

# Investor Presentation

November 2024



**BOWHEAD  
SPECIALTY**

# Forward looking statements

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This presentation contains certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Under U.S. securities laws, these measures are called “non-GAAP financial measures.” We use these non-GAAP financial measures when planning, monitoring and evaluating our performance. We believe these non-GAAP financial measures give our management and other users of our financial information useful insight into our underlying business performance. You should not rely on these non-GAAP financial measures as a substitute for any U.S. GAAP financial measure. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered supplemental in nature and is not meant to be an alternative to our reported results prepared in accordance with U.S. GAAP. In addition, other companies, including companies in our industry, may calculate such measures differently, which reduces their usefulness as comparative measures. For a reconciliation of such non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures, see the Appendix of this presentation.

# Our key investment highlights



- 1 Focused on profitable, growing lines in attractive E&S market
- 2 Strong underwriting culture with fully-integrated and accountable value chain
- 3 Ability to deliver differentiated profitability across market cycles
- 4 Deep, long-standing distribution relationships based on expertise, service and mutual benefit
- 5 Highly experienced and entrepreneurial management team
- 6 Clean balance sheet with no reserves from accident years prior to 2020
- 7 Commitment to long-term value generates strong returns, making us well-positioned for continued growth

# Bowhead: Who we are



## BOWHEAD SPECIALTY

Growing and profitable E&S focused specialty P&C business founded and led by industry veteran, Stephen Sills, and supported through a strategic partnership with American Family Mutual Insurance Company, S.I. (“AmFam”)

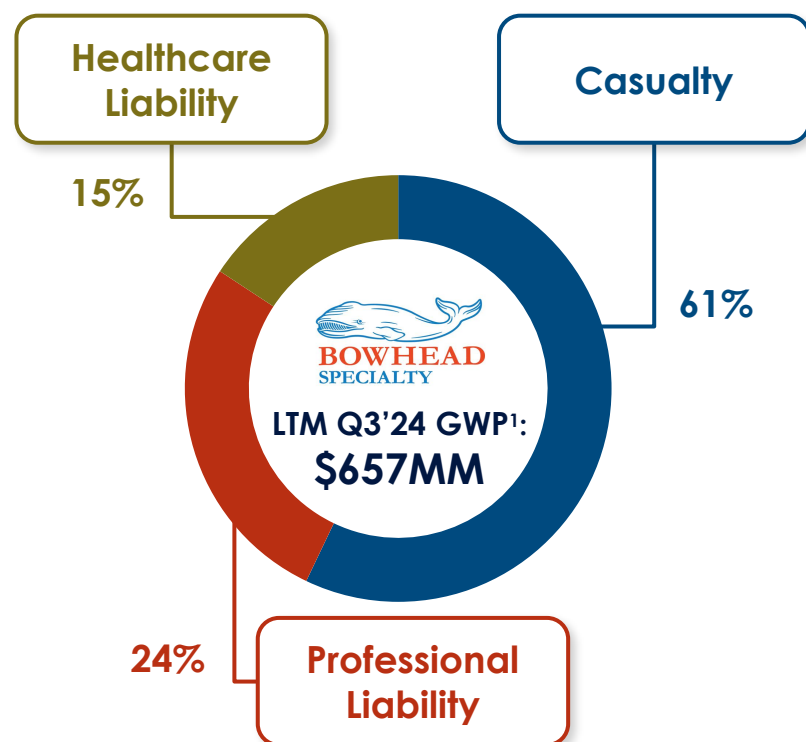
Underwriting-first  
culture led by people  
with proven track  
records

