

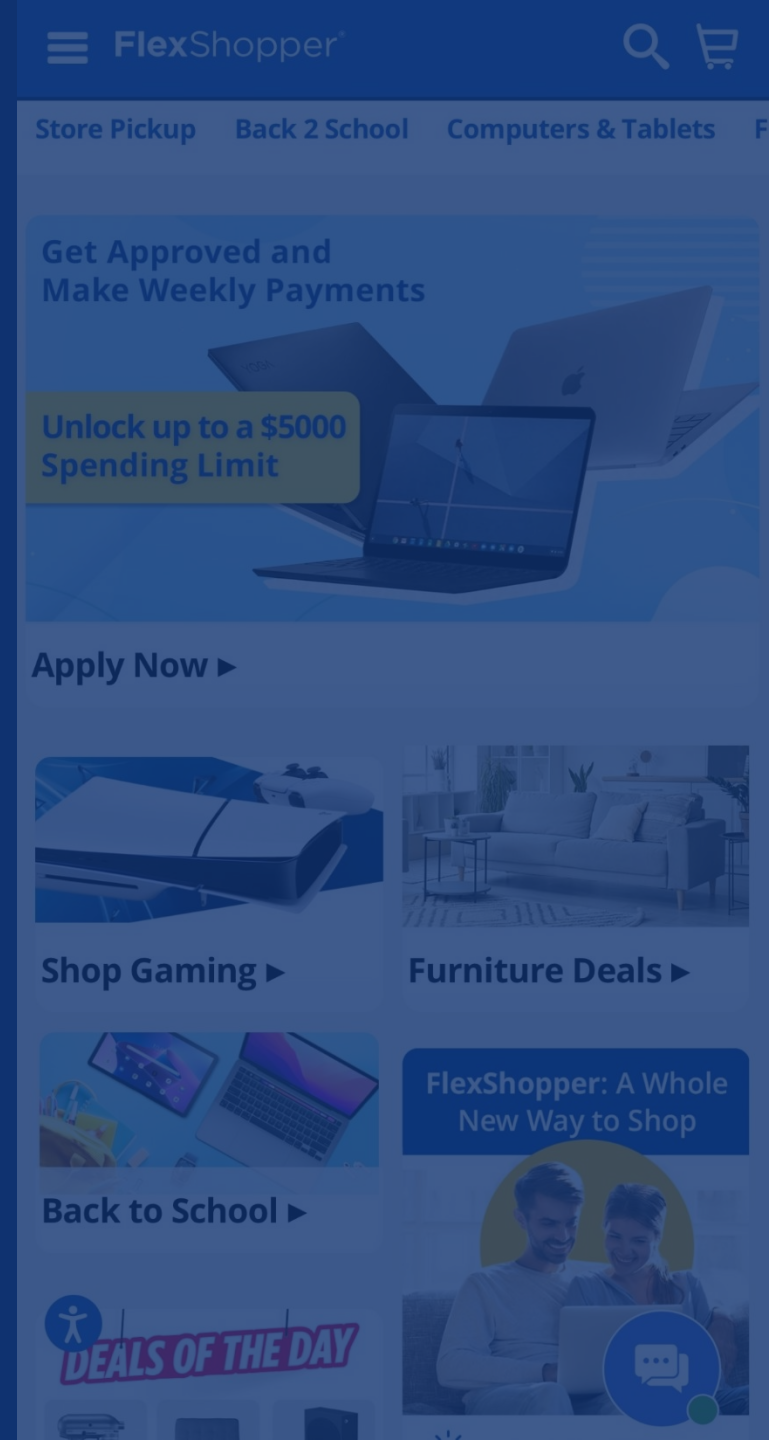
# FlexShopper<sup>®</sup>

*A whole new way to shop*

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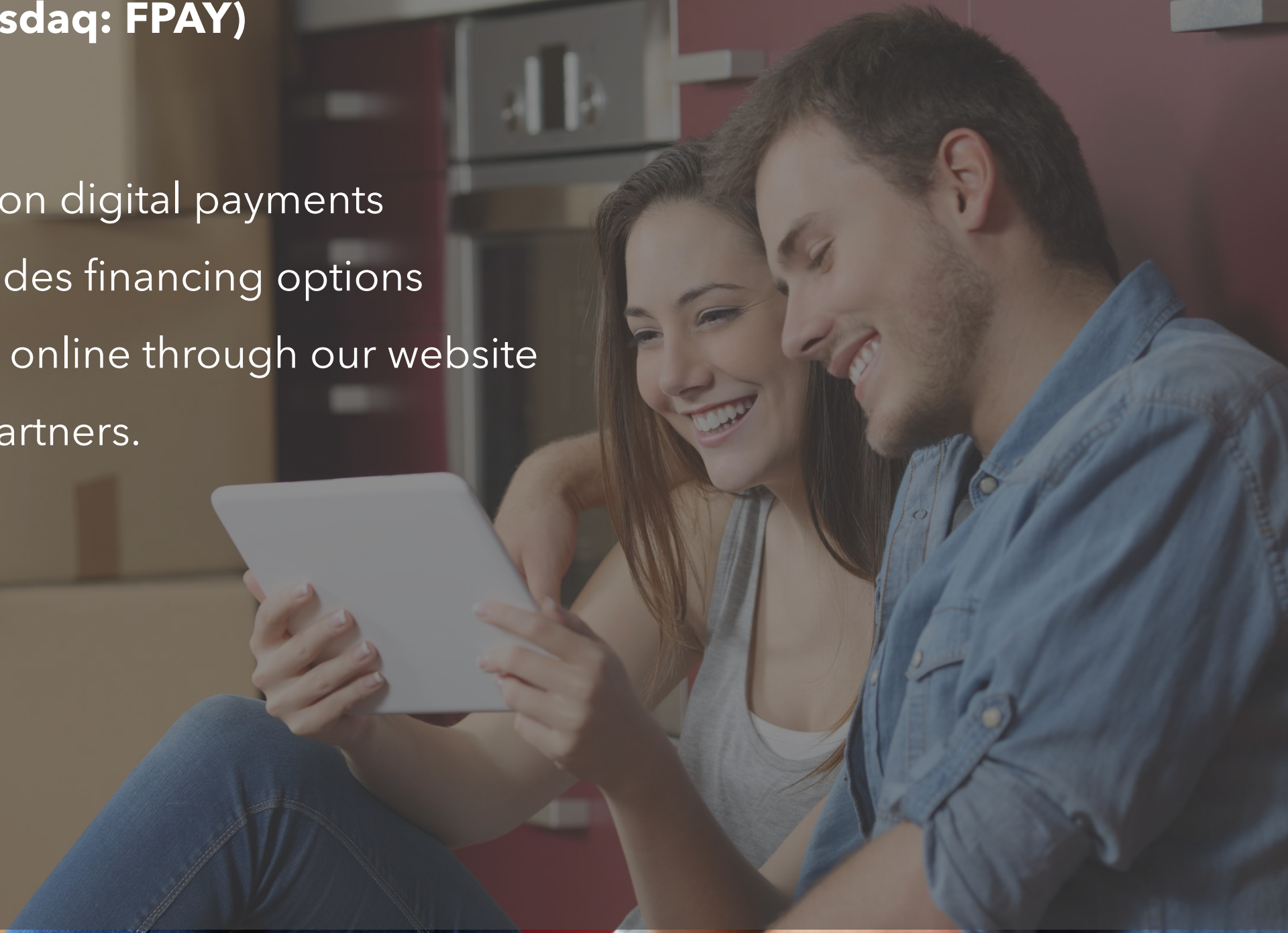
**Investor Presentation**

