



FlexShopper, Inc.

Q1 weaker but 2022 poised for growth. New loan product should drive higher growth. Lowering our P/T to \$6.50.

COMPANY UPDATE

Rating: BUY

Ticker: FPAY

Price: \$1.20

Target: \$6.50
(from \$7.00)

Q1 weaker: Revenue was \$29 million (-12% y-o-y), compared to our estimates of \$36 million and consensus of \$35 million. EPS was \$(0.14), compared to our estimates of \$(0.02) and consensus of \$(0.06). There was no Q1 guidance.

Q1 declined: Revenues declined 12% (y-o-y), with both gross lease originations (#) -22% (y-o-y), and gross lease originations (\$) -22% (y-o-y) declined due to the company tightening credit standards.

But expect overall positive 2022: While LTO revenue declined in Q1, the increasingly challenged macro environment for consumers in the lower economic tier should improve its business outlook as those consumers have less credit options.

Loans growth strong: The company has made a major push into the installment loan business in 2022. Q1 loan revenues was \$1.2 million compared to near zero in 2021.

No guidance: The company did not provide any specific forward guidance. Its prior guidance was 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 \$135 million, from \$150 million, and for EPS to \$0.02 from \$0.25.

Partner pipeline growing: FlexShopper has momentum even as its originations in Q1 declined for the 3rd straight quarter, resulting in a Net Merchandise balance of \$37 million, down 7% (y-o-y). The company has a solid pipeline and expects to secure additional retail partners in 2022. The company has 1,300 active storefronts and expects to increase it 1,000 by Q3.

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.

CEO on leave: On the earnings conference call, the company announced that CEO Rich House was on medical leave but provided no further details.

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 \$6.50 from \$7.00, 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

June 4, 2022

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

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.83 –3.82
Shares Outstanding (million):	23
Market cap (\$million):	\$28
EV (\$million):	\$88
Debt (\$million):	\$64
Cash (\$million):	\$4
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	13
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	29A	36E	34E	40E
Q2 Jun	33E	36E	39E	40E
Q3 Sep	36E	38E	43E	45E
Q4 Dec	<u>37E</u>	<u>40E</u>	<u>45E</u>	<u>46E</u>
Total	135E	150E	160E	172E
EV/Revs	0.7x		0.6x	

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	(0.14)A	(0.02)E	0.02E	0.10E
Q2 Jun	(0.04)E	0.02E	0.10E	0.09E
Q3 Sep	0.03E	0.11E	0.12E	0.15E
Q4 Dec	<u>0.16E</u>	<u>0.13E</u>	<u>0.14E</u>	<u>0.16E</u>
Total	0.02E	0.25E	0.39E	0.50E
P/E	60x		4x	

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 11.

OVERVIEW

- FlexShopper recently (on May 12) reported its fiscal Q1 2022 (ending March) results.
- Revenue was \$29 million (-12% y-o-y), compared to our estimates of \$36 million and consensus of \$35 million.
- EPS was \$(0.14), compared to our estimates of \$(0.02) and consensus of \$(0.06).
- There was no Q1 guidance.
- The company did not provide any specific forward guidance. Its prior guidance was that 2022 EBITDA growth should be “at or above” 31% (2021’s EBITDA growth rate).
- We are lowering our 2022 estimates for revenue to \$135 million, from \$150 million, and for EPS to \$0.02 from \$0.25.
- We are lowering our 2023 estimates for revenue to \$160 million, from \$172 million, and for EPS to \$0.39 from \$0.50.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$9 million, compared with our estimate of \$13 million.
- Gross margin for the quarter was 32%, versus 31% last year and our estimate of 37%.
- Operating expenses were \$11 million, versus our estimates of \$12 million.
- Operating loss was \$1.3 million, versus our estimates of income of \$1.3 million.
- Net loss was \$3.0 million, versus our estimates of a loss of \$0.4 million.
- Adjusted EBITDA was \$0 million, versus our estimate of \$2.3 million and \$2.4 million (y-o-y).
- The company’s net lease merchandise portfolio was \$37 million (-7% y-o-y), versus \$41 million in Q4 2021.
- The company’s loan portfolio was \$7.1 million, versus \$3.6 million in Q4 2021.

