

NASDAQ FPAY

FlexShopper[®]

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

Investor Presentation August 2020



Confidential & Proprietary

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[®]

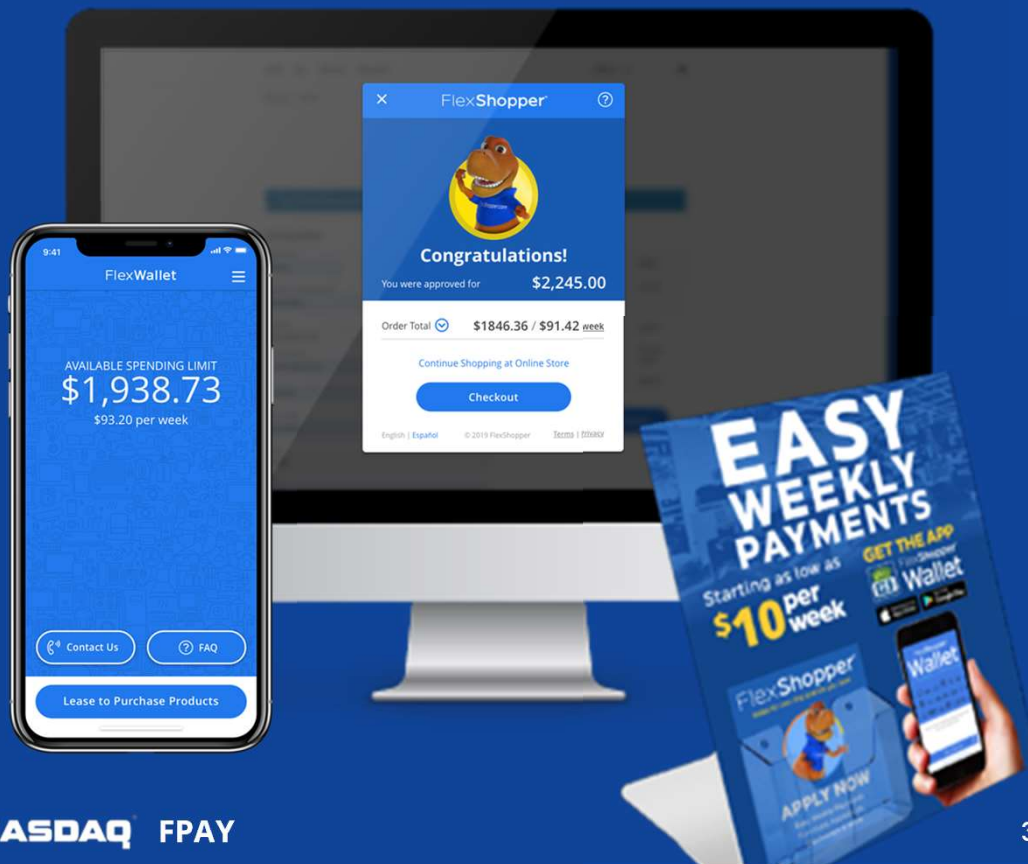
We facilitate both sides of consumers' Lease-to-Own purchases

