

NASDAQ FPAY

FlexShopper®

The Omni-Channel Lease-to-Own
Provider for Consumers and Businesses

Investor Presentation December 2019



Safe Harbor Statement & Use on Non-GAAP Information

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," "will," "should," "would," "could," "seek," "intend," "plan," "estimate," "anticipate" 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.

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FlexShopper®

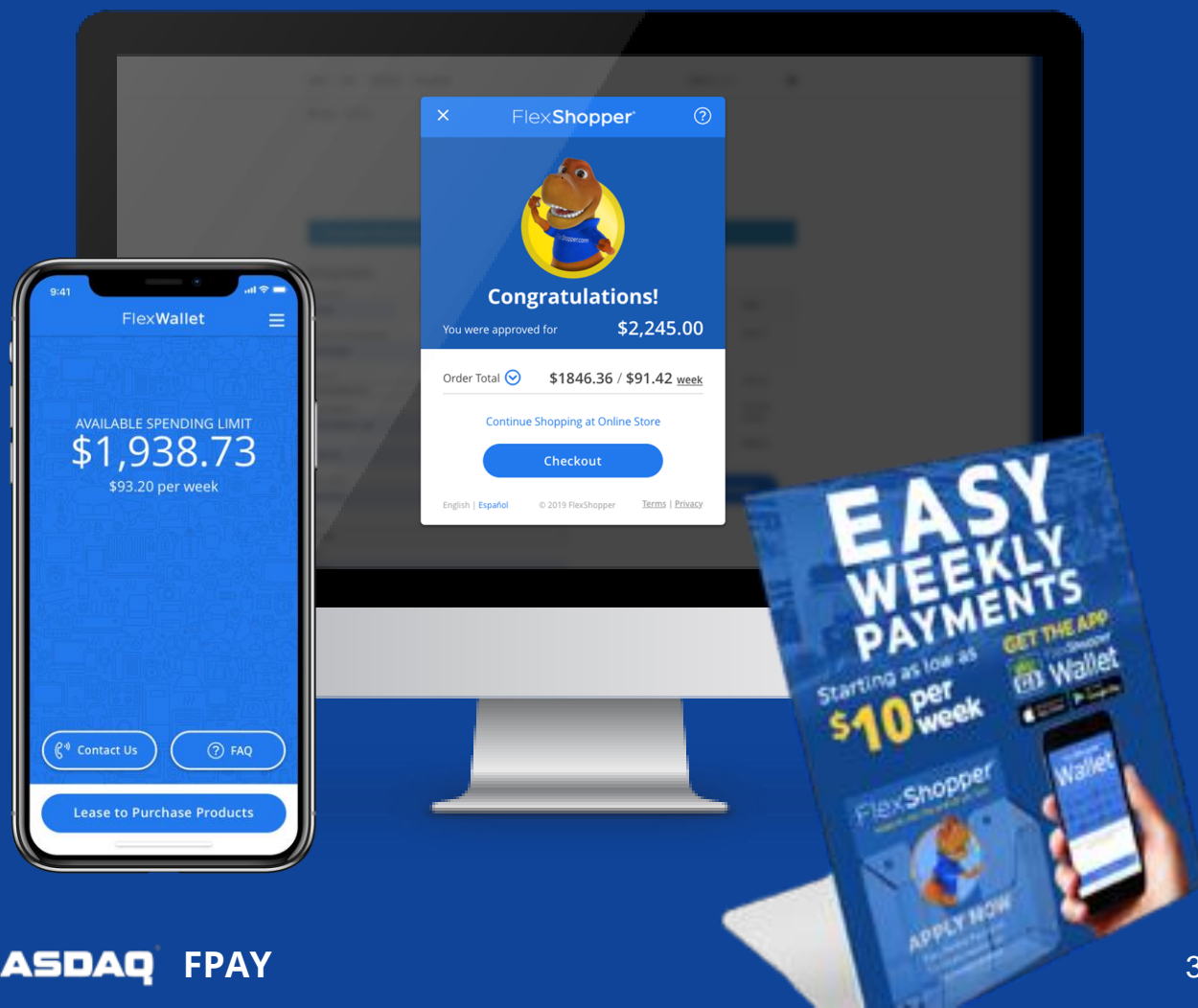
We facilitate both sides of consumers' Lease-to-Own purchases

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.



