

**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 **June 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: 001-39658

ROOT, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
80 E. Rich Street, Suite 500
Columbus, Ohio
(Address of principal executive offices)

84-2717903
(I.R.S. Employer
Identification Number)
43215
(Zip Code)

(866) 980-9431
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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, \$0.0001 par value per share	ROOT	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 Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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 Exchange Act). Yes No

As of July 30, 2025, the number of outstanding shares of the registrant's Class A common stock, par value \$0.0001 per share, was 13,618,876 and the number of outstanding shares of the registrant's Class B common stock, par value \$0.0001 per share, was 1,828,458.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “path,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to retain existing customers, acquire new customers and expand our customer reach;
- our expectations regarding our future financial performance, including total revenue, gross profit, net income (loss), direct contribution, adjusted EBITDA, net loss and loss adjustment expense, or LAE, ratio, net expense ratio, net combined ratio, gross loss ratio, marketing costs and costs of customer acquisition, gross LAE ratio, gross expense ratio, gross combined ratio, operating expenses, quota share levels, changes in unencumbered cash balances and expansion of our new and renewal premium base;
- our ability to realize profits, acquire customers, retain customers, contract with additional partners to utilize the products, or achieve other benefits from our embedded insurance offering;
- our ability to expand our distribution channels through additional partnership relationships, digital media, independent agents and referrals;
- our ability to drive a significant long-term competitive advantage through our partnership with Carvana Group, LLC, or Carvana, and other partnerships, such as our partnerships with Hyundai Capital America and Experian;
- our ability to develop products for embedded insurance and other partners;
- the impact of supply chain disruptions, increasing inflation, a potential increase in tariffs or the implementation of new tariffs, a recession and/or disruptions to properly functioning financial and capital markets and interest rates on our business and financial condition;
- our ability to remain profitable and extend our capital runway;
- our goal to be licensed in all states in the United States, or U.S., and the timing of obtaining additional licenses and launching in new states;
- the accuracy and efficiency of our telematics and behavioral data, and our ability to gather and leverage existing and additional data;
- our ability to materially improve retention rates and our ability to realize benefits from retaining customers;
- our ability to underwrite risks accurately and charge profitable rates;
- our ability to maintain our business model and improve our capital and marketing efficiency;
- our ability to drive improved conversion and decrease the cost of customer acquisition;
- our ability to maintain and enhance our brand and reputation;
- our ability to effectively manage the growth of our business;
- our ability to raise additional capital efficiently or at all;
- our ability to improve our product offerings, introduce new products and expand into additional insurance lines;
- our ability to cross sell our products and attain greater value from each customer;
- our ability to compete effectively with existing competitors and new market entrants in our industry;
- future performance of the markets in which we operate;

- our ability to operate a “capital-efficient” business and obtain and maintain desirable levels of reinsurance;
- the effect of further reductions in the utilization of reinsurance, which would result in retention of more premium and losses and could cause our capital requirements to increase;
- our ability to realize economies of scale;
- our ability to attract, motivate and retain key personnel, or hire personnel, and to offer competitive compensation and benefits;
- our ability to deliver a vertically integrated customer experience;
- our ability to develop products that utilize telematics to drive better customer satisfaction and retention;
- our ability to protect our intellectual property and any costs associated therewith;
- our ability to develop an autonomous claims experience;
- our ability to take rate action early and react to changing environments;
- our ability to meet risk-based capital requirements;
- our ability to realize benefits from our Texas county mutual fronting arrangement;
- our ability to expand domestically;
- our ability to comply with laws and regulations that currently apply or become applicable to our business;
- the impact of litigation or other losses;
- changes in laws or regulations, or changes in the interpretation of laws or regulations by a regulatory authority, specific to the use of artificial intelligence, telematics data and the consent to use telematics data, connected card data, and other sources of data, or relating to taxation including changes in tax regulations or guidance promulgated pursuant to the new legislation implemented in the One Big Beautiful Bill Act;
- our ability to defend against cybersecurity threats and prevent, or recover from, a security incident or other significant disruption of our technology systems or those of our partners and third-party service providers;
- the effect of interest rates on our available cash and our ability to maintain compliance with our Amended Term Loan (as defined herein);
- our ability to maintain proper and effective internal control over financial reporting; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described under the heading “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained herein. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made and we undertake no obligation to update them to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

Unless the context otherwise indicates, references in this Quarterly Report on Form 10-Q to the terms “Root,” “the Company,” “we,” “our,” and “us” refer to Root, Inc. and its subsidiaries.

