

# NewtekOne®

NASDAQ:NEWT

## Newtek Business Services Corp. Provides Financial Forecast for the First Half of 2022

June 21, 2022

BOCA RATON, Fla., June 21, 2022 (GLOBE NEWSWIRE) -- [Newtek Business Services Corp.](#), (NASDAQ: NEWT), an internally managed business development company ("BDC"), provides forecasts for certain financial metrics for the six months ending June 30, 2022. For the six months ending June 30, 2022, the Company is forecasting net investment income (loss) ("NII") in a range of ( \$0.01) per share to \$0.00 per share and adjusted net investment income ("ANII") <sup>1</sup> in a range of \$1.40 per share to \$1.50 per share.

Barry Sloane, Chairman, President and Chief Executive Officer said, "As the end of the quarter approaches, we believe that we are on track to deliver the previously forecasted results for the first six months of 2022. We are continuing to work to deliver our forecasted financial results and feel comfortable that we will be able to achieve ANII for the first six months of 2022 that will be equal to or exceed dividends that have been declared through the first half of 2022 in the amount of \$1.40 per share. As we mentioned during our first quarter 2022 earnings conference call, we anticipated some pricing pressure on government guaranteed loan sale margins during the second quarter of 2022, and that is what we have been seeing. However, in counterbalance to pricing pressure, we are seeing high-quality borrower opportunities, as well as strong portfolio performance as of May 31, 2022, that has placed the Company in a comfortable position with respect to its portfolio currency rate. In addition, we believe the combined performance of Newtek Merchant Solutions and other portfolio companies will assist us in achieving our NII and ANII forecasts for the first six months of 2022."

Mr. Sloane continued, "We were exceptionally pleased that 89% of shareholders voting on the recent special proxy vote gave the board the authorization to withdraw our election as a 1940s Act Company which, subject to regulatory approvals, would allow us to operate as a 1933 Act Company, which we believe can provide us with the opportunity to raise more cost-effective capital. As a company that has historically been able to grow its business, we believe that converting to a bank holding company, subject to regulatory approvals, could not be timelier despite having to overcome what we believe has been a shareholder transition. Importantly, as a bank holding company, we believe we will be eligible for inclusion in the Russell 2000 Exchange Traded Funds, which are managed by institutional money managers and, we believe can help mitigate the friction that institutional money managers have experienced with investing in BDCs due to the double counting of AFPE. Furthermore, as a bank holding company, any dividends our loyal shareholders may receive will be taxed at a more advantageous qualified rate rather than the ordinary income rate."

Mr. Sloane concluded, "We look forward to reporting second quarter 2022 financial results in early August, and expect to provide an update on the acquisition of the National Bank of New York City."

<sup>1</sup> Use of Non-GAAP Financial Measures - In evaluating its business, Newtek considers and uses ANII as a measure of its operating performance. ANII includes short-term capital gains from the sale of the guaranteed portions of SBA 7(a) loans and conventional loans, and beginning in 2016, capital gain distributions from controlled portfolio companies, which are reoccurring events. The Company defines ANII as Net investment income (loss) plus Net realized gains recognized from the sale of guaranteed portions of SBA 7(a) loan investments, less realized losses on non-affiliate investments, plus the net realized gains on controlled investments, plus or minus the change in fair value of contingent consideration liabilities, plus loss on extinguishment of debt, plus or minus an adjustment for gains or losses on derivative transactions. The term ANII is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. ANII has limitations as an analytical tool and, when assessing the Company's operating performance, investors should not consider ANII in isolation, or as a substitute for net investment income, or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, ANII does not reflect the Company's actual cash expenditures. Other companies may calculate similar measures differently than Newtek, limiting their usefulness as comparative tools. The Company compensates for these limitations by relying primarily on its GAAP results supplemented by ANII.

[Newtek Business Services Corp.](#), Your Business Solutions Company®, is an internally managed BDC, which along with its controlled portfolio companies, provides a wide range of business and financial solutions under the Newtek® brand to the small- and medium-sized business ("SMB") market. Since 1999, Newtek has provided state-of-the-art, cost-efficient products and services and efficient business strategies to SMB relationships across all 50 states to help them grow their sales, control their expenses and reduce their risk.

Newtek's and its portfolio companies' products and services include: [Business Lending](#), [SBA Lending Solutions](#), [Electronic Payment Processing](#), [Technology Solutions \(Cloud Computing, Data Backup, Storage and Retrieval, IT Consulting\)](#), [eCommerce](#), [Accounts Receivable Financing & Inventory Financing](#), [Insurance Solutions](#), [Web Services](#), and [Payroll and Benefits Solutions](#).

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### Note Regarding Forward Looking Statements

*This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," "forecasts," "goal" and "future" or similar expressions are intended to identify forward-looking statements. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the*

*forward-looking statements. Such risks and uncertainties include, among others, include our ability to close the pending acquisition of the National Bank of New York City (the "Acquisition"), obtain required regulatory approvals for the pending Acquisition, as well as projections concerning or considering the pending Acquisition, our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital and the ability to maintain certain debt to asset ratios, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions, which could cause Newtek's actual results to differ from management's current expectations, are contained in Newtek's filings with the Securities and Exchange Commission and available through <http://www.sec.gov/>. Newtek cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements..*

SOURCE: Newtek Business Services Corp.

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