Large Addressable Virtual Lease-to-Own (vLTO) Market Opportunity

- For over 60 years, customers went to physical LTO store locations
- Lease-to-Own transactions occurring outside of traditional brick and mortar rent-to-own stores created the virtual LTO (vLTO) market

50 million American households
are underbanked, sub-prime or
credit invisible

Technology advances enable
instant underwriting

Non Prime consumers recognize
that they have more convenient
options to acquire the products
they want

Retail climate leading retailers to
embrace “save the sale” financing
to increase sales

\$25B
vLTO Market

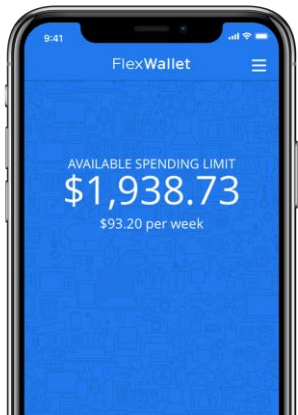
The Only Omni-Channel LTO Provider

Allows retailers to reach an incremental, untapped market and “save the sale” with consumers that do not qualify for traditional credit

B2B2C Channels

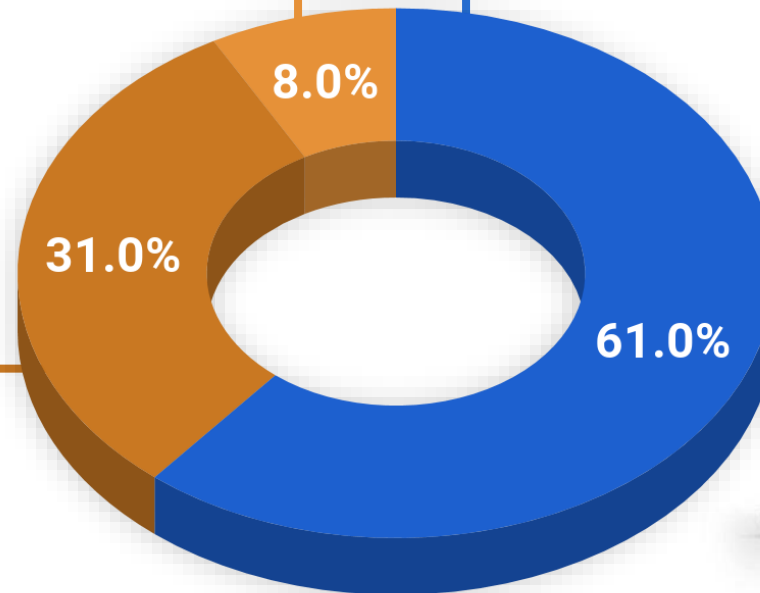
Patented Payment Method

FlexShopper as a payment option on retailers' ecommerce sites



In-Store **SAVE THE SALE**

Digital mobile payment solution for POS



Percentage of Gross Lease Originations (\$), YTD Sep 30th 2019

B2C Channel

Online Marketplace

Via feeds, lists retailers' products on **FlexShopper.com**



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

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 33% or (0.7x)

