

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **February 10, 2023 (February 7, 2023)**

SHIFT TECHNOLOGIES, INC.
(Exact name of registrant as specified in charter)

Delaware (State or Other Jurisdiction of Incorporation)	001-38839 (Commission File Number)	82-5325852 (I.R.S. Employer Identification No.)
290 Division Street, Suite 400, San Francisco, CA (Address of Principal Executive Offices)		94103 (Zip Code)

Registrant's telephone number, including area code: **(855) 575-6739**

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:

- 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 pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	SFT	Nasdaq Capital Market

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

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.

Item 1.01 Entry into a Material Definitive Agreement.

On February 7, 2023, Shift Technologies, Inc. (the “Company”), along with its wholly owned subsidiaries CarLotz, Inc., a Delaware corporation (“CarLotz”), CarLotz Group, Inc., a Delaware corporation (“CarLotz Group”), CarLotz, Inc., an Illinois corporation (“CarLotz Illinois”), CarLotz California, LLC, a California limited liability company (“CarLotz California”) and, together with CarLotz, CarLotz Group and CarLotz Illinois, the “CarLotz Borrowers”), and Shift Operations LLC, a Delaware limited liability company (“Shift Operations”) and, together with the CarLotz Borrowers, the “Borrowers”), entered into an Amendment to Inventory Financing and Security Agreement (the “First Amendment”) with Ally Bank (“Ally Bank”) and Ally Financial Inc. (“Ally Financial”) and, together with Ally Bank, the “Lender”).

Effective as of February 7, 2023 (the “Effective Date”), the First Amendment amends that certain Inventory Financing and Security Agreement dated December 9, 2021 (the “Ally Facility”), by and among the Company, Shift Operations and the Lender, to (i) join the CarLotz Borrowers as borrowers under the Ally Facility and terminate the inventory financing arrangement between the CarLotz Borrowers and the Ally Parties that was entered into prior to the Company’s acquisition of CarLotz, (ii) reduce the maximum available credit line under the Ally Facility from \$100 million to \$75 million and (iii) require the Borrowers to make monthly principal reduction payments for each vehicle subject to the floor plan for more than 150 days rather than 180 days. In addition, effective February 1, 2023, the First Amendment increases the per annum interest rate applicable to Advances (as defined in the Ally Facility) to be equal to the prime rate designated from time to time by Ally Bank plus 175 basis points (from 150 basis points).

The Ally Facility is secured by a grant of a security interest in substantially all of the assets of the Company, the Borrowers and each other wholly owned subsidiary of the Company domiciled in the United States, and payment is guaranteed by the Company, the Borrowers and each other wholly owned subsidiary of the Company domiciled in the United States.

The foregoing description of the First Amendment is qualified in its entirety by reference to the full text of the First Amendment, which is filed hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 3.01 Notice of Delisting or Failure to Satisfy Continued Listing Rule or Standard; Transfer of Listing.

To the extent applicable, the information set forth under Item 8.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.01.

Item 8.01 Other Events.

As previously disclosed, on December 22, 2022, the Company received a written notice (the “MVLS Notice”) from the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company that, for the last 30 consecutive business days, the Company’s Minimum Value of Listed Securities was below the minimum of \$35 million required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq listing rule 5550(b)(2) (the “MVLS Requirement”). On February 8, 2023, the Company received a written notice from the Staff notifying the Company that the Staff is withdrawing the MVLS Notice and closing the matter upon determining, after its review of a Change in Shares Outstanding form submitted by the Company, that the Company would have met the MVLS Requirement within the applicable 30-business day period.

As previously disclosed, the Company has until April 3, 2023 to regain compliance with the minimum bid price requirement under Nasdaq Listing Rule 5550(a)(2) (the “Bid Price Requirement”) with respect to the Company’s Class A common stock, par value \$0.0001 per share (“Class A common stock”). The Company intends to monitor the closing bid price of its Class A common stock and may, if appropriate, consider available options to regain compliance with the Bid Price Requirement. However, there can be no assurance that the Company will be able to regain compliance with the Bid Price Requirement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

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| 10.1 | Amendment to Inventory Financing and Security Agreement, dated as of February 7, 2023, by and among Shift Technologies, Inc., CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., CarLotz, Inc., an Illinois corporation, CarLotz California, LLC, Shift Operations LLC, Ally Bank and Ally Financial Inc. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHIFT TECHNOLOGIES, INC.

