## Triumph Business Capital had an extraordinary year. Demand for freight remains elevated to historic levels. Q4 2021 actual invoice volumes (not dollar values) were 40% higher than the same period in 2020.

Triumph generates a significant amount of earnings (cash). In 2021, our return on assets was in the upper decile[3] of banking peers despite investing heavily into TriumphPay. We self-fund the venture capital required to fund TriumphPay's growth, and we don't have to dilute our shareholders to do it. This allows us to invest beyond the horizon of almost any peer or potential competitor.

Illustrative to this point is our acquisition of HubTran in Q2 2021. We paid approximately $97 million and did so in cash from our retained earnings. That acquisition has delivered over $500 million of enterprise value to our shareholders (who were not diluted in the original transaction). As we continue to build our cash position, investors should know that our deployment of that cash will be either (i) an agile response to a market pullback, or (ii) an acquisition that moves us closer to our end goal of being the payments network for trucking. Our preference, of course, is for the latter if the right opportunity presents itself. It may be that a future acquisition will require the use of stock as well, but where we can do so, our preference is to use cash because we believe wholeheartedly in our future.

**Market Alignment:** "Freightech" is currently all the rage and rightly so. It has all the hallmarks of an industry ripe for disruption: an enormous addressable market that is highly fragmented and inefficient. When private equity or venture capital backed firms come into this market, they want to improve efficiencies and access data. One of the things they can do with data — especially in the 3PL[4] market — is to use it to give them an advantage in understanding predictive capacity. This is, at best, a conflict of interest with and, at worst, a massive threat to the incumbent freight brokers who are among our core clients. If you can predict where trucks are going, then you can outcompete the very 3PLs you were promising to serve. Triumph does not present this type of risk to freight brokers — we are a bank. We don't move freight; we move money. This alignment is one of the many reasons 17 of the 30 largest freight brokers use us for audit, payment, or both.

**TINA: (**There Is No Alternative): Triumph is 100% committed to this strategy. Doing hard things requires institutional focus. Without it, we will get lost on detours that take us off the clear path forward. We have called our shot with TriumphPay, and now it is incumbent upon us to execute. We will invest and work until we get there.

In sum, we (the *"who"*) believe we have the ability to win based on what we already do in trucking. We have defined the *"what"* — a ubiquitous and invisible tollway that reduces friction costs for payors and payees. All that remains to discuss is the *"how"*.

An in-depth examination of how our payments network functions is beyond the scope of a shareholder letter. What I can tell you is that we are in the growth stage of the operation. We continue to add shippers, 3PLs, and factors as clients of our audit and payment offerings. An increasing number of these clients are participating in "conforming transactions." In a conforming transaction, the payor and payee use APIs[5] to transmit and receive structured data to present, audit, pay, and streamline cash applications for a given invoice. To make this work, participants use the full suite of TriumphPay products to create an automated payment process. The more integrations we complete, the larger the conforming transaction universe becomes. The larger that universe becomes, the greater the incentive for parties on both sides of the transaction to apply our technology to their operational workflows. Factors and brokers benefit from these efficiencies. Carriers have greater visibility into payment status to optimize their working capital. In a time of strained capacity and rising prices, delivering a product that creates value through automation without a negative impact on margins or the consumer is a unique opportunity.

3 Source: S&P CapIQ, 208 public banks over $500 million market cap.

4 "3PL" is short for 3rd party logistics provider. This refers to companies that handle the outsourcing of ecommerce logistics processes to a third party business, including inventory management, warehousing, and fulfillment.

5 Application programming interface — a software intermediary that allows two applications to communicate with each other.