



TiptreeInc.

Tiptree Announces \$200mm Investment by
Warburg Pincus in Fortegra

Investment Will Accelerate Growth Opportunities

October 12, 2021

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In this document, we sometimes use financial measures derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these data are considered "non-GAAP financial measures" under the SEC rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Management's reasons for using these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted in the Appendix.

Transaction Summary

\$200mm strategic investment in Fortegra by Warburg Pincus, representing a 24% ownership¹ stake in Fortegra

 FORTEGRA[®]

+

TiptreeInc.

+

WARBURG PINCUS

Strategic Rationale

- ✓ Warburg Pincus is a leading private equity firm with significant related investment experience
- ✓ Validates Fortegra's growth story and brings new relationships to drive business opportunities
- ✓ Provides capital to accelerate growth
- ✓ Allows for recapitalization of Tiptree through repayment of debt
- ✓ Highlights the underlying value of Fortegra

1) 24% Warburg Pincus Ownership of Fortegra Group presented on an as converted basis, excluding warrants.

Details of the Transaction

Investment

- Committed to a \$200 million investment in Fortegra by Warburg Pincus
 - \$120 million common equity
 - \$80 million convertible preferred
- Represents 24% ownership interest in Fortegra on an as-converted basis
- Expected to close in the first quarter of 2022, subject to regulatory approvals

Use of Proceeds

- \$140 million¹ to repay existing Tiptree indebtedness and for general corporate purposes
- \$60 million to support Fortegra's growth opportunities, funded as needed

Common Stock Investment

- \$120 million investment representing approximately 17.5% of the company
 - \$691 million post-money equity value for Fortegra
 - Includes 33% warrant coverage² at a 33% valuation premium

Convertible Preferred Investment

- \$80 million investment representing an additional 6.6% of the company on an as-converted basis
- Dividends of 8.0% per annum payable in cash or in-kind

1) \$110 million to extinguish Fortress indebtedness, which was assumed from Tiptree. \$30 million to repay notes to Tiptree, to be used for general corporate purposes.

2) Excludes Additional Warrants which are subject to achieving certain performance metrics described in the transaction 8K.

TiptreeInc.

NASDAQ: TIPT

Market Cap: \$356 million

Share Price: \$10.49

Shares outstanding: 33.9 million

(As of 10/8/2021)



TiptreeCapital



Holding Company

<u>Pro-forma SOTP Value</u>	<u>Value per TIPT share</u>
\$549 million ¹ (Transaction valuation)	\$16.20
\$187 million (Book value ex. NCI)	\$5.52
\$62 million ² (Book value)	\$1.83
<u>\$798 million</u>	<u>\$23.55</u>

All Data is as of June 30, 2021 pro-forma for the impact of the Warburg Pincus investment in Fortegra, which was signed on October 11, 2021.

1) Based on investment post money valuation of \$691 million, multiplied by Tiptree's 79.5% ownership pro-forma as of closing date.

2) Represents Q2'21 Tiptree holding company book equity of \$(78) million plus \$140 million of transaction proceeds that will be used to extinguish \$110 million of Fortress indebtedness, which was assumed from Tiptree, and \$30 million to repay notes to Tiptree, which will be used for general corporate purposes.

Reinforces Tiptree's strategic objectives

- ☑ **Strategic partnership with Warburg Pincus is the first step toward our goal of demonstrating Fortegra's intrinsic value**

- ☑ **Continue to focus on long-term shareholder value creation**
 - ✓ Seek new acquisition opportunities

 - ✓ Invest in existing subsidiaries

 - ✓ Opportunistic share repurchases

 - ✓ Maintain consistent dividends

Appendix



Overview of Fortegra

(\$ in millions)

- ✓ **Established, growing, vertically integrated specialty insurer** that focuses on niche insurance & capital-light fee business.
- ✓ Unique & diverse combination of **underwriting and fee revenues** (premium & premium equivalents)
- ✓ Target programs that have more frequency **but significantly less severity & catastrophic risk**
- ✓ Agent-driven business with a **“one-to-many”** distribution model with **long-standing, economically aligned partnerships**
- ✓ **Scalable technology & deep industry expertise** lay the path ahead to be a **global market leader in specialty insurance**