Net Value to FPAY

= 1.4x 40% Return

Product Categories



Electronics



Tires



Furniture



Jewelry



Appliances



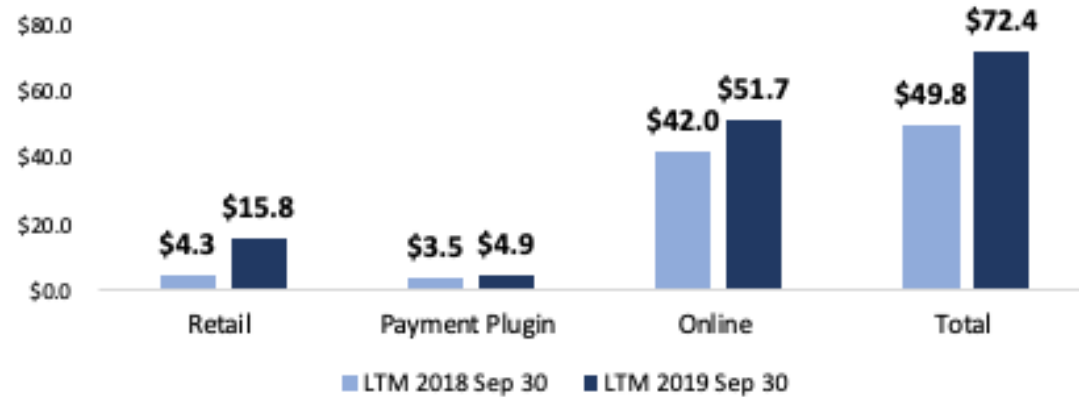
Mobile

Uniquely Positioned Business Model

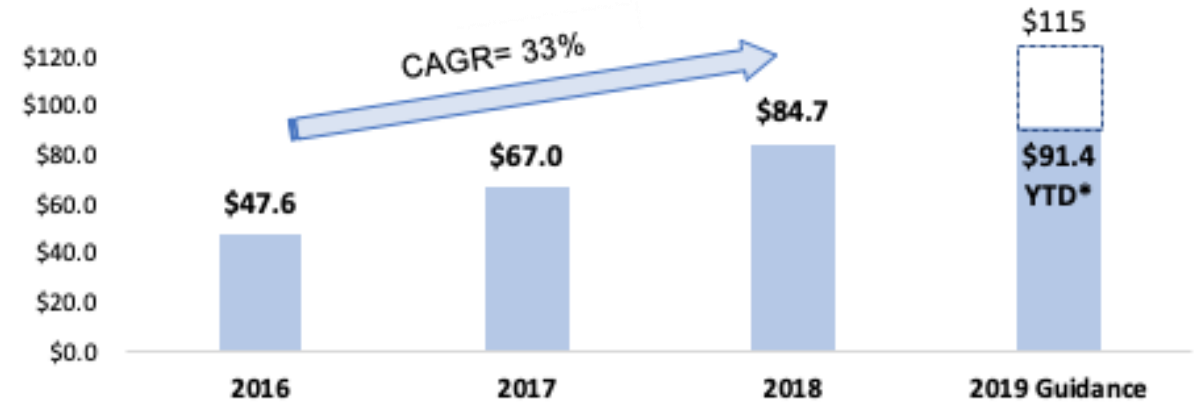
- No brick and mortar stores or inventory; drop ship partners include Best Buy and Amazon
- Selection of 200,000+ items on FlexShopper.com, the largest LTO marketplace in US
- “Endless aisle” consumer alternatives both online and in-store
- High repeat customer base
- Diversified lease origination channels include B2C and B2B2C
- An “integrationless” mobile solution at POS for retailers
- Strong and consistent lease economics generating 1.4x cash lease portfolio returns