**September 2024**



## FlexShopper (Nasdaq: FPAY)

Our next-generation digital payments marketplace provides financing options to any consumer - online through our website and at our retail partners.



# Safe Harbor Statement & Use of Non-GAAP Information

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## Forward Looking Statements

This presentation includes forward looking statements that are made pursuant to the "safe harbor" provisions of the private securities litigation reform act of 1995. Forward looking statements reflect our current views with respect to future events and involve inherent risks and uncertainties which could cause actual results to differ materially from our historical experience and present expectations or projections 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 the prospectus included in our registration statement on Form S 1 (No 333 226823 and the Company's most recently filed annual report on form 10 K and subsequently filed quarterly reports on form 10 Q, each filed with the Securities and Exchange Commission. One can find many (but not all) of these statements by looking for terms such as "believe," "expect," "hope," "project," "may," "should," "would," "could," "seek," "intend," "plan," "estimate," and similar terms all statements other than statements of historical facts included in this presentation, including statements regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward looking statements.

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 represent our estimates and assumptions only as of the date hereof except as required by law, we undertake no obligation to update any forward looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise We anticipate that subsequent events and developments will cause our views to change.

In this presentation, we refer to information regarding potential markets and other industry data We believe that all such information has been obtained from reliable sources that are customarily relied upon by companies in our industry However, we have not independently verified any such information.

## Use of Non GAAP Financial Information

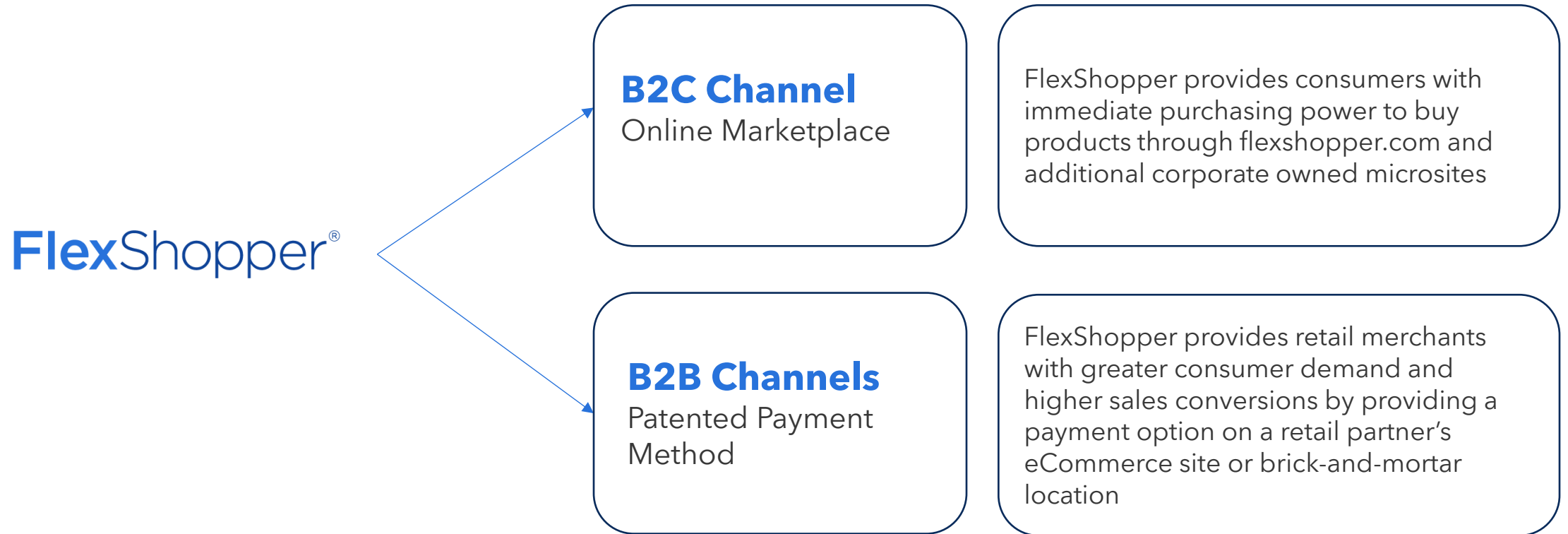
This presentation includes calculations not calculated or presented in accordance with US GAAP We believe these non GAAP measures provide useful supplemental information for period to period comparisons of our business and can assist investors and others in understanding and evaluating our operating results. However, these non GAAP measures should not be considered in isolation or as an alternative to any measures of financial performance calculated and presented in accordance with GAAP. Other companies may calculate this non GAAP measure differently than we do.

The Company's guidance for Gross Lease Originations, Gross Revenue, Gross Profit and Adjusted EBITDA are forward looking statements. They are subject to various risks and uncertainties that could cause the Company's actual results to differ materially from the anticipated targets. There can be no assurance the Company will meet these financial projections Additionally, Adjusted EBITDA is a non GAAP financial measure. Refer to the definitions of this measure under "Non GAAP Measures," but note that information reconciling forward looking non GAAP measures to GAAP measures is not available without unreasonable effort. The trademarks/logos appearing in this presentation belong to their respective owners and do not provide or imply any endorsement, sponsorship or affiliation.

