

Newtek Business Services Corp.

NASDAQ: NEWT

LD Micro by SRAX Invitational XII
July 8, 2022

Presented by:
Barry Sloane, Newtek CEO & President

Investor Relations
Jayne Cavuoto
Director of Investor Relations
jcavuto@newtekone.com
(212) 273-8179

Note Regarding Forward-Looking Statements

The matters discussed in this Presentation, as well as in future oral and written statements by management of Newtek Business Services Corp., that are forward-looking statements, are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “would,” “allows,” “outlook,” “seeks,” “desires,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Important assumptions 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 and obtain shareholder approval to withdraw our election as a BDC, as well as projections concerning 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. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Presentation should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this Presentation include statements as to: the pending Acquisition and the potential benefits thereof, our future operating results; our business prospects and the prospects of our portfolio companies; the impact of investments that we expect to make; our ability to enter into joint venture agreements and the joint ventures abilities to originate loans; the ability to maintain key personnel and hire new personnel; our ability to expand our product offering; our ability and that of our portfolio companies to achieve their objectives; our expected financings and investments; our regulatory structure and tax status; our ability to operate as a BDC and a RIC; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; the timing, form and amount of any dividend distributions; the impact of fluctuations in interest rates on our business; the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and our ability to recover unrealized losses. The following discussion should be read in conjunction with the section entitled “Risk Factors,” and our consolidated financial statements and related notes and other financial information appearing in our quarterly and annual reports filed with the U.S. Securities and Exchange Commission (“SEC”). We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We do not assume any obligations to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. In addition to factors previously disclosed in our reports filed with the SEC and those identified elsewhere in this Presentation, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: our ability to obtain regulatory approvals (and the timing of such approvals) and meet other closing conditions to the Acquisition; modification or termination of certain businesses to comply with regulatory requirements; delay in closing the Acquisition; the occurrence of any event, change or other circumstance that could give rise to the right of one or both parties to terminate the Acquisition; the risk that any announcements relating to the proposed Acquisition could have adverse effects on the market price of our common stock; difficulties and delays in integrating the NBNYC business; diversion of management’s attention from ongoing business operations and opportunities; our ability to operate as a bank holding company and the increase in regulatory burden and compliance costs; the attractiveness of our banking products to our existing customer base and our ability to cross-sell; any change in our dividend payout due to no longer operating as a BDC and RIC. These are representative of the factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic and political conditions, either nationally or in the states in which Newtek or NBNYC does business, including interest rate fluctuations, changes and trends in the securities markets and other factors.

Proven Shareholder Value Creation: Track Record of Successful Growth

- Total returns as of March 31, 2022 (including reinvested dividends)

10-Year Total Return ²		5-Year Total Return		3-Year Total Return		1-Year Total Return	
NEWT	784.8%	NEWT	163.4%	NEWT	89.6%	NEWT	12.0%
S&P 500	257.1%	S&P 500	109.8%	S&P 500	68.1%	S&P 500	15.6%
Russell 2000	171.9%	Russell 2000	59.0%	Russell 2000	39.4%	Russell 2000	-5.8%

- Current market capitalization is over \$600 million (as of March 31, 2022)
- Newtek believes that its market capitalization could open Newtek to greater acceptance by small-cap investors with a \$500 million market capitalization minimum

¹Source: total return data from Bloomberg as of March 31, 2022. ²Includes the period before becoming a BDC.

Newtek's Special Meeting of Shareholders: Results

- On May 2, 2022, the Company filed its definitive proxy statement with the SEC seeking shareholder approval for the Company's Board of Directors to discontinue the Company's election to be regulated under the Investment Company Act of 1940
- On June 1, 2022, at a special meeting of shareholders (the "Special Meeting"), Newtek shareholders overwhelmingly approved a proposal authorizing the Company's Board of Directors to discontinue the Company's election to be regulated under the Investment Company Act of 1940 (subject to certain regulatory approvals and closing conditions described in the Company's Proxy Statement dated May 2, 2022) (the "Proposal")
- 89% of the votes cast at the Special Meeting were in favor of the Proposal
- As disclosed on August 2, 2021, the Company entered into a stock purchase agreement to acquire all of the issued and outstanding stock of the National Bank of New York City ("NBNYC") (the "Transaction"), subject to regulatory approvals and closing conditions
- Following the closing of the Transaction, the Company intends to rename NBNYC as Newtek Bank & Trust, N.A., to operate as a bank holding company, and to elect financial holding company status
- The Company's Board of Directors will not seek to discontinue the Company's election as a BDC under the 1940 Act until after the Company receives the necessary regulatory approvals of the Transaction and after Transaction closing conditions are met

