



# FlexShopper, Inc.

*Q3 miss and 2022 outlook tempered. Weak macro negatively affecting business. Lowering our P/T to \$6.00.*

## COMPANY UPDATE

### Rating: BUY

Ticker: FPAY

Price: \$1.22

Target: \$6.00  
(from \$7.00)

**Q3 miss:** FlexShopper recently (on November 10) reported its fiscal Q3 2022 (ending September) results. Revenue was \$26 million (-15% y-o-y), compared to our estimates of \$36 million and consensus of \$38 million. EPS was \$(0.32), compared to our estimates of \$0.03 and consensus of \$0.05. There was no Q3 guidance.

**Q3 declines:** Revenues decreased -15% (y-o-y). Gross lease originations (#) were -16% (y-o-y) and gross lease originations (\$) -1% (y-o-y) declined due to the company tightening credit standards and lower consumer interest/response due to weak macro environment. This was offset by higher AOV (average origination value) of \$616 (+18% y-o-y).

**Expect tempered 2022/23:** LTO revenue were much lower in Q3 than expected as the increasingly challenged macro environment for consumers in the lower economic tier got worse. The company expects its business outlook to improve as those consumers have less credit options, but this has been offset by their weakening credit which makes them less qualified for LTO.

**Loans revenue down:** The company has made a major push into the installment loan business in 2022. Q3 loan revenue was \$1.3 million, which was down from Q2's \$6.1 million, and compared to \$1.2 million in Q1 and near zero in 2021.

**No guidance:** The company did not provide any specific forward guidance.

**Lowering 2022 estimates:** We are lowering our 2022 estimates for revenue to \$120 million, from \$140 million, and EPS to \$0.18 from \$0.60.

**Partner pipeline growing:** Despite the Q3 miss, FlexShopper has a solid retail pipeline and expects to secure additional retail partners in 2022/23. Its retail partner business had growth in Q3 (+11% application growth and +23% growth y-o-y in average order value). The company has a major new partnership with Liberty Tax as the exclusive financial services provider for more than 2,000 storefront locations for Liberty Tax in the U.S.

**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.

**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 \$6.00 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

November 12, 2022

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### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.83 –3.17
Shares Outstanding (million):	22
Market cap (\$million):	\$27
EV (\$million):	\$111
Debt (\$million):	\$89
Cash (\$million):	\$5
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	12
Short Interest (million shares):	~0
Dividend, annual (yield):	\$0.00 (NA%)

### Revenues (US\$ million)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	29A		34E	
Q2 Jun	37A		38E	
Q3 Sep	26A	36E	34E	43E
Q4 Dec	28E	39E	34E	46E
Total	120E	140E	140E	160E
EV/Revs	0.9x		0.8x	

### Earnings per Share (pro forma)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	(0.14)A		0.03E	0.05E
Q2 Jun	0.51A		0.03E	0.06E
Q3 Sep	(0.32)A	0.03E	0.02E	0.14E
Q4 Dec	0.00E	0.14E	0.07E	0.14E
Total	0.18E	0.60E	0.15E	0.39E
P/E	7x		8x	

### 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 November 10) reported its fiscal Q3 2022 (ending September) results.
- Revenue was \$26 million (-15% y-o-y), compared to our estimates of \$36 million and consensus of \$38 million.
- EPS was \$(0.32), compared to our estimates of \$0.03 and consensus of \$0.05.
- There was no Q3 guidance.
- The company did not provide any specific forward guidance.
- We are lowering our 2022 estimates for revenue to \$120 million, from \$140 million, and for EPS to \$0.18 from \$0.60.
- We are lowering our 2023 estimates for revenue to \$140 million, from \$160 million, and for EPS to \$0.15 from \$0.39.

**ADDITIONAL DETAILS**

- Gross profit for the quarter was \$6 million, compared with our estimate of \$15 million.
- Gross margin for the quarter was 24%, versus 41% last year and our estimate of 43%.
- Operating expenses were \$11 million, versus our estimates of \$12 million.
- Operating loss was \$4.5 million, versus our estimates of income of \$3.2 million.
- Net loss was \$6.9 million, versus our estimates of income of \$0.9 million.
- Adjusted EBITDA was \$(2.9) million, versus our estimate of \$4.6 million and \$4.8 million (y-o-y).
- The company's net lease merchandise portfolio was \$31 million (-8% y-o-y), versus \$36 million in Q2 2022.
- The company's loan portfolio was \$27 million, versus \$23 million in Q2 2022.

