

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 3, 2020

SHIFTPIXY, INC.

(Exact name of registrant as specified in its charter)

Wyoming

(State of incorporation or organization)

47-4211438

(I.R.S. Employer Identification No.)

1 Venture, Suite 150, Irvine CA

(Address of principal executive offices)

92618

(Zip Code)

(888) 798-9100

(Registrant's telephone number, including area code)

Commission File No. 001-37954

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered under Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	PIXY	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Explanatory Note

On January 8, 2020, ShiftPixy, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original Form 8-K”) with the U.S. Securities and Exchange Commission announcing that the Company executed an Asset Purchase Agreement (the “Agreement”) with Shift Human Capital Management Acquisitions, LLC, part of Vensure Employer Services, Inc. (“Vensure”). This Amendment No. 1 to the Original Form 8-K (“Amendment”) is being filed to (i) amend and restate in its entirety Item 1.01 of the Original Form 8-K, in the manner set forth immediately following this paragraph, and (ii) file as Exhibit 99.1 hereto the Company’s unaudited pro forma combined consolidated balance sheet as of November 30, 2019 and unaudited pro forma combined consolidated statements of operations for the three months ended November 30, 2019 and the years ended August 31, 2019 and 2018, and the notes related thereto. No other changes are made to the Original Form 8-K by this Amendment.

Item 1.01. Entry into a Material Definitive Agreement.

On January 3, 2020, ShiftPixy, Inc. (the “Company”) executed an Asset Purchase Agreement (“Agreement”) with Shift Human Capital Management Acquisitions, LLC, part of Vensure Employer Services, Inc. (“Vensure”).

The Agreement is attached as an exhibit but as a summary of the Agreement, the Company assigned all rights and interests in its existing Professional Employer Organization (PEO) business to Vensure. The Company will continue to focus on its staffing/technology model serving the Quick Service Restaurant and staffing industries.

Under the Agreement, the Company assigned approximately eighty-eight percent (88%) of its overall business based on revenues reported for the quarter ended November 30, 2019, including 100% of its existing PEO business and agreed to sell certain operating assets associated with the assigned client contracts to Vensure for up to approximately \$19.2 million of which \$9.7 million was received at closing and \$9.5 million is receivable over the next four years. The Agreement is effective January 1, 2020.

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information.

The Company’s unaudited pro forma combined consolidated balance sheet as of November 30, 2019 and unaudited pro forma combined consolidated statements of operations for the three months ended November 30, 2019 and the years ended August 31, 2019 and 2018, and the notes related thereto are attached hereto as Exhibit 99.1 and incorporated herein by reference.

(d) Exhibits.

Exhibit No. Description

99.1	The Company’s unaudited pro forma combined consolidated balance sheet as of November 30, 2019 and unaudited pro forma combined consolidated statements of operations for the three months ended November 30, 2019 and the years ended August 31, 2019 and 2018.
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

SHIFTPIXY, INC.

Date: February 14, 2020

By: /s/ Scott W. Absher

Scott W. Absher

Chief Executive Officer and Director

On January 3, 2020, ShiftPixy, Inc. (the “Company”) completed the transfer of approximately 70% of its billable clients who represented approximately 88% of the Company’s quarterly revenue as of November 30, 2019, to Shift Human Capital Management Acquisitions, LLC, part of Vensure Employer Services, Inc. (“Vensure”) and is filing pro forma financial information for this significant disposition in the Company’s Current Report on Form 8-K/A. The consideration received by the Company at closing consisted of \$9.6 million of cash and a long-term receivable for \$9.5 million payable in equal monthly installments over four years, subject to adjustment as described in the asset sale agreement. The Company provides the following pro forma financial information for the unaudited pro forma condensed consolidated statement of operations for the three months ended November 30, 2019 and for the fiscal years ended August 31, 2019 and August 31, 2018 and the unaudited pro forma condensed consolidated balance sheet as of November 30, 2019. All per share and shares outstanding are adjusted to reflect the Company’s 1 for 40 reverse stock split effective on December 13, 2019.