We may announce material business and financial information to our investors using our investor relations website (ir.joinroot.com). We therefore encourage investors and others interested in Root to review the information that we make available on our website, in addition to following our filings with the Securities and Exchange Commission webcasts, press releases and conference calls.

Part I. Financial Information

Item 1. Financial Statements. - Unaudited

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED

	As of	
	June 30, 2025	December 31, 2024
(in millions, except par value)		
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: \$316.9 and \$294.3 at June 30, 2025 and December 31, 2024, respectively)	\$ 319.2	\$ 292.0
Short-term investments (amortized cost: \$3.5 and \$14.8 at June 30, 2025 and December 31, 2024, respectively)	3.5	14.8
Other investments	4.4	4.4
Total investments	327.1	311.2
Cash and cash equivalents	641.4	599.3
Restricted cash	1.1	1.0
Premiums receivable, net of allowance of \$8.2 and \$9.8 at June 30, 2025 and December 31, 2024, respectively	341.3	305.3
Reinsurance recoverable and receivable, net of allowance of \$0.1 at June 30, 2025 and December 31, 2024	145.5	150.6
Prepaid reinsurance premiums	14.9	25.1
Other assets	116.4	103.2
Total assets	<u>\$ 1,587.7</u>	<u>\$ 1,495.7</u>
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Liabilities:		
Loss and loss adjustment expense reserves	\$ 444.5	\$ 413.2
Unearned premiums	395.2	353.9
Long-term debt	200.1	200.1
Reinsurance premiums payable	15.8	32.8
Accounts payable and accrued expenses	52.3	71.1
Other liabilities	123.3	108.9
Total liabilities	1,231.2	1,180.0
Commitments and Contingencies		
Redeemable convertible preferred stock, \$0.0001 par value, 100.0 shares authorized, 14.1 shares issued and outstanding at June 30, 2025 and December 31, 2024 (redemption value of \$126.5)	112.0	112.0
Stockholders' equity:		
Class A common stock, \$0.0001 par value, 1,000.0 shares authorized, 13.6 and 11.1 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	—	—
Class B convertible common stock, \$0.0001 par value, 269.0 shares authorized, 1.8 and 4.0 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	—	—
Additional paid-in capital	1,883.7	1,887.9
Accumulated other comprehensive income (loss)	2.3	(2.3)
Accumulated loss	(1,641.5)	(1,681.9)
Total stockholders' equity	244.5	203.7
Total liabilities, redeemable convertible preferred stock and stockholders' equity	<u>\$ 1,587.7</u>	<u>\$ 1,495.7</u>