The company's balance sheet remains relatively steady with \$5 million in cash and \$89 million in debt, compared with \$5 million and \$79 million at the end of June.

**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	Jun-22	Sep-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	Q2A	Q3A
<b>Revenue Assumptions</b>																			
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	30.5	24.5
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	6.1	1.6
<b>Total</b>	<b>61.5</b>	<b>22.7</b>	<b>20.7</b>	<b>22.9</b>	<b>22.5</b>	<b>88.8</b>	<b>24.8</b>	<b>24.5</b>	<b>24.6</b>	<b>28.1</b>	<b>102.1</b>	<b>32.8</b>	<b>30.7</b>	<b>30.9</b>	<b>31.1</b>	<b>125.4</b>	<b>29.0</b>	<b>36.5</b>	<b>26.1</b>
<b>% Revenue Growth</b>																			
Lease revenues and fees, net						44%	9%	15%	5%	26%	14%	31%	25%	25%	9%	22%	-11%	6%	-16%
Lease merchandise sold																			
Loan revenues and fees																			
<b>Total</b>						<b>44%</b>	<b>9%</b>	<b>19%</b>	<b>7%</b>	<b>25%</b>	<b>15%</b>	<b>32%</b>	<b>25%</b>	<b>26%</b>	<b>10%</b>	<b>23%</b>	<b>-12%</b>	<b>19%</b>	<b>-15%</b>
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	34.3	25.5
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	19.9	15.7
Average origination value	\$ 416	\$ 470	\$ 452	\$ 468	\$ 427	\$ 452	\$ 475	\$ 452	\$ 480	\$ 464	\$ 468	\$ 532	\$ 516	\$ 522	\$ 527	\$ 524	\$ 532	\$ 579	\$ 616
Loan Funding																	\$ 5	\$ 13	\$ 10
Total Funding																	\$ 21	\$ 33	\$ 26
Loans Originated												0.1	0.1				3.8	11.0	8.3
Average Value												\$ 902	\$ 928				\$ 1,282	\$ 1,177	\$ 1,256
<b>% Growth</b>																			
Gross Leases (# Count)						9%	21%	16%	30%	27%	24%	9%	14%	-36%	-28%	-16%	-22%	-11%	-16%
Gross Leases Originations (\$)						18%	22%	16%	33%	37%	29%	22%	30%	-30%	-19%	-5%	-22%	0%	-1%
Average origination value						9%	1%	0%	3%	9%	4%	12%	14%	9%	14%	12%	0%	12%	18%
Merchandise Balance							\$ 30	\$ 26	\$ 31	\$ 43		\$ 39	\$ 38	\$ 33	\$ 41		\$ 37	\$ 36	\$ 31
(Y-o-Y) Growth												32%	44%	9%	-4%		-7%	-4%	-8%

Source: Company report and Ascendant Capital Markets estimates

**Exhibit 2: Q3 2022 Highlights and Recent Developments**
**Results for Quarter Ended September 30, 2022 vs. Quarter Ended September 30, 2021:**

- Total fundings increased 60.1% to \$25.8 million from \$16.1 million consisting of gross lease originations decreasing from \$15.9 to \$15.7 million and loan participations up ~4,350% from \$226 thousand to \$10.1 million
- Total net lease revenues and fees decreased 20.3% to \$24.5 million from \$30.7 million
- Total net loan revenues and fees increased 1,249% to \$1.6 million from \$121 thousand
- Gross profit decreased 49.8% to \$6.4 million from \$12.7 million
- Adjusted EBITDA<sup>1</sup> decreased to \$(2.9) million compared to \$4.8 million
- Net loss of \$(6.3) million compared with net income of \$1.7 million
- Net loss attributable to common stockholders of \$(6.9) million, or \$(0.32) per diluted share, compared to net income attributable to common stockholders of \$1.1 million, or \$0.05 per diluted share

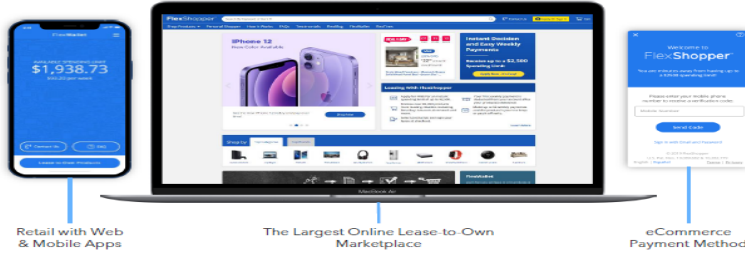
Source: Company report.