On the earnings conference call, the company announced that CEO Rich House was on medical leave but provided no further details.

The company’s balance sheet remains relatively steady with \$4 million in cash and \$64 million in debt, compared with \$5 million and \$55 million at the end of December.

Exhibit 1: Lease and Loan Originations
FlexShopper, Inc.

(\$ mils)	2018	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	Mar-22
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A
Revenue Assumptions																	
Lease revenues and fees, net	59.2	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	118.3	27.8
Lease merchandise sold	2.3	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	
Loan revenues and fees												0.0				0.0	1.2
Total	61.5	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	29.0
% Revenue Growth																	
Lease revenues and fees, net						44%	9%	15%	5%	26%	14%	31%	25%	25%	9%	22%	-11%
Lease merchandise sold																	
Loan revenues and fees																	
Total						44%	9%	19%	7%	25%	15%	32%	25%	26%	10%	23%	-12%
Gross Leases (# Count)	139.9	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	30.6
Gross Leases Originations (\$)	58.2	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	16.3
Average origination value	\$ 416	\$ 470	\$ 452	\$ 468	\$ 427	\$ 452	\$ 475	\$ 452	\$ 480	\$ 464	\$ 468	\$ 532	\$ 516	\$ 522	\$ 527	\$ 524	\$ 532
% Growth																	
Gross Leases (# Count)						9%	21%	16%	30%	27%	24%	9%	14%	-36%	-28%	-16%	-22%
Gross Leases Originations (\$)						18%	22%	16%	33%	37%	29%	22%	30%	-30%	-19%	-5%	-22%
Average origination value						9%	1%	0%	3%	9%	4%	12%	14%	9%	14%	12%	0%
Merchandise Balance							\$ 30	\$ 26	\$ 31	\$ 43		\$ 39	\$ 38	\$ 33	\$ 41		\$ 37
(Y-o-Y) Growth												32%	44%	9%	-4%		-7%

Source: Company report and Ascendant Capital Markets estimates

Exhibit 2: Q1 2022 Highlights and Recent Developments
First Quarter 2022 Highlights and Recent Developments

- Retail partner rollouts expanding. Finished the quarter with over 1,300 active storefronts and expected to increase by an additional 1,000 by 3Q
- Installment loan participations are growing steadily. Supplementing rent-to-own with an installment loan product has allowed expansion in a vertical with a similar customer base.

Source: Company report.

Exhibit 3: FlexShopper Company Overview

FlexShopper®

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

Omni-Channel Points of Access



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)

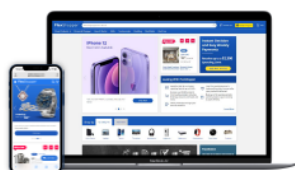
We increase their sales with non-prime retail customers who do not qualify for traditional credit and "save the sale" with our lease to own programs

The Preferred LTO Omni-Channel Provider

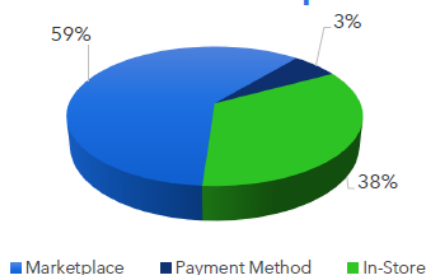
FlexShopper allows retailers to reach an incremental, untapped market and "save the sale" with consumers that do not qualify for traditional credit.

