



FlexShopper, Inc.

Large Q3 upside. Growth outlook positive with weakening macro.
Lowering our P/T to \$4.25.

COMPANY UPDATE

Rating: BUY

Ticker: FPAY

Price: \$1.64

Target: \$4.25
(from \$4.50)

Large Q3 upside: FlexShopper recently (on November 14) reported its fiscal Q3 2023 (ending September) results. Revenue was \$31 million (+20% y-o-y), compared to our estimates of \$23 million and consensus of \$25 million. EPS was \$(0.01), compared to our estimates of \$(0.28) and consensus of \$(0.25). There was no Q3 guidance.

Q3 loans increase: Revenues increased +20% (y-o-y) due to increase in loan revenue. Lease revenue were -14% (y-o-y) due to the company tightening credit standards and lower consumer interest/response due to weak macro environment. However, loan revenue increased to \$10 million from \$2 million (y-o-y).

Expect improving 2023/24: LTO revenue were lower in Q3 than expected as the increasingly challenged macro environment for consumers in the lower economic tier got worse. But the company expects its business outlook to improve as those consumers have less credit options and better underwriting credit standards.

Loans revenue up: The company made a major push into the installment loan business in 2022. Q3 loan revenue was \$10 million, which was up from Q3 2022's \$2 million, and compared to \$2 million in Q2 2023.

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

Raising estimates: We are raising our 2023 estimates for revenue to \$119 million, from \$106 million, and for EPS to \$(0.51) from \$(0.79).

Revolution acquisition: In December 2022, the company acquired the assets of Revolution Financial Inc. This purchase provides FlexShopper with 22 physical store locations, 78 virtual locations located within Liberty Tax stores, and related digital assets in which FlexShopper will make available consumer financing solutions. Going forward, Revolution will be the main driver of its loan business.

Partner pipeline growing: FlexShopper has a solid retail pipeline and expects to secure additional retail partners in 2023/24. The company has a major 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 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 \$4.25 from \$4.50, 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

December 15, 2023

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.59 –2.47
Shares Outstanding (million):	22
Market cap (\$million):	\$36
EV (\$million):	\$160
Debt (\$million):	\$130
Cash (\$million):	\$6
Avg. Daily Trading Vol. (\$million):	\$0.1
Float (million shares):	13
Short Interest (million shares):	~0
Dividend, annual (yield):	\$0.00 (NA%)

Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	31A		28E	
Q2 Jun	25A		30E	26E
Q3 Sep	31A	23E	32E	25E
Q4 Dec	<u>32E</u>	<u>28E</u>	<u>35E</u>	<u>32E</u>
Total	119E	106E	125E	112E
EV/Revs	1.3x		1.3x	

Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	(0.06)A		(0.10)E	(0.08)E
Q2 Jun	(0.22)A		(0.05)E	(0.11)E
Q3 Sep	(0.01)A	(0.28)E	(0.02)E	(0.18)E
Q4 Dec	<u>(0.20)E</u>	<u>(0.23)E</u>	<u>(0.03)E</u>	<u>(0.09)E</u>
Total	(0.51)E	(0.79)E	(0.20)E	(0.46)E
P/E	N/A		N/A	

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 12.

OVERVIEW

- FlexShopper recently (on November 14) reported its fiscal Q3 2023 (ending September) results.
- Revenue was \$31 million (+20% y-o-y), compared to our estimates of \$23 million and consensus of \$25 million.
- EPS was \$(0.01), compared to our estimates of \$(0.28) and consensus of \$(0.25).
- There was no Q3 guidance.
- The company did not provide any specific forward guidance.
- We are raising our 2023 estimates for revenue to \$119 million, from \$106 million, and for EPS to \$(0.51) from \$(0.79).
- We are raising our 2024 estimates for revenue to \$125 million, from \$112 million, and for EPS to \$(0.20) from \$(0.46).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$17 million, compared with our estimate of \$9 million.
- Gross margin for the quarter was 54%, versus 24% last year and our estimate of 40%.
- Operating expenses were \$11 million, versus our estimates of \$10 million.
- Operating income was \$6.0 million, versus our estimates of a loss of \$1.0 million.
- Net loss was \$0.1 million, versus our estimates of a loss of \$6.1 million.
- Adjusted EBITDA was \$8.4 million, versus our estimate of \$1.4 million and \$(2.9) million (y-o-y).

- The company's net lease merchandise portfolio was \$24 million (-23% y-o-y), versus \$25 million in Q2 2023.
- The company's loan portfolio was \$32 million, versus \$25 million in Q2 2023.

