

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

FLEXSHOPPER, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 25-12254 (LSS)

Joint Administration Requested

**DECLARATION OF MATTHEW A. DOHENY, CHIEF RESTRUCTURING OFFICER
OF FLEXSHOPPER, INC., IN SUPPORT OF THE DEBTORS'
CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Matthew A. Doheny, declare under penalty of perjury:

1. I am the Chief Restructuring Officer of FlexShopper, Inc. (together with its direct and indirect debtor and non-debtor subsidiaries, “FlexShopper” or the “Company”, and together with its affiliated debtors and debtors in possession, the “Debtors”). I submit this declaration in support of the chapter 11 petitions and first-day motions filed by the Debtors.

2. Except as otherwise indicated, all facts in this declaration are based upon my personal knowledge, and, particularly with respect to those events that occurred prior to my employment with the Company, my discussions with the Debtors’ management, board of directors, and advisors, my review of relevant documents and information concerning the Debtors’ operations, financial affairs, and restructuring initiatives, or my experience, knowledge, and familiarity with the Debtors’ business and operations.

3. On August 11, 2025, I was appointed Chief Restructuring Officer by the Board of Directors of FlexShopper, Inc. As Chief Restructuring Officer, I am familiar with the Debtors’ day-to-day operations, business and financial affairs, and books and records.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are FlexShopper, Inc. (6087); FlexShopper, LLC (0385); FlexLending, LLC (5373); FlexRevolution, LLC (4102); FlexRetail, LLC (5129); Flex TX, LLC (6818); Flex TX Funding, LLC (2754); and Flex TX CAB, LLC (3656). The Debtors’ mailing address is 901 W Yamato Road, Suite 260 Boca Raton, FL 33431.

4. I have approximately 25 years of experience in board advisory assignments, alternative investments, and operational turnarounds. I hold an undergraduate degree from Allegheny College and a law degree from Cornell Law School.

5. Prior to joining FlexShopper, I was (a) managing director and investor in special situations at Deutsche Bank Securities Inc, where I also helped run the investment committee; (b) a portfolio manager at hedge fund Fintech Advisory, Inc.; (c) managing director and co-head of special situation trading at HSBC Securities Inc.; (d) an attorney at Orrick, Herrington & Sutcliffe LLP, as well as at Kelly Drye & Warren LLP; and (e) the founder of North Country Capital LLC, an alternative investment and advisory firm. In addition, I've also served in numerous roles throughout the chapter 11 process, including (a) acting as the CRO of Yellow Corporation and MatlinPatterson; (b) serving as an independent director in FTX, Fronterra, and Eastman Kodak, among others; and (c) being on the board of liquidations of ResCap Liquidating Trust, Arcapita, and Elk Petroleum.

6. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). To minimize the adverse effects on their business and facilitate a sale of substantially all of the Debtors' assets in the chapter 11 cases, the Debtors also filed motions seeking certain "first day" relief (the "First Day Motions").

7. I am over 18 and authorized to submit this declaration on behalf of the Debtors. If called, I would testify competently as set forth herein. This Declaration is organized as follows:

- Part I provides an overview of the Debtors' business operations;
- Part II describes the Debtors' prepetition corporate and capital structure;
- Part III describes the circumstances leading to the filing of these chapter 11 cases and the Debtors' path forward;

- Part IV describes the Debtors' proposed debtor-in-possession financing and proposed sale and wind-down process; and
- Part V lists each of the First Day Motions.

I. The Debtors' Corporate Business Operations

8. FlexShopper is a financial technology company that provides transparent and competitive payment options to consumers via lease-purchase solutions and loans.

9. FlexShopper enables consumers utilizing its e-commerce marketplace to shop for brand name electronics, home furnishings, and other durable goods on a lease-to-own (LTO) basis. The Company effects these transactions by first approving consumers through its proprietary, risk analytics-powered underwriting model. After receiving a signed consumer lease, the Company purchases the item from its drop-ship partners and leases it to customers. Some of these goods are purchased on a retail basis while others are sourced from distributors or directly from manufacturers. The Company then collects payments from consumers under the consumer leases.

10. The Company also originates new loans through partnerships with leading traditional and e-commerce retailers (the "POS partners," or "retail partners") and by participating in a consumer finance program offered by a third-party bank partner.