B2C Channel

Online Marketplace
Retailers' products on FlexShopper.com



Channel Makeup



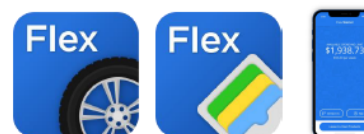
B2B Channels

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



In-Store Save the Sale

Digital mobile payment solution at POS



LTM Ended March 31* 2022 (\$ in Millions)			
	Marketplace	Payment Method	In-Store
New	23.3	1.9	21.0
Repeat	23.3	0.5	9.0

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

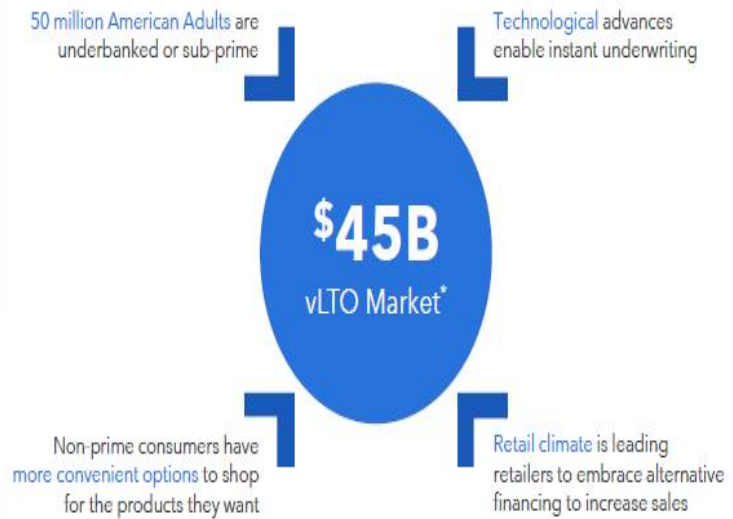
Source: Company report.

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: Loans Business

MyFlexLending Installment Loan Product

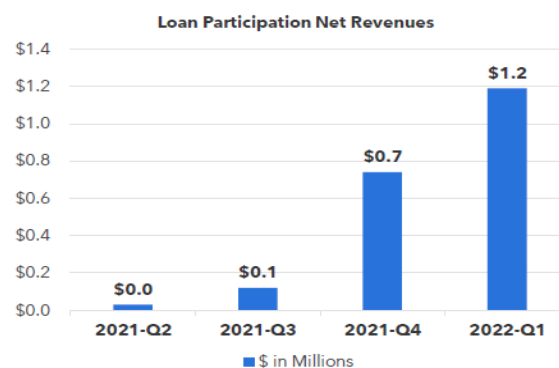
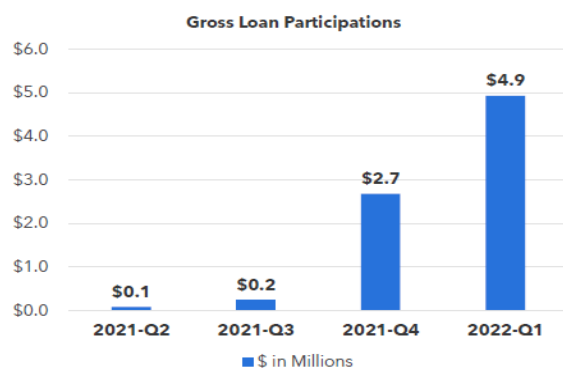


• Product Overview

- 52-week term installment loan
- Funds directly deposited into customer's account
- Weekly payments debited via ACH

Other Guys	VS	FlexLending
Fill out long application forms in store or online		Complete a few fields online from anywhere on your personal device
Stand in a long line or wait on hold		No lines, all online and get your decision instantly
Requires recent bank statement		No need, securely link your bank account when applying
Personal check required and valid ID required		We don't need it!

Installment Loan Highlights



	Three months Ended March 31, 2022	Year Ended December 31, 2021
Beginning balance	\$ 3,560,108	\$ 89,445
Purchases of loan participation	4,295,401	3,473,039
Interest and fees ⁽¹⁾	1,712,348	672,272
Collections	(1,906,930)	(907,169)
Net charge off ⁽¹⁾	(164,780)	(146,923)
Net change in fair value ⁽¹⁾	(358,644)	379,444
Ending balance	\$ 7,137,503	\$ 3,560,108

(1) Included in loan revenues and fees, net of changes in fair value in the condensed consolidated statement of operations

Source: Company report.