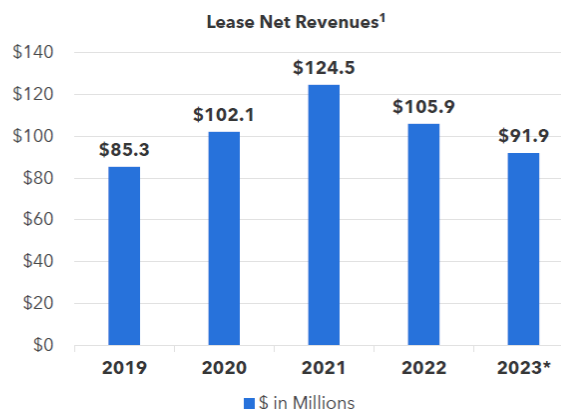
In December 2022, the company acquired the assets of Revolution Financial Inc. This purchase provides FlexShopper with 22 physical store locations, 78 virtual locations located within Liberty Tax stores, and related digital assets in which FlexShopper will make available consumer financing solutions. The purchase price was \$5 million in a note (8% rate due December 2027) with a fair value of the note at \$3.4 million.

On March 17, 2023, the company announced that Richard House, Jr., the company's Chief Executive Officer, had passed away on March 16, 2023. H. Russell Heiser, Jr., who was the Chief Financial Officer, was appointed to become the Chief Executive Officer of the company.

The company's balance sheet remains relatively steady with \$6 million in cash and \$130 million in debt (and preferred stock), compared with \$6 million in cash and \$125 million in debt (and preferred stock) at the end of June.

Exhibit 1: Lease and Loan Originations (as of Q3 2023)

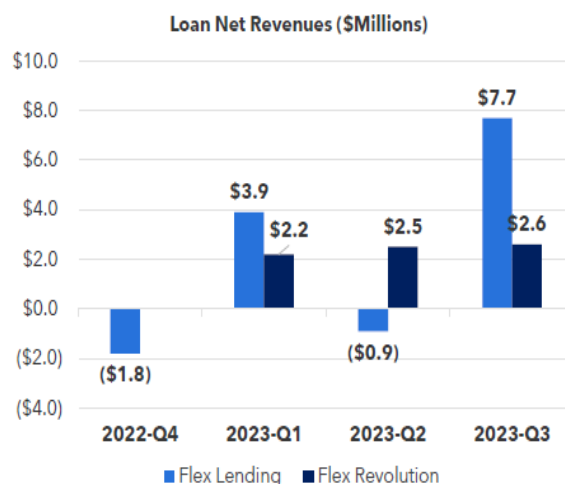
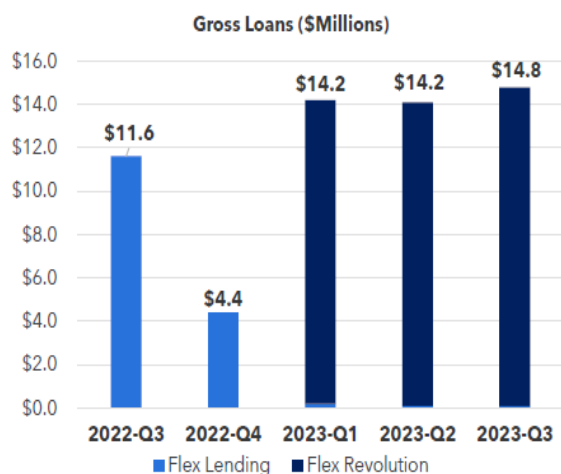
Lease Highlights



