



**TWFG**  
INSURANCE

**Q3 2024**





# Legal Disclaimer

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## Forward Looking Statements

This Presentation may contain 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.

You should not rely upon forward-looking statements as predictions of future events. All statements other than statements of historical facts contained in this Presentation, including information concerning our possible or assumed future results of operations and expenses, business strategies and plans, competitive position, business and industry environment and potential growth opportunities, are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on any forward-looking statements in this Presentation. Except as required by law, we disclaim any obligation to update any forward-looking statements for any reason after the date of this Presentation, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Further information on potential factors that could affect the financial results of TWFG Insurance are included in our Registration Statement on Form S-1, as amended (Registration No. 333-280439) and in our other filings with the Securities and Exchange Commission ("SEC"). These documents and others containing important disclosures are available on the SEC Filings section of the Investor Information section of our Web site.

## Industry and Market Information

This Presentation includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys, including from Independent Insurance Agents & Brokers of America, Inc. ("Independent Insurance Agents & Brokers of America") and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"), as well as from filings of public companies in our industry, insurance carrier-provided information and internal company surveys. These sources include industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this Presentation, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

Unless otherwise indicated, throughout this Presentation we reference our relative market positioning and performance as compared to the U.S. property and casualty insurance industry. The industry group metrics are based on the latest date for which complete financial data are publicly available such as a 2022 Future One Agency Universe Case Study containing 2022 industry data conducted by the Independent Insurance Agents & Brokers of America (the "Agency Universe Study").

The information contained in this Presentation is provided as at the date of this Presentation and is subject to change without notice.

## Non-GAAP Financial Measures

In addition to providing financial information based on accounting principles generally accepted in the United States ("GAAP"), this Presentation includes certain financial measures prepared other than in accordance with GAAP, or non-GAAP financial measures, including Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Free Cash Flow. Accordingly, these non-GAAP financial measures should not be considered as a substitute for data prepared and presented in accordance with GAAP and should not be construed as being more important than comparable GAAP measures.

TWFG's management believes these non-GAAP financial measures provide users of our financial statements with additional and useful comparisons of current results of operations with past and future periods. Although we use or have used these non-GAAP financial measures to assess the performance of our business and for other purposes, the use of these non-GAAP financial measures as an analytical tool has limitations, and you should not consider them in isolation, or as a substitute for analysis of our results of operations as reported in accordance with GAAP. In addition, because not all companies use identical calculations, the non-GAAP financial measures included in this Presentation may not be comparable to similarly titled measures disclosed by other companies, including our peers or other companies in our industry. Please see "KPI Information and Non-GAAP Reconciliations" and "Additional Reconciliations" within the Presentation for reconciliations of the non-GAAP financial measures included in the Presentation to our most directly comparable financial measures calculated and presented in accordance with GAAP.

# TWFG At a Glance: 20+ Year Track Record of Independence, Innovation, and Growth In Personal and Commercial Insurance

## Who We Are

We are a **founder-led**, publicly traded (Nasdaq: TWFG), **high-growth**, independent distribution platform for personal and commercial insurance in the U.S.

## What We Do

We **pioneered a distribution and ownership model** that is geared towards flexibility, efficiency, and alignment. We exist to serve our agents and agency principals through our retail and wholesale operations.

## How We Do It

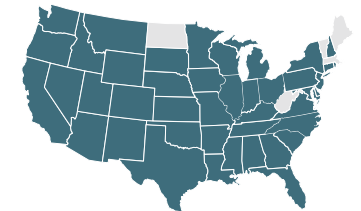
We provide **resources, technology, training, carrier access, and M&A opportunities** to grow and succeed in an increasingly complex market.

## Why We Are Different

**Developed and led by agents, for agents** – we offer a distinctive level of autonomy and entrepreneurial opportunity to our agencies regardless of whether they started with us from scratch or joined us through acquisition.

## Market Leader with Rich Heritage and Scaled, National Platform

**TWFG**  
Nasdaq Listed



**7<sup>th</sup>**

Largest U.S. Personal Lines Agency <sup>(1)</sup>



**23**

Years Of Operating History

**520+**

TWFG Branches <sup>(2)</sup>

**27<sup>th</sup>**

Largest Agency Across All Lines <sup>(1)</sup>

**\$1.4Bn+**

Total Written Premium <sup>(3)</sup>

**2,000+**

TWFG MGA Agencies in 41 States <sup>(2)</sup>

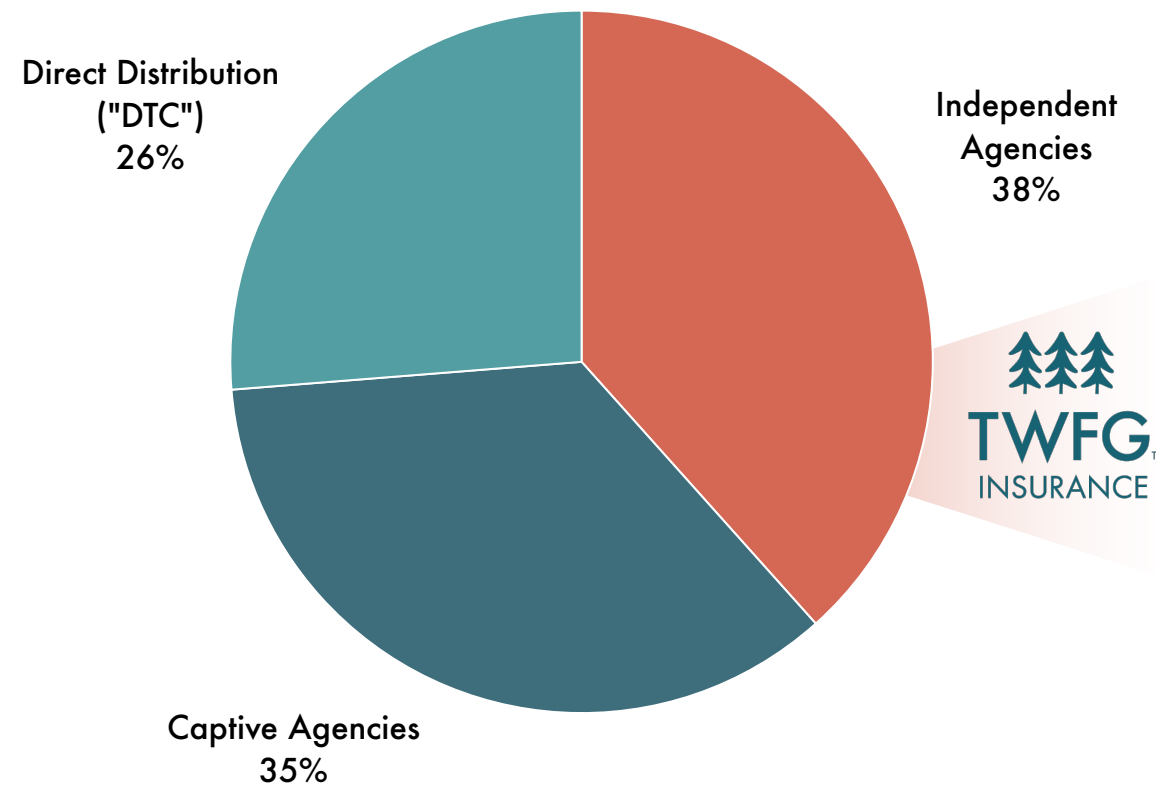
**Multi-Line – Retail – Wholesale – Admitted – Non-Admitted**

**Notes:**

1. Rankings based on revenue per Insurance Journal's 2024 Top 100 Property / Casualty Agencies
2. As of Sept 30, 2024
3. TTM as of Sept 30, 2024

# TWFG's Business Model Was Built to Capture a Shift Away from Captive Distribution

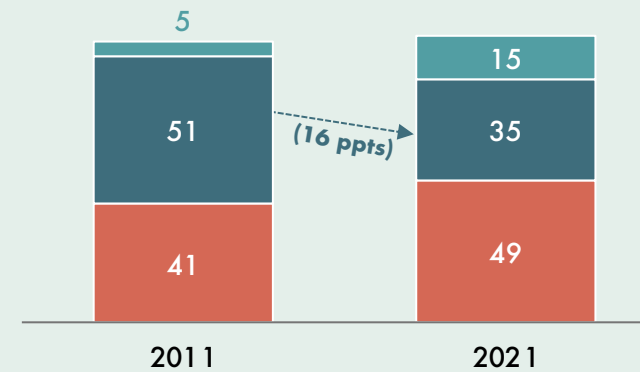
## Large Share of Personal Lines Distribution Is Captured by the Independent Channel ...