Exhibit 6: FlexShopper Stock Price (Five Years)



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

Exhibit 7: Consensus Expectations (as of May 12, 2022)

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$35E		Q1 Mar	\$(0.06)E	
Q2 Jun	\$37E		Q2 Jun	\$(0.02)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$155E	\$174E	Total	\$0.23E	\$0.67E

*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	Q1A	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	29.0	32.8	35.8	37.4	135.0	34.3	38.6	42.5	44.6	160.0
Cost of Revenues	16.8	17.2	15.7	17.1	66.7	22.5	19.6	18.2	18.9	79.2	19.6	19.3	20.4	21.2	80.5	21.5	22.9	25.3	26.7	96.5
Gross Profit	8.0	7.3	8.9	11.1	35.4	10.3	11.1	12.7	12.2	46.2	9.4	13.5	15.4	16.2	54.5	12.8	15.7	17.2	17.9	63.5
Marketing	1.0	0.9	1.7	2.3	5.9	1.8	1.9	1.8	3.6	9.1	2.0	2.6	2.1	2.2	9.0	2.4	2.5	2.6	2.7	10.1
Salaries and benefits	2.5	2.3	2.5	3.1	10.4	2.9	2.7	2.7	3.2	11.5	3.0	3.3	3.6	3.6	13.4	3.5	3.9	4.3	4.2	15.9
Operating expenses	3.2	3.3	3.5	4.4	14.4	4.1	5.2	4.3	4.6	18.3	5.7	6.6	7.2	4.9	24.3	4.4	5.0	5.5	5.8	20.7
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	10.7	12.5	12.9	10.7	46.7	10.3	11.4	12.3	12.7	46.7
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)	1.0	2.5	5.5	7.8	2.5	4.3	4.8	5.1	16.8
Interest income (expense)	(1.2)	(1.1)	(1.0)	(1.1)	(4.3)	(1.4)	(1.2)	(1.2)	(1.4)	(5.2)	(2.0)	(1.9)	(1.9)	(1.9)	(7.7)	(1.9)	(1.9)	(1.9)	(1.9)	(7.6)
Other income (expense)	(1.3)	(0.6)	(0.6)	(0.6)	(3.2)	(0.6)	1.3	(0.6)	(0.6)	(0.5)	(0.6)	0.0	0.0	0.0	(0.6)	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	(3.9)	(0.9)	0.6	3.6	(0.5)	0.6	2.4	2.9	3.2	9.2
Income taxes				0.7	0.7		1.0	0.9	(1.1)	0.8	(0.9)	0.0	0.0	0.0	(0.9)	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	(3.0)	(0.9)	0.6	3.6	0.4	0.6	2.4	2.9	3.2	9.2
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	(3.0)	(0.9)	0.6	3.6	0.4	0.6	2.4	2.9	3.2	9.2
EBITDA	2.0	2.0	2.1	2.6	8.7	2.4	2.1	4.8	2.0	11.4	(0.0)	2.3	3.8	6.8	12.8	3.7	5.6	6.1	6.4	21.7
Shares, Basic	19.9	21.4	21.4	21.4	21.0	21.4	21.6	21.6	20.7	21.4	21.5	21.7	21.9	22.1	21.8	22.3	22.5	22.7	22.9	22.6
Shares, Diluted	19.9	21.4	21.4	21.4	21.0	21.4	23.6	23.6	22.5	23.2	22.5	22.7	22.9	23.1	22.8	23.3	23.5	23.7	23.9	23.6
EPS Basic (pro forma)	(\$0.06)	(\$0.04)	(\$0.02)	(\$0.05)	(\$0.17)	(\$0.03)	\$0.02	\$0.05	\$0.00	\$0.04	(\$0.14)	(\$0.04)	\$0.03	\$0.16	\$0.02	\$0.03	\$0.11	\$0.13	\$0.14	\$0.40
EPS Diluted (pro forma)	(\$0.06)	(\$0.04)	(\$0.02)	(\$0.05)	(\$0.17)	(\$0.03)	\$0.01	\$0.05	\$0.00	\$0.04	(\$0.13)	(\$0.04)	\$0.03	\$0.16	\$0.02	\$0.02	\$0.10	\$0.12	\$0.14	\$0.39
Margins																				
Gross margin	32%	30%	36%	39%	35%	31%	36%	41%	39%	37%	32%	41%	43%	43%	40%	37%	41%	40%	40%	40%
Marketing	4%	4%	7%	8%	6%	6%	6%	6%	11%	7%	7%	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%	20%	20%	20%	13%	18%	13%	13%	13%	13%	13%
Operating margin	5%	3%	5%	5%	5%	4%	4%	13%	3%	6%	-4%	3%	7%	15%	6%	7%	11%	11%	12%	10%
Tax rate, GAAP	0%	0%	0%	-181%	-23%	0%	75%	46%	102%	49%	22%	0%	0%	0%	182%	0%	0%	0%	0%	0%
Net margin	-5%	-4%	-1%	-4%	-3%	-2%	1%	4%	0%	1%	-10%	-3%	2%	10%	0%	2%	6%	7%	7%	6%
Y/Y % change																				
Total Revenue	9%	19%	7%	25%	15%	32%	25%	26%	10%	23%	-12%	7%	16%	20%	8%	19%	18%	19%	19%	19%
Gross margin	16%	24%	8%	47%	24%	28%	51%	42%	10%	31%	-9%	22%	21%	33%	18%	36%	16%	12%	10%	17%
Marketing	22%	199%	90%	40%	61%	78%	104%	11%	57%	55%	10%	37%	18%	-37%	-1%	19%	-4%	19%	19%	12%
Salaries and benefits	45%	12%	14%	25%	23%	14%	21%	7%	1%	10%	2%	19%	34%	13%	16%	19%	18%	19%	19%	19%
Operating expenses	22%	17%	30%	37%	27%	30%	56%	23%	6%	27%	38%	26%	65%	6%	33%	-23%	-24%	-23%	19%	-15%
Operating income (loss)	-25%	11%	-49%	419%	-9%	11%	53%	212%	-33%	59%	-192%	-14%	-35%	524%	6%	-293%	315%	93%	-7%	115%
Net income (loss)	1104%	-5%	-141%	-36%	88%	-52%	-138%	-439%	-102%	-124%	391%	-359%	-44%	#####	-53%	-119%	-380%	386%	-11%	#####
EPS Diluted (pro forma)	967%	-22%	-138%	-47%	58%	-55%	-134%	-407%	-102%	-122%	367%	-369%	-43%	#####	-53%	-118%	-371%	369%	-14%	#####

