NA
Product development	0.000	0.000	0.000	0.000	1.900	0.486	0.500	0.500	0	0.317	2.695	3.386	2.000
Customer support	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.557	1.455	NA	NA
General and administrative	0.369	0.675	NA	NA	0.672	0.892	0.900	0.910	0.060	1.478	4.324	3.374	3.543
Total operating expenses	1.573	2.066	3.588	3.957	4.587	3.598	3.720	3.880	0.060	3.371	11.184	15.785	15.260
Operating income	0.378	(0.960)	(2.710)	(4.018)	(3.342)	(2.718)	(2.520)	(2.560)	(0.054)	(1.855)	(7.492)	(11.140)	(9.260)
Operating margin	7%	-18%	-59%	-85%	-8.3%	-34.5%	-29.6%	-25.8%	-303%	-22%	-37%	-34%	-19%
Total other income	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Income	0.378	(0.960)	(2.710)	(4.018)	(3.342)	(2.500)	(2.520)	(2.560)	(0.054)	(1.855)	(7.492)	(11.140)	(9.260)
Net loss per share	**$ 0.01**	**$ (0.04)**	**$ (0.10)**	**$ (0.14)**	**$ (0.12)**	**$ (0.09)**	**$ (0.09)**	**$ (0.08)**	**$ (0.00)**	**$ (0.07)**	**$ (0.28)**	**$ (0.37)**	**$ (0.28)**
Shares outstanding	26.2	26.2	26.6	28.8	28.8	28.8	28.8	33.0	24.1	25.6	26.8	29.8	33.0

BALANCE SHEET

	February 28, 2018	Nov 30, 2017	Qtr-Qtr % Change	February 28, 2017	Yr-Yr % Change
Assets:					
Cash and cash equivalents	$ 904,421	$ 2,822,325	-68%	$ 572,055	58%
Accounts receivable	191,910	471,189	-59%	123,236	56%
Prepaid expenses	2,780,159	2,895,076	-4%	999,852	178%
Other current assets	33,279	16,363	103%	84,011	-60%
Total current assets	3,909,769	6,204,953	-37%	1,779,154	120%
Fixed assets	1,061,901	297,775	257%	320,762	231%
Deposits and other	158,415	149,480	6%	132,540	20%
Total Assets	5,130,085	6,652,208	-23%	2,232,456	130%
Current Liabilities:					
Accounts payable	1,359,927	1,773,318	-23%	437,805	211%
Payroll related liabilities	3,329,263	2,295,262	45%	680,558	389%
Other current liabiliities	688,311	142,075	384%	223,066	209%
Total current liabilities	5,377,501	4,210,655	28%	1,341,429	301%
Total Liabilities	5,377,501	4,210,655	28%	1,341,429	301%
Stockholders' Equity					
Common Stock	2,881	2,880	0%	2,635	9%
Additional paid in capital	15,210,030	15,180,117	0%	2,557,005	495%
Accumulated deficit	(15,460,327)	(12,741,444)	21%	(1,668,613)	827%
Total Stockholders' Equity	(247,416)	2,441,553	-110%	891,027	-128%
Total Liabilities and Stockholders' Equity	5,130,085	6,652,208	-23%	2,232,456	130%
Net cash	$904,421	$2,822,325	-68%	$572,055	58%
Current and quick ratios	0.7	1.5	-51%	1.3	-45%
Cash as % of assets	18%	42%	-58%	26%	-31%
Working Capital	(1,467,732)	1,994,298	-174%	437,725	-435%

CASH FLOW

	3 Months Ending Feb 28, 2018	3 Months Ending Nov 30, 2017	3 Months Ending Aug 31, 2017	3 Months Ending May 31, 2017	3 Months Ending Feb 29, 2017 (Restated)	3 Months Ending Nov 30, 2016 (Restated)	Year Ending Aug 31, 2017
Net Income	$ (2,718,883)	$ (3,341,217)	$ (5,021,942)	$ (1,887,795)	$ (960,352)	$ 378,099	$ (7,491,990)
Adjustments to reconcile net loss to net cash used in operating activities:							
Depreciation	57,949	17,695	16,348	16,348	16,348	16,325	65,369
Stock issued for services	3,114	47,240	329,645	0	0	0	329,645
Stock-based compensation	26,800	70,296	(285,000)	328,415	0	0	43,415
Changes in operating assets and liabilities:							
Accounts recievable	279,279	(42,399)	(272,795)	(32,758)	214,554	(281,353)	(372,352)
Prepaid expenses	114,917	(207,888)	(2,282,368)	595,032	(359,679)	(297,177)	(2,344,192)
Other current assets	(16,916)	(447)	1,554	66,541	(5,806)	(4,723)	57,566
Other assets	(8,935)	(23,000)	(33,297)	39,357	(39,357)	11,430	(21,867)
Accounts payable	(413,391)	612,844	582,369	140,300	287,473	(676,115)	334,027
Payroll related liabilities	1,034,001	(93,192)	1,209,909	20,579	220,154	215,097	1,665,739
Other current liabilities	546,236	(136,907)	(91,246)	(197,307)	458,526	(12,260)	157,713
Net Cash Used In Operating Activities	(1,095,829)	(3,096,975)	(5,846,823)	(911,288)	(168,139)	(650,677)	(7,576,927)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of fixed assets	(822,075)	(27,405)	0	0	0	(4,661)	(4,661)
Purchase of intangibles	0	0	0	0	0	0	0
Net Cash Used In Investing Activities	(822,075)	(27,405)	0	0	0	(4,661)	(4,661)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from issuance of common stock, net	0	0	10,887,261	0	527,000	0	10,887,261
Proceeds from issuance of common stock with warrants	0	0	200,000	1,377,500	0	0	1,577,500
Proceeds from exercise of warrants	0	50,000	145,000	0	0	0	145,000
Net Cash Provided By Financing Activities	0	50,000	11,232,261	1,377,500	527,000	0	12,609,761
Net Increase in Cash	(1,917,904)	(3,074,380)	5,385,438	466,212	358,861	(655,338)	5,028,173
Cash - Beginning of Period	2,822,325	5,896,705	511,267	572,055	213,194	868,532	868,532
Cash - End of Period	904,421	2,822,325	5,896,705	1,038,267	572,055	213,194	5,896,705
Operating cash flow	(2,634,134)	(3,253,226)	(5,290,594)	(1,543,032)	(944,004)	394,424	(7,383,206)
Free cash flow	(3,456,209)	(3,280,631)	(5,290,594)	(1,543,032)	(944,004)	389,763	(7,387,867)

HISTORICAL STOCK PRICE

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