Why Does Newtek Believe Converting to a Bank Holding Company is in the Best Interest of the Company

- As described more fully in the May 2, 2022 proxy statement, as a bank holding company, we believe we will be able to:
 - Increase the Company's financing flexibility and lower the cost of capital to the Company
 - Reduce the Company's reliance on issuance of higher cost of capital common equity to fund growth
 - Reduce reliance on higher cost of commercial funding sources to originate loans
 - Remove the 150% asset coverage requirement (i.e., limitations of 2 to 1 leverage) versus the limitations placed on bank holding companies and banks
 - Offer banking as a service and banking on demand
 - Have the opportunity for the Company to leverage the Company's patented technologies, including NewTracker[®] and the NewtekOne Dashboard patent pending
 - We are the same company, in the same business, just in a different financial structure that we believe will enable us to unlock greater shareholder value

Leveraging Our Home-Grown Technology

- NewTracker[®] enables us to remotely acquire customers through strategic alliance partnerships without the traditional use of branches, brokers, business development officers,
- The NewtekOne Dashboard[™] is designed to be a management tool for businesses that will make their businesses more successful and that we expect our clients will depend on
- The Company believes it may make sense in the future to license NewTracker[®], the NewtekOne Dashboard[™] and other technologies it has developed across all its product lines to technology solution providers. Similar to what Live Oak Bank has done with nCino



Home



Your Newtek Team



My Loans



Payroll



Business Checking



Merchant Accounts



Add a Service



Website Traffic



Document Storage

NewtekOne Dashboard™

The one dashboard for all your business needs™



LOAN ACCOUNT BALANCE

\$4,655,477

NEXT PAYMENT DUE: 2/1/22



CREDIT & DEBIT CARD SALES THIS WEEK

\$122,452 +4% ↑

7,342 TRANSACTIONS



BI-MONTHLY PAYROLL

\$124,000

252 ACTIVE EMPLOYEES




[Click Here to Go to iSolved](#)

BUSINESS CHECKING

\$2,825,136

WALSH GROUP


[VIEW ACCOUNTS](#)



WEBSITE TRAFFIC
LAST 30 DAYS

[VIEW ACCOUNTS](#)

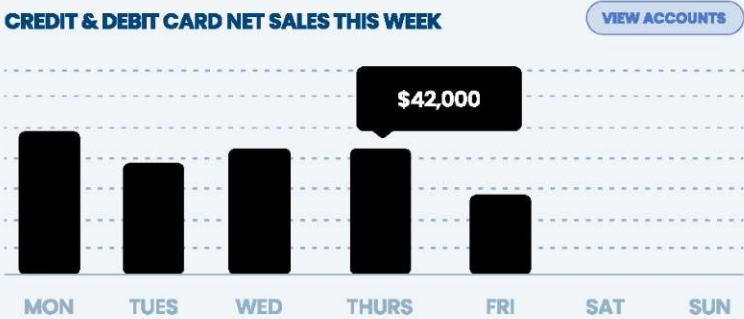
1,890 VISITORS



- ORGANIC
- SOCIAL MEDIA
- GOOGLE
- EMAIL

Add a Service

Newtek Offers A Wide Range Of Services To Help Your Business Thrive. Learn More...



