



FlexShopper, Inc. Reports First Quarter 2017 Results and 71% Revenue Growth

May 15, 2017

Leading Online Lease-to-Own Retailer Narrows Operating Loss

BOCA RATON, Fla., May 15, 2017 (GLOBE NEWSWIRE) -- FlexShopper, Inc. (Nasdaq:FPAY) ("FlexShopper"), a leading national online lease-to-own ("LTO") retailer and LTO payment solution provider, announced today its results of continuing operations for the three months ended March 31, 2017.

Three Months Ended March 31, 2017 vs. Three Months Ended March 31, 2016

- Net revenues increased 71% from \$10.2 million to \$17.4 million
- Lease originations increased from 8,851 to 16,052 or 81%
- Adjusted Gross Profit⁽¹⁾ increased 113% from \$1.8 million to \$3.8 million
- Adjusted EBITDA⁽¹⁾ was \$(104,394) compared to \$(1,879,924) in the prior year period
- Net loss decreased to \$1.1 million compared to a net loss of \$ 2.6 million in the prior year period
- Net loss after dividends on Series 2 Convertible Preferred Shares decreased to \$1.6 million or \$0.30 per diluted share compared to \$2.6 million or \$0.50 per diluted share in the prior year period

(1) Adjusted Gross Profit and Adjusted EBITDA are non-GAAP financial measures. Refer to the definitions and reconciliation of these measures in the tables at the end of this release.

Brad Bernstein, CEO, stated, "We are pleased to report another quarter of significant growth and equally important a quarter of narrowing our first quarter loss from the same period one year ago as a result of optimizing our marketing spend, and continuing to grow with new and repeat customers. Our improved operating performance compared to the same period last year demonstrates the scaling and profitability potential of our model as we continue to penetrate the online lease-to-own market opportunity with the best selection of products compared to our peers. We are already delivering on our 2017 strategic initiatives with the launch of our new ecommerce site on May 2, which provides a faster and improved user experience. We believe our new site experience will have a higher rate of converting visitors to customers who enter into leases."

About FlexShopper

FlexShopper, LLC, a wholly owned subsidiary of FlexShopper, Inc. ([EPAY](#)), is a financial and technology company that provides brand name electronics, home furnishings and other durable goods to consumers on a lease-to-own (LTO) basis through its ecommerce marketplace ([www.FlexShopper.com](#)) and LTO payment method. FlexShopper also provides LTO technology platforms to retailers and e-retailers to facilitate transactions with consumers that want to acquire their products, but do not have sufficient cash or credit. FlexShopper approves consumers utilizing its proprietary consumer screening model, collects from consumers under an LTO contract and funds the LTO transactions by paying merchants for the goods. Follow us on Facebook or Twitter @FlexShopper.

Forward-Looking Statements

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995. Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including those risks and uncertainties described in the Risk Factors and in Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and our subsequently filed Quarterly Reports on Form 10-Q. We urge you to consider those risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Three Months Ended March 31, 2017 compared to Three Months Ended March 31, 2016

Reconciliation of Adjusted Gross Profit	2017	2016	\$ Change	% Change
Net revenues	\$ 17,441,617	\$ 10,193,735	\$ 7,247,882	71.1
Less: Provision for doubtful accounts	4,915,750	2,564,734	2,351,016	91.7
Adjusted Net revenues	12,525,867	7,629,001	4,896,866	64.2
Less: Cost of lease revenue and merchandise sold	8,770,401	5,866,853	2,903,548	49.5
Adjusted Gross profit	\$ 3,755,466	\$ 1,762,148	\$ 1,993,318	113.1
Net revenues as a percentage of Cost of lease revenue	143	% 130	%	

Reconciliation of Adjusted EBITDA	2017	2016	\$ Change	% Change
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Net Loss	\$ (1,054,511)	\$ (2,613,703)	\$ 1,559,192	(59.7)
Add back: depreciation (excluding leased inventory), amortization, interest and stock compensation	950,117	733,779	216,338	29.5
Adjusted EBITDA	\$ (104,394) *	\$ (1,879,924) *	\$ 1,775,530	(94.4)

* Represents loss

Non-GAAP Financial Measures

In this press release, we refer to Adjusted Gross Profit and Adjusted EBITDA. We use these measures to evaluate our operating performance and make strategic decisions about the Company. Management believes that Adjusted Gross Profit and Adjusted EBITDA provide relevant and useful information which is widely used by analysts, investors and competitors in our industry in assessing performance.

Adjusted Gross Profit represents GAAP revenue less the provision for doubtful accounts and cost of leased inventory and inventory sold. Adjusted Gross Profit provides us with an understanding of the results from the primary operations of our business. We use Adjusted Gross Profit to evaluate our period-over-period operating performance. This measure may be useful to an investor in evaluating the underlying operating performance of our business.

Adjusted EBITDA represents net income before interest, taxes, depreciation (other than depreciation of leased inventory) and amortization. We believe that Adjusted EBITDA provides us with an understanding of one aspect of earnings before the impact of investing and financing charges and income taxes. Adjusted EBITDA may be useful to an investor in evaluating our operating performance and liquidity because this measure:

- Is widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company to company.
- Is a financial measurement that is used by rating agencies, lenders and other parties to evaluate our credit worthiness.
- Is used by our management for various purposes, including as a measure of performance and as a basis for strategic planning and forecasting.

Adjusted Gross Profit and Adjusted EBITDA is a supplemental measure of FlexShopper's performance that is neither required by, nor presented in accordance with, GAAP. Adjusted Gross Profit and Adjusted EBITDA should not be considered as a substitute for GAAP metrics such as operating loss, net income or any other performance measures derived in accordance with GAAP.

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