### 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

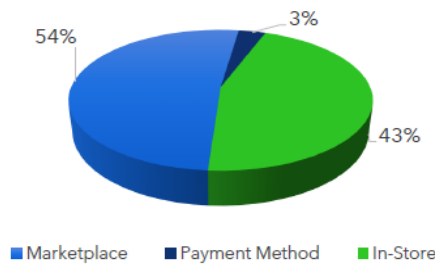
FlexShopper allows retailers to reach an incremental, untapped market and "save the sale" with consumers that do not qualify for traditional credit.

### B2C Channel

Online Marketplace  
Retailers' products on FlexShopper.com



### Channel Makeup



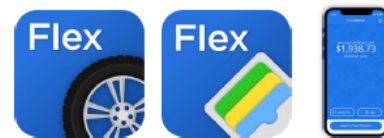
### B2B Channels

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 Sep 30 <sup>th</sup> 2022 (\$ in Millions)			
	Marketplace	Payment Method	In-Store
New	19.1	2.4	25.3
Repeat	21.2	0.3	10.5

## 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

### 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**

### Product Categories



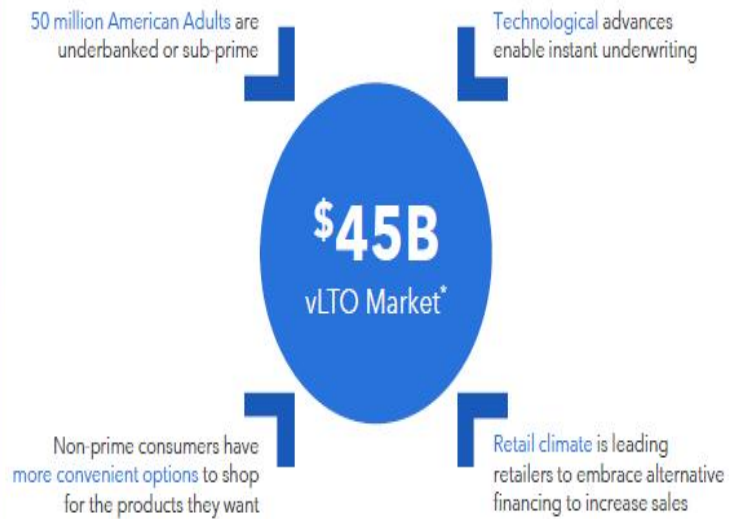
Source: Company report.

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



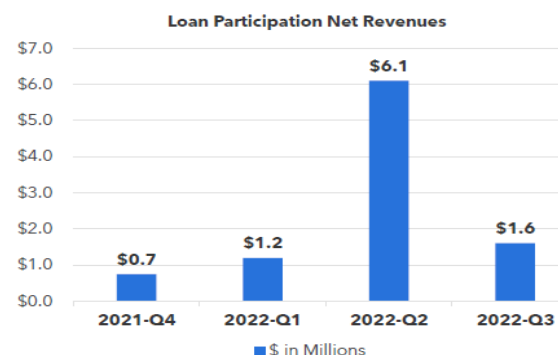
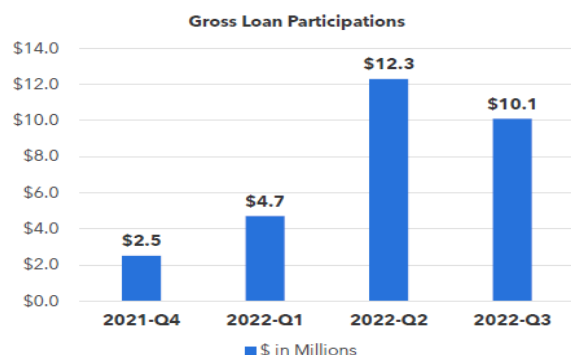
Source: Company report.