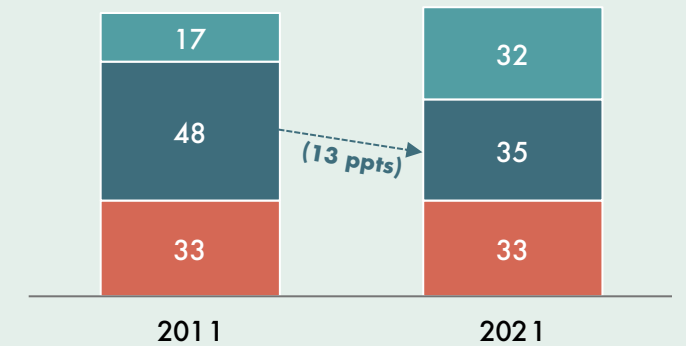
Source: Independent Insurance Agents & Brokers of America

## ... Reflecting a Decade-Long Shift Away from Captive Distribution

Homeowners Premium Mix by Distribution (%)



Auto Premium Mix by Distribution (%)



■ Independent Agencies ■ Captive Agencies ■ DTC

- Accelerating momentum toward the independent channel
- DTC carriers increasingly utilizing independent channel to reach consumers
- Carriers looking to consolidate points of distribution

# TWFG Addresses Key Pain Points Experienced By Captive and Independent Agencies

## Top Challenges Faced by Agencies

Top Issues



Limited product choice



Access to carriers



Changing commission structures



Back-office inefficiencies



Perpetuation planning

TWFG Solutions

Access to a comprehensive suite of products; high degree of autonomy over the direction of business to best address client needs

Access to 300+ insurance carriers, MGAs and programs across admitted and non-admitted markets

Compelling revenue and work share model; no sales quotas, no forced cross-selling

Agency-in-a-Box turnkey solution delivers tools and technology that streamline back-office services and allow agents to focus on sales

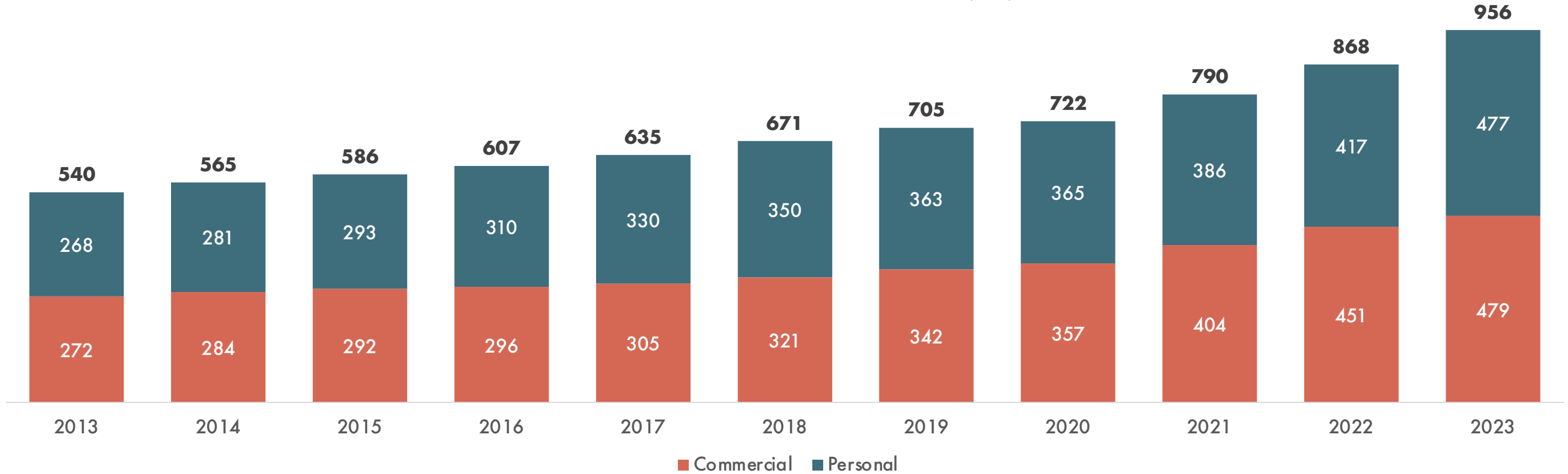
Opportunity to sell or transfer existing books of business enabling a smooth handover of client relationships and a rewarding exit for retiring agents



# TWFG Operates in a Large and Growing Addressable Market

## P&C Insurance Market Exhibits Consistent Growth

P&C Insurance Direct Written Premium Over Time (\$Bn)



**Premium CAGR  
(2013-23):**

**5.9%  
Total P&C**

**5.9%  
Personal Lines**

**5.8%  
Commercial**

Source: S&P Global Market Intelligence

# Differentiated Turnkey Solutions that Enhance and Empower Agencies

## Agency-in-a-Box



### Powerful, Comprehensive and Intuitive AMS

- ✓ Personal lines comparative rater
- ✓ Agency dashboard with dynamic reporting
- ✓ Insurance forms and carrier downloads

### Fully Integrated Marketing Solutions

- ✓ Online marketing content and analytics
- ✓ TWFG branded merchandise and collateral
- ✓ Corporate marketing team support

### Easy to Use Web and App Based Client Tools

- ✓ Easy communication with the client/agent
- ✓ Full-service App and web portals
- ✓ Apple + Android compatibility

### Sales Support

- ✓ Dedicated account executive
- ✓ Optional part-time or full-time service center
- ✓ Ongoing continuing education

### Back Office Support

- ✓ Licensing and contracting
- ✓ Agency bill processing and reconciliation
- ✓ Commission processing

### Other Services

- ✓ Incentives for top producers
- ✓ TWFG National Convention
- ✓ Succession planning



National Platform



Scaled Network

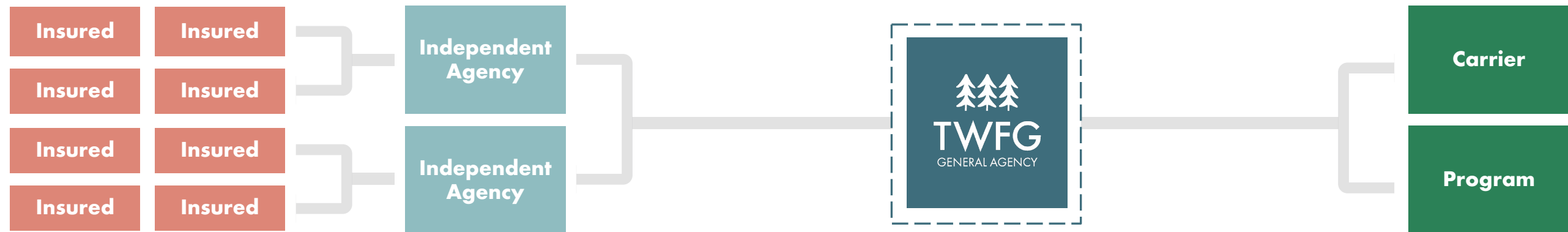


Strategic Partnerships

Access to 300+ National, Regional and Local Insurance Carriers, MGAs and Programs

# Attractive MGA Offering for Agencies Who Wish to Stay Independent

Providing Access to Insurance Carrier Relationships, MGAs and Programs  
Serving 2,000+ Agencies Across 41 States



- ✓ Facilitate placement of risks in both the admitted and E&S markets – often inaccessible by small agencies
- ✓ Allows independent agencies to circumvent minimum volume requirements from certain insurance carriers
- ✓ Expansive product offering that broadens TWFG's specialty capabilities
- ✓ Relationship with TWFG creates pathway for independent agencies to eventually transition into TWFG exclusive agencies

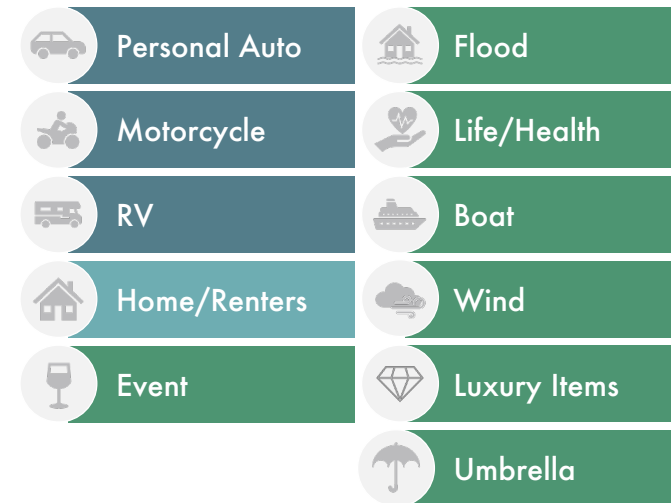


# Our Product Mix is a Function of Our Opportunistic Approach To Adding Talent. We Do Business In Personal, Commercial, Retail, Wholesale, Programs, Admitted, & Non-Admitted Markets

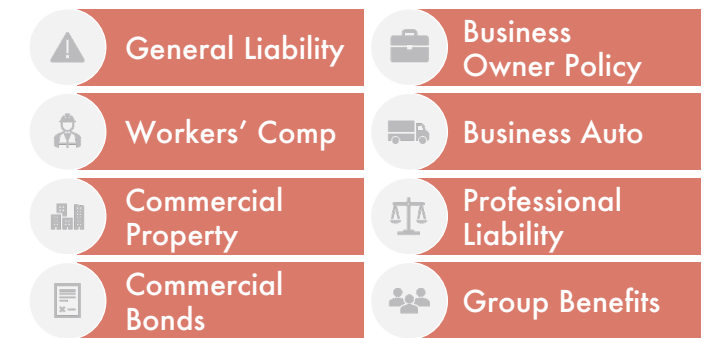
Business mix comprises ~78% Personal Lines and ~22% Commercial Lines (As of 12/31/23)

- Broad product set enabling TWFG agencies to deliver comprehensive coverage for client risks
- Ability to offer in-demand, exclusive programs in certain niches (e.g., catastrophe-exposed property and high value homes)
- Access to admitted and E&S insurance markets through TWFG MGA
- Favorable characteristics of TWFG’s personal and small commercial client base:
  - High demand for insurance protection across all economic cycles
  - Relationships built on long-term trust, resulting in stickiness
  - Evolving risks and increasing complexity require expert guidance

