



FlexShopper, Inc.

Q4 weaker but positive 2022 guidance. 2022 and long-term positive outlook should drive shares higher. Lowering our P/T to \$7.00.

COMPANY UPDATE

Rating: BUY

Ticker: FPAY

Price: \$1.64

Target: \$7.00
(from \$7.50)

Q4 weaker: Revenue was \$31 million (+10% y-o-y), compared to our estimates of \$36 million and consensus of \$34 million. EPS was \$0.00, compared to our estimates of \$0.05 and consensus of \$0.01. There was no Q4 guidance.

Lighter Q4 growth: Revenues grew 10% (y-o-y), but both gross lease originations (#) -28% (y-o-y), and gross lease originations (\$) -19% (y-o-y) declined due to slower retail partner rollouts and consumer stimulus tempering demand for LTO.

But expect overall positive 2022: While consumer stimulus tempered demand for LTO in Q4, delinquency continues to improve with gross margins flat at 39% (y-o-y). As stimulus and the pandemic has stopped, the company has seen improved LTO activity so far in Q1.

Various pilot programs to launch: The company continues to add retailers to its various pilot programs. FlexShopper expects to add over 500 partner store locations in 1H 2022 as new and existing pilot programs expand.

Strong guidance: The company did not provide any specific forward guidance, but did guide that 2022 EBITDA growth should be "at or above" 31% (2021's EBITDA growth rate).

Lowering estimates: We are lowering our 2022 estimates for revenue to \$150 million, from \$155 million, and for EPS to \$0.25 from \$0.36.

Solid overall pipeline: FlexShopper has continued momentum even as its originations in Q4 declined for the 2nd straight quarter, resulting in a Net Merchandise balance of \$41 million, down 4% (y-o-y). The company has a solid pipeline and expects to secure additional retail partners in 2022.

Weaker macro may help: With rent, student loan, and mortgage payment moratoriums ended or ending soon along with the end of stimulus payments and enhanced unemployment payments, FlexShopper's target customer base of lower income consumers may be growing near term.

Repeat customers growth: In 2020, the company originated \$38 million from existing customers, ~43% of total gross lease originations. In Q3, 41% of lease originations (\$7 million) were from repeat customers. Increases in repeat customers should improve margins as repeat customers are significantly more profitable than new customers.

Very positive risk versus reward: We believe strong growth opportunities should drive FlexShopper's revenues and profitability over the near and long term. With a significant market opportunity in a very large retail market and a relatively new and fragmented market for virtual/online LTO (lease-to-own), we believe FlexShopper is well positioned for continued long term growth. This high growth should drive its share price much higher, particularly given its low current valuations.

Maintaining BUY: We are maintaining our BUY rating, but lowering our 12-month price target to \$7.00 from \$7.50, which is based on an NPV analysis. This represents significant upside from the current share price. We believe this valuation appropriately balances out the company's risks with its high growth prospects and large upside opportunities.

Company Description

Based in Boca Raton, FL, FlexShopper is a leading national online lease-to-own ("LTO") retailer and LTO payment solution provider.

United States
Consumer

April 3, 2022

Edward Woo, CFA
(949) 259-4932
ewoo@ascendant.com

Stock Data

| | |
|--------------------------------------|--------------|
| Exchange: | NasdaqCM |
| 52-week Range: | \$1.41 –3.82 |
| Shares Outstanding (million): | 23 |
| Market cap (\$million): | \$38 |
| EV (\$million): | \$88 |
| Debt (\$million): | \$55 |
| Cash (\$million): | \$5 |
| Avg. Daily Trading Vol. (\$million): | ~\$1 |
| Float (million shares): | 15 |
| Short Interest (million shares): | ~0 |
| Dividend, annual (yield): | \$0.00 (NA%) |

Revenues (US\$ million)

| | <u>2022E</u> <u>(Cur.)</u> | <u>2022E</u> <u>(Old)</u> | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> |
|---------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | 36E | 37E | 40E | |
| Q2 Jun | 36E | | 40E | |
| Q3 Sep | 38E | 36E | 45E | |
| Q4 Dec | <u>40E</u> | <u>46E</u> | <u>46E</u> | |
| Total | 150E | 155E | 172E | |
| EV/Revs | 0.6x | | 0.5x | |

Earnings per Share (pro forma)

| | <u>2022E</u> <u>(Cur.)</u> | <u>2022E</u> <u>(Old)</u> | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> |
|--------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | (0.02)E | 0.05E | 0.10E | |
| Q2 Jun | 0.02E | 0.07E | 0.09E | |
| Q3 Sep | 0.11E | 0.10E | 0.15E | |
| Q4 Dec | <u>0.13E</u> | <u>0.14E</u> | <u>0.16E</u> | |
| Total | 0.25E | 0.36E | 0.50E | |
| P/E | 7x | | 3x | |

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 10.