11. In late 2022, FlexShopper purchased the assets of Revolution Financial, Inc. This purchase facilitated the creation of a direct origination model for consumers in 11 states operated by Debtor Flex Revolution, LLC. In the direct origination model, applicants who apply and obtain a loan through the Company's platform are underwritten, approved, and funded directly by FlexShopper. Also acquired in the purchase were the customers, the loan portfolio, and the leases for 22 brick and mortar store locations, as well as program agreements with 78 additional brick and mortar locations that share net revenue of the loans originated in those locations.

12. Many of the Company's customers fall within the near-prime or subprime categories and may have difficulty purchasing durable goods or services. A lease-purchase transaction is a flexible alternative for consumers to obtain merchandise with no long-term obligation. Key features of the Company's lease-purchase transactions include:

- Brand name merchandise. FlexShopper offers well-known brands such as LG, Samsung, Sony, and TCL home electronics; Frigidaire, General Electric, LG, Samsung, and Whirlpool appliances; Apple, Asus, Dell, Hewlett Packard, Samsung, and Toshiba computers and/or tablets; Samsung and Apple smartphones; Resident and Sealy Mattresses and Ashley furniture, among other brands.
- Convenient payment options. Customers make payments primarily on a weekly or bi-weekly basis. Payments are automatically deducted from the customer's authorized checking account or debit card. Additionally, customers may make additional payments or exercise early payment options, which enable them to save money.
- No long-term commitment. A customer may terminate a lease-purchase agreement at any time with no long-term obligation by becoming current on amounts due under the lease-purchase agreement and returning the leased item to FlexShopper.
- No credit impact. Applying has no impact on the customer's credit or FICO score.
- Flexible options to obtain ownership. Ownership of the merchandise generally transfers to the customer if the customer makes all payments during the lease term, which is 52 weeks, or exercises the early payment options.

13. Central to the Company's business model is its LTO Engine, the proprietary technology that is used to automate the online process for consumers to receive payment terms and spending limits and to enter into leases for durable goods, all within minutes. The LTO Engine allows the Company to operate through three strategic sales channels: (i) selling directly to consumers via the online FlexShopper.com LTO Marketplace featuring thousands of durable goods, (ii) utilizing the LTO payment method at check-out on merchant partners' e-commerce sites and (iii) facilitating LTO transactions with retailers in their physical locations both through their in-store terminals and FlexShopper applications accessed via the Internet.

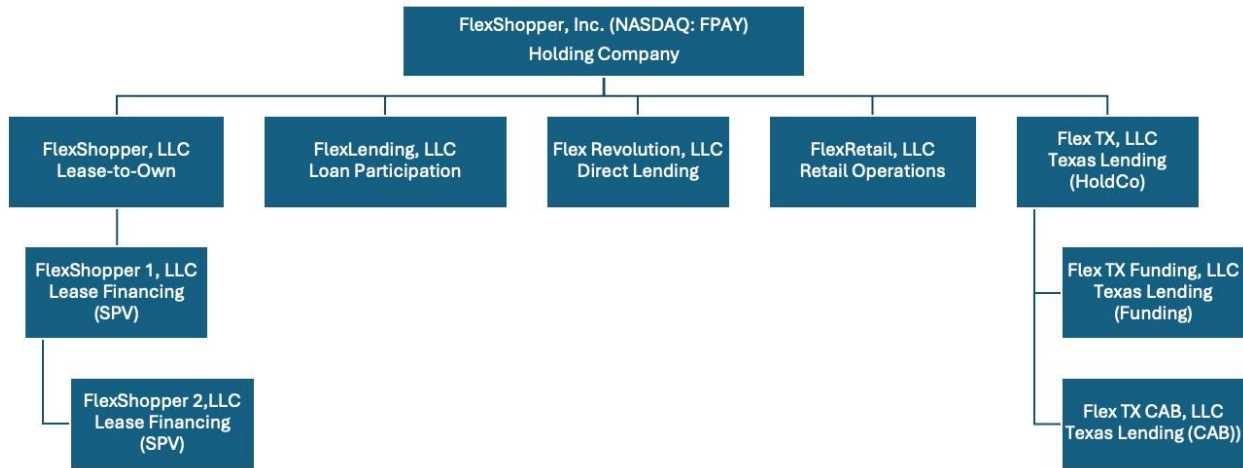
14. FlexShopper has been granted various patents since 2018. These patents are for a range of systems, including one that enables e-commerce servers to complete LTO transactions through their e-commerce websites and one that enables retailer devices to complete LTO transactions through their retailer web pages, as well as systems that further enable consumer devices to modify received retailer web pages to indicate LTO payments in association with transaction-eligible products as part of LTO transactions through the retailer web pages.