“Craft”  
solutions in attractive  
markets with strong  
tailwinds

Sustainable  
underwriting across  
market cycles

# Bowhead: By the numbers

## 3 underwriting divisions



## Key highlights

**\$657MM**

LTM Q3'24<sup>1</sup>  
GWP

**42%**

2022 – LTM Q3'24<sup>1</sup>  
GWP CAGR

**76%**

LTM Q3'24<sup>1</sup> GWP written  
on E&S basis

**97.8%**

LTM September 2024  
Combined ratio<sup>2</sup>

**13.7%**



































YTD September 2024  
Adjusted ROE<sup>3</sup>

**30+**

Average years of  
experience of  
leadership team<sup>4</sup>

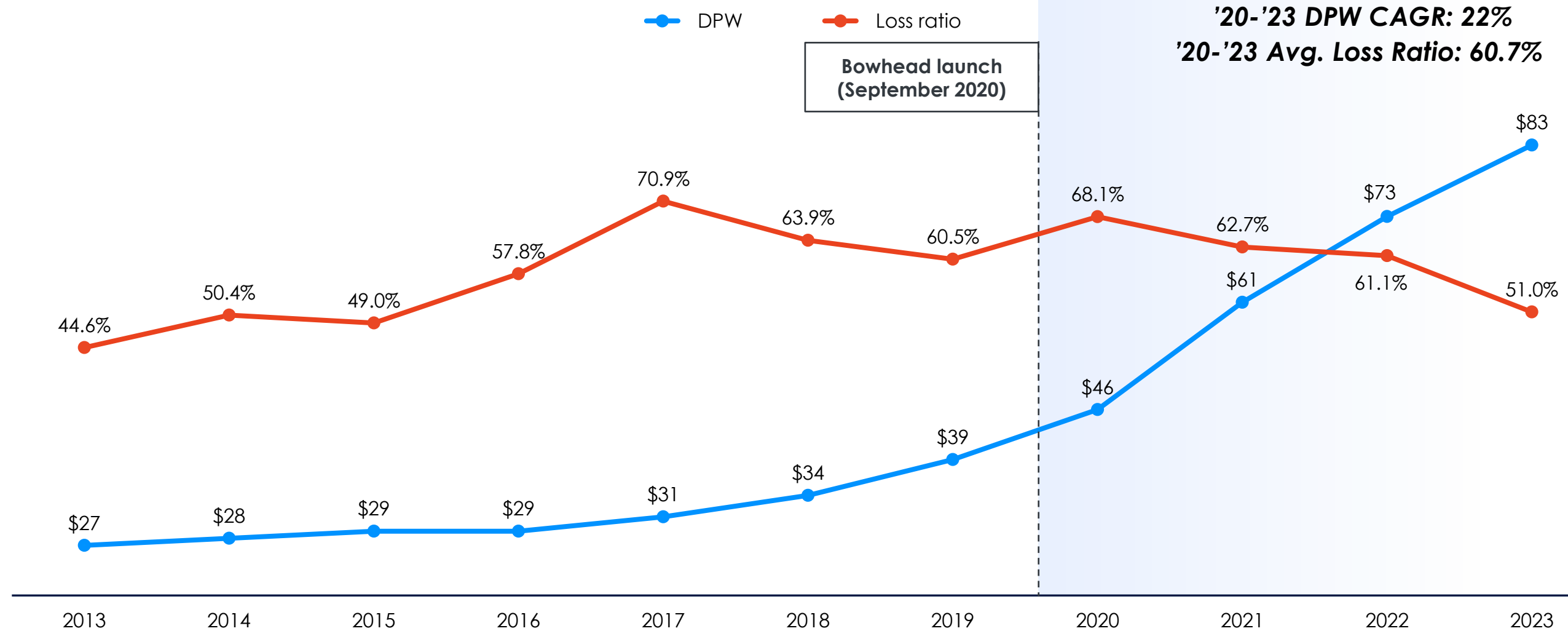
Note: <sup>1</sup> Last twelve months ("LTM") ended September 30, 2024; <sup>2</sup> Combined ratio for the last twelve months ended September 30, 2024 was comprised of a 65.2% loss ratio and a 31.8% expense ratio. The loss ratio is based on loss picks informed by industry data rather than only using internal data from our limited operating history. Movement in loss ratio from last year reflects a shift in the mix of our business to a greater percentage of our book being in Casualty, where industry loss ratios have deteriorated. We did not take down any reserves, nor did we experience any loss activity in excess of our own expectations. The expense ratio is impacted by the \$3.3 million of additional net earned premium from a large audit premium, partially offset by our continued investment in the business and the \$1.3 million acceleration of remaining stock-based compensation costs associated with Class P interests through operating expenses; <sup>3</sup> YTD September 2024 adjusted ROE is calculated as adjusted net income divided by the average of mezzanine and stockholders' equity as of December 31, 2023 and September 30, 2024. For the nine months ended September 30, 2024, adjusted net income is annualized to arrive at adjusted ROE. Adjusted ROE was impacted by the \$210.4 million increase in mezzanine equity and stockholders' equity and a \$5.2 million reduction in after tax net income as a result of our initial public offering. Adjusted ROE and adjusted net income are Non-GAAP financial measures. See "Non-GAAP Reconciliation" on slide 18 for a reconciliation of the non-GAAP financial measure to the most directly comparable U.S. GAAP measure; <sup>4</sup> Leadership team includes Stephen Sills, David Newman, Jeff Saunders, Daniel Gamble and Lainie Dorneker.

# Highly experienced and entrepreneurial management team

Name and position	Years of industry experience	Leadership role prior to joining Bowhead	Prior professional experience
 <b>Stephen Sills</b> <i>Founder and CEO</i>	48	Chairman and CEO of CapSpecialty	  
 <b>David Newman</b> <i>Chief Underwriting Officer</i>	45	Chief Underwriting Officer of Allied World's Global Markets division	 
 <b>Brad Mulcahey</b> <i>Chief Financial Officer</i>	21	Chief Financial Officer of Berkley Select, a division of W.R. Berkley Corp	   
 <b>Maria Morrill, P.H.D., FCAS</b> <i>Chief Actuary</i>	24	Senior Vice President at Allied World	    
 <b>Chris Butler, JD</b> <i>Head of Claims</i>	20	Managing Director, Professional Liability Claims at Markel	   
 <b>Jeff Saunders</b> <i>Head of Casualty</i>	36	Head of Wholesale at Navigators Group	  
 <b>Dan Gamble</b> <i>Head of Professional Liability</i>	30	Managing Director, Management & Professional at Markel	  
 <b>Lainie Dorneker, JD</b> <i>Head of Healthcare Liability</i>	20	President of IronHealth, Ironshore's Healthcare Professional Liability and Financial Lines division	 

