
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2025**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **001-42177**

TWFG, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**10055 Grogans Mill Rd.
Suite 500**

The Woodlands, Texas

(Address of Principal Executive Offices)

99-0603906

(I.R.S. Employer
Identification No.)

77380

(Zip Code)

(281) 367-3424

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	TWFG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of November 11, 2025, there were 15,028,681 shares of Class A common stock, 7,277,651 shares of Class B common stock and 33,893,810 shares of Class C common stock outstanding.

Table of Contents

	<u>Page</u>
Part I - Financial Information	
Item 1. Condensed Consolidated Financial Statements (Unaudited)	1
Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2025 and 2024	1
Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2025 and 2024	2
Condensed Consolidated Balance Sheets as of September 30, 2025 and December 31, 2024	3
Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Stockholders'/Members' Equity for the three and nine months ended September 30, 2025 and 2024	4
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2025 and 2024	6
Notes to the Condensed Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	41
Item 4. Controls and Procedures	42
Part II - Other Information	
Item 1. Legal Proceedings	43
Item 1A. Risk Factors	43
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	43
Item 5. Other Information	43
Item 6. Exhibits	44
Signatures	45

Cautionary Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q (this "Quarterly Report") that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the captions entitled Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC") on March 27, 2025 (our "Annual Report") and Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of any subsequent Quarterly Reports on Form 10-Q. Many of these factors have previously been identified in filings or statements made by us or on our behalf.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Commonly Used Defined Terms

- "we," "us," "our," the "Company," "TWFG," and similar references refer to: (i) TWFG, Inc. and, unless otherwise stated or the context otherwise requires, all of its subsidiaries, including TWFG Holding Company, LLC ("TWFG Holding"), for periods following the consummation of certain reorganization transactions (the "Reorganization Transactions"), including our initial public offering ("IPO"), and (ii) TWFG Holding and, unless otherwise stated or the context otherwise requires, all of its subsidiaries, for periods prior to the completion of the Reorganization Transactions, including our IPO;
- Adjusted Diluted Earnings Per Share: Adjusted Net Income divided by diluted shares outstanding after adjusting for the effect of (i) the exchange of 100% of the outstanding Class B common stock of the Company (the "Class B Common Stock") and Class C common stock of the Company (the "Class C Common Stock") (together with the related limited liability company units of TWFG Holding (the "LLC Units")) into shares of Class A common stock of the Company ("Class A Common Stock") and (ii) the vesting of 100% of the unvested equity awards and exchange into shares of Class A Common Stock;
- Adjusted EBITDA: EBITDA adjusted to exclude equity-based compensation and other non-operating items, including certain nonrecurring or non-operating gains or losses;
- Adjusted EBITDA Margin: Adjusted EBITDA divided by total revenues;
- Adjusted Free Cash Flow: Cash flow from operating activities (the most directly comparable GAAP measure) less cash payments for tax distributions, purchases of property and equipment and acquisition-related costs;
- Adjusted Net Income: Net income (the most directly comparable GAAP measure) before amortization, non-recurring or non-operating income and expenses, including equity-based compensation, adjusted to assume a single class of stock (Class A) and assuming noncontrolling interests do not exist;
- Adjusted Net Income Margin: Adjusted Net Income divided by total revenues;
- Admitted: The insurance market comprising insurance carriers licensed to write business on an "admitted" basis by the insurance commissioner of the state in which the risk is located. Insurance rates and forms in this market are highly regulated by each state and coverages are largely uniform;
- Book of Business: Active Client list;

- Branch: An independent agency that contracts with our Insurance Services offering, operates its agency through TWFG's "Agency-in-a-Box" and with TWFG's branding, and receives all benefits of working with TWFG, including a work and revenue share, TWFG back-office support, marketing and access to a fully integrated agency management system. TWFG branding is restricted to the Branches and Corporate Branches, all of which are listed on our website and can be found using the location filter. Branches and Corporate Branches are exclusive to TWFG, meaning that they can only write certain insurance business through TWFG;
- Client: Individual or entity that purchases an insurance policy or seeks to purchase an insurance policy from TWFG Agencies;
- Corporate Branch: An agency within our Insurance Services offering that is wholly owned by TWFG;
- EBITDA: Earnings before interest, income taxes, depreciation and amortization;
- M&A: Mergers and acquisitions;
- MGA: Managing general agency;
- MGA Agencies: Independent agencies that contract with TWFG MGA to obtain access to additional insurance carriers or programs. TWFG MGA Agencies do not include TWFG branding and are not exclusive to TWFG;
- Organic Revenue: Total revenues (the most directly comparable GAAP measure) for the relevant period, excluding contingent income, non-policy fee income, other income and those revenues generated from acquired businesses;
- Organic Revenue Growth: Organic Revenue Growth is the change in Organic Revenue period-to-period;
- P&C: Property and casualty insurance;
- Total Written Premium: The total amount of current premium (net of cancellations) placed with insurance carriers;
- TWFG Agencies: Branches, Corporate Branches and MGA Agencies; and
- TWFG MGA: TWFG's managing general agency.

Part I - Financial Information
Item 1. Financial Statements

TWFG, Inc.
Condensed Consolidated Statements of Income
(Amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenues				
Commission income (related party of \$3,939 and \$3,026 for the three months ended and \$9,858 and \$6,047 for the nine months ended September 30, 2025 and 2024, respectively)	\$ 58,270	\$ 48,240	\$ 161,617	\$ 139,447
Contingent income	2,095	1,383	5,791	3,717
Fee income (related party of \$869 and \$884 for the three months ended and \$2,596 and \$1,799 for the nine months ended September 30, 2025 and 2024, respectively)	3,466	2,890	9,806	7,811
Other income	292	350	1,040	1,042
Total revenues	64,123	52,863	178,254	152,017
Expenses				
Commission expense	34,639	30,766	100,604	89,171
Salaries and employee benefits	9,929	8,331	27,618	21,401
Other administrative expenses (related party of \$785 and \$339 for the three months ended and \$2,333 and \$1,122 for the nine months ended September 30, 2025 and 2024, respectively)	5,194	4,813	15,318	11,687
Depreciation and amortization	5,327	2,985	12,587	8,966
Total operating expenses	55,089	46,895	156,127	131,225
Operating income	9,034	5,968	22,127	20,792
Interest expense	70	411	221	2,125
Interest income	1,574	1,777	5,188	2,202
Other non-operating income (expense), net	59	(4)	632	8
Income before tax	10,597	7,330	27,726	20,877
Income tax expense	977	437	2,253	437
Net income	9,620	6,893	25,473	20,440
Less: net income attributable to noncontrolling interests	7,898	5,739	20,456	19,286
Net income attributable to TWFG, Inc.	\$ 1,722	\$ 1,154	\$ 5,017	\$ 1,154
Weighted average shares of common stock outstanding (see Note 12):				
Basic	15,005,426	14,722,685	14,933,242	14,722,685
Diluted	15,100,655	14,890,382	15,088,031	14,890,382
Earnings per share (see Note 12):				
Basic	\$ 0.11	\$ 0.08	\$ 0.34	\$ 0.08
Diluted	\$ 0.11	\$ 0.08	\$ 0.34	\$ 0.08

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Amounts in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 9,620	\$ 6,893	\$ 25,473	\$ 20,440
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on derivative instruments during the period	3	(77)	(14)	68
Reclassification of realized gains (losses) on derivative instruments included in net income during the period	(44)	(80)	(145)	(258)
Total other comprehensive income (loss), net of tax	(41)	(157)	(159)	(190)
Comprehensive income	9,579	6,736	25,314	20,250
Less: comprehensive income attributable to noncontrolling interests	7,869	5,615	20,340	19,129
Comprehensive income attributable to TWFG, Inc.	\$ 1,710	\$ 1,121	\$ 4,974	\$ 1,121

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share/unit data)
(unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 150,985	\$ 195,772
Restricted cash	11,557	9,551
Commissions receivable, net	27,529	27,067
Accounts receivable	8,169	7,839
Other current assets, net	13,087	1,619
Total current assets	211,327	241,848
Non-current assets		
Intangible assets, net	129,386	72,978
Property and equipment, net	3,209	3,499
Lease right-of-use assets, net	4,515	4,493
Other non-current assets	734	610
Total assets	\$ 349,171	\$ 323,428
Liabilities, Redeemable Noncontrolling Interest and Equity		
Current liabilities		
Commissions payable	\$ 15,897	\$ 13,848
Carrier liabilities	14,074	12,392
Operating lease liabilities, current	1,393	1,013
Short-term bank debt	1,956	1,912
Deferred acquisition payable, current	2,508	601
Other current liabilities	9,309	9,851
Total current liabilities	45,137	39,617
Non-current liabilities		
Operating lease liabilities, net of current portion	3,135	3,372
Long-term bank debt	2,534	4,007
Deferred acquisition payable, non-current	2,620	1,122
Other non-current liabilities	—	24
Total liabilities	53,426	48,142
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interest	11,427	—
Stockholders' Equity		
Class A common stock (\$0.01 par value per share - 300,000,000 authorized, 15,005,426 and 14,811,874 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively)	150	148
Class B common stock (\$0.00001 par value per share - 100,000,000 authorized, 7,277,651 shares issued and outstanding at September 30, 2025 and December 31, 2024)	—	—
Class C common stock (\$0.00001 par value per share - 100,000,000 authorized, 33,893,810 shares issued and outstanding at September 30, 2025 and December 31, 2024)	—	—
Additional paid-in capital	58,869	58,365
Retained earnings	20,305	15,288
Accumulated other comprehensive income	40	83
Total stockholders' equity attributable to TWFG, Inc.	79,364	73,884
Noncontrolling interests	204,954	201,402
Total stockholders' equity	284,318	275,286
Total liabilities, redeemable noncontrolling interest and equity	\$ 349,171	\$ 323,428

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Statements of Changes in Redeemable
Noncontrolling Interest and Stockholders'/Members' Equity

(Amounts in thousands, except share/unit data)
(unaudited)

For the Nine Months Ended September 30, 2025

	Class A Common Stock		Class B Voting Stock		Class C Voting Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity Attributable to TWFG, Inc.	Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interest
	Shares	Amount	Shares	Amount	Shares	Amount							
Balance at December 31, 2024	14,811,874	\$ 148	7,277,651	\$ —	33,893,810	\$ —	\$ 58,365	\$ 15,288	\$ 83	\$ 73,884	\$ 201,402	\$ 275,286	\$ —
Net income	—	—	—	—	—	—	—	1,338	—	1,338	5,515	6,853	—
Cash distributions to members	—	—	—	—	—	—	—	—	—	—	(2,024)	(2,024)	—
Other comprehensive income	—	—	—	—	—	—	—	—	(18)	(18)	(50)	(68)	—
Stock-based compensation	—	—	—	—	—	—	1,204	—	—	1,204	—	1,204	—
Vesting of restricted stock units	134,018	1	—	—	—	—	—	—	—	1	—	1	—
Tax withholding on vesting of equity awards	(41,809)	—	—	—	—	—	(1,195)	—	—	(1,195)	—	(1,195)	—
Balance at March 31, 2025	14,904,083	\$ 149	7,277,651	\$ —	33,893,810	\$ —	\$ 58,374	\$ 16,626	\$ 65	\$ 75,214	\$ 204,843	\$ 280,057	\$ —
Net income	—	—	—	—	—	—	—	1,957	—	1,957	6,970	8,927	73
Cash distributions to members	—	—	—	—	—	—	—	—	—	—	(11,239)	(11,239)	—
Other comprehensive income	—	—	—	—	—	—	—	—	(13)	(13)	(37)	(50)	—
Acquisition of TWFG MGA FL, LLC	—	—	—	—	—	—	—	—	—	—	—	—	9,688
Stock-based compensation	—	—	—	—	—	—	1,515	—	—	1,515	—	1,515	—
Balance at June 30, 2025	14,904,083	\$ 149	7,277,651	\$ —	33,893,810	\$ —	\$ 59,889	\$ 18,583	\$ 52	\$ 78,673	\$ 200,537	\$ 279,210	\$ 9,761
Net income	—	—	—	—	—	—	—	1,722	—	1,722	7,033	8,755	865
Cash distributions to members	—	—	—	—	—	—	—	—	—	—	(2,587)	(2,587)	—
Other comprehensive income	—	—	—	—	—	—	—	—	(12)	(12)	(29)	(41)	—
Acquisition of TWFG MGA FL, LLC	—	—	—	—	—	—	—	—	—	—	—	—	801
Stock-based compensation	—	—	—	—	—	—	987	—	—	987	—	987	—
Vesting of restricted stock units	151,174	1	—	—	—	—	—	—	—	1	—	1	—
Tax withholding on vesting of equity awards	(49,831)	—	—	—	—	—	(1,562)	—	—	(1,562)	—	(1,562)	—
Shelf registration costs	—	—	—	—	—	—	(445)	—	—	(445)	—	(445)	—
Balance at September 30, 2025	15,005,426	\$ 150	7,277,651	\$ —	33,893,810	\$ —	\$ 58,869	\$ 20,305	\$ 40	\$ 79,364	\$ 204,954	\$ 284,318	\$ 11,427

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Statements of Changes in Redeemable
Noncontrolling Interest and Stockholders'/Members' Equity

(Amounts in thousands, except share/unit data)
(unaudited)

	Members' Equity		Class A Common Stock		Class B Voting Stock		Class C Voting Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity Attributable to TWFG, Inc.	Noncontrolling Interests	Total Stockholders' Equity
	Units	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2023	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 4,805	\$ 500	\$ 31,051	\$ —	\$ 31,051
Net income	—	—	—	—	—	—	—	—	—	6,629	—	6,629	—	6,629
Shares issued	27,689	28	—	—	—	—	—	—	30,018	—	—	30,046	—	30,046
Cash distributions to members	—	—	—	—	—	—	—	—	—	(2,420)	—	(2,420)	—	(2,420)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	23	23	—	23
Balance at March 31, 2024	659,439	\$ 660	—	\$ —	—	\$ —	—	\$ —	\$ 55,132	\$ 9,014	\$ 523	\$ 65,329	\$ —	\$ 65,329
Net income	—	—	—	—	—	—	—	—	—	6,918	—	6,918	—	6,918
Cash distributions to members	—	—	—	—	—	—	—	—	—	(4,679)	—	(4,679)	—	(4,679)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(56)	(56)	—	(56)
Balance at June 30, 2024	659,439	\$ 660	—	\$ —	—	\$ —	—	\$ —	\$ 55,132	\$ 11,253	\$ 467	\$ 67,512	\$ —	\$ 67,512
Net income prior to the Reorganization Transactions and IPO (see Note 1)	—	—	—	—	—	—	—	—	—	1,290	—	1,290	—	1,290
Other comprehensive loss prior to the Reorganization Transactions and IPO	—	—	—	—	—	—	—	—	—	—	(33)	(33)	—	(33)
Effect of the Reorganization Transactions	(659,439)	(660)	2,161,874	22	7,277,651	—	33,893,810	—	(191,733)	—	(319)	(192,690)	192,690	—
Issuance of Class A common stock at the IPO, net of underwriting costs	—	—	12,650,000	126	—	—	—	—	200,548	—	—	200,674	—	200,674
Capitalized offering costs	—	—	—	—	—	—	—	—	(7,800)	—	—	(7,800)	—	(7,800)
Net income after the Reorganization Transactions and IPO	—	—	—	—	—	—	—	—	—	1,154	—	1,154	4,449	5,603
Other comprehensive loss after the Reorganization Transactions and IPO	—	—	—	—	—	—	—	—	—	—	(33)	(33)	(91)	(124)
Stock-based compensation	—	—	—	—	—	—	—	—	1,012	—	—	1,012	—	1,012
Balance at September 30, 2024	—	\$ —	14,811,874	\$ 148	7,277,651	\$ —	33,893,810	\$ —	\$ 57,159	\$ 13,697	\$ 82	\$ 71,086	\$ 197,048	\$ 268,134

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 25,473	\$ 20,440
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	12,587	8,966
Gains on sales of intangible assets and property and equipment, net	(616)	(86)
Stock-based compensation expense	3,706	1,012
Non-cash lease expense	988	756
Other non-cash items	(8)	(10)
Change in:		
Commission receivable, net	(462)	(3,889)
Accounts receivable	(330)	(2,731)
Other current and non-current assets	(1,751)	151
Commissions payable	2,049	1,951
Operating lease liabilities	(857)	(802)
Other liabilities	(566)	3,121
Net cash provided by operating activities	40,213	28,879
Cash Flows from Investing Activities		
Proceeds from sale of books of business	573	84
Proceeds from sale of property and equipment	49	2
Purchase of intangible assets	(54,239)	(21,395)
Purchase of property and equipment	(128)	(280)
Other investment	(10,000)	—
Net cash used in investing activities	(63,745)	(21,589)
Cash Flows from Financing Activities		
Repayment of borrowings	(1,428)	(42,968)
Distributions to members	(15,850)	(7,099)
Tax withholding on vesting of equity awards	(2,757)	—
Net proceeds from IPO, net of underwriting costs	—	200,674
Payment of deferred offering costs	—	(7,122)
Payment of shelf registration costs	(445)	—
Payment of equity issuance costs	—	(38)
Receipts of carrier liabilities	3,372	5,072
Payments for carrier liabilities	(1,690)	(525)
Payment of deferred acquisition payable	(451)	(847)
Net cash (used in) provided by financing activities	(19,249)	147,147

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Condensed Consolidated Statement of Cash Flows (continued)
(Amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	2024
Net change in cash, cash equivalents and restricted cash	(42,781)	154,437
Cash, cash equivalents and restricted cash - beginning balance	205,323	46,468
Cash, cash equivalents and restricted cash - ending balance	<u>\$ 162,542</u>	<u>\$ 200,905</u>
Net change in cash and cash equivalents	\$ (44,787)	\$ 151,899
Net change in restricted cash	2,006	2,538
Net change in cash, cash equivalents and restricted cash	\$ (42,781)	\$ 154,437
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 152	\$ 2,298
Cash paid for taxes	\$ 2,584	\$ —
Non-cash investing and financing activities:		
Additions to intangible assets and offsetting additions to deferred acquisition payable	\$ 3,856	\$ 396
Additions to intangible assets and offsetting additions to redeemable noncontrolling interest	\$ 10,489	\$ —
Additions to intangible assets and offsetting additions to members' equity	\$ —	\$ 25,560
Additions to intangible assets and offsetting additions to other current liabilities	\$ —	\$ 8
Settlement of deferred acquisition payable through the issuance of Class A common units	\$ —	\$ 4,524

See Notes to the Condensed Consolidated Financial Statements

TWFG, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

TWFG, Inc. ("TWFG" or the "Company") was incorporated as a Delaware corporation on January 8, 2024 for the purpose of facilitating an initial public offering ("IPO"). TWFG is a holding company with its principal asset being a controlling ownership in TWFG Holding Company, LLC ("TWFG Holding") and its consolidated subsidiaries. All of TWFG's business is conducted through TWFG Holding and its consolidated subsidiaries, and the financial results of TWFG Holding and its consolidated subsidiaries are included in the Condensed Consolidated Financial Statements of TWFG.

TWFG is a leading, high-growth, independent distribution platform for personal and commercial insurance in the United States. TWFG and its subsidiaries operate through one reportable segment, which is discussed in more detail in Note 14 Segment.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of the Company and its consolidated subsidiaries are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The interim financial information is unaudited but reflects all normal adjustments that are necessary to provide a fair statement of results for the interim periods presented. Accordingly, these Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on March 27, 2025 (the "Annual Report"). The Condensed Consolidated Balance Sheet as of December 31, 2024 has been derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Correction of Prior Period Balances

Subsequent to the issuance of the Company's consolidated financial statements as of and for the nine months ended September 30, 2024, management identified an immaterial presentation error in which certain amounts of investment income were previously included within revenue instead of within non-operating income. As a result, the Company restated the prior period financial statements to correct the errors within the Condensed Consolidated Statements of Income for all periods presented to reflect the correction. Additionally, comparative prior period amounts in the applicable notes to the Condensed Consolidated Financial Statements have been corrected.