II. The Debtors' Corporate and Capital Structure

A. Corporate Structure

15. FlexShopper, Inc., was incorporated under the laws of the State of Delaware in 2006. FlexShopper, Inc., is a holding corporation that conducts its lease-to-own business through its wholly-owned subsidiary, FlexShopper, LLC, a limited liability company organized under the laws of North Carolina in 2013 and conducts its lending business through its wholly-owned subsidiaries, FlexLending, LLC, a limited liability company organized under the laws of Delaware in 2019 and Flex Revolution, LLC, a limited liability company organized under the laws of Delaware in October 2022. FlexShopper, LLC wholly owns non-debtor FlexShopper 1, LLC, which in turn wholly owns non-debtor FlexShopper 2, LLC, both of which are bankruptcy-remote special purpose Delaware limited liability companies. FlexLending, LLC, was founded for the purpose of expanding the Company's direct bank financing for customer purchases and currently has no operations.

16. The following chart represents the Debtors’ corporate structure as of the Petition Date:



B. Capital Structure

17. As of the Petition Date, the Company’s funded debt obligations were under the 2024 Warehouse Facility and the NRNS Note (each as defined below). A separate facility issued pursuant to a credit agreement entered into among Flex Revolution, LLC, FlexShopper, Inc., and BP Fundco, LLC was satisfied in full prior to the Petition Date.

18. 2024 Warehouse Facility. On March 27, 2024, non-debtor FlexShopper 2, LLC (“SPV Borrower”), a wholly owned indirect subsidiary of FlexShopper, LLC, entered into a credit agreement (the “2024 Warehouse Facility”)² with Computershare Trust Company, National Association as paying agent, various lenders from time to time party thereto, and third-party lender Powerscourt Investments 50, LP, as administrative agent (in such capacity, the “Warehouse Agent”) and lender (in such capacity, the “Warehouse Lender”). The SPV Borrower was permitted to borrow funds from the Warehouse Lender under the 2024 Warehouse Facility based on SPV

² As described more fully in the Securitization Motion, the 2024 Warehouse Facility, among other things, refinanced a similar facility SPV Borrower entered into in 2015 with affiliates of the Warehouse Agent and Warehouse Lender as agent and lender thereunder.

Borrower's cash on hand and the Amortized Order Value of its Eligible Leases (as such terms are defined in the credit agreement governing the 2024 Warehouse Facility) less certain deductions described in the 2024 Warehouse Facility, subject to the other requirements of the 2024 Warehouse Facility.

19. Under the terms of the 2024 Warehouse Facility, subject to the satisfaction of certain conditions, the SPV Borrower was initially permitted to 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 2024 Warehouse Facility). On April 9, 2025, the parties executed an amendment to the 2024 Warehouse Facility to increase the maximum commitment amount to \$155,000,000. On April 30, 2025, another amendment was executed increasing the maximum commitment amount to \$200,000,000. The Commitment Termination Date was April 1, 2026. As described more fully in the Securitization Motion (as defined below), funds borrowed under the 2024 Warehouse Facility are used by SPV Borrower to purchase, through a series of transactions consumer merchandise leases and related rights owned by FlexShopper, LLC, which leases and related rights become collateral for the 2024 Warehouse Facility.

20. As of the Petition Date, the Warehouse Agent has valid, perfected, first-priority liens in Debtor FlexShopper, LLC's 100% equity interests in FlexShopper 1, LLC (the "Prepetition Collateral"). Additionally, as of the Petition Date, the Warehouse Agent, FlexShopper 1, LLC, and SPV Borrower, have valid, perfected, first-priority precautionary liens on the transferred receivables to the extent that the sales or contributions of receivables are recharacterized as being secured financing transactions rather than absolute transfers of the receivables (the "Prepetition

Liens”). The Warehouse Agent also has valid, perfected, first-priority liens on substantially all assets of SPV Borrower. To the best of my knowledge, FlexShopper 1, LLC and SPV Borrower have no creditors other than the Warehouse Agent and Warehouse Lender.