# About FlexShopper

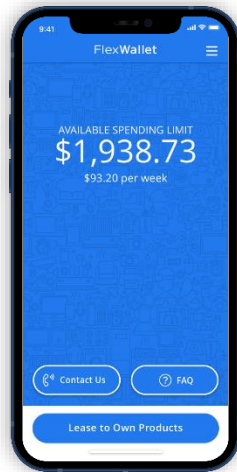
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# Asset Light, Dual Channel Model

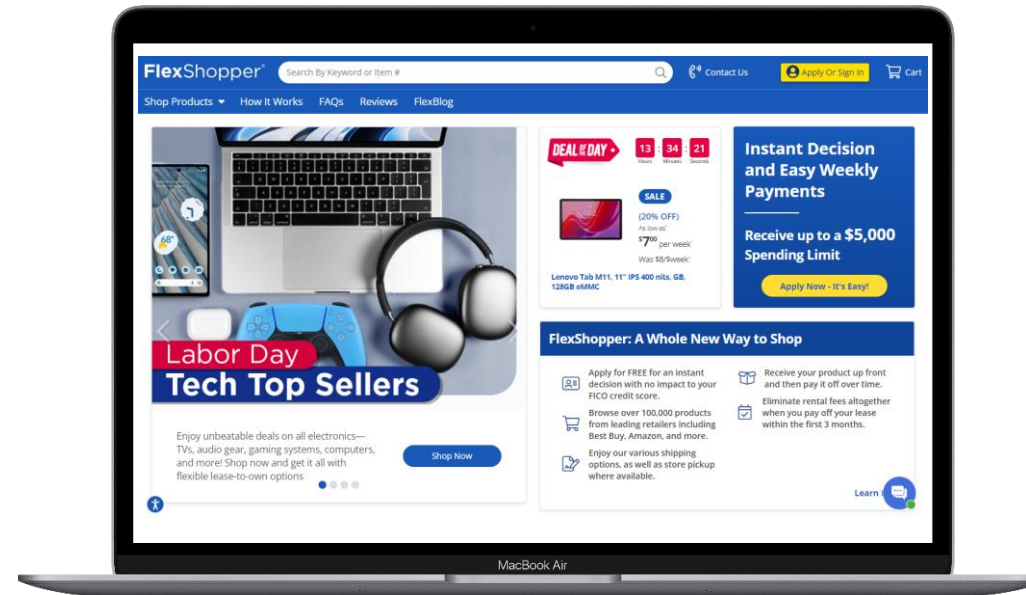


**FlexShopper's unique dual channel allows the Company to follow its customers, supporting cross-selling opportunities and repeat customer transactions**

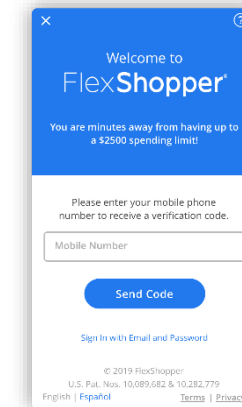
### Omni-Channel Points of Access



Retail with Web & Mobile Apps



The Largest Online Lease-to-Own Marketplace



eCommerce Payment Method

# B2C Channel Overview

## B2C Highlights

77k+ SKUs from top retailers

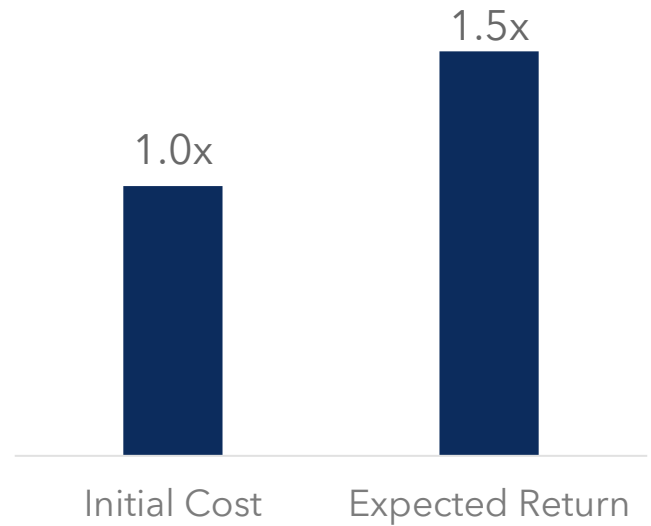
~23% avg. product margin across FlexShopper's marketplace

Unlimited expansion opportunities through microsites

Dropship program eliminates inventory risk

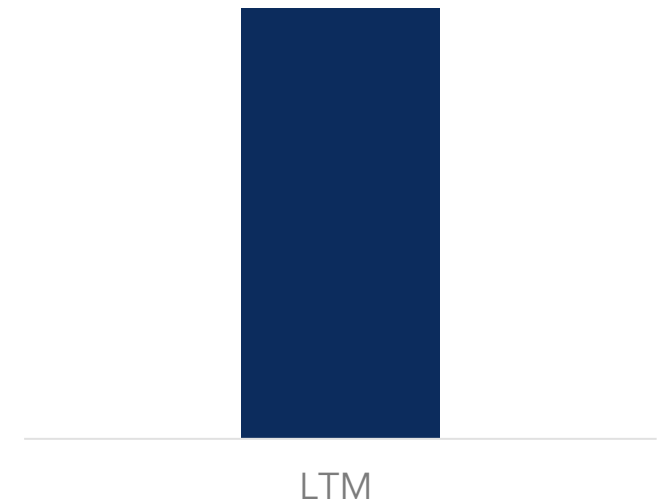
## Expected Cash on Cash Return

Model yields predictable and attractive cash-on-cash returns in first year



## % of Repeat Customers

50% Repeat Customers



# B2B Channel Overview

## B2B Highlights

FlexShopper's payment solution supported by the addition of 4 integrated partners

Integrated waterfall offers full credit stack for retailers

Supports incremental revenue opportunities for retail partners

Significant growth in retail locations over the past 3 years

## Higher Conversion Rates

Merchants experience an increase of approximately 40% in financed orders

40%



Increase in Financed Orders

## % of Repeat Customers

36%  
Repeat Customers



LTM



# Patent Protected, Technology Enabled LTO Platform

**FlexShopper<sup>®</sup>**

**FlexShopper believes its five issued patents create a defensible moat around the Company's business**

**US10282778B1**  
Patent Number

**US10891687B2**  
Patent Number

**US12067611B2**  
Patent Number

**US10089682B1**  
Patent Number

**US11966969B2**  
Patent Number

**Patents cover computer implemented systems and methods for a LTO program**

# Financial Performance

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# FlexShopper is a Next-Generation, Asset Light, Consumer Finance Payment Provider