See Notes to Condensed Consolidated Financial Statements - Unaudited

ROOT, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) - UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in millions, except per share data)			
Revenues:				
Net premiums earned	\$ 353.0	\$ 261.6	\$ 674.3	\$ 491.9
Net investment income	9.4	10.0	18.1	19.2
Fee income	19.7	16.6	38.4	31.3
Other income	0.8	1.0	1.5	1.7
Total revenues	382.9	289.2	732.3	544.1
Operating expenses:				
Loss and loss adjustment expenses	233.3	190.3	438.9	356.7
Sales and marketing	37.1	34.2	88.6	64.6
Other insurance expense	47.9	28.1	84.6	52.7
Technology and development	13.7	14.7	25.1	25.7
General and administrative	23.6	18.1	44.1	35.2
Total operating expenses	355.6	285.4	681.3	534.9
Operating income	27.3	3.8	51.0	9.2
Interest expense	(5.3)	(11.6)	(10.6)	(23.2)
Income (loss) before income tax expense	22.0	(7.8)	40.4	(14.0)
Income tax expense	—	—	—	—
Net income (loss)	22.0	(7.8)	40.4	(14.0)
Net income attributable to participating securities	(1.1)	—	(2.0)	—
Net income (loss) attributable to common shareholders	20.9	(7.8)	38.4	(14.0)
Other comprehensive income (loss):				
Net income (loss)	22.0	(7.8)	40.4	(14.0)
Changes in net unrealized gains (losses) on investments	1.6	(0.1)	4.6	(0.9)
Comprehensive income (loss)	\$ 23.6	\$ (7.9)	\$ 45.0	\$ (14.9)
Earnings (loss) per common share: (both Class A and B)				
Basic	\$ 1.36	\$ (0.52)	\$ 2.51	\$ (0.95)
Diluted	\$ 1.29	\$ (0.52)	\$ 2.36	\$ (0.95)
Weighted-average common shares outstanding: (both Class A and B)				
Basic	15.4	14.9	15.3	14.8
Diluted	17.1	14.9	17.1	14.8

See Notes to Condensed Consolidated Financial Statements - Unaudited

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS'
EQUITY - UNAUDITED

	Redeemable Convertible Preferred Stock		Class A and Class B Convertible Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Loss	Total Stockholders' Equity
	Shares	Amount	Class A Shares	Class B Shares	Amount				
			(in millions)						
Balance—March 31, 2025	14.1	\$ 112.0	11.2	4.0	\$ —	\$ 1,891.5	\$ 0.7	\$ (1,663.5)	\$ 228.7
Net income	—	—	—	—	—	—	—	22.0	22.0
Other comprehensive income	—	—	—	—	—	—	1.6	—	1.6
Conversion of Class B to Class A common stock	—	—	2.2	(2.2)	—	—	—	—	—
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.2	—	—	(16.2)	—	—	(16.2)
Common stock—share-based compensation expense	—	—	—	—	—	8.4	—	—	8.4
Balance—June 30, 2025	<u>14.1</u>	<u>\$ 112.0</u>	<u>13.6</u>	<u>1.8</u>	<u>\$ —</u>	<u>\$ 1,883.7</u>	<u>\$ 2.3</u>	<u>\$ (1,641.5)</u>	<u>\$ 244.5</u>
Balance—January 1, 2025	14.1	\$ 112.0	11.1	4.0	\$ —	\$ 1,887.9	\$ (2.3)	\$ (1,681.9)	\$ 203.7
Net income	—	—	—	—	—	—	—	40.4	40.4
Other comprehensive income	—	—	—	—	—	—	4.6	—	4.6
Conversion of Class B to Class A common stock	—	—	2.2	(2.2)	—	—	—	—	—
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.3	—	—	(19.0)	—	—	(19.0)
Common stock—share-based compensation expense	—	—	—	—	—	14.8	—	—	14.8
Balance—June 30, 2025	<u>14.1</u>	<u>\$ 112.0</u>	<u>13.6</u>	<u>1.8</u>	<u>\$ —</u>	<u>\$ 1,883.7</u>	<u>\$ 2.3</u>	<u>\$ (1,641.5)</u>	<u>\$ 244.5</u>