¹ Gross Lease Revenue and Fees Less Provision for Doubtful Accounts

*12 Months Ended September 30th, 2023

Loan Highlights



Source: Company report

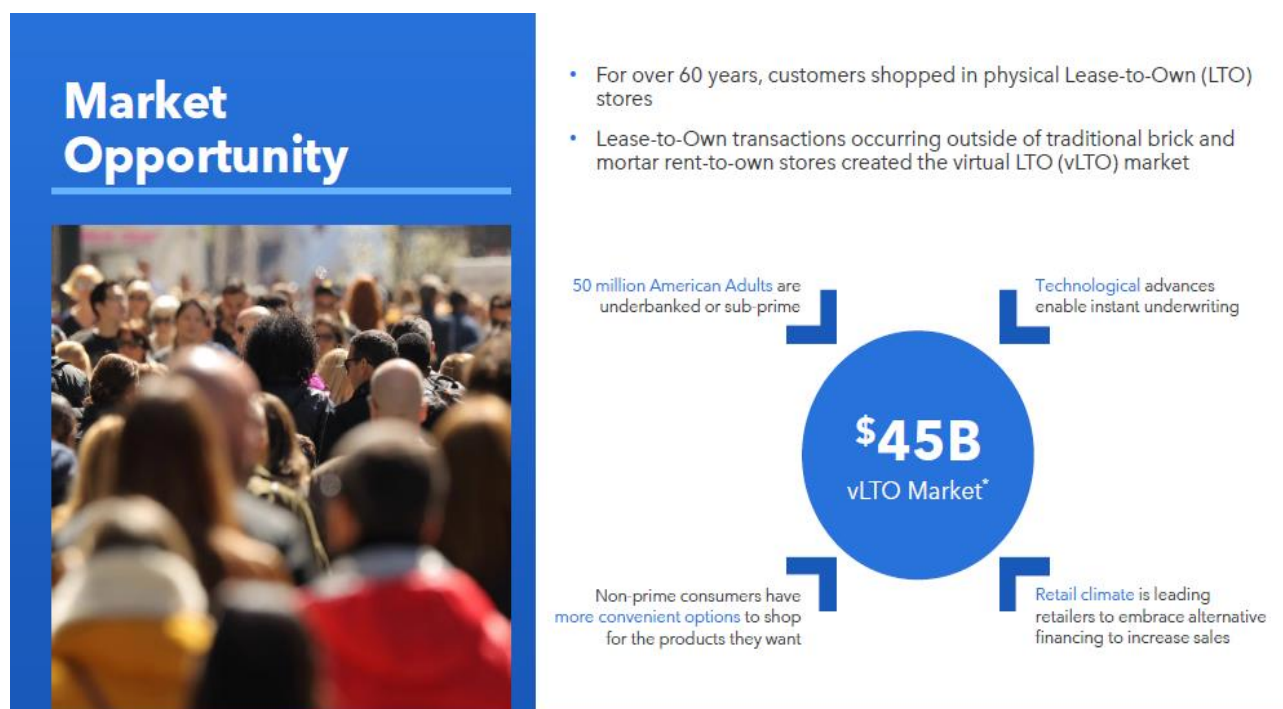
Exhibit 2: Q3 2023 Highlights and Recent Developments

Results for Quarter Ended September 30, 2023, vs. Quarter Ended September 30, 2022:

- Total fundings increased 10.7% to \$28.9 million from \$26.1 million consisting of gross lease originations decreasing 10.8% from \$15.7 to \$14.0 million, loan participations decreasing 99.3% from \$10.4 million to \$77 thousand, and loan originations increasing from \$0 to \$14.8 million
- Total net lease and loan revenues and fees increased 20.3% to \$31.4 million from \$26.1 million
- Gross profit increased 164.1% to \$16.9 million from \$6.4 million
- Adjusted EBITDA¹ increased 389.7 to \$8.4 million compared to (\$2.9) million
- Net income of 940 thousand compared with net loss of \$6.3 million
- Net loss attributable to common stockholders of \$(129) thousand, or \$(0.01) per diluted share, compared to net loss attributable to common stockholders of (\$6.9) million, or \$(0.32) per diluted share

Source: Company report.

Exhibit 3: FlexShopper Market Opportunity



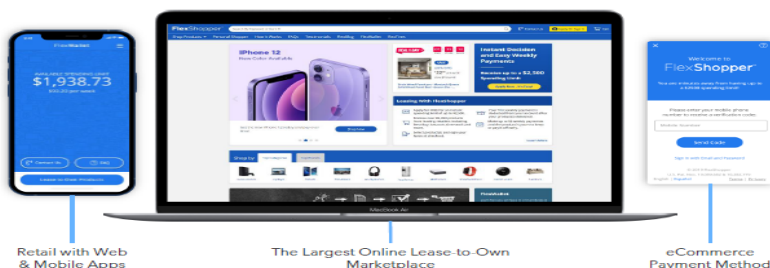
Source: Company report.

Exhibit 4: 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 Preferred LTO Omni-Channel Provider

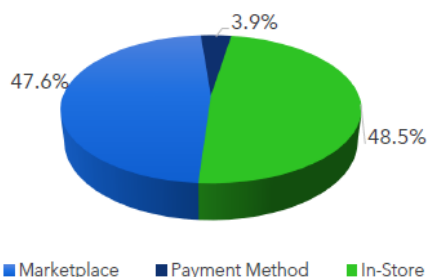
FlexShopper allows retailers to reach an incremental, untapped market and "save the sale" with consumers that do not qualify for traditional credit.

B2C Channel

Online Marketplace
Retailers' products on FlexShopper.com



Channel Makeup



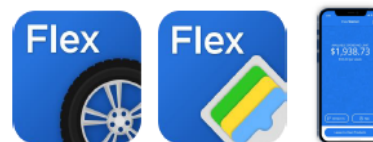
B2B Channels

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 in September 30 th 2023 (\$ in Millions)			
	Marketplace	Payment Method	In-Store
New	15.5	2.2	21.8
Repeat	14.9	0.3	9.2

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 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!