## Key Statistics

**~\$400 mil.** Approved LTM Lease Limit

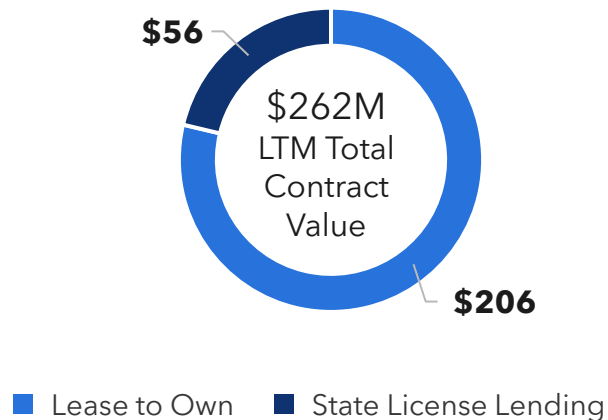
**~\$200 mil.** LTM Gross LTO Originations

**+500,000** Growing Customer Base

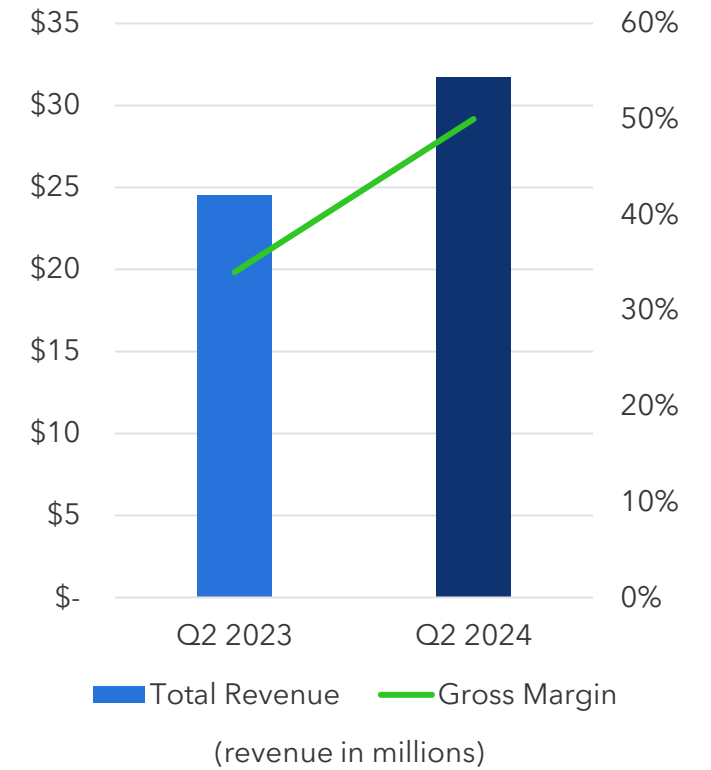
**~4,000** Retail Partner Locations

## Leading Payment Solutions

Our payment solutions provide multiple opportunities to establish long-term relationships with our customers



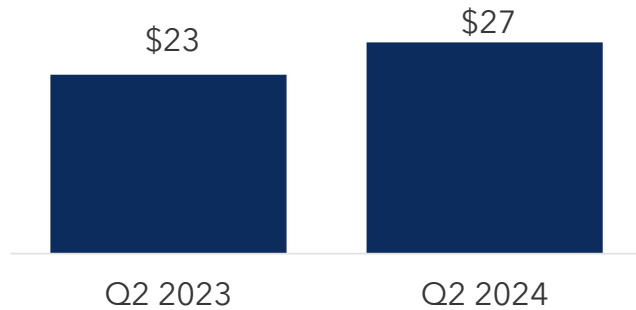
## Q2 Revenue and Margin



# Financial Highlights

## Lease Net Revenue (\$ in millions)

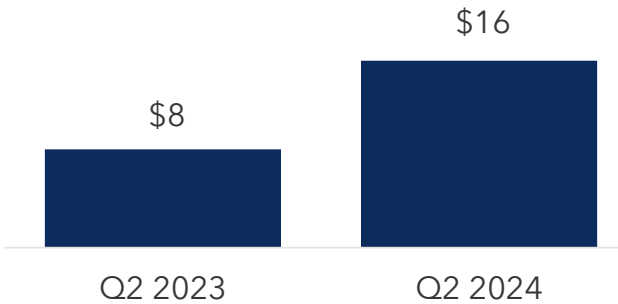
YoY Growth: 18.2%



- Lease growth in 2024 is accelerating as a result of the initial success of the Company's strategic growth priorities
- Total revenue growth for the 2024 second quarter increased by over 29%

## Gross Profit (\$ in millions)

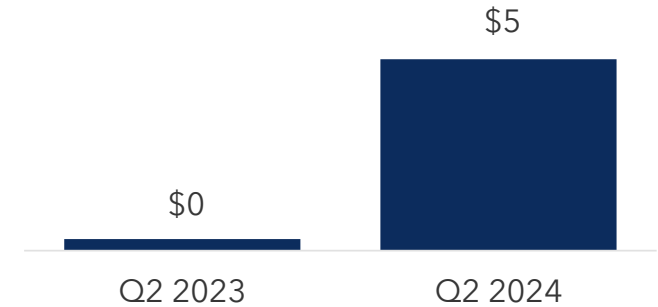
YoY Growth: 90.1%



- Growth in gross profit translated into a 50% gross margin in the 2024 second quarter, compared to 34% in the same period last year
- Improvements in gross profit and gross margin are a direct result of the strategies FlexShopper is pursuing to capture retail revenue and margin

## Adjusted EBITDA (\$ in millions)

YoY Growth: 1,555%



- Revenue growth combined with higher gross margin, controlled operating expenses and stronger asset quality supported strong year-over-year adjusted EBITDA growth
- Provision for doubtful accounts produced a \$3.0 million benefit to the second quarter as a result of strong asset quality

# Asset Light Model

## Access to Capital to Support Growth

FlexShopper ended the second quarter of 2024 with cash of \$4.9 million and \$32.2 million of permitted borrowing capacity