91%
5-year Average
Combined Ratio

18%
Q2'21 LTM
Adjusted ROAE

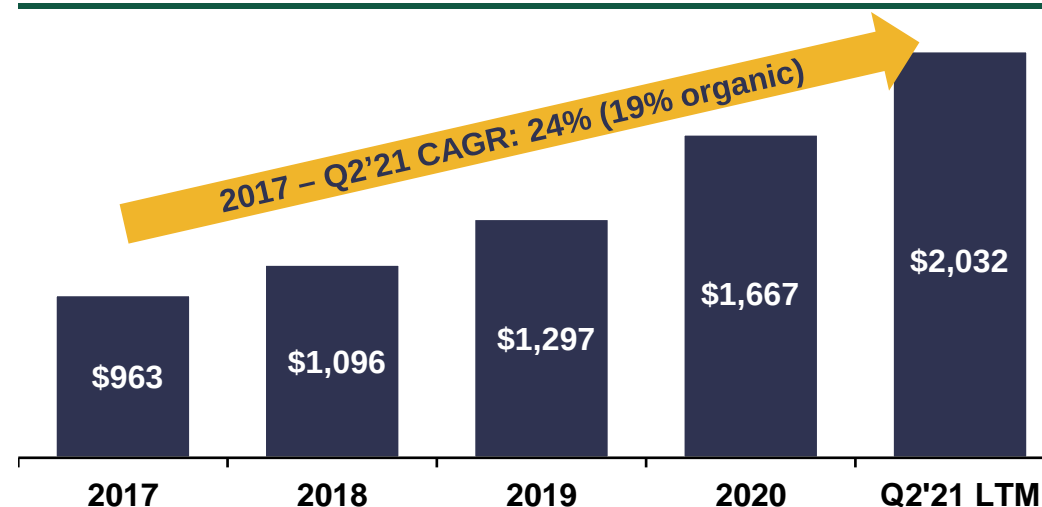
\$288mm
Q2'21 GAAP
Equity

A- A.M. Best &
Kroll Ratings

95%
5-year Agent
Persistency Rate

25 years
Average Mgmt.
Experience

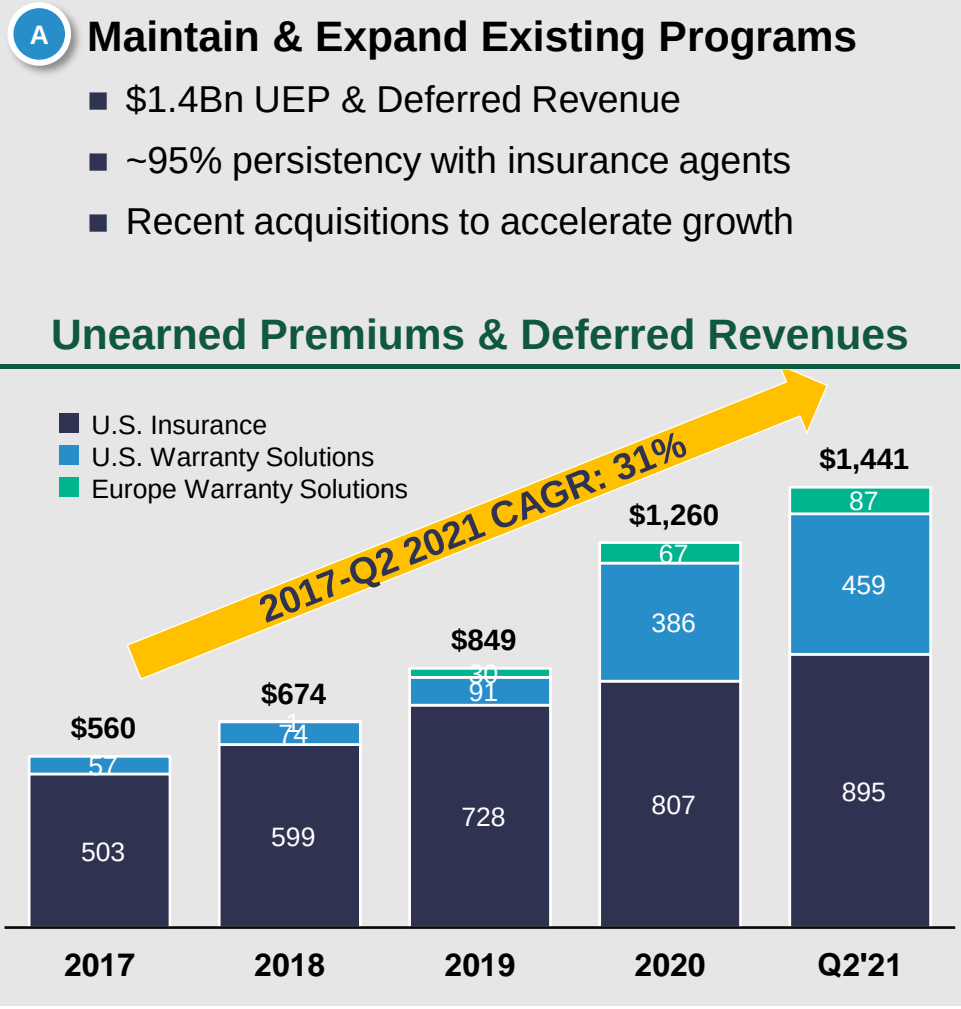
Growth in GWPPE¹



Differentiated approach has led to robust growth, consistent profitability & high cash flows

1) Gross written premium & premium equivalents.

Compelling Growth Story



B New & Renewal Programs

	Addressable Market	Fortegra LTM GWPPE
<ul style="list-style-type: none"> ■ Excess & Surplus Insurance <ul style="list-style-type: none"> – Fortegra Specialty formed Q4'20 	\$56bn ¹	\$62mm
<ul style="list-style-type: none"> ■ Admitted Insurance <ul style="list-style-type: none"> – Growth in new & renewal programs 	\$627bn ²	\$1,265mm
<ul style="list-style-type: none"> ■ Warranty Solutions <ul style="list-style-type: none"> – Capital-light business model 	\$53bn ³	\$634mm

C Continued Geographic Expansion

<ul style="list-style-type: none"> ■ Entered Europe in 2018 ■ Central & Western Europe 	\$31bn ³	\$71mm
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Fortegra is well-positioned to capitalize on a substantial opportunity in the insurance industry.

1) NAIC, 2020.
 2) NAIC, 2019.
 3) Allied Market Research, 2019 Extended Warranty Report, North America.

The Fortegra Difference

Fortegra is a specialty program insurer.



CONSISTENT Growth

We **win new business** because of the breadth of our underwriting, administrative & financial offering.



CONSISTENT Profitability

We marry underwriting & fee revenue to create **consistent profitability & enhanced returns**.



CONSISTENT Risk Management

We **maintain the business we win** by expanding our agents' ecosystem & maintaining a reasonable cost structure.

Consistency has been key to growth in GWPPE¹ to \$2.0Bn as of Q2'21 LTM.

1) Gross written premium & premium equivalents.

TiptreeInc.

ir@tiptreeinc.com