

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 1, 2024

**FlexShopper, Inc.**

(Exact Name of Registrant as Specified in Charter)

|   |                          |                                      |
|---|--------------------------|--------------------------------------|
| Delaware  | 001-37945                | 20-5456087                           |
| (State or other jurisdiction<br>of incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |
| 901 Yamato Road, Suite 260<br>Boca Raton, Florida |                          | 33431                                |
| (Address of principal executive offices)          |                          | (Zip Code)                           |

Registrant's telephone number, including area code: (855) 353-9289

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                        | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.0001 per share | FPAY              | The Nasdaq Stock Market LLC               |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**CURRENT REPORT ON FORM 8-K**

**FlexShopper, Inc.**

**April 1, 2024**

**Item 2.02. Results of Operations and Financial Condition.**

FlexShopper, Inc. (Nasdaq:FPAY) (“FlexShopper”), a leading national online lease-to-own (“LTO”) retailer and LTO payment solution provider, today announced its financial results for the quarter and year ended December 31, 2023, highlighted by increased EBITDA. A copy of the press release is furnished with this report as Exhibit 99.1. Such information, including the Exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(a) Exhibits. The exhibit listed in the following Exhibit Index is filed as part of this current report.

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | <a href="#">Press Release issued by FlexShopper, Inc. on April 1, 2024.</a> |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**FLEXSHOPPER, INC.**

Date: April 1, 2024

By: /s/ H. Russell Heiser, Jr.  
H. Russell Heiser, Jr.  
Chief Executive Officer

# FlexShopper<sup>®</sup>

## FlexShopper, Inc. Reports 2023 Fourth Quarter and Year End Financial Results

BOCA RATON, Fla., April 1, (GLOBE NEWSWIRE) -- FlexShopper, Inc. (Nasdaq:FPAY) ("FlexShopper"), a leading national online lease-to-own ("LTO") retailer and payment solution provider for underserved consumers, today announced its financial results for the quarter ended December 31, 2023.

### Results for Quarter Ended December 31, 2023, vs. Quarter Ended December 31, 2022:

- Total fundings increased 12.0% to \$35.4 million from \$31.6 million
- Total net lease and loan revenues and fees increased 40.9% to \$30.3 million from \$21.5 million
- Gross profit increased 315.8% to \$15.8 million from \$3.8 million
- Adjusted EBITDA<sup>1</sup> increased by \$12.0 million to \$8.1 million from (\$3.9) million
- Operating income of \$5.6 million compared with operating loss of \$5.5 million
- Net loss attributable to common stockholders of \$(715) thousand, or \$(0.03) per diluted share, compared to net income attributable to common stockholders of \$6.0 million, or \$0.27 per diluted share

### Results for Twelve Months Ended December 31, 2023, vs. Twelve Months Ended December 31, 2022:

- Total fundings increased 7.7% to \$120.4 million from \$111.8 million
- Total net lease and loan revenues and fees increased 3.4% to \$117.0 million from \$113.1 million
- Gross profit increased 47.4% to \$54.7 million from \$37.1 million
- Adjusted EBITDA<sup>1</sup> increased by \$23.7 million to \$23.2 million compared to (\$0.5) million
- Operating income of \$13.7 million compared with operating loss of \$6.3 million
- Net loss attributable to common stockholders of \$8.3 million, or \$(0.51) per diluted share, compared to net income attributable to common stockholders of \$9.9 million, or \$0.44 per diluted share

<sup>1</sup> Adjusted EBITDA is a non-GAAP financial measure. Refer to the definition and reconciliation of this measure under "Non-GAAP Measures".

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**Subsequent Events:**

On March 27, 2024, FlexShopper refinanced all the obligations under the 2015 Credit Agreement owed to the Administrative Agent and the lenders, and all liens held by any of the lenders or the Administrative Agent, were discharged and released. The Administrative Agent, the lenders and FlexShopper terminated the 2015 Credit Agreement.