OVERVIEW

- Before market open Thursday, FlexShopper reported its fiscal Q4 2021 (ending December) results.
- Revenue was \$31 million (+10% y-o-y), compared to our estimates of \$36 million and consensus of \$34 million.
- EPS was \$0.00, compared to our estimates of \$0.05 and consensus of \$0.01.
- There was no Q4 guidance.
- The company did not provide any specific forward guidance, but did guide that 2022 EBITDA growth should be “at or above” 31% (2021’s EBITDA growth rate).
- We are lowering our 2022 estimates for revenue to \$150 million, from \$155 million, and for EPS to \$0.25 from \$0.36.
- We are initiating our 2023 estimates for revenue of \$172 million, and for EPS of \$0.50.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$12 million, compared with our estimate of \$13 million.
- Gross margin for the quarter was 39%, versus 39% last year and our estimate of 37%.
- Operating expenses were \$11 million, versus our estimates of \$11 million.
- Operating income was \$0.9 million, versus our estimates of \$2.4 million.
- Net income was ~\$0, versus our estimates of \$1.2 million.
-
- Adjusted EBITDA was \$2.0 million, versus our estimate of \$3.5 million and \$2.6 million (y-o-y).
- The company’s net lease merchandise portfolio was \$41 million (-4% y-o-y), versus \$33 million in Q3 2021.

The company’s balance sheet remains relatively steady with \$5 million in cash and \$55 million in debt, compared with \$3 million and \$39 million at the end of September.

Exhibit 1: Lease Originations

FlexShopper, Inc.

| (\$ mils) | Mar-19 | Jun-19 | Sep-19 | Dec-19 | 2019 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | 2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | 2021 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A |
| Revenue Assumptions | | | | | | | | | | | | | | | |
| Lease revenues and fees, net | 21.8 | 19.9 | 22.3 | 21.4 | 85.3 | 23.7 | 22.9 | 23.4 | 27.0 | 96.9 | 31.1 | 28.6 | 29.1 | 29.5 | 118.4 |
| Lease merchandise sold | 0.9 | 0.8 | 0.7 | 1.1 | 3.5 | 1.1 | 1.6 | 1.2 | 1.2 | 5.1 | 1.7 | 2.1 | 1.7 | 1.6 | 7.1 |
| Total | 22.7 | 20.7 | 22.9 | 22.5 | 88.8 | 24.8 | 24.5 | 24.6 | 28.1 | 102.1 | 32.8 | 30.7 | 30.9 | 31.1 | 125.4 |
| % Revenue Growth | | | | | | | | | | | | | | | |
| Lease revenues and fees, net | | | | | 44% | 9% | 15% | 5% | 26% | 14% | 31% | 25% | 25% | 9% | 22% |
| Lease merchandise sold | | | | | 52% | 21% | 114% | 77% | 10% | 49% | 47% | 26% | 46% | 36% | 37% |
| Total | | | | | 44% | 9% | 19% | 7% | 25% | 15% | 32% | 25% | 26% | 10% | 23% |
| Gross Leases (# Count) | 30.0 | 29.3 | 36.5 | 56.4 | 152.1 | 36.2 | 33.9 | 47.3 | 71.4 | 188.8 | 39.3 | 38.5 | 30.4 | 51.1 | 159.3 |
| Gross Leases Originations (\$) | 14.1 | 13.2 | 17.1 | 24.1 | 68.5 | 17.2 | 15.3 | 22.7 | 33.1 | 88.3 | 20.9 | 19.9 | 15.9 | 26.9 | 83.6 |
| Average origination value | \$ 470 | \$ 452 | \$ 468 | \$ 427 | \$ 452 | \$ 475 | \$ 452 | \$ 480 | \$ 464 | \$ 468 | \$ 532 | \$ 516 | \$ 522 | \$ 527 | \$ 524 |
| % Growth | | | | | | | | | | | | | | | |
| Gross Leases (# Count) | | | | | 9% | 21% | 16% | 30% | 27% | 24% | 9% | 14% | -36% | -28% | -16% |
| Gross Leases Originations (\$) | | | | | 18% | 22% | 16% | 33% | 37% | 29% | 22% | 30% | -30% | -19% | -5% |
| Average origination value | | | | | 9% | 1% | 0% | 3% | 9% | 4% | 12% | 14% | 9% | 14% | 12% |
| Merchandise Balance | | | | | | \$ 30 | \$ 26 | \$ 31 | \$ 43 | | \$ 39 | \$ 38 | \$ 33 | \$ 41 | |
| (Y-o-Y) Growth | | | | | | | | | | | 32% | 44% | 9% | -4% | |

Source: Company report and Ascendant Capital Markets estimates

Exhibit 2: Q4 2021 Highlights and Recent Developments

Fourth Quarter 2021 Highlights and Recent Developments

- Retail partner rollouts resuming as pandemic impacts recede.** FlexShopper currently expects to add over 500 partner store locations during the first half of the year as new and existing pilot programs expand.
- Expanded borrowing capacity provides capital to support expected growth.** The Company recently announced an expansion of its credit facility from \$52 million to \$82.5 million. The additional capacity is expected to support continued growth of the business.
- Company expects Adjusted EBITDA growth rate to continue or accelerate.** FlexShopper expects demand for alternative finance solutions among subprime customers to continue normalizing in 2022 and, as a result, expects 2022 Adjusted EBITDA to grow at or above the rate in 2021.