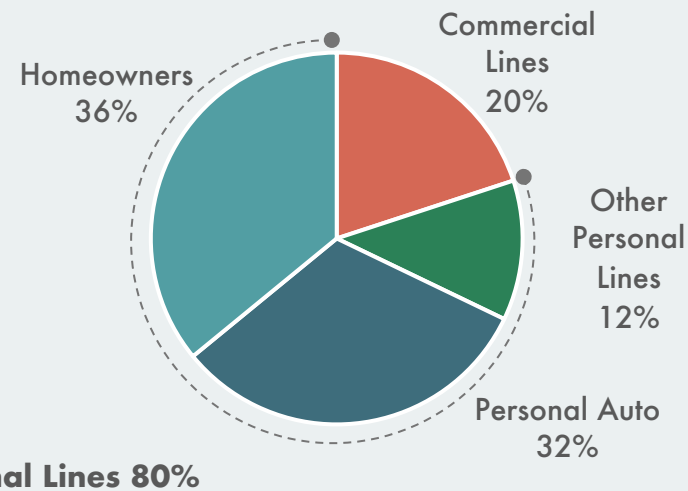
## Personal Lines



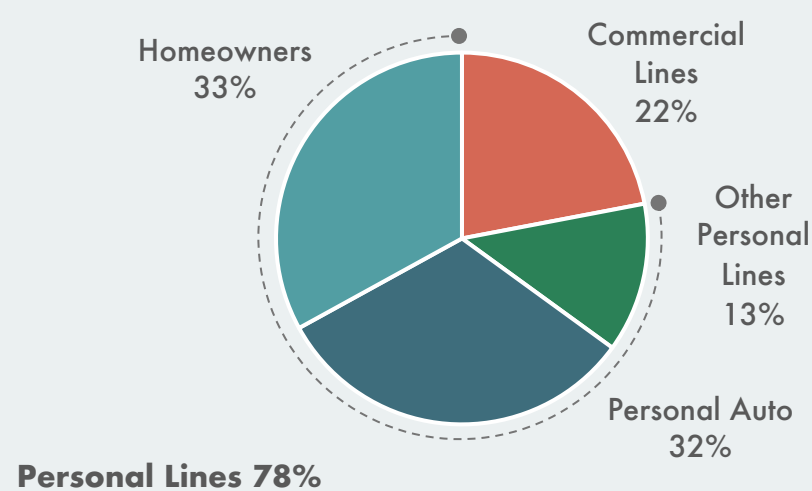
## Commercial Lines



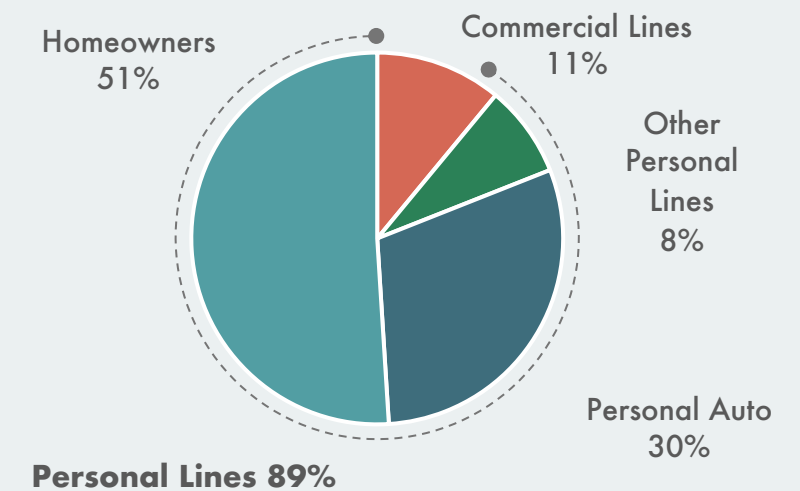
**Consolidated Written Premium Mix**  
By Line of Business (2023)



**Insurance Services Premium Mix**  
By Line of Business (2023)



**TWFG MGA Premium Mix**  
By Line of Business (2023)



# Illustrative Overview of Economic Model

Insurance Services ~80% of total TWFG Revenue		MGA ~20% of total TWFG Revenue
Branches Commission Revenue (~80% of Total Carrier Commissions)	Corporate Branches Commission Revenue	MGA Commission Revenue
Agency-in-a-Box Commission Revenue (~20% of Total Carrier Commissions)		Outbound Commission (variable % of Total Carrier Commissions)
+	+	+
Branch & Other Income		MGA Other Fees
+		+
Contingent Income	Contingent Income	Contingent Income
-	-	-
Corporate Salaries & Other Expenses (Corp. S&E)	Branches & Corp. S&E	Corporate Expenses
=	=	=
TWFG Operating Income	TWFG Operating Income	TWFG Operating Income

Two primary service offerings:

**Insurance Services**

- TWFG recognizes 100% of the commission paid by insurance carriers and remits 80% of the commission revenue to the Branches (retaining 20%)
- Branches are responsible for 100% of their operating expenses and pay a fee to TWFG to cover the costs of technology, E&O coverage and other services provided by TWFG
- TWFG insurance services revenue also includes contingent income and other income (all 100% retained by TWFG)
- For Corporate Branches, TWFG retains 100% of commission revenue and is responsible for 100% of expenses

**Managing General Agency (MGA)**

- TWFG receives 100% of commission revenue and contingent income earned from wholesale & brokerage and underwriting businesses
- TWFG also receives other fees for providing third-party administration (TPA) and brokerage services including policy and software licensing to carriers
- Depending on the terms of an individual MGA agency agreement, MGA may also include outbound commission expense to MGA Agencies

**TWFG does not retain the risks related to any of the underlying insurance contracts placed on behalf of carriers**



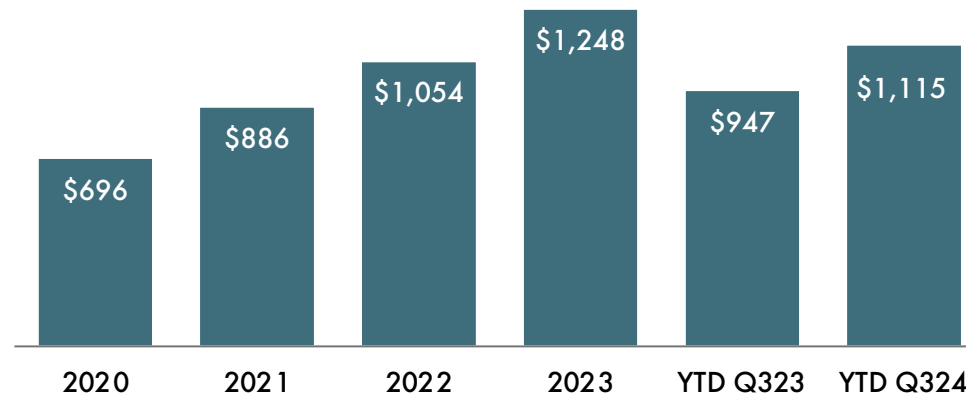
# Compelling Financial Profile with Strong Growth and Profitability

## Strong annual results and trends

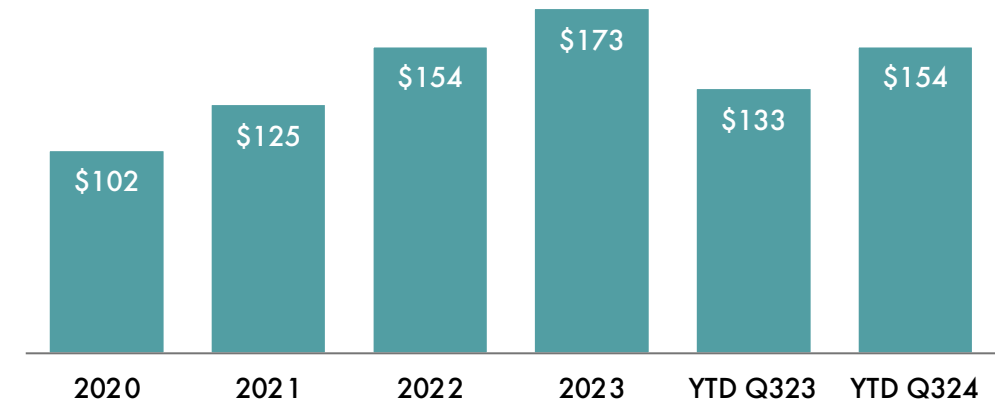


**A Growth Story**

**Total Written Premium (\$MM)**



**Total Revenue (\$MM)**



**Compelling Financial Profile**

**14.5%**  
Total Revenue  
Growth (Q324)

**\$11.7MM**  
Adj. EBITDA  
(Q324) <sup>(1)</sup>

**21.5%**  
Adj. EBITDA  
Margin  
(Q324) <sup>(1)</sup>

**\$11.5MM**  
Adj. Free Cash  
Flow  
(Q324) <sup>(1)</sup>

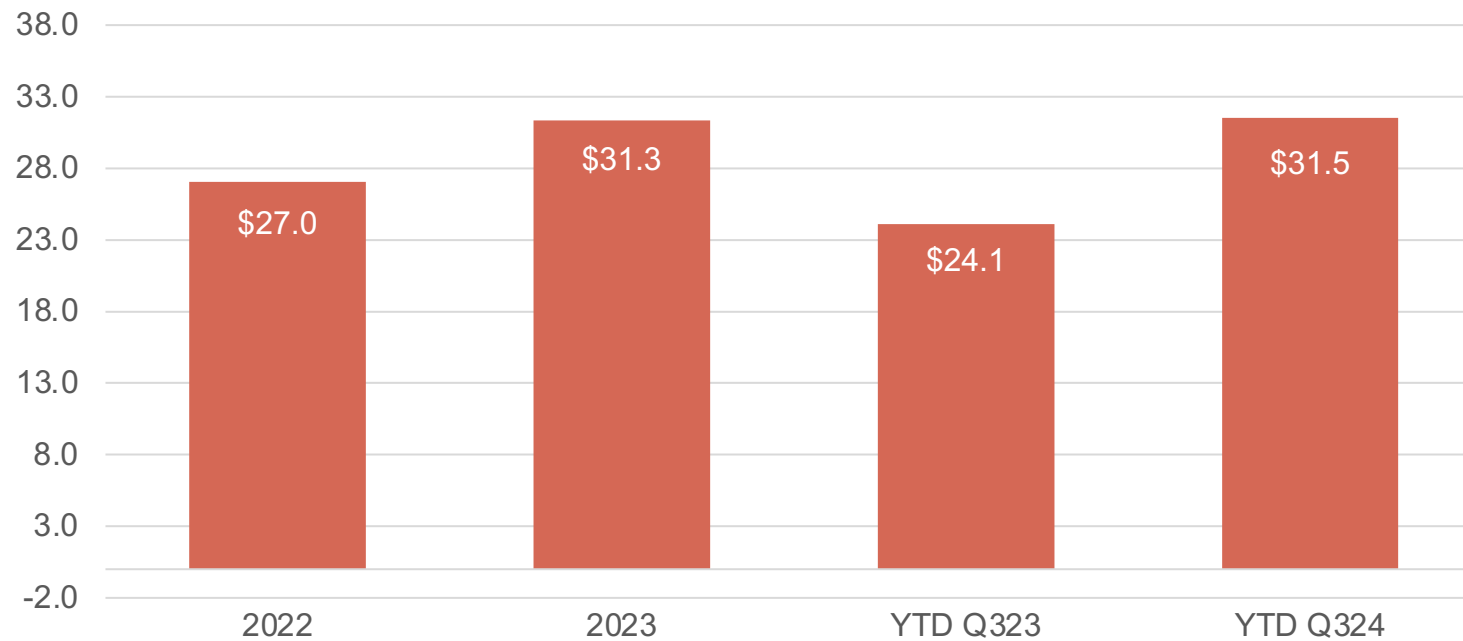
**\$4.5MM**  
Long Term Debt  
(Q324)