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



*Per Wall Street Research

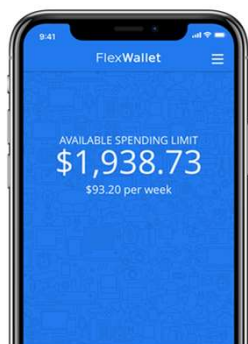
The Only Omni-Channel LTO Provider

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

B2B Channels

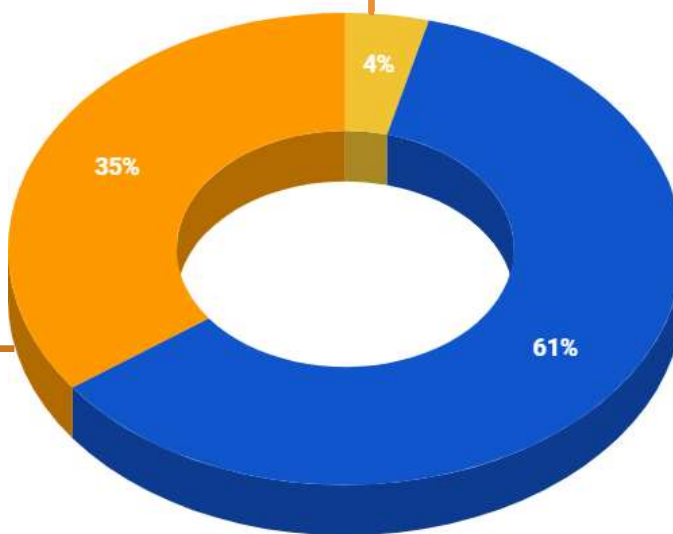
Patented Payment Method

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 (\$) LTM 2Q 2020

B2C Channel

Online Marketplace