Management evaluated the materiality of the error and concluded that it is not material to the prior period financial statements. The correction had no impact on previously reported net income. The following table presents the effects of the correction to the Company's Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2024.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	As Reported	Adjustment	As Corrected	As Reported	Adjustment	As Corrected
Revenues						
Commission income	\$ 48,240	\$ —	\$ 48,240	\$ 139,447	\$ —	\$ 139,447
Contingent income	1,383	—	1,383	3,717	—	3,717
Fee income	2,890	—	2,890	7,811	—	7,811
Other income	2,127	(1,777)	350	3,244	(2,202)	1,042
Total revenues	\$ 54,640	\$ (1,777)	\$ 52,863	\$ 154,219	\$ (2,202)	\$ 152,017
Operating income	\$ 7,745	\$ (1,777)	\$ 5,968	\$ 22,994	\$ (2,202)	\$ 20,792
Interest expense	411	—	411	2,125	—	2,125
Interest income	—	1,777	1,777	—	2,202	2,202
Other non-operating income (expense), net	(4)	—	(4)	8	—	8
Income before tax	\$ 7,330	\$ —	\$ 7,330	\$ 20,877	\$ —	\$ 20,877

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements and notes thereto requires management to make estimates, judgments, and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and in the notes thereto. Such estimates and assumptions could change in the future as circumstances change or more information becomes available, which could affect the amounts reported and disclosed herein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes in the Company's significant accounting policies from those that were disclosed for the year ended December 31, 2024 in the Annual Report.

Recent Accounting Pronouncements Not Yet Adopted

Disaggregation of Income Statement Expense

On November 4, 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Disaggregation of Income Statement Expense (DISE), that requires an entity to disclose in the footnote a tabular format that disaggregates relevant expense captions in to the following natural expense categories: purchase of inventory, employee compensation, depreciation, intangible asset amortization and depreciation, depletion and amortization or other amounts of depletion expense. This guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application and early adoption is permitted. The Company is currently evaluating the impacts.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, Improvement to Income Tax Disclosures, that requires disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, and additional information about federal, state, local and foreign income taxes. The standard also requires annual disclosure of income taxes paid (net of refunds received), disaggregated by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024. The standard is to be applied on a prospective basis, although optional retrospective application is permitted. The Company will adopt ASU 2023-09 at the end of the fiscal year December 31, 2025 and does not expect a material effect on its Consolidated Financial Statements and tax disclosures related to the adoption.

3. REVENUES

The following table presents the disaggregation of revenues by major source (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Commission income	\$ 58,270	\$ 48,240	\$ 161,617	\$ 139,447
Contingent income	2,095	1,383	5,791	3,717
Fee income				
Policy fees	1,175	1,064	3,309	2,510
Branch fees	1,289	1,172	3,961	3,523
License fees	886	495	2,053	1,454
TPA fees	116	159	483	324
Other income	292	350	1,040	1,042
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017

The Company operates through two primary offerings, which are Insurance Services and TWFG MGA. The following table presents the disaggregation of revenues by offerings (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Insurance Services				
Agency-in-a-box	\$ 37,583	\$ 33,826	\$ 112,895	\$ 99,976
Corporate Branches	12,188	9,248	31,804	25,875
TWFG MGA	13,944	9,432	32,372	25,057
Other	408	357	1,183	1,109
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017

As of September 30, 2025 and December 31, 2024, the commissions receivable, net reported in the Condensed Consolidated Balance Sheets had a balance of \$27.5 million and \$27.1 million, respectively. The Company had no contract liabilities as of September 30, 2025, December 31, 2024, and January 1, 2024.

The Company's allowance for expected credit losses is determined based on a combination of factors: credit quality indicators, including, but not limited to, payment status, historical charge-offs, financial strength of the insurance carriers for commissions receivable, and production performance and age of balances for receivables from agents.

The following table provides a summary of changes in the Company's allowance for expected credit losses (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Beginning of period	\$ 419	\$ 382	\$ 415	\$ 312
Increase in provision	1	—	5	70
Decrease in provision	—	—	—	—
End of period	\$ 420	\$ 382	\$ 420	\$ 382

The Progressive Corporation accounted for 11% and 12% of total revenues for the three and nine months ended September 30, 2025, respectively, and 11% and 12% of total revenues for the three and nine months ended September 30, 2024, respectively. No other customers individually accounted for 10% or more of the Company's total revenues for the three and nine months ended September 30, 2025 and 2024.

4. INTANGIBLES, ACQUISITIONS, AND DISPOSALS

During the nine months ended September 30, 2025, the Company acquired customer lists and computer software totaling \$47.6 million, of which \$44.0 million and \$0.5 million was paid in cash at closings, respectively. The additional \$3.1 million relates to future contingent cash payments for the acquired customer lists which are recorded in the deferred acquisition payable on the Condensed Consolidated Balance Sheets.

In June 2025, the Company acquired a 50.1% equity interest in TWFG MGA FL, LLC for a total cash consideration of \$9.7 million at closing. The acquisition agreement also provides for a contingent payment of up to \$5.0 million, payable upon achievement of defined performance metrics within one year of closing, and includes a put option for the remaining 49.9% interest. The transaction was accounted for as an asset acquisition under the cost accumulation model, with the acquired customer relationship intangible asset identified as the single substantive asset acquired.

The Company recognized a customer relationship intangible asset with an acquisition-date fair value of \$21.0 million, and a redeemable noncontrolling interest of \$10.5 million, representing the fair value of the ownership interest held by AIH Sub, Inc. The customer relationship intangible asset is being amortized on a straight-line basis over six years.

Subsequent to the acquisition date, the estimated fair value of the contingent consideration associated with the earn-out increased due to higher expected policy volume and performance relative to the original assumptions. This change in estimate is reflected in the measurement of the related intangible asset in current and future periods in accordance with the cost accumulation model.

In October 2025, the Company's Florida MGA began servicing a meaningful number of new policies. This development is expected to result in achievement of the full \$5.0 million earn out for the June 2025 acquisition to be recognized in the 4th quarter of 2025.

Additionally, the Company acquired 5.7% equity interest in AIH Sub, Inc. for \$0.3 million in cash, a related party as a result of this transaction. (See Note 7 Stockholders' Equity for more information regarding the redeemable noncontrolling interest.)

The Company recognized a net gain on disposals of \$0.6 million for the nine months ended September 30, 2025. The gains on disposals were attributable to the sale of books of business to third parties. Occasionally, the Company will sell books of business that it believes to be in its best interest to dispose.

The following table presents information about the Company's intangible assets (in thousands):

	September 30, 2025					December 31, 2024				
	Customer Lists	Computer Software	Non-Compete Agreements	Customer Relationship	Total	Customer Lists	Computer Software	Non-Compete Agreements	Total	
Cost										
Balance, beginning of period	\$ 96,553	\$ 8,564	\$ 275	\$ —	\$ 105,392	\$ 48,997	\$ 7,858	\$ 275	\$ 57,130	
Additions ⁽¹⁾	47,111	454	—	21,020	68,585	47,556	706	—	48,262	
Disposals	—	—	—	—	—	—	—	—	—	
Balance, end of period	143,664	9,018	275	21,020	173,977	96,553	8,564	275	105,392	
Accumulated amortization	36,116	7,188	275	1,012	44,591	25,482	6,660	272	32,414	
Net carrying amount, end of period	\$ 107,548	\$ 1,830	\$ —	\$ 20,008	\$ 129,386	\$ 71,071	\$ 1,904	\$ 3	\$ 72,978	

	2025					2024				
	Customer Lists	Computer Software	Non-Compete Agreements	Customer Relationship	Total	Customer Lists	Computer Software	Non-Compete Agreements	Total	
Three Months Ended September 30,										
Amortization expense	\$ 4,081	\$ 175	\$ —	\$ 949	\$ 5,205	\$ 2,675	\$ 240	\$ 5	\$ 2,920	
Nine Months Ended September 30,										
Amortization expense	\$ 10,634	\$ 527	\$ 3	\$ 1,012	\$ 12,176	\$ 7,986	\$ 747	\$ 38	\$ 8,771	

(1) Customer Lists, Computer Software, and Customer Relationship intangible assets acquired during the nine months ended September 30, 2025 have a weighted average amortization period of 7.5 years, 4.5 years, and 5.5 years, respectively. The weighted-average amortization period for all intangible assets acquired in 2025 is 7 years.

The following table presents the future amortization for intangible assets as of September 30, 2025 (in thousands):

	Customer Lists	Computer Software	Customer Relationship
Remainder of 2025	\$ 4,159	\$ 171	\$ 876
2026	16,594	621	3,503
2027	16,547	523	3,503
2028	16,510	336	3,503
2029	16,284	146	3,503
Thereafter	37,454	33	5,120
Total	\$ 107,548	\$ 1,830	\$ 20,008

5. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following as of the dates indicated (in thousands):

	September 30, 2025	December 31, 2024
Accrued salaries and bonus expenses	\$ 2,329	\$ 1,574
Accrued professional fees	1,222	1,256
Accounts payable	1,665	3,233
Income taxes payable	941	1,495
Other current liabilities	3,152	2,293
	\$ 9,309	\$ 9,851

6. DEBT

The following is a summary of the Company's outstanding debt (in thousands):

	September 30, 2025	December 31, 2024
Term Loans		
7-year term loan, periodic interest and monthly principal payments, Daily Simple SOFR + 0.11448% SOFR adjustment, matures December 6, 2027	\$ 4,490	\$ 5,919
Total term loans	4,490	5,919
Deferred acquisition payable	1,271	1,723
Total debt	5,761	7,642
Current maturities	(2,552)	(2,513)
Long-term debt	\$ 3,209	\$ 5,129

As of September 30, 2025, current and non-current deferred acquisition payable was comprised of deferred acquisition notes of \$1.3 million and deferred acquisition payables of \$3.8 million on the Condensed Consolidated Balance Sheet. In the prior year, current and non-current deferred acquisition payable was comprised of deferred acquisition notes of \$1.7 million and deferred acquisition payables of zero. For the period ended September 30, 2025, the current portion of deferred acquisition notes and deferred acquisition payables were \$0.6 million and \$1.9 million, respectively. In the prior year, the current portion of deferred acquisition notes and deferred acquisition payables were \$0.6 million and zero, respectively.

Future maturities of the Company's outstanding debt as of September 30, 2025 were as follows (in thousands):

Remainder of 2025	\$ 634
2026	2,565
2027	2,296
2028	147
2029	119
Thereafter	—
Total	\$ 5,761

For the three and nine months ended September 30, 2025, the Company incurred interest expense of \$0.1 million and \$0.2 million, respectively. For the three and nine months ended September 30, 2024, the Company incurred interest expense of \$0.4 million and \$2.1 million, respectively.

Term Loans

The 7-year term loan was entered into on December 4, 2020, with the original principal of \$13.0 million, which matures on December 6, 2027. The Company entered into interest rate swap agreements to manage its exposure to interest rate fluctuations related to its term loans.

Revolving Credit Agreement

The Revolving Credit Agreement (the "Revolving Credit Agreement") with PNC Bank National Association provides a revolving credit facility to the Company, with commitments in an aggregate principal amount not to exceed \$50.0 million (as amended on June 20, 2024, the "Revolving Facility"). Borrowings constituting revolving loans under the Revolving Credit Agreement incur interest at the Term SOFR Rate (as defined therein) for the applicable interest period plus a margin based on the consolidated leverage ratio of the Company between 2% and 2.75%, and a 0.10% adjustment. The borrowings under the Revolving Facility may be used by the Company for permitted acquisitions, working capital and general corporate purposes. The Company pays a commitment fee on unutilized amounts under the Revolving Facility of 0.20% up to 0.35% based on the consolidated leverage ratio. For the period ended September 30, 2025 and December 31, 2024, the Revolving Facility had an unutilized capacity of \$50.0 million and \$50.0 million, respectively.

Each of the Revolving Facility and the term loans requires the Company to maintain a consolidated leverage ratio of no greater than 2.00 to 1.00 (or, after the occurrence of certain acquisitions, 2.50 to 1.00). As of September 30, 2025 and December 31, 2024, the Company was in compliance with these covenants. The carrying amount of the Company's variable rate debt as of September 30, 2025 and December 31, 2024 approximates fair value due to the short-term reset of the interest rate based on SOFR and the absence of a credit spread.

Deferred Acquisition Payable

In April 2023, the Company acquired customer list intangible assets for a total consideration of \$4.3 million, of which \$3.0 million was paid in cash at closing. The remaining balance was settled through the issuance of a note payable monthly over three years beginning in April 2024 and bears an annual interest of 3.75%.

In March 2024, the Company acquired customer list intangible assets, of which approximately \$0.4 million of the purchase price was settled through the issuance of a non-interest bearing note and was recorded as deferred acquisition payable. The note is payable monthly over a period of 70 months. The deferred acquisition payable was recorded at fair value with an imputed interest rate of 5.00%.

In October 2024, the Company acquired customer list intangible assets, of which approximately \$0.4 million of the purchase price was settled through the issuance of a non-interest bearing note and was recorded as deferred acquisition payable. The note is payable monthly over a period of 60 months. The deferred acquisition payable was recorded at fair value with an annual imputed interest rate of 4.69%.

The portion of the Company's acquisition-related notes due within 12 months or less from the financial statement date is reported in the Condensed Consolidated Balance Sheets as deferred acquisition payable, current, while amounts due after 12 months from the financial statement date are included in deferred acquisition payable, non-current. See Note 4 Intangible Assets and Acquisitions and Note 11 Related Party Transactions for more information regarding the purchase of the customer list intangible assets.

Fair value information about financial instruments not measured at fair value

The following table presents the Company's debt that is not measured at fair value on a recurring basis:

	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt				
Current portion of long-term debt	\$ 1,956	\$ 1,956	\$ 1,912	\$ 1,912
Long-term debt ⁽¹⁾	\$ 2,534	\$ 2,534	\$ 4,007	\$ 4,007
Deferred acquisition payable ⁽²⁾	\$ 5,128	\$ 5,031	\$ 1,723	\$ 1,669

(1) The carrying value of the Company's borrowings under its various credit agreements approximates its fair value due to the variable interest rate based upon adjusted SOFR.

(2) The deferred acquisition payable represents cash payments that are due to the seller paid out over a future period. The fair value of the acquisition payable is based on an estimate using a discounted cash flow analysis and current finance rates for similar types of financing arrangements.

7. STOCKHOLDERS' EQUITY

The Company's board of directors (the "Board") approved an amended and restated certificate of incorporation (the "Restated Certificate of Incorporation"), which became effective on July 17, 2024 in connection with the IPO. The Restated Certificate of Incorporation authorizes the issuance of three classes of common stock: Class A common stock, par value \$0.01 per share ("Class A Common Stock"), non-economic Class B common stock, par value \$0.00001 per share ("Class B Common Stock" or "Class B Voting Stock"), and non-economic Class C common stock, par value \$0.00001 per share ("Class C Common Stock" or "Class C Voting Stock"), and preferred stock.

In connection with the IPO on July 19, 2024, the Company issued 11,000,000 shares of Class A Common Stock, at a price of \$17.00 per share. On July 23, 2024, the underwriters purchased an additional 1,650,000 shares of Class A Common Stock in connection with the underwriters' full exercise of their option to purchase additional shares, at a price of \$17.00 per share. The Company received approximately \$192.9 million of net proceeds, including from the full exercise of the underwriters' option, after deducting underwriting discounts and commissions of approximately \$14.4 million and related offering expenses of approximately \$7.8 million. In connection with certain reorganization transactions immediately prior to the IPO (the "Reorganization Transactions"), the Company issued (i) 2,161,874 shares of Class A Common Stock in exchange for 342,362 limited liability company units of TWFG Holding ("LLC Units") held by Bunch Family Holdings, LLC ("Bunch Holdings") and 1,819,512 LLC Units held by certain individuals and entities (the "New Members"), (ii) 7,277,651 shares of Class B Common Stock to RenaissanceRe Ventures U.S. LLC ("RenRe") and GHC Woodlands Holdings LLC ("GHC") for consideration of \$0.00001 per share and (iii) 33,893,810 shares of Class C Common Stock to Bunch Holdings for consideration of \$0.00001 per share. Immediately after the IPO and the Reorganization Transactions, 14,811,874 shares of Class A Common Stock were outstanding, including 12,650,000 shares issued in the IPO plus 342,362 shares issued to Bunch Holdings and 1,819,512 shares issued to New Members, and 7,277,651 shares of Class B Common Stock and 33,893,810 shares of Class C Common Stock were outstanding.

As of September 30, 2025, an additional 193,552 shares of Class A Common Stock were issued upon vesting of restricted stock units ("RSUs") in accordance with the Company's 2024 Omnibus Incentive Plan (the "2024 Incentive Plan"). See Note 8 Stock-Based Compensation.

The following table summarizes the capitalization and voting rights of the Company's classes of stock as of September 30, 2025:

	Authorized	Par Value	Issued & Outstanding	Votes per share	Economic Rights
Preferred stock	50,000,000	\$ 0.01	None		
Common stock:					
Class A ⁽¹⁾	300,000,000	\$ 0.01	15,005,426	1	Yes
Class B ⁽¹⁾	100,000,000	\$ 0.00001	7,277,651	1	No
Class C ⁽²⁾	100,000,000	\$ 0.00001	33,893,810	10	No

(1) Each share of Class A Common Stock and non-economic Class B Common Stock entitles its holder to one vote per share on all matters submitted to a vote of the stockholders.

(2) Each share of non-economic Class C Common Stock entitles its holders to ten votes per share on all matters presented to the stockholders and on which the holders of the Class C Common Stock are entitled to vote; provided, that each share of Class C Common Stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. ("Gordy") Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C Common Stock represent less than 10% of the then-outstanding Class A Common Stock, non-economic Class B Common Stock and non-economic Class C Common Stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors.

The Board is authorized to direct the Company to issue shares of preferred stock in one or more series and has the discretion to determine the number and designation of such series and the powers, rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. Through September 30, 2025, no shares of preferred stock have been issued.

Holders of Class A Common Stock are entitled to receive dividends when and if declared by the Board out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. Upon liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of Class A Common Stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of the Company's non-economic Class B and non-economic Class C Common Stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of the Company.

Noncontrolling interests

Noncontrolling interests represent the economic interests of TWFG Holding held by Bunch Holdings, RenRe and GHC (collectively, the "Pre-IPO LLC Members" or "Continuing Pre-IPO LLC Members").

The following table summarizes the ownership of TWFG Holding as of September 30, 2025:

Owner	Units Owned	Ownership percentage
TWFG, Inc.	15,005,426	26.7 %
Noncontrolling interests	41,171,461	73.3 %
Total	56,176,887	100.0 %

Redeemable noncontrolling interest

In June 2025, the Company completed the acquisition of a 50.1% controlling interest in TWFG MGA FL, LLC. The remaining interest is held by an unrelated third party with a right to put its interest to the Company beginning in 2030 and ending in 2033. The put right consideration to be paid is based on operational performance of TWFG MGA FL, LLC as determined at the time the right is exercised. See Note 4 Intangible Assets and Acquisitions for additional information.