21. A portion of the obligations under the 2024 Warehouse Facility are also guaranteed by FlexShopper, LLC, on an unsecured basis pursuant to a limited guaranty. FlexShopper, LLC is also guarantor under the Validity Guaranty dated as of March 27, 2024 (the “Validity Guaranty”), pursuant to which FlexShopper, LLC agreed to be liable, for all losses, costs, expenses (including attorneys’ fees), damages, liabilities and other amounts incurred or suffered by the Warehouse Agent and Warehouse Lender as a result of any “Liability Event” as defined in the Validity Guaranty. “Liability Events” include, among other things, (i) fraud in connection with the 2024 Warehouse Facility, Leases, Retail Loans, or other aspects of the securitization program, (ii) the provision to the Warehouse Agent or Warehouse Lender of any materially inaccurate or materially misleading information required under the 2024 Warehouse Facility or Servicing Agreement with intent to deceive, or (iii) the concealing of material information required to be delivered to the Warehouse Agent or Warehouse Lenders under the 2024 Warehouse Facility or Servicing Agreement with intent to deceive.

22. NRNS Note. FlexShopper, LLC, previously entered into letter agreements with NRNS Capital Holdings LLC (“NRNS”), the manager of which is the Chairman of the Company’s Board of Directors, pursuant to which FlexShopper, LLC, issued subordinated promissory notes to NRNS (the “NRNS Note”) in the total principal amount of approximately \$9,000,000. Obligations under the NRNS Note are subordinated to obligations under the 2024 Warehouse Facility pursuant to an intercreditor agreement between NRNS and the Warehouse Agent (the “Securitization Intercreditor Agreement”). Obligations under the NRNS Note were purportedly

secured by substantially all FlexShopper, LLC's, assets, subject to rights of the Warehouse Agent under the Securitization Intercreditor Agreement, but are, and have been, unperfected. Payment of principal and accrued interest due under the NRNS Note was originally due on June 30, 2021. Through the execution of numerous amendments, the maturity date of the NRNS Note was extended to July 1, 2025, and, as of the Petition Date, remains outstanding. Interest expense for the NRNS Note was \$532,782 and \$1,638,792 for the three and nine months ended September 30, 2024, respectively, and \$587,230 and \$1,716,217 for the three and nine months ended September 30, 2023, respectively.

III. Events Leading to the Commencement of the Chapter 11 Cases

A. Discovery of Financial Irregularities

23. On May 27, 2025, Peter Lyons, an employee within the Company's finance group, reported concerns to the audit committee of the Company's board of directors that the Company (1) had manufactured and shared fraudulent loan documents with the Company's auditor, Grant Thornton, LLP, to support a higher fair value on the loan portfolio operating under Flex Revolution LLC, and (2) the borrowing base under the 2024 Warehouse Facility appeared to have been overstated in documents provided by FlexShopper, LLC, and SPV Borrower to the Warehouse Agent, Warehouse Lenders, and their predecessors in interest. Mr. Lyons identified that Russell Heiser, the Company's then-current Chief Executive Officer and Chief Financial Officer, participated and directed this conduct.

24. In response to Mr. Lyons's disclosure, Howard Dvorkin, Chairman of the Company's Board of Directors, and Jim Allen, Chair of the Audit Committee, immediately contacted the Company's outside corporate counsel and directed an investigation into Mr. Lyons's allegations.

25. On or about May 30, 2025, Mr. Dvorkin updated the Board of Directors and noted that Thomas Katz, an independent director, and his law firm were engaged to conduct the investigation.

26. On June 7, 2025, the Board of Directors determined that a more robust investigation was needed and authorized the retention of Alvarez & Marsal LLP (“A&M”) to conduct forensic analysis of the Company’s business. A&M obtained full access to all Company systems and files and conducted interviews with at least 10 employees on multiple occasions.

27. On July 8, 2025, the Board of Directors was presented with an oral report of the preliminary findings of A&M’s investigation based on the results of employee interviews and digital forensic analysis. As reflected in the minutes from the meeting, following the presentation of the preliminary findings, the Board of Directors approved and directed the suspension of Mr. Heiser pending the completion of the investigation.

28. As set forth in Minutes of the Special Meeting of the Board of Directors, dated August 6, 2025, the Company’s Board of Directors was informed that A&M’s investigation confirmed that Mr. Heiser (i) participated in providing forged documents to Grant Thornton as support for the loan receivable and loan revenues; (ii) participated in misrepresentations made in the Company’s borrowing base certifications by pledging collateral that did not exist or meet the eligibility requirements that were provided to the Lender under the 2024 Warehouse Facility, and (iii) deleted files from an office computer upon learning about the investigation.