**Notes:**

1. Please see "KPI Information and Non-GAAP Reconciliations" for reconciliations of Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Free Cash Flow to their most comparable GAAP measures

# Track Record of Adjusted EBITDA Growth and Margin Expansion

Adjusted EBITDA (\$MM) and Adjusted EBITDA Margin <sup>(1)</sup>



Adjusted EBITDA Margin <sup>(1)</sup>



Drivers of Margin Trajectory

- ~80/20% revenue share model with TWFG Branches is a key driver of margin for the Insurance Services business
- Steady margin expansion historically reflective of:
  - Benefits of scale within Insurance Services and MGA businesses given continued top-line growth
  - Benefits from legacy investments in technology and associated efficiencies
  - Expense reductions related to home office staff and utilization of Philippines operation
- 2024 margin reflects incremental uplift related to branch conversions, offset by onset of public company costs

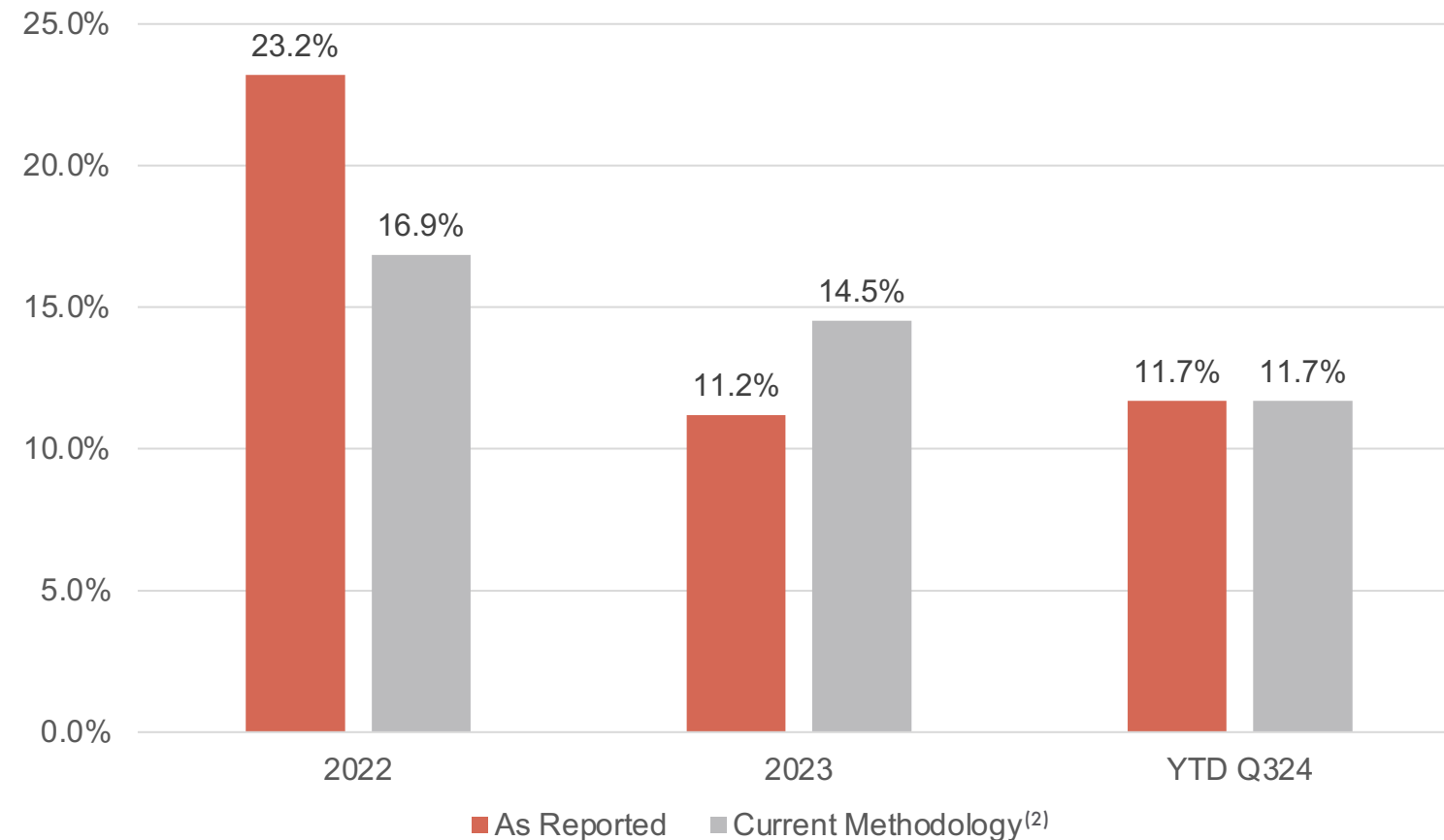
**Notes:**

1. Please see "KPI Information and Non-GAAP Reconciliations" and "Additional Reconciliations" for reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin to their most comparable GAAP measures.



# Consistent Double-Digit Organic Growth over Time

## Organic Revenue Growth <sup>(1)</sup>



## Drivers of Sustained, Double-Digit Organic Growth

- ✓ Shift away from captive distribution
- ✓ Client service model led by experienced agents
- ✓ Diversified product offering
- ✓ Agency-in-a-box
- ✓ Tools and technology
- ✓ Differentiated access to carriers
- ✓ Ability to leverage TWFG MGA
- ✓ Innovative carrier partnerships
- ✓ Track record of hiring top industry talent

Culminating in strong and consistent performance across **retention** and **new business**

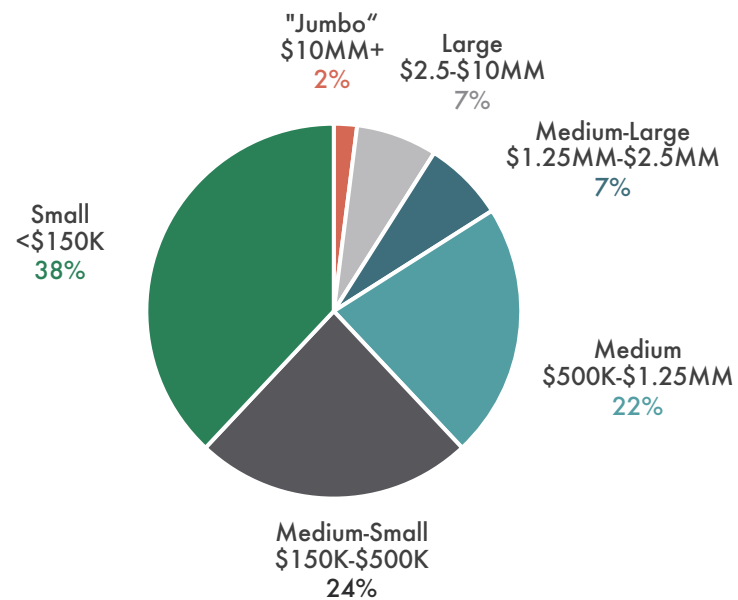
**Organic revenue growth definition based on commission income (including renewal and new business)**

**Notes:**

1. Please see "KPI Information and Non-GAAP Reconciliations" and "Additional Reconciliations" for reconciliations of Organic Revenue and Organic Revenue Growth to their most comparable GAAP measures
2. Reflects the application of enhanced data collected from external sources throughout the periods presented, which improved our assumptions for estimating revenues starting in 2022

# Fragmented Market Creates Additional Growth Opportunities Going Forward

## Acquisition Opportunity by Revenue Size



## SIGNIFICANT PORTION OF U.S. AGENCIES COMING TO MARKET



- **Highly fragmented market** with ~40,000 independent agencies and brokerages in the U.S. as of 2022
- **Demographic tailwinds** accelerate deal flow
- **Excessive leverage** in the system creates opportunities for strong balance sheet acquirers

Industry Maintains a Robust Acquisition Pipeline that is Constantly Replenishing

Source: Big I Agency Universe Study 2022



# TWFG's Scale, Balance Sheet and Disciplined Approach to Acquisitions Positions Us Well for Future Growth

## TWFG Has a Proven Acquisition Track Record

- Successful acquisitions across a **range of specialties and geographies** since inception:
  - Agencies
  - Books of business
  - MGAs
  - Insurance networks
  - Renewal rights
- **Robust acquisition pipeline** with preliminary dialogue across several agencies and potential partners
- **2022 acquisitions** <sup>(2)</sup>: \$7.9 million of capital deployed
- **2023 acquisitions** <sup>(2)</sup>: \$19.4 million of capital deployed
- **2024 YTD acquisitions**: \$40.8 million of capital deployed <sup>(3)</sup>