Scale and Operating Leverage Drive Profitability

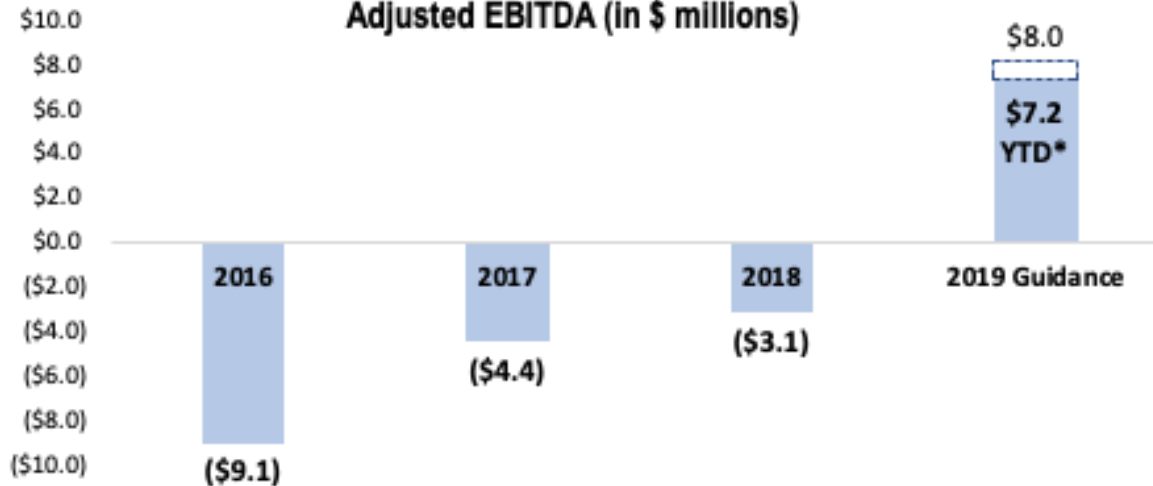
Gross Lease Origination (in \$ Millions)



Gross Revenues (in \$ millions)



Adjusted EBITDA (in \$ millions)



Net Income (loss) (in \$ millions)



* Nine Months Ended September 30th 2019

Grow Revenue and EBITDA

Grow B2C Channel - FlexShopper.com

- Increase approval rates while maintaining portfolio performance
- Expand digital, direct to consumer marketing channels
- Lower customer acquisition costs through continued marketing optimization
- Improve order rates
- Expand base of repeat customers

Grow B2B2C Channels - 3rd Party Retailers; In-Store and Online

- Formalized retailer outreach program led by veteran sales team
- Heavily promote mobile, “integrationless” in-store solution along with omnichannel capabilities
- Continue to innovate with technology to provide best in class retailer and consumer experiences