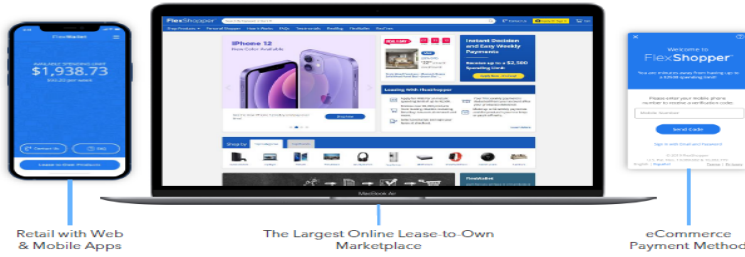
Source: Company report.

Exhibit 3: FlexShopper Company Overview

FlexShopper®

We facilitate both sides of consumers' Lease-to-Own purchases

Omni-Channel Points of Access



Retail with Web & Mobile Apps

The Largest Online Lease-to-Own Marketplace

eCommerce Payment Method

For Consumers (B2C)

We give non-prime consumers immediate purchasing power to shop for what they want, where they want by completing a simple application, online or in store

For Retailers (B2B)

We increase their sales with non-prime retail customers who do not qualify for traditional credit and "save the sale" with our lease to own programs

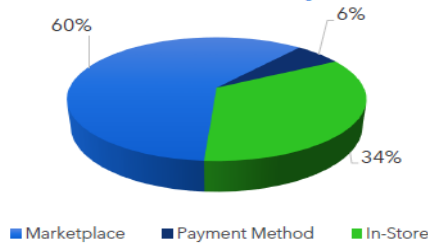
The Only Omni-Channel Provider

FlexShopper allows retailers to reach an incremental, untapped market and "save the sale" with consumers that do not qualify for traditional credit.

B2C Channel
Online Marketplace
Retailers' products on FlexShopper.com



Channel Makeup



B2B Channels

Patented Payment Method
FlexShopper as a payment option on retailer's ecommerce sites



In-Store Save the Sale
Digital mobile payment solution at POS



| 2021 Leases (\$ in Millions) | | | |
|------------------------------|-------------|----------------|----------|
| | Marketplace | Payment Method | In-Store |
| New | 25.3 | 4.5 | 20.2 |
| Repeat | 24.5 | 0.7 | 8.3 |

FlexShopper is a Leader in vLTO

Product Overview

- 52-week term lease-to-own product
- Weekly payments debited via automatic ACH from customer's bank account
- Customers can save money with attractive early payoff options
- Customer can choose to return the merchandise to FlexShopper at any time

Product Categories



Asset Level Illustrative Economics

1. Customer wants to lease a product
Value to Customer

= **1.0x**

2. ACH secured Lease-to-Own purchasing option
Future Value to FPAY

= **2.3x**

3. Assumes some customers utilize early payment option
Discounted Value to FPAY

= **2.1x**

4. Bad-Debt Assumption of ~25% (or 0.5x)
Net Value to FPAY

= **~1.6x**

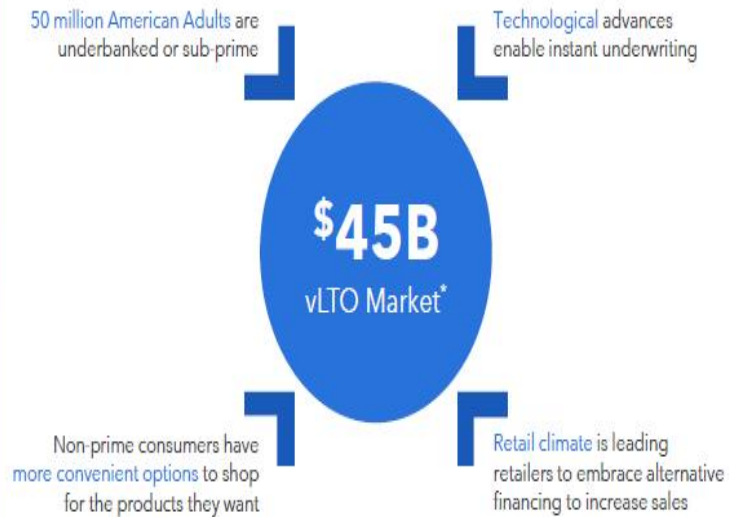
Source: Company report.