Unaudited Pro Forma Consolidated Financial Statements**Table of Contents**

	Page
Unaudited Pro Forma Condensed Consolidated Statements of Operations for the three months ended September 30, 2019	PF-1
Unaudited Pro Forma Condensed Consolidated Statements of Operations for the years ended August 31, 2019 and 2018	PF-2
Unaudited Pro Forma Condensed Consolidated Balance Sheets as of November 30, 2019	PF-3
Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements	PF-4

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the three months ended:

	11/30/2019 As Reported (unaudited)	11/30/2019 Discontinued Operations (unaudited)	11/30/2019 Pro forma (unaudited)
Revenues	\$ 15,866,000	\$ 13,887,000 (1)	\$ 1,979,000
Cost of revenue	12,552,000	10,865,000 (1)	1,687,000
Gross profit	3,314,000	3,022,000	292,000
Operating expenses:			
Salaries, wages, and payroll taxes	2,283,000	506,000 (2)	1,777,000
Commissions	774,000	696,000 (3)	78,000
Professional fees	840,000	-	840,000
External software development	353,000	-	353,000
General and administrative	1,401,000	-	1,401,000
Total operating expenses	5,651,000	1,202,000	4,449,000
Operating Income (Loss)	(2,337,000)	1,820,000	(4,157,000)
Other expense	(219,000)	-	(219,000)
Total other income (expense)	(219,000)	-	(219,000)
Net Loss	<u>\$ (2,556,000)</u>	<u>\$ 1,820,000</u>	<u>\$ (4,376,000)</u>
Loss per Share	\$ (2.86)		\$ (4.90)
Weighted Average shares outstanding	893,904		893,904

See also the Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended:

	08/31/2019 As Reported	08/31/2019 Discontinued Operations	08/31/2019 Pro forma (Unaudited)
Revenues	\$ 53,436,000	\$ 48,013,000 (1)	\$ 5,423,000
Cost of revenue	41,046,000	36,452,000 (1)	4,594,000
Gross profit	12,390,000	11,561,000	829,000
Operating expenses:			
Salaries, wages, and payroll taxes	7,702,000	3,032,000 (2)	4,670,000
Commissions	2,732,000	2,532,000 (3)	200,000
Professional fees	3,918,000	-	3,918,000
External software development	1,209,000	-	1,209,000
General and administrative	6,502,000	-	6,502,000
Total operating expenses	22,063,000	5,564,000	16,499,000
Operating Income (Loss)	(9,673,000)	5,997,000	(15,670,000)
Other income (expense)	(9,054,000)	-	(9,054,000)
Net (Loss) Income	\$ (18,727,000)	\$ 5,997,000	\$ (24,724,000)
Loss per Share	\$ (22.90)		\$ (30.24)
Weighted Average shares outstanding	817,720		817,720
	08/31/2018 As Reported	08/31/2018 Discontinued Operations	08/31/2018 Pro forma (Unaudited)
Revenues	\$ 34,959,000	\$ 33,139,000 (1)	\$ 1,819,000
Cost of revenue	29,459,000	27,970,000 (1)	1,488,000
Gross profit	5,500,000	5,169,000	331,000
Operating expenses:			
Salaries, wages, and payroll taxes	5,383,000	2,442,000 (2)	2,941,000
Commissions	1,594,000	1,501,000 (3)	93,000
Professional fees	2,078,000	-	2,078,000
External software development	3,828,000	-	3,828,000
General and administrative	4,189,000	-	4,189,000
Total operating expenses	17,072,000	3,943,000	13,129,000
Operating Income (Loss)	(11,572,000)	1,226,000	(12,798,000)
Other income (expense)	(5,251,000)	-	(9,054,000)
Net (Loss) Income	\$ (16,823,000)	\$ 1,226,000	\$ (18,049,000)
Loss per Share	\$ (23.36)		\$ (25.06)
Weighted Average shares outstanding	720,253		720,253

See also the Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Unaudited Pro Forma Condensed Consolidated Balance Sheet as of:

	11/30/2019 As Reported (Unaudited)	11/30/2019 Discontinued Operations	11/30/2019 Pro forma (Unaudited)
ASSETS			
Current assets			
	\$ 49,000	\$ 9,575,000 (5)	\$ 9,624,000
Accounts receivable	1,822,000	(1,518,000) (6)	304,000
Unbilled accounts receivable	11,347,000	(9,594,000) (6)	1,753,000
Deposit – workers’ compensation	1,987,000		1,987,000
Prepaid expenses	371,000	(164,000) (6)	207,000
Other current assets	164,000		164,000
Other receivables – transaction related	-	1,583,000 (7)	1,583,000
Total current assets	<u>15,740,000</u>	<u>(118,000)</u>	<u>15,622,000</u>
Fixed assets			
Fixed assets	3,136,000	-	3,136,000
Deposits – workers’ compensation	6,167,000	-	6,167,000
Deposits and other assets	124,000	-	124,000
Other receivables – transaction related	-	6,099,000 (7)	6,099,000
Total assets	<u>\$ 25,167,000</u>	<u>\$ 5,981,000</u>	<u>\$ 31,148,000</u>
LIABILITIES AND STOCKHOLDERS’ DEFICIT			
Current liabilities			
Accounts payable and other current liabilities	\$ 5,911,000	\$ (378,000) (6)	\$ 5,533,000
Payroll related liabilities	17,469,000	(9,323,000) (6)	8,146,000
Convertible notes, net	3,426,000	-	3,426,000
Accrued workers’ compensation costs	1,987,000	-	1,987,000
Default penalties accrual	1,800,000	-	1,800,000
Derivative liabilities	2,814,000	-	2,814,000
Total current liabilities	<u>33,407,000</u>	<u>(9,701,000)</u>	<u>23,706,000</u>
Non-current liabilities			
Accrued workers’ compensation costs	6,194,000	-	6,194,000
Convertible notes, net	778,000	-	778,000
Total liabilities	<u>40,379,000</u>	<u>(9,701,000)</u>	<u>30,678,000</u>
Commitments and contingencies			
Stockholders’ equity (deficit)			
Preferred stock	-	-	-
Common stock	-	-	-
Additional paid-in capital	32,619,000	-	32,619,000
Treasury stock	(325,000)	-	(325,000)
Accumulated deficit	(47,506,000)	15,682,000 (4)	(31,824,000)
Total stockholders’ equity (deficit)	<u>(15,212,000)</u>	<u>15,682,000</u>	<u>470,000</u>
Total liabilities and stockholders’ equity (deficit)	<u>\$ 25,167,000</u>	<u>\$ 5,981,000</u>	<u>\$ 31,148,000</u>

See also the Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information

- (1) This adjustment reflects the elimination of revenues and costs of revenues associated with the clients transferred.
- (2) This adjustment reflects the elimination of wages, employer taxes, and benefits associated with the employees transferred under the terms of the transaction.
- (3) This adjustment represents the elimination of commissions paid and associated with the client business transferred.
- (4) This adjustment represents the addition for the expected gain on the transaction consisting of \$9.6 million of cash received at closing and \$9.5 million the total proceeds received or receivable, discounted at a 10% annual interest rate to \$7.7 million and as reduced by the \$1.5 million of working capital required to be transferred under the terms of the asset transfer agreement. The Company expects to utilize tax net operating losses to offset any tax due as a result of the transaction.
- (5) This adjustment represents the net effect of cash received at closing representing \$9,500,000 of deal proceeds and net reimbursement of \$75,000 of additional cash paid for working capital transferred in excess of the \$1,500,000 required to be transferred.
- (6) This adjustment represents the elimination of a working capital assets or liabilities transferred or assumed under the terms of the transfer agreement. Total net assets transferred are subject to an additional true up 90 days subsequent to the closing date of the transaction. The initial transfer was based on November 30, 2019 balances.
- (7) This adjustment represents the addition of \$9.5 million of payments receivable over four years of which \$1.6 million is expected to be collected within one year of November 30, 2019 and \$6.1 million is expected to be collected subsequent to November 30, 2020. The balance expected to be collected subsequent to November 30, 2020 is shown at the present value of the expected cash flows using a 10% annual discount rate, representing a \$1.8 million discount to expected gross future cash flows.