FlexShopper, Inc. Announces Purchase of Revolution Financial Inc. Assets

December 8, 2022

BOCA RATON, Fla., Dec. 08, 2022 (GLOBE NEWSWIRE) -- FlexShopper, Inc. (Nasdaq: FPAY) ("FlexShopper"), a leading national online lease-to-own retailer and financing solutions provider, today announced the purchase of certain assets of Revolution Financial Inc. and six affiliated entities. This purchase provides FlexShopper with 22 physical store locations, 78 virtual locations located within Liberty Tax stores and related digital assets in which FlexShopper will make available consumer financing solutions. This purchase is also the initial foray into a nationwide expansion of direct to consumer brick- and- mortar locations.

"This acquisition provides a head start on the operational capabilities to begin our nationwide rollout as part of the previously announced Liberty Tax partnership," said Richard House, CEO of FlexShopper.

FlexShopper will discuss this transaction in more detail on its 2022 year end results conference call.

Source: Company report.

Exhibit 6: FlexShopper Financial Metrics (Q3 2023)

	Three months ended		\$ Change	% Change
	September 30,			
	2023	2022		
Gross Profit:				
Gross lease billings and fees	\$ 31,266,666	\$ 38,580,116	\$ (7,313,450)	(19.0)
Provision for doubtful accounts	(10,038,122)	(15,075,109)	5,036,987	(33.4)
Gain / (loss) on sale of lease receivables	(146,345)	1,007,079	(1,153,424)	(114.5)
Net lease billing and fees	\$ 21,082,199	\$ 24,512,086	\$ (3,429,887)	(14.0)
Loan revenues and fees	3,208,920	6,025,786	(2,816,866)	(46.7)
Net changes in the fair value of loans receivable	7,095,327	(4,396,421)	11,491,748	(261.4)
Net loan revenues	\$ 10,304,247	\$ 1,629,365	\$ 8,674,882	532.4
Total revenues	\$ 31,386,446	\$ 26,141,451	\$ 5,244,995	20.1
Depreciation and impairment of lease merchandise	(13,061,958)	(18,746,897)	5,684,939	(30.3)
Loans origination costs and fees	(1,389,107)	(1,027,097)	(362,010)	35.2
Gross profit	\$ 16,935,381	\$ 6,367,457	\$ 10,567,924	166.0
Gross profit margin	54 %	24 %		

	September 30,		\$ Change	% Change
	2023	2022		
Adjusted EBITDA:				
Net income/ (loss)	\$ 940,101	\$ (6,280,434)	\$ 7,220,535	(115.0)
Income taxes	265,517	(1,298,269)	1,563,786	(120.5)
Amortization of debt issuance costs	194,682	56,283	138,399	245.9
Amortization of discount on the promissory note related to acquisition	59,238	-	59,238	
Other amortization and depreciation	1,964,229	1,244,267	719,962	57.9
Interest expense	4,492,881	2,973,859	1,519,022	51.1
Stock-based compensation	471,819	387,298	84,521	21.8
Adjusted EBITDA	\$ 8,388,467	\$ (2,916,996)	\$ 11,305,463	(387.6)

Source: Company report.

Exhibit 7: FlexShopper Stock Price (Five Years)



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

Exhibit 8: Consensus Expectations (as of November 14, 2023)

	Revenue (mil)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$31A		Q1 Mar	\$(0.06)A	
Q2 Jun	\$25A		Q2 Jun	\$(0.22)A	
Q3 Sep	\$25E		Q3 Sep	\$(0.25)E	
Q4 Dec	\$28E		Q4 Dec	\$(0.21)E	
Total	\$104E	\$125E	Total	\$(0.75)E	\$(0.38)E