# Focused on profitable, growing lines in attractive E&S market

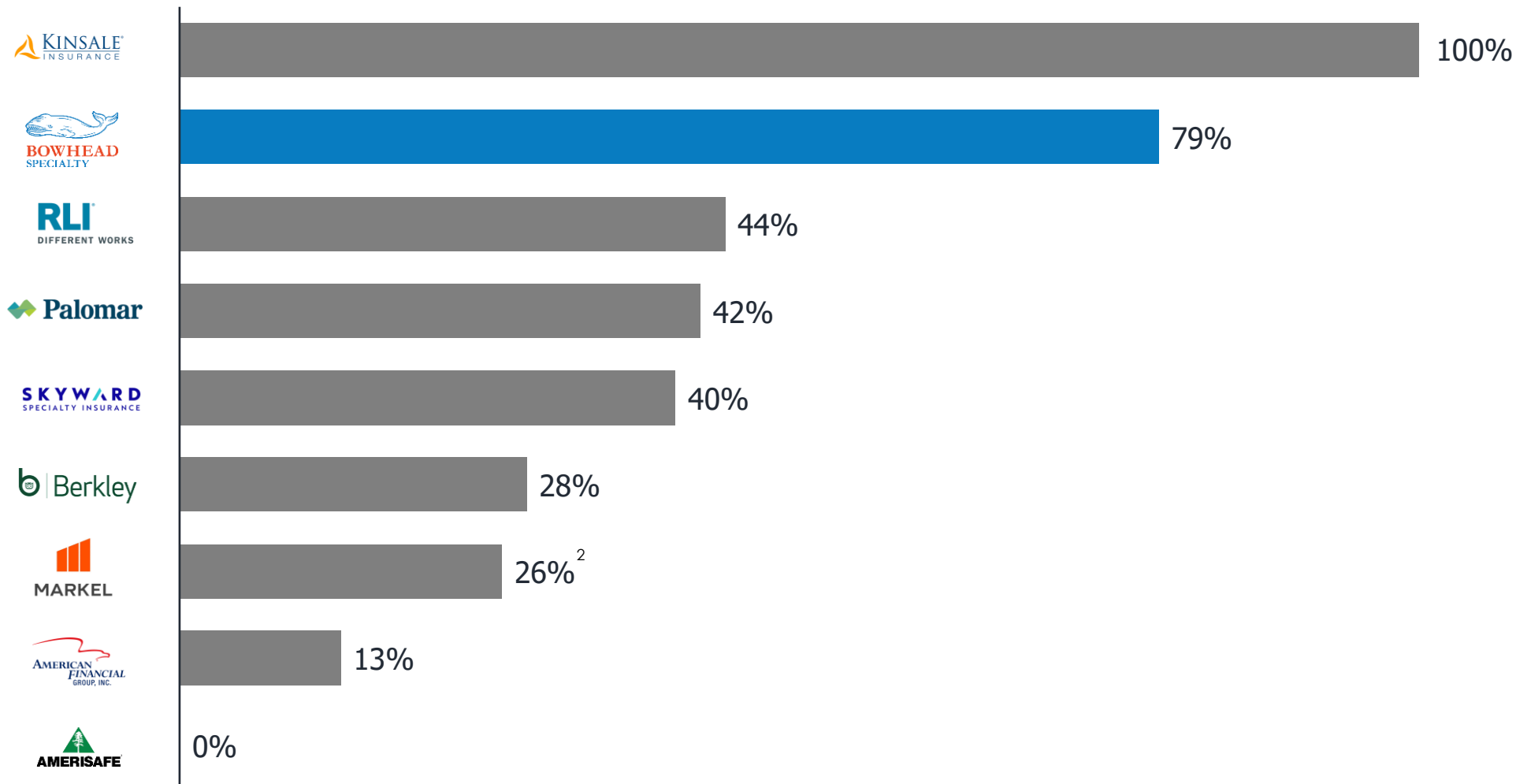
## Expanding Commercial E&S Market (\$Bn)



Source: S&P Global; Note: E&S premiums sourced per S&P Global based on license types in Schedule T of statutory filings