FlexShopper®

Financials & Growth Drivers



Use of Non GAAP Financial and Adjusted Results

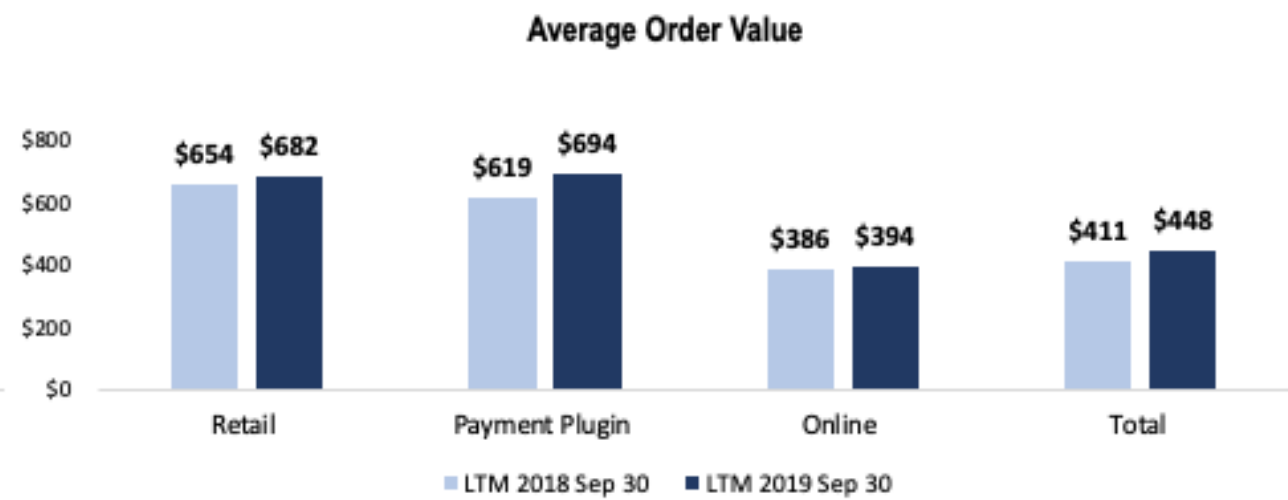
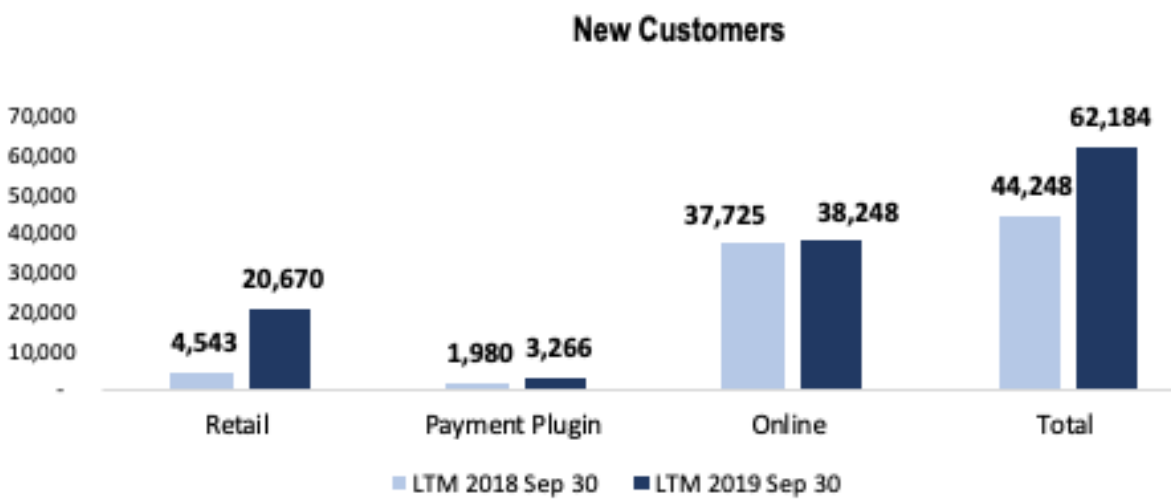
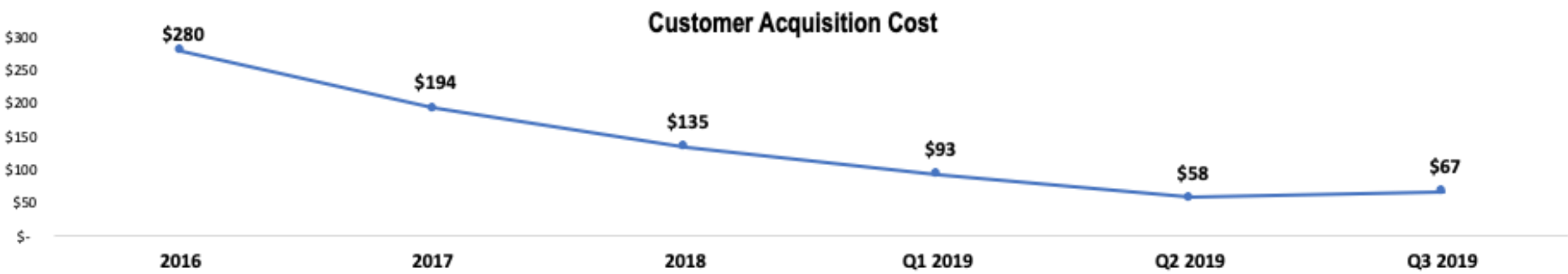
Management believes that Adjusted EBITDA, provides relevant and useful information which is widely used by analysts, investors and competitors in our industry in assessing performance.

Adjusted EBITDA represents net income before interest, stock-based compensation, taxes, depreciation (other than depreciation of leased inventory), 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. 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; and
- is used by our management for various purposes, including as a measure of performance and as a basis for strategic planning and forecasting.

Adjusted EBITDA is a supplemental measure of FlexShopper's performance that is neither required by, nor presented in accordance with, GAAP. 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.