**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			
	September 30,		\$ Change	% Change
2022	2021			
<b>Gross Profit:</b>				
Gross lease billings and fees	\$ 38,580,116	\$ 42,528,079	\$ (3,947,963)	(9.3)
Provision for doubtful accounts	(15,075,109)	(11,787,960)	(3,287,149)	27.9
Gain on sale of lease receivables	1,007,079	-	1,007,079	
Net lease billing and fees	\$ 24,512,086	\$ 30,740,119	\$ (6,228,033)	(20.3)
Loan revenues and fees	6,025,786	116,477	5,909,309	5,073.4
Net changes in the fair value of loan receivables	(4,396,421)	4,339	(4,400,760)	(101,423.4)
Net loan revenues	\$ 1,629,365	\$ 120,816	\$ 1,508,549	1,248.6
Total revenues	\$ 26,141,451	\$ 30,860,935	\$ (4,719,484)	(15.3)
Cost of lease revenues and merchandise sold	(18,746,897)	(18,005,170)	(741,727)	4.1
Loans origination costs and fees	(1,027,097)	(166,805)	(860,292)	515.7
Gross profit	\$ 6,367,457	\$ 12,688,960	\$ (6,321,503)	(49.8)
Gross profit margin	24%	41%		

Source: Company report.

**Exhibit 6: FlexShopper Stock Price (Five Years)**



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

**Exhibit 7: Consensus Expectations (as of November 10, 2022)**

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$29A		Q1 Mar	\$(0.14)A	
Q2 Jun	\$37A		Q2 Jun	\$0.51A	
Q3 Sep	\$38E		Q3 Sep	\$0.05E	
Q4 Dec	\$41E		Q4 Dec	\$0.08E	
<b>Total</b>	<b>\$144E</b>	<b>\$170E</b>	<b>Total</b>	<b>\$0.52E</b>	<b>\$0.36E</b>