Exhibit 4: FlexShopper Market Opportunity

Market Opportunity



- For over 60 years, customers shopped in physical Lease-to-Own (LTO) stores
- Lease-to-Own transactions occurring outside of traditional brick and mortar rent-to-own stores created the virtual LTO (vLTO) market



Source: Company report.

Exhibit 5: FlexShopper Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 6: Consensus Expectations

| | Revenue (mil) | | | EPS | |
|--------|---------------|--------|--------|-----------|---------|
| | 2021E | 2022E | | 2021E | 2022E |
| Q1 Mar | \$33A | \$38E | Q1 Mar | \$(0.03)A | \$0.03E |
| Q2 Jun | \$31A | | Q2 Jun | \$0.01A | |
| Q3 Sep | \$31A | | Q3 Sep | \$0.05A | |
| Q4 Dec | \$34E | | Q4 Dec | \$0.01E | |
| Total | \$129E | \$169E | Total | \$0.05E | \$0.49E |

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

FlexShopper, Inc.

| Income Statement (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | 2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | 2021 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | 2022 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | 2023 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1E | Q2E | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| Total Revenue | 24.8 | 24.5 | 24.6 | 28.1 | 102.1 | 32.8 | 30.7 | 30.9 | 31.1 | 125.4 | 36.1 | 35.9 | 38.1 | 40.3 | 150.4 | 40.4 | 40.2 | 45.0 | 46.4 | 172.0 |
| Cost of Revenues | 16.8 | 17.2 | 15.7 | 17.1 | 66.7 | 22.5 | 19.6 | 18.2 | 18.9 | 79.2 | 22.9 | 22.7 | 23.0 | 24.0 | 92.5 | 24.1 | 24.6 | 26.7 | 27.6 | 103.1 |
| Gross Profit | 8.0 | 7.3 | 8.9 | 11.1 | 35.4 | 10.3 | 11.1 | 12.7 | 12.2 | 46.2 | 13.2 | 13.2 | 15.2 | 16.3 | 57.9 | 16.3 | 15.6 | 18.3 | 18.8 | 68.9 |
| Marketing | 1.0 | 0.9 | 1.7 | 2.3 | 5.9 | 1.8 | 1.9 | 1.8 | 3.6 | 9.1 | 3.6 | 2.9 | 2.3 | 2.4 | 11.2 | 2.8 | 2.6 | 2.7 | 2.8 | 10.9 |
| Salaries and benefits | 2.5 | 2.3 | 2.5 | 3.1 | 10.4 | 2.9 | 2.7 | 2.7 | 3.2 | 11.5 | 3.7 | 3.6 | 3.8 | 3.8 | 14.9 | 4.1 | 4.0 | 4.5 | 4.4 | 17.1 |
| Operating expenses | 3.2 | 3.3 | 3.5 | 4.4 | 14.4 | 4.1 | 5.2 | 4.3 | 4.6 | 18.3 | 4.6 | 4.7 | 5.0 | 5.2 | 19.5 | 5.2 | 5.2 | 5.9 | 6.0 | 22.3 |
| Depreciation and amortization | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Restructuring and other | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Total operating expenses | 6.8 | 6.6 | 7.7 | 9.7 | 30.7 | 8.9 | 9.9 | 8.8 | 11.3 | 38.9 | 11.9 | 11.1 | 11.1 | 11.5 | 45.6 | 12.1 | 11.9 | 13.1 | 13.2 | 50.3 |
| Operating income (loss) | 1.3 | 0.8 | 1.2 | 1.3 | 4.6 | 1.4 | 1.2 | 3.9 | 0.9 | 7.4 | 1.3 | 2.1 | 4.1 | 4.8 | 12.3 | 4.1 | 3.7 | 5.3 | 5.5 | 18.6 |
| Interest income (expense) | (1.2) | (1.1) | (1.0) | (1.1) | (4.3) | (1.4) | (1.2) | (1.2) | (1.4) | (5.2) | (1.6) | (1.6) | (1.6) | (1.6) | (6.5) | (1.6) | (1.6) | (1.6) | (1.6) | (6.5) |
| Other income (expense) | (1.3) | (0.6) | (0.6) | (0.6) | (3.2) | (0.6) | 1.3 | (0.6) | (0.6) | (0.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income before income taxes | (1.3) | (0.9) | (0.3) | (0.4) | (2.8) | (0.6) | 1.3 | 2.0 | (1.1) | 1.6 | (0.4) | 0.5 | 2.5 | 3.2 | 5.7 | 2.5 | 2.1 | 3.6 | 3.9 | 12.1 |
| Income taxes | | | | 0.7 | 0.7 | | 1.0 | 0.9 | (1.1) | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (loss) | (1.3) | (0.9) | (0.3) | (1.0) | (3.5) | (0.6) | 0.3 | 1.1 | 0.0 | 0.8 | (0.4) | 0.5 | 2.5 | 3.2 | 5.7 | 2.5 | 2.1 | 3.6 | 3.9 | 12.1 |