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

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 ~30% or (0.7x)

Net Value to FPAY

= 1.45x 45% Return

Product Categories



Electronics



Tires



Furniture



Jewelry

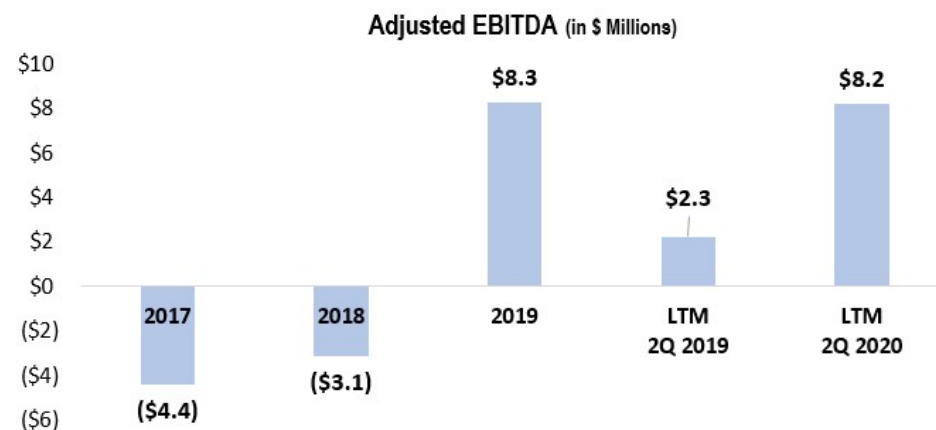
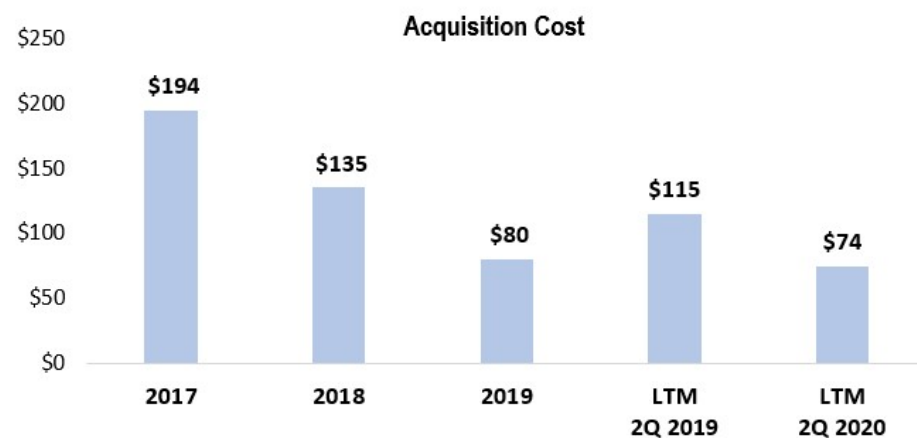
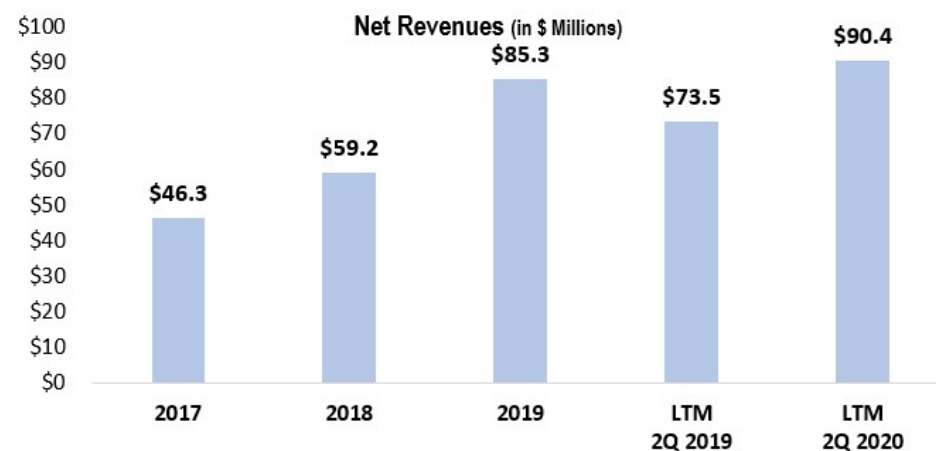
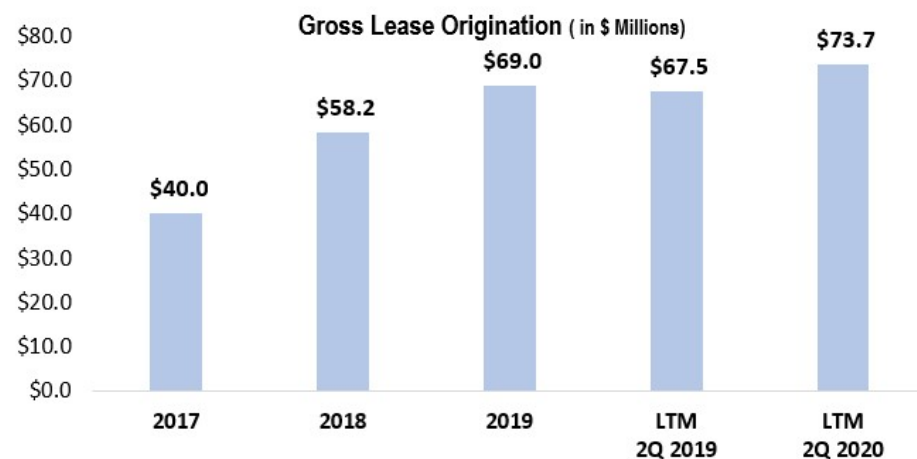