\*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	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	<b>24.8</b>	<b>24.5</b>	<b>24.6</b>	<b>28.1</b>	<b>102.1</b>	<b>32.8</b>	<b>30.7</b>	<b>30.9</b>	<b>31.1</b>	<b>125.4</b>	<b>29.0</b>	<b>36.5</b>	<b>26.1</b>	<b>28.3</b>	<b>120.0</b>	<b>34.3</b>	<b>37.6</b>	<b>34.0</b>	<b>34.1</b>	<b>140.0</b>
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	19.0	19.8	18.1	76.5	20.5	22.7	20.4	19.7	83.4
Gross Profit	8.0	7.3	8.9	11.1	35.4	10.3	11.1	12.7	12.2	46.2	9.4	17.5	6.4	10.2	43.5	13.8	14.8	13.5	14.4	56.6
Marketing	1.0	0.9	1.7	2.3	5.9	1.8	1.9	1.8	3.6	9.1	2.0	3.8	2.4	1.7	9.9	2.1	2.3	2.0	2.0	8.4
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	3.0	2.8	2.7	11.5	3.5	3.8	3.4	3.2	13.9
Operating expenses	3.2	3.3	3.5	4.4	14.4	4.1	5.2	4.3	4.6	18.3	5.7	5.7	5.7	3.1	20.2	4.8	5.3	4.8	4.4	19.3
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	10.7	12.5	10.9	7.5	41.6	10.4	11.3	10.2	9.7	41.6
<b>Operating income (loss)</b>	<b>1.3</b>	<b>0.8</b>	<b>1.2</b>	<b>1.3</b>	<b>4.6</b>	<b>1.4</b>	<b>1.2</b>	<b>3.9</b>	<b>0.9</b>	<b>7.4</b>	<b>(1.3)</b>	<b>5.0</b>	<b>(4.5)</b>	<b>2.7</b>	<b>1.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.4</b>	<b>4.7</b>	<b>15.0</b>
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)	(2.3)	(3.0)	(2.7)	(10.0)	(2.7)	(2.7)	(2.7)	(2.7)	(10.6)
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)	(0.6)	(0.6)	0.0	(1.8)	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)	2.0	(8.2)	0.1	(9.9)	0.7	0.9	0.7	2.1	4.4
Income taxes					0.7		1.0	0.9	(1.1)	0.8	(0.9)	(11.7)	(1.3)	0.0	(13.9)	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)	13.8	(6.9)	0.1	4.0	0.7	0.9	0.7	2.1	4.4
Nonrecurring/noncash adjustments					0.0					0.0		0.5			0.5					0.0
<b>Net income (pro forma)</b>	<b>(1.3)</b>	<b>(0.9)</b>	<b>(0.3)</b>	<b>(1.0)</b>	<b>(3.5)</b>	<b>(0.6)</b>	<b>0.3</b>	<b>1.1</b>	<b>0.0</b>	<b>0.8</b>	<b>(3.0)</b>	<b>14.3</b>	<b>(6.9)</b>	<b>0.1</b>	<b>4.5</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>	<b>2.1</b>	<b>4.4</b>
EBITDA	2.0	2.0	2.1	2.6	8.7	2.4	2.1	4.8	2.0	11.4	(0.0)	6.4	(2.9)	4.4	7.8	5.0	5.2	5.0	6.3	21.5
Shares, Basic	19.9	21.4	21.4	21.4	21.0	21.4	21.6	21.6	20.7	21.4	21.5	21.6	21.7	21.9	21.7	22.1	22.3	22.5	22.7	22.4
Shares, Diluted	19.9	21.4	21.4	21.4	21.0	21.4	23.6	23.6	22.5	23.2	22.5	27.9	21.7	28.0	25.0	28.2	28.4	28.6	28.8	28.5
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)	\$0.66	(\$0.32)	\$0.00	\$0.21	\$0.03	\$0.04	\$0.03	\$0.09	\$0.20