| Nonrecurring/noncash adjustments | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Net income (pro forma) | (1.3) | (0.9) | (0.3) | (1.0) | (3.5) | (0.6) | 0.3 | 1.1 | 0.0 | 0.8 | (0.4) | 0.5 | 2.5 | 3.2 | 5.7 | 2.5 | 2.1 | 3.6 | 3.9 | 12.1 |
| EBITDA | 2.0 | 2.0 | 2.1 | 2.6 | 8.7 | 2.4 | 2.1 | 4.8 | 2.0 | 11.4 | 2.3 | 3.2 | 5.2 | 5.9 | 16.6 | 5.2 | 4.8 | 6.3 | 6.6 | 22.9 |
| Shares, Basic | 19.9 | 21.4 | 21.4 | 21.4 | 21.0 | 21.4 | 21.6 | 21.6 | 20.7 | 21.4 | 22.0 | 22.2 | 22.4 | 22.6 | 22.3 | 22.8 | 23.0 | 23.2 | 23.4 | 23.1 |
| Shares, Diluted | 19.9 | 21.4 | 21.4 | 21.4 | 21.0 | 21.4 | 23.6 | 23.6 | 22.5 | 23.2 | 23.0 | 23.2 | 23.4 | 23.6 | 23.3 | 23.8 | 24.0 | 24.2 | 24.4 | 24.1 |
| EPS Basic (pro forma) | (\$0.06) | (\$0.04) | (\$0.02) | (\$0.05) | (\$0.17) | (\$0.03) | \$0.02 | \$0.05 | \$0.00 | \$0.04 | (\$0.02) | \$0.02 | \$0.11 | \$0.14 | \$0.26 | \$0.11 | \$0.09 | \$0.16 | \$0.17 | \$0.52 |
| EPS Diluted (pro forma) | (\$0.06) | (\$0.04) | (\$0.02) | (\$0.05) | (\$0.17) | (\$0.03) | \$0.01 | \$0.05 | \$0.00 | \$0.04 | (\$0.02) | \$0.02 | \$0.11 | \$0.13 | \$0.25 | \$0.10 | \$0.09 | \$0.15 | \$0.16 | \$0.50 |
| Margins | | | | | | | | | | | | | | | | | | | | |
| Gross margin | 32% | 30% | 36% | 39% | 35% | 31% | 36% | 41% | 39% | 37% | 37% | 37% | 40% | 40% | 38% | 40% | 39% | 41% | 40% | 40% |
| Marketing | 4% | 4% | 7% | 8% | 6% | 6% | 6% | 6% | 11% | 7% | 10% | 8% | 6% | 6% | 7% | 7% | 7% | 6% | 6% | 6% |
| Salaries and benefits | 10% | 9% | 10% | 11% | 10% | 9% | 9% | 9% | 10% | 9% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Operating expenses | 13% | 14% | 14% | 16% | 14% | 13% | 17% | 14% | 15% | 15% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% |
| Operating margin | 5% | 3% | 5% | 5% | 5% | 4% | 4% | 13% | 3% | 6% | 4% | 6% | 11% | 12% | 8% | 10% | 9% | 12% | 12% | 11% |
| Tax rate, GAAP | 0% | 0% | 0% | -181% | -23% | 0% | 75% | 46% | 102% | 49% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Net margin | -5% | -4% | -1% | -4% | -3% | -2% | 1% | 4% | 0% | 1% | -1% | 1% | 6% | 8% | 4% | 6% | 5% | 8% | 8% | 7% |
| Y/Y % change | | | | | | | | | | | | | | | | | | | | |
| Total Revenue | 9% | 19% | 7% | 25% | 15% | 32% | 25% | 26% | 10% | 23% | 10% | 17% | 24% | 30% | 20% | 12% | 12% | 18% | 15% | 14% |
| Gross margin | 16% | 24% | 8% | 47% | 24% | 28% | 51% | 42% | 10% | 31% | 29% | 19% | 19% | 34% | 25% | 23% | 18% | 21% | 15% | 19% |
| Marketing | 22% | 199% | 90% | 40% | 61% | 78% | 104% | 11% | 57% | 55% | 97% | 50% | 25% | -32% | 23% | -22% | -9% | 18% | 15% | -2% |
| Salaries and benefits | 45% | 12% | 14% | 25% | 23% | 14% | 21% | 7% | 1% | 10% | 27% | 31% | 43% | 21% | 30% | 12% | 12% | 18% | 15% | 14% |
| Operating expenses | 22% | 17% | 30% | 37% | 27% | 30% | 56% | 23% | 6% | 27% | 12% | -11% | 15% | 14% | 7% | 12% | 12% | 18% | 15% | 14% |
| Operating income (loss) | -25% | 11% | -49% | 419% | -9% | 11% | 53% | 212% | -33% | 59% | -9% | 74% | 6% | 443% | 67% | 224% | 76% | 28% | 15% | 52% |
| Net income (loss) | 1104% | -5% | -141% | -36% | 88% | -52% | -138% | -439% | -102% | -124% | -41% | 40% | 127% | ##### | 589% | -797% | 346% | 47% | 23% | 111% |
| EPS Diluted (pro forma) | 967% | -22% | -138% | -47% | 58% | -55% | -134% | -407% | -102% | -122% | -45% | 42% | 128% | ##### | 587% | -774% | 332% | 43% | 19% | 104% |