# Focused on profitable, growing lines in attractive E&S market (cont'd)

E&S premiums<sup>1</sup> as % of 2023 GAAP GWP

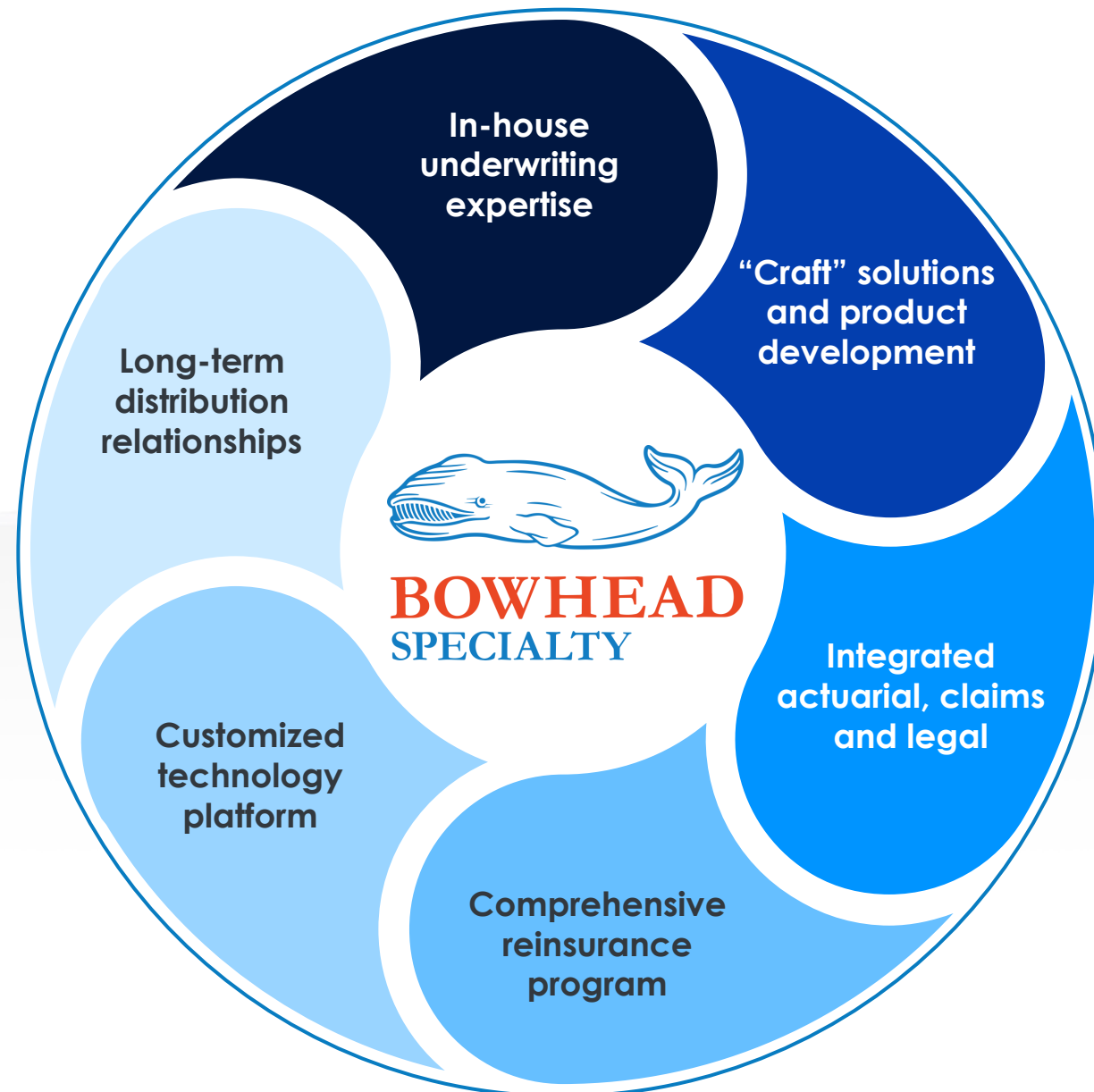


- We are focused on profitable and growing lines within **the ~\$83 billion U.S. commercial E&S market<sup>3</sup>**
- **Our target markets<sup>4</sup>** have undergone meaningful dislocations and **have outperformed the broader U.S. commercial E&S market by an average of 4 loss ratio points since 2019**

Source: S&P Global; Note: <sup>1</sup> Represents 2023 statutory direct written premiums; <sup>2</sup> Markel U.S. GAAP GWP includes program services and fronting; <sup>3</sup> For the year ended December 31, 2023; <sup>4</sup> Represents Other Liability: Occurrence, Other Liability: Claims Made and Medical Professional Liability: Claims Made



# Strong underwriting culture with fully-integrated and accountable value chain

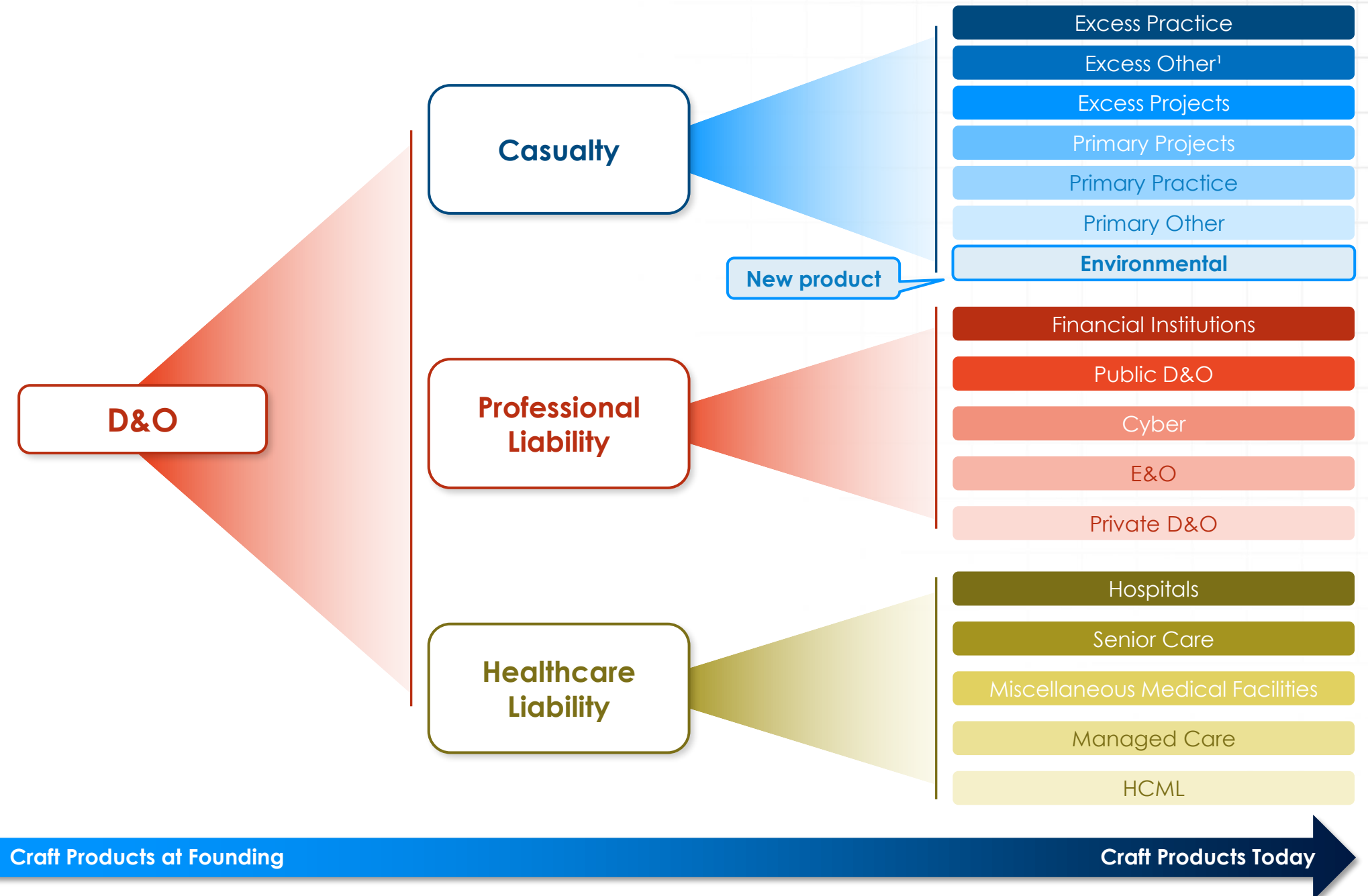


- We **do not delegate underwriting to outside parties**, which is a key component of our fully-integrated model
- Our platform was built to enable us to deliver **our custom solutions to clients while consistently generating underwriting profit** within our business