*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-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	Mar-24	Jun-24	Sep-24	Dec-24	2024
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
Total Revenue	32.8	30.7	30.9	31.1	125.4	29.0	36.5	26.1	21.4	113.1	30.8	24.5	31.4	32.0	118.7	28.2	30.2	31.8	34.9	125.0
Cost of Revenues	22.5	19.6	18.2	18.9	79.2	19.6	19.0	19.8	17.6	75.9	17.2	16.1	14.5	18.6	66.4	16.6	16.4	16.9	19.2	69.0
Gross Profit	10.3	11.1	12.7	12.2	46.2	9.4	17.5	6.4	3.8	37.1	13.6	8.4	16.9	13.4	52.3	11.6	13.8	14.9	15.7	56.0
Marketing	1.8	1.9	1.8	3.6	9.1	2.0	3.8	2.4	2.9	11.0	1.1	1.5	1.7	1.3	5.5	1.7	1.8	1.9	2.1	7.5
Salaries and benefits	2.9	2.7	2.7	3.2	11.5	3.0	3.0	2.8	2.2	11.0	2.7	3.0	3.2	4.8	13.7	3.7	3.9	4.1	4.5	16.3
Operating expenses	4.1	5.2	4.3	4.6	18.3	5.7	5.7	5.7	4.3	21.4	5.6	6.0	6.1	6.4	24.1	5.1	5.4	5.4	5.9	21.8
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	8.9	9.9	8.8	11.3	38.9	10.7	12.5	10.9	9.3	43.4	9.5	10.4	11.0	12.5	43.3	10.4	11.2	11.4	12.6	45.6
Operating income (loss)	1.4	1.2	3.9	0.9	7.4	(1.3)	5.0	(4.5)	(5.5)	(6.3)	4.2	(2.0)	6.0	0.9	9.0	1.2	2.7	3.4	3.1	10.4
Interest income (expense)	(1.4)	(1.2)	(1.2)	(1.4)	(5.2)	(2.0)	(2.3)	(3.0)	(3.8)	(11.2)	(4.5)	(4.6)	(4.7)	(5.3)	(19.2)	(3.5)	(3.8)	(3.8)	(3.8)	(14.9)
Other income (expense)	(0.6)	1.3	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	12.6	10.7	(1.0)	(1.0)	(1.1)	0.0	(3.0)	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(0.6)	1.3	2.0	(1.1)	1.6	(3.9)	2.0	(8.2)	3.3	(6.7)	(1.4)	(7.6)	0.1	(4.4)	(13.2)	(2.3)	(1.2)	(0.4)	(0.7)	(4.5)
Income taxes		1.0	0.9	(1.1)	0.8	(0.9)	(11.7)	(1.3)	(2.7)	(16.6)	(0.1)	(1.3)	0.3	0.0	(1.2)	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(0.6)	0.3	1.1	0.0	0.8	(3.0)	13.8	(6.9)	6.0	9.9	(1.2)	(6.3)	(0.1)	(4.4)	(12.0)	(2.3)	(1.2)	(0.4)	(0.7)	(4.5)
Nonrecurring/noncash adjustments					0.0		0.5		(0.5)	0.0					0.0					0.0
Net income (pro forma)	(0.6)	0.3	1.1	0.0	0.8	(3.0)	14.3	(6.9)	5.5	9.9	(1.2)	(6.3)	(0.1)	(4.4)	(12.0)	(2.3)	(1.2)	(0.4)	(0.7)	(4.5)
EBITDA	2.4	2.1	4.8	2.0	11.4	(0.0)	6.4	(2.9)	(4.0)	(0.5)	6.4	0.3	8.4	3.4	18.4	3.6	5.1	5.9	5.6	20.2