## No Inventory Risk

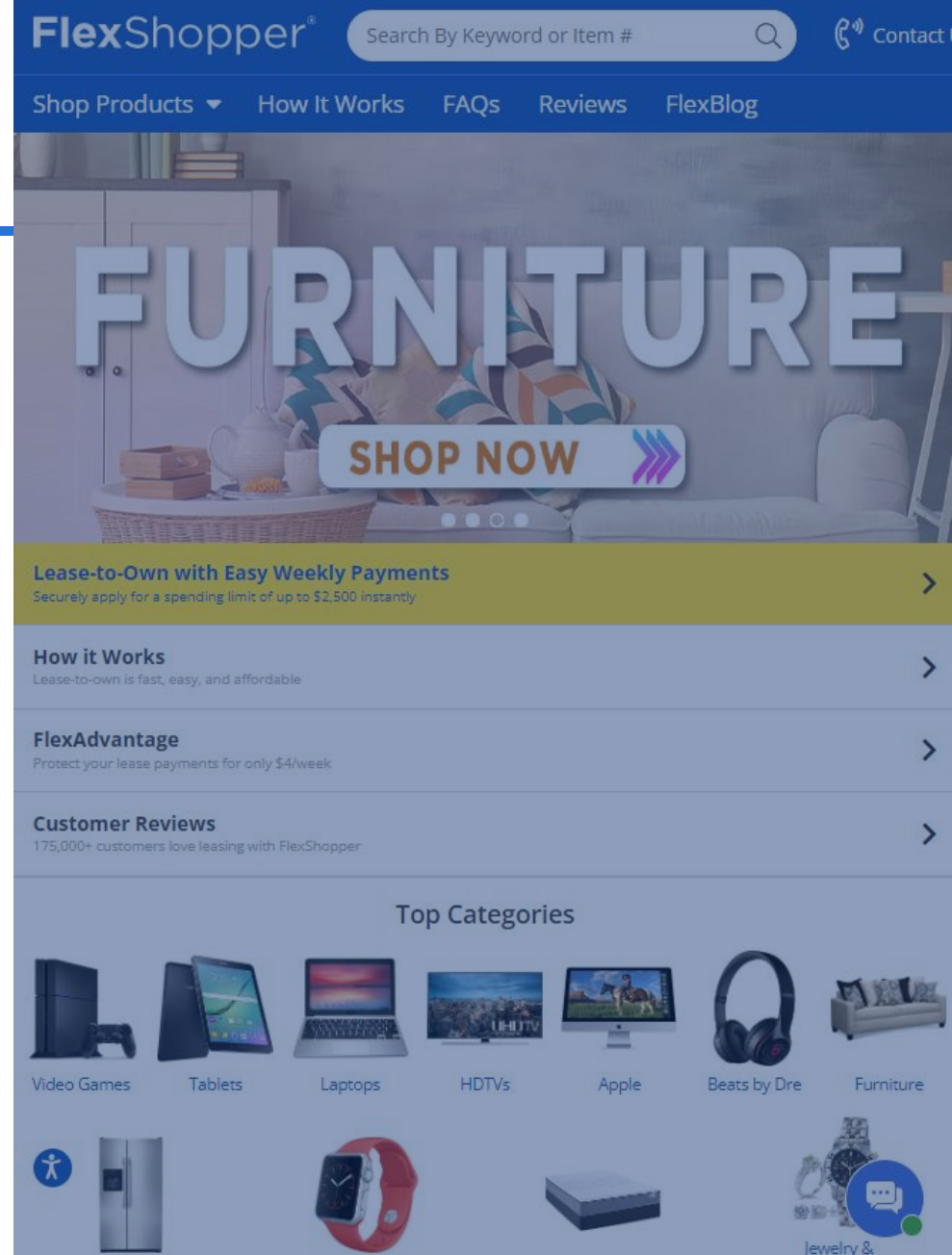
Strategic relationships with distributors and manufacturers who dropship products directly to customers eliminates inventory requirements

## Low Cap Ex Requirements

Only \$9.4 million in property plant and equipment at June 30, 2024

## Growth Focused Capital Allocation Priorities

Without the need to invest in inventory, FlexShopper can allocate capital to support its technology road map, marketing programs, and loan and lease growth



# FlexShopper Platform

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# Investment Highlights

**16x**

Q2 YoY  
Adj. EBITDA  
growth

## Profitable financial model

FlexShopper is executing against a multi-year strategic plan that is driving profitable growth

**5**

Patents

## Defensible platform

Asset-light, technology enabled platform supported by five issued patents

**3,935**

Total  
merchant  
locations

## Strong merchant value proposition

We offer merchants a pipeline of new, engaged and loyal consumers

**1.5+**

Expected  
cash-on-  
cash return

## Favorable risk adjusted returns

Markup is 2.0x - 2.4x the cost of the merchandise/loan over a 52-week term, with a bad-debt assumption of ~25% (or 0.50x)

**~42%**

Repeat  
customers

## High repeat customer base

Supporting customers across their journey by providing quick decisions, multiple financing solutions, and great service