Cash Distributions to Members Related to Their Income Tax Liabilities

As a limited liability company treated as a partnership for income tax purposes, TWFG Holding does not incur significant federal, state or local income taxes, as these taxes are primarily the obligations of its members. Under the TWFG LLC Agreement, TWFG Holding is required to distribute cash, to the extent that TWFG Holding has cash available, on a pro rata basis to its members to the extent necessary to cover the members' tax liabilities, if any, with respect to each member's share of TWFG Holding's taxable earnings. TWFG Holding makes such tax distributions to its members quarterly, based on an estimated tax rate and projected year-to-date taxable income, with a final accounting once actual taxable income or loss has been determined. TWFG Holding made tax distributions to its members totaling approximately \$3.5 million and \$15.4 million for the three and nine months ended September 30, 2025, respectively. TWFG Holding made tax distributions to its members totaling zero and approximately \$6.1 million for the three and nine months ended September 30, 2024, respectively. Non-tax distributions in the amounts of \$6.2 million and \$1.0 million were made for the nine months ended September 30, 2025 and 2024, respectively. There were no non-tax distributions made in the three months ended September 30, 2025 and 2024, respectively.

8. STOCK-BASED COMPENSATION

2024 Omnibus Incentive Plan

On July 17, 2024, the Company adopted the 2024 Incentive Plan for its directors, officers, employees, consultants and advisors. The 2024 Incentive Plan authorizes the granting of stock options, restricted stock, RSUs, stock appreciation rights, and other stock-based awards. The Company has reserved 4,346,667 shares of Class A Common Stock for issuance under the 2024 Incentive Plan, subject to annual increases pursuant to the terms of the 2024 Incentive Plan. During the nine months ended September 30, 2025, the Company granted 51,652 RSUs and 38,716 performance stock units ("PSUs") under the 2024 Incentive Plan, and 3,929,169 shares of Class A Common Stock remain available for future grant.

Stock-Based Compensation Expense

Stock-based compensation expense recorded in salaries and employee benefits for the three and nine months ended September 30, 2025 was \$1 million and \$3.7 million, respectively. For the three and nine months ended September 30, 2024, stock-based compensation expense recorded in salaries and employee benefits was \$1 million. There was no equity or equity-based compensation plan maintained by the Company prior to its IPO on July 19, 2024.

Stock-Based Awards

RSUs

The Company withholds and sells shares of Class A Common Stock associated with net settlements to cover tax withholding obligations upon the vesting of RSUs for certain employees under its 2024 Incentive Plan. During the nine months ended September 30, 2025, 285,192 RSUs vested and the Company withheld 91,640 RSUs for \$2.8 million, resulting in the net issuance of 193,552 shares of Class A Common Stock. The vesting of RSUs is shown net of this withholding on the Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interest and Stockholders'/Members' Equity and Condensed Consolidated Statements of Cash Flows.

Stock-based awards granted in the period include RSUs with service-based vesting conditions. Outstanding RSUs and related activity for the nine months ended September 30, 2025 were as follows:

	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balance - December 31, 2024	419,935	\$ 17.00
Granted	51,652	30.91
Vested	(285,192)	17.00
Forfeited	(1,184)	17.00
Unvested balance - September 30, 2025	185,211	\$ 20.88

PSUs

The Company has granted performance and service based awards to certain key employees, in the form of PSUs, which are earned based on the achievement of certain performance targets and continuous service. The PSUs are subject to a two-year measurement period during which the number of Class A Common Stock to be issued in settlement of the PSUs remains uncertain until the end of the measurement period and will cliff vest based on the level of achievement with respect to the applicable performance criteria. The PSUs are divided into two tranches: 50% EBITDA PSUs and 50% Revenue PSUs. The EBITDA PSUs performance vest based on the achievement of certain cumulative EBITDA targets over the performance period. The Revenue PSUs performance vest based on the achievement of certain cumulative organic revenue targets over the performance period. In addition, the PSUs granted to certain employees are contingent generally upon the employee's continuous service with the Company through the third anniversary of the grant date. Subsequent to such measurement period, the vesting of PSUs is subject to certification by the compensation committee of the Board.

If the vesting conditions of the PSUs are not met the awards will be forfeited. Outstanding PSUs and related activity for the nine months ended September 30, 2025 were as follows:

	Number of Awards	Weighted-Average Grant Date Fair Value
Unvested balance - December 31, 2024	—	\$ —
Granted	38,716	30.90
Vested	—	—
Forfeited	—	—
Unvested balance - September 30, 2025	38,716	\$ 30.90

Summary of Unamortized Compensation Expense

As of September 30, 2025, the Company estimated there to be \$4.0 million of unamortized compensation expense related to all non-vested stock-based compensation arrangements granted under the Company's stock-based compensation plans, based upon current projections of grants measured against performance criteria. That expense is expected to be recognized over a weighted-average period of 1.6 years.

9. INCOME TAXES

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Condensed Consolidated Financial Statements or in the Company's tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

Prior to the Reorganization Transactions, we were organized as Delaware limited liability companies and Delaware limited partnerships and were treated as flow-through entities for U.S. federal income tax purposes. Income tax expense was \$1.0 million and \$2.3 million for the three and nine months ended September 30, 2025, respectively. The estimated effective tax rate was 9.22% and 8.13% for the three and nine months ended September 30, 2025, respectively, which is different from the 21% statutory rate primarily because income tax expense is recognized only on the portion of earnings attributable to the Company in the periods following the consummation of the Reorganization Transactions.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA introduced multiple U.S. federal income tax changes, such as deductibility of domestic research and development expenses, deductibility on certain property additions and limitations on interest expense deduction. The Company has included the impact of these provisions on its consolidated financial statements.

As of September 30, 2025 and December 31, 2024, the Company did not have any material uncertain tax positions.

10. DEFINED CONTRIBUTION PLAN

TWFG Holding sponsors a Safe Harbor defined contribution plan (the "Plan"). The sponsor is part of a controlled group that includes both TWFG Insurance Services LLC and TWFG General Agency LLC ("TWFG-GA"). The Plan allows employees who are age 21 or older and have completed 3 months of service to participate.

Each year, participants may defer between 1% and 100% of eligible compensation, not to exceed the maximum dollar amount as allowed under Section 402(g) of the Internal Revenue Code. Effective January 1, 2008, the Plan was amended to allow the Company to meet the provisions of the regulations. The Plan provides a Company matching of 100% on the first 4% of eligible compensation that a participant contributes to the Plan.

For the three and nine months ended September 30, 2025, the Company recognized expenses related to the Plan of \$0.2 million and \$0.5 million, respectively. For the three and nine months ended September 30, 2024, the Company recognized expenses related to the Plan of \$0.2 million and \$0.4 million, respectively. The Company at its election may make discretionary profit share contributions. Contributions are subject to certain limitations. For the three and nine months ended September 30, 2025 and 2024, the Company elected not to make any additional discretionary contributions.

11. RELATED PARTY TRANSACTIONS

The Company earned \$3.9 million and \$9.9 million in commissions, respectively, and \$0.9 million and \$2.6 million in fee income, respectively, from The Woodlands Insurance Company ("TWICO"), a related party, during the three and nine months ended September 30, 2025. For the three and nine months ended September 30, 2024, the Company earned \$3.0 million and \$6.0 million in commissions, respectively, and \$0.9 million and \$1.8 million in fee income, respectively, from TWICO. These amounts are included in commission income and fee income in the Condensed Consolidated Statements of Income.

On September 1, 2025, TWICO and TWFG-GA amended their managing general agency and claims administration agreement, which reflects an increase in the percentage of commissions paid to TWFG-GA from 20% to 25%, a profit sharing arrangement, and requires TWICO to reimburse TWFG-GA for actual expenses incurred or allocated by TWFG-GA for licensing, statistical accounting and management services performed by TWFG-GA. The transaction was approved by the Audit Committee pursuant to the Company's Related Party Transaction Approval Policy and approved by the Texas Department of Insurance.

The Company incurred \$0.8 million and \$2.3 million in net license fees during the three and nine months ended September 30, 2025, respectively, under its software licensing agreement with Evolution Agency Management LLC, a related party. For the three and nine months ended September 30, 2024, the Company incurred license fees of \$0.5 million and \$1.4 million, respectively. These amounts are included in other administrative expenses in the Condensed Consolidated Statements of Income.

The Company purchased the assets of Ralph E. Wade Insurance Agency Inc. in April 2023 for a total consideration of \$4.3 million, of which \$3.0 million was paid in cash, and the remaining balance of \$1.3 million, was settled through the issuance of an interest-bearing note, payable monthly, over three years beginning in April 2024. The portion of the balance due within 12 months or less from the financial statement date is reported in the Condensed Consolidated Balance Sheets as deferred acquisition payable, current, while the amount due after 12 months from the financial statement date is included in deferred acquisition payable, non-current.

In December 2024, the Company commenced a 10-year lease for additional office space with Parkwood 2, LLC, a related party owned by the Continuing Pre-IPO LLC Members.

There were no other material changes in related party transactions from those disclosed in the Company's Annual Report.

12. EARNINGS PER SHARE

For the three and nine months ended September 30, 2025, basic earnings per share has been calculated by dividing net earnings attributable to Class A common stockholders by the weighted average number of shares of Class A Common Stock outstanding for the same period. All earnings prior to July 19, 2024, the date of the Reorganization Transactions, were entirely allocable to the noncontrolling interests and, as a result, earnings per share information is not applicable for reporting periods prior to that date. Shares of Class A Common Stock are weighted for the portion of the period in which the shares were outstanding. Diluted earnings per share has been calculated in a manner consistent with that of basic earnings per share while considering all potentially dilutive shares of Class A Common Stock outstanding during the periods.

Prior to the IPO and Reorganization Transactions, TWFG Holding's equity structure included common units. The Company considered the calculation of earnings per unit for periods prior to the IPO and determined that such presentation would not provide meaningful information to the users of these Condensed Consolidated Financial Statements. Therefore, earnings per share information for the three and nine months ended September 30, 2024 has been calculated solely for the post-IPO period. The following tables set forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2025 and 2024 (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income attributable to TWFG, Inc. (basic)	\$ 1,722	\$ 1,154	\$ 5,017	\$ 1,154
Plus: Income attributed to dilutive shares	9	—	41	—
Net income attributable to common stockholders (diluted)	\$ 1,731	\$ 1,154	\$ 5,058	\$ 1,154
Denominator:				
Weighted average common stock outstanding (basic)	15,005,426	14,722,685	14,933,242	14,722,685
Effect of potentially dilutive securities:				
RSUs	92,706	167,697	152,499	167,697
PSUs	2,523	—	2,290	—
Class B Voting Stock	—	—	—	—
Class C Voting Stock	—	—	—	—
Weighted average common stock outstanding (diluted)	15,100,655	14,890,382	15,088,031	14,890,382
Earnings per share				
Basic	\$ 0.11	\$ 0.08	\$ 0.34	\$ 0.08
Diluted	\$ 0.11	\$ 0.08	\$ 0.34	\$ 0.08

Diluted earnings per share attributable to common stockholders adjusts the basic earnings per share attributable to common stockholders and the weighted average number of shares of common stock outstanding for the potential dilutive impact of potential common stock. Pursuant to the Reorganization Transactions, Class B Voting Stock and Class C Voting Stock are considered in the calculation of diluted earnings per share on an if-converted basis as these classes of stock, together with the related LLC Units, have exchange rights into Class A Common Stock that could result in additional Class A Common Stock being issued. Net income attributable to the noncontrolling interests would be added back to net income in the fully dilutive computation and adjusted for income taxes which would have been expensed had the income been recognized by the Company, a taxable entity. All other potentially dilutive securities (such as unvested RSUs and PSUs) are determined based on the treasury stock method.

The Company excluded the following potential shares, presented based on amounts outstanding at each period end, from the computation of diluted weighted average shares outstanding for the periods indicated because including them would have had an antidilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Class B Voting Stock	7,277,651	7,277,651	7,277,651	7,277,651
Class C Voting Stock	33,893,810	33,893,810	33,893,810	33,893,810
	41,171,461	41,171,461	41,171,461	41,171,461

13. LITIGATION AND CONTINGENCIES

The Company may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results and claims are inherently unpredictable and uncertain, the Company is not presently a party to any litigation the outcome of which, the Company believes, if determined adversely to it, would individually or taken together have a material adverse effect on the Company's business, operating results, cash flows or financial condition.

The Company records liabilities for loss contingencies when it is probable that a liability has been incurred and the amount is reasonably estimable. The Company does not discount such contingent liabilities and recognizes incremental costs related to the contingencies when incurred.

14. SEGMENT

The Company has one operating segment and therefore one reportable segment relating to its business as an independent distribution platform for personal and commercial insurance in the United States. All business activities and operations are reported in the one reportable segment, which applies accounting policies consistent with the consolidated entity. The Company's Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, manages the Company's operations on a consolidated basis as one operating segment for the purpose of evaluating financial performance and allocating resources. See Note 3 Revenue for products and major customers on an entity wide basis.

The segment derives its revenues primarily from the placement of insurance contracts between insurance carriers and insureds. The CODM assesses the financial performance of the segment and decides how to allocate resources based on net income on a consolidated basis. The measure of segment assets is reported on the Condensed Consolidated Balance Sheets as total consolidated assets. See Note 4 Intangible Assets and Acquisitions for capital expenditures on an entity wide basis.

The CODM uses net income predominantly in the annual operating budget and in the strategic planning and forecasting process. Such profit measure is used to monitor budget versus actual results on an ongoing basis by the CODM and determine how resources are allocated to the various activities of the Company. The CODM also uses net income to evaluate the Company's performance and assist in determination of management's incentive compensation.

The following table provides a summary of the segment revenue, segment profit or loss, and significant segment expenses (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Less:				
Commission expense	34,639	30,766	100,604	89,171
Salaries and employee benefits	9,929	8,331	27,618	21,401
Technology expense	1,532	1,043	4,410	3,191
Consultant and other professional fees	804	971	2,549	2,022
Depreciation and amortization	5,327	2,985	12,587	8,966
Other segment items ⁽¹⁾	2,858	2,799	8,359	6,474
Interest expense	70	411	221	2,125
Interest income	(1,574)	(1,777)	(5,188)	(2,202)
Income tax expense	977	437	2,253	437
Other non-operating (income) expense, net	(59)	4	(632)	(8)
Segment and consolidated net income	\$ 9,620	\$ 6,893	\$ 25,473	\$ 20,440

(1) Other segment items included in segment net income include marketing expenses, survey expenses, office expenses, and certain administrative expenses.

15. SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2025, the Company completed acquisitions in support of its ongoing growth strategy.

The Company has evaluated subsequent events through November 12, 2025, the issuance date and determined that no events have occurred that require disclosure other than the events listed above.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and the related notes and other financial information included elsewhere in this Quarterly Report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed below and in the Annual Report, particularly in the section Part I, Item 1A. Risk Factors and in "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report.

The following discussion contains commentary on the financial results derived from the unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2025 and September 30, 2024 of TWFG, Inc.

Overview

We are a leading, high-growth, independent distribution platform for personal and commercial insurance in the United States. We are pioneers in the insurance industry, developing an agency model built on innovation and experience with what we believe is a more flexible approach than traditional distribution models. Our offerings are fulsome and flexible in that we offer all lines of insurance, multiple distribution contract options, M&A services, proprietary virtual assistants, proprietary technology, proprietary premium financing, unlimited continuing education, recognition programs, co-op funding, marketing support and overall lower costs to operate. Since our founding in 2001 by our Chief Executive Officer, Richard F. ("Gordy") Bunch III, we have established a track record of creating solutions for independent agents, insurance carriers and our Clients, with sustainable growth regardless of economic and P&C pricing cycles.

We embrace a simple philosophy: "Our Policy is Caring," which is more than a motto. This philosophy informs the way we interact with all of our stakeholders and the communities in which they live and work. We seek to attract partners who come in every day with the commitment to making a difference in the lives of the people and communities we interact with. We treat our Clients, employees and stakeholders like family.

Certain income statement line items

Revenues

Commission income. We derive commission income from the placement of insurance contracts between insurance carriers and Clients. Our commissions are established by the agency agreement between the Company and the insurance carrier and are calculated as a percentage of premiums for the underlying insurance contract. Commission rates vary across insurance carriers, states and lines of business and typically range from 7% to 30%. On a consolidated basis, our average commission rate for 2024 was approximately 12%.

Our main obligation under our agency agreements with the insurance carriers is selling insurance contracts to our Clients. Each underlying insurance contract is a separate and distinct contract between the Client and the insurance carrier. Our Clients are not obligated to keep the insurance contract for the full term or renew it with the insurance carrier beyond its initial term. We are required to try to resell the insurance contract to our Client at the expiration of each policy term or shop for alternatives if our Client decides to terminate its existing insurance contract. We recognize commission income when the performance obligation of placing the insurance contract between our Client and the insurance carrier has been met and the insurance contract is in effect, based on its effective date.

Our agency agreements with the insurance carriers are non-exclusive and can typically be terminated unilaterally by either party. Additionally, either party can agree to amend the provisions of the agency agreements, which may affect our future commission income.

Contingent income. We may earn contingent income from insurance carriers. Contingent income is highly variable and based primarily on underwriting results and, to a lesser extent, volume.

Fee income. Fee income is comprised primarily of policy fees, branch fees, license fees and third-party administrator (“TPA”) fees. The Company receives policy fees as compensation for administrative services performed in connection with the placement and issuance of certain policies that are in addition to and separate from commissions paid by the insurance carriers. Branch fees include the monthly recurring fees assessed for the ongoing Client service and back-office support provided to independent branches operating exclusively through the Company pursuant to an exclusive Branch agreement and a one-time branch onboarding fee. License fees are usage-based fees assessed by the Company for the use of its proprietary applications. TPA fees are related to services performed based on service agreements with the insurance carriers.

Other income. Other income is comprised primarily of income earned for facilitating premium financing arrangements, fees assessed for agent conventions, interest income on fiduciary funds, and other miscellaneous income.

The following table sets forth our revenues by amount and as a percentage of our revenues for the periods indicated (dollar amounts in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Commission income	\$ 58,270	91 %	\$ 48,240	91 %	\$ 161,617	90 %	\$ 139,447	92 %
Contingent income	2,095	3	1,383	3	5,791	3	3,717	2
Fee income	3,466	5	2,890	5	9,806	6	7,811	5
Other income	292	1	350	1	1,040	1	1,042	1
Total revenues	\$ 64,123	100 %	\$ 52,863	100 %	\$ 178,254	100 %	\$ 152,017	100 %

Commission expense. Commission expense is our largest expense, representing the consideration paid to our agents for producing and retaining business. We expect our commission expense to continue to increase corresponding with our expected business growth.

Salaries and employee benefits. Salaries and employee benefits consist of base compensation and any bonuses, equity compensation and benefits paid and payable to employees. We operate in competitive markets and expect to continue to experience a general rise in compensation and benefits expense commensurate with expected growth in headcount, geographic expansion and the creation of new products and services.

Other administrative expenses. Other administrative expenses include technology costs, legal and professional fees, office expenses, marketing expense, survey expenses and other costs associated with our operations. Fluctuations in other administrative expenses are relative to the overall scale of our business operations.

Depreciation and amortization. Depreciation and amortization are primarily comprised of the amortization of intangible assets recognized from our strategic asset acquisitions. As we continue to pursue strategic asset acquisitions, we expect our amortization expenses to increase.

Interest expense. Interest expense consists of interest payable on indebtedness, commitment fees and imputed interest on deferred acquisition payables.

Interest income. Interest income consists of interest earned on the Company’s cash and cash equivalents which are not held in a fiduciary capacity.

Other non-operating income (expense), net. Other non-operating income (expense), net consists of gains and losses on the sale of assets.