On March 27, 2024, FlexShopper, through a wholly owned subsidiary (“Borrower”), entered into a new credit agreement (the “2024 Credit Agreement”) with Computershare Trust Company, National Association, as paying agent, various lenders from time to time party thereto and Powerscourt Investment 50, LP, an affiliate of Waterfall Asset Management, LLC, as administrative agent and lender (“Lender”). The Borrower is permitted to borrow funds under the 2024 Credit Agreement based on the Company’s cash on hand and the Amortized Order Value of its Eligible Leases (as defined in the 2024 Credit Agreement), less certain deductions described in the 2024 Credit Agreement. Under the terms of the 2024 Credit Agreement, subject to the satisfaction of certain conditions, the Borrower may borrow up to \$150,000,000 from the Lender until the Commitment Termination Date and must repay all borrowed amounts one year thereafter, on the date that is 12 months following the Commitment Termination Date (unless such amounts become due or payable on an earlier date pursuant to the terms of the Credit Agreement). The Commitment Termination Date is April 1, 2026. The Company granted a security interest to the Lender in certain leases and loans as collateral under the 2024 Credit Agreement. The interest rate charged on amounts borrowed is SOFR plus 9% per annum.

The 2024 Credit Agreement includes customary events of default, including, among others, failures to make payment of principal and interest, deficiencies in the borrowing base, and bankruptcy events.

**Conference Call and Webcast Details**

Conference call

Date: Tuesday, April 2, 2024

Time: 8:30 a.m. Eastern Time

Participant Dial-In Numbers:

Domestic callers: (877) 407-2988

International callers: +1 (201) 389-0923

Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=gSrwUmm0>

The call will also be simultaneously webcast over the Internet via the “Investor” section of the Company’s website at [www.flexshopper.com](http://www.flexshopper.com) or by clicking on the conference call link:

<https://hd.choruscall.com/InComm/?callme=true&passcode=13730035&h=true&info=company&r=true&B=6>

An audio replay of the call will be archived on the Company’s website.

**FLEXSHOPPER, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | <b>For the years ended<br/>December 31,</b> |                     |
|--|---|---------------------|
|  | <b>2023</b>                                 | <b>2022</b>         |
| <b>Revenues:</b>   |   |                     |
| Lease revenues and fees, net   | \$ 91,943,729                               | \$ 105,936,072      |
| Loan revenues and fees, net of changes in fair value   | 25,031,278                                  | 7,120,101           |
| <b>Total revenues</b>  | <b>116,975,007</b>                          | <b>113,056,173</b>  |
| <b>Costs and expenses:</b>   |   |                     |
| Depreciation and impairment of lease merchandise   | 56,288,128                                  | 72,556,431          |
| Loan origination costs and fees  | 6,007,598                                   | 3,384,013           |
| Marketing  | 7,620,795                                   | 11,031,695          |
| Salaries and benefits  | 12,499,099                                  | 10,991,477          |
| Operating expenses   | 24,547,729                                  | 21,395,767          |
| Net change in fair value of promissory note related to acquisition                               | (3,678,689)                                 | -                   |
| <b>Total costs and expenses</b>  | <b>103,284,660</b>                          | <b>119,359,383</b>  |
| <b>Operating income/ (loss)</b>  | <b>13,690,347</b>                           | <b>(6,303,210)</b>  |
| Gain on bargain purchase   | -   | 14,461,274          |
| Interest expense including amortization of debt issuance costs                                   | (18,913,773)                                | (11,161,396)        |
| Loss before income taxes   | (5,223,426)                                 | (3,003,332)         |
| Benefit from income taxes  | 989,809                                     | 16,635,051          |
| <b>Net (loss)/ income</b>  | <b>(4,233,617)</b>                          | <b>13,631,719</b>   |
| Dividends on Series 2 Convertible Preferred Shares   | 4,103,638                                   | 3,730,580           |
| <b>Net (loss)/ income attributable to common and Series 1 Convertible Preferred shareholders</b> | <b>\$ (8,337,255)</b>                       | <b>\$ 9,901,139</b> |
| <b>Basic and diluted (loss)/ income per common share:</b>  |   |                     |
| Basic  | \$ (0.51)                                   | \$ 0.45             |
| Diluted  | \$ (0.51)                                   | \$ 0.44             |
| <b>WEIGHTED AVERAGE COMMON SHARES:</b>   |   |                     |
| Basic  | 16,260,349                                  | 21,646,896          |
| Diluted  | 16,260,349                                  | 22,425,354          |