Appliances



Mobile

Scale and Operating Leverage Drive Profitability



Twelve Months Ended June 30th 2020

Company Strategy

Uniquely Positioned Business Model

- No brick and mortar stores or inventory
- Selection of 200,000+ items on FlexShopper.com, the largest LTO marketplace
- Asset level IRR of >100%
- Highly repeat customer base

B2C Channel

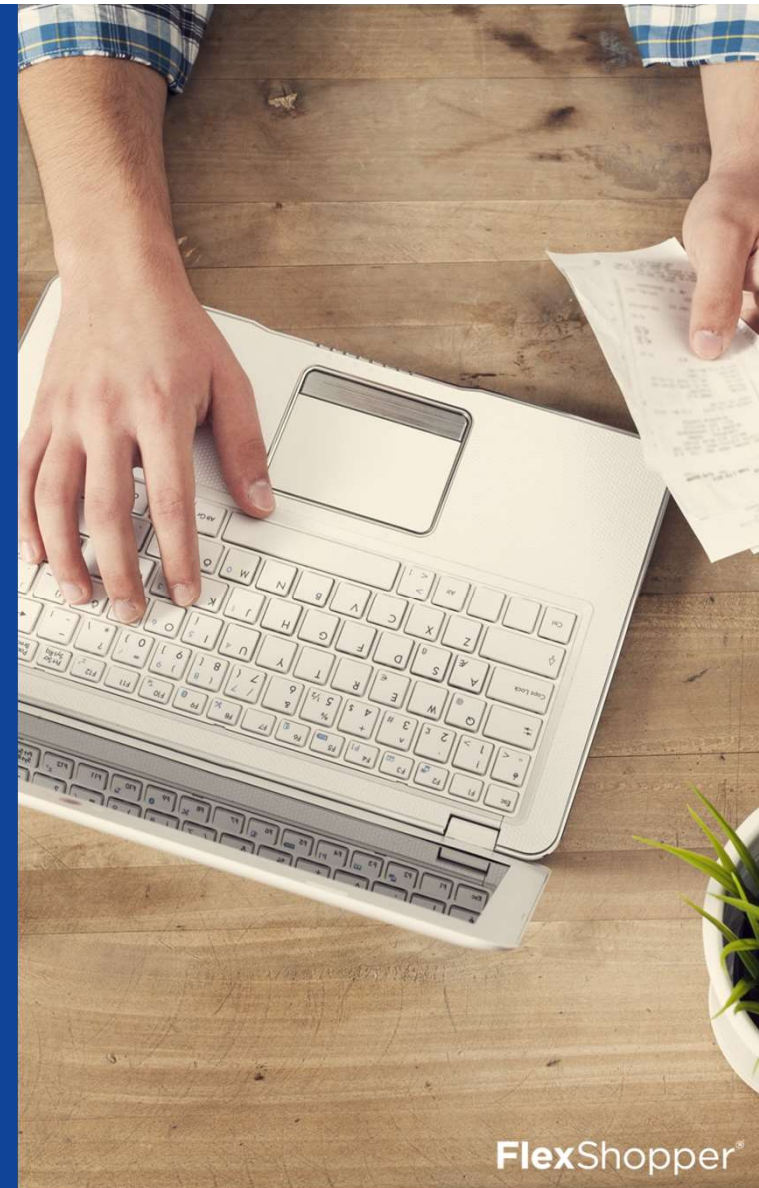
- Lower customer acquisition costs through continued marketing optimization
- Improve order rates
- Expand base of repeat customers

B2B Channels

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

FlexShopper[®]

Financials



FlexShopper[®]

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.

Financial Summary - Management View

Dollars in thousands (\$'000s)							Sample Lease
Income Statement	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	
Gross Revenue*	29,511	28,595	31,775	31,690	31,895	31,120	1,957
Allowance for Bad Debt	(7,345)	(8,430)	(9,300)	(9,763)	(7,683)	(7,881)	
Net Revenue	22,166	20,166	22,475	21,927	24,112	23,239	1,462
COGS**	15,278	14,260	14,249	14,379	16,197	15,898	1,000
Gross Profit	6,888	5,905	8,226	7,548	8,015	7,341	462
Marketing	(849)	(314)	(868)	(1,618)	(1,031)	(938)	
Salaries and Benefits	(1,758)	(2,037)	(2,190)	(2,485)	(2,549)	(2,277)	
Other Operating Expenses	(1,943)	(1,778)	(1,990)	(2,393)	(2,375)	(2,124)	
Total Operating Expenses	(4,549)	(4,129)	(5,048)	(6,496)	(5,955)	(5,339)	
Pre-Marketing EBITDA	3,188	2,090	4,046	4,878	3,031	2,940	
EBITDA	2,339	1,776	3,177	1,052	2,060	2,002	
Depreciation & Amortization	(585)	(652)	(643)	(644)	(554)	(692)	
Interest Expense	(1,122)	(963)	(950)	(950)	(1,117)	(961)	
Stock Compensation	(26)	(303)	(117)	(150)	(172)	(452)	
Non recurring product/infrastructure expense	(103)	(167)	(79)	(96)	(165)	(159)	
Earnings Before Tax	504	(310)	1,388	(788)	52	(262)	