Customer Acquisition Metrics



2019 Outlook

2019 Previous Guidance	
2019 Gross Revenue	> \$112M
2019 Gross Profit	> \$26.5M
2019 Adjusted EBITDA	> \$5.0M
2019 Gross Originations	> \$72M

2019 Revised Guidance	
2019 Gross Revenue	> \$115M
2019 Gross Profit	> \$27.5M
2019 Adjusted EBITDA	> \$8.0M
2019 Gross Originations	> \$72M

Financial Summary - Management View

Origination Detail	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	
Total Leases Originated	22,071	23,487	29,192	65,435	29,972	29,252	36,531	
Total Lease Originated (\$)	\$ 9,220	\$ 9,289	\$ 12,449	\$ 27,427	\$ 14,100	\$ 13,232	15,489	
Average Order Value	\$ 418	\$ 395	\$ 426	\$ 419	\$ 470	\$ 452	424	
Acquisition Cost (CPCu)	\$ 154	\$ 167	\$ 137	\$ 118	\$ 93	\$ 58	67	
New Customer	7,615	7,531	11,631	25,518	9,139	9,388	14,456	
Dollars in thousands (\$000s)								
Income Statement	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	Sample Lease
Gross Revenue	\$ 19,617	\$ 18,263	\$ 20,656	\$ 24,769	\$ 29,511	\$ 28,595	\$ 31,775	1,988
Allowance for Bad Debt	(5,175)	(5,483)	(5,905)	(6,676)	(7,345)	(8,430)	(9,300)	
Net Revenue	\$ 14,442	\$ 12,780	\$ 14,751	\$ 18,093	\$ 22,166	\$ 20,166	\$ 22,475	1,430
COGs	(10,408)	(8,987)	(10,290)	(10,954)	15,278	14,260	14,249	1,000
Adjusted Gross Profit	\$ 4,034	\$ 3,793	\$ 4,461	\$ 7,139	\$ 6,888	\$ 5,905	8226	430
Marketing	(1,169)	(1,260)	(1,596)	(3,022)	(849)	(314)	(868)	
Salaries and Benefits	(2,179)	(2,032)	(2,187)	(2,398)	(1,758)	(2,037)	(2,190)	
Other Operating Expenses	(1,553)	(945)	(1,687)	(2,530)	(2,596)	(1,810)	(1,990)	
Total Operating Expenses	\$ (4,901)	\$ (4,237)	\$ (5,470)	\$ (7,950)	\$ (5,203)	\$ (4,161)	\$ (5,048)	
Pre-Marketing EBITDA	\$ 302	\$ 816	\$ 587	\$ 2,211	\$ 3,177	\$ 2,058	\$ 4,046	
Adjusted EBITDA	\$ (867)	\$ (444)	\$ (1,009)	\$ (811)	\$ 2,328	\$ 1,744	\$ 3,177	
Depreciation & Amortization	\$ (568)	\$ (624)	\$ (658)	\$ (575)	\$ (585)	\$ (652)	(643)	
Interest Expense	(801)	(884)	(894)	(1,066)	(1,122)	(963)	(950)	
Stock Compensation	(50)	(23)	(29)	(32)	(26)	(303)	(117)	
Loss on extinguishment of debt			(127)					
Non recurring product/infrastructure expense					(92)	(135)	(79)	
Earnings Before Tax	\$ (2,286)	\$ (1,975)	\$ (2,717)	\$ (2,483)	\$ 504	\$ (310)	\$ 1,388	