# Ability to deliver differentiated profitability across market cycles

## Underwriting matters—and is our key value proposition

- ✓ Highly experienced team with previous leadership positions at leading insurance companies
- ✓ Specific subject matter experts with proven track records of generating underwriting profits within the lines they write
- ✓ Created primary capabilities across all our products as part of cycle management strategy
- ✓ Strong and disciplined underwriting culture built around rigorous analytical tools (“BRATs”) and cross-functional collaboration (“Roundtables”)



Note: <sup>1</sup> Excess Other includes Public Entity

# Clean balance sheet with no reserves from accident years prior to 2020



## Free from legacy reserves

- Diversified and attractive specialty P&C portfolio with no catastrophe exposure
- Reflects continuously favorable rate environment with no business or reserves from pre-2020 accident years



## Prudent financial profile

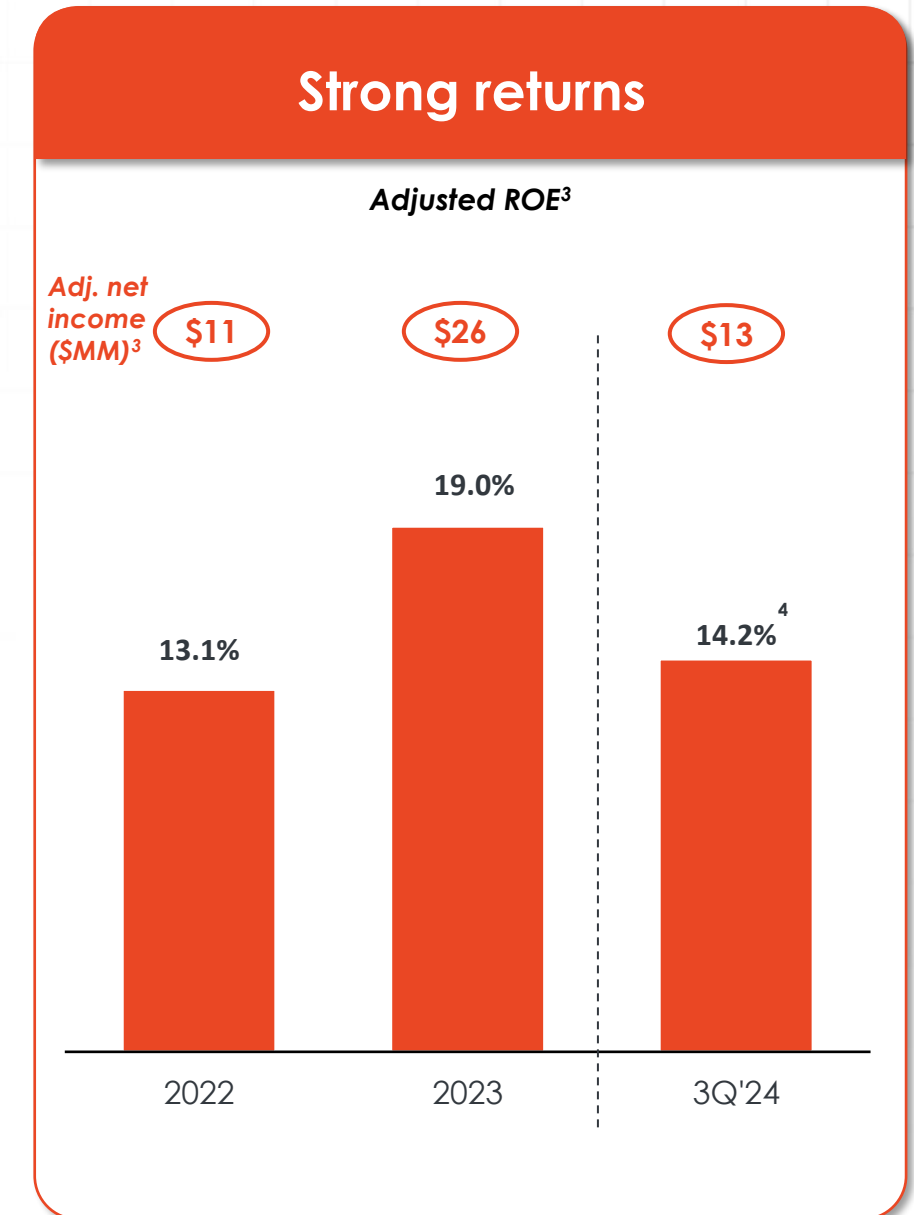
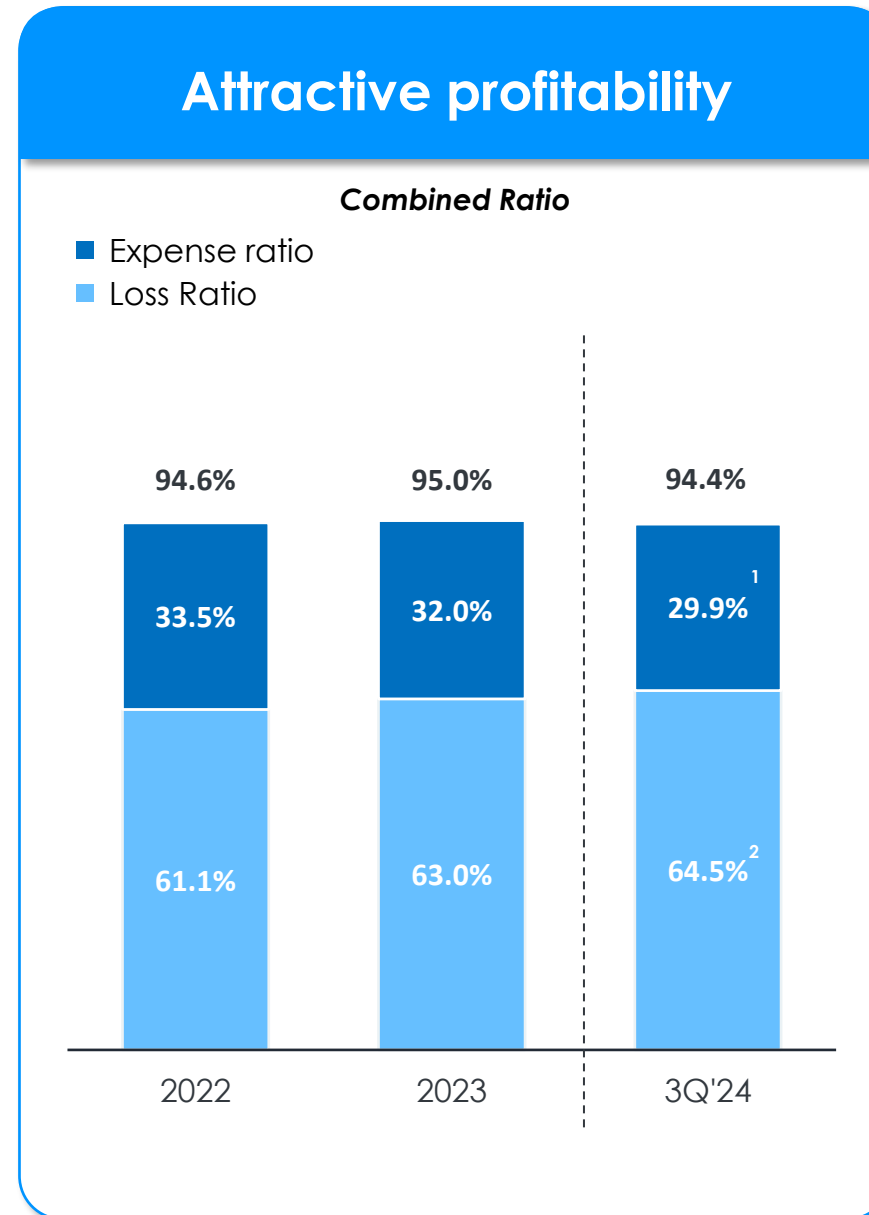
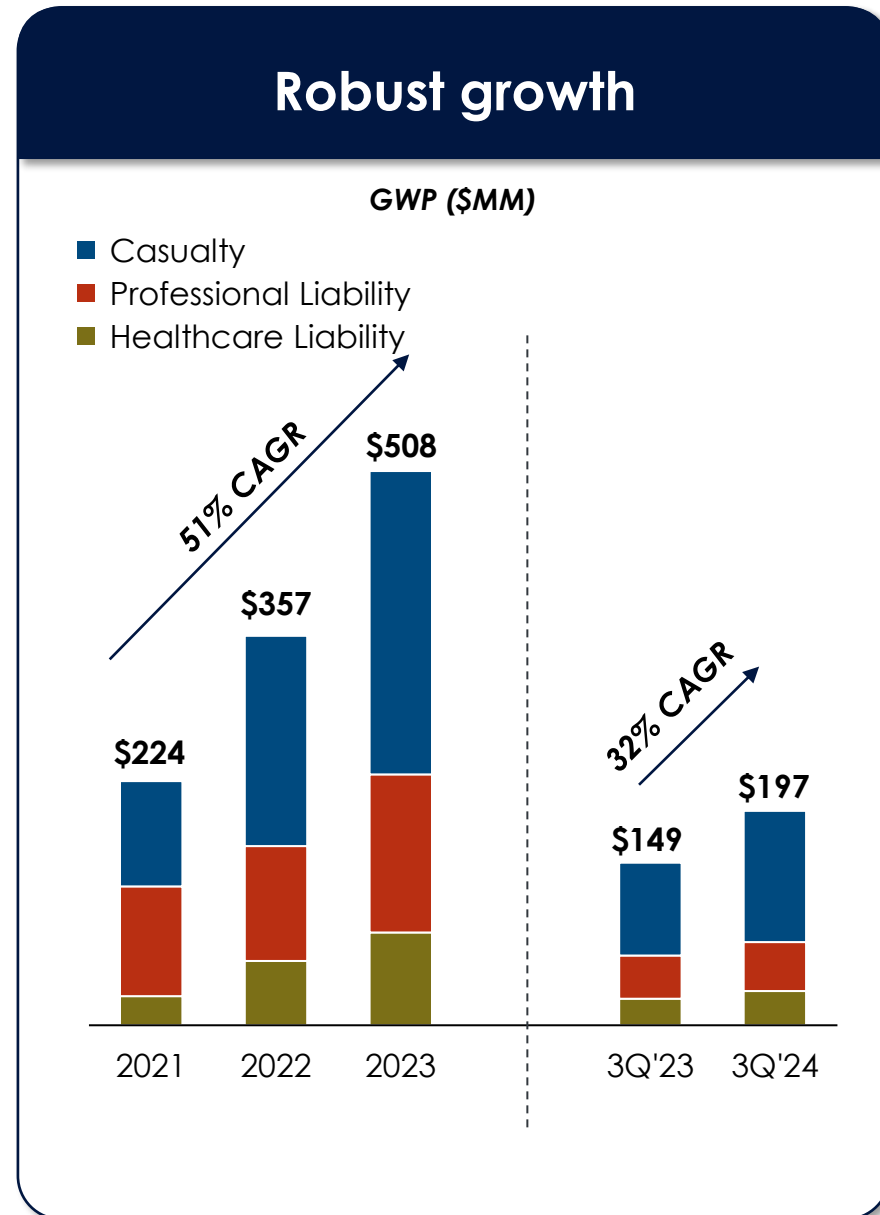
- No debt outstanding and no intangibles
- 400%+ RBC ratio as of 12/31/2023
- All reinsurers have A.M. Best rating of “A” or better as of 09/30/2024