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	Q1A	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	4.3	3.2	0.1	3.4	3.8	2.5	5.1	0.0
Short term investments										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	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
Loan receivable									7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Deferred income taxes										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	36.6	36.6	36.6	36.6	36.6	36.6	36.6	36.6
Prepaid expenses and other	0.8	0.6	0.8	0.9	0.9	1.0	1.1	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total current assets	44.6	44.5	46.1	62.3	57.6	57.0	57.3	76.9	78.5	77.4	74.3	77.6	78.0	76.7	79.3	74.2
Property and equipment, net	5.4	5.5	5.6	5.9	5.9	5.9	7.2	7.8	8.4	9.0	13.0	13.6	14.2	18.2	18.8	27.4
Intangibles, net										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
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	87.0	86.5	87.4	91.3	92.2	94.9	98.2	101.7
Liabilities and stockholders' equity																
Accounts payable	3.2	3.1	5.1	7.9	3.1	3.8	3.3	8.0	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Accrued expenses	1.9	1.7	1.8	3.0	3.4	3.3	4.1	3.4	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
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
Other										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	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total current liabilities	8.7	19.1	27.2	17.1	8.1	12.1	12.4	12.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Deferred income taxes						0.4	0.7	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other long term liabilities			0.1	0.3	0.2	0.2	0.2			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
Lease liability	2.0	2.0	2.0	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Long term debt	29.0	18.2	11.0	37.9	41.7	35.3	34.2	53.8	63.4	63.4	63.4	63.4	63.4	63.4	63.4	63.4
Total other liabilities	31.0	20.3	13.2	40.0	43.8	37.7	36.9	56.1	65.4	65.4	65.4	65.4	65.4	65.4	65.4	65.4
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	0.0	0.3	0.6	0.9	1.2	1.5	1.8	2.1
Additional paid-in capital	35.7	36.2	36.5	36.8	37.4	37.9	38.3	38.6	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
Retained earnings	(48.1)	(48.4)	(48.1)	(48.5)	(48.5)	(47.6)	(45.9)	(45.2)	(47.6)	(48.5)	(47.9)	(44.2)	(43.7)	(41.2)	(38.3)	(35.1)
Accumulated other comprehensive income										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
Total stockholders' equity	10.4	10.7	11.2	11.2	11.8	13.1	15.2	16.1	14.2	13.7	14.6	18.5	19.4	22.1	25.3	28.9
Total stockholders' equity and liabilities	50.1	50.1	51.7	68.2	63.6	62.9	64.6	84.8	87.0	86.5	87.4	91.3	92.2	94.9	98.2	101.7