## Backed By a Strong Balance Sheet and Repeatable Playbook

- **Disciplined and selective** approach to M&A:
  - Cultural compatibility
  - Attractive loss ratios
  - Organic growth
  - EBITDA margin
  - Enhances capabilities
  - Geographic diversification
- Focus on post-acquisition **integration** and **synergies**
- Ability to leverage **TWFG Agency network** as a source of referrals
- Future opportunity to **convert** additional TWFG Agencies into Corporate Branches

**Notes:**

1. Refers to acquisitions in excess of \$0.5 million in annual revenue
2. Figure excludes \$5.2MM purchase of remaining interests in assets of partially owned Corporate Branches in January 2024
3. As of 9/30/23



# Unique Value Proposition to Agency Owners Looking for a Partner

## LONG TERM STABILITY AND INDEPENDENCE

- ✓ Founder led and controlled, yet publicly listed
- ✓ Think in decades, not 3-year “flips”
- ✓ Fiercely independent
- ✓ Low financial leverage
- ✓ Flexible Deal Structures

## ENTREPRENEURIAL OPPORTUNITIES

- ✓ Strong alignment – potential for revenue share, referral fees, and further M&A promotes agency performance
- ✓ Support branch owners’ and branch managers’ growth aspirations

## ACCESS TO CARRIERS AND MGAS

- ✓ Access to and preferred relationships with 7 of the top 10 US personal lines carriers that write with IA<sup>1</sup>
- ✓ Access to and preferred relationships with the 9 of the top 10 US commercial lines carriers
- ✓ Access to over 100 MGAs on the TWFG platform

## SCALED SERVICES PLATFORM

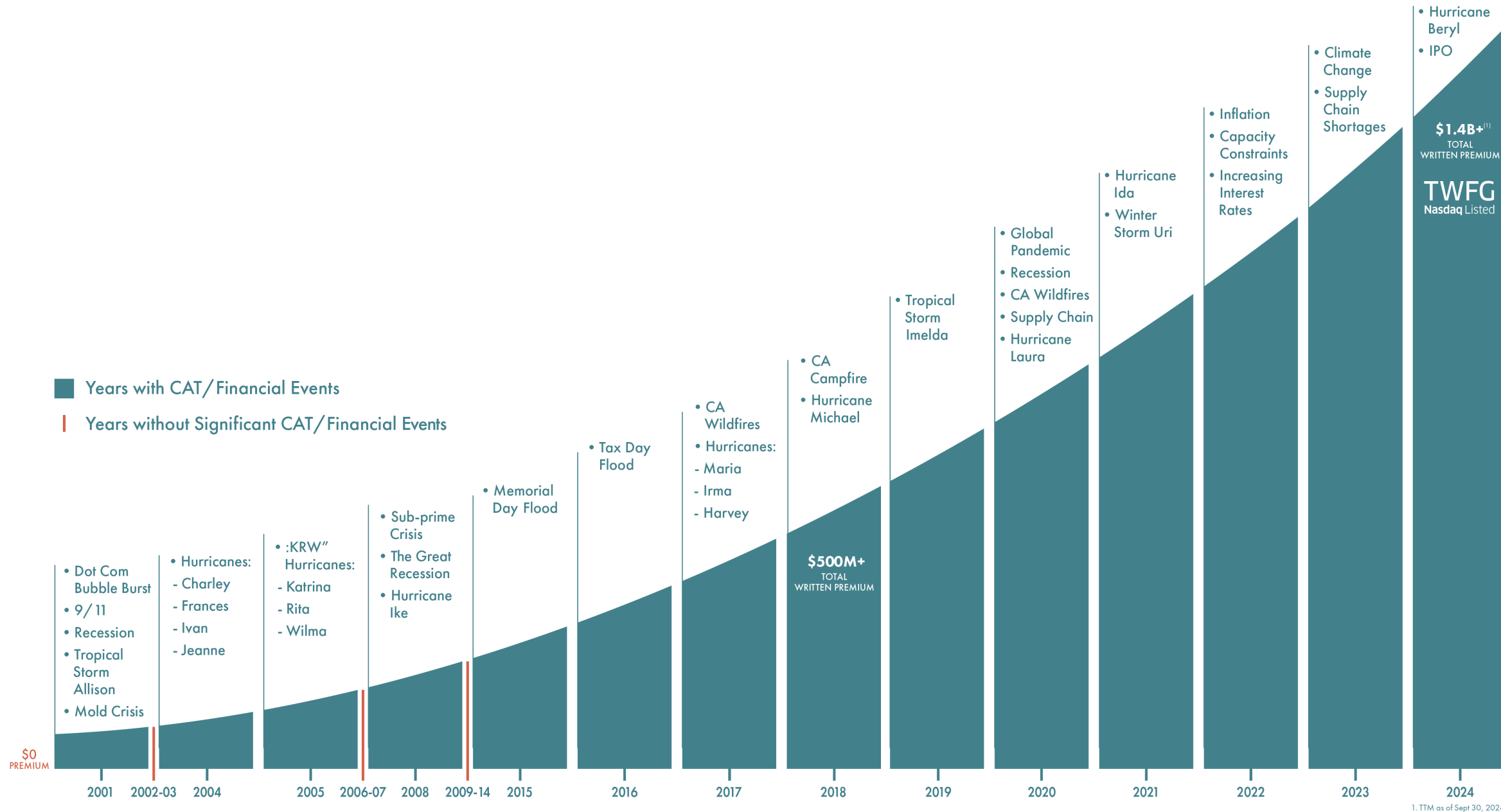
- ✓ Back-office support allows agent to focus on new sales and customer service
- ✓ Comprehensive training and cross-training available to agents and teams

REPUTATION FOR  
FAIR DEALING





# History of Resilience & Growth Regardless of Economic and Market Conditions



Source: Company Information

## 20+ Year Track Record of Sustainable Growth Regardless of Economic and P&C Pricing Cycles

# Proven Management Team Well Positioned to Execute on Growth



**Richard F. ("Gordy") Bunch III**

Founder and CEO



**Katherine C. Nolan**

Chief Operating Officer



**Janice E. Zwinggi, CPA**

Chief Financial Officer



**Charles Alexander Bunch**

Chief Creative and Marketing Officer



**Julie E. Benes**

General Counsel



**Mark Alberto**

SVP of Technology



## Proven Ability to Execute on Growth Strategy

✓ Backed by a deep bench of seasoned operators

✓ Collaborative culture focused on teamwork, innovation and driving the best result for clients

✓ Executive management team with an average of 25+ years of insurance industry experience

**20+ Year Track Record of Sustainable Growth Regardless of Economic and Property and Casualty Insurance Pricing Cycles**

# Key Investment Highlights



- 1 Differentiated Solutions that Enhance and Empower Agencies
- 2 Trusted Distribution Partner with Track Record of Innovative Solutions
- 3 National Footprint and Scaled Platform Delivering Sustainable Growth
- 4 Attractive Product Mix with Personal Lines Focus
- 5 Compelling Financial Profile with Strong Growth and Profitability
- 6 Proven Management Team Well-Positioned to Execute on Growth

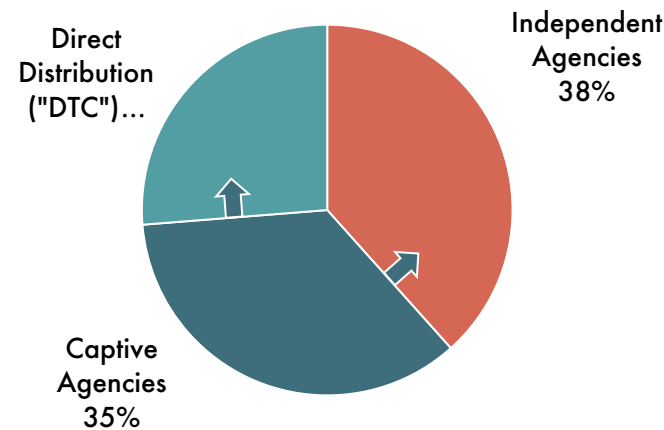
Source: Independent Insurance Agents & Brokers of America

Notes:

1. As of September 30, 2024
2. Rankings based on revenue per Insurance Journal's 2024 Top 100 Property / Casualty Agencies

# Business Snapshot

## TWFG's Business Model Was Built to Capture a Secular Shift from Captive Distribution



**Insurance Services**  
~80% of Total TWFG Rev. (2023)

**Revenue Share Model**

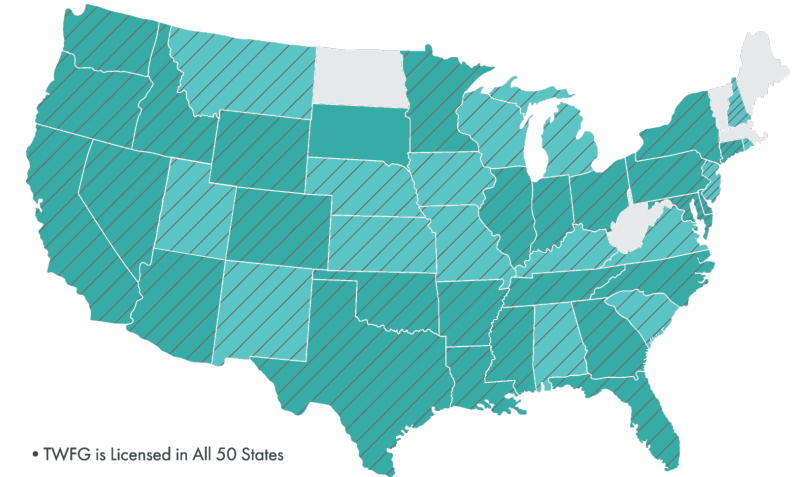
- Turnkey solution for Branches ("Agency-in-a-Box") that promotes growth and facilitates the administrative work of operating an agency