29. As reflected in an 8-K filed with the SEC on July 30, 2025, the Board of Directors of the Company, after consultation with A&M and Grant Thornton LLP, the Company’s independent registered public accounting firm, concluded that previously issued financial statements of the Company should no longer be relied upon.

30. The Company terminated Mr. Heiser for cause at the August 6, 2025 board meeting upon learning the results of A&M's investigation.

31. The Debtors estimate that SPV Borrower overborrowed in excess of \$140 million because of the fraudulent misrepresentations made to the Warehouse Agent and Warehouse Lenders regarding the amount and value of assets contributed to and held by SPV Borrower, resulting in an inflation of the borrowing base calculation under the 2024 Warehouse Facility.

B. Restructuring Efforts Prior to Petition Date

32. On July 23, 2025, the Board of Directors authorized the creation of a special restructuring committee to, among other things, evaluate the Debtors' capital structure, and consider, evaluate, and negotiate financing and strategic alternatives to address the Debtors' liquidity issues and to retain legal counsel.

33. Beginning in August 2025, the Debtors entered into a series of forbearance agreements with the Warehouse Agent and Warehouse Lender following disclosure, on July 21, 2025, of the fraud described above. These forbearance agreements permitted continued borrowings by SPV Borrower under the 2024 Warehouse Facility to fund new lease acquisitions as it had previously done in the ordinary course of business while the parties evaluated options for restructuring the Company's business. Additionally, Debtor FlexShopper, LLC, acknowledged in the forbearance agreements that the fraud described above constituted a "Liability Event" under the Validity Guaranty, rendering it fully liable for the obligations of SPV Borrower under the 2024 Warehouse Facility.

34. However, the continued borrowings under the forbearance agreements did not provide the Company with sufficient liquidity for funding its non-operating expenses, including (i) fees incurred by the Company's corporate counsel; (ii) fees incurred by counsel retained by the

board of directors; (iii) Company's litigation counsel pursuing claims related to alleged breaches of the Company's intellectual property; and (iv) fees incurred by A&M relating to their investigation. As a result, while the Company was able to remain substantially current on its ordinary course operating expenses, its outstanding general unsecured claims (other than those relating to the 2024 Warehouse Facility, which accounts for the vast majority of the Company's general unsecured claims) relate primarily to non-operating expenses.

35. Additionally, the insufficient liquidity prevented the Company from retaining an investment banker to assist with restructuring efforts at this time. Instead, the Company relied on me, as Chief Restructuring Officer, and existing employees and members of the Board of Directors, to source restructuring options available to the Company. The Company also worked cooperatively with Raymond James, investment banker to the Warehouse Agent, to help solicit, facilitate, and evaluate potential restructuring options available to the Company.

36. Beginning in early August through mid-September 2025, the Company also engaged in extensive negotiations with the Warehouse Agent to restructure the debt arising under the 2024 Warehouse Facility that would have kept the Warehouse Lender in place, with adjusted borrowing base mechanics to provide for ongoing borrowings and a revised timeline for repayment of the existing debt. Despite over six weeks of negotiations, execution of a non-binding term sheet, and exchanged drafts of new loan documentation, the parties were ultimately unable to execute a final agreement.

37. Concurrently with these negotiations, Raymond James and members of the Company's board of directors separately explored the possibility of a third-party sale of the Company's assets. In connection with these efforts, Raymond James contacted a select set of parties believed to be potentially interested in pursuing a transaction with the Company and

capable of doing so on a timeline that the Warehouse Lender would be willing to support. From these discussions only two parties delivered a term sheet to Raymond James expressing an interest in acquiring the Company's assets: Snap U.S. Holdings, LLC, whose affiliate, ReadySett LLC, ultimately became the stalking horse purchaser in the Debtors' sale process (the "Stalking Horse Purchaser") and a financial industry participant ("Party B").

38. The Company received a preliminary term sheet from Party B on or around October 7, 2025. The Company, along with the Warehouse Agent's advisors, engaged in negotiations with Party B throughout the month. However, on October 28, 2025, Party B withdrew its interest in acquiring the Company.

39. Following the collapse of negotiations with Party B, the Company reverted to the Stalking Horse Purchaser, who had submitted an initial term sheet on October 17, 2025, that the Company and its advisors had deemed inferior to the deal it was negotiating with Party B. Between October 28 and November 14, 2025, the parties (including the Warehouse Agent) engaged in extensive negotiations for the sale of substantially all of the Debtors' assets to the Stalking Horse Purchaser, together with debtor-in-possession financing to be funded by the Stalking Horse Purchaser (in such capacity, the "DIP Lender").