Source: Company reports and Ascendant Capital Markets estimates.

FlexShopper, Inc.

| Balance Sheet (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1E | Q2E | Q3E | Q4E | Q1E | Q2E | Q3E | Q4E |
| Assets | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 5.5 | 9.9 | 6.8 | 8.5 | 6.3 | 5.1 | 3.1 | 5.1 | 3.7 | 3.8 | 2.3 | 4.5 | 6.6 | 4.8 | 7.4 | 1.7 |
| Short term investments | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable | 8.5 | 8.0 | 7.9 | 10.0 | 11.0 | 13.2 | 19.7 | 29.9 | 29.9 | 29.9 | 29.9 | 29.9 | 29.9 | 29.9 | 29.9 | 29.9 |
| Deferred income taxes | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Lease merchandise, net | 29.9 | 26.1 | 30.7 | 42.8 | 39.3 | 37.6 | 33.3 | 40.9 | 40.9 | 40.9 | 40.9 | 40.9 | 40.9 | 40.9 | 40.9 | 40.9 |
| Prepaid expenses and other | 0.8 | 0.6 | 0.8 | 0.9 | 0.9 | 1.0 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total current assets | 44.6 | 44.5 | 46.1 | 62.3 | 57.6 | 57.0 | 57.3 | 76.9 | 75.5 | 75.6 | 74.1 | 76.3 | 78.4 | 76.6 | 79.2 | 73.5 |
| Property and equipment, net | 5.4 | 5.5 | 5.6 | 5.9 | 5.9 | 5.9 | 7.2 | 7.8 | 9.1 | 9.7 | 13.9 | 15.1 | 15.8 | 19.9 | 21.1 | 30.9 |
| Intangibles, net | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income tax | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total assets | 50.1 | 50.1 | 51.7 | 68.2 | 63.6 | 62.9 | 64.6 | 84.8 | 84.7 | 85.4 | 88.1 | 91.5 | 94.2 | 96.5 | 100.4 | 104.5 |
| Liabilities and stockholders' equity | | | | | | | | | | | | | | | | |
| Accounts payable | 3.2 | 3.1 | 5.1 | 7.9 | 3.1 | 3.8 | 3.3 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Accrued expenses | 1.9 | 1.7 | 1.8 | 3.0 | 3.4 | 3.3 | 4.1 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Lease liability | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Deferred income tax | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term debt | 3.5 | 14.2 | 20.3 | 6.0 | 1.4 | 4.8 | 4.8 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Total current liabilities | 8.7 | 19.1 | 27.2 | 17.1 | 8.1 | 12.1 | 12.4 | 12.6 | 12.6 | 12.6 | 12.6 | 12.6 | 12.6 | 12.6 | 12.6 | 12.6 |
| Deferred income taxes | | | | | | 0.4 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Other long term liabilities | | 0.1 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Warrant liabilities | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Lease liability | 2.0 | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Long term debt | 29.0 | 18.2 | 11.0 | 37.9 | 41.7 | 35.3 | 34.2 | 53.8 | 53.8 | 53.8 | 53.8 | 53.8 | 53.8 | 53.8 | 53.8 | 53.8 |
| Total other liabilities | 31.0 | 20.3 | 13.2 | 40.0 | 43.8 | 37.7 | 36.9 | 56.1 | 56.1 | 56.1 | 56.1 | 56.1 | 56.1 | 56.1 | 56.1 | 56.1 |
| Preferred stock | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 | 22.8 |
| Common stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.5 | 0.7 | 0.9 | 1.2 | 1.4 | 1.6 | 1.8 |
| Additional paid-in capital | 35.7 | 36.2 | 36.5 | 36.8 | 37.4 | 37.9 | 38.3 | 38.6 | 38.6 | 38.6 | 38.6 | 38.6 | 38.6 | 38.6 | 38.6 | 38.6 |
| Retained earnings | (48.1) | (48.4) | (48.1) | (48.5) | (48.5) | (47.6) | (45.9) | (45.2) | (45.6) | (45.1) | (42.7) | (39.5) | (37.0) | (34.9) | (31.3) | (27.4) |
| Accumulated other comprehensive income | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority Interest | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total stockholders' equity | 10.4 | 10.7 | 11.2 | 11.2 | 11.8 | 13.1 | 15.2 | 16.1 | 16.0 | 16.7 | 19.4 | 22.8 | 25.5 | 27.8 | 31.7 | 35.9 |
| Total stockholders' equity and liabil | 50.1 | 50.1 | 51.7 | 68.2 | 63.6 | 62.9 | 64.6 | 84.8 | 84.7 | 85.4 | 88.1 | 91.5 | 94.2 | 96.5 | 100.4 | 104.5 |