**FLEXSHOPPER, INC.**  
**CONSOLIDATED BALANCE SHEETS**

|  | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| <b>ASSETS</b>  |                                    |                                    |
| <b>CURRENT ASSETS:</b>   |                                    |                                    |
| Cash   | \$ 4,413,130                       | \$ 6,051,713                       |
| Restricted cash  | -                                  | 121,636                            |
| Lease receivables, net   | 44,795,090                         | 35,540,043                         |
| Loan receivables at fair value   | 35,794,290                         | 32,932,504                         |
| Prepaid expenses and other assets  | 3,300,677                          | 3,489,136                          |
| Lease merchandise, net   | 29,131,440                         | 31,550,441                         |
| <b>Total current assets</b>  | <u>117,434,627</u>                 | <u>109,685,473</u>                 |
| Property and equipment, net  | 9,308,859                          | 8,086,862                          |
| Right of use asset, net  | 1,237,010                          | 1,406,270                          |
| Intangible assets, net   | 13,391,305                         | 15,162,349                         |
| Other assets, net  | 2,175,215                          | 1,934,728                          |
| Deferred tax asset, net  | 12,943,361                         | 12,013,828                         |
| <b>Total assets</b>  | <u>\$ 156,490,377</u>              | <u>\$ 148,289,510</u>              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                    |                                    |
| <b>CURRENT LIABILITIES:</b>  |                                    |                                    |
| Accounts payable   | \$ 7,139,848                       | \$ 6,511,943                       |
| Accrued payroll and related taxes  | 578,197                            | 310,820                            |
| Promissory notes to related parties, including accrued interest  | 198,624                            | 1,209,455                          |
| Accrued expenses   | 3,972,397                          | 3,988,093                          |
| Lease liability - current portion  | 245,052                            | 208,001                            |
| <b>Total current liabilities</b>   | <u>12,134,118</u>                  | <u>12,228,312</u>                  |
| Loan payable under credit agreement to beneficial shareholder, net of unamortized issuance costs of \$70,780 at December 31, 2023 and \$352,252 at December 31, 2022     | 96,384,220                         | 80,847,748                         |
| Promissory notes to related parties, net of unamortized issuance costs of \$649,953 at December 31, 2023 and \$0 at December 31, 2022, and net of current portion        | 10,100,047                         | 10,750,000                         |
| Promissory note related to acquisition, net of discount of \$1,165,027 at December 31, 2022  | -                                  | 3,158,471                          |
| Loan payable under Basepoint credit agreement, net of unamortized issuance costs of \$92,963 at December 31, 2023  | 7,319,641                          | -                                  |
| Purchase consideration payable related to acquisition  | -                                  | 8,703,684                          |
| Lease liabilities, net of current portion  | 1,321,578                          | 1,566,622                          |
| <b>Total liabilities</b>   | <u>127,259,604</u>                 | <u>117,254,837</u>                 |
| <b>STOCKHOLDERS' EQUITY</b>  |                                    |                                    |
| Series 1 Convertible Preferred Stock, \$0.001 par value - authorized 250,000 shares, issued and outstanding 170,332 shares at \$5.00 stated value                        | 851,660                            | 851,660                            |
| Series 2 Convertible Preferred Stock, \$0.001 par value - authorized 25,000 shares, issued and outstanding 21,952 shares at \$1,000 stated value                         | 21,952,000                         | 21,952,000                         |
| Common stock, \$0.0001 par value- authorized 40,000,000 shares, issued and outstanding 21,752,304 shares at December 31, 2023 and 21,750,804 shares at December 31, 2022 | 2,176                              | 2,176                              |
| Treasury shares, at cost- 164,029 shares at 2023   | (166,757)                          | -                                  |
| Additional paid in capital   | 42,415,894                         | 39,819,420                         |
| Accumulated deficit  | (35,824,200)                       | (31,590,583)                       |
| <b>Total stockholders' equity</b>  | <u>29,230,773</u>                  | <u>31,034,673</u>                  |
|  | <u>\$ 156,490,377</u>              | <u>\$ 148,289,510</u>              |