Shares, Basic	21.4	21.6	21.6	20.7	21.4	21.5	21.6	21.7	21.7	21.6	21.8	28.9	21.7	21.9	23.6	22.1	22.3	22.5	22.7	22.4
Shares, Diluted	21.4	23.6	23.6	22.5	23.2	22.5	27.9	21.7	20.5	22.4	21.8	28.9	21.7	21.9	23.6	22.1	22.3	22.5	22.7	22.4
EPS Basic (pro forma)	(\$0.03)	\$0.02	\$0.05	\$0.00	\$0.04	(\$0.14)	\$0.66	(\$0.32)	\$0.25	\$0.46	(\$0.06)	(\$0.22)	(\$0.01)	(\$0.20)	(\$0.51)	(\$0.10)	(\$0.05)	(\$0.02)	(\$0.03)	(\$0.20)
EPS Diluted (pro forma)	(\$0.03)	\$0.01	\$0.05	\$0.00	\$0.04	(\$0.13)	\$0.51	(\$0.32)	\$0.27	\$0.44	(\$0.06)	(\$0.22)	(\$0.01)	(\$0.20)	(\$0.51)	(\$0.10)	(\$0.05)	(\$0.02)	(\$0.03)	(\$0.20)
Margins																				
Gross margin	31%	36%	41%	39%	37%	32%	48%	24%	18%	33%	44%	34%	54%	42%	44%	41%	46%	47%	45%	45%
Marketing	6%	6%	6%	11%	7%	7%	10%	9%	13%	10%	4%	6%	5%	4%	5%	6%	6%	6%	6%	6%
Salaries and benefits	9%	9%	9%	10%	9%	10%	8%	11%	10%	10%	9%	12%	10%	15%	12%	13%	13%	13%	13%	13%
Operating expenses	13%	17%	14%	15%	15%	20%	16%	22%	20%	19%	18%	24%	19%	20%	20%	18%	18%	17%	17%	17%
Operating margin	4%	4%	13%	3%	6%	-4%	14%	-17%	-26%	-6%	13%	-8%	19%	3%	8%	4%	9%	11%	9%	8%
Tax rate, GAAP	0%	75%	46%	102%	49%	22%	-574%	16%	-84%	247%	11%	17%	195%	0%	9%	0%	0%	0%	0%	0%
Net margin	-2%	1%	4%	0%	1%	-10%	38%	-26%	28%	9%	-4%	-26%	0%	-14%	-10%	-8%	-4%	-1%	-2%	-4%
Y/Y % change																				
Total Revenue	32%	25%	26%	10%	23%	-12%	19%	-15%	-31%	-10%	6%	-33%	20%	49%	5%	-8%	23%	1%	9%	5%
Gross margin	28%	51%	42%	10%	31%	-9%	58%	-50%	-69%	-20%	45%	-52%	166%	248%	41%	-15%	65%	-12%	17%	7%
Marketing	78%	104%	11%	57%	55%	10%	97%	31%	-20%	21%	-45%	-61%	-30%	-55%	-50%	54%	22%	14%	64%	35%
Salaries and benefits	14%	21%	7%	1%	10%	2%	10%	6%	-31%	-4%	-8%	-1%	15%	119%	25%	34%	32%	28%	-5%	18%
Operating expenses	30%	56%	23%	6%	27%	38%	10%	32%	-7%	17%	-1%	4%	7%	50%	12%	-10%	-9%	-11%	-7%	-9%
Operating income (loss)	11%	53%	212%	-33%	59%	-192%	313%	-218%	-717%	-186%	-424%	-141%	-231%	-117%	-243%	-71%	-231%	-43%	242%	16%
Net income (loss)	-52%	-138%	-439%	-102%	-124%	391%	4045%	-734%	25396%	1088%	-60%	-146%	-98%	-173%	-221%	90%	-82%	203%	-85%	-63%
EPS Diluted (pro forma)	-55%	-134%	-407%	-102%	-122%	367%	3534%	-790%	25503%	1130%	-58%	-142%	-98%	-175%	-216%	87%	-76%	192%	-85%	-61%