Income Statement

	For the 9 Months Ended September 30,		For the 12 Months Ended December 31,	
	2019	2018	2018	2017
Lease revenues and fees, net	\$63,953,196	\$41,875,977	\$59,219,472	\$46,276,924
Lease merchandise sold	2,374,876	1,592,556	2,269,708	1,634,233
Total Revenues	66,328,072	43,468,533	61,489,180	47,911,157
Cost of lease revenues, consisting of depreciation and impairment of lease merchandise	43,787,216	29,684,867	40,639,232	31,453,246
Cost of lease merchandise sold	1,521,244	1,007,677	1,423,526	998,800
Marketing	2,031,227	4,025,509	7,046,812	6,094,330
Salaries and benefits	5,984,797	6,397,999	8,796,011	7,862,714
Other operating expenses	8,156,238	6,163,680	8,761,815	7,664,566
Total Costs and Expenses	61,480,722	47,279,732	66,667,396	54,073,656
OPERATING INCOME / (LOSS)	4,847,350	(3,811,199)	(5,178,216)	(6,162,499)
Loss on extinguishment of debt	-	126,622	126,622	-
Interest expense including amortization of debt issuance costs	3,265,771	3,040,832	4,156,424	2,168,262
NET INCOME / (LOSS)	1,581,579	(6,978,653)	(9,461,262)	(8,330,761)
Cumulative dividends on Series 2 Convertible Preferred Shares	1,828,167	1,817,672	2,426,840	2,316,396
Net loss attributable to common shareholders	(246,588)	(8,796,325)	(11,888,102)	(10,647,157)
Basic (loss) per common share	(0.01)	(1.59)	(0.01)	(1.59)
Diluted (loss) per common share	(0.01)	(1.59)	(0.01)	(1.59)
Basic shares	17,661,134	5,539,815	8,574,569	5,290,944
Diluted shares	17,661,134	5,539,815	8,574,569	5,290,944
Adjusted EBITDA				
Net Income / (Loss)	1,581,579	(6,978,653)	(9,461,262)	(8,330,761)
Amortization of debt costs	230,340	460,996	511,085	473,616
Other amortization and depreciation	1,649,597	1,389,456	1,914,084	1,616,964
Loss on extinguishment of debt	-	126,622	126,622	-
Interest expense	3,035,431	2,579,836	3,645,339	1,694,645
Stock compensation	445,906	101,025	133,428	113,952
Non recurring product/infrastructure expenses	306,383	-	-	-
Adjusted EBITDA	7,249,236	(2,320,718)	(3,130,704)	(4,431,584)

Balance Sheet

	September 30, 2019	December 31, 2018	For the Periods Ended December 31, 2017
Cash	\$3,172,362	\$6,141,210	\$4,968,915
Accounts receivable, net	7,976,580	6,375,963	4,259,468
Prepaid expenses	609,605	317,160	321,035
Lease merchandise, net	24,341,616	32,364,697	21,415,322
Total current assets	36,100,163	45,199,030	30,964,740
PROPERTY AND EQUIPMENT, net	5,271,812	3,336,664	2,948,164
OTHER ASSETS, net	86,980	90,621	95,722
Total assets	41,458,955	48,626,315	34,008,626
Current portion of loan payable under credit agreement to beneficial shareholder net of \$0 at 2019 and \$167,483 at 2018 and \$118,404 at 2017 of unamortized issuance costs	-	14,252,717	14,094,096
Accounts payable	2,660,561	8,317,216	7,702,145
Accrued payroll and related taxes	232,086	393,095	404,346
Promissory notes net of \$9,333 at 2019 and \$0 at 2018 of unamortized issuance costs, including accrued interest	1,062,810	1,814,771	-
Accrued expenses	886,028	1,335,505	786,095
Lease liability – current portion	121,858	-	-
Total current liabilities	4,963,343	26,113,304	22,986,682
Loan payable under credit agreement to beneficial shareholder net of \$367,346 at 2019 and \$164,752 at 2018 and \$39,468 at 2017 of unamortized issuance costs and current portion	20,233,281	14,020,335	4,698,032
Promissory notes net of \$28,966 at 2019 and \$0 at 2018 of unamortized issuance costs and current portion	3,721,034	-	-
Lease liabilities less current portion	1,913,171	-	-
Total liabilities	30,830,829	40,133,639	27,684,714
STOCKHOLDERS' EQUITY			
Series 1 Convertible Preferred Stock, \$0.001 par value- authorized 250,000 shares, issued and outstanding 171,191 and 239,405 and 243,065 shares at \$5.00 stated value	855,955	1,197,025	1,197,025
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	21,952,000
Common stock, \$0.0001 par value- authorized 40,000,000 shares, issued and outstanding 17,666,193 at 2019 and 17,579,870 shares at 2018 and 5,294,501 at 2017	1,767	1,758	529
Additional paid in capital	34,969,420	34,074,488	22,445,691
Accumulated deficit	(47,151,016)	(48,732,595)	(39,271,333)
Total stockholders' equity	10,628,126	8,492,676	6,323,912
Total liabilities and stockholder's equity	41,458,955	48,626,315	34,008,626