Corporate Document Storage		UPLOAD
BUSINESS LEASE PGI - WALSH GROUP - PAYROLL ACCOUNT		↓
BUSINESS LIABILITY FULL POLICY - WALSH GROUP - PAYROLL ACCOUNT		↓
BUSINESS LICENSE - WALSH GROUP - PAYROLL ACCOUNT		↓
BUSINESS PERSONAL PROPERTY POLICY - WALSH GROUP - LOAN ACCOUNT		↓
LLC ARTICLES - WALSH GROUP - LOAN ACCOUNT		↓

- We expect the NewtekOne Dashboard™ to give our business clients a tool that will enhance their business operations
- We believe the NewtekOne Dashboard™ is unique because each of our clients will be assigned a relationship manager, and a specialist in each of our business lines
 - For example, our clients will have a lending specialist or a payments specialist and, if we become a bank holding company, a depository specialist. This could give our clients 6 or 7 relationships to connect with at any time
- Our clients will be able to go into the NewtekOne Dashboard™ and communicate via video with anybody on their team
- Our vision is to offer our clients the NewtekOne Dashboard™, which can become a market-recognized tool and solution that Newtek’s clients ultimately will not want to be without

Lending Highlights

- Newtek Small Business Finance, LLC (“NSBF”) funded \$163.3 million of SBA 7(a) loans during the three months ended March 31, 2022; a 56.5% increase over the \$104.4 million of SBA 7(a) loans funded for the three months ended March 31, 2021
 - First quarter 2022 SBA 7(a) loan fundings represent a record for a first quarter and our highest ever quarter-over-quarter comparison on a percentage basis in a first quarter
- NSBF forecasts funding approximately \$750 million of SBA 7(a) loans for the full year 2022, which would represent a 33.8% increase over \$560.6 million of SBA 7(a) loans funded in 2021
- Newtek Business Lending (“NBL”), a wholly owned portfolio company closed \$31.4 million of SBA 504 loans during the three months ended March 31, 2022; an increase of 67% over \$18.8 million SBA 504 loans closed during the three months ended March 31, 2021
- NBL forecasts closing approximately \$150 million of SBA 504 loans for the full year 2022, which would represent a 66.5% increase over \$90.1 million SBA 504 loans closed in 2021
- The Paycheck Protection Program (“PPP”) closed in 2021. We received approximately \$50 million of fee income, or \$2.19 per share, in 2021 from funding PPP loans
- First quarter 2021 financial results included \$24.2 million of PPP fee income which, as previously disclosed, is not recurring

Lending Performance Drivers

- Changes to our NewTracker[®] platform have enabled us to transfer data from the borrower to our lending process in a more seamless manner removing the intermediary (banker, broker, BDO), reducing friction, increasing efficiency, accuracy and speed to qualify
- Our historic utilization of our NewTracker[®] referral system, which receives close to 100,000 referrals per quarter on average, gives us the ability to pair borrowers with loans from our SBA 7(a), SBA 504, secured lines of credit, and non-conforming conventional loan offerings
- We have made changes at the senior management level of our lending businesses, under the direction of Peter Downs, President of NSBF and Chief Lending Officer of the Company, over the past two years

Year-to-Date Loan Closings and Loan Pipeline by Loan Product

Status	Pipeline - SBA 7(a)		Variance to Prior Year	
	As of			
	4/29/2021	4/29/2022	\$	%
Closed (Year to Date)	110,700,097	230,262,756	119,562,659	108.01%
Approved Pending Closing	68,976,147	127,170,400	58,194,253	84.37%
In Underwriting	99,526,100	152,351,890	52,825,790	53.08%
In Prequal	201,913,000	310,719,890	108,806,890	53.89%
Total	\$481,115,344	\$820,504,936	\$339,389,592	70.54%

Status	Pipeline - SBA 504		Variance to Prior Year	
	As of		\$	%
	4/29/2021	4/29/2022		
Closed (Year to Date)	32,310,215	33,580,233	1,270,018	3.93%
Approved Pending Closing	32,872,050	157,255,160	124,383,110	378.39%
In Underwriting	16,529,865	26,409,635	9,879,770	59.77%
In Prequal	239,240,426	186,993,270	(52,247,156)	-21.84%
Total	\$320,952,556	\$404,238,298	\$83,285,742	25.95%

Pipeline - Non-Conforming Conventional				
Status	As of		Variance to Prior Year	
	4/29/2021	4/29/2022	\$	%
Closed (Year to Date)	0	5,000,000	5,000,000	-
Approved Pending Closing	0	4,000,000	4,000,000	-
In Underwriting	46,262,500	19,745,106	(26,517,394)	-57.32%
In Prequal	71,275,000	97,803,500	26,528,500	37.22%
Total	\$117,537,500	\$126,548,606	\$9,011,106	7.67%