**~37%**

Insider  
Ownership

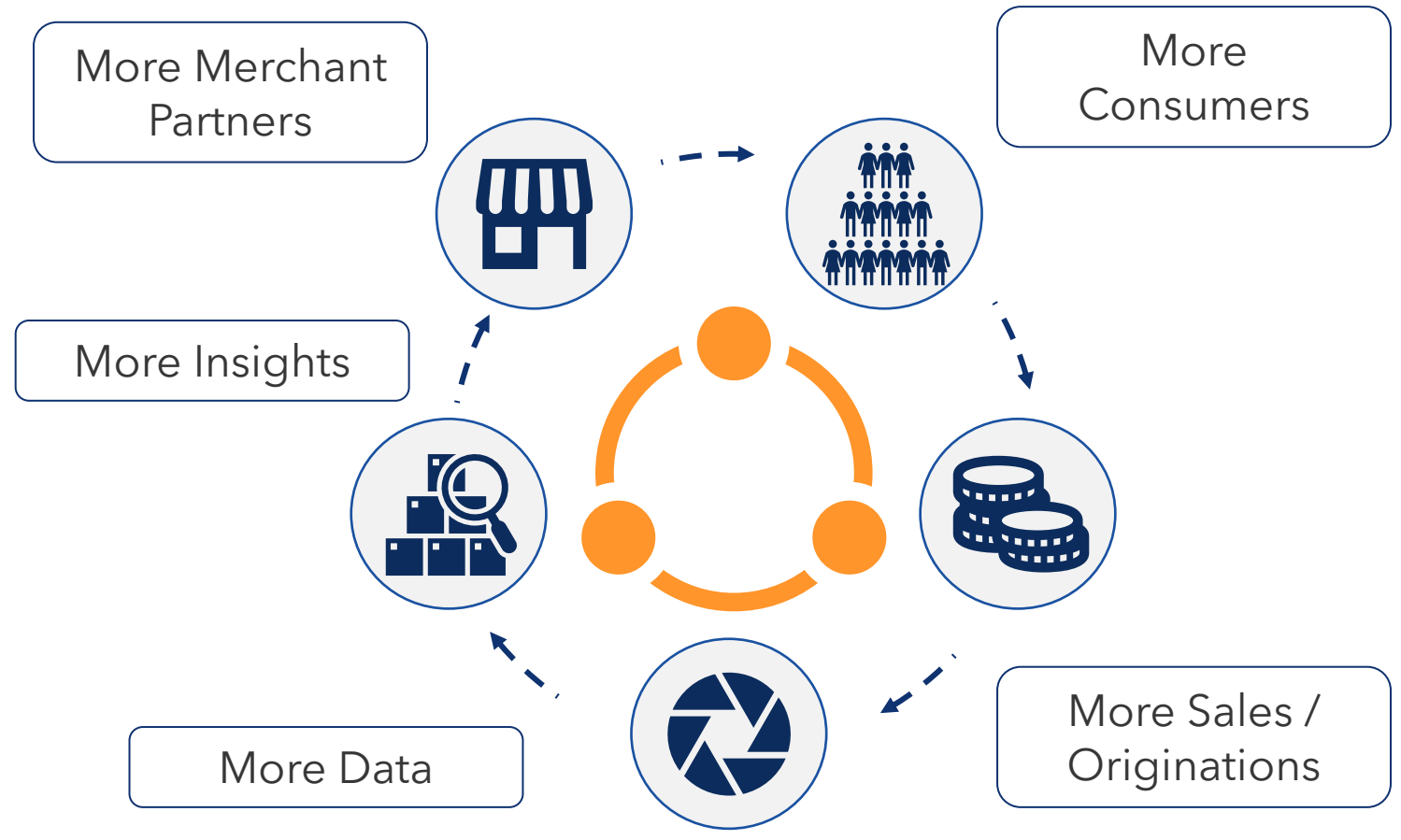
## Aligned insider ownership

Insiders own approximately 37% of FlexShopper's outstanding shares and continue to purchase shares in the open market

**Management and the Board are committed to pursuing strategies to create long-term value for shareholders.**

# Capabilities Grow with Each Transaction and Support Our Growth Flywheel

Each consumer added to FlexShopper's marketplace further refines our proprietary algorithms, strengthens our insights into consumer behavior and marketing capabilities, while increasing our attractiveness to both merchant partners and consumers





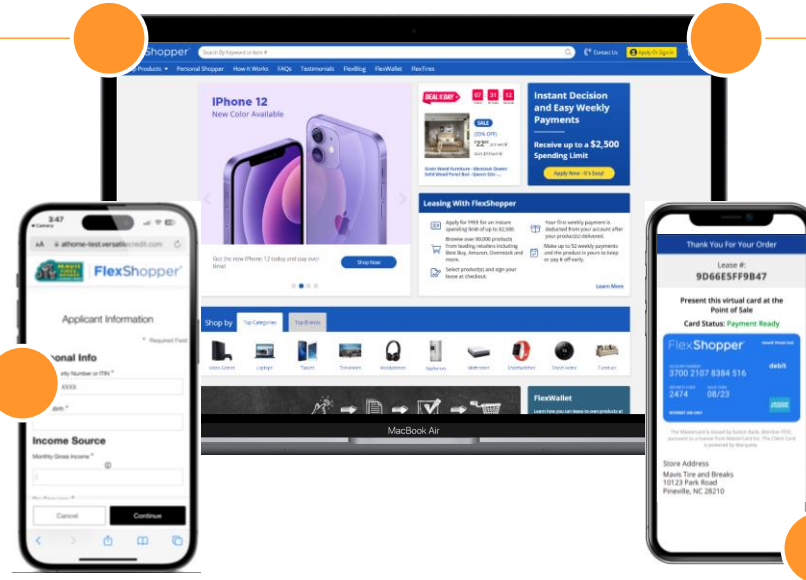
# Technology Enabled and Highly Scalable Platform

## Large Data Set and Proprietary Decisioning Engine

- Largest marketplace LTO provider in the country with a vast database of customers
- Over 1M leases with detailed credit profiles and mature lease performance data

## Partner Integration

- Interconnected inventory management system
- Fulfillment engine



## Proprietary, Sophisticated Machine Learning Algorithms

- Industry-leading data science team designing and maintaining custom decisioning algorithms with machine learning technology
- Sophisticated gradient boosting, use of proprietary and industry benchmark models, and distributed computing capability