**Managing General Agency**  
~20% of Total TWFG Rev. (2023)

**Commission & Fee Income**

- Facilitates the placement of traditional and hard-to-place personal and commercial insurance risks for agencies across the country

## National Footprint and Scaled Platform Delivering Sustainable Growth



• TWFG is Licensed in All 50 States

■ TWFG Branch ■ TWFG Branch & TWFG MGA ■ TWFG MGA ■ Future TWFG Expansion

**7th**  
Largest U.S. Personal Lines Agency <sup>(2)</sup>

**\$173MM**  
Revenue (2023)

**520+**  
TWFG Branches in 30 States <sup>(1)</sup>

**27th**  
Largest U.S. Agency <sup>(2)</sup>

**19.5%**  
Revenue CAGR (2019-23)

**2,000+**  
TWFG MGA Agencies in 41 States <sup>(1)</sup>

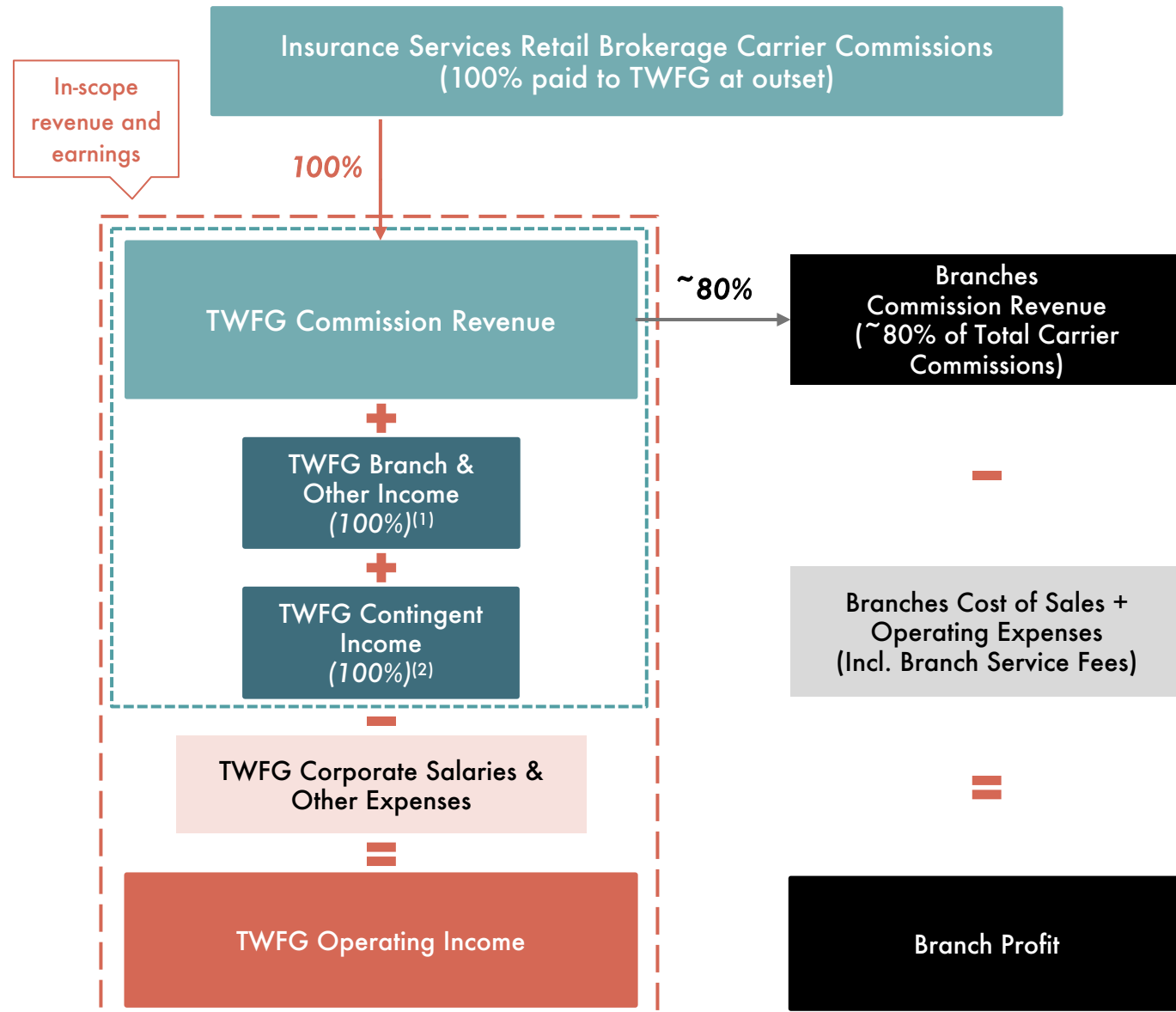


# APPENDIX

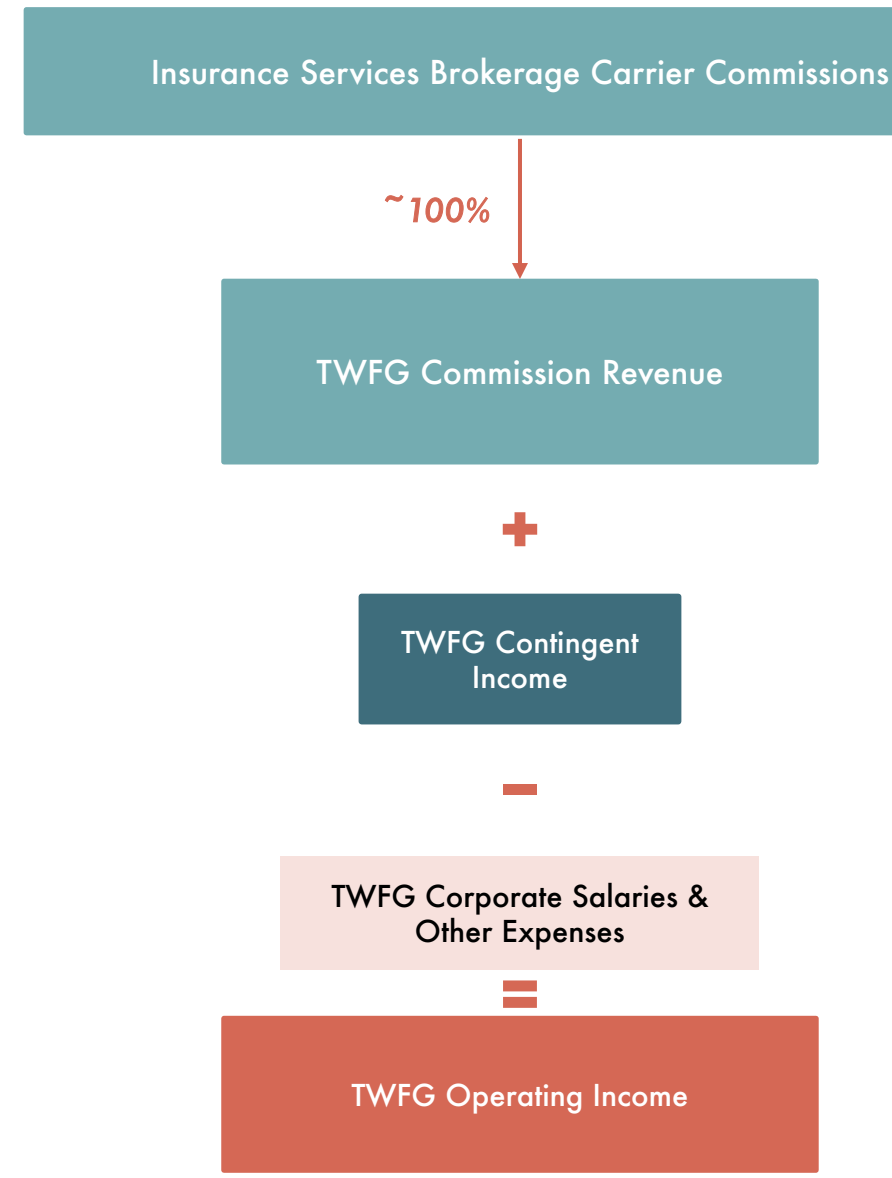


# Illustrative Overview of Economic Model: Insurance Services

## Simplified Branch Economics (Revenue Share Model)



## Simplified Corporate Branch Economics

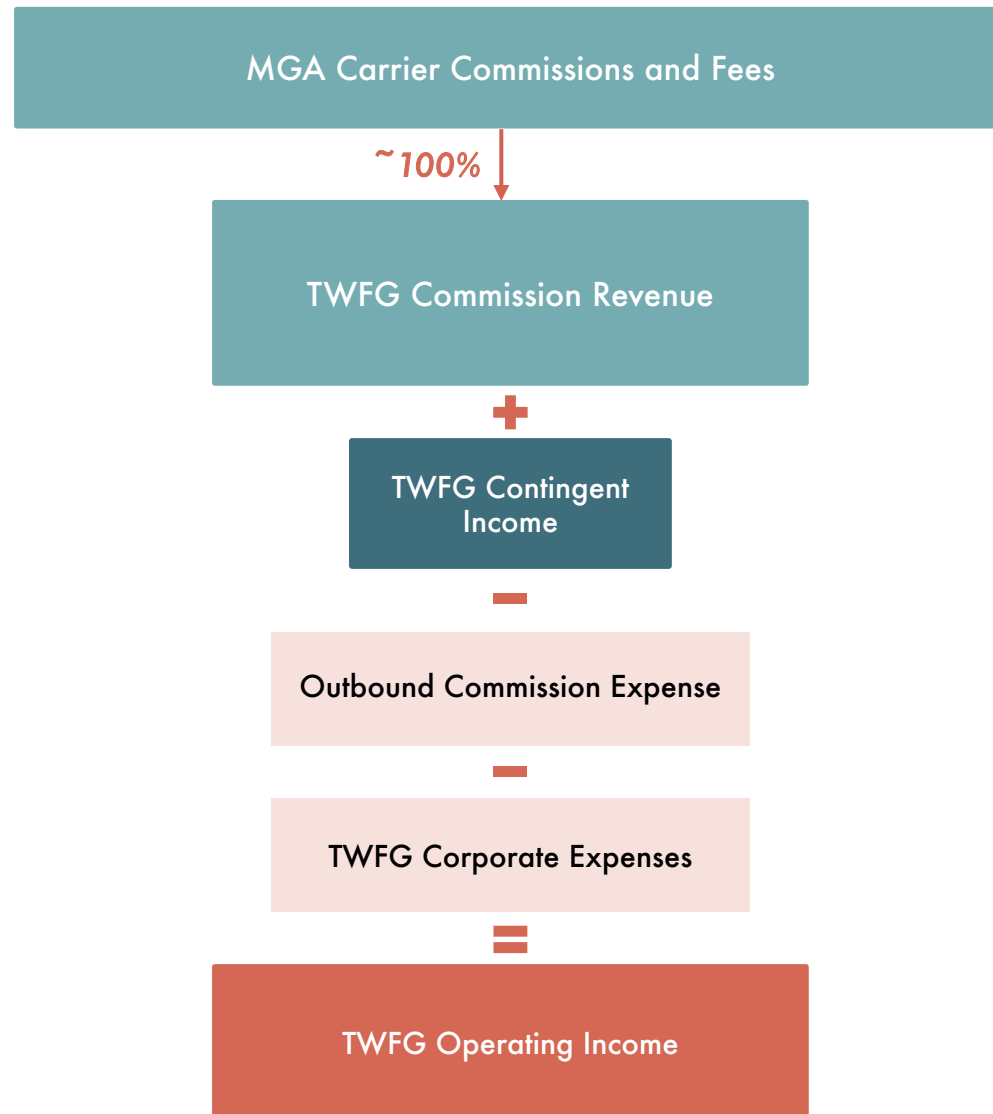


Components of TWFG Revenue

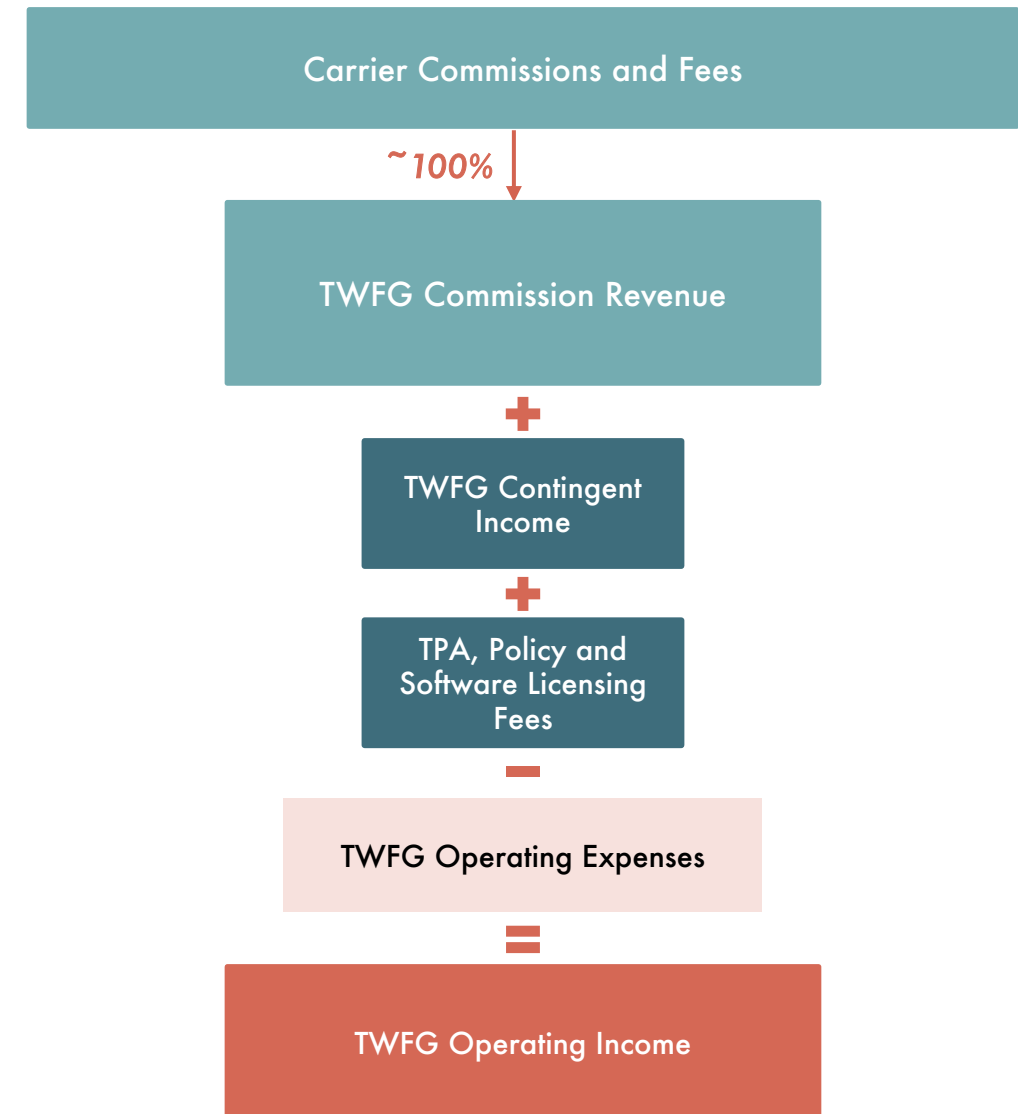
TWFG does not retain the risks related to any of the underlying insurance contracts placed on behalf of carriers

# Illustrative Overview of Economic Model: MGA

## Simplified Wholesale and Brokering Economics



## Simplified Underwriting Economics



*TWFG does not retain the risks related to any of the underlying insurance contracts placed on behalf of carriers*

# KPI Information and Non-GAAP Reconciliations

## Written Premium

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>Offerings:</b>								
Insurance Services								
Agency-in-a-Box	\$ 261,560	65 %	\$ 284,442	80 %	\$ 736,699	66 %	\$ 761,260	80 %
Corporate Branches	77,636	20	14,286	4	213,689	19	35,156	4
Total Insurance Services	339,196	85	298,728	84	950,388	85	796,416	84
TWFG MGA	60,903	15	55,361	16	164,612	15	150,233	16
Total written premium	\$ 400,099	100 %	\$ 354,089	100 %	\$1,115,000	100 %	\$ 946,649	100 %
<b>Business Mix:</b>								
Insurance Services								
Renewal business	\$ 265,026	66 %	\$ 242,258	68 %	\$ 739,624	66 %	\$ 623,773	66 %
New business	74,170	19	56,470	16	210,764	19	172,643	18