First Quarter 2022 Financial Highlights

- Total investment income of \$20.3 million for the three months ended March 31, 2022; a decrease of (41.4)% over total investment income of \$34.7 million for the three months ended March 31, 2021. First quarter 2021 financial results included \$24.2 million of fee income from the PPP which, as previously disclosed, is not recurring
- Net investment income of \$1.0 million, or \$0.04 per share, for the three months ended March 31, 2022, which represents a (94.1)% decrease, on a per share basis, compared to net investment income of \$15.2 million, or \$0.68 per share, for the three months ended March 31, 2021. First quarter 2021 financial results included \$24.2 million of fee income from the PPP which, as previously disclosed, is not recurring
- Adjusted net investment income ("ANII")¹ of \$17.3 million, or \$0.72 per share, for the three months ended March 31, 2022; a decrease of (31.4)%, on a per share basis, compared to ANII of \$23.5 million, or \$1.05 per share, for the three months ended March 31, 2021. First quarter 2021 financial results included \$24.2 million of fee income from the PPP which, as previously disclosed, is not recurring
- Debt-to-equity ratio of 1.17x at March 31, 2022; proforma debt-to-equity ratio was 1.14x after taking into account the sales of government-guaranteed portions of SBA 7(a) loans prior to March 31, 2022, which sales settled subsequent to the balance sheet date
- Total investment portfolio increased by 5.2% to \$764.1 million at March 31, 2022, from \$726.1 million at March 31, 2021. Net asset value ("NAV") of \$398.5 million, or \$16.49 per share, at March 31, 2022; a decrease of 1.4% on a per share basis, compared to NAV of \$16.72 per share at December 31, 2021
- Net asset value ("NAV") of \$398.5 million, or \$16.49 per share, at March 31, 2022; a decrease of 1.4% on a per share basis, compared to NAV of \$16.72 per share at December 31, 2021
 - Note: we did experience a solid increase in NAV from December 31, 2020 to December 31, 2021 of 8.2%

¹Please see page 26 for definition of ANII, and pages 26 for reconciliation of ANII.

- We received approximately \$50 million in PPP fee income in 2021, which represented \$2.19 per share, which affected our first quarter year-over-year comparisons from 2021 to 2022
- The Company has continued to reposition itself in the wake of the pandemic with full focus on originating lending products including SBA 7(a) loans, SBA 504 loans, non-conforming conventional loans, and secured lines of credit
- We believe Newtek's portfolio companies are extremely well positioned to capture market opportunities in 2022 and contribute to our growth, led by Newtek Merchant Solutions ("NMS"), Newtek Technology Solutions ("NTS") and Newtek Conventional Lending ("NCL")
- We forecast Newtek's payment processing portfolio companies and technology portfolio companies combined may achieve upwards of \$20 million in Adjusted EBITDA in 2022
- Newtek is not solely an SBA 7(a) lender. While that is our flagship business, we like to remind our investors that it was our technology solutions and payment processing businesses that carried Newtek through the 2008-2009 lending crisis
- NMS, NTS, Newtek Business Lending ("NBL") and NCL made contributions to our first quarter 2022 dividend
- Cross-selling efforts across our business and finance solutions are expected to be enhanced through the NewtekOne Dashboard™

2022 Dividends

- On March 31, 2022, the Company paid a first quarter 2022 cash dividend of \$0.65 per share to shareholders of record as of March 21, 2022, which represented a 30.0% increase over the first quarter 2021 dividend of \$0.50 per share
- The Company's board of directors declared a second quarter 2022 dividend of \$0.75² per share, which represents a 7.1% increase over the second quarter 2021 dividend, and is payable on June 30, 2022 to shareholders of record on June 20, 2022
- The Company has paid or declared dividends totaling \$1.40 per share for the first and second quarters of 2022, which represents a 16.7% increase over dividends paid in the first and second quarters of 2021
- We are proud of this six-month year-over-year dividend growth considering PPP fee income is not recurring in 2022

¹Note regarding Dividend Payments: The Company's Board of Directors expects, while a BDC and regulated investment company (RIC), to maintain a dividend policy with the objective of making quarterly distributions in an amount that approximates 90 - 100% of the Company's annual taxable income. The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year.

²Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors.

Proforma Debt-to-Equity Reconciliation

Newtek Business Services Corp. and Subsidiaries Debt to equity ratio, actual as of March 31, 2021	
Actual Debt to Equity ratio at March 31, 2021	
Total senior debt	\$ 465,856
Total equity	398,480
Debt to equity ratio - actual at March 31, 2021	<u>1.17x</u>

- Newtek typically funds both the unguaranteed and guaranteed portions of SBA 7(a) loans through its credit facility. The guaranteed portions of its SBA 7(a) loans are levered until the loans are sold and settled, typically within 10-14 days of origination
- Based on timing of when the guaranteed portions of SBA 7(a) loans are sold and settled, the debt-to-equity ratio will fluctuate
- As of March 31, 2022, there were approximately \$15.1 million of guaranteed portions of SBA 7(a) loans sold pending settlement (broker receivable) against our line of credit

Newtek Business Services Corp. and Subsidiaries Debt to equity ratio - proforma at March 31, 2022	
<i>(in thousands):</i>	
Broker receivable, including premium income receivable	16,725
Less: premium income included in broker receivable	<u>(1,651)</u>
Broker receivable	15,074
90% advance rate on SBA guaranteed non-affiliate portions of loans sold, not settled	<u>13,567</u>

Proforma debt adjustments:	
Total Senior Debt as of March 31, 2022	465,856
Proforma adjustment for broker receivable as of March 31, 2022, as calculated above	<u>(13,567)</u>
Total proforma debt at March 31, 2022	<u>452,289</u>

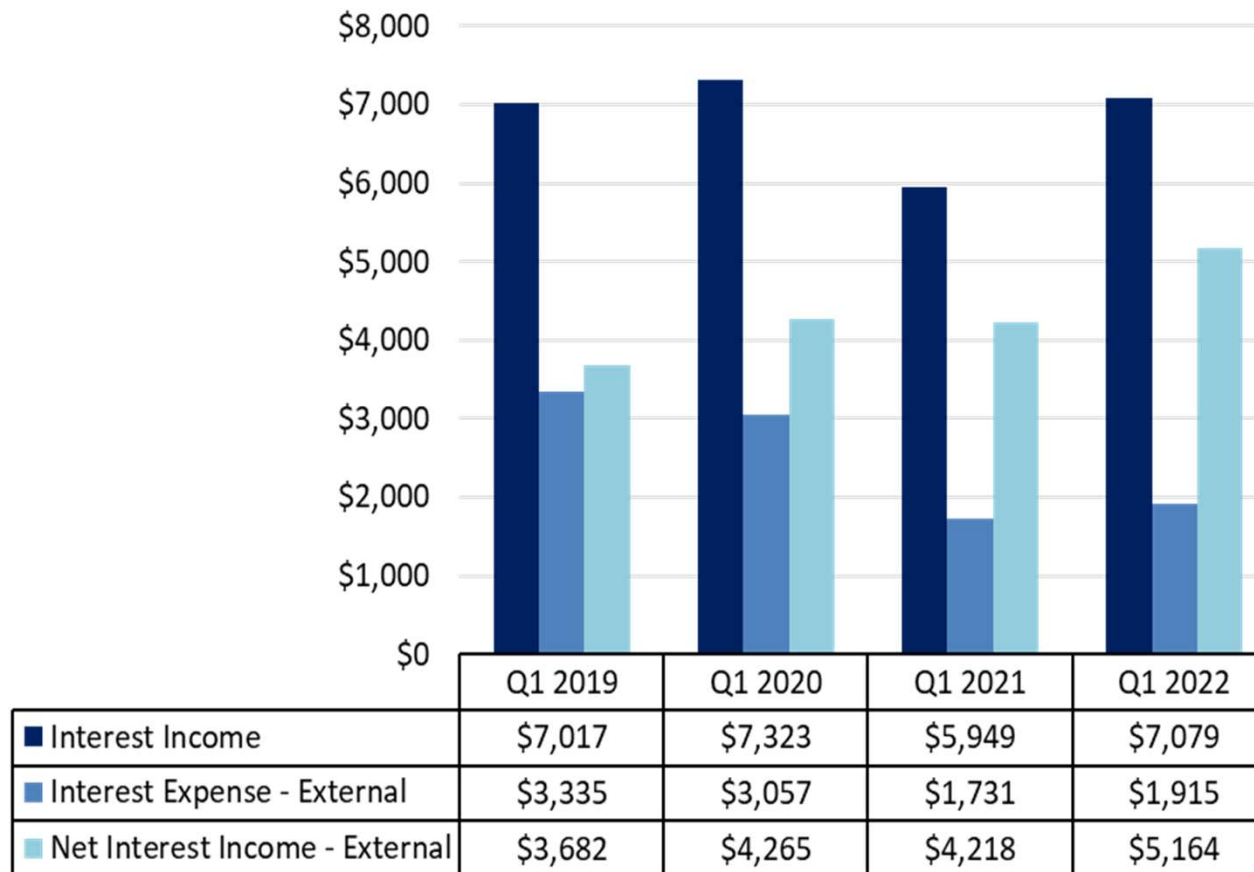
Proforma Debt to Equity ratio at March 31, 2022:	
Total proforma debt	<u>452,289</u>
Total equity	<u>398,480</u>
Debt to equity ratio - proforma at March 31, 2022	<u>1.14x</u>