<b>EPS Diluted (pro forma)</b>	<b>(\$0.06)</b>	<b>(\$0.04)</b>	<b>(\$0.02)</b>	<b>(\$0.05)</b>	<b>(\$0.17)</b>	<b>(\$0.03)</b>	<b>\$0.01</b>	<b>\$0.05</b>	<b>\$0.00</b>	<b>\$0.04</b>	<b>(\$0.13)</b>	<b>\$0.51</b>	<b>(\$0.32)</b>	<b>\$0.00</b>	<b>\$0.18</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.15</b>
<b>Margins</b>																				
Gross margin	32%	30%	36%	39%	35%	31%	36%	41%	39%	37%	32%	48%	24%	36%	36%	40%	39%	40%	42%	40%
Marketing	4%	4%	7%	8%	6%	6%	6%	6%	11%	7%	7%	10%	9%	6%	8%	6%	6%	6%	6%	6%
Salaries and benefits	10%	9%	10%	11%	10%	9%	9%	9%	10%	9%	10%	8%	11%	10%	10%	10%	10%	10%	10%	10%
Operating expenses	13%	14%	14%	16%	14%	13%	17%	14%	15%	15%	20%	16%	22%	11%	17%	14%	14%	14%	13%	14%
Operating margin	5%	3%	5%	5%	5%	4%	4%	13%	3%	6%	-4%	14%	-17%	10%	2%	10%	9%	10%	14%	11%
Tax rate, GAAP	0%	0%	0%	-181%	-23%	0%	75%	46%	102%	49%	22%	-574%	16%	0%	140%	0%	0%	0%	0%	0%
Net margin	-5%	-4%	-1%	-4%	-3%	-2%	1%	4%	0%	1%	-10%	38%	-26%	0%	3%	2%	2%	2%	6%	3%
<b>Y/Y % change</b>																				
Total Revenue	9%	19%	7%	25%	15%	32%	25%	26%	10%	23%	-12%	19%	-15%	-9%	-4%	19%	3%	30%	20%	17%
Gross margin	16%	24%	8%	47%	24%	28%	51%	42%	10%	31%	-9%	58%	-50%	-16%	-6%	47%	-15%	113%	41%	30%
Marketing	22%	199%	90%	40%	61%	78%	104%	11%	57%	55%	10%	97%	31%	-52%	8%	2%	-40%	-15%	20%	-15%
Salaries and benefits	45%	12%	14%	25%	23%	14%	21%	7%	1%	10%	2%	10%	6%	-15%	0%	19%	25%	21%	20%	21%
Operating expenses	22%	17%	30%	37%	27%	30%	56%	23%	6%	27%	38%	10%	32%	-32%	11%	-15%	-9%	-17%	42%	-5%
Operating income (loss)	-25%	11%	-49%	419%	-9%	11%	53%	212%	-33%	59%	-192%	313%	-218%	207%	-74%	-364%	-29%	-174%	73%	694%
Net income (loss)	1104%	-5%	-141%	-36%	88%	-52%	-138%	-439%	-102%	-124%	391%	4045%	-734%	149%	375%	-124%	-93%	-110%	3422%	11%
EPS Diluted (pro forma)	967%	-22%	-138%	-47%	58%	-55%	-134%	-407%	-102%	-122%	367%	3534%	-790%	99%	396%	-119%	-94%	-108%	3324%	-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	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	5.5	9.9	6.8	8.5	6.3	5.1	3.1	5.1	4.3	5.0	5.3	5.9	6.1	7.5	8.3	5.5
Short term investments												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	33.1	33.4	33.4	33.4	33.4	33.4	33.4
Loan receivable									7.1	22.5	26.6	26.6	26.6	26.6	26.6	26.6
Deferred income taxes												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	36.1	30.7	30.7	30.7	30.7	30.7	30.7
Prepaid expenses and other	0.8	0.6	0.8	0.9	0.9	1.0	1.1	1.0	0.9	1.6	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total current assets</b>	<b>44.6</b>	<b>44.5</b>	<b>46.1</b>	<b>62.3</b>	<b>57.6</b>	<b>57.0</b>	<b>57.3</b>	<b>76.9</b>	<b>78.5</b>	<b>98.3</b>	<b>97.9</b>	<b>98.5</b>	<b>98.8</b>	<b>100.1</b>	<b>100.9</b>	<b>98.2</b>