Consolidated results of operations

The following is a discussion of our consolidated results of operations for the periods presented. This information is derived from our accompanying unaudited Condensed Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The following table summarizes our results of operations for the periods presented (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues								
Commission income	\$ 58,270	91 %	\$ 48,240	91 %	\$ 161,617	90 %	\$ 139,447	92 %
Contingent income	2,095	3	1,383	3	5,791	3	3,717	2
Fee income	3,466	5	2,890	5	9,806	6	7,811	5
Other income	292	1	350	1	1,040	1	1,042	1
Total revenues	64,123	100 %	52,863	100 %	178,254	100 %	152,017	100 %
Expenses								
Commission expense	34,639	63 %	30,766	66 %	100,604	64 %	89,171	68 %
Salaries and employee benefits	9,929	18	8,331	18	27,618	18	21,401	16
Other administrative expenses	5,194	9	4,813	10	15,318	10	11,687	9
Depreciation and amortization	5,327	10	2,985	6	12,587	8	8,966	7
Total operating expenses	55,089	100 %	46,895	100 %	156,127	100 %	131,225	100 %
Operating income	9,034		5,968		22,127		20,792	
Interest expense	70		411		221		2,125	
Interest income	1,574		1,777		5,188		2,202	
Other non-operating income (expense), net	59		(4)		632		8	
Income before tax	10,597		7,330		27,726		20,877	
Income tax expense	977		437		2,253		437	
Net income	\$ 9,620		\$ 6,893		\$ 25,473		\$ 20,440	

Comparison of the Three Months Ended September 30, 2025 and 2024

Total revenues

The following table presents the disaggregation of our revenues by offerings (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 37,583	58 %	\$ 33,826	64 %
Corporate Branches	12,188	19	9,248	17
Total Insurance Services	49,771	77	43,074	81
TWFG MGA	13,944	22	9,432	18
Other	408	1	357	1
Total revenues	\$ 64,123	100 %	\$ 52,863	100 %

Total revenues for the three months ended September 30, 2025 increased by \$11.3 million, or 21.3%, compared to the same period in the prior year. The increase was primarily due to a \$10.0 million, or 20.8%, increase in commission income driven primarily by continued organic business growth and the impact of acquisitions in 2025. Also contributing to the increase in total revenues were the \$0.7 million, or 51.5%, increase in contingent income and \$0.6 million, or 19.9%, increase in fee income, compared to the same period in the prior year. See discussions below for additional information about the changes in our revenues.

Commission income

The following table presents the disaggregation of our commission income by offerings (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 34,703	59 %	\$ 31,542	65 %
Corporate Branches	12,018	21	9,301	19
Total Insurance Services	46,721	80	40,843	84
TWFG MGA	11,549	20	7,397	16
Total commission income	\$ 58,270	100 %	\$ 48,240	100 %

Total commission income for the three months ended September 30, 2025 increased by \$10.0 million, or 20.8%, compared to the same period in the prior year due to continued organic business growth and the impact of acquisitions made in 2025.

Commission income for total Insurance Services grew by \$5.9 million, or 14.4%, for the three months ended September 30, 2025 compared to the same period in the prior year. Insurance Services Agency-in-a-Box commission income for the three months ended September 30, 2025 increased by \$3.2 million, or 10.0%, compared to the same period in the prior year. This increase was driven by higher written premium volume through organic growth and mix in line of business over the period. Insurance Services Corporate Branches commission income for the three months ended September 30, 2025 increased by \$2.7 million, or 29.2%, compared to the same period in the prior year. The increase was primarily driven by the acquisitions completed in 2025 and organic growth.

TWFG MGA commission income for the three months ended September 30, 2025 increased by \$4.2 million, or 56.1%, compared to the same period in the prior year. The increase in TWFG MGA was primarily driven by the acquisition of TWFG MGA FL, LLC completed in 2025.

Contingent income

Contingent income for the three months ended September 30, 2025 was \$2.1 million, reflecting a \$0.7 million, or 51.5%, increase compared to the same period in the prior year. The increase in contingent income was primarily due to underlying growth in our business. Contingent income is unpredictable and dependent upon the target financial and performance metrics established by the insurance carriers.

Fee income

The following table presents the disaggregation of our fee income by major sources (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Policy fees	\$ 1,175	34 %	\$ 1,064	37 %
Branch fees	1,289	37	1,172	40
License fees	886	26	495	17
TPA fees	116	3	159	6
Total fee income	\$ 3,466	100 %	\$ 2,890	100 %

Fee income for the three months ended September 30, 2025 increased by \$0.6 million, or 19.9%, compared to the same period in the prior year. Changes to individual components of fee income are discussed in detail below:

- Policy fees for the three months ended September 30, 2025 increased by \$0.1 million, or 10.4%, compared to the same period in the prior year. The increase in policy fees was primarily due to higher policy count driven by new business growth.
- Branch fees for the three months ended September 30, 2025 increased by \$0.1 million, or 10.0%, compared to the same period in the prior year. The increase in branch fees was primarily driven by increased agent growth.

- License fees for the three months ended September 30, 2025 increased by \$0.4 million, or 79.0%, compared to the same period in the prior year. The increase was primarily driven by a one-time technology infrastructure project completed during the quarter to support an affiliated entity's expansion into a new market. This item is non-recurring and not expected to have a continuing impact on future operating results.

Other income

Other income for the three months ended September 30, 2025 was \$0.3 million compared to \$0.4 million in the same period in the prior year. The account balance was primarily comprised of interest earned on fiduciary funds and interest earned on the \$10.0 million other investment held by a third party to facilitate premium financing arrangements.

Commission expense

The following table presents the disaggregation of our commission expense by offerings (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 27,627	80 %	\$ 25,092	82 %
Corporate Branches	1,481	4	1,304	4
Total Insurance Services	29,108	84	26,396	86
TWFG MGA	5,504	16	4,346	14
Other	27	—	24	—
Total commission expense	\$ 34,639	100 %	\$ 30,766	100 %

Total commission expense for the three months ended September 30, 2025 increased by \$3.9 million, or 12.6%, compared to the same period in the prior year. The increase was primarily due to the increased business growth and overall shift in business mix. See commission income discussion above for additional information regarding the driver of changes.

Commission expense for total Insurance Services grew by \$2.7 million, or 10.3%, for the three months ended September 30, 2025 compared to the same period in the prior year. Insurance Services Agency-in-a-Box commission expense for the three months ended September 30, 2025 increased by \$2.5 million, or 10.1%, compared to the same period in the prior year. The increase was primarily driven by the increase in our business. The expenses of our Branches are primarily commission expense, which is determined as a percentage of the written premium. The profitability of our Branches, as determined by the difference between commission income and commission expense, is consistent.

Insurance Services Corporate Branches commission expense for the three months ended September 30, 2025 increased by \$0.2 million, or 13.6%, compared to the same period in the prior year. The increase in commission expense was driven by both organic business growth and acquisition of Corporate Branches in the current period. The expenses of our Corporate Branches are primarily salaries and benefits, and are primarily fixed expenses, which are not directly related to commission income or written premium.

TWFG MGA commission expense for the three months ended September 30, 2025 increased by \$1.2 million, or 26.6%, compared to the same period in the prior year. The increase is primarily driven by the acquisition of TWFG MGA FL, LLC and overall growth.

Salaries and employee benefits

Salaries and employee benefits for the three months ended September 30, 2025 was \$9.9 million compared to \$8.3 million in the same period in the prior year, reflecting a 19.2% total increase consisting of \$1.0 million in stock-based compensation and \$8.9 million in salaries and employee benefit expenses driven by 2025 Corporate Branch acquisitions.

Other administrative expenses

Other administrative expenses for the three months ended September 30, 2025 was \$5.2 million compared to \$4.8 million in the same period in the prior year, reflecting an increase of \$0.4 million, or 7.9%. The increase was primarily due to higher expenses for information technology due to business growth.

Depreciation and amortization

Depreciation and amortization for the three months ended September 30, 2025 was \$5.3 million compared to \$3.0 million in the same period in the prior year, reflecting an increase of \$2.3 million, or 78.5%. The increase was primarily due to the amortization of intangible assets from our recent asset acquisitions.

Interest expense

Interest expense for the three months ended September 30, 2025 was \$0.1 million compared to \$0.4 million for the same period in the prior year, reflecting a decrease of \$0.3 million, or 83.0%, due to the repayment of the Revolving Facility (defined below) during August of 2024.

Interest income

Interest income for the three months ended September 30, 2025 was \$1.6 million, compared to \$1.8 million in the same period in the prior year, reflecting a decrease of \$0.2 million. The decrease was attributable to the decline in cash balances which averaged \$161.2 million over the three months ended September 30, 2025 compared to \$191.2 million on hand as of September 30, 2024.

Income tax expense

Income tax expense for the three months ended September 30, 2025 was \$1.0 million compared to \$0.4 million for the same period in the prior year, as after consummation of the Reorganization Transactions and IPO, the Company became subject to U.S. federal, state, and local income taxes with respect to its allocable share of taxable income of TWFG Holding assessed at the prevailing corporate tax rates.

Comparison of the Nine Months Ended September 30, 2025 and 2024

Total revenues

The following table presents the disaggregation of our revenues by offerings (in thousands):

	Nine Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 112,895	63 %	\$ 99,976	66 %
Corporate Branches	31,804	18	25,875	17
Total Insurance Services	144,699	81	125,851	83
TWFG MGA	32,372	18	25,057	16
Other	1,183	1	1,109	1
Total revenues	\$ 178,254	100 %	\$ 152,017	100 %

Total revenues for the nine months ended September 30, 2025 increased by \$26.2 million, or 17.3%, compared to the same period in the prior year. The increase was primarily due to a \$22.2 million, or 15.9%, increase in commission income driven primarily by continued organic business growth and acquisitions made in 2025. Also contributing to the increase in total revenues were the \$2.0 million, or 25.5%, increase in fee income, and \$2.1 million, or 55.8%, increase in contingent income with other income remaining consistent compared to the same period in the prior year. See discussions below for additional information about the changes in our revenues.

Commission income

The following table presents the disaggregation of our commission income by offerings (in thousands):

	Nine Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 104,337	64 %	\$ 93,702	67 %
Corporate Branches	31,526	20	25,962	19
Total Insurance Services	135,863	84	119,664	86
TWFG MGA	25,754	16	19,783	14
Total commission income	\$ 161,617	100 %	\$ 139,447	100 %

Commission income for the nine months ended September 30, 2025 increased by \$22.2 million, or 15.9%, compared to the same period in the prior year due to continued organic business growth and acquisitions in 2025.

Commission income for Insurance Services grew by \$16.2 million, or 13.5%, for the nine months ended September 30, 2025 compared to the same period in the prior year. Insurance Services Agency-in-a-Box commission income for the nine months ended September 30, 2025 increased by \$10.6 million, or 11.3%, compared to the same period in the prior year. This increase was driven by higher written premium volume and mix in line of business over the period. Insurance Services Corporate Branches commission income for the nine months ended September 30, 2025 increased by \$5.6 million, or 21.4%, compared to the same period in the prior year. The increase was primarily driven by the acquisitions completed in 2025 and continued organic growth of our Corporate Branches.

TWFG MGA commission income for the nine months ended September 30, 2025 increased by \$6.0 million, or 30.2%, compared to the same period in the prior year. The increase in commission income was primarily driven by the commission rate increase of The Woodlands Insurance Company compared to the same period in the prior year and the acquisition of TWFG MGA FL, LLC.

Contingent income

Contingent income for the nine months ended September 30, 2025 was \$5.8 million, reflecting a \$2.1 million, or 55.8%, increase compared to the same period in the prior year. The increase in contingent income was primarily due to underlying growth in our business. Contingent income is unpredictable and dependent upon the target financial and performance metrics established by the insurance carriers.

Fee income

The following table presents the disaggregation of our fee income by major sources (in thousands):

	Nine Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Policy fees	\$ 3,309	34 %	\$ 2,510	32 %
Branch fees	3,961	40	3,523	45
License fees	2,053	21	1,454	19
TPA fees	483	5	324	4
Total fee income	\$ 9,806	100 %	\$ 7,811	100 %

Fee income for the nine months ended September 30, 2025 increased by \$2.0 million, or 25.5%, compared to the same period in the prior year. Changes to individual components of fee income are discussed in detail below:

- Policy fees for the nine months ended September 30, 2025 increased by \$0.8 million, or 31.8%, compared to the same period in the prior year. The increase in policy fees was primarily due to higher policy count driven by new business growth.
- Branch fees for the nine months ended September 30, 2025 increased by \$0.4 million, or 12.4%, compared to the same period in the prior year. The increase in branch fees was primarily driven by increased agent growth.

- License fees for the nine months ended September 30, 2025 increased by \$0.6 million, or 41.2%, compared to the same period in the prior year. The increase was primarily driven by a one-time technology infrastructure project completed during the quarter to support an affiliated entity's expansion into a new market. This item is non-recurring and not expected to have a continuing impact on future operating results.
- TPA fees for the nine months ended September 30, 2025 increased by \$0.2 million, or 49.1%, compared to the same period in the prior year. The increase in TPA fees were due to the increased volume in claims processed.

Other income

Other income for the nine months ended September 30, 2025 was comparable to the same period in the prior year.

Commission expense

The following table presents the disaggregation of our commission expense by offerings (in thousands):

	Nine Months Ended September 30,			
	2025		2024	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 81,594	81 %	\$ 72,649	81 %
Corporate Branches	4,155	4	3,422	4
Total Insurance Services	85,749	85	76,071	85
TWFG MGA	14,774	15	13,039	15
Other	81	—	61	—
Total commission expense	\$ 100,604	100 %	\$ 89,171	100 %

Commission expense for the nine months ended September 30, 2025 increased by \$11.4 million, or 12.8%, compared to the same period in the prior year. The increase was primarily due to the increased growth in business of \$10.0 million consistent with commission income and the absence of the one-time favorable adjustment of \$1.5 million related to the branch conversion that occurred in 2024. See commission income discussion above for additional information regarding the driver of changes.

Commission expense for total Insurance Services grew by \$9.7 million, or 12.7%, for the nine months ended September 30, 2025 compared to the same period in the prior year. Insurance Services Agency-in-a-Box commission expense for the nine months ended September 30, 2025 increased by \$8.9 million, or 12.3%, compared to the same period in the prior year. The increase was primarily due to the increase in business of \$7.5 million consistent with commission income and the absence of the one-time favorable adjustment of \$1.5 million in 2024. The expenses of our Branches are primarily commission expense, which is determined as a percentage of commission income. The profitability of our Branches, as determined by the difference between commission income and commission expense, is consistent.

Insurance Services Corporate Branches commission expense for the nine months ended September 30, 2025 increased by \$0.7 million, or 21.4%, compared to the same period in the prior year. The increase in commission expense was driven by both organic business growth and acquisition of Corporate Branches in the current period. The expenses of our Corporate Branches are primarily salaries and benefits, and are primarily fixed expenses, which are not directly related to commission income or written premium.

TWFG MGA commission expense for the nine months ended September 30, 2025 increased by \$1.7 million, or 13.3%, compared to the same period in the prior year. The increase was primarily driven by the acquisition of TWFG MGA FL, LLC, geographical expansion and commission expense rate increase of The Woodlands Insurance Company.

Salaries and employee benefits

Salaries and employee benefits for the nine months ended September 30, 2025 was \$27.6 million compared to \$21.4 million in the same period in the prior year, reflecting a 29.1% total increase, consisting of \$2.7 million in stock-based compensation and \$3.5 million in salaries and employee benefits expenses primarily driven by Corporate Branch acquisitions in 2025.

Other administrative expenses

Other administrative expenses for the nine months ended September 30, 2025 was \$15.3 million compared to \$11.7 million in the same period in the prior year, reflecting an increase of \$3.6 million, or 31.1%. The increase was primarily due to higher expenses of \$1.2 million of information technology, \$0.5 million of professional fees, \$0.6 million of rent expense, \$0.3 million of insurance expense, and \$1.0 million of other administrative expenses, all due primarily to business growth and increased costs as a public company.

Depreciation and amortization

Depreciation and amortization for the nine months ended September 30, 2025 was \$12.6 million compared to \$9.0 million in the same period in the prior year, reflecting an increase of \$3.6 million, or 40.4%. The increase was primarily due to the amortization of intangible assets from our recent asset acquisitions.

Interest expense

Interest expense for the nine months ended September 30, 2025 was \$0.2 million compared to \$2.1 million for the same period in the prior year, reflecting a decrease of \$1.9 million, or 89.6% due to the repayment of the Revolving Facility during August of 2024.

Interest income

Interest income for the nine months ended September 30, 2025 was \$5.2 million, compared to \$2.2 million in the same period in the prior year, reflecting an increase of \$3.0 million. The increase was attributable to interest income earned on proceeds from the IPO and operating cash funds of \$173.4 million.

Income tax expense

Income tax expense for the nine months ended September 30, 2025 was \$2.3 million compared to \$0.4 million for the same period in the prior year, as after consummation of the Reorganization Transactions and IPO, the Company became subject to U.S. federal, state, and local income taxes with respect to its allocable share of taxable income of TWFG Holding assessed at the prevailing corporate tax rates.

Other non-operating income (expense), net

Other non-operating income (expense), net for the nine months ended September 30, 2025 increased by \$0.6 million compared to the same period in the prior year. The increase was primarily attributable to the selling of books of business.

Key Performance Indicators

Total Written Premium

Total Written Premium represents, for any reported period, the total amount of current premium (net of cancellation) placed with insurance carriers. We utilize Total Written Premium as a key performance indicator when planning, monitoring and evaluating our performance. We believe Total Written Premium is a useful metric because it is the underlying driver of the majority of our revenue.

The following table presents the disaggregation of Total Written Premium by offerings and business mix and line of business (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Offerings:								
Insurance Services								
Agency-in-a-Box	\$ 296,524	63 %	\$ 261,560	65 %	\$ 839,845	65 %	\$ 736,699	66 %
Corporate Branches	98,634	21	77,636	20	262,284	20	213,689	19
Total Insurance Services	395,158	84	339,196	85	1,102,129	85	950,388	85
TWFG MGA	72,583	16	60,903	15	186,862	15	164,612	15
Total written premium	\$ 467,741	100 %	\$ 400,099	100 %	\$ 1,288,991	100 %	\$ 1,115,000	100 %
Business Mix:								
Insurance Services								
Renewal business	\$ 313,448	67 %	\$ 265,026	66 %	\$ 860,223	67 %	\$ 739,624	66 %
New business	81,710	17	74,170	19	241,906	19	210,764	19
Total Insurance Services	395,158	84	339,196	85	1,102,129	86	950,388	85
TWFG MGA								
Renewal business	48,687	10	46,075	11	132,429	10	125,364	11
New business	23,896	6	14,828	4	54,433	4	39,248	4
Total TWFG MGA	72,583	16	60,903	15	186,862	14	164,612	15
Total written premium	\$ 467,741	100 %	\$ 400,099	100 %	\$ 1,288,991	100 %	\$ 1,115,000	100 %
Written Premium Retention:								
Insurance Services		92 %		89 %		91 %		93 %
TWFG MGA		80		83		80		83
Consolidated		91		88		89		91
Line of Business:								
Personal lines	\$ 386,741	83 %	\$ 327,159	82 %	\$ 1,050,439	81 %	\$ 904,372	81 %
Commercial lines	81,000	17	72,940	18	238,552	19	210,628	19
Total written premium	\$ 467,741	100 %	\$ 400,099	100 %	\$ 1,288,991	100 %	\$ 1,115,000	100 %

The following table presents the dollar and percent change for Total Written Premium by offerings and business mix (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	\$ Change	% of Change	\$ Change	% of Change	\$ Change	% of Change	\$ Change	% of Change
Offerings:								
Insurance Services								
Agency-in-a-Box	\$ 34,964	13.4 %	\$ (22,882)	(8.0)%	\$ 103,146	14.0 %	\$ (24,561)	(3.2)%
Corporate Branches	20,998	27.0	63,350	443.4	48,595	22.7	178,533	507.8
TWFG MGA	11,680	19.2	5,542	10.0	22,250	13.5	14,379	9.6
Total written premium	\$ 67,642	16.9 %	\$ 46,010	13.0 %	\$ 173,991	15.6 %	\$ 168,351	17.8 %
Business Mix:								
Insurance Services								
Renewal business	\$ 48,422	18.3 %	\$ 22,768	9.4 %	\$ 120,599	16.3 %	\$ 115,851	18.6 %
New business	\$ 7,540	10.2 %	\$ 17,700	31.3 %	\$ 31,142	14.8 %	\$ 38,121	22.1 %
TWFG MGA								
Renewal business	\$ 2,612	5.7 %	\$ (1,743)	(3.6)%	\$ 7,065	5.6 %	\$ (2,188)	(1.7)%
New business	\$ 9,068	61.2 %	\$ 7,285	96.6 %	\$ 15,185	38.7 %	\$ 16,567	73.0 %
Consolidated Business Mix:								
Consolidated renewal business	\$ 51,034	16.4 %	\$ 21,025	7.2 %	\$ 127,664	14.8 %	\$ 113,663	15.1 %
Consolidated new business	16,608	18.7	24,985	39.0	46,327	18.5	54,688	28.0
Total written premium	\$ 67,642	16.9 %	\$ 46,010	13.0 %	\$ 173,991	15.6 %	\$ 168,351	17.8 %

Comparison of the Three Months Ended September 30, 2025 and 2024

Total Written Premium for the three months ended September 30, 2025 increased by \$67.6 million, or 16.9%, compared to the same period in the prior year. This increase was a result of growth in renewal and new business of \$51.0 million, or 16.4%, and \$16.6 million, or 18.7%, respectively. Within our Insurance Services offering, there was a shift in renewal and new business growth as compared to the same period in the prior year. Renewal business had a spike in growth of \$48.4 million, or 18.3%, compared to growth of \$22.8 million, or 9.4%, in the same period in the prior year. However, new business grew at lesser degree of growth of \$7.5 million, or 10.2%, as compared to growth of \$17.7 million, or 31.3%, in the same period of the prior year. The higher new business growth in the third quarter of 2024 included an influx from the 2023 corporate store acquisitions, which were acquired starting in the second quarter of 2023. Within our MGA offering, we saw an uptick in new business growth of \$9.1 million, or 61.2%, due primarily to the TWFG MGA FL, LLC acquisition in June 2025. Renewal business grew \$2.6 million, or 5.7%, compared to the same period of the prior year.

