

Reconciliation of Adjusted Net Income

(\$ in thousands)

	Year Ended December 31, 2023				
	Tiptree Capital				Total
	Insurance	Mortgage	Other	Corporate	
Income (loss) before taxes	\$129,816	\$ (3,285)	\$ (3,264)	\$ (40,214)	\$ 83,053
Less: Income tax (benefit) expense	(28,224)	837	153	(15,822)	(43,056)
Less: Net realized and unrealized gains (losses) ⁽¹⁾	4,207	1,861	5,289	-	11,357
Plus: Intangibles amortization ⁽²⁾	16,919	-	-	-	16,919
Plus: Stock-based compensation expense	2,018	-	-	6,251	8,269
Plus: Non-recurring expenses ⁽³⁾	2,824	-	-	-	2,824
Plus: Non-cash fair value adjustments ⁽⁴⁾	(1,769)	-	-	-	(1,769)
Plus: Impact of tax deconsolidation of Fortegra ⁽⁵⁾	-	-	-	19,101	19,101
Less: Tax on adjustments ⁽⁶⁾	(10,086)	(495)	(1,255)	797	(11,039)
Adjusted net income (before NCI)	\$115,705	\$ (1,082)	\$ 923	\$ (29,887)	\$ 85,659
Less: Impact of non-controlling interests	(23,742)	-	-	-	(23,742)
Adjusted net income	\$ 91,963	\$ (1,082)	\$ 923	\$ (29,887)	\$ 61,917
 Average stockholders' equity	 \$395,661	 \$ 53,520	 \$100,326	 \$ 5,563	 \$555,070
Adjusted return on average equity ⁽⁷⁾	29.2%	(2.0) %	0.9%	NM%	15.4%

Notes

(1) Net realized and unrealized gains (losses) added back in Adjusted net income excludes net realized and unrealized gains (losses) from the mortgage segment, those relating to our held-for-sale mortgage originator (Luxury), and unrealized gains (losses) on mortgage servicing rights.

(2) Specifically associated with acquisition purchase accounting. See Note (9) Goodwill and Intangible Assets, net.

(3) Included in other expenses were expenses related to banker and legal fees associated with the acquisitions of Premia and ITC.

(4) Non-cash fair-value adjustments represent a change in fair value of the Fortegra Additional Warrant liability which are added-back to adjusted net income.

(5) Included in the adjustment is an add-back of \$19.1 million related to deferred tax expense from the WP Transaction.

(6) Tax on adjustments represents the tax applied to the total non-GAAP adjustments and includes adjustments for non-recurring or discrete tax impacts.

(7) Total Adjusted return on average equity after non-controlling interests was 15.2% based on \$61.9 million of Adjusted net income over \$407.1 million of average Tiptree Inc. stockholders' equity.