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY - UNAUDITED

	Redeemable Convertible Preferred Stock		Class A and Class B Convertible Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Loss	Total Stockholders' Equity
	Shares	Amount	Class A Shares	Class B Shares	Amount				
	(in millions)								
Balance—March 31, 2024	14.1	\$ 112.0	9.6	5.0	\$ —	\$ 1,890.4	\$ (3.3)	\$ (1,721.4)	\$ 165.7
Net loss	—	—	—	—	—	—	—	(7.8)	(7.8)
Other comprehensive loss	—	—	—	—	—	—	(0.1)	—	(0.1)
Conversion of Class B to Class A common stock	—	—	0.6	(0.6)	—	—	—	—	—
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.4	—	—	(13.7)	—	2.4	(11.3)
Common stock—share-based compensation expense	—	—	—	—	—	3.8	—	—	3.8
Warrant compensation expense	—	—	—	—	—	1.0	—	—	1.0
Balance—June 30, 2024	<u>14.1</u>	<u>\$ 112.0</u>	<u>10.6</u>	<u>4.4</u>	<u>\$ —</u>	<u>\$ 1,881.5</u>	<u>\$ (3.4)</u>	<u>\$ (1,726.8)</u>	<u>\$ 151.3</u>
Balance—January 1, 2024	14.1	\$ 112.0	9.5	5.0	\$ —	\$ 1,883.4	\$ (2.5)	\$ (1,715.2)	\$ 165.7
Net loss	—	—	—	—	—	—	—	(14.0)	(14.0)
Other comprehensive loss	—	—	—	—	—	—	(0.9)	—	(0.9)
Conversion of Class B to Class A common stock	—	—	0.6	(0.6)	—	—	—	—	—
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.5	—	—	(13.7)	—	2.4	(11.3)
Common stock—share-based compensation expense	—	—	—	—	—	8.4	—	—	8.4
Warrant compensation expense	—	—	—	—	—	3.8	—	—	3.8
Warrant issuance costs	—	—	—	—	—	(0.4)	—	—	(0.4)
Balance—June 30, 2024	<u>14.1</u>	<u>\$ 112.0</u>	<u>10.6</u>	<u>4.4</u>	<u>\$ —</u>	<u>\$ 1,881.5</u>	<u>\$ (3.4)</u>	<u>\$ (1,726.8)</u>	<u>\$ 151.3</u>

See Notes to Condensed Consolidated Financial Statements - Unaudited

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

	Six Months Ended June 30,	
	2025	2024
	(in millions)	
Cash flows from operating activities:		
Net income (loss)	\$ 40.4	\$ (14.0)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Share-based compensation	14.8	8.4
Warrant compensation expense	—	3.8
Depreciation and amortization	4.0	6.9
Bad debt expense	17.8	13.9
Changes in operating assets and liabilities:		
Premiums receivable	(53.8)	(62.8)
Reinsurance recoverable and receivable	5.1	(31.5)
Prepaid reinsurance premiums	10.2	(0.2)
Other assets	(10.7)	(11.3)
Losses and loss adjustment expenses reserves	31.3	91.6
Unearned premiums	41.3	56.0
Reinsurance premiums payable	(17.0)	1.2
Accounts payable and accrued expenses	(19.0)	(11.0)
Other liabilities	14.4	26.1
Net cash provided by operating activities	<u>78.8</u>	<u>77.1</u>
Cash flows from investing activities:		
Purchases of investments	(45.9)	(95.5)
Proceeds from maturities, calls and pay downs of investments	34.2	26.2
Sales of investments	0.1	—
Capitalization of internally developed software	(6.0)	(4.6)
Purchases of fixed assets	—	(0.4)
Net cash used in investing activities	<u>(17.6)</u>	<u>(74.3)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options and restricted stock units	0.4	—
Taxes paid related to net share settlement of equity awards	(19.4)	(11.3)
Payment of preferred stock and related warrants issuance costs	—	(3.0)
Net cash used in financing activities	<u>(19.0)</u>	<u>(14.3)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	42.2	(11.5)
Cash, cash equivalents and restricted cash at beginning of period	600.3	679.7
Cash, cash equivalents and restricted cash at end of period	<u>\$ 642.5</u>	<u>\$ 668.2</u>

See Notes to Condensed Consolidated Financial Statements - Unaudited

ROOT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. NATURE OF BUSINESS

Root, Inc. is a holding company which, directly or indirectly, maintains 100% ownership of each of its subsidiaries, including, among others, Root Insurance Company and Root Property & Casualty Insurance Company, both Ohio-domiciled insurance companies, Root Florida Insurance Company, a Florida-domiciled insurance company, and Root Reinsurance Company, Ltd., a Cayman Islands-domiciled reinsurance company, together with Root, Inc., “we,” “us,” or “our.”