For the three months ended September 30, 2025 and 2024, our consolidated written premium retention was 91% and 88%, respectively. The increase in retention is correlated to the shift in renewal business growth of \$51.0 million, or 16.4%, compared to growth of \$21.0 million, or 7.2%, in the same period of the prior year. The prior year quarter had an uptick of new business growth of \$25.0 million, or 39.0%, as a result of carriers moderating rate increases and opening up for new business after a period of restricted capacity, compared to current quarter growth of \$16.6 million, or 18.7%. As a result, retention has increased as compared to the same period of the prior year.

Comparison of the Nine Months Ended September 30, 2025 and 2024

Total Written Premium for the nine months ended September 30, 2025 increased by \$174.0 million, or 15.6%, compared to \$168.4 million, or 17.8%, in the same period in the prior year. This decrease in growth year over year was due primarily to the uptick in 2024 growth including new business growth from carriers opening up for business, 2023 corporate store acquisitions flowing into 2024 and the significant increases in our MGA programs which have normalized in 2025. Within our Insurance Services offering, renewal business grew \$120.6 million, or 16.3%, as compared to growth of \$115.9 million, or 18.6%, in the prior year period. New business grew \$31.1 million, or 14.8%, as compared to growth of \$38.1 million, or 22.1%, growth in the same period of the prior year. Within our MGA offering, we saw an uptick in new business growth of \$15.2 million, or 38.7%, over the prior year due primarily to the TWFG MGA FL, LLC acquisition.

For the nine months ended September 30, 2025 and 2024, our consolidated written premium retention was 89% and 91%, respectively. The retention rate as of September 30, 2025 has normalized from the effect of increased new business in the prior year. Renewal growth of \$127.7 million, or 14.8%, is comparable to the same period of the prior year.

Non-GAAP Financial Measures

Organic Revenue. Since the first quarter of 2025, we have utilized the revised calculation methodology for Organic Revenue to include policy fee income as it is directly correlated to MGA commission income. Our legacy calculation methodology removed policy fee income from Organic Revenue. Organic Revenue is total revenue (the most directly comparable GAAP measure) for the relevant period, excluding contingent income, non-policy fee income, other income and those revenues generated from acquired businesses with over \$0.5 million in annualized revenue that have not reached the twelve-month owned mark.

Organic Revenue Growth. Organic Revenue Growth is the change in Organic Revenue period-to-period, with prior period results adjusted to include revenues that were excluded in the prior period because the relevant acquired businesses had not reached the twelve-month-owned milestone but have reached the twelve-month owned milestone in the current period. We believe Organic Revenue Growth is an appropriate measure of operating performance because it eliminates the impact of acquisitions, which affects the comparability of results from period-to-period.

A reconciliation of Organic Revenue and Organic Revenue Growth Rate to Total Revenue and Total Revenue Growth Rate, the most directly comparable GAAP measures, for each of the periods indicated is as follows (in thousands):

	<i>Revised Calculation Methodology Applied to Current Period</i>			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Acquisition adjustments ⁽¹⁾	(5,286)	(898)	(7,419)	(3,582)
Contingent income	(2,095)	(1,383)	(5,791)	(3,717)
Fee income	(3,466)	(2,890)	(9,806)	(7,811)
Policy fee income	(292)	(350)	(1,040)	(1,042)
Other income	1,175	1,064	3,309	2,510
Organic Revenue	<u>\$ 54,159</u>	<u>\$ 48,406</u>	<u>\$ 157,507</u>	<u>\$ 138,375</u>
Prior year Organic Revenue reported	\$ 47,342	\$ 42,840	\$ 135,865	\$ 119,803
Commission income at 12-month post acquisition(s)	898	1,153	3,583	1,856
Prior year policy fees	1,064	580	2,510	1,656
Other adjustment(s) ⁽³⁾	(136)	—	(807)	—
Organic Revenue denominator	<u>\$ 49,168</u>	<u>\$ 44,573</u>	<u>\$ 141,151</u>	<u>\$ 123,315</u>
Organic Revenue	\$ 54,159	\$ 48,406	\$ 157,507	\$ 138,375
Organic Revenue denominator	49,168	44,573	141,151	123,315
Organic Revenue Growth	<u>\$ 4,991</u>	<u>\$ 3,833</u>	<u>\$ 16,356</u>	<u>\$ 15,060</u>
Total Revenue Growth Rate ⁽²⁾	<u>21.3 %</u>	<u>11.5 %</u>	<u>17.3 %</u>	<u>14.7 %</u>
Organic Revenue Growth Rate	<u>10.2 %</u>	<u>8.6 %</u>	<u>11.6 %</u>	<u>12.2 %</u>

(1) Represents revenues generated from the acquired businesses during the first 12 months following an acquisition.

(2) Represents the period-to-period change in total revenues divided by the total revenues in the prior period.

(3) Other adjustments reflect immaterial prior-period and comparability items consistent with management's non-GAAP presentation policy.

Legacy Calculation Methodology Applied to Current Period

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Acquisition adjustments ⁽¹⁾	(5,286)	(898)	(7,419)	(3,582)
Contingent income	(2,095)	(1,383)	(5,791)	(3,717)
Fee income	(3,466)	(2,890)	(9,806)	(7,811)
Other income	(292)	(350)	(1,040)	(1,042)
Organic Revenue	<u>\$ 52,984</u>	<u>\$ 47,342</u>	<u>\$ 154,198</u>	<u>\$ 135,865</u>
Prior year Organic Revenue reported	\$ 47,342	\$ 42,840	\$ 135,865	\$ 119,803
Commission income at 12-month post acquisition(s)	898	1,153	3,583	1,856
Other adjustment(s) ⁽³⁾	(136)	—	(807)	—
Organic Revenue denominator	<u>\$ 48,104</u>	<u>\$ 43,993</u>	<u>\$ 138,641</u>	<u>\$ 121,659</u>
Organic Revenue	<u>\$ 52,984</u>	<u>\$ 47,342</u>	<u>\$ 154,198</u>	<u>\$ 135,865</u>
Organic Revenue denominator	48,104	43,993	138,641	121,659
Organic Revenue Growth	<u>\$ 4,880</u>	<u>\$ 3,349</u>	<u>\$ 15,557</u>	<u>\$ 14,206</u>
Total Revenue Growth Rate ⁽²⁾	<u>21.3 %</u>	<u>11.5 %</u>	<u>17.3 %</u>	<u>14.7 %</u>
Organic Revenue Growth Rate	<u>10.1 %</u>	<u>7.6 %</u>	<u>11.2 %</u>	<u>11.7 %</u>

(1) Represents revenues generated from the acquired businesses during the first 12 months following an acquisition.

(2) Represents the period-to-period change in total revenues divided by the total revenues in the prior period.

(3) Other adjustments reflect immaterial prior-period and comparability items consistent with management's non-GAAP presentation policy.

Comparison of the Three Months Ended September 30, 2025 and 2024

Revenue growth rate, representing the year-over-year change in total revenues, was 21.3% for the three months ended September 30, 2025 compared to the same period in 2024 and 11.5% for the three months ended September 30, 2024 compared to the same period in 2023. Revenue growth for the periods reflected the growth in our Books of Business and the mix of the new and renewal businesses. Revenue growth for the three months ended September 30, 2025 compared to the same period in 2024 included the continued growth of commission and fee income during the period. See "Consolidated Results of Operations" for additional discussions regarding the changes in our revenues.

Organic Revenue Growth Rate was 10.2% for the three months ended September 30, 2025 compared to the same period in 2024 and 8.6% for the three months ended September 30, 2024 compared to the same period in 2023. Organic Revenue Growth for both periods reflects ongoing, but normalizing rate increases being implemented by carriers, the underlying growth of our business, and healthy economic growth and an increase in commission income in our MGA offering. See "Consolidated Results of Operations—Commission Income" for additional discussions regarding the changes in our commission income.

Comparison of the Nine Months Ended September 30, 2025 and 2024

Revenue growth rate, representing the year-over-year change in total revenues, was 17.3% for the nine months ended September 30, 2025 compared to the same period in 2024 and 14.7% for the nine months ended September 30, 2024 compared to the same period in 2023. Revenue growth for the periods reflected the growth in our Books of Business and the mix of the new and renewal businesses. Revenue growth for the nine months ended September 30, 2025 compared to the same period in 2024 included the continued growth of commission and fee income during the period. See "Consolidated Results of Operations" for additional discussions regarding the changes in our revenues.

Organic Revenue Growth Rate was 11.6% for the nine months ended September 30, 2025 compared to the same period in 2024 and 12.2% for the nine months ended September 30, 2024 compared to the same period in 2023. Organic Revenue Growth for both periods reflects ongoing, but normalizing, rate increases being implemented by carriers, the underlying growth of our business, and healthy economic growth and an increase in commission income in our MGA offering. See "Consolidated Results of Operations—Commission Income" for additional discussions regarding the changes in our commission income.

Adjusted Net Income. Since the second quarter of 2024, we have utilized the revised calculation methodology for Adjusted Net Income, which includes amortization expenses among the add-back adjustments to our net income when calculating our Adjusted Net Income. Our legacy calculation methodology reflected the impact of intangible asset amortization as a reduction to our Adjusted Net Income. The revised calculation methodology excludes the effect of the intangible asset amortization when calculating our Adjusted Net Income by reflecting it among the add-back adjustments to our net income. We believe that the revised calculation of Adjusted Net Income is more consistent with the method and presentation used by most of our peers and will allow management to better evaluate our performance relative to our peer companies. In addition, we believe that the revised calculation more effectively represents what our stakeholders consider useful in assessing our performance.

Adjusted Net Income is a supplemental measure of our performance and is defined as net income (the most directly comparable GAAP measure) before amortization, non-recurring or non-operating income and expenses, including equity-based compensation, adjusted to assume a single class of stock (Class A) and assuming noncontrolling interests do not exist. We believe Adjusted Net Income is a useful measure because it adjusts for the after-tax impact of significant one-time, non-recurring items and eliminates the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments generally eliminate the effects of certain items that may vary from company-to-company for reasons unrelated to overall operating performance.

We are subject to U.S. federal income taxes, in addition to state, and local taxes, with respect to our allocable share of any net taxable income of TWFG Holding. Pre-IPO, Adjusted Net Income did not reflect adjustments for income taxes since TWFG Holding is a limited liability company and is classified as a partnership for U.S. federal income tax purposes. Post-IPO, the calculation incorporates the impact of federal and state statutory tax rates on 100% of our adjusted pre-tax income as if the Company owned 100% of TWFG Holding.

Adjusted Net Income Margin. Adjusted Net Income Margin is Adjusted Net Income divided by total revenues. We believe that Adjusted Net Income Margin is a useful measurement of operating profitability for the same reasons we find Adjusted Net Income useful and in addition, it also provides a period-to-period comparison of our after-tax operating performance.

A reconciliation of Adjusted Net Income and Adjusted Net Income Margin to net income and net income margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows (in thousands):

	<i>Revised Calculation Methodology Applied to Current Period</i>			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Net income	\$ 9,620	\$ 6,893	\$ 25,473	\$ 20,440
Income tax expense	977	—	2,253	—
Acquisition-related expenses	3	—	55	—
Equity-based compensation	987	1,012	3,706	1,012
Other non-recurring items ⁽¹⁾	—	—	10	(1,477)
Amortization expense	5,205	2,920	12,176	8,771
Adjusted income before income taxes	16,792	10,825	43,673	28,746
Adjusted income tax expense ⁽²⁾	(3,833)	(2,482)	(9,968)	(6,591)
Adjusted Net Income	\$ 12,959	\$ 8,343	\$ 33,705	\$ 22,155
Net Income Margin	15.0 %	13.0 %	14.3 %	13.3 %
Adjusted Net Income Margin	20.2 %	15.8 %	18.9 %	14.6 %

Legacy Calculation Methodology Applied to Current Period

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Net income	\$ 9,620	\$ 6,893	\$ 25,473	\$ 20,440
Income tax expense	977	—	2,253	—
Acquisition-related expenses	3	—	55	—
Equity-based compensation	987	1,012	3,706	1,012
Other non-recurring items ⁽¹⁾	—	—	10	(1,477)
Adjusted income before income taxes	11,587	7,905	31,497	19,975
Adjusted income tax expense ⁽²⁾	(2,645)	(1,813)	(7,189)	(4,580)
Adjusted Net Income	\$ 8,942	\$ 6,092	\$ 24,308	\$ 15,395
Net Income Margin	15.0 %	12.6 %	14.3 %	13.3 %
Adjusted Net Income Margin	13.9 %	11.2 %	13.6 %	10.0 %

(1) Represents a one-time adjustment reducing commission expense, which resulted from the branch conversions. In January 2024, nine of our Branches converted to Corporate Branches. Upon conversion, agents of the newly converted Corporate Branches became employees and received salaries, employee benefits, and bonuses for services rendered instead of commissions. As a result, we released a portion of the unpaid commissions related to the converted branches that we no longer are required to settle.

(2) Post-IPO, we are subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to our allocable share of any net taxable income of TWFG Holding Company, LLC. For the three and nine months ended September 30, 2025, the calculation of adjusted income tax expense is based on a federal statutory rate of 21% and a blended state income tax rate of 1.82% on 100% of our adjusted income before income taxes as if we owned 100% of the TWFG Holding.

Adjusted Diluted Earnings Per Share. Adjusted Diluted Earnings Per Share is Adjusted Net Income divided by diluted shares outstanding after adjusting for the effect of (i) the exchange of 100% of the outstanding Class B Common Stock and Class C Common Stock (together with the related LLC Units) into shares of Class A Common Stock and (ii) the vesting of 100% of the unvested equity awards and exchange into shares of Class A Common Stock. This measure does not deduct earnings related to the noncontrolling interests in TWFG Holding for the period of time prior to July 19, 2024 when we did not own 100% of the business. The most directly comparable GAAP financial metric is diluted earnings per share. We believe Adjusted Diluted Earnings Per Share may be useful to an investor in evaluating our operating performance and efficiency because this measure is widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company-to-company depending upon acquisition activity and capital structure. This measure also eliminates the impact of expenses that do not relate to core business performance, among other factors.

Prior to the IPO and Reorganization Transactions, TWFG Holding's equity structure included common units. The Company considered the calculation of earnings per unit for periods prior to the IPO and determined that such presentation would not provide meaningful information to the users of these Condensed Consolidated Financial Statements. Therefore, earnings per share information for the three and nine months ended September 30, 2024 has been calculated solely for the post-IPO period.

A reconciliation of Adjusted Diluted Earnings Per Share to diluted earnings per share, the most directly comparable GAAP measure, for each of the periods indicated is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Earnings per share of common stock – diluted	\$ 0.11	\$ 0.08	\$ 0.34	\$ 0.08
Plus: Impact of all LLC Units exchanged for Class A Common Stock ⁽¹⁾	0.06	0.04	0.12	0.29
Plus: Adjustments to Adjusted Net Income ⁽²⁾	0.06	0.03	0.14	0.03
Adjusted Diluted Earnings Per Share	\$ 0.23	\$ 0.15	\$ 0.60	\$ 0.40
Weighted average common stock outstanding – diluted	15,100,655	14,890,382	15,088,031	14,890,382
Plus: Impact of all LLC Units exchanged for Class A Common Stock ⁽¹⁾	41,171,461	41,171,461	41,171,461	41,171,461
Adjusted Diluted Earnings Per Share diluted share count	56,272,116	56,061,843	56,259,492	56,061,843

(1) For comparability purposes, this calculation incorporates the net income that would be distributable if all shares of Class B Common Stock and Class C Common Stock, together with the related LLC Units, were exchanged for shares of Class A Common Stock. For the three and nine months ended September 30, 2025, this includes \$7.9 million of net income on 56,272,116 weighted-average shares of common stock outstanding - diluted and \$20.5 million of net income on 56,259,492 weighted-average shares of common stock outstanding - diluted, respectively. For the three and nine months ended September 30, 2024, 41,171,461 weighted average outstanding Class B Common Stock and Class C Common Stock were considered dilutive and included in the 56,061,843 and 56,061,843 weighted-average shares of common stock outstanding - diluted within diluted earnings per share calculation, respectively. See Note 12 Earnings Per Share to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report for more information about the earnings per share.

(2) Adjustments to Adjusted Net Income are described in the footnotes of the reconciliation of Adjusted Net Income to net income in "Adjusted Net Income and Adjusted Net Income Margin", which represent the difference between net income of \$9.6 million and Adjusted Net Income of \$13.0 million and net income of \$25.5 million and Adjusted Net Income of \$33.7 million for the three and nine months ended September 30, 2025, respectively. For the three and nine months ended September 30, 2025, Adjusted Diluted Earnings Per Share include adjustments of \$3.3 million to Adjusted Net Income on 56,272,116 weighted-average shares of common stock outstanding - diluted and \$8.2 million to Adjusted Net Income on 56,259,492 weighted-average shares of common stock outstanding - diluted for the period presented, respectively.

Adjusted EBITDA. Adjusted EBITDA is a supplemental measure of our performance and is defined as EBITDA adjusted to reflect items such as equity-based compensation, interest income, other non-operating and certain nonrecurring items. EBITDA is defined as net income (the most directly comparable GAAP measure) before interest, income taxes, depreciation and amortization. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it adjusts for significant one-time, non-recurring items and eliminates the ongoing accounting effects of certain capital spending and acquisitions, such as depreciation and amortization, that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation.

Adjusted EBITDA Margin. Adjusted EBITDA Margin is Adjusted EBITDA divided by total revenue. We believe that Adjusted EBITDA Margin is a useful measurement of operating profitability for the same reasons we find Adjusted EBITDA useful and also because it provides a period-to-period comparison of our operating performance.

A reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to Net income and Net income margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total revenues	\$ 64,123	\$ 52,863	\$ 178,254	\$ 152,017
Net income	\$ 9,620	\$ 6,893	\$ 25,473	\$ 20,440
Interest expense	70	411	221	2,125
Interest income	(1,574)	(1,777)	(5,188)	(2,202)
Depreciation and amortization	5,327	2,985	12,587	8,966
Income tax expense	977	437	2,253	437
EBITDA	14,420	8,949	35,346	29,766
Acquisition-related expenses	3	—	55	—
Equity-based compensation	987	1,012	3,706	1,012
Interest income	1,574	1,777	5,188	2,202
Other non-recurring items ⁽¹⁾	—	—	10	(1,477)
Adjusted EBITDA	\$ 16,984	\$ 11,738	\$ 44,305	\$ 31,503
Net Income Margin	15.0 %	13.0 %	14.3 %	13.4 %
Adjusted EBITDA Margin	26.5 %	22.2 %	24.9 %	20.7 %

(1) Represents a one-time adjustment reducing commission expense, which resulted from the branch conversions. In January 2024, nine of our Branches converted to Corporate Branches. Upon conversion, agents of the newly converted Corporate Branches became employees and received salaries, employee benefits, and bonuses for services rendered instead of commissions. As a result, we released a portion of the unpaid commissions related to the converted branches that we no longer are required to settle.

Adjusted Free Cash Flow. Adjusted Free Cash Flow is a supplemental measure of our performance. We define Adjusted Free Cash Flow as cash flow from operating activities (the most directly comparable GAAP measure) less cash payments for tax distributions, purchases of property and equipment, and acquisition-related costs. We believe Adjusted Free Cash Flow is a useful measure of operating performance because it represents the cash flow from the business that is within our discretion to direct to activities including investments, debt repayment, and returning capital to stockholders.

A reconciliation of Adjusted Free Cash Flows to Cash flow from Operating Activities, the most directly comparable GAAP measures, for each of the periods indicated is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash Flow from Operating Activities	\$ 14,953	\$ 11,725	\$ 40,213	\$ 28,879
Purchase of property and equipment	(69)	(233)	(128)	(280)
Tax distribution to members ⁽¹⁾	(2,586)	—	(11,338)	(6,104)
Acquisition-related expenses	3	—	55	—
Adjusted Free Cash Flow	\$ 12,301	\$ 11,492	\$ 28,802	\$ 22,495

(1) Tax distributions to members represents the amount distributed to the members of TWFG Holding in respect of their income tax liability related to the net income of TWFG Holding allocated to its members.

Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Free Cash Flow and Adjusted Diluted Earnings Per Share are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including revenues (for Organic Revenue and Organic Revenue Growth), net income (for Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA and Adjusted EBITDA Margin), cash flow from operating activities (for Adjusted Free Cash Flow) and diluted earnings per share (for Adjusted Diluted Earnings Per Share), which we consider to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for revenues, net income, operating cash flow or other consolidated financial statement data prepared in accordance with GAAP. Other companies may calculate any or all of these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

Liquidity and capital resources

As of September 30, 2025, the Company had \$151.0 million in cash and cash equivalents and \$11.6 million in restricted cash, compared to \$195.8 million and \$9.6 million, respectively, as of December 31, 2024. The decrease in cash and cash equivalents for the nine months ended September 30, 2025 was primarily attributable to \$54.2 million of cash paid for acquisitions, \$15.9 million in member distributions, and \$2.8 million in tax withholding on equity vesting, partially offset by positive cash flows from operations of \$40.2 million.

The Company maintains access to the \$50.0 million Revolving Facility, of which zero was outstanding at September 30, 2025. We were in compliance with all financial covenants under our debt agreements as of the end of the period. Management believes existing liquidity sources, together with cash generated from operations, will be sufficient to meet working capital, capital expenditure, and acquisition-related needs for at least the next 12 months.

Historical liquidity and capital resources

We have managed our historical liquidity and capital requirements primarily through cash generated from our operations. Prior to the IPO, our primary cash flow activities involved: (1) generating cash flow from our operations; (2) making strategic acquisitions; (3) making distributions to Bunch Family Holdings, LLC, RenaissanceRe Ventures U.S. LLC and GHC Woodlands Holdings LLC; and (4) making borrowings, interest payments, and repayments under our Credit Agreements (as defined below). On July 19, 2024, we completed the IPO of 11,000,000 shares of Class A Common Stock at an IPO price of \$17.00 per share. On July 23, 2024, the underwriters purchased an additional 1,650,000 shares of Class A Common Stock in connection with the underwriters' full exercise of their option to purchase additional shares. We received approximately \$192.9 million of net proceeds from the IPO, including from the full exercise of the underwriters' option, after deducting underwriting discounts and commissions and related offering expenses. As of September 30, 2025 and December 31, 2024, our cash and cash equivalents were \$151.0 million and \$195.8 million, respectively. We have used cash flow from operations primarily to pay compensation and related expenses, general, administrative, and other expenses, debt service and distributions to our owners.

Credit agreements

On June 5, 2017, TWFG Holding, as borrower, entered into a credit agreement (as subsequently amended, the "Term Loan Credit Agreement") with PNC Bank, National Association, as lender. On July 30, 2019, TWFG Holding entered into a third amendment to the Term Loan Credit Agreement pursuant to which it borrowed \$4.0 million pursuant to a Term Loan B and used these proceeds for permitted acquisitions. On December 4, 2020, TWFG Holding entered into a fifth amendment to the Term Loan Credit Agreement pursuant to which it borrowed an additional \$13.0 million pursuant to a Term Loan C and used these proceeds for permitted acquisitions (such amount, together with the amount borrowed on July 30, 2019, the "Term Loans"). On May 23, 2023, TWFG Holding entered into a ninth amendment to the Term Loan Credit Agreement to, among other things, provide additional flexibility under the covenants contained therein. The Term Loan B was fully repaid by its maturity on July 30, 2024. The aggregate principal amounts of the Term Loan C as of September 30, 2025 is \$4.5 million as follows (in thousands):

Remainder of 2025	\$	484
Year ended December 31, 2026		1,972
Year ended December 31, 2027		2,034
Total	\$	4,490

The Revolving Credit Agreement (the "Revolving Credit Agreement") with PNC Bank National Association provides a revolving credit facility to the Company, with commitments in an aggregate principal amount not to exceed \$50.0 million (as amended on June 20, 2024, the "Revolving Facility," and together with the Term Loan Credit Agreement, the "Credit Agreements"). Borrowings constituting revolving loans under the Revolving Credit Agreement incur interest at the Term SOFR Rate (as defined therein) for the applicable interest period plus a margin based on the consolidated leverage ratio of the Company between 2% and 2.75%, and a 0.10% adjustment. The borrowings under the Revolving Facility may be used by the Company for permitted acquisitions, working capital and general corporate purposes. The Company pays a commitment fee on unutilized amounts under the Revolving Facility of 0.20% up to 0.35% based on the consolidated leverage ratio. For the period ended September 30, 2025 and December 31, 2024, the Revolving Facility has an unutilized capacity of \$50.0 million and \$50.0 million, respectively.

Each of the Revolving Facility and the term loans requires the Company to maintain a consolidated leverage ratio of no greater than 2.00 to 1.00 (or, after the occurrence of certain acquisitions, 2.50 to 1.00). As of September 30, 2025 and December 31, 2024, the Company was in compliance with these covenants. The carrying amount of the Company's variable rate debt as of September 30, 2025 and December 31, 2024 approximates fair value due to the short-term reset of the interest rate based on SOFR and the absence of a credit spread.

Interest on Term Loan B and Term Loan C accrue at Daily Simple Secured Overnight Financing Rate ("SOFR") plus the Benchmark Replacement Adjustment of 0.11448%, 0.26161%, or 0.42826% for the one-month, three-month, or six-month borrowing periods, respectively. At our option, the revolving credit facility under the Revolving Facility accrues interest on amounts drawn at the Term SOFR Rate or Daily SOFR plus the SOFR Adjustment of 0.10% and Applicable Margin of 2.00% to 2.75%, each as defined in the Revolving Facility. The Term Loans and the Revolving Facility are collateralized by substantially all the Company's assets, which includes rights to future commissions.

Comparative cash flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated (in thousands):

	Nine Months Ended September 30,		Variance
	2025	2024	
Net cash provided by operating activities from continuing operations	\$ 40,213	\$ 28,879	\$ 11,334
Net cash used in investing activities from continuing operations	(63,745)	(21,589)	(42,156)
Net cash (used in) provided by financing activities from continuing operations	(19,249)	147,147	(166,396)
Net change in cash, cash equivalents and restricted cash from continuing operations	(42,781)	154,437	(197,218)
Cash, cash equivalents and restricted cash from continuing operations, beginning of period	205,323	46,468	158,855
Cash, cash equivalents and restricted cash from continuing operations, end of period	\$ 162,542	\$ 200,905	\$ (38,363)
Cash paid during the period for interest	\$ 152	\$ 2,298	\$ (2,146)

Comparison of the Nine Months Ended September 30, 2025 and 2024

Operating activities

Operating activities from continuing operations provided \$40.2 million and \$28.9 million of cash for the nine months ended September 30, 2025 and 2024, respectively. The increase in net cash provided by operating activities was driven by a \$5.0 million increase in net income, \$0.3 million inflow from the change in working capital between periods, which was primarily attributable to the increased collections on contingent income, and \$6.0 million in net change of non-cash adjustments in the period which include amortization, stock-based compensation, and non-cash lease expense. See "Consolidated Results of Operations" above for additional information regarding the results of our operations.

Investing activities

Investing activities from continuing operations used \$63.7 million and \$21.6 million of cash for the nine months ended September 30, 2025 and 2024, respectively. Our net investing outflows increased primarily due to the higher level of intangible asset acquisitions in the current period of \$54.2 million compared to \$21.4 million in the prior period partially offset by \$0.5 million inflow from proceeds on the sale of intangible assets and other net decrease in investing outflows of \$0.2 million. In addition, the Company made a \$10.0 million other investment held by a third party to facilitate premium financing arrangements during the period September 30, 2025. See Note 4 Intangible Assets and Acquisitions to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report for additional information regarding our asset acquisitions.

Financing activities

Financing activities from continuing operations used \$19.2 million and provided \$147.1 million of cash for the nine months ended September 30, 2025 and 2024. Our net financing outflows was primarily due to the \$200.7 million net proceeds received from the IPO in prior year, but none in the current year, \$8.7 million increase in distributions to members, \$2.9 million net decrease in carrier liabilities, \$2.7 million payment related to tax withholding on vesting of equity awards, and \$0.4 million payment for shelf registration costs. The net financing outflows was partially offset by the \$41.5 million decrease in payments to notes payable, \$7.1 million decrease in deferred offering costs, and \$0.4 million decrease in deferred acquisition payable for the nine months ended September 30, 2025.

Future sources and uses of liquidity

Our sources of liquidity include (1) cash on hand, (2) net working capital, (3) cash flows from operations and (4) borrowings on our Credit Agreements. We expect that our primary liquidity needs will comprise of cash needed to (1) provide capital to facilitate the organic growth of our business, (2) pay operating expenses, including cash compensation to our independent agents and our employees, (3) make payments under the Tax Receivable Agreement, (4) fund acquisitions, (5) pay interest and principal due on borrowings under our Credit Agreements and (6) pay income taxes. We expect to have sufficient financial resources to meet our business requirements over the next 12 months and for the long-term, including the ability to service our debt and contractual obligations, finance capital expenditures and make distributions, including tax distributions, to our stockholders. Although cash from operations is expected to be sufficient to service these activities, we have the ability to borrow under our Credit Agreements to accommodate any timing differences in cash flows. Additionally, we may in the future access the capital markets to obtain equity or debt financing, if needed, including to pursue acquisition opportunities.

We have certain obligations related to debt maturities and operating leases. As of September 30, 2025, we had \$1.4 million of non-cancelable operating lease obligations for the next 12 months. For the periods following the next 12 months, we have an additional \$3.1 million of non-cancelable operating lease obligations. In addition, as of September 30, 2025, we have \$4.5 million of debt maturities for the next 12 months comprised of \$2.0 million of the remaining balance under the Term Loan C, \$0.6 million in acquisition-related notes, and \$1.9 million of acquisition-related payables. For the periods following the next 12 months, we have an additional \$5.1 million of debt maturities representing \$2.5 million under the Term Loan C, and \$0.7 million in acquisition-related notes, and \$1.9 million of acquisition-related payables. As of September 30, 2025, there was no outstanding balance under our Revolving Facility. Any outstanding balances under our Revolving Facility, if any, will become due and payable during 2028. Annual interest rates on the acquisition-related notes are 3.75% and 5.0%, and our effective interest rates on the Term Loan C for the three and nine months ended September 30, 2025 was 3.06%. As of September 30, 2025, we have an interest rate swap agreement associated with the Term Loan C, which converted the floating interest rates on these loans to fixed interest rates. See Note 6 Debt to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report for additional information.

Off-balance sheet arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our Condensed Consolidated Financial Statements.

Critical accounting estimates

We prepare our Condensed Consolidated Financial Statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues, and expenses in our Condensed Consolidated Financial Statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments; however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe our significant accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates or judgments. The accounting policies that we believe reflect our more significant estimates, judgments and assumptions that are most critical to understanding and evaluating our reported financial results are: revenue recognition, intangible assets impairment, and income taxes.

There have been no material changes in our critical accounting policies during the three months ended September 30, 2025 as compared to those disclosed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates" of our Annual Report other than above.

Recent accounting pronouncements

For a description of our recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see Note 2 Summary of Significant Accounting Policies, to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

Emerging growth company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and we may remain an emerging growth company for up to five years following the IPO. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued after the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices, such as premium amounts, interest rates, and equity prices. We are exposed to market risk through our Book of Business, investments, and borrowings under our Credit Agreements. We use derivative instruments to mitigate our risk related to the effect of rising interest rates on our cash flows. However, we do not use derivative instruments for trading or speculative purposes.

Insurance premium pricing within the P&C insurance industry has historically been cyclical, based on the underwriting capacity of the insurance industry and economic conditions. External events, such as terrorist attacks, man-made and natural disasters, can also have significant impacts on the insurance market. We use the terms “soft market” and “hard market” to describe the business cycles experienced by the industry. A soft market is an insurance market characterized by a period of declining premium rates, which can negatively affect commissions earned by insurance agents. A hard market is an insurance market characterized by a period of rising premium rates, which, absent other changes, can positively affect commissions earned by insurance agents.

Our investments are held primarily as cash and cash equivalents. These investments are subject to interest rate risk. The fair values of cash and cash equivalents as of September 30, 2025 and December 31, 2024 approximated their respective carrying values due to their short-term duration and therefore, such market risk is not considered to be material. We do not actively invest or trade in equity securities.

As of September 30, 2025, we had \$162.5 million in cash and cash equivalents, which earned interest income of \$5.7 million for the nine months ended September 30, 2025. The impact of a hypothetical 100 basis point change in interest rates would have reduced/increased interest income by \$0.6 million in the Condensed Consolidated Statements of Income.

As of September 30, 2025, we had approximately \$4.5 million of borrowings outstanding under our Term Loan Credit Agreement. We repaid the outstanding balances of our Term Loan B and Revolving Facility in full as of June 30, 2024. As of December 31, 2024, we had approximately \$5.9 million and \$0 of borrowings outstanding under our Term Loan Credit Agreement and Revolving Facility, respectively. These borrowings accrue interest tied to SOFR and therefore interest expense under these borrowings is subject to change. The effect of an immediate hypothetical 10% change in interest rates would not have a material effect on our Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Principal Executive Officer (our Chief Executive Officer) and Principal Financial Officer (our Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2025, our Principal Executive Officer and Principal Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the nine months ended September 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time-to-time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Part I, Item 1A. Risk Factors in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Sales of Unregistered Securities

None.

Use of Proceeds

We received approximately \$192.9 million of net proceeds after deducting underwriting discounts and commissions of \$14.4 million and related offering expenses of approximately \$7.8 million from the IPO. We used the net proceeds from the IPO (including the net proceeds received from the underwriters' exercise of their option to purchase additional shares of Class A Common Stock) to acquire a number of newly issued LLC Units equal to the number of shares of Class A Common Stock in the IPO from TWFG Holding, at a purchase price per LLC Unit equal to the initial public offering price of Class A Common Stock after underwriting discounts and commissions. TWFG Holding used a portion of the proceeds it received from the sale of LLC Units to pay the expenses in connection with the IPO and the Reorganization Transactions and to repay in full outstanding debt under our Revolving Facility in the amount of \$41.0 million.

Issuer Purchases of Equity Securities

None.

Item 5. Other Information

(a) None.

(b) None.

(c) During the period covered by this Quarterly Report, none of the Company's directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

Item 6. Exhibits

The following exhibits are filed as part of this report:

Exhibit number	Description
3.1	Amended and Restated Certificate of Incorporation of TWFG, Inc., dated July 17, 2024 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-42177) filed on July 23, 2024)
3.2	Amended and Restated By-Laws of TWFG, Inc., dated July 17, 2024 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-42177) filed on July 23, 2024)
10.1*	Amended Managing General Agency and Claims Administration Agreement by and between The Woodlands Insurance Company and TWFG General Agency, LLC dated as of September 1, 2025
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL)

*Filed herewith.

** Furnished.

+ Indicates a management contract or compensatory plan or agreement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 12, 2025

TWFG, Inc.

By: /s/ Richard F. Bunch III

Name: Richard F. Bunch III

Title: Chief Executive Officer

(Principal Executive Officer)

Date: November 12, 2025

By: /s/ Janice E. Zwinggi

Name: Janice E. Zwinggi

Title: Chief Financial Officer

(Principal Financial Officer)

**AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION
AGREEMENT**

This Amended Managing General Agency And Claims Administration Agreement (“Agreement”) dated as of September 1, 2025 (“Effective Date”) is entered into by and between The Woodlands Insurance Company (the “Company”), an insurance company organized under the laws of the State of Texas, and TWFG General Agency, LLC (“MGA” or “Agency”), a Texas limited liability company.

WHEREAS, the Company and MGA previously entered into a Managing General Agency Agreement with an effective date of January 1, 2017, as amended from time to time;

WHEREAS, the Company and MGA wish to amend the terms of the previous Managing General Agency Agreement and to replace that agreement with this Agreement;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and MGA agree as follows:

1. Representations

1.1 The Company is an insurance company organized and existing under the laws of the State of Texas and has its principal place of business in The Woodlands, Texas.

1.2 Agency is a Texas limited liability company organized and existing under the laws of the State of Texas, licensed by the Texas Department of Insurance as a managing general agent, and has its principal place of business in The Woodlands, Texas.

2. Appointment

2.1 The Company hereby appoints the Agency as its managing general agent (“MGA”) for the production of business as further set out in Schedule I of this Agreement, which may be amended from time to time.

2.2 The Agency accepts such appointment and agrees to perform faithfully and diligently its duties as managing general agent to the best of its knowledge, skill, and judgment.

2.3 This Agreement is subject to the restrictions imposed upon the Company and Agency by the Texas Department of Insurance and the Texas Insurance Code.

3. Administrative Services to Be Provided by MGA

The Company is authorized in Texas to write Property & Casualty (“P&C”) policies. The Company seeks assistance and expertise from the MGA in certain aspects of its insurance operations. The MGA warrants it has extensive experience in the insurance industry.