Property and equipment, net	5.4	5.5	5.6	5.9	5.9	5.9	7.2	7.8	8.4	9.4	7.4	7.7	8.6	8.5	8.8	14.0
Intangibles, net												0.0	0.0	0.0	0.0	0.0
Deferred income tax										12.2	13.6	13.6	13.6	13.6	13.6	13.6
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	3.2	3.2	3.2	3.2	3.2	3.2
<b>Total assets</b>	<b>50.1</b>	<b>50.1</b>	<b>51.7</b>	<b>68.2</b>	<b>63.6</b>	<b>62.9</b>	<b>64.6</b>	<b>84.8</b>	<b>87.0</b>	<b>120.0</b>	<b>122.1</b>	<b>123.0</b>	<b>124.1</b>	<b>125.4</b>	<b>126.5</b>	<b>129.0</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	3.2	3.1	5.1	7.9	3.1	3.8	3.3	8.0	4.8	5.2	3.9	3.9	3.9	3.9	3.9	3.9
Accrued expenses	1.9	1.7	1.8	3.0	3.4	3.3	4.1	3.4	2.2	5.2	3.9	3.9	3.9	3.9	3.9	3.9
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
Other												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	1.2	1.2	1.2	1.2	1.2	1.2	1.2
<b>Total current liabilities</b>	<b>8.7</b>	<b>19.1</b>	<b>27.2</b>	<b>17.1</b>	<b>8.1</b>	<b>12.1</b>	<b>12.4</b>	<b>12.6</b>	<b>7.5</b>	<b>11.8</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>
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
Warrant liabilities												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	1.6	1.6	1.6	1.6	1.6	1.6
Long term debt	29.0	18.2	11.0	37.9	41.7	35.3	34.2	53.8	63.4	77.5	88.0	88.0	88.0	88.0	88.0	88.0
<b>Total other liabilities</b>	<b>31.0</b>	<b>20.3</b>	<b>13.2</b>	<b>40.0</b>	<b>43.8</b>	<b>37.7</b>	<b>36.9</b>	<b>56.1</b>	<b>65.4</b>	<b>79.4</b>	<b>89.8</b>	<b>89.8</b>	<b>89.8</b>	<b>89.8</b>	<b>89.8</b>	<b>89.8</b>
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	0.0	0.0	0.4	0.8	1.2	1.6	1.9
Additional paid-in capital	35.7	36.2	36.5	36.8	37.4	37.9	38.3	38.6	39.0	39.3	39.8	39.8	39.8	39.8	39.8	39.8
Retained earnings	(48.1)	(48.4)	(48.1)	(48.5)	(48.5)	(47.6)	(45.9)	(45.2)	(47.6)	(33.2)	(39.5)	(39.4)	(38.7)	(37.8)	(37.1)	(35.0)
Accumulated other comprehensive income												0.5	0.5	0.5	0.5	0.5
Other												0.0	0.0	0.0	0.0	0.0
<b>Total stockholders' equity</b>	<b>10.4</b>	<b>10.7</b>	<b>11.2</b>	<b>11.2</b>	<b>11.8</b>	<b>13.1</b>	<b>15.2</b>	<b>16.1</b>	<b>14.2</b>	<b>28.9</b>	<b>23.1</b>	<b>24.0</b>	<b>25.1</b>	<b>26.4</b>	<b>27.5</b>	<b>29.9</b>
<b>Total stockholders' equity and liabilities</b>	<b>50.1</b>	<b>50.1</b>	<b>51.7</b>	<b>68.2</b>	<b>63.6</b>	<b>62.9</b>	<b>64.6</b>	<b>84.8</b>	<b>87.0</b>	<b>120.0</b>	<b>122.1</b>	<b>123.0</b>	<b>124.1</b>	<b>125.4</b>	<b>126.5</b>	<b>129.0</b>