We were formed in 2015 and began writing personal auto insurance in July 2016. We are a technology company operating primarily a direct-to-consumer model with the majority of our personal insurance customers acquired through partnerships and mobile apps. We offer auto and renters insurance products underwritten by Root Insurance Company and auto insurance only through Root Property & Casualty Insurance Company and Root Florida Insurance Company.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—In our opinion, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been included. All such adjustments are of a normal and recurring nature. These condensed consolidated financial statements are unaudited and, accordingly, should be read in conjunction with the consolidated financial statements and related notes included in the Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission on February 26, 2025.

Basis of Consolidation—The unaudited condensed consolidated financial statements include the accounts of Root, Inc. and its subsidiaries, all of which are wholly owned. These financial statements have been prepared in accordance with accounting principles generally accepted in the U.S., or GAAP. All intercompany accounts and transactions have been eliminated.

Use of Estimates—The preparation of the unaudited condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates reflected in our unaudited condensed consolidated financial statements include, but are not limited to, reserves for loss and loss adjustment expense, or LAE, valuation allowances on our deferred tax assets and the amount of reinsurance recoverable and receivable from reinsurance contracts.

Legal and Other Contingencies—From time to time, we are party to litigation and legal proceedings relating to our business operations. While the outcome of all legal actions is not presently determinable, we do not believe that we are party to any current or pending legal action that if concluded adversely could reasonably be expected to have a material adverse effect on our financial condition or results of operations and cash flow.

We are contingently liable for possible future assessments under regulatory requirements for insolvencies and impairments of unaffiliated insurance companies.

Segment Information—We are a technology company that provides direct-to-consumer insurance products to customers. We operate as a single reporting segment that is managed on a consolidated basis. Our Chief Executive Officer is our chief operating decision maker, or CODM. The primary measure the CODM utilizes to manage operations, monitor budget versus actual results, and evaluate financial performance is net income (loss) as reported on the condensed consolidated statements of operations and comprehensive income (loss). This information is regularly provided to the CODM.

The CODM allocates resources based on consolidated expense and forecasted expense information. Significant expenses, which are presented on the condensed consolidated statements of operations and comprehensive income (loss), include loss and loss adjustment expense, sales and marketing, other insurance expense and technology and

development. Other segment items include expenses that our CODM does not evaluate for purposes of making operating decisions. These items include general and administrative, interest expense, and income tax expense, which can all be found on the condensed consolidated statements of operations and comprehensive income (loss). Assets provided to the CODM are consistent with those reported on the condensed consolidated balance sheets.

Cash, Cash Equivalents and Restricted Cash—The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amount in the condensed consolidated statements of cash flows:

	As of	
	June 30, 2025	December 31, 2024
(dollars in millions)		
Cash and cash equivalents	\$ 641.4	\$ 599.3
Restricted cash	1.1	1.0
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	<u>\$ 642.5</u>	<u>\$ 600.3</u>

Deferred Policy Acquisition Costs—Deferred policy acquisition costs, net of accumulated amortization, was \$38.7 million and \$29.3 million as of June 30, 2025 and December 31, 2024, respectively. We amortized deferred policy acquisition costs of \$18.3 million and \$29.7 million for the three and six months ended June 30, 2025, respectively, and \$9.1 million and \$15.7 million for the three and six months ended June 30, 2024, respectively.

Performance-Based Restricted Stock Units—In the second quarter of 2025, we granted 0.2 million performance-based restricted stock units to our executive officers and certain key employees as part of our equity compensation plan. The actual number of performance-based restricted stock units can vary from zero to 200% of the target depending on goal achievement relative to a gross accident period loss ratio and policies in force goal matrix. The overall performance period begins on January 1, 2025 and ends on December 31, 2027 and is divided into three sub-performance periods, each beginning on January 1, 2025 and ending on December 31 of 2025, 2026, and 2027, respectively. These overlapping sub-performance periods are one, two, and three years in duration. Expense for each sub-performance period is recognized ratably over the requisite service period. Awards earned in any sub-performance period vest on the Compensation Committee Certification date, which is expected to be in the first quarter of the subsequent year.