## Fully Digital and Cloud Based

Underwriting supported by

Fraud Filters

Risk Models

Approval Amount Models

Pricing Models

**99% of decisions are completely automated with a median decision time of 5 seconds**

# ROI Focused Technology and Funding Partner Strategies

## Technology Partners

Focused on partners that enhance FlexShopper's technology stack



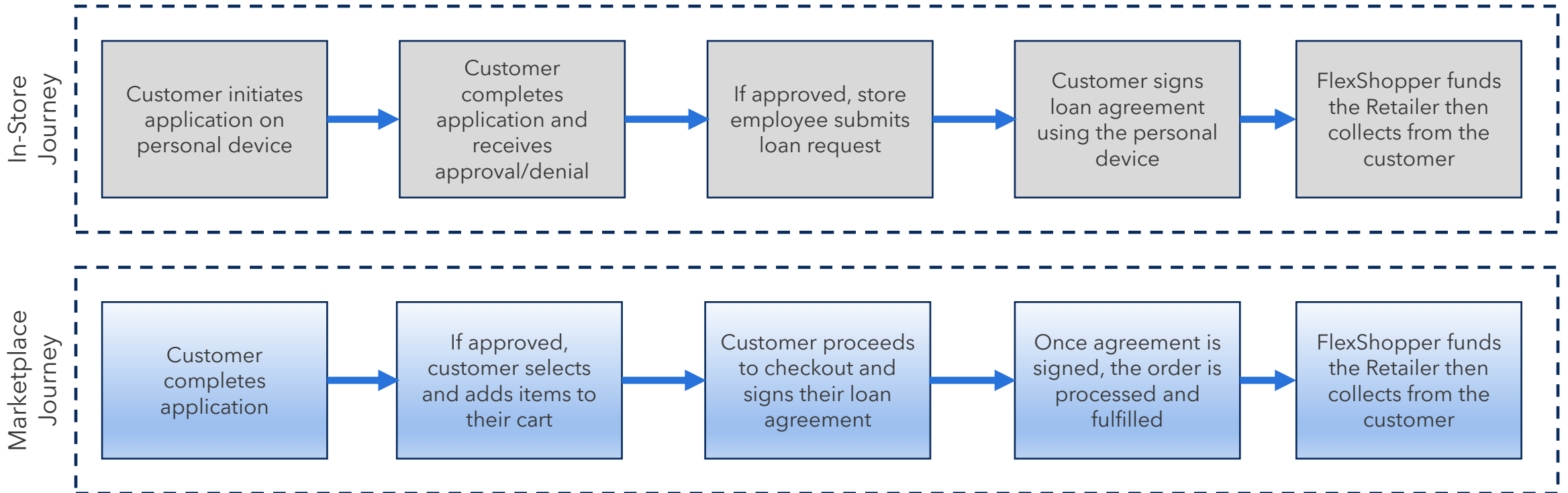
## Funding & Distribution Partners

Funding partners provide opportunities to add increase TAM and enhance credit waterfall



**FlexShopper's best-in-class technology partners support the Company's differentiated model**

# Support Customers Throughout Their Journey

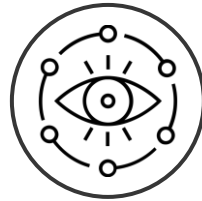


**FlexShopper is channel agnostic and of its in-store customers ~23% are then captured on FlexShopper's marketplace**

# State of the Art Fraud Detection & Prevention Tools



Social Security Number Validation



24x7 Transaction Level Internal Fraud Review



Multi-Factor Authentication & Phone Verification



Instant Bank Verification



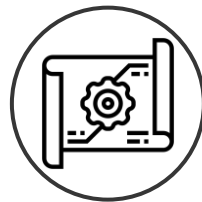
Device IP Risk, Use of VPN, Anonymous Networks



Email Verification



IP Geolocation & Shipping Address Verification



Proprietary ML Based Fraud Model

## FlexShopper's Machine Learning Fraud Platform and Model is Supported by Best-In-Class Partners



# Maintain Strong Asset Quality



## Underwriting and fraud prevention

Large data set and proprietary decisioning engine provide competitive advantage



## Collection methodology

Increasing engagement, adding third-party collection partners, and implementing additional customer communication tools and processes



## Risk based pricing

Flexibility to maximize risk-based returns and capture additional customers, while navigating changes in the macroeconomic and interest rate environment



## High repeat customer base

Prior relationship and payment history supports strong asset quality

## Provision for Doubtful Accounts to Gross Lease Billings and Fees

33.4%

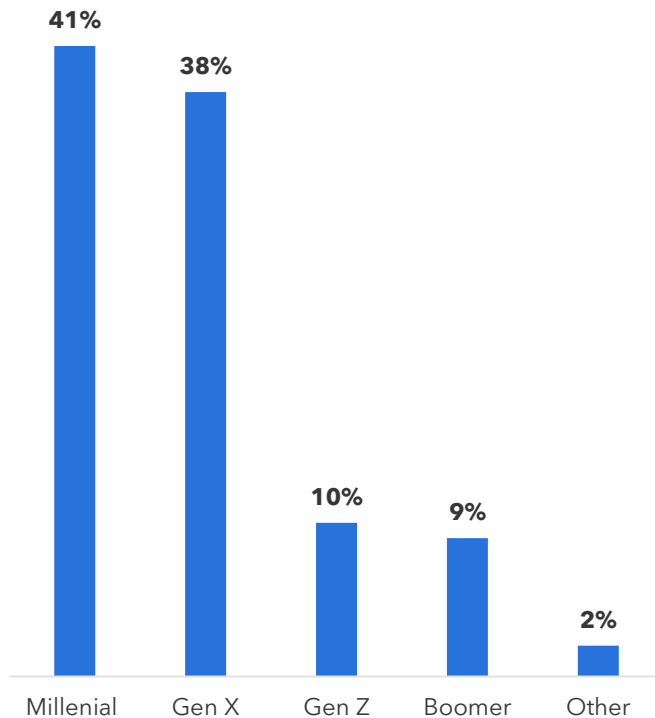
Q2 2023

22.5%

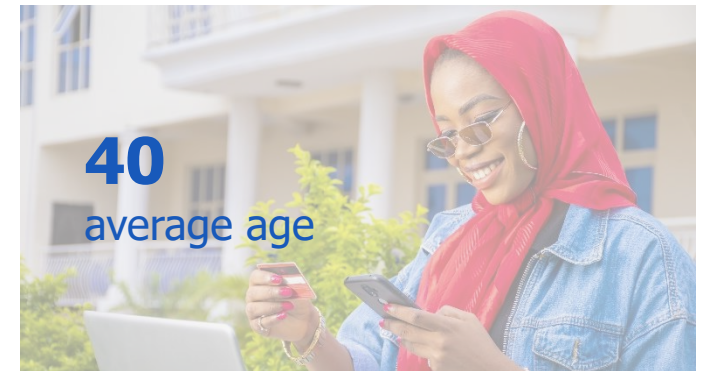
Q2 2024

# Customer Demographic and Profile

## Percent of Applications



## Core Customer Profile



# Growth Strategies

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# Key Growth Strategies to Drive Shareholder Value

- 1** Grow TAM by pursuing additional technology, payment, and retail partnerships
- 2** Expand marketing efficiencies to increase traffic and conversion
- 3** Increase retail opportunities to drive higher margins and increase product selection
- 4** Continue growing merchant count and physical store count