Increasing Interest Rates: What Does this Mean for Newtek as a BDC vs. a Bank?

- Newtek has historically managed interest rate risk in both rising and falling interest rate environments
- The SBA 7(a) loan portfolio floats quarterly over prime with no cap, and will provide more interest income as rates rise
- The Capital One Bank line and securitized debt obligations also have adjustable interest rates
- We believe our margins and durations are appropriately matched
- SBA 504 loans and non-conforming conventional loans have interest rates which are fixed typically for five years and then adjust. These loans are hedged using the 5-year treasury note futures. We have successfully used this hedging method over the past 18 months
- The January 28, 2022 securitization by our joint venture of non-conforming conventional loans is match funded with a fixed coupon of 3.187%. Most of the loans have interest rate floors and upward adjustments in interest rates which benefit the portfolio
- The SBA 504 portfolio was successfully hedged in calendar year 2021 with a realized net gain of \$644 thousand and the non-conforming portfolio produced a realized net gain in ANII of \$1.0 million in Q1 2022 when the securitization was closed
- As described more fully in the May 2, 2022 proxy filing, Newtek believes a bank holding company structure can increase the Company's financing flexibility and lower the cost of capital to the Company, reduce the Company's reliance on issuance of higher cost of capital common equity to fund growth, and reduce reliance on higher cost of commercial funding sources to originate loans

NSBF Interest Income Analysis

NSBF Net Interest Income Trend



Note: the term 'External' denotes that fact that interest expense and net interest income do not include intercompany interest.

Currency Analysis of Unguaranteed Portfolio

- The following chart shows the SBA 7(a) loan portfolio aging and currency at March 31, 2022, December 31, 2021 and March 31, 2021 **on accrual loans only**¹

3/31/2022				12/31/2021			3/31/2021		
Days Past Due	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio
Current	2,651	\$ 379,403,697	97.39%	2,509	\$ 359,134,517	96.83%	2,209	\$ 344,631,645	94.83%
31 - 60	42	\$ 8,884,923	2.28%	58	\$ 11,754,798	3.17%	40	\$ 11,405,490	3.14%
61 - 90	7	\$ 1,270,071	0.33%	0		0.00%	18	\$ 6,558,154	1.80%
91 - 120	0	-	0.00%	0	-	0.00%	1	\$ 820,778	0.23%
> 120	0	-	0.00%	0	-	0.00%	0	-	0.00%
Accrual Total	2,700	\$ 389,558,691	100%	2,567	\$ 370,889,315	100%	2,166	\$ 363,416,066	100%

¹ The SBA made principal and interest payments on behalf of eligible borrowers pursuant to Section 1112 of the CARES Act. March 31, 2022, December 31, 2021 and March 31, 2021 data do not include PPP loans.