*Lease revenue plus lease merchandise sold net of cost of lease merchandise sold

** Lease depreciation net of lease revenue rebates

Income Statement

	For the 6 Months Ended June 30,		For the 12 Months Ended December 31,	
	2020	2019	2019	2018
	(unaudited)	(unaudited)		
Lease revenues and fees, net	\$46,597,985	\$41,685,935	\$85,331,360	\$59,219,472
Lease merchandise sold	2,774,892	1,709,802	3,458,529	2,269,708
Total Revenues	49,372,877	43,395,737	88,789,889	61,489,180
Cost of lease revenues, consisting of depreciation and impairment of lease merchandise	32,095,204	29,538,247	57,939,899	40,639,232
Cost of lease merchandise sold	1,921,871	1,063,845	2,282,036	1,423,526
Marketing	1,969,194	1,162,775	3,649,292	7,046,812
Salaries and benefits	4,825,385	3,795,168	8,469,334	8,796,011
Other operating expenses	6,508,853	5,438,128	11,345,091	8,761,815
Total Costs and Expenses	47,320,507	40,998,163	83,685,652	66,667,396
OPERATING INCOME / (LOSS)	2,052,370	2,397,574	5,104,237	(5,178,216)
Loss on extinguishment of debt	-	-	-	126,622
Interest expense including amortization of debt issuance costs	2,262,747	2,203,977	4,310,422	4,156,424
Provision for income taxes	-	-	216,400	-
NET (LOSS) / INCOME	(210,377)	193,597	577,415	(9,461,262)
Cumulative dividends on Series 2 Convertible Preferred Shares	1,219,445	1,218,450	2,437,884	2,426,840
Deemed dividend from exchange offer of warrants	713,212	-	-	-
Net loss attributable to common shareholders	(2,143,034)	(1,024,853)	(1,860,469)	(11,888,102)
Basic and diluted (loss) per common share	(0.10)	(0.06)	(0.11)	(0.01)
Basic and diluted shares	20,627,674	17,658,562	17,672,156	8,574,569
Adjusted EBITDA				
Net (Loss) / Income	(210,377)	193,597	577,415	(9,461,262)
Provision for income taxes	-	-	216,400	-
Amortization of debt costs	184,233	118,834	324,686	511,085
Other amortization and depreciation	1,062,139	1,118,308	2,199,737	1,914,084
Loss on extinguishment of debt	-	-	-	126,622
Interest expense	2,078,514	2,085,143	3,985,736	3,645,339
Stock compensation	623,848	328,772	595,833	133,428
Non-recurring product/infrastructure expenses	184,440	227,111	401,896	-
Warrants compensation – consulting agreement	139,480	43,200	-	-
Adjusted EBITDA	4,062,277	4,114,965	8,301,703	(3,130,704)

Balance Sheet

	For the Periods Ended		
	June 30, 2020	December 31, 2019	December 31, 2018
	(unaudited)		
Cash	\$9,851,009	\$6,868,472	\$6,141,210
Accounts receivable, net	7,969,997	8,272,332	6,375,963
Prepaid expenses	591,276	672,242	317,160
Lease merchandise, net	26,081,242	31,063,104	32,364,697
Total current assets	44,493,524	46,876,150	45,199,030
PROPERTY AND EQUIPMENT, net	5,489,986	5,260,407	3,336,664
OTHER ASSETS, net	73,854	78,335	90,621
Total assets	50,057,364	52,214,892	48,626,315
Current portion of loan payable under credit agreement to beneficial shareholder net of \$36,838 at 2020 and \$0 at 2019 and \$167,483 at 2018 of unamortized issuance costs	8,541,037	-	14,252,717
Accounts payable	3,079,283	4,567,889	8,317,216
Accrued payroll and related taxes	513,098	513,267	393,095
Promissory notes net of \$16,552 at 2020 and \$5,333 at 2019 and \$0 at 2018 of unamortized issuance costs, including accrued interest	4,793,918	1,067,740	1,814,771
Promissory note, including accrued interest	845,047	-	-
Accrued expenses	1,210,665	1,372,901	1,335,505
Lease liability – current portion	151,146	27,726	-
Total current liabilities	19,134,194	7,549,523	26,113,304
Loan payable under credit agreement to beneficial shareholder net of \$73,676 at 2020 and \$281,138 at 2019 and \$164,752 at 2018 of unamortized issuance costs and current portion	17,082,075	28,904,738	14,020,335
Promissory notes net of \$24,828 at 2019 of unamortized issuance costs and current portion	-	3,725,172	-
Promissory note, including accrued interest	1,072,042	-	-
Accrued payroll and related taxes less current portion	85,091	-	-
Lease liabilities less current portion	2,028,852	2,067,184	-
Total liabilities	39,402,254	42,246,617	40,133,639
STOCKHOLDERS' EQUITY			
Series 1 Convertible Preferred Stock, \$0.001 par value- authorized 250,000 shares, issued and outstanding 170,332 and 171,191 and 239,405 shares at \$5.00 stated value	851,660	855,955	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 21,356,112 shares at 2020 and 17,783,960 shares at 2019 and 17,579,870 shares at 2018	2,136	1,779	1,758
Additional paid in capital	36,214,871	35,313,721	34,074,488
Accumulated deficit	(48,365,557)	(48,155,180)	(48,732,595)
Total stockholders' equity	10,665,110	9,968,275	8,492,676
Total liabilities and stockholder's equity	50,057,364	52,214,892	48,626,315