## Conservative investment portfolio

- 100% cash, short-term investments and investment grade portfolio with no equity or alternative investment risk
- Fixed income book and market yields of 4.7% as of 09/30/2024
- Weighted average effective duration of 2 years and an average credit rating of “AA” as of 09/30/2024

# Robust growth and commitment to long-term value creation



Note: <sup>1</sup> Expense ratio for the three months ended September 30, 2024 was impacted by \$3.3 million of additional net earned premium from a large audit premium fully earned in the quarter; <sup>2</sup> Loss ratio for the three months ended September 30, 2024 are based on loss picks informed by industry data rather than only using internal data from our limited operating history. Movement in loss ratio from last year reflects a shift in the mix of our business to a greater percentage of our book being in Casualty, where industry loss ratios have deteriorated. We did not take down any reserves, nor did we experience any loss activity in excess of our own expectations; <sup>3</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliation" on slide 18 for a reconciliation of the non-GAAP financial measure to the most comparable U.S. GAAP measure; <sup>4</sup> Adjusted ROE for three months ended September 30, 2024 was impacted by the \$210.4 million increase in mezzanine and stockholders' equity.

# Well-positioned for continued growth

Bowhead's long-term growth strategy balances existing "craft" underwriting strategy with "flow" business launched in 2024

## Bowhead ("Craft")

Individual, custom underwriting of large, complicated risks

- 100% of existing book
- Go-to-market brand: Bowhead Specialty
- Lines: Casualty, Professional Liability and Healthcare Liability
- Distribution: Wholesale and retail
- Paper: Admitted and non-admitted
- Underwriting-first culture
- Expertise-driven, customized approach for each risk
- Individualized underwriting with collaborative roundtables



## Baleen ("Flow")

Streamlined underwriting of small, hard-to-place E&S risks

- New capability launched late in Q2 2024
- Go-to-market brand: Baleen Specialty
- Products: Launching our Minimum Viable Product, General Liability for contractors
- Distribution: Major wholesale partners
- Paper: Non-admitted
- Maintain 100% control of underwriting; no delegated authority
- Set clear appetite and rules criteria during product development
- Straight-through processing delivers instant quotes

## Growth levers for both "craft" and "flow" business

Grow market share through superior industry relationships

Benefit from rate increases in some lines

Expand account size and/or geographic appetite as market allows

Add new distribution relationships

Develop new products within existing lines

Enter new lines/markets by hiring subject matter experts

# Financials

# Summary historical financials

## Condensed Income Statement

(\$ in thousands, except percentages and per share data)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023
<b>Revenues:</b>				
Gross written premiums	\$ 507,688	356,948	196,976	148,919
Net written premiums	334,672	245,114	128,333	99,338
Net earned premiums	263,902	182,863	105,180	70,874
Net investment income	19,371	4,725	11,491	5,188
<b>Total revenue</b>	<b>\$ 283,398</b>	<b>187,602</b>	<b>116,761</b>	<b>76,093</b>
Net losses and loss adjustment expenses	\$ 166,282	111,761	67,824	42,796
Net acquisition costs	20,935	15,194	9,163	5,617
Operating expenses	63,456	45,986	22,386	16,376
Non-operating expenses	630	-	487	-
Warrant expense	-	-	792	-
Credit facility interest expenses and fees	-	-	252	-
Foreign exchange (gains) losses	(20)	-	37	40
<b>Total expenses</b>	<b>\$ 251,283</b>	<b>172,941</b>	<b>100,941</b>	<b>64,829</b>
<b>Net income</b>	<b>\$ 25,047</b>	<b>11,256</b>	<b>12,092</b>	<b>8,708</b>
<b>Key Operating and Financial Metrics</b>				
Underwriting Income <sup>1</sup>	\$ 14,035	9,922	5,807	6,186
Adjusted net income <sup>1</sup>	\$ 26,152	11,256	12,520	8,819
Loss ratio	63.0%	61.1%	64.5%	60.4%
Expense ratio	32.0%	33.5%	29.9%	31.0%
Combined ratio	95.0%	94.6%	94.4%	91.4%
Return on equity <sup>2</sup>	18.2%	13.1%	13.7%	24.8%
Adjusted return on equity <sup>1,2</sup>	19.0%	13.1%	14.2%	25.1%
Diluted earnings per share	\$ 1.04	0.47	0.36	0.36
Diluted adjusted earnings per share <sup>1</sup>	\$ 1.09	0.47	0.38	0.37