Note: The table above does not include accrual loans in which NSBF owns 100% as a result of NSBF repurchasing the guaranteed portions from the SBA. The total amortized cost of the 100% NSBF-owned accrual loans at 03/31/2022, 12/31/2021 and 03/31/2021 was \$6.1 million, \$7.0 million and \$7.0 million, respectively, and is included in SBA unguaranteed non-affiliate investments on the consolidated statements of assets and liabilities.

Portfolio Company Review

Portfolio Companies:

Newtek Payment Processing Companies

- Newtek Merchant Solutions and Mobil Money had a combined equity fair market value of \$119.0 million as of March 31, 2022
- Total enterprise value (“TEV”) of \$128.0 million, including debt and excess cash, equates to a total enterprise value multiple of 8.5x 2022 forecasted EBITDA of \$15.1 million for the combined Newtek Payment Processing Companies

Market Comparables		
Ticker	Company	TEV/ 2022 EBITDA ⁽¹⁾
EVTC	EVERTEC, Inc.	11.2x
GPN	Global Payments Inc.	12.8x
EVOP	EVO Payments	11.4x
IIIV	i3 Verticals, Inc.	12.2x

¹Source: S&P Capital IQ as of April 28, 2022.

NMS Points to Consider for 2022

- NMS' payment processing business continues to recover from the effects of the pandemic on processing volume
- NMS experienced a 8.8% increase in monthly sales volume for the first quarter of 2022 compared to the same period last year
- We believe this is a result of increased consumer spending as local and state economies continued to reopen across the U.S.
- NMS anticipates continued growth in processing volumes in 2022 compared to 2021, and has added senior talent to the NMS team to assist in the growth of NMS
- Covid-19 impact on Mobil Money appears to be waning as Mobil Money is showing better performance in 2022 versus the pandemic-affected 2020 and 2021 calendar years

Newtek Payment Systems – POS on Cloud

- In Q3 2019, NBSC acquired a 51% interest in POS on Cloud d/b/a Newtek Payment Systems which owns a cloud-based Point of Sale (POS) system for a variety of restaurant, retail, assisted living, parking garages, parks and golf course businesses providing not only payments and purchase technology solutions but also inventory, customer management, reporting, employee time clock, table and menu layouts, and ecommerce solutions as the central operating system for an SMB
- We believe Newtek Payment Systems is extremely competitive and can replace existing users of Square[®] and Clover[®]
- NMS offers the Newtek Payment Systems POS system to its clients and is continually updating and further commercializing the software
- Several major clients include a state government and a large assisted-living company
- POS on Cloud has been co-branded Newtek Payment Systems and will be white labeled for our alliance partners so they will be able to offer POS payment systems to their clients including credit unions, banking institutions, trade associations and investment banking clientele
- POS on Cloud is an all-encompassing system that can:
 - Process payments
 - Integrate with ecommerce
 - Integrate with all food delivery services like Uber Eats, Grubhub, DoorDash etc.
 - Integrate with general ledger accounting software
 - Include the Newtek Payroll Solutions payroll product to provide payroll solutions, workman's compensation, health insurance, and a window into 401K
- Our depository alliance partners will be able to manage and operate accounts for payroll and payments and distribute and sell their own 401K

Technology Portfolio Companies

- We continue to see progress in NTS, our Phoenix-based cloud-computing portfolio company that primarily provides managed services
- Newtek's technology portfolio companies include Newtek Technology Solutions ("NTS"), IPM¹, and Sidco, LLC, d/b/a Cloud Nine Services ("C9"), which have a combined equity fair market value of \$34.5 million, (net of debt) as of March 31, 2022
- Combined TEV including debt and excess cash is \$45.5 million (as of January 1, 2021, IPM¹ and C9 are subsidiaries of NTS and were consolidated for reporting purposes)
- NTS forecasts 2022 revenue between **\$35 and \$40 million**, and 2022 EBITDA of approximately **\$6.0 million** (7.6x TEV/ 2022E EBITDA multiple)

¹ IPM was merged into NTS in July 2021.