The specific administrative services to be provided by the MGA are:

3.1 Licensing – This will include the following:

- a) Contracting P&C agents to write with the Company and appointing agents with the Department of Insurance.
- b) Obtaining and maintaining licenses to sell insurance in Texas and other states where requested by the Company.
- c) Compliance with Departments of Insurance and maintaining licenses once obtained. This will include all aspects of the Company's operations.
- d) Coordinating within the department(s) of the Company to assist in gathering and data procurement of information needed pursuant to the regulations or administrative code of those states where the Company does business.

3.2 Statistical Accounting – MGA will provide the statistical analysis expertise to perform the necessary functions needed by the Company. This includes:

- a) Providing reports of written and earned premiums;
- b) Providing statistical reports required by the Texas Department of Insurance and/or other states where the Company writes policies.
- c) Coordinating independent audits requested by the Company.

3.3 Management – MGA will provide executive management for the overall operation of the Company. MGA will be under the direct control and supervision of the CEO of the Company. These management tasks will include the following:

- a) Provide day-to-day management of routine operational matters;
- b) Interface with agents/brokers who sell the Company's products;
- c) Represent the Company in matters with the Texas Department of Insurance or like department/commissions in those states where the Company does business;
- d) Recommend to the Company's Board of Directors and CEO measures to increase efficiency and productivity;
- e) Recommend the key financial officers and operational personnel of the Company;
and

- f) Oversee and manage the financial aspects of the Company in conjunction with the Company's CEO, President and Board of Directors.

4. Lines of Insurance

4.1 The lines of insurance covered by this Agreement, which MGA is authorized to solicit, receive, and accept, are limited to those set forth in Schedule I, and are further subject to the limits set forth in the Company's Program and Products Manual ("Manual"), as amended and updated by the Company from time to time in its sole discretion, and incorporated herein by reference. Amendments and updates to the Manual may include, without limitation, the addition or deletion of lines of insurance. Amendments and updates shall be delivered to MGA as they are adopted by the Company and shall become effective at such time as is designated by the Company, but not less than sixty (60) days after notice to MGA unless otherwise mutually agreed.

5. Underwriting Authority of MGA

5.1 Subject to the limitations and requirements contained in this Agreement and in the Manual, MGA shall, on behalf of the Company, have the authority to receive and accept proposals for insurance coverage under the products set forth in the Manual ("Products").

5.2 MGA has the authority to charge or caused to be charged premiums for such insurance as authorized by this Agreement and the Manual, and to collect, receive, and receipt for premiums on insurance tendered to the Company, and shall collect, receive, and receipt for insurance premiums becoming due for the insurance subject hereto in accordance with the terms of this Agreement, the Manual, and in compliance with the Texas Insurance Code.

5.3 MGA shall be responsible for underwriting risks and charging rates in accordance with the rules, regulations, rates, rating plans, rate filings, and terms included in the Manual and in accordance with the Texas Department of Insurance and the Texas Insurance Code. The Company reserves the right, in its sole discretion, to direct MGA to cancel or non-renew any policy written by MGA on behalf of the Company, in accordance with applicable law, by so notifying MGA. The Company further reserves the right, in its sole discretion, to decline or reject any risk submitted by MGA to the Company by so notifying MGA.

5.4 MGA shall notify the Company immediately on knowledge or receipt of any complaint filed by or with a regulatory entity (including the Texas Department of Insurance) with respect to insurance tendered to or written by or against the Company, MGA, or any Authorized Agent (as defined in paragraph 5.6). Within ten (10) days of receipt of any such complaint, or such shorter period as necessary to adequately respond to such complaint, MGA shall provide the Company with a copy of all documentation relating to such complaint, including without limitation a written summary of all facts relevant to such complaint. The Company, or, at the Company's written request MGA, will then respond to such complaint in such form as the Company and MGA determine necessary. The parties agree to work together to promptly and adequately respond to

any such complaint. The Company shall have the same duty to notify MGA and follow the same procedures set forth above with respect to any complaint against MGA which the Company receives or of which it acquires knowledge.

5.5 MGA, the Company, and their respective directors, officers, employees, representatives, and agents shall, in complying with all the terms of this Agreement, conform with all laws, general standards, rules and regulations of the insurance industry in Texas and the states in which the Company conducts business, including the regulations set forth by The Texas Department of Insurance, the Texas Insurance Code, and the Texas Administrative Code.

5.6 MGA is authorized to appoint Authorized Agents (as defined below) on behalf of the Company for the purpose of soliciting and accepting proposals for policies of insurance, renewals or receipts, certificates, and endorsements pertaining to the lines of insurance, and in such amounts as allowed in the Manual or otherwise in this Agreement.

5.7 MGA has no authority to insert any advertisement respecting the Company in any publication whatsoever, to provide advertising to Authorized Agents, or to disseminate any written materials with the Company's name without the prior written consent of the Company. In the event an advertisement containing the Company's name is approved by the Company and used by MGA or any Authorized Agent, MGA shall maintain, and provide to the Company upon request, an original copy of the advertisement and full details concerning where, when, and how it will be used.

5.8 MGA has no authority, either for itself or for any Authorized Agent, to make, alter, vary, or discharge any policy contract; to waive or extend any policy obligation or condition; or to incur any liability on behalf of the Company, unless in each case expressly so authorized in advance by the Company.

5.9 Except as permitted under Section 5 and Section 10.1 of this Agreement, MGA has no authority to, and may not, delegate any of its authority granted under this Agreement to any person or entity without prior written consent of the Company.

5.10 MGA has no authority to bind reinsurance retrocessions on behalf of the Company, nor may it commit the Company to participate in insurance or reinsurance syndicates.

5.11 MGA has no authority to collect payment from a reinsurer or commit the Company to a claim settlement with a reinsurer without prior written approval of the Company. If prior approval is given to MGA, MGA must promptly (within 48 hours) forward a report, notifying the Company.

5.12 MGA may not cede reinsurance on behalf of the Company to any reinsurer that is rated less than "A" by A.M. Best Company or that would not qualify for reinsurance credit under the Texas Insurance Code Chapters 492 or 493 and the rules adopted by the Texas Department of Insurance.

6. Appointment of MGA

6.1 MGA may sell insurance or market insurance authorized herein through agents and solicitors who are licensed pursuant to Article 21.14 of the Texas Insurance Code and who are duly authorized and appointed by the Company to act on the Company's behalf ("Authorized Agents") pertaining to the lines of insurance covered by, and subject to the limitations contained in, this Agreement and the Manual.

6.2 Notwithstanding the requirements of Paragraph 5.6, a proposed Authorized Agent must be approved by the Company in its sole discretion and must execute a Producer's Agreement in a form approved by the Company prior to being considered an Authorized Agent under this Agreement.

6.3 MGA shall supervise Authorized Agents and shall limit their authority to soliciting and accepting proposals for such insurance as shall be in accordance with this Agreement; the rules, regulations, rates, rating plans, and terms included in the Manual; the Producer's Agreement; and any restrictions placed upon such Authorized Agents by the laws of the State of Texas. MGA shall maintain a listing of all appointments of Authorized Agents appointed by the Company and shall maintain originals of all Producers' Agreements. On the Company's request, MGA shall allow the Company to review, or provide copies to the Company, of this listing or of any agreement with Authorized Agents.

6.4 MGA may not permit solicitation by or through unlicensed agents or agents not appointed by the Company pursuant to this Section 6, except through proposals received on occasion through licensed agents brokering policies pursuant to and in accordance with 28 Texas Administrative Code §19.905.

6.5 MGA may only perform such acts on behalf of the Company as are authorized by the type of insurance agent license required by the Texas Insurance Code and any corresponding regulations and by this Agreement, and shall hold the required agent license or licenses (e.g., LRA, MGA, Surplus Lines, etc., herein referred to as the "Licenses") prior to performing any such acts. Only such acts as are authorized under a particular License type shall be performed under that License.

6.6 MGA may not appoint a sub-managing general agent for the business of the Company.

6.7 MGA is authorized to terminate Authorized Agents in its sole discretion and in accordance with all applicable laws and regulations governing such terminations. In addition, Company may terminate any Authorized Agent in its sole discretion at any time.

7. Application, Binders and Policies

7.1 MGA shall be responsible for all policies entrusted to MGA, whether issued or not, and shall issue policies only in accordance with the terms of this Agreement and the rules, regulations, rates, rating plans, and terms included in the Manual and in compliance with all applicable laws.

7.2 MGA shall cause all contracts of insurance which are affected pursuant to this Agreement to be properly evidenced by written policies or endorsement upon forms authorized by the Company and which are in compliance with all applicable laws.

7.3 MGA shall be responsible for procuring any renewal, extension, or new policy of insurance that may be required by the Company or by any applicable law, and such renewals, extensions, or new policies shall be issued in accordance with the terms of the policies, this Agreement, and all applicable laws.

7.4 MGA is authorized to effect non-renewal or cancellation on binders and policies written pursuant to this Agreement, but such non-renewals and cancellations shall be strictly in compliance with the terms of the policies and all applicable laws. The Company, in its sole judgment and discretion, may review and require the non-renewal or cancellation of any policies written by or through MGA. The Company reserves the right to directly cancel or non-renew any policy or insurance at any time, provided that the Company shall immediately notify MGA and that any such cancellation and/or non-renewal shall comply with Title 5, Subtitle C, Chapter 551 of the Texas Insurance Code and corresponding regulations.

7.5 MGA shall provide, at the Company's request, evidence of any or all insurance written, modified, or terminated, including, without limitation, exact copies of all applications, binders, daily reports, monthly reporting forms, and endorsements issued by or through Authorized Agents.

7.6 MGA shall be responsible for, shall maintain originals of, and shall keep accurate and separate records relating to all policies written by or through MGA on the Company's behalf, and MGA shall account to the Company, upon Company's request, for all outstanding and unused policy supplies. All unused policies, supplies, and forms of every kind furnished to MGA by the Company shall always remain the property of the Company and shall be surrendered to the Company upon the Company's demand.

8. Compensation

8.1 For the Administrative Services described in Section 3 of this Agreement, the Company shall pay to MGA the fees and rates set forth in Schedule II to this Agreement, which may be amended from time to time by mutual agreement of the parties.

8.2 For the Underwriting Services provided by MGA in this Agreement, the Company shall pay to MGA for all authorized business placed with the Company under this Agreement the commissions and fees at the rates set forth in Schedule III to this Agreement, which may be amended from time to time by mutual agreement of the parties.

8.3 Commission will be reduced in the event the Company writes business directly with other agents or brokers not appointed through MGA. The reduction of commissions will be equal to the commission the Company pays directly to agents or brokers.

8.4 Agency shall not be required to return, as commission or return commission, monies greater than the total commission paid or otherwise payable to MGA.

9. Accounting and Remittance

9.1 Unless otherwise directed in writing by the Company, MGA and Authorized Agents shall be responsible for the collection of all premiums, fees, and monies on business written by the Company hereunder.

9.2 All premiums, less MGA's commissions, received by MGA and Authorized Agents for business written by the Company hereunder, whether before or after termination of this Agreement, shall be held in a fiduciary capacity as trustee for the Company.

9.3 MGA shall maintain and keep current a set of books and records relating to the business written pursuant to this Agreement. Such books and records shall be separate from all other books and records of MGA and shall accurately show the status of its accounts with the Company, and each Authorized Agent appointed hereunder, and shall be open for inspection, audit, and copying at any reasonable time by representatives of the Company or examiners for the Texas Department of Insurance. Such records shall be maintained for no less than five (5) years or until the completion of a financial examination of such records by the Texas Department of Insurance, whichever period is longer.

9.4 MGA shall, on all business placed by MGA and Authorized Agents and accepted by the Company, render to the Company on a monthly basis an itemized statement ("Agent's Report"), which statement shall be forwarded to the Company on or before the fifteenth (15th) day of the close of each month for which business is reported. The Company and MGA may agree to extend this deadline; however, the Agent's Report must be received by the Company no later than

sixty (60) days from the close of the month for which business is reported. Such Agent's Report shall reflect business placed by MGA with the Company during the preceding month and shall include, without limitation, the following information:

- a) Net written and earned premium for the month;
- b) Commissions, thereon;
- c) Unearned premium at the end of the month;
- d) Premiums and policy count by program and major line of business;
- e) Paid losses and loss adjustment expense for the month;
- f) Outstanding losses and loss adjustment expenses outstanding at the end of the month;
- g) New claims by program and major line of business;
- h) A listing of losses, both open and closed (in the preceding month) by policy and claim including the coverage code for each claim and its status, loss reserves, and loss reserve changes by program and major line of business; and
- i) Fees for Administrative Services and Underwriting Services.

Such Agent's Report shall be maintained by the Company for not less than three (3) years and will be made available to the Texas Department of Insurance for review, as required by law. MGA, upon request and at the expense of MGA, shall render detail on a policyholder name and policy number basis to support the information contained in the Agent's Report.

9.5 MGA shall use its best efforts to provide the Company prior to the 15th day of each month preliminary information with respect to each of the items to be included in the Agent's Report for the preceding month.

9.6 All premium monies collected by MGA, less commissions and claims paid, shall be held in trust in a premium trust account or accounts for the Company until payment is made to the Company. All funds deposited shall be held in a bank which is a member of the Federal Reserve System having equity capital (as shown on such bank's latest quarterly report of condition filed with its primary federal regulatory MGA) of not less than \$100 million and in accounts which are insured by the Federal Deposit Insurance Corporation. Such accounts shall be established and maintained in accordance with all laws, rules and regulations of the State of Texas and any requirements of the Company. The interest on such premium accounts shall be the property of MGA.

9.7 MGA shall not mingle any premium funds with any personal or business accounts, other MGA funds, or funds held in any other capacity. The accounts and records of MGA shall be kept in such a manner and form generally recognized as acceptable in the insurance industry and as may be reasonably required by the Company.

9.8 MGA shall remit to the Company on a monthly basis within thirty (30) days from the end of the month in which coverage is written the following:

- a) Net collected premium during the month; less
- b) Commissions, less
- c) Claims Paid.

The positive balance of (a) less (b) less (c) shall be remitted by MGA to the Company with the Agent's Report. The Company and MGA may agree to extend this deadline; however, funds must be received by the Company no later than ninety (90) days from the close of the month for which coverage is written. Any balance shown to be due MGA shall be remitted by the Company as promptly as possible after receipt and verification of the Agent's Report, but not later than ninety (90) days after the end of the month in which such coverage is issued.

9.9 MGA hereby grants to the Company a security interest in all expirations of business placed with the Company pursuant to this Agreement. Such grant of security interest is without warranty by MGA as to the actual ownership of such expirations by MGA; it being acknowledged that actual ownership of policy expirations may be the property of the local producing agent.

9.10 MGA will be responsible for the collection of premiums resulting from audits on canceled policies or on audits of policies not renewed by MGA.

9.11 MGA shall refund ratably to the Company, on business placed with the Company, commissions on canceled policies and on reduction in premiums at the same rate at which such commissions were originally retained or paid.

9.12 MGA may not offset balances due under this contract with any balances due under any other contract.

10. Claims

10.1 The Company delegates to the MGA claims handling authority for all claims adjusting, setting of loss reserves, and settlements. The payment of all loss and loss adjustment expenses shall be handled pursuant to Schedule IV, as the Company and MGA may amend by mutual agreement from time to time. The Company retains final authority over disputes regarding claims settlements and setting of reserves. Notwithstanding the provisions of Paragraph 5.9, MGA may delegate all or a portion of its claims handling authority without the written consent of the Company.

10.2 Upon determination that a claim involves (a) a coverage dispute, (b) a demand in excess of policy limits, or (c) allegations of bad faith, violations of the Texas Deceptive Trade Practices Act, or violations of the Texas Insurance Code Article 21.21, MGA shall report such instance to the Company within thirty (30) days of the determination. Upon receipt of notices that a suit of any type (coverage dispute, excess of policy limits, bad faith, violation of Deceptive Trade Practices Act, or any violations of Texas Insurance Code, Chapter 541) has been filed against the Company, MGA shall immediately give notice to the Company within forty-eight (48) hours after receipt of notice of such suit, which notice shall be accompanied by a copy of such suit.

10.3 MGA has claims settlement authority with a maximum dollar amount of such authority, per claim, which in no event shall exceed 1.0% of the Company's policyholder surplus as of December 31st of the last completed calendar year, or \$30,000, whichever is greater as outlined in TEX ADM Code §19.1204(b)(17). Any settlement above this amount must be pre-approved by the Company.

10.4 MGA shall submit all electronic claim files in a timely manner by not more than 15 days after the end of each month.

10.5 All Loss Adjustment Expenses shall be paid by the Company according to Schedule IV and Schedule V, as the Company and MGA may amend by mutual agreement from time to time.

11. Expenses Other than Loss Adjustment Expenses

11.1 MGA Expenses. Except as otherwise provided in this Agreement, MGA shall pay all expenses incurred by MGA in connection with the underwriting, production, marketing, and servicing of the policies and claims administration, including but not limited to the following:

- a) Printing of proposals, policy jackets, contracts of insurance, endorsements, cancellation notices, premium notices, records and reports, and all other documents required to fulfill the obligation of MGA under this Agreement;
- b) Advertising and public relations expenses authorized by MGA;
- c) MGA's general office expenses, including rent, salaries and benefits, utilities, data processing costs, transportation, furniture, fixtures, equipment, supplies, telephone, postage, and other general overhead expenses;
- d) Company's financial reporting and accounting related to programs written under this Agreement, including but not limited to general ledger accounting, financial statements, and MGA audits;
- e) Fees paid to independent contractors retained by MGA, licensing fees of MGA, commissions to Authorized Agents (unless agents are appointed directly with Company); and
- f) Any other expenses associated with underwriting business on behalf of the Company and any other MGA expenses of whatever kind or description.

11.2 Company's Expenses. The Company shall pay directly all charges and expenses directly attributable to Company's operations, including but not limited to the following: Board

and Bureau fees; guarantee funds assessments and other assessments for, or based on, business written pursuant to this Agreement; premium taxes and any other assessments levied by a state or local governmental authority on business written hereunder; cost of reinsurance; legal and auditing expense, statutory financial reporting, regulatory compliance reporting, actuarial fees, banking fees, investment fees incurred at the direction of the Company, and any other reports or investigations initiated or required by Company.

12. Term and Termination

12.1 This Agreement is effective as of the Effective Date and shall continue to be effective until terminated in accordance with the terms of this Agreement.

12.2 This Agreement may be terminated without cause by the Company on or after three (3) years from its Effective Date in compliance with the notice and renewal provisions of Article 21.11-1 of the Code, or at any other time by mutual agreement of the parties.

12.3 Notwithstanding any provision contained in this Agreement to the contrary, either party may terminate this Agreement for cause on failure of the other party to comply with any provision of this Agreement (a "default") after giving the other party written notice of the alleged default and a reasonable time (not less than thirty (30) days or more than (6) months) to cure such default; provided that the right to cure a default shall not apply to the following, and termination shall be effective immediately upon the giving of such notice:

- a) Failure by MGA to pay premiums to the Company within the time set forth in this Agreement;
- b) Failure by MGA to deliver to the Company an Agent's Report within the time set forth in this Agreement;
- c) Revocation of a license necessary to a party's performance hereunder;
- d) Issuance of a final, non-appealable, restraining order, injunction, or other order by a governmental authority having proper jurisdiction which prohibits a party from carrying out this Agreement;
- e) Any party filing or becoming the subject of a petition seeking protection or satisfaction of debts under the bankruptcy, receivership or creditor's rights laws of the party's domiciliary state or country;
- f) At the option of the Company, the transfer or attempted transfer of a controlling interest in MGA without first obtaining the Company's consent.

At the Company's option, the Company may suspend any or all authority of MGA during the pendency of any material default of MGA, any dispute regarding any material default of MGA, or during any period, if any, allowed to cure any such material default. Any exercise by the Company of its rights under this provision to suspend any and all authority of MGA shall not be considered a default under the terms of this Agreement.