**FLEXSHOPPER, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2023 and 2022

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                     |
| Net (loss)/ income  | \$ (4,233,617)      | \$ 13,631,719       |
| Adjustments to reconcile net (loss)/ income to net cash used in operating activities: |                     |                     |
| Depreciation and impairment of lease merchandise                                      | 56,288,128          | 72,556,431          |
| Other depreciation and amortization   | 7,881,110           | 4,769,614           |
| Amortization of debt issuance costs   | 571,538             | 228,843             |
| Amortization of discount on the promissory note related to acquisition                | 236,952             | 19,747              |
| Compensation expense related to stock-based compensation                              | 1,677,708           | 997,830             |
| Provision for doubtful accounts   | 42,505,647          | 57,420,480          |
| Interest in kind added to promissory notes balance                                    | -                   | 155,093             |
| Deferred income tax   | (929,533)           | (17,282,364)        |
| Net change in fair value of promissory note related to acquisition                    | (3,678,689)         | -                   |
| Gain on bargain purchase  | -                   | (14,461,274)        |
| Net changes in the fair value of loan receivables at fair value                       | (10,217,854)        | 9,559,979           |
| Changes in operating assets and liabilities, net of effects of acquisition:           |                     |                     |
| Lease receivables   | (51,760,694)        | (67,487,369)        |
| Loan receivables at fair value  | 7,356,068           | (25,612,049)        |
| Prepaid expenses and other assets   | 177,169             | (1,670,836)         |
| Lease merchandise   | (53,869,127)        | (63,164,760)        |
| Purchase consideration payable related to acquisition                                 | 208,921             | 164,102             |
| Promissory note related to acquisition  | 283,266             | -                   |
| Lease liabilities   | (30,268)            | (14,488)            |
| Accounts payable  | 627,905             | (1,976,844)         |
| Accrued payroll and related taxes   | 267,377             | (80,258)            |
| Accrued expenses  | (26,527)            | 1,009,468           |
| Net cash used in operating activities   | <u>(6,664,520)</u>  | <u>(31,236,936)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Cash acquired in business combination   | -                   | 2,938,355           |
| Purchases of property and equipment, including capitalized software costs             | (6,335,276)         | (6,498,115)         |
| Purchases of data costs   | (1,225,983)         | (1,640,885)         |
| Net cash used in investing activities   | <u>(7,561,259)</u>  | <u>(5,200,645)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Proceeds from loan payable under credit agreement                                     | 18,050,000          | 36,455,000          |
| Repayment of loan payable under credit agreement                                      | (2,795,000)         | (5,730,000)         |
| Repayment of loan payable under Basepoint credit agreement                            | (1,500,000)         | -                   |
| Repayment of promissory notes to related parties                                      | (1,000,000)         | -                   |
| Debt issuance related costs   | (115,403)           | (166,745)           |
| Proceeds from exercise of stock options   | 1,185               | 261,505             |
| Proceeds from promissory notes to related parties                                     | -                   | 7,000,000           |
| Principal payment under finance lease obligation                                      | (8,465)             | (11,184)            |
| Repayment of purchase consideration payable related to acquisition                    | -                   | (283,266)           |
| Repayment of installment loan   | -                   | (9,022)             |
| Purchases of Treasury Stock   | (166,757)           | -                   |
| Net cash provided by financing activities   | <u>12,465,560</u>   | <u>37,516,288</u>   |
| (DECREASE)/ INCREASE IN CASH and RESTRICTED CASH                                      | (1,760,219)         | 1,078,707           |
| CASH and RESTRICTED CASH, beginning of period   | <u>6,173,349</u>    | <u>5,094,642</u>    |
| CASH and RESTRICTED CASH, end of period   | <u>\$ 4,413,130</u> | <u>\$ 6,173,349</u> |
| Supplemental cash flow information:   |                     |                     |
| Interest paid   | \$ 17,337,292       | \$ 10,289,334       |
| Due date extension of warrants  | \$ 917,581          | \$ -                |
| Noncash investing and financing activities  |                     |                     |
| Acquisition of loan receivables at fair value   | \$ -                | \$ 13,320,326       |
| Acquisition of property and equipment   | -                   | 136,249             |
| Acquisition of intangible assets  | -                   | 15,307,894          |
| Acquisition of purchase consideration payable related to acquisition                  | -                   | 8,539,582           |
| Acquisition of accounts payable   | -                   | 506,607             |
| Acquisition of deferred tax liability   | -                   | 4,773,370           |
| Issuance of promissory note related to acquisition                                    | -                   | 3,421,991           |