40. On November 14, 2025, the Company, the Warehouse Agent, Warehouse Lender, and the Stalking Horse Purchaser executed a non-binding term sheet. Following execution of the term sheet, the parties engaged in extensive, arms'-length negotiations concerning the terms of definitive documentation implementing the sale transaction and debtor-in-possession financing (the "DIP Facility"), including issues with respect to funding the Company's business operations through and during the chapter 11 cases and other budgetary issues. In furtherance of these discussions, the Warehouse Lender agreed to continue to make prepetition advances to SPV

Borrower for the acquisition of new leases at a sufficient advance rate to permit SPV Borrower to distribute additional funds to FlexShopper, LLC for funding retainer payments for restructuring counsel and other advisors necessary to implement the term sheet through the commencement and prosecution of these chapter 11 cases. Shortly before the Petition Date, the Debtors retained Morris, Nichols, Arsht & Tunnell LLP as bankruptcy counsel, Glass Ratner LLC as financial advisor, and Two Roads Advisors LLC as investment banker.

41. After several weeks of negotiating with the Stalking Horse Purchaser, the parties reached an agreement (the “Stalking Horse Agreement”). Pursuant to the Stalking Horse Agreement, the Stalking Horse Purchaser has committed, subject to Court approval, to acquire substantially all of the assets of the Debtors in exchange for the following consideration:

- a. A payment to the Debtors in the amount of \$8,000,000, subject to the Katapult Reduction (as defined in the Stalking Horse Agreement),
- b. A cash payment to the Warehouse Agent in the amount of \$7.5 million, subject to adjustment pursuant to Section 2.5(a)(ii) of the Stalking Horse Agreement, and
- c. The assumption of the certain assumed liabilities by the Stalking Horse Purchaser.

42. The Stalking Horse Agreement will serve the critical function of setting a “floor” for recoveries to creditors and a structure for further competitive bidding.

43. Concurrently, the Company also engaged in negotiations with BP Fundco, LLC, concerning Flex Revolution, LLC’s operations and the then-outstanding credit agreement facility. Critical to these negotiations was the fact that Flex Revolution, LLC’s, business operations were not profitable on a stand-alone basis and had required the infusion of additional capital on an annual basis to ensure satisfaction of its ordinary course operating expenses.

44. As a result, on September 30, 2025, the Company entered into a forbearance agreement with BP Fundco, LLC that, in pertinent part, authorized the administrative agent under

the credit agreement to immediately proceed to effect a sale with respect to the entire portfolio of the pledged assets for the benefit of the lenders through a public UCC foreclosure sale. The parties agreed that the proceeds of the sale were to pay in the following order: (i) administrative agent's reasonable and documented costs of collection, advertising, and conducting the sale, including attorneys' fee, (ii) repayment of the outstanding overadvances under the credit agreement, (iii) repayment of the remaining outstanding obligations owed under the credit agreement, (iv) payment of amounts due to any other secured creditor of Flex Revolution, and (v) the remainder released to Flex Revolution.

45. The UCC foreclosure sale occurred on October 31, 2025. Following the sale, Flex Revolution entered into a 1-month transition services agreement. Following the conclusion of the term of such agreement there remain no further obligations of the Debtors to BP Fundco, LLC and all remaining employees of Flex Revolution were terminated.

IV. Debtors' Goals for These Chapter 11 Cases

46. With the Stalking Horse Agreement in hand, the Debtors filed these chapter 11 cases to pursue a value-maximizing sale transaction for the FlexShopper business and complete an orderly winddown. To facilitate these goals, the Debtors have obtained debtor-in-possession commitments from the Stalking Horse Purchaser, the proceeds of which will fund the Debtors' operating expenses (other than the purchase of leased merchandise) and expenses related to the chapter 11 cases, and continued availability under the 2024 Warehouse Facility, the proceeds of which will be used by SPV Borrower to purchase new leases. The Debtors have filed or will file substantially contemporaneously herewith a motion to approve (1) bidding procedures for a sale process under section 363 of the Bankruptcy Code and (2) the Debtors' entry into the Stalking Horse Agreement. The Debtors believe that conducting a supplemental postpetition marketing

and sale process with the help of their advisors and consummating a sale transaction for substantially all the Debtors' assets, with the Stalking Horse Agreement setting the floor for any future bids from third parties, is the best way to maximize the value of the Debtors' estates for the benefit of all the Debtors' stakeholders.