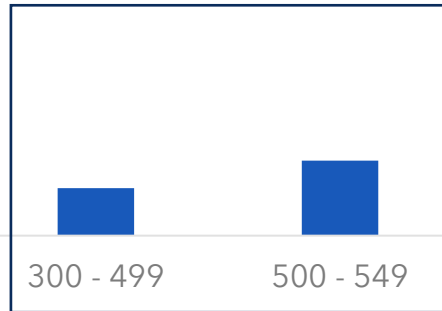




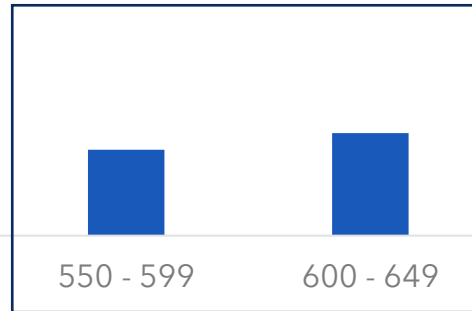
# FlexShopper's TAM Growth Supported by Integrated Partners and the Company's Stand-Alone Solution

TAM Expansion

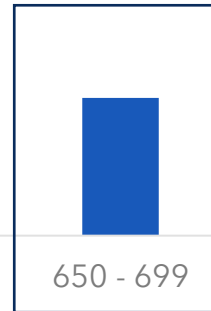
Tertiary 2<sup>nd</sup> look  
(250%+ APR)



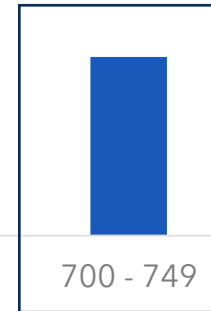
FlexShopper<sup>®</sup>



Secondary  
(36% -  
99% APR)



Prime  
(Promo  
rates)



**Current payment solutions reach 57% of U.S. population and support an estimated \$40 - \$50 Billion TAM**

Expansion Highlights



All non-FlexShopper funded sales are paid next day, with immediate revenue and cash generation on retail margin (vs 12-month payback and revenue recognition on lease)

Risk based financing waterfall allows for more conversion of existing traffic with financing costs that match customer demand

Higher spending limits on prime and secondary (up to \$15k) enable broader SKU selection on marketplace

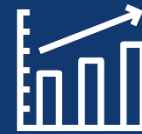
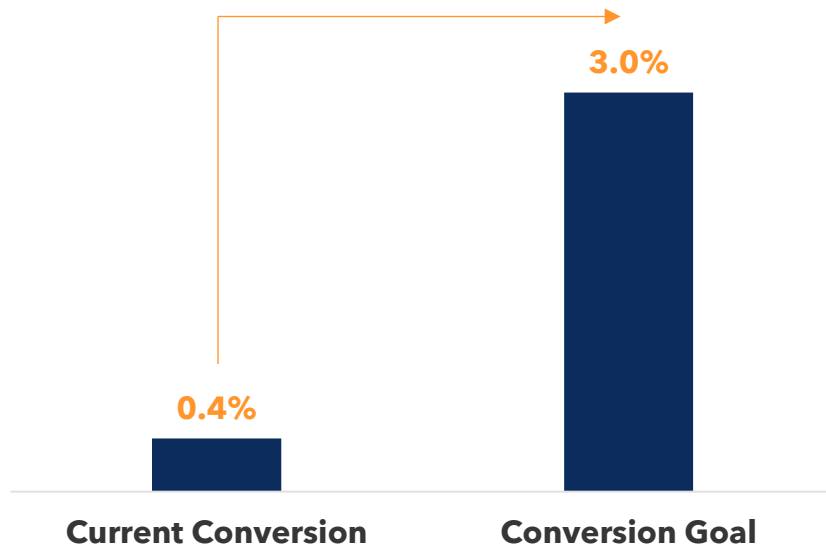
More coverage of customer credit marketplace by offering spread of financing options (57% of credit market)

Interest deferred payment plans offered to prime customers

# Improve Conversion

**We estimate every percentage point increase in conversion adds:**

- \$~40 million in annual gross profit
- \$~35 million in adjusted EBITDA



Improve retail execution



Enhance lifecycle capabilities



Increase balance of sale across the credit stack



Grow customers, while maintaining disciplined underwriting

# Direct-to-Consumer, Retail Growth Strategy



## Increase traffic

New payment solutions combined with ROI focused marketing strategies expands top of customer funnel



## Expand applications

Increase SKUs, grow distribution and payment partners, add new microsites to drive customer engagement, and provide customers with simple applications process



## Grow approvals

Provide in-house and third-party payment solutions across the credit stack to support all customers



## Support LTL Expansion

Less than truckload (LTL) strategy is enabled by larger available spending limits through payment option growth, and retail product expansion

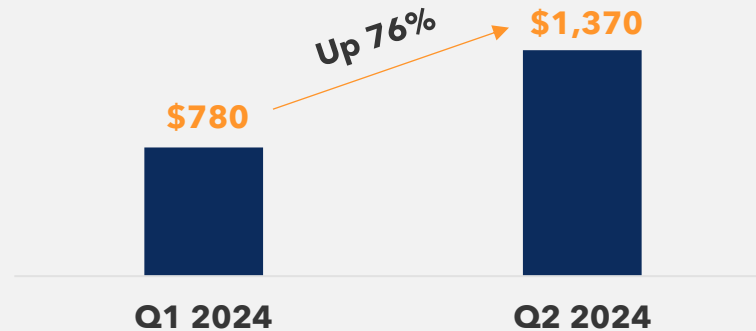


## Drive repurchases

Support customer throughout their journey through exceptional customer service, additional lending options, and expanded product offerings

## QoQ Retail Revenue Growth

(\$ in 000s)



## Top Brands

SAMSUNG

ASHLEY



Char-Broil



COACH  
NEW YORK

Kenmore

AKRACING  
RACE AHEAD



BURBERRY



Robot

# Merchant Growth Strategy



Focus on exclusive partners



Develop new products

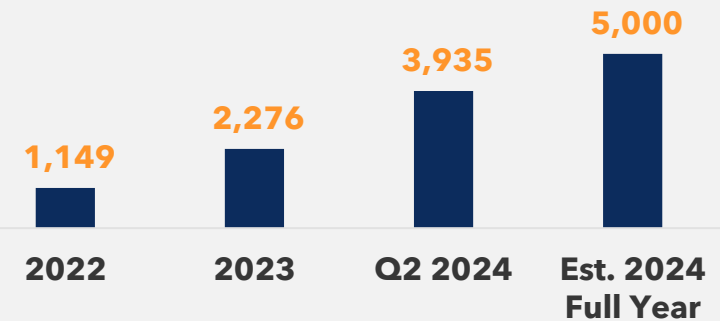


Drive incremental revenue opportunities for partners



Cultivate repeat customer relationships

## Growing Retail Locations



## Select Partners