Cloud Services: Significant Market Opportunity

- We believe that significant opportunity exists in the cloud services space
- NTS has a full suite of IT infrastructure services
- Existing and potential clients have the ability to leverage NTS' existing data centers in lieu of building their own data center which may be costly and time consuming
- We believe NTS can provide cost effective and timely cloud solutions to its clients providing a significant market opportunity for NTS
- ITaaS, DaaS, DRaaS, SaaS, secure email, hybrid cloud, private cloud and public cloud
- Broker dealer initiatives to provide secure, efficient remote work-at-home environments for broker dealer registered reps and registered investment advisors

- Expanded Newtek's Payroll & Benefits Solutions offering with its revamped management and iSolved[®] software in 2021
 - Samantha Razon, Director of Payroll Operations, has joined Shannon Vestal, Senior Vice President of Newtek Payroll Solutions, to enhance, grow and develop our state-of-the-art payroll, health and benefits offerings
- Expanded Newtek's Insurance Agency Solutions ("NIA") offering with its revamped management in 2021
- Both Payroll & Benefits Solutions, and NIA estimate profitability in 2022

Investment Summary

- Historic 10-year public-equity track record of over performing against various indices during different market times
- Management's interests aligned with shareholders; management and Board combined own approximately 5.6% of outstanding shares as of March 31, 2022, and participate in capital gains, dividends and total rates of return as its shareholder base does
- The Company has proven to be nimble, operating in different financial structures, markets and economic environments and navigating to success
- Diversified business model provides multiple streams of revenue
- Proven track record; Established in 1998; publicly traded since September 2000
- We have used technology as a solutions provider to be a disrupter in our industry. Whether as a BDC or other type of corporate structure, we will always be an innovator, which we believe underscores our strong performance
- We believe that subject to a shareholder vote and regulatory approval, the company has an opportunity to unlock the value in its technology that it has built over 18 years in a bank holding company structure
- We believe that transitioning the Company into a bank holding company structure vs a 1940 Act company will be in the best interest of the Company (please see Special Meeting Proxy Statement dated May 2, 2022)

Non-GAAP Financial Measures

Newtek Business Services Corp. and Subsidiaries

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.

We do not designate derivatives as hedges to qualify for hedge accounting and therefore any net payments under, or fluctuations in the fair value of, our derivatives are recognized currently in our GAAP income statement. However, fluctuations in the fair value of the related assets are not included in our income statement. We consider the gain or loss on our hedging positions related to assets that we still own as of the reporting date to be “open hedging positions.” While recognized for GAAP purposes, we exclude the results on the hedges from ANII until the related asset is sold and/or the hedge position is “closed,” whereupon they would then be included in ANII in that period. These are reflected as “Adjustment for realized gain/(loss) on derivatives” for purposes of computing ANII for the period. We believe that excluding these specifically identified gains and losses associated with the open hedging positions adjusts for timing differences between when we recognize changes in the fair values of our assets and changes in the fair value of the derivatives used to hedge such assets.

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.

Non-GAAP Financial Measure: Adjusted Net Investment Income

Newtek Business Services Corp. and Subsidiaries Adjusted Net Investment Income For the Three Months Ended March 31, 2022 and 2021

	Three months ended March 31, 2022		Three months ended March 31, 2021	
<i>(in thousands, except per share amounts)</i>		Per share		Per share
Net investment income	\$ 973	\$ 0.04	\$ 15,195	\$ 0.68
Net realized gain on non-affiliate investments - SBA 7(a) loans	15,295	0.63	7,393	0.33
Adjustment for realized gain/(loss) on derivatives ⁽¹⁾	1,010	0.04	-	-
Loss on extinguishment of debt	-	-	955	0.04
Adjusted Net investment income	<u>\$ 17,278</u>	<u>\$ 0.72</u>	<u>\$ 25,543</u>	<u>\$ 1.05</u>

	Three months ended March 31, 2022		Three months ended March 31, 2021	
<i>(in thousands, except per share amounts)</i>		Per share		Per share
Net realized gain on derivatives	\$ 445	\$ 0.02	\$ -	\$ -
Hedging realized result on hedging positions closed during period	565	0.02	-	-
Adjustment for realized gain on derivatives	<u>\$ 1,010</u>	<u>\$ 0.04</u>	<u>\$ -</u>	<u>\$ -</u>

⁽¹⁾The following is a reconciliation of GAAP net realized gain/(loss) on derivative transactions to our adjustment for realized gain/(loss) on derivatives on closed transactions presented in the computation of ANII in the table above: Note: Per share amounts may not foot due to rounding