Dated: February 10, 2023

By: /s/ Jeff Clementz

Name: Jeff Clementz

Title: Chief Executive Officer

**AMENDMENT TO
INVENTORY FINANCING AND SECURITY AGREEMENT**

I. THE PARTIES TO THIS AGREEMENT

This Amendment to Inventory Financing and Security Agreement (“Amendment”) is effective as of February 7, 2023 (the “Amendment Effective Date”), and is made by and among the following parties (the “Parties”):

- A. **Ally Bank** (Ally Capital in Hawaii, Mississippi, Montana and New Jersey) (together with its successors and assigns, “Bank”), a Utah state-chartered bank with a local business office currently located at 5851 Legacy Circle, Suite 200, Plano, Texas 75024;
- B. **Ally Financial Inc.**, a Delaware corporation (“Ally”) with a local business office currently located at 5851 Legacy Circle, Suite 200, Plano, Texas 75024 (together with Bank, the “Ally Parties” and Bank and Ally each being, an “Ally Party”);
- C. **Shift Operations LLC**, a Delaware limited liability company, with its principal executive office currently located at 290 Division Street, Suite 400, San Francisco, California 94103;
- D. **CarLotz, Inc.**, a Delaware corporation, with its principal executive office located at 290 Division Street, Suite 400, San Francisco, California 94103;
- E. **CarLotz Group, Inc.**, a Delaware corporation, with its principal executive office located at 290 Division Street, Suite 400, San Francisco, California 94103;
- F. **CarLotz, Inc.**, an Illinois corporation, with its principal executive office located at 290 Division Street, Suite 400, San Francisco, California 94103;
- G. **CarLotz California, LLC**, a California limited liability company, with its principal executive office located at 290 Division Street, Suite 400, San Francisco, California 94103; and
- H. **Shift Technologies, Inc.**, a Delaware corporation, with its principal executive office currently located at 290 Division Street, Suite 400, San Francisco, California 94103 (“Guarantor”).

Shift Operations LLC, CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company, are collectively referred to herein as “Dealership.”

II. THE RECITALS

The essential facts relied on by Bank, Ally, Dealership and Guarantor as true and complete, and giving rise to this Amendment, are as follows:

- A. The Ally Parties, Guarantor and Shift Operations LLC are parties to an Inventory Financing and Security Agreement, effective as of December 9, 2021 (as amended, modified, restated, or replaced, the “IFSA”).
 - B. The Parties to this Amendment desire to amend the IFSA as outlined in this Amendment to add CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC as part of the “Dealership” under the IFSA, and to make other modifications as provided for herein.
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III. THE AGREEMENT

In consideration of the premises and the mutual promises in this Amendment, which are acknowledged to be sufficient, the Parties agree to the following:

- A. Capitalized terms used but not defined herein have the meanings given to them in the IFSA.
- B. Effective as of the Amendment Effective Date, Section III.A.2 of the IFSA is modified so that the maximum aggregate amount of credit available pursuant to the IFSA (the "Credit Line") is \$75,000,000.00 at any time outstanding.
- C. Effective as of February 1, 2023, Section III.B.1(b) of the IFSA is modified so that Interest rate under the IFSA is a per annum rate equal to the Prime Rate plus 175 basis points. The Prime Rate as of the date of this Amendment is 7.50%.
- D. Effective as of the Amendment Effective Date, Section III.B.3 of the IFSA is modified so that Principal Reduction payments are required for each Vehicle on Dealership's floorplan for more than 150 calendar days (rather than 180 calendar days).
- E. Effective as of the Amendment Effective Date, the IFSA is amended to add CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company, as parties to the IFSA. As of the Amendment Effective Date, the definition of "Dealership" under the IFSA shall include CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company.
- F. Effective as of the Amendment Effective Date, Section III.G.3 of the IFSA is deleted and replaced with the following:
 - 3. Dealership and Guarantor will arrange for each of the Ally Parties to obtain and maintain a continuing, absolute and unlimited guaranty of payment of all amounts owed under or in connection with this Agreement, on terms and conditions that are acceptable to the Ally Parties, from each of the following:
 - a. Shift Technologies, Inc., a Delaware corporation;
 - b. Shift Platform, Inc., a Delaware corporation;
 - c. Shift Transportation LLC, a Delaware limited liability company;
 - d. Shift Finance, LLC, a Delaware limited liability company;
 - e. Shift Insurance Services LLC, a Delaware limited liability company;
 - f. Shift Marketplace Holdings, LLC, a Delaware limited liability company;
 - g. Shift Marketplace, LLC, a Delaware limited liability company;
 - h. Fair Dealer Services, LLC, a Delaware limited liability company;
 - i. CarLotz Nevada, LLC, a Delaware limited liability company; and
 - j. CarLotz Logistics, LLC, a Delaware limited liability company.
- G. Effective as of the Amendment Effective Date, Section III.G.4 of the IFSA is deleted and replaced with the following:
 - 4. Dealership and Guarantor will arrange for the execution and delivery of any documents reasonably requested by the Ally Parties to ensure that the Ally Parties hold a priority security interest in the personal property of the following to secure all Obligations:
 - a. Shift Technologies, Inc., a Delaware corporation;
 - b. Shift Platform, Inc., a Delaware corporation;
 - c. Shift Transportation LLC, a Delaware limited liability company;
 - d. Shift Finance, LLC, a Delaware limited liability company;
 - e. Shift Insurance Services LLC, a Delaware limited liability company;
 - f. Shift Marketplace Holdings, LLC, a Delaware limited liability company;
 - g. Shift Marketplace, LLC, a Delaware limited liability company;
 - h. Fair Dealer Services, LLC, a Delaware limited liability company;
 - i. CarLotz Nevada, LLC, a Delaware limited liability company; and
 - j. CarLotz Logistics, LLC, a Delaware limited liability company.