12.4 All power and authority of MGA granted under the terms of this Agreement shall cease upon termination of this Agreement.

12.5 In the event of termination of this Agreement when MGA is not in default and has accounted for and paid over to the Company all monies for which MGA is liable, then the Company shall permit MGA to retain all records of the business written pursuant to this Agreement, as well as use and control of expirations on the business written pursuant to this Agreement subject to any prior agreements with local producing agents regarding such policy expirations. In the event that MGA is in default under any provision of this Agreement and MGA has not cured such default within the time specified in Section 12.3, above, all records relating to the business written pursuant to this Agreement shall be vested in, returned immediately to, and become the exclusive property of the Company.

12.6 All software programs that are developed by MGA remain the property of MGA. In the event proprietary data of the Company has been collected and stored by MGA on behalf of the Company, such data shall remain the property of the Company.

12.7 Upon termination of this Agreement, MGA shall immediately cause to be delivered to the Company all property of the Company, including, without limitation, unused drafts, policies, manuals, forms, and where applicable, all records, including those related to expirations.

13. Indemnity

13.1 The Company ("indemnifying party") agrees to indemnify, defend, and hold harmless the MGA from and against any and all claims, demands, monetary losses, judgments, and expenses (including reasonable attorneys' fees and costs of court) to MGA caused by the Company's failure to timely fund claims and/or authorized expenses. This section is intended to protect MGA from the homeowner property losses/claims which are expected to arise from the insurance policies placed in this Program and which the Company accepts the risk therefore by taking premiums.

13.2 MGA ("indemnifying party") agrees to indemnify, defend and hold harmless the Company ("indemnified party") from and against any and all claims, demand, monetary losses, judgments and/or expenses (including reasonable attorneys' fees and costs of court) to the Company caused by the MGA or Agents:

- a) Placing any insurance that is not authorized by this Agreement or the Manual.
- b) Negligent claims handling including, but not limited to, monies paid out for extra-contractual exposure.
- c) Premium monies not properly accounted for or turned over to the Company due to any negligence or omission of the Agent and/or its employees or subagents.
- d) Fraud or embezzlement of the MGA, Agents, and/or their employees or subagents.

The MGA/Agent will procure any error and omission insurance to cover items (a) and (b) above.

14. Statistical Data

14.1 MGA shall furnish, or cause to be furnished, to the Company as soon as practicable after the close of each of the respective periods indicated in this section (in such formats as may

be agreed to by the parties) reports showing the statistical data set forth in this section in respect of the business written hereunder.

14.2 Monthly, with the data segregated by major lines, the following information shall be provided:

- a) Net premiums written (gross premiums less returns during the month) and unearned premium at the end of the month.
- b) Net losses paid (gross losses less salvages and other recoveries) and adjustments expenses paid during the month and loss reserves outstanding at the end of the month.

14.3 Annually, with the data segregated by major lines, the following information shall be provided:

- a) Annual summaries of net premiums written, during the year in such form so as to enable the Company to record such data in its annual statement. In force and unearned premium aggregated as to advance premiums, premiums running twelve (12) months or less from the inception date of the policy, and premiums running more than twelve (12) months or less from the inception date of the policy in such form as to enable the Company to record such data in its convention annual statement.
- b) Annual summaries of net premiums for property business written by geographical location within Texas in such form as to enable the Company to record such premiums in its annual report to the Texas Catastrophe Property Insurance Association.

14.4 Periodically, with the data segregated by major lines, the following information shall be provided:

- a) Statistical or other data as may be required from time to time by regulatory authorities.
- b) Statistical or other data as may be requested from time to time by the Company.

15. Errors and Omissions Insurance

15.1. MGA hereby agrees to maintain in full force and effect during the term of this Agreement a policy (or policies) of Errors and Omissions Insurance, issued by an insurer rated no less than "A-" by A. M. Best Company, which afford(s) coverage in the minimum amount of \$5,000,000, with a deductible not to exceed \$50,000. When MGA's in-force gross written premium with the Company exceeds \$25,000,000, MGA agrees to a reasonable increase in the amount of Errors and Omissions Insurance as determined by the Reinsurer, taking into consideration other amounts of in-force annual written premium in excess of \$25,000,000. Such Errors and Omissions Insurance shall be maintained by MGA at their sole cost and expense and shall be primary and non-contributing coverage over any valid and collectible insurance available to the Company and Reinsurer. MGA shall immediately provide notification to the Company and

Reinsurer in the event of a lapse of the insurance coverages and shall furnish proof of such insurance at the inception of this Agreement and at each subsequent renewal.

16. Audit

16.1 The Company shall audit MGA's records and systems related to the performance of this contract annually. Audits shall be at the Company's expense and may focus on claims procedures, timeliness of claims payments, timeliness of premium reporting and collection, compliance with underwriting guidelines and reconciliation of policy inventory. Results of such audits will be shared with MGA and corrective measures, if any, put in place. Audit results may also be made available to the Commissioner for review and remain on file with the Company for at least three (3) years.

16.2 If the Company's aggregate premium volume increases by 30% in any 30-day period, the Company shall cause an examination to be conducted within 90 days of any Texas MGA that writes more than 20% of an insurer's volume and that has experienced an increase of 20% in premium volume during the same 30-day period as outlined in TEX. ADM. CODE §19.1204(b)(19)(C).

17. Arbitration

17.1 As used in this paragraph the following terms have the indicated meanings:

- a) "AAA" means the American Arbitration Association (or any successor thereto).
- b) "Claim(s)" means all claims by either party hereto against the other (including any claims with respect to the interpretation or validity of this Agreement, the existence or scope of any duties owed hereunder or thereunder, whether or not any such duties have been performed or breached in any circumstances, or the extent or enforcement of any property rights created hereunder or thereunder or subject hereto or thereto).
- c) "Disputed Matters" means all Claims, all defenses against any Claims, and all controversies relating thereto.
- d) "Chosen Arbitrator" means the arbitrator selected by the party.
- e) "Drawn Arbitrator" means one of the persons listed in Attachment "A".

17.2 If either party hereto ever desires to assert a Claim against the other, the party asserting such Claim will give written notice thereof to the other party. During the five (5) business day period following receipt of such notice by the other party, both parties will discuss such Claim and the validity thereof. If the parties cannot come to an agreement about such Claim by the end of such period (as such period may be extended by mutual agreement), then within fifteen (15) days after the end of such period either party hereto shall submit such Claim and all Disputed Matters in any way related thereto to arbitration under the procedures in this paragraph.

17.3 All Disputed Matters shall be resolved by arbitration conducted by three (3) arbitrators in accordance with this paragraph and, to the extent not in conflict herewith, the Commercial Arbitration Rules of the AAA then in effect. Each such chosen arbitrator must be independent and impartial and have at least ten (10) years of experience in the property and

casualty insurance business or managing general agency business. Within ten (10) days after the sending and receipt of a notice invoking arbitration as provided in subparagraph 14.2, each party hereto shall specify (by notice to the other) the name and address of an arbitrator. If a party has made a specification but has not received notice of a similar specification by the other party, then the party which has made a specification shall give notice to the other party that it has not received a specification from the other party. If the other party does not act to specify its arbitrator within an additional seven (7) days after the giving of such notice, the party who has made its specification may appoint the second arbitrator in place of the party who has failed to do so. Within fifteen (15) days after the first two (2) arbitrators have been appointed, they shall select the third arbitrator. If a third arbitrator has not been selected within such period, the third arbitrator will be randomly drawn in front of the parties' representatives from a list of arbitrators/mediators attached hereto as Exhibit "A".

17.4 Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, provide the other with copies of documents relevant to the issues raised by the Disputed Matter. Other discovery may be ordered by the arbitrators to the extent they deem relevant and appropriate, and any dispute regarding discovery, including disputes as to the need, the relevance, or scope thereof, shall be determined by the arbitrators, whose determination shall be conclusive. Unless both parties hereto agree otherwise, all arbitrations hereunder shall be held in The Woodlands, Texas.

17.5 Each party hereto shall proceed expeditiously with any such arbitration and shall conclude all proceedings thereunder, including any hearing, in order to allow a decision based on applicable law to be rendered within ninety (90) days after the appointment of the third arbitrator. The decision of any two (2) such arbitrators on the issues before them shall be final. Any award or order so decided may be enforced in any court having personal jurisdiction over the party against whom enforcement is sought. Each party shall bear its own expenses, including attorneys' fees and expenses or arbitration, in connection with any such arbitration. The fees of all three (3) arbitrators shall be totaled together and each party shall owe one-half of such cost at the conclusion of the arbitration.

17.6 Although the foregoing arbitrations shall be conducted under the rules of the AAA, the AAA itself shall not conduct such arbitrations, nor shall such arbitrations be considered under the auspices of the AAA, nor shall any fee be due to the AAA.

17.7 The arbitrators shall render their decision in accordance with the substantive laws of the State of Texas and the facts, rights, and duties established by this Agreement. The arbitrators are not empowered to award consequential, punitive or exemplary damages on any Claim, and EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO RECOVER PUNITIVE OR EXEMPLARY DAMAGES ON ANY CLAIM, SAVE AND EXCEPT INSTANCES OF FRAUD OR EMBEZZLEMENT BY EITHER PARTY.

17.8 The arbitration process shall be kept confidential and such conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose.

18. Notification of Material Changes

18.1 MGA must notify the Company in writing within 30 days if there is a change in:

- a) Ownership of 10% or more of the outstanding stock of the MGA;
- b) Any principal officer of the MGA; or
- c) Any director of the MGA.

19. Entire Agreement

19.1 This Agreement sets forth the entire understanding between the parties and supersedes any and all prior agreements, whether written or oral, between the parties hereto.

20. General

20.1 The Company has no right of control over MGA as to the time, means, or manner of their performance of this Agreement, and nothing contained in this Agreement shall be construed to create the relationship of employer and employee between the Company and MGA, or any employees, representatives, or agents of MGA, or between the Company and any Authorized Agent.

20.2 MGA shall abide by all the limitations, warranties, restrictions, and terms contained in any reinsurance agreements put in place with or for the benefit of the Company, so long as MGA has been notified and provided with true and accurate copies of such agreements.

20.3 Except as otherwise provided in this Agreement, all changes to this Agreement shall be mutually agreed upon by the parties hereto in writing and shall state the effective date of such amendment or change.

20.4 All notices or other communication under this Agreement shall be in writing and shall be deemed given if (i) delivered to the addressee in person with written receipt of delivery; (ii) sent by an internationally recognized courier; or (iii) sent by facsimile in conjunction with one of the other approved methods of notice to the party at the address listed below or at such other address as may from time to time be furnished, and in each such event, effectively only upon actual receipt.

If to MGA: TWFG General Agency, LLC
10055 Grogans Mill Road, Suite 500
The Woodlands, TX 77380
Attention: RICHARD F BUNCH III
Telephone: (281) 367-3424
Facsimile: (281) 298-8626

If to the Company: The Woodlands Insurance Company
10055 Grogans Mill Road, Suite 500
The Woodlands, TX 77380
Attention: RICHARD F BUNCH III
Telephone: (281) 367-3424

Facsimile: (281) 298-8626

20.5 All section headings in this Agreement are intended for convenience only and shall not control or affect the meaning, construction, or effect of this Agreement or any other provisions of this Agreement.

20.6 This Agreement shall be binding upon and inure to the benefit of MGA and the Company as well as their representatives, successors and permitted assigns.

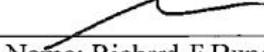
20.7 If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible, and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and all other respects of this Agreement shall remain in full force and effect; provided, however, that if any such provision may be made enforceable by limitation thereof, then such provisions shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

20.8 The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided in this Agreement or by applicable law.

20.9 This Agreement has been made pursuant to and shall be governed by and construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

THE WOODLANDS INSURANCE COMPANY

By: 
Name: Richard F Bunch, III
Title: President

TWFG GENERAL AGENCY, LLC

By: 
Name: Richard F Bunch, III
Title: President

EXHIBIT "A"

List of arbitrators to be randomly drawn per Section 17 of the Agreement:

Terry Fry
3555 Timmons Lane
Suite 1705
Houston, Texas 77027-6438

Katie Kennedy Former District Court Judge
4208 Sunset
Houston, Texas 77005-1908

Jerry Hoover
1700 West Loop South
Suite 1250B
Houston, Texas 77027-3006
(713) 622-0650

SCHEDULE I

To the

**AMDNED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION
AGREEMENT**

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

The MGA is authorized as follows:

Authorized Coverages: Homeowners

Applicable States: Texas

Maximum Annual Net Written Premium Production: \$100,000,000.00 or to the extent permitted by applicable law or regulation. The Company has sole authority to restrict the amount of Net Written Premium which may be produced by MGA hereunder at any time upon thirty (30) days advance written notice.

SCHEDULE II

To the

**AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION
AGREEMENT**

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

COMPENSATION FOR ADMINISTRATIVE SERVICES

MGA shall receive the following compensation for the Administrative Services described in Section 3 of this Agreement:

Direct reimbursement for actual expenses incurred or allocated.

This Schedule may be amended at any time with written consent of MGA and Company.

SCHEDULE III

To the

**AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION
AGREEMENT**

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

COMPENSATION FOR UNDERWRITING SERVICES

Commission Applicable to New and Renewal Business for MGA Services:

Company and MGA agree to the following commission schedule for the Underwriting Services described in this Agreement with respect to Company's new and renewal business.

MGA shall retain 25% of the Company's net collected premium as commission for its Underwriting Services under this Agreement, as set forth in the table immediately below. Such commission shall be based upon net collected premium due and payable by Company to MGA on a monthly basis pursuant to the terms of this Agreement.

Commissions will be paid to MGA on a monthly basis.

All policy and billing fees shall belong to MGA.

PROFIT SHARING ARRANGEMENT

The Company and MGA shall, no less than every twelve (12) months commencing as of the Effective Date of this Agreement, effectuate a profit sharing distribution for the profits which may be earned by the MGA pursuant to this Agreement. The formula for calculating the profits and the distribution of the profits to the Company and MGA shall be in accordance with the profit sharing arrangement. The allocations and formula for the profit sharing calculation and distribution shall be determined by the Company, in its sole discretion. The formula for the profit sharing calculation and distribution shall be based upon statutory underwriting profits. The MGA shall be entitled to receive five percent (5%) of such statutory underwriting profits, and subject to prior approval from the Texas Department of Insurance, or any other approvals which may be required in each state where the company transacts business, such greater amount of statutory underwriting profits as determined by the Company.

This Schedule may be amended at any time with written consent of MGA and Company.

SCHEDULE IV

To the

**AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION
AGREEMENT**

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

Loss Adjustment Expenses

1. Payment of "Loss Adjustment Expense."

The Company shall be responsible to pay all Loss Adjustment Expenses. For purposes of this Agreement, Loss Adjustment Expense(s) shall mean any expense, internal and external, which is chargeable or attributable to the investigation, coverage analysis, estimating, adjustment, negotiation, disbursement, settlement, defense or general handling of any Claim(s) or action(s) related thereto, or to the protection and/or perfection of the Company's and/or its insured's right of subrogation, contribution or indemnification. Loss Adjustment Expense(s) includes, but is not limited to, the following:

- a) Attorney's fees and disbursements incurred in connection with the determination of coverage and/or the adjustment, defense, negotiation or settlement of any Claim as well as attorney's fees incurred for representation at depositions, hearings, pretrial conferences and/or trials;
- b) Litigation management expenses and other costs incurred in handling any Alternative Dispute Resolution proceeding ("ADR"), legal actions, including trials or appeals, or in pursuing any declaratory judgment action, including deposition fees, cost of appeal bonds, court reporter or stenographic service fees, filing fees, and other court costs, fees and expenses, transcript or printing costs and all discovery expenses; fees for service of process; and fees for witnesses' testimony, opinions, or attendance at hearings or trial;
- c) Statutory fines or penalties as well as pre and post-judgment interest paid as a result of litigation, unless legal requirements define such interest as indemnity payments;
- d) Fees, salaries and expenses of adjusters and others incurred in the adjustment, negotiation, settlement or defense of any Claim;

- e) Subcontractor's fees and travel expenses, including but not limited to automobile and property appraisers, to the extent that same are incurred in the adjustment, negotiation, settlement or defense of any Claim;
- f) Experts' fees and expenses including reconstruction experts, engineers, cause and origin reports, photographers, accountants, economists, metallurgists, cartographers, architects, hand-writing experts, physicians, appraisers and other natural and physical science experts, plus the costs associated with preparation of expert reports, depositions, and testimony;
- g) Fees and expenses for surveillance, undercover operative and detective services or any other investigations;
- h) Fees and expenses for medical examinations, or autopsies, including diagnostic services, and related transportation costs, fees for medical reports and rehabilitation evaluations;
- i) Fees and expenses for any public records, medical records, credit bureau reports, and other like reports;
- j) Fees and expenses incurred where MGA determines it is reasonable to pursue the rights of contribution, indemnification or subrogation of the Company and/or its insured, including attorney and collection agency fees and/or expenses;
- k) Fees and expenses for maintaining records, general clerical, secretarial, office maintenance, occupancy costs, utilities, computer maintenance, supervisory and executive duties, supplies and postage;
- l) Fees, salaries and expenses for adjusters, appraisers, private investigators, hearing representatives, reinspectors, fraud investigators and others, if working in defense of a claim;
- m) Any other expenses incurred by MGA and approved by Company in connection with the adjusting, recoding and paying of claims which are not otherwise payable under this Agreement. MGA shall not make any determination that any Expense incurred pursuant to this Agreement is a Loss Adjustment Expense. Company agrees that it is responsible for determining if an Expense incurred pursuant to this Agreement is a Loss Adjustment Expense.

SCHEDULE V

To the

AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

Fee Schedule

The following fee schedule shall apply to certain claim services provided by MGA or MGA's designee:

FNOL	<i>Actual Incurred</i>
3rd Party Field Adjusting Fees - Gross Loss	
Daily (Non-CAT)	<i>Actual Incurred</i>
CAT - Named Storm (Category 1-5)	<i>Actual Incurred</i>
Internal Field Adjusting Fees - Gross Loss	
Daily (Non-CAT) \$0 - \$20,000	\$ 450.00
Daily (Non-CAT) \$20,001 - \$50,000	\$ 750.00
Daily (Non-CAT) \$50,001+	2% of Gross Loss (\$1,000 min)
CAT \$0 - \$20,000	\$ 850.00
CAT \$20,001 - \$50,000	\$ 1,200.00
CAT \$50,001+	2% of Gross Loss (\$1,200 min)
Specialty Claims	
Claim Withdrawn at Initial Contact	\$ 150.00
Casualty Non-Litigated & Litigated	\$ 1,200.00
Other Fees	
Desk Adjusting Fee	\$ 350.00
Allowable Overhead Fee	

A. Legal Fees & Expenses

Attorney	\$235-275/hour
Paralegal/Legal Assistant	\$125/hour
Legal Costs, Expenses & Fees	Actual incurred

This Fee Schedule may be amended at any time with written consent of MGA and Company.

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Richard F. Bunch III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TWFG, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

By: /s/ Richard F. Bunch III
Name: Richard F. Bunch III
Title: Chief Executive Officer

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Janice E. Zwinggi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TWFG, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2025

By: /s/ Janice E. Zwinggi
Name: Janice E. Zwinggi
Title: Chief Financial Officer

Certification of the Chief Executive Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of TWFG, Inc. (the "Company") for the period ended September 30, 2025, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Richard F. Bunch III, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

By: /s/ Richard F. Bunch III
Name: Richard F. Bunch III
Title: *Chief Executive Officer*

Certification of the Chief Financial Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of TWFG, Inc. (the "Company") for the period ended September 30, 2025, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Janice E. Zwinggi, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2025

By: /s/ Janice E. Zwinggi
Name: Janice E. Zwinggi
Title: Chief Financial Officer