Balance Sheet Drivers

| | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1E | Q2E | Q3E | Q4E | Q1E | Q2E | Q3E | Q4E |
| Book & Cash Value (per share) | | | | | | | | | | | | | | | | |
| Book Value per Share (diluted) | 0.52 | 0.50 | 0.53 | 0.52 | 0.55 | 0.56 | 0.65 | 0.72 | 0.70 | 0.72 | 0.83 | 0.97 | 1.07 | 1.16 | 1.31 | 1.47 |
| Cash per Share (diluted) | 0.27 | 0.46 | 0.32 | 0.40 | 0.30 | 0.22 | 0.13 | 0.23 | 0.16 | 0.16 | 0.10 | 0.19 | 0.28 | 0.20 | 0.30 | 0.07 |
| Net cash per Share (diluted) | (1.36) | (1.05) | (1.15) | (1.65) | (1.72) | (1.48) | (1.52) | (2.22) | (2.22) | (2.20) | (2.24) | (2.13) | (2.03) | (2.09) | (1.96) | (2.18) |

Source: Company reports and Ascendant Capital Markets estimates

FlexShopper, Inc.

| Cash Flow Statement (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | 2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | 2021 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | 2022 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | 2023 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|---------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1E | Q2E | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| Cash flow from operating activities | | | | | | | | | | | | | | | | | | | | |
| Net income | 0.1 | (0.3) | 0.3 | (0.4) | (0.3) | 0.0 | 0.9 | 1.7 | 0.6 | 3.3 | (0.4) | 0.5 | 2.5 | 3.2 | 5.7 | 2.5 | 2.1 | 3.6 | 3.9 | 12.1 |
| Depreciation and impairment of | 16.2 | 15.9 | 14.9 | 16.3 | 63.3 | 21.2 | 17.9 | 16.9 | 17.6 | 73.6 | 20.0 | 20.0 | 20.0 | 20.0 | 80.0 | 20.0 | 20.0 | 20.0 | 20.0 | 80.0 |
| Other depreciation and amortiz | 0.6 | 0.7 | 0.6 | 0.7 | 2.6 | 0.7 | 0.7 | 0.7 | 0.8 | 2.9 | 0.8 | 0.8 | 0.8 | 0.8 | 3.4 | 0.8 | 0.8 | 0.8 | 0.8 | 3.4 |
| Stock comp | 0.2 | 0.5 | 0.3 | 0.3 | 1.4 | 0.6 | 0.4 | 0.4 | 0.2 | 1.6 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 | 0.2 | 0.2 | 0.2 | 0.2 | 0.9 |
| Provisions bad debt | 7.7 | 7.9 | 8.1 | (55.6) | (31.9) | 8.8 | 10.0 | 11.8 | 9.9 | 40.5 | | | | | 0.0 | | | | | 0.0 |
| Debt related amortization expen | 0.1 | (0.1) | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.2 | | | | | 0.0 | | | | | 0.0 |
| Deferred income taxes | | | | | 0.0 | | 0.4 | 0.3 | (0.2) | 0.5 | | | | | 0.0 | | | | | 0.0 |
| Change in fair value of warrant liability | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Writedowns and impairments | | | | | 0.0 | | | | 0.0 | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Other gains/losses | | | | | 0.0 | | (1.9) | | | (1.9) | | | | | 0.0 | | | | | 0.0 |
| Other | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (7.9) | (7.4) | (8.0) | 53.4 | 30.2 | (9.8) | (12.1) | (18.3) | (20.1) | (60.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Prepaid expenses & other curre | (0.1) | 0.2 | (0.2) | (0.1) | (0.2) | (0.1) | (0.1) | (0.1) | 0.2 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Lease merchandise | (15.0) | (12.1) | (19.5) | (28.5) | (75.1) | (17.7) | (16.2) | (12.6) | (25.2) | (71.7) | (20.0) | (20.0) | (20.0) | (20.0) | (80.0) | (20.0) | (20.0) | (20.0) | (20.0) | (80.0) |
| Other assets | 0.0 | | | | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | (1.4) | (0.1) | 2.0 | 2.9 | 3.3 | (4.8) | 0.7 | (0.5) | 4.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accrued expenses | 0.1 | 0.0 | 0.2 | 1.2 | 1.5 | 0.4 | (0.1) | 0.8 | (0.9) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | | | | | 0.0 | | | | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash (used in) provided by | 0.6 | 5.2 | (1.2) | (9.8) | (5.2) | (0.6) | 0.5 | 1.2 | (12.4) | (11.3) | 0.7 | 1.5 | 3.5 | 4.2 | 10.0 | 3.6 | 3.1 | 4.7 | 5.0 | 16.4 |