- H. Effective as of the Amendment Effective Date, Section III.G.5 of the IFSA is deleted and replaced with the following:
5. Dealership and Guarantor will arrange for the execution and delivery of one or more Cross Collateral, Cross Default, and Guaranty Agreements, acceptable to the Ally Parties in their sole discretion, for all indebtedness and all collateral of the following:
- a. Shift Operations LLC, a Delaware limited liability company;
 - b. CarLotz, Inc., a Delaware corporation;
 - c. CarLotz Group, Inc., a Delaware corporation;
 - d. CarLotz, Inc., an Illinois corporation;
 - e. CarLotz California, LLC, a California limited liability company;
 - f. Shift Technologies, Inc., a Delaware corporation;
 - g. Shift Platform, Inc., a Delaware corporation;
 - h. Shift Transportation LLC, a Delaware limited liability company;
 - i. Shift Finance, LLC, a Delaware limited liability company;
 - j. Shift Insurance Services LLC, a Delaware limited liability company;
 - k. Shift Marketplace Holdings, LLC, a Delaware limited liability company;
 - l. Shift Marketplace, LLC, a Delaware limited liability company;
 - m. Fair Dealer Services, LLC, a Delaware limited liability company;
 - n. CarLotz Nevada, LLC, a Delaware limited liability company; and
 - o. CarLotz Logistics, LLC, a Delaware limited liability company.
- I. Effective upon execution of this Amendment, the following agreements are terminated:
- a. Inventory Financing and Security agreement, dated as of July 13, 2021, by and among the Ally Parties, CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company.
 - b. Credit Balance Agreement, dated as of July 13, 2021, by and among Ally Bank, CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company.
 - c. Cross Collateral, Cross Default, and Guaranty Agreement, dated as of July 14, 2021, by and among the Ally Parties, CarLotz, Inc., a Delaware corporation, CarLotz Group, Inc., a Delaware corporation, CarLotz, Inc., an Illinois corporation, and CarLotz California, LLC, a California limited liability company.
- J. Except as provided above, the IFSA and all other agreements between each of the Ally Parties and Dealership and Guarantor remain in full force and effect as written. In the event of a conflict between the terms of the IFSA and this Amendment, the terms of this Amendment prevail. The Parties hereto ratify all terms of the IFSA as amended by this Amendment.
- K. If any provision of this Amendment is held to be invalid or unenforceable by a court of competent jurisdiction, all other provisions remain valid and enforceable.
- L. This Amendment:
- a. May be modified only by a writing signed by all Parties.
 - b. May be signed in counterparts, each of which is deemed an original, and all of which taken together constitute one and the same agreement. The signatures of the Parties, exchanged via fax or e-mail, shall constitute and be deemed original signatures for all purposes.
 - c. Binds and inures to the benefit of the Parties and their respective successors and assigns.
 - d. Constitutes the entire agreement of the Parties with respect to its subject matter.

Agreed to effective as of the Amendment Effective Date.

Ally Bank

By: /s/ Jeff Nethercot

Name: Jeff Nethercot

Title: Authorized Representative

Ally Financial Inc.

By: /s/ Jeff Nethercot

Name: Jeff Nethercot

Title: Authorized Representative

Shift Operations LLC,
a Delaware limited liability company

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer

CarLotz, Inc., a Delaware corporation

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer

CarLotz Group, Inc., a Delaware corporation

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer

CarLotz, Inc., an Illinois corporation

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer

CarLotz California, LLC,
a California limited liability company

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer

Shift Technologies, Inc., a Delaware corporation

By: /s/ Oded Shein

Name: Oded Shein

Title: Chief Financial Officer