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	Q1A	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	0.63	0.60	0.64	0.80	0.83	0.94	1.07	1.21
Cash per Share (diluted)	0.27	0.46	0.32	0.40	0.30	0.22	0.13	0.23	0.19	0.14	0.00	0.15	0.16	0.10	0.21	0.00
Net cash per Share (diluted)	(1.36)	(1.05)	(1.15)	(1.65)	(1.72)	(1.48)	(1.52)	(2.22)	(2.64)	(2.66)	(2.78)	(2.61)	(2.57)	(2.60)	(2.47)	(2.66)

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	Q1A	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	(2.4)	(0.9)	0.6	3.6	1.0	0.6	2.4	2.9	3.2	9.2
Depreciation and impairment of	16.2	15.9	14.9	16.3	63.3	21.2	17.9	16.9	17.6	73.6	19.2	20.0	20.0	20.0	79.2	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	0.9	0.9	0.9	0.9	3.7	0.9	0.9	0.9	0.9	3.7
Stock comp	0.2	0.5	0.3	0.3	1.4	0.6	0.4	0.4	0.2	1.6	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2
Provisions bad debt	7.7	7.9	8.1	(55.6)	(31.9)	8.8	10.0	11.8	9.9	40.5	11.8				11.8					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	0.7				0.7					0.0
Deferred income taxes					0.0		0.4	0.3	(0.2)	0.5	(0.3)				(0.3)					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)	(15.0)	0.0	0.0	0.0	(15.0)	0.0	0.0	0.0	0.0	0.0
Loan receivable					0.0					0.0	(4.1)				(4.1)					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)	(14.8)	(20.0)	(20.0)	(20.0)	(74.8)	(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	(3.2)	0.0	0.0	0.0	(3.2)	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	(1.1)	0.0	0.0	0.0	(1.1)	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
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)	(7.9)	0.4	1.8	4.9	(0.8)	1.8	3.7	4.2	4.5	14.1
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)	(1.6)	(1.5)	(4.9)	(1.6)	(9.5)	(1.5)	(4.9)	(1.6)	(9.5)	(17.5)
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 acti	(0.6)	(0.8)	(0.7)	(1.0)	(3.1)	(0.7)	(0.6)	(2.1)	(1.5)	(4.9)	(1.6)	(1.5)	(4.9)	(1.6)	(9.5)	(1.5)	(4.9)	(1.6)	(9.5)	(17.5)
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	9.8	0.0	0.0	0.0	9.8	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)	(1.2)				(1.2)					0.0
Issuance of stock					0.0					0.0		0.0	0.0	0.0	0.0	0.0	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	0.1				0.1					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	8.7	0.0	0.0	0.0	8.7	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)	(0.8)	(1.1)	(3.1)	3.3	(1.7)	0.3	(1.3)	2.6	(5.1)	(3.4)
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	4.3	3.2	0.1	5.1	3.4	3.8	2.5	5.1	3.4
Ending cash and equivalents	5.5	9.9	6.8	8.5	8.5	6.3	5.1	3.1	5.1	5.1	4.3	3.2	0.1	3.4	3.4	3.8	2.5	5.1	0.0	0.0

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 Date		Price
Report	Date	Rating	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
13	4/3/2022	Buy	7.00

- 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 April 17, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	13	32%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	13	31%

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.