V. First Day Motions

47. In my capacity as Chief Restructuring Officer, I believe that the relief requested in the First Day Motions is necessary and essential to ensuring that the Debtors' immediate needs are met, and that the Debtors (and other constituencies) will not suffer immediate and irreparable harm as a result of the commencement of these chapter 11 cases. My opinion as to the necessity of the First Day Motions is based upon my firsthand experience as Chief Restructuring Officer, and my review of various materials and information provided to me by the Debtors and Debtors' advisors, as well as discussions had in connection therewith. In considering the necessary first-day relief, the Debtors' advisors and I were cognizant of the level of cash on hand and the limitations imposed by the DIP budget and, in light of these limitations, narrowed the relief requested at the outset of the chapter 11 cases to only those matters that require urgent relief to preserve value during the pendency of these cases.

48. The Debtors have a critical need to use the DIP Facility proceeds and the cash collateral to operate their business and preserve their going-concern value. The Debtors' business requires cash to satisfy obligations to vendors and employees incurred in the ordinary course of business. The Debtors negotiated and reached agreement on the DIP Facility, pursuant to which the Debtors, subject to Court approval, will be provided with a senior secured superpriority postpetition financing facility from the DIP Lender. I believe that the terms and amount of the

proposed DIP Facility will permit the Debtors to meet their business and other obligations in connection with these chapter 11 cases.

49. Based on my experience, and in my business judgment, I believe that the terms of the DIP Facility are reasonable to the Debtors and appropriate under the circumstances. As explained above, the DIP Facility is necessary as it will provide the Debtors with liquidity to administer these chapter 11 cases, without which the Debtors' ability to successfully prosecute these chapter 11 cases will be jeopardized, to the detriment of all of the Debtors' stakeholders. Further, I believe that the absence of the DIP Facility would cause immediate and irreparable harm to the Debtors' estates, their creditors and other stakeholders, by compromising the Debtors' ability to, among other things, maintain their business relationships and pay vendors that are providing necessary services to the Debtors.

50. I have reviewed each of the following First Day Motions (including the exhibits and schedules thereto) and am familiar with the content and substantive contained therein:

- *Debtors' Motion for Entry of an Order Directing Joint Administration of Chapter 11 Cases;*
- *Debtors' Motion for Interim and Final Orders (I) Authorizing Secured Post-Petition Financing Pursuant to 11 U.S.C. § 364, (II) Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361, 363, and 364, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief;*
- *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Certain Debtors to Continue Selling and Servicing Receivables and Related Rights Pursuant to a Securitization Program, (II) Modifying the Automatic Stay, and (iii) Granting Related Relief;*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing, but Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Maintain Employee Benefits Programs and (II) Granting Related Relief;*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Continue their Existing Cash Management System, (B)*

Honor Certain Prepetition Obligations Related Thereto, (C) Maintain their Bank Accounts and Existing Business Forms, (D) Implement Changes to the Existing Cash Management System as Necessary, and (E) Continue Ordinary Course Intercompany Transactions, (II) Extending the Time to Comply with the Requirements of 11 U.S.C. § 345(b) and the U.S. Trustee's Operating Guidelines, and (III) Granting Related Relief;

- *Debtors' Motion for Entry of Interim and Final Orders (I) Prohibiting Utility Providers from Altering, Refusing or Discontinuing Utility Services, (II) Approving Proposed Adequate Assurance of Payment to Utility Providers and Authorizing Debtors to Provide Additional Adequate Assurance, (III) Establishing Procedures to Resolve Requests for Additional Assurance, and (IV) Granting Related Relief;*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees, and (II) Granting Related Relief; and*
- *Debtors' Motion for Interim and Final Orders (I) Authorizing Payment of Prepetition Claims of Certain Critical Vendors and (II) Granting Related Relief.*

The facts set forth in each First Day Motion are true and correct to the best of my knowledge and belief with appropriate reliance on other advisors, and I can attest to such facts.

I declare under penalty of perjury that the foregoing is true and correct to the best of knowledge, information, and belief.

December 22, 2025

/s/ Matthew A. Doheny

Matthew A. Doheny
Chief Restructuring Officer
FlexShopper, Inc.