

On September 23, 2020, the Company and ABC entered into an Account Management Agreement, Amendment to Purchase Agreement and Mutual Release (the “Agreement”) with CVLG and Covenant Transport Solutions, LLC a wholly owned subsidiary of CVLG (“CTS” and, together with CVLG, “Covenant”). Pursuant to the Agreement, the parties agreed to certain amendments to that certain Accounts Receivable Purchase Agreement (the “ARPA”), dated as of July 8, 2020, by and among ABC, as buyer, CTS, as seller, and the Company, as buyer indirect parent. Such amendments include:

- Return of the portion of the purchase price paid under the ARPA consisting of 630,268 shares of Company common stock, which was accomplished through the sale of such shares by CVLG pursuant to the terms of the Agreement and the surrender of the cash proceeds of such sale (net of brokerage or underwriting fees and commissions) to the Company;
- Elimination of the earn-out consideration potentially payable to CTS under the ARPA; and
- Modification of the indemnity provisions under the ARPA that eliminated the existing indemnifications for breaches of representations and warranties and replaced such with a newly established indemnification by Covenant in the event ABC incurs losses related to the \$62.2 million in over-formula advances made to specified clients identified in the Agreement (the “Over-Formula Advance Portfolio”). Under the terms of the new indemnification arrangement, Covenant is responsible for and will indemnify ABC for 100% of the first \$30 million of any losses incurred by ABC related to the Over-Formula Advance Portfolio, and for 50% of the next \$30 million of any losses incurred by ABC, for total indemnification by Covenant of \$45 million.

Covenant’s indemnification obligations under the Agreement are secured by a pledge of equipment collateral by Covenant with an estimated net orderly liquidation value of \$60 million (the “Equipment Collateral”). The Company’s wholly-owned bank subsidiary, TBK Bank, SSB, has provided Covenant with a \$45 million line of credit, also secured by the Equipment Collateral, the proceeds of which may be drawn to satisfy Covenant’s indemnification obligations under the Agreement.

Pursuant to the Agreement, Triumph and Covenant agreed to certain terms related to the management of the Over-Formula Advance Portfolio, and the terms by which Covenant may provide assistance to maximize recovery on the Over-Formula Advance Portfolio. During the year ended December 31, 2021, Covenant drew on the line of credit to fund its only \$35.6 million indemnification payment thus far, but has since paid down that amount in its entirety. At December 31, 2021, Covenant had remaining availability of \$9.4 million left on its TBK line of credit available to cover our indemnification balance of up to \$5.0 million.

Pursuant to the Agreement, Triumph and Covenant have agreed to certain terms related to the management of the Over-Formula Advance Portfolio, and the terms by which Covenant may provide assistance to maximize recovery on the Over-Formula Advance Portfolio.

Pursuant to the Agreement, the Company and Covenant have provided mutual releases to each other related to any and all claims related to the transactions contemplated by the ARPA or the Over-Formula Advance Portfolio. Also in connection with the Agreement, Covenant agreed to dismiss, with prejudice, the declaratory judgment action filed in the 95th Judicial District Court of Dallas County, Texas (removed to the United States District Court, Northern District of Texas), related to the ARPA and the transactions contemplated.

Further discussion regarding activity related to the TFS Acquisition can be found throughout this filing.

Triumph Premium Finance

On April 20, 2020, we entered into an agreement to sell the assets (the “Disposal Group”) of Triumph Premium Finance (“TPF”) and exit our premium finance line of business. The transaction closed on June 30, 2020, and the assets of the Disposal Group, consisting primarily of \$84.5 million of premium finance loans, were sold for a gain on sale of \$9.8 million.