| Cash flow from investing activities | | | | | | | | | | | | | | | | | | | | |
| Purchases of property and equi | (0.6) | (0.8) | (0.7) | (1.0) | (3.1) | (0.7) | (0.6) | (2.1) | (1.5) | (4.9) | (2.1) | (1.5) | (4.9) | (2.1) | (10.6) | (1.5) | (4.9) | (2.1) | (10.6) | (19.2) |
| Purchases of short-term investments | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Acquisitions | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Other | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Net cash used in investing activ | (0.6) | (0.8) | (0.7) | (1.0) | (3.1) | (0.7) | (0.6) | (2.1) | (1.5) | (4.9) | (2.1) | (1.5) | (4.9) | (2.1) | (10.6) | (1.5) | (4.9) | (2.1) | (10.6) | (19.2) |
| Cash flow from financing activities | | | | | | | | | | | | | | | | | | | | |
| Issuance of debt | 1.9 | 0.0 | 2.4 | 12.6 | 16.9 | 3.5 | | 0.5 | 15.9 | 19.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of debt | (3.4) | (0.1) | (3.6) | (0.1) | (7.1) | (4.4) | (1.1) | (1.6) | (0.0) | (7.2) | | | | | 0.0 | | | | | 0.0 |
| Issuance of stock | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Proceeds from stock option exe | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | | | | | 0.0 | | | | | 0.0 |
| Other | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Dividends and distributions | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Cash provided by (used in) fina | (1.3) | (0.1) | (1.2) | 12.6 | 10.0 | (0.9) | (1.1) | (1.1) | 15.9 | 12.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Effect of exchange rate on cash | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Net increase (decrease) in cash | (1.4) | 4.4 | (3.1) | 1.8 | 1.7 | (2.2) | (1.2) | (2.0) | 1.9 | (3.4) | (1.4) | 0.0 | (1.4) | 2.2 | (0.6) | 2.1 | (1.8) | 2.6 | (5.6) | (2.8) |
| Beginning cash and equivalents | 6.9 | 5.5 | 9.9 | 6.8 | 6.9 | 8.5 | 6.3 | 5.1 | 3.1 | 8.5 | 5.1 | 3.7 | 3.8 | 2.3 | 5.1 | 4.5 | 6.6 | 4.8 | 7.4 | 4.5 |
| Ending cash and equivalents | 5.5 | 9.9 | 6.8 | 8.5 | 8.5 | 6.3 | 5.1 | 3.1 | 5.1 | 5.1 | 3.7 | 3.8 | 2.3 | 4.5 | 4.5 | 6.6 | 4.8 | 7.4 | 1.7 | 1.7 |

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

FlexShopper, Inc.



Source: <https://bigcharts.marketwatch.com/>

| Report | Report Date | Rating | Price Target |
|--------|-------------|--------|--------------|
| 1 | 4/9/2019 | Buy | 3.00 |
| 2 | 4/26/2019 | Buy | 3.00 |
| 3 | 5/9/2019 | Buy | 3.00 |
| 4 | 8/13/2019 | Buy | 3.00 |
| 5 | 11/6/2019 | Buy | 3.00 |
| 6 | 3/9/2020 | Buy | 5.00 |
| 7 | 5/15/2020 | Buy | 5.00 |
| 8 | 12/2/2020 | Buy | 5.00 |
| 9 | 3/12/2021 | Buy | 6.00 |
| 10 | 5/11/2021 | Buy | 6.50 |
| 11 | 8/17/2021 | Buy | 7.00 |
| 12 | 11/20/2021 | Buy | 7.50 |

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any

jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

Risks & Considerations

Risks to attainment of our share price target include changes in competition, economic conditions, changes and demand for leasing, investor sentiment for investing in technology and financial stocks, and consumer sentiment and industry growth for consumer retail companies.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2022)

| Rating | Count | Percent | Investment Banking Services Past 12 months | |
|--------|-------|---------|---|---------|
| | | | Count | Percent |
| Buy | 40 | 98% | 16 | 40% |
| Hold | 0 | 0% | 0 | 0% |
| Sell | 1 | 2% | 0 | 0% |
| Total | 41 | 100% | 16 | 39% |

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

Additional Disclosures

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.