

FELLOW STAKEHOLDERS

Our theme for 2022 is *A Clear Path Forward*. Over the last few years, Triumph has iterated on a vision to do something truly unique and valuable in financial services. While some companies lose their clarity and purpose in the pursuit of growth, Triumph has done the opposite. Our path forward is narrower and clearer than it has ever been. I will use this letter to share that path forward with you, but let's begin with a review of last year.

REVIEW OF 2021

The dictionary defines *remarkable* as “worthy of attention or striking.” There should be a picture of Triumph's 2021 results next to that definition. 2021 was the single best year Triumph has had since its inception. Here are just a few of the highlights:

Overall company revenue was up 15.6% over 2020 to \$442 million.

- At \$4.35 earnings per share, TBK broke profitability records despite investing heavily in the development of TriumphPay.

Triumph Business Capital (“TBC”) grew factoring revenue by 69% to \$194 million.

- For the full year 2021 purchases were \$13.1 billion, up 84% YOY.

TriumphPay experienced parabolic growth.

- TriumphPay revenue grew 325% to \$19.5 million.
 - Q4 2021 annualized revenue run rate was \$29 million.
- TriumphPay invoices processed grew over 200%.
 - Full-year payment volumes grew over 250%.
 - Q4 2021 annualized exit rate payment volumes were \$21 billion, up 173% over the exit rate of 2020.
- TriumphPay successfully completed the acquisition and integration of HubTran.

A lot has changed at Triumph in the 700+ days since COVID-19 first impacted our lives. While questions about COVID dominated 2020, 2021 brought one of the most strategic shifts in our history. Last year, my shareholder

letter laid out goals for Triumph to reach \$40 billion in combined annualized payment volume¹ by the end of 2022. At the end of 2021, we had already achieved a \$37 billion run rate. I could not have foreseen that at the time. We had *remarkable* tailwinds and a *remarkable* team to hold the sail and catch as much of the wind as possible. As I said above, it was a *remarkable* year.

A CLEAR PATH FORWARD — WHAT, WHY, WHO, AND HOW

TriumphPay

Banking is not a new or particularly entrepreneurial business. There are new banks and entrepreneurs in the industry, but the business itself is the same: banks buy money from depositors and sell it to borrowers. From that foundation, banks often expand into related financial services such as investment banking and asset management, but generally go no further.

I point this out because what Triumph has set out to do is beyond the scope of anything I just described. I don't think anything like what we have done has ever been done in banking (although someone with more knowledge may correct me on that).

What exactly is it we are doing? Triumph intends to create the payments network for the trucking industry. Specifically, we want to use platform integrations to curate data in a structured² format between payors and payees to improve efficiency and mitigate fraud. To accomplish the “*what*” described requires a level of complexity that is hard to overstate. We have invested \$150 million and tens of thousands of hours to get here, and we still have plenty more of both to invest.

Why is Triumph doing this? The logic is fairly straightforward: a payments network is one of the most powerful and useful tools in modern finance. Payments networks create long-term customer engagement and are recession-resistant by their very nature. As a result, earnings from payments networks receive much higher valuations than traditional bank multiples.

¹ This calculation was based on the dollar volume of invoices paid by TriumphPay and purchased from clients by Triumph Business Capital.

² Structured data is data that exists in a predefined format. This makes it clearly defined and searchable by field.