## Non-GAAP Measures

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

Adjusted EBITDA represents net income before interest, stock-based compensation, taxes, depreciation (other than depreciation of leased merchandise), amortization, and one-time or non-recurring items. 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.

Key performance metrics for the years ended December 31, 2023 and 2022 were as follows:

|  | <u>2023</u>          | <u>2022</u>         | <u>\$ Change</u>     | <u>% Change</u>  |
|--|----------------------|---------------------|----------------------|------------------|
| <b>Adjusted EBITDA:</b>  |                      |                     |                      |                  |
| Net (loss)/ income   | \$ (4,233,617)       | \$ 13,631,719       | \$ (17,865,336)      | (131.1)          |
| Income taxes   | (989,809)            | (16,635,051)        | 15,645,242           | (94.0)           |
| Amortization of debt issuance costs                                    | 571,538              | 228,843             | 342,695              | 149.8            |
| Amortization of discount on the promissory note related to acquisition | 236,952              | 19,746              | 217,206              | 1,100.0          |
| Other amortization and depreciation                                    | 7,881,110            | 4,769,614           | 3,111,496            | 65.2             |
| Interest expense   | 18,105,282           | 10,912,808          | 7,192,474            | 65.9             |
| Stock-based compensation   | 1,677,708            | 997,830             | 679,878              | 68.1             |
| Gain on bargain purchase   | -                    | (14,461,274)        | 14,461,274           |                  |
| Adjusted EBITDA  | <u>\$ 23,249,164</u> | <u>\$ (535,765)</u> | <u>\$ 23,784,929</u> | <u>(4,439.4)</u> |

The Company refers to Adjusted EBITDA in the above table as the Company uses this measure to evaluate operating performance and to make strategic decisions about the Company. Management believes that Adjusted EBITDA provides relevant and useful information which is widely used by analysts, investors and competitors in its industry in assessing performance.

## About FlexShopper

FlexShopper, Inc. (FPAY) is a financial technology company that provides electronics, home furnishings and other durable goods to underserved consumers on a lease-to-own (LTO) basis through its patented e-commerce marketplace (www.FlexShopper.com). FlexShopper also provides LTO and loan technology platforms to a growing number of retailers and e-retailers to facilitate transactions with consumers without access to traditional financing.

## Forward-Looking Statements

All statements in this release that are not based on historical fact are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as “believe,” “expect,” “may,” “will,” “should,” “could,” “seek,” “intend,” “plan,” “goal,” “estimate,” “anticipate,” or other comparable terms. Examples of forward-looking statements include, among others, statements we make regarding expectations of lease originations, the expansion of our lease-to-own program; expectations concerning our partnerships with retail partners; investments in, and the success of, our underwriting technology and risk analytics platform; our ability to collect payments due from customers; expected future operating results and expectations concerning our business strategy. 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, among others, the following: our ability to obtain adequate financing to fund our business operations in the future; the failure to successfully manage and grow our FlexShopper.com e-commerce platform; our ability to maintain compliance with financial covenants under our credit agreement; our dependence on the success of our third-party retail partners and our continued relationships with them; our compliance with various federal, state and local laws and regulations, including those related to consumer protection; the failure to protect the integrity and security of customer and employee information; and the other 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 Annual Report on Form 10-K and subsequently filed Quarterly Reports on Form 10-Q. The forward-looking statements made in this release speak only as of the date of this release, and FlexShopper assumes no obligation to update any such forward-looking statements to reflect actual results or changes in expectations, except as otherwise required by law.

## Contact:

FlexShopper, Inc.  
Investor Relations  
ir@flexshopper.com



FlexShopper, Inc.