Cash Flow Statement

	For the 6 Months Ended June 30,		For the 12 Months Ended December 31,	
	2020	2019	2019	2018
	(unaudited)	(unaudited)		
Net Income / (Loss)	(210,377)	193,597	577,415	(9,461,262)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and impairment of lease merchandise	32,095,204	29,538,247	58,253,095	40,639,232
Other depreciation and amortization	1,246,372	1,237,143	2,524,422	2,410,537
Compensation expense related to issuance of stock options and warrants	763,328	371,972	723,394	133,428
Provision for doubtful/uncollectible accounts	15,564,198	15,774,830	34,838,046	23,239,189
Loss on debt extinguishment	-	-	-	126,622
Interest in kind added to promissory notes balance	2,989	-	73,073	64,771
Interest in kind added to credit agreement balance	-	-	170,550	248,535
Accounts receivable	(15,261,863)	(16,296,288)	(36,734,415)	(25,355,684)
Prepaid expenses and other	81,916	(198,666)	(352,710)	6,844
Lease merchandise	(27,113,342)	(21,598,717)	(56,951,502)	(51,588,607)
Security deposits	2,943	(40,801)	9,210	2,025
Accounts payable	(1,488,607)	(5,745,326)	(3,814,098)	827,715
Accrued payroll and related taxes	84,922	(28,436)	120,172	(11,251)
Accrued expenses	27,258	(511,712)	93,887	557,648
Net cash (used in) provided by operating activities	5,794,941	2,695,843	(469,461)	(18,160,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment, including capitalized software costs	(1,399,360)	(1,105,122)	(2,241,172)	(2,284,876)
Net cash (used in) investing activities	(1,399,360)	(1,105,122)	(2,241,172)	(2,284,876)
Proceeds from exercise of stock options	2,634	-	69,406	-
Principal payment under finance lease obligation	(3,175)	-	(2,527)	-
Proceeds from exercise of warrants	131,250	-	43,875	1,750
Proceeds from promissory notes, net	1,914,100	2,940,000	2,940,000	3,465,000
Proceeds from loan payable under credit agreement	2,412,000	1,358,343	12,396,078	19,366,359
Proceeds from public offering	-	-	-	10,007,500
Equity issuance related costs	-	23,147	61,509	(1,123,419)
Repayment of loan payable under credit agreement	(5,864,250)	(9,255,988)	(11,815,488)	(9,959,607)
Repayment of installment loan	(5,603)	(5,604)	(11,208)	(11,208)
Debt issuance related costs	-	-	(243,750)	(128,946)
Net cash provided by (used in) financing activities	(1,413,044)	(4,940,102)	3,437,895	21,617,429
INCREASE/(DECREASE) IN CASH	2,982,537	(3,349,381)	727,262	1,172,295
CASH, beginning of period	6,868,472	6,141,210	6,141,210	4,968,915
CASH, end of period	9,851,009	2,791,829	6,868,472	6,141,210

2Q 2020 Capitalization Table

Common Shares Outstanding	21,356,112
Preferred Shares Series 1 (as converted to Common)	225,230
Preferred Shares Series 2 (as converted to Common)	5,845,695
Warrants (WAEP \$1.84)	1,872,488
Options (WAEP \$1.95)	2,571,411