## Condensed Balance Sheet

(\$ in thousands)	As of September 30, 2024	As of December 31, 2023	As of December 31, 2022
Fixed maturity securities	\$ 891,252	554,624	236,888
Short-term investments	10,002	8,824	46,035
<b>Total investments</b>	<b>\$ 901,254</b>	<b>563,448</b>	<b>282,923</b>
Cash and cash equivalents	132,893	118,070	64,659
Restricted cash and cash equivalents	28,822	1,698	15,992
Accrued investment income	7,118	4,660	1,231
Premium balances receivable	46,706	38,817	29,487
Reinsurance recoverable	225,011	139,389	63,531
Prepaid reinsurance premiums	146,133	116,732	74,541
Deferred policy acquisition costs	26,463	19,407	13,672
Property and equipment, net	7,438	7,601	6,050
Income taxes receivable	325	1,107	--
Deferred tax assets, net	16,277	14,229	11,281
Other assets	9,222	2,701	1,840
<b>Total assets</b>	<b>\$ 1,547,662</b>	<b>1,027,859</b>	<b>565,207</b>
Reserves for losses and loss expenses	\$ 679,568	431,186	207,051
Unearned premiums	427,096	344,704	231,743
Reinsurance balances payable	54,162	40,440	23,687
Income taxes payable	29	42	1,517
Accrued expenses	14,696	14,900	12,028
Other liabilities	7,285	4,510	5,807
<b>Total liabilities</b>	<b>\$ 1,182,836</b>	<b>835,782</b>	<b>481,833</b>
<b>Total mezzanine and stockholders' equity</b>	<b>\$ 364,826</b>	<b>192,077</b>	<b>83,374</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,547,662</b>	<b>1,027,859</b>	<b>565,207</b>

Notes: <sup>1</sup> Non-GAAP financial measure. See "Non-GAAP Reconciliation" on slide 18 for a reconciliation of the non-GAAP financial measure to the most directly comparable U.S. GAAP measure; <sup>2</sup> For the three months ended September 30, 2024 and 2023, net income and adjusted net income are annualized to arrive at return on equity and adjusted return on equity

# Appendix



# Our partnership with AmFam



- Originates, issues, and underwrites all Bowhead policies
- Provides all claims, actuarial, accounting, reinsurance procurement/processing and other insurance support services



- Provides "A" rated paper for business originated by Bowhead
- Receives ceding fee
- Bowhead is an affiliate of AmFam for statutory purposes



- Assumes 100% of risk of Bowhead policies from AmFam
- Purchases reinsurance from high quality reinsurers (including AmFam)



**Long-term strategic partnership established at inception**



**Policies backed by "A" rated paper and ~\$7Bn policyholder surplus<sup>1</sup>**



**AmFam participates in underwriting results and generates fee-based earnings**

Note: <sup>1</sup> AmFam's policyholder surplus is as of December 31, 2023;

# Non-GAAP reconciliation

(\$ in thousands)	For the years ended		Three months ended	
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023
Income before income taxes	\$ 32,115	14,661	15,820	11,264
<b>Adjustments:</b>				
Net investment income	(19,371)	(4,725)	(11,491)	(5,188)
Net realized investment gains	-	-	18	-
Other insurance-related income	(125)	(14)	(108)	(31)
Non-operating expenses	630	-	487	-
Warrant expense	-	-	792	-
Credit facility interest expenses and fees	-	-	252	-
Foreign exchange (gains) losses	(20)	-	37	40
Strategic initiatives <sup>1</sup>	806	-	-	101
<b>Underwriting income</b>	<b>\$ 14,035</b>	<b>9,922</b>	<b>5,807</b>	<b>6,186</b>

(\$ in thousands)	For the years ended				Three months ended			
	December 31, 2023		December 31, 2022		September 30, 2024		September 30, 2023	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax	Pre-Tax	After-Tax
Income as reported	\$ 32,115	25,047	14,661	11,256	15,820	12,092	11,264	8,708
<b>Adjustments:</b>								
Net realized investment gains	-	-	-	-	18	18	-	-
Non-operating expenses	630	630	-	-	487	487	-	-
Foreign exchange (gains) losses	(20)	(20)	-	-	37	37	40	40
Strategic initiatives <sup>1</sup>	806	806	-	-	-	-	101	101
Tax impact	-	(311)	-	-	-	(114)	-	(30)
<b>Adjusted net income</b>	<b>\$ 33,531</b>	<b>26,152</b>	<b>14,661</b>	<b>11,256</b>	<b>16,362</b>	<b>12,520</b>	<b>11,405</b>	<b>8,819</b>
(\$ in thousands, except percentages)	For the years ended				Three months ended			
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Adjusted net income <sup>2</sup>	\$ 26,152	11,256	50,081	35,275				
Average mezzanine and stockholder's equity	137,726	86,050	352,368	140,533				
<b>Adjusted return on equity</b>	<b>19.0%</b>	<b>13.1%</b>	<b>14.2%</b>	<b>25.1%</b>				
(\$ in thousands, except per share data)	For the years ended				Three months ended			
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Adjusted net income	\$ 26,152	11,256	12,520	8,819				
Diluted weighted average shares outstanding	24,000,000	24,000,000	33,263,958	24,000,000				
<b>Diluted adjusted earnings per share</b>	<b>\$ 1.09</b>	<b>0.47</b>	<b>0.38</b>	<b>0.37</b>				

Note: <sup>1</sup> Strategic initiatives represents costs incurred to set up our Baleen Specialty division, which is recorded in operating expenses within the Condensed Income Statement. The costs incurred primarily represent expenses to implement the new platform and processes supporting the Baleen Specialty division; <sup>2</sup> For the three months ended September 30, 2024 and 2023, adjusted net income is annualized to arrive at adjusted return on equity