Total Insurance Services	339,196	85	298,728	84	950,388	85	796,416	84
TWFG MGA								
Renewal business	46,075	11	47,818	14	125,364	11	127,552	14
New business	14,828	4	7,543	2	39,248	4	22,681	2
Total TWFG MGA	60,903	15	55,361	16	164,612	15	150,233	16
Total written premium	\$ 400,099	100 %	\$ 354,089	100 %	\$1,115,000	100 %	\$ 946,649	100 %
<b>Written Premium Retention:</b>								
Insurance Services		89 %		98 %		93 %		96 %
TWFG MGA		83		88		83		90
Consolidated		88		97		91		95
<b>Line of Business:</b>								
Personal lines	\$ 327,159	82 %	\$ 289,032	82 %	\$ 904,372	81 %	\$ 758,297	80 %
Commercial lines	72,940	18	65,057	18	210,628	19	188,352	20
Total written premium	\$ 400,099	100 %	\$ 354,089	100 %	\$1,115,000	100 %	\$ 946,649	100 %

## Reconciliation of Organic Revenue and Organic Revenue Growth to Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Amount	Amount	Amount	Amount
Total revenues	\$ 54,640	\$ 47,710	\$ 154,219	\$ 132,942
Acquisition adjustments <sup>(1)</sup>	(898)	(1,153)	(3,582)	(2,648)
Contingent income	(1,383)	(1,035)	(3,717)	(3,023)
Fee income	(2,890)	(2,107)	(7,811)	(6,343)
Other income	(2,127)	(575)	(3,244)	(1,125)
Organic Revenue	\$ 47,342	\$ 42,840	\$ 135,865	\$ 119,803
Organic Revenue Growth <sup>(2)</sup>	\$ 3,349	\$ 5,048	\$ 14,206	\$ 12,986
Total Revenue Growth Rate <sup>(3)</sup>	14.5 %	16.5 %	16.0 %	13.6 %
Organic Revenue Growth Rate <sup>(2)</sup>	7.6 %	13.4 %	11.7 %	12.2 %

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

(2) Organic Revenue for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, used to calculate Organic Revenue Growth for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, was \$44.0 million, \$37.8 million, \$121.7 million and \$106.8 million, respectively, which is adjusted to reflect revenues from acquired businesses with over \$0.5 million in annualized revenue that reached the twelve-month owned mark during the year ended December 31, 2023 and 2022, respectively. Organic Revenue Growth Rate represents the period-to-period change in Organic Revenue divided by the total adjusted Organic Revenue in the prior period.

