

Tiptree Inc.

2021

Annual Report to Shareholders

April 22, 2022

To Our Fellow Shareholders,

2021 proved to be one of the best years for Tiptree since its founding in June 2007. Tiptree's share price appreciation plus dividends for the year produced a total return for shareholders of 178.7%. Revenues for the year increased to \$1.2 billion, up 48.2% from the prior year, and adjusted net income increased to \$63.9 million, up 24.2%, a record year for both metrics.

All of Tiptree's cornerstone businesses were profitable in 2021. Under the guidance of Fortegra's CEO Rick Kahlbaugh and his team, our specialty insurance business, the Fortegra Group, continued to build upon its exceptional multi-year track record, producing a record adjusted return on equity of 22% while growing top-line premiums at 32% for the year.

Our businesses in Tiptree Capital also performed well in 2021, with a combined return on average equity of 22.2%. Our ownership of Reliance First Capital, which originates and services residential mortgages, as well as Tiptree Marine, which holds our various shipping interests, reported excellent results for the year, benefiting from favorable market conditions as interest rates remained low and global economies continued their recovery from the depths of the Covid-19 pandemic. Also, in spite of our significant share-price appreciation, we were able to buy back 528,662 shares of Tiptree at a weighted average price of \$5.45, a substantial discount to our intrinsic value.

In summary, we were very pleased with Tiptree's results for 2021, and believe there is a clear path to continued growth in the coming years.

Our consolidated results for 2021 are summarized below:

TIPTREE CONSOLIDATED RESULTS

GAAP FINANCIAL HIGHLIGHTS

(dollars in millions, except per share data)	2021	2020	2019	2018	2017
Net income attributable to Common Stockholders	38.1	(29.2)	18.4	23.9	3.6
Diluted earnings per Common Share	1.09	(0.86)	0.50	0.69	0.11
Cash dividends paid per share	0.16	0.16	0.155	0.135	0.12

Total assets	3,599.1	2,995.8	2,198.3	1,864.9	1,989.7
Total investments and cash and cash equivalents	1,165.9	948.3	870.1	782.9	636.0
Debt, net	393.3	366.2	374.5	354.1	346.1
Total stockholders' equity	400.2	373.5	411.4	399.3	396.8

<u>NON-GAAP FINANCIAL HIGHLIGHTS¹</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Adjusted EBITDA	100.8	4.5	68.1	26.7	38.4
Adjusted Net Income	63.9	54.1	27.6	22.3	21.4
Shares outstanding ²	34.1	32.7	34.6	35.9	37.9
Book Value per share ²	11.22	10.90	11.52	10.79	9.97
Total cash returned to shareholders	8.2	19.3	14.4	19.1	11.8

¹ For a reconciliation to GAAP financials, see "Non-GAAP Measures" beginning on p. 66 of the attached Form 10-K. Combined ratio has been adjusted for impacts of purchase price accounting amortization for 2014-2017.

² For periods prior to April 10, 2018, book value per share assumes the full exchange of the limited partner units of TFP for Common Stock.

INSURANCE

Our largest business, The Fortegra Group, is focused on providing niche and specialty insurance coverages which are generally underserved or require specialized product knowledge. We prioritize high frequency contracts which experience low severity claims activity and have limited exposure to catastrophic events. As previously mentioned, Fortegra's core operations continued to grow in 2021, with gross written premiums and premium equivalents increasing 32% for the year driven by growth in U.S. specialty insurance lines and service contract businesses in U.S. and Europe. As a function of Fortegra's premium growth, the combination of unearned premiums and deferred revenues on the balance sheet grew to \$1,658.8 million, up \$399.1 million, or 32%, from the prior year-end, providing a solid and stable base to Fortegra's future earnings. In addition, Fortegra's investment portfolio grew by 28% to \$910 million, the bulk of which is now managed by Tiptree's affiliate Corvid Peak Capital Management. Importantly, Fortegra's combined ratio improved to an impressive 90.6% for the year, demonstrating Fortegra's ability to continue to grow profitably.

On October 12, 2021, Tiptree announced a \$200 million investment in Fortegra from Warburg Pincus, which upon closing will result in an approximate 24% ownership of the business on an as converted basis. As we progress through the regulatory approval process, which we anticipate will be completed in the second quarter of this year, we are looking forward to working closely with Warburg's team of seasoned professionals and welcome their partnership in guiding Fortegra's continued growth.

TIPTREE CAPITAL

Tiptree Capital has invested in a broad range of businesses over the years, but currently holds three primary investments: 1) Reliance First Capital, a residential mortgage originator and servicer, 2) Tiptree Marine, which holds our interests in shipping related investments, and 3) publicly listed shares representing an approximately 30% ownership interest in Invesque Inc., a real estate investment company which focuses on senior living and health care related properties. For 2021, all three of Tiptree Capital's primary investments were profitable, generating an aggregate pretax income of \$45.6 million, driven by continued strong performance in our mortgage operations and significant appreciation of dry bulk shipping rates. Although 2021 was unquestionably a very favorable environment for our primary areas of focus, we will continue to look for ways to optimize our investments held at Tiptree Capital with the objective of generating "all-weather" absolute returns that exceed other available equity investment opportunities. With no set holding period objective, and no risk of redemption on our capital, we believe we have a distinct advantage over hedge funds or private equity, and are able to take a very long-term view on our outlook for returns.

LOOKING AHEAD

2021 was an exceptional year, with all of our major businesses performing well. Although we certainly experienced benefits from a market recovering from the pandemic, it may also be directly attributed to the hard work and expertise of Tiptree's team of professionals and those of our related companies. We could not be more excited for Tiptree's future and we are confident in the long-term outlook of the company.

We welcome any and all questions and suggestions from our shareholders and look forward to speaking with you.

With best regards,

Michael Barnes	Jonathan Ilany
Executive Chairman	Chief Executive Officer