Cash Flow Statement

	<u>For the 9 Months Ended September 30,</u>		<u>For the 12 Months Ended December 31,</u>	
	2019	2018	2018	2017
Net Income / (Loss)	1,581,579	(6,978,653)	(9,461,262)	(8,330,761)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and impairment of lease merchandise	43,787,216	29,684,866	40,639,232	31,453,246
Other depreciation and amortization	1,879,935	1,850,452	2,410,537	2,090,581
Compensation expense related to issuance of stock options and warrants	530,724	101,025	133,428	113,952
Provision for doubtful/uncollectible accounts	25,075,156	16,563,888	23,239,189	19,135,207
Loss on debt extinguishment	-	126,622	126,622	-
Interest in kind added to promissory notes balance	-	-	64,771	-
Interest in kind added to credit agreement balance	-	-	248,535	-
Accounts receivable	(26,675,773)	(17,120,096)	(25,355,684)	(21,212,888)
Prepaid expenses and other	(290,556)	141,126	6,844	32,296
Lease merchandise	(35,764,135)	(26,595,974)	(51,588,607)	(34,298,108)
Security deposits	1,334	2,025	2,025	(10,206)
Accounts payable	(5,656,655)	(1,560,609)	827,715	3,784,397
Accrued payroll and related taxes	(161,009)	(179,265)	(11,251)	108,013
Accrued expenses	(317,173)	128,766	557,648	535,437
Net cash provided by (used in) operating activities	3,990,643	(3,835,827)	(18,160,258)	(6,598,834)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment, including capitalized software costs	(1,664,580)	(1,752,095)	(2,284,876)	(2,021,538)
Net cash (used in) investing activities	(1,664,580)	(1,752,095)	(2,284,876)	(2,021,538)
Proceeds from exercise of stock options	-	-	-	15,000
Principal payment under finance lease obligation	(1,243)	-	-	-
Proceeds from exercise of warrants	-	1,750	1,750	-
Proceeds from promissory notes, net	2,940,000	3,465,000	3,465,000	-
Proceeds from loan payable under credit agreement	2,523,828	5,185,000	19,366,359	10,450,000
Proceeds from public offering	-	10,007,500	10,007,500	-
Equity issuance related costs	23,147	(862,810)	(1,123,419)	-
Repayment of loan payable under credit agreement	(10,528,488)	(9,786,487)	(9,959,607)	(2,288,208)
Repayment of installment loan	(8,405)	(8,405)	(11,208)	-
Debt issuance related costs	(243,750)	(100,438)	(128,946)	-
Net cash (used in) provided by financing activities	(5,294,911)	7,901,110	21,617,429	8,176,792
(DECREASE)/INCREASE IN CASH	(2,968,848)	2,313,188	1,172,295	(443,580)
CASH, beginning of period	6,141,210	4,968,915	4,968,915	5,412,495
CASH, end of period	3,172,362	7,282,103	6,141,210	4,968,915

Capitalization Table

Common Shares Outstanding	17,666,193
Preferred Shares Series 1 (as converted to Common)	216,637
Preferred Shares Series 2 (as converted to Common)	5,639,745
Warrants (WAEP \$1.67)	7,462,928
Options (WAEP \$1.75)	1,755,818

NASDAQ FPAY

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