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

# KPI Information and Non-GAAP Reconciliations

## Reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin to Net Income and Net Income Margin

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total revenues	\$ 54,640	\$ 47,710	\$ 154,219	\$ 132,942
Net income	\$ 6,893	\$ 7,608	\$ 20,440	\$ 20,881
Interest expense	411	295	2,125	553
Depreciation and amortization	2,985	1,145	8,966	3,340
Income tax expense	437	—	437	—
EBITDA	10,726	9,048	31,968	24,774
Acquisition-related expenses	—	—	—	168
Restructuring and related expenses	—	—	—	17
Equity-based compensation	1,012	—	1,012	—
Discontinued operation income	—	—	—	(834)
Other non-recurring items <sup>(1)</sup>	—	—	(1,477)	—
Adjusted EBITDA	\$ 11,738	\$ 9,048	\$ 31,503	\$ 24,125
Net Income Margin	12.6 %	15.9 %	13.3 %	15.7 %
Adjusted EBITDA Margin	21.5 %	19.0 %	20.4 %	18.1 %

- (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.

## Reconciliation of Adjusted Free Cash Flow to Cash Flow from Operating Activities

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash Flow from Operating Activities	\$ 11,725	\$ 7,394	\$ 28,879	\$ 24,103
Purchase of property and equipment	(233)	(163)	(280)	(217)
Tax distribution to members <sup>(1)</sup>	—	(2,599)	(6,104)	(9,526)
Acquisition-related expenses	—	—	—	168
Net cash flow provided by operating activities from discontinued operation	—	—	—	(839)
Adjusted Free Cash Flow	\$ 11,492	\$ 4,632	\$ 22,495	\$ 13,689

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



# Income Statement and Balance Sheet Snapshot Q324

## Income Statement

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Commission income (related party of \$3,026 and \$1,167 for the three months ended and \$6,047 and \$3,064 for the nine months ended September 30, 2024 and 2023, respectively)	\$ 48,240	\$ 43,993	\$ 139,447	\$ 122,451
Contingent income	1,383	1,035	3,717	3,023
Fee income (related party of \$884 and \$419 for the three months ended and \$1,799 and \$1,258 for the nine months ended September 30, 2024 and 2023, respectively)	2,890	2,107	7,811	6,343
Other income	2,127	575	3,244	1,125
<b>Total revenues</b>	<b>54,640</b>	<b>47,710</b>	<b>154,219</b>	<b>132,942</b>
<b>Expenses</b>				
Commission expense	30,766	32,461	89,171	90,853
Salaries and employee benefits	8,331	3,390	21,401	10,096
Other administrative expenses (related party of \$339 and \$178 for the three months ended and \$1,122 and \$270 for the nine months ended September 30, 2024 and 2023, respectively)	4,813	2,812	11,687	8,043
Depreciation and amortization	2,985	1,145	8,966	3,340
<b>Total operating expenses</b>	<b>46,895</b>	<b>39,808</b>	<b>131,225</b>	<b>112,332</b>
<b>Operating income</b>	<b>7,745</b>	<b>7,902</b>	<b>22,994</b>	<b>20,610</b>
Interest expense	(411)	(295)	(2,125)	(553)
Other non-operating income (expense), net	(4)	1	8	(10)
Income before tax	7,330	7,608	20,877	20,047
Income tax expense	437	—	437	—
<b>Net income from continuing operations</b>	<b>6,893</b>	<b>7,608</b>	<b>20,440</b>	<b>20,047</b>
<b>Net income from discontinued operation, net of tax</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>834</b>
<b>Net income</b>	<b>6,893</b>	<b>7,608</b>	<b>20,440</b>	<b>20,881</b>
Less: net income attributable to noncontrolling interests	5,739	—	19,286	—
<b>Net income attributable to TWFG, Inc.</b>	<b>\$ 1,154</b>	<b>\$ 7,608</b>	<b>\$ 1,154</b>	<b>\$ 20,881</b>
<b>Weighted average shares of common stock outstanding (see Note 13):</b>				
Basic	14,722,685		14,722,685	
Diluted	14,890,382		14,890,382	
<b>Earnings per share (see Note 13):</b>				
Basic	\$ 0.08		\$ 0.08	
Diluted	\$ 0.08		\$ 0.08	

## Balance Sheet

	September 30, 2024	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 191,196	\$ 39,297
Restricted cash	9,709	7,171
Commissions receivable, net	22,901	19,082
Accounts receivable	8,782	5,982
Deferred offering costs	—	2,025
Other current assets, net	1,539	1,551
<b>Total current assets</b>	<b>234,127</b>	<b>75,108</b>
<b>Non-current assets</b>		
Intangible assets - net	75,024	36,436
Property and equipment - net	682	597
Lease right-of-use assets - net	2,625	2,459
Other non-current assets	635	837
<b>Total assets</b>	<b>\$ 313,093</b>	<b>\$ 115,437</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Commissions payable	\$ 14,438	\$ 12,487
Carrier liabilities	13,278	8,731
Operating lease liabilities, current	1,070	882
Short-term bank debt	1,897	2,437
Deferred acquisition payable, current	506	5,369
Other current liabilities	6,908	5,006
<b>Total current liabilities</b>	<b>38,097</b>	<b>34,912</b>
<b>Non-current liabilities</b>		
Operating lease liabilities, net of current portion	1,448	1,518
Long-term bank debt	4,490	46,919
Deferred acquisition payable, non-current	924	1,037
<b>Total liabilities</b>	<b>44,959</b>	<b>84,386</b>
Commitment and contingencies (see Note 15)		
<b>Stockholders'/Members' Equity</b>		
Members' Equity (631,750 common units issued and outstanding at December 31, 2023)	—	632
Class A common stock (\$0.01 par value per share - 300,000,000 authorized, 14,811,874 shares issued and outstanding at September 30, 2024)	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, 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, 2024)	—	—
Additional paid-in capital	57,159	25,114
Retained earnings	13,697	4,805
Accumulated other comprehensive income	82	500
<b>Total stockholders' equity attributable to TWFG, Inc. /members' equity</b>	<b>71,086</b>	<b>31,051</b>
Noncontrolling interests	197,048	—
<b>Total stockholders'/members' equity</b>	<b>268,134</b>	<b>31,051</b>
<b>Total liabilities and equity</b>	<b>\$ 313,093</b>	<b>\$ 115,437</b>

## Additional Reconciliations

<b>Organic Revenue and Organic Revenue Growth</b> (in thousands)				
<b>Reconciliation of Organic Revenue and Organic Revenue Growth to Revenue and Revenue Growth Rate</b>				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Total revenues	\$ 46,313	\$ 39,856	\$ 172,934	\$ 153,921
Acquisition adjustments <sup>(1)</sup>	(1,467)	(431)	(4,052)	(375)
Contingent income	(1,076)	(985)	(4,085)	(4,620)
Fee income	(2,232)	(2,028)	(8,311)	(8,296)
Other income	(460)	(156)	(1,859)	(1,517)
Organic Revenue	<u>\$ 41,078</u>	<u>\$ 36,256</u>	<u>\$ 154,627</u>	<u>\$ 139,113</u>
Organic Revenue Growth <sup>(2)</sup>	<u>\$ 4,822</u>	<u>\$ 4,705</u>	<u>\$ 15,514</u>	<u>\$ 26,209</u>
Revenue Growth Rate <sup>(3)</sup>	<u>16.2 %</u>	<u>15.9 %</u>	<u>12.4 %</u>	<u>23.2 %</u>
Organic Revenue Growth Rate <sup>(2)</sup>	<u>13.3 %</u>	<u>14.9 %</u>	<u>11.2 %</u>	<u>23.2 %</u>

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

(2) Organic Revenue for the three months ended March 31, 2024 and 2023, and for the years ended December 31, 2022 and 2021, used to calculate Organic Revenue Growth for the years ended December 31, 2023 and 2022, was \$36.3 million, \$31.6 million, \$139.1 million and \$112.9 million, respectively, which is adjusted to reflect revenues from acquired businesses with over \$0.5 million in annualized revenue that reached the twelve-month owned mark during the year ended December 31, 2023 and 2022, respectively. Organic Revenue for the year ended December 31, 2021 is comprised of \$125.0 million in total revenue less contingent income of \$4.5 million, fee income of \$7.4 million and other income of \$0.2 million. Organic Revenue Growth represents the period-to-period change in Organic Revenue divided by the total adjusted Organic Revenue in the prior period.

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

## Additional Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin (in thousands)				
<i>Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to Net Income (Loss) and Net Income Margin</i>				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Total revenues	\$ 46,313	\$ 39,856	\$ 172,934	\$ 153,921
Net income	\$ 6,629	\$ 6,206	\$ 26,096	\$ 20,614
Interest expense	842	85	1,003	398
Depreciation and amortization	3,013	1,061	4,862	3,302
EBITDA	10,484	7,352	31,961	24,314
Acquisition-related expenses	—	—	204	—
Restructuring and related expenses	—	7	17	—
Discontinued operation (income) loss	—	(834)	(834)	2,733
Equity-based compensation	—	—	—	—
Other non-recurring items <sup>(4)</sup>	(1,477)	—	—	—
IPO related expenses	—	—	—	—
Adjusted EBITDA	\$ 9,007	\$ 6,525	\$ 31,348	\$ 27,047
Net Income Margin	14.3 %	15.6 %	15.1 %	13.4 %
Adjusted EBITDA Margin	19.4 %	16.4 %	18.1 %	17.6 %

(4) 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.

## Additional Reconciliations

Adjusted Free Cash Flow (in thousands)				
<i>Reconciliation of Adjusted Free Cash Flow to Cash Flow from Operating Activities</i>				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Cash Flow from Operating Activities	\$ 9,754	\$ 9,791	\$ 30,154	\$ 25,755
Purchase of property and equipment	(8)	(24)	(260)	(115)
Tax distribution to members <sup>(5)</sup>	(2,419)	(1,741)	(9,526)	(6,007)
Acquisition-related expenses	—	—	204	—
Net cash flow provided by operating activities from discontinued operation		(839)	(839)	(3,661)
Adjusted Free Cash Flow	<u>\$ 7,327</u>	<u>\$ 7,187</u>	<u>\$ 19,733</u>	<u>\$ 15,972</u>

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