Source: Company reports and Ascendant Capital Markets estimates.

FlexShopper, Inc.

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	6.3	5.1	3.1	5.1	4.3	5.0	5.3	6.1	9.9	6.4	5.7	7.1	17.5	17.4	18.0	13.3
Short term investments												0.0	0.0	0.0	0.0	0.0
Accounts receivable	11.0	13.2	19.7	29.9	29.5	33.1	33.4	35.5	37.2	39.2	41.4	41.4	41.4	41.4	41.4	41.4
Loan receivable					7.1	22.5	26.6	32.9	29.3	25.1	31.7	31.7	31.7	31.7	31.7	31.7
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Lease merchandise, net	39.3	37.6	33.3	40.9	36.6	36.1	30.7	31.6	26.9	24.6	23.6	23.6	23.6	23.6	23.6	23.6
Prepaid expenses and other	0.9	1.0	1.1	1.0	0.9	1.6	2.0	3.6	2.9	3.1	2.8	2.8	2.8	2.8	2.8	2.8
Total current assets	57.6	57.0	57.3	76.9	78.5	98.3	97.9	109.7	106.2	98.4	105.3	106.6	117.0	116.9	117.5	112.8
Property and equipment, net	5.9	5.9	7.2	7.8	8.4	9.4	7.4	8.1	8.7	8.8	9.0	13.5	13.3	12.7	12.2	16.8
Intangibles, net								15.2	14.7	14.3	13.8	13.8	13.8	13.8	13.8	13.8
Deferred income tax						12.2	13.6	12.0	12.2	13.5	13.2	13.2	13.2	13.2	13.2	13.2
Other	0.1	0.1	0.1	0.1	0.1	0.1	3.2	3.3	3.3	3.2	3.1	3.1	3.1	3.1	3.1	3.1
Total assets	63.6	62.9	64.6	84.8	87.0	120.0	122.1	148.3	145.0	138.1	144.4	150.3	160.5	159.8	159.9	159.7
Liabilities and stockholders' equity																
Accounts payable	3.1	3.8	3.3	8.0	4.8	5.2	3.9	6.5	3.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Accrued expenses	3.4	3.3	4.1	3.4	2.2	5.2	3.9	4.3	3.2	2.7	3.4	3.4	3.4	3.4	3.4	3.4
Lease liability	0.1	0.2	0.2	0.2	0.2	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	1.4	4.8	4.8	1.1	0.2	1.2	1.2	1.2	1.2	1.2	0.2	10.0	22.0	22.0	22.0	22.0
Total current liabilities	8.1	12.1	12.4	12.6	7.5	11.8	9.2	12.2	8.5	8.1	7.9	17.7	29.7	29.7	29.7	29.7
Deferred income taxes		0.4	0.7	0.5	0.2	0.2	0.2					0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	0.2	0.2					8.7	8.8			0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Lease liability	1.9	1.9	1.8	1.8	1.7	1.7	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Long term debt	41.7	35.3	34.2	53.8	63.4	77.5	88.0	94.8	94.9	101.2	106.6	106.6	106.6	106.6	106.6	106.6
Total other liabilities	43.8	37.7	36.9	56.1	65.4	79.4	89.8	105.0	105.3	102.7	107.9	107.9	107.9	107.9	107.9	107.9
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	0.5	0.9	1.4	1.9	2.4
Additional paid-in capital	37.4	37.9	38.3	38.6	39.0	39.3	39.8	39.8	40.2	41.6	42.0	42.0	42.0	42.0	42.0	42.0
Retained earnings	(48.5)	(47.6)	(45.9)	(45.2)	(47.6)	(33.2)	(39.5)	(31.6)	(31.8)	(37.1)	(36.2)	(40.6)	(42.9)	(44.0)	(44.4)	(45.1)
Accumulated other comprehensive income												0.0	0.0	0.0	0.0	0.0
Other												0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	11.8	13.1	15.2	16.1	14.2	28.9	23.1	31.0	31.2	27.3	28.6	24.7	22.9	22.2	22.3	22.1
Total stockholders' equity and liabil	63.6	62.9	64.6	84.8	87.0	120.0	122.1	148.3	145.0	138.1	144.4	150.3	160.5	159.8	159.9	159.7