**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	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	0.52	0.50	0.53	0.52	0.55	0.56	0.65	0.72	0.63	1.03	1.06	0.86	0.89	0.93	0.96	1.04
Cash per Share (diluted)	0.27	0.46	0.32	0.40	0.30	0.22	0.13	0.23	0.19	0.18	0.24	0.21	0.22	0.26	0.29	0.19
Net cash per Share (diluted)	(1.36)	(1.05)	(1.15)	(1.65)	(1.72)	(1.48)	(1.52)	(2.22)	(2.64)	(2.64)	(3.87)	(2.98)	(2.95)	(2.88)	(2.83)	(2.90)

Source: Company reports and Ascendant Capital Markets estimates

**FlexShopper, Inc.**

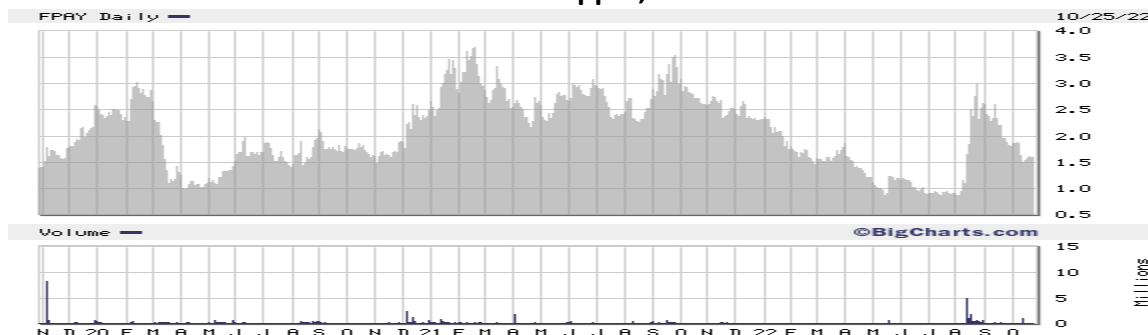
Cash Flow Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	0.1	(0.3)	0.3	(0.4)	(0.3)	0.0	0.9	1.7	0.6	3.3	(2.4)	14.4	(6.3)	0.1	5.8	0.7	0.9	0.7	2.1	4.4	
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	18.2	18.7	20.0	76.1	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	1.1	1.2	1.2	4.5	1.2	1.2	1.2	1.2	5.0	
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	0.4	0.4	1.3	0.4	0.4	0.4	0.4	1.5	
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	15.7	15.1		42.6					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	(0.5)	0.1		0.3					0.0	
Proceeds from sale of lease receivables					0.0					0.0		6.6	1.0		7.6					0.0	
Net changes in the fair value of loans receivable					0.0					0.0		(2.5)	4.4		1.9					0.0	
Deferred income taxes					0.0	0.4	0.3	(0.2)		0.5	(0.3)	(12.2)	(1.4)		(13.9)					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)	(25.9)	(17.3)	0.0	(58.2)	0.0	0.0	0.0	0.0	0.0	
Loan receivable					0.0					0.0	(4.1)	(12.4)	(8.5)		(25.0)					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	(0.2)	0.5	0.0	0.3	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)	(17.7)	(13.3)	(20.0)	(65.8)	(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)	0.4	(1.4)	0.0	(4.1)	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)	3.0	(1.2)	0.0	0.6	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	
<b>Net cash (used in) provided by</b>	<b>0.6</b>	<b>5.2</b>	<b>(1.2)</b>	<b>(9.8)</b>	<b>(5.2)</b>	<b>(0.6)</b>	<b>0.5</b>	<b>1.2</b>	<b>(12.4)</b>	<b>(11.3)</b>	<b>(7.9)</b>	<b>(11.7)</b>	<b>(7.9)</b>	<b>1.7</b>	<b>(25.9)</b>	<b>2.4</b>	<b>2.5</b>	<b>2.3</b>	<b>3.7</b>	<b>10.9</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equip	(0.6)	(0.8)	(0.7)	(1.0)	(3.1)	(0.7)	(0.6)	(2.1)	(1.5)	(4.9)	(1.6)	(2.1)	(1.2)	(1.6)	(6.4)	(2.1)	(1.2)	(1.6)	(6.4)	(11.3)	
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			(1.2)		(1.2)					0.0	
<b>Net cash used in investing activ</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>(3.1)</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>(2.1)</b>	<b>(1.5)</b>	<b>(4.9)</b>	<b>(1.6)</b>	<b>(2.1)</b>	<b>(2.4)</b>	<b>(1.6)</b>	<b>(7.6)</b>	<b>(2.1)</b>	<b>(1.2)</b>	<b>(1.6)</b>	<b>(6.4)</b>	<b>(11.3)</b>	
<b>Cash flow from financing activities</b>																					
Issuance of debt	1.9	0.0	2.4	12.6	16.9	3.5		0.5	15.9	19.9	9.8	14.9	15.1	0.0	39.9	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)	0.1	(4.7)		(5.8)					0.0	
Issuance of stock					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		0.3					0.0	
Other					0.0					0.0					0.0					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
<b>Cash provided by (used in) fina</b>	<b>(1.3)</b>	<b>(0.1)</b>	<b>(1.2)</b>	<b>12.6</b>	<b>10.0</b>	<b>(0.9)</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>15.9</b>	<b>12.8</b>	<b>8.7</b>	<b>15.0</b>	<b>10.6</b>	<b>0.0</b>	<b>34.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
<b>Net increase (decrease) in cash</b>	<b>(1.4)</b>	<b>4.4</b>	<b>(3.1)</b>	<b>1.8</b>	<b>1.7</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>(2.0)</b>	<b>1.9</b>	<b>(3.4)</b>	<b>(0.8)</b>	<b>1.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.8</b>	<b>0.2</b>	<b>1.4</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(0.3)</b>	
<b>Beginning cash and equivalents</b>	<b>6.9</b>	<b>5.5</b>	<b>9.9</b>	<b>6.8</b>	<b>6.9</b>	<b>8.5</b>	<b>6.3</b>	<b>5.1</b>	<b>3.1</b>	<b>8.5</b>	<b>5.1</b>	<b>4.3</b>	<b>5.4</b>	<b>5.8</b>	<b>5.1</b>	<b>5.9</b>	<b>6.1</b>	<b>7.5</b>	<b>8.3</b>	<b>5.9</b>	
<b>Ending cash and equivalents</b>	<b>5.5</b>	<b>9.9</b>	<b>6.8</b>	<b>8.5</b>	<b>8.5</b>	<b>6.3</b>	<b>5.1</b>	<b>3.1</b>	<b>5.1</b>	<b>5.1</b>	<b>4.3</b>	<b>5.4</b>	<b>5.8</b>	<b>5.9</b>	<b>5.9</b>	<b>6.1</b>	<b>7.5</b>	<b>8.3</b>	<b>5.5</b>	<b>5.5</b>	

Source: Company reports and Ascendant Capital Markets estimates

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### 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
14	6/4/2022	Buy	6.50
15	9/7/2022	Buy	7.00

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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 October 7, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	43	98%	17	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	44	100%	17	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.

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