Balance Sheet Drivers

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)																
Book Value per Share (diluted)	0.55	0.56	0.65	0.72	0.63	1.03	1.06	1.51	1.44	0.94	1.32	1.13	0.97	1.00	1.00	0.98
Cash per Share (diluted)	0.30	0.22	0.13	0.23	0.19	0.18	0.24	0.30	0.45	0.22	0.26	0.32	0.74	0.79	0.81	0.59
Net cash per Share (diluted)	(1.72)	(1.48)	(1.52)	(2.22)	(2.64)	(2.64)	(3.87)	(4.39)	(3.97)	(3.32)	(4.65)	(4.99)	(4.71)	(5.03)	(4.95)	(5.12)

Source: Company reports and Ascendant Capital Markets estimates

FlexShopper, Inc.

Cash Flow Statement (\$ mils)	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	Mar-24	Jun-24	Sep-24	Dec-24	2024	
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	
Cash flow from operating activities																					
Net income	0.0	0.9	1.7	0.6	3.3	(2.4)	14.4	(6.3)	7.9	13.6	(0.2)	(5.3)	0.9	(4.4)	(9.0)	(2.3)	(1.2)	(0.4)	(0.7)	(4.5)	
Depreciation and impairment of	21.2	17.9	16.9	17.6	73.6	19.2	18.2	18.7	16.4	72.6	15.3	14.5	13.1	20.0	62.9	20.0	20.0	20.0	20.0	80.0	
Other depreciation and amortiz	0.7	0.7	0.7	0.8	2.9	0.9	1.1	1.2	1.5	4.8	1.8	1.9	2.0	2.0	7.6	2.0	2.0	2.0	2.0	7.9	
Stock comp	0.6	0.4	0.4	0.2	1.6	0.3	0.3	0.4	0.0	1.0	0.4	0.4	0.5	0.5	1.8	0.5	0.5	0.5	0.5	1.9	
Provisions bad debt	8.8	10.0	11.8	9.9	40.5	11.8	15.7	15.1	14.8	57.4	11.2	10.8	10.0		32.1					0.0	
Debt related amortization expen	0.1	0.0	0.0	0.0	0.2	0.7	(0.5)	0.1	0.1	0.4	0.1	0.2	0.3		0.6					0.0	
Proceeds from sale of lease receivables					0.0		6.6	1.0	1.2	8.8					0.0					0.0	
Net changes in the fair value of loans receivable					0.0		(2.5)	4.4	7.6	9.6	(1.0)	1.8	(0.8)		0.0					0.0	
Deferred income taxes			0.4	(0.2)	0.5	(0.3)	(12.2)	(1.4)	(3.4)	(17.3)	(0.1)	(1.3)	0.3		(1.2)					0.0	
Change in fair value of warrant liability					0.0					0.0			(6.3)		(6.3)					0.0	
Writedowns and impairments				0.0	0.0					0.0					0.0					0.0	
Other gains/losses		(1.9)			(1.9)			(14.5)	(14.5)						0.0					0.0	
Other					0.0					0.0	0.0	(0.0)	0.0		0.0					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	(9.8)	(12.1)	(18.3)	(20.1)	(60.4)	(15.0)	(25.9)	(17.3)	(18.1)	(76.3)	(12.9)	(12.9)	(12.2)	0.0	(38.0)	0.0	0.0	0.0	0.0	0.0	
Loan receivable					0.0	(4.1)	(12.4)	(8.5)	(0.6)	(25.6)	4.6	2.4	0.5		7.5					0.0	
Prepaid expenses & other curre	(0.1)	(0.1)	(0.1)	0.2	(0.1)	0.0	(0.2)	0.5	(2.0)	(1.7)	0.6	(0.2)	0.2	0.0	0.6	0.0	0.0	0.0	0.0	0.0	
Lease merchandise	(17.7)	(16.2)	(12.6)	(25.2)	(71.7)	(14.8)	(17.7)	(13.3)	(17.3)	(63.2)	(10.7)	(12.2)	(12.1)	(20.0)	(54.9)	(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)	0.2	0.2	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	
Accounts payable	(4.8)	0.7	(0.5)	4.6	0.1	(3.2)	0.4	(1.4)	2.1	(2.0)	(2.7)	0.2	0.0	0.0	(2.5)	0.0	0.0	0.0	0.0	0.0	
Accrued expenses	0.4	(0.1)	0.8	(0.9)	0.2	(1.1)	3.0	(1.2)	0.4	0.9	(1.1)	(0.5)	0.7	0.0	(0.9)	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	0.0	
Net cash (used in) provided by	(0.6)	0.5	1.2	(12.4)	(11.3)	(7.9)	(11.7)	(7.9)	(3.7)	(31.2)	5.6	(0.1)	(2.9)	(2.0)	0.6	0.2	1.3	2.0	1.8	5.2	
Cash flow from investing activities																					
Purchases of property and equi	(0.7)	(0.6)	(2.1)	(1.5)	(4.9)	(1.6)	(2.1)	(1.2)	(1.6)	(6.5)	(1.8)	(1.4)	(1.5)	(6.5)	(11.1)	(1.8)	(1.4)	(1.5)	(6.5)	(11.1)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions					0.0				2.9	2.9	(0.2)	(0.2)	(0.2)		(0.6)					0.0	
Other					0.0		(1.2)	(0.4)	(1.6)						0.0					0.0	
Net cash used in investing activ	(0.7)	(0.6)	(2.1)	(1.5)	(4.9)	(1.6)	(2.1)	(2.4)	0.9	(5.2)	(1.9)	(1.5)	(1.7)	(6.5)	(11.6)	(1.8)	(1.4)	(1.5)	(6.5)	(11.1)	
Cash flow from financing activities																					
Issuance of debt	3.5		0.5	15.9	19.9	9.8	14.9	15.1	3.6	43.5	2.8		5.1	9.8	17.6	12.0	0.0	0.0	0.0	12.0	
Repayment of debt	(4.4)	(1.1)	(1.6)	(0.0)	(7.2)	(1.2)	0.1	(4.7)	(0.4)	(6.2)	(2.7)	(1.8)	(1.0)		(5.6)					0.0	
Issuance of stock					0.0					0.0			(0.1)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	0.0	0.0	0.0	0.0	0.1	0.1	0.1			0.3	0.0				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	(0.9)	(1.1)	(1.1)	15.9	12.8	8.7	15.0	10.6	3.2	37.5	0.0	(1.8)	3.9	9.8	11.9	12.0	0.0	0.0	0.0	12.0	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	(2.2)	(1.2)	(2.0)	1.9	(3.4)	(0.8)	1.1	0.3	0.4	1.1	3.7	(3.5)	(0.6)	1.3	0.9	10.4	(0.1)	0.6	(4.7)	6.2	
Beginning cash and equivalents	8.5	6.3	5.1	3.1	8.5	5.1	4.3	5.4	5.8	5.1	6.2	9.9	6.4	5.7	6.2	7.1	17.5	17.4	18.0	7.1	
Ending cash and equivalents	6.3	5.1	3.1	5.1	5.1	4.3	5.4	5.8	6.2	6.2	9.9	6.4	5.7	7.1	7.1	17.5	17.4	18.0	13.3	13.3	

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
13	4/3/2022	Buy	7.00
14	6/4/2022	Buy	6.50
15	9/7/2022	Buy	7.00
16	11/12/2022	Buy	6.00
17	5/25/2023	Buy	5.50
18	8/24/2023	Buy	4.50

- 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 Distribution of Investment Ratings (as of October 13, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	19	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%

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.