The performance-based restricted stock units expense is recognized based on the grant date fair value of the award, which was determined using the Company's close price as of the grant date. This expense is recognized using a graded vesting approach. We assess the probability of the performance conditions being met on a quarterly basis and begin recognizing expense only once it is deemed probable that the performance criteria will be satisfied.

3. INVESTMENTS

The amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities at June 30, 2025 and December 31, 2024 are as follows:

	June 30, 2025				
	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)				
Fixed maturities:					
U.S. Treasury securities	\$ 47.4	\$ —	\$ 0.7	\$ (0.1)	\$ 48.0
Municipal securities	22.3	—	0.2	(0.2)	22.3
Corporate debt securities	121.7	—	1.3	(0.4)	122.6
Asset-backed securities	125.5	—	1.1	(0.3)	126.3
Total fixed maturities	316.9	—	3.3	(1.0)	319.2
Short-term investments	3.5	—	—	—	3.5
Total	<u>\$ 320.4</u>	<u>\$ —</u>	<u>\$ 3.3</u>	<u>\$ (1.0)</u>	<u>\$ 322.7</u>
	December 31, 2024				
	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)				
Fixed maturities:					
U.S. Treasury securities and agencies	\$ 46.5	\$ —	\$ —	\$ (0.3)	\$ 46.2
Municipal securities	23.9	—	0.1	(0.5)	23.5
Corporate debt securities	106.6	—	0.3	(1.2)	105.7
Asset-backed securities	117.3	—	0.4	(1.1)	116.6
Total fixed maturities	294.3	—	0.8	(3.1)	292.0
Short-term investments	14.8	—	—	—	14.8
Total	<u>\$ 309.1</u>	<u>\$ —</u>	<u>\$ 0.8</u>	<u>\$ (3.1)</u>	<u>\$ 306.8</u>

Management reviewed the available-for-sale fixed maturity securities and short-term investments at each balance sheet date to consider whether it was necessary to recognize a credit loss as of June 30, 2025 and December 31, 2024. We do not intend to sell the securities and it is not more likely than not that we will be required to sell the securities before recovery. Management concluded that the unrealized losses on the available-for-sale fixed maturity securities and short-term investments were due to non-credit related factors and, therefore, there was no allowance for credit loss as of June 30, 2025 and December 31, 2024.

The following tables reflect the gross unrealized losses and fair value of short-term investments and available-for-sale fixed maturity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2025 and December 31, 2024:

	June 30, 2025					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Fixed maturities:						
U.S. Treasury securities	\$ 2.7	\$ —	\$ 0.7	\$ (0.1)	\$ 3.4	\$ (0.1)
Municipal securities	1.3	—	8.3	(0.2)	9.6	(0.2)
Corporate debt securities	26.1	(0.1)	11.2	(0.3)	37.3	(0.4)
Asset-backed securities	17.4	(0.1)	8.0	(0.2)	25.4	(0.3)
Total fixed maturities	47.5	(0.2)	28.2	(0.8)	75.7	(1.0)
Short-term investments	3.5	—	—	—	3.5	—
Total	\$ 51.0	\$ (0.2)	\$ 28.2	\$ (0.8)	\$ 79.2	\$ (1.0)

	December 31, 2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Fixed maturities:						
U.S. Treasury securities and agencies	\$ 26.4	\$ (0.3)	\$ 1.8	\$ —	\$ 28.2	\$ (0.3)
Municipal securities	7.1	(0.1)	10.4	(0.4)	17.5	(0.5)
Corporate debt securities	49.5	(0.6)	21.1	(0.6)	70.6	(1.2)
Asset backed securities	53.6	(0.6)	10.6	(0.5)	64.2	(1.1)
Total fixed maturities	136.6	(1.6)	43.9	(1.5)	180.5	(3.1)
Short-term investments	6.4	—	—	—	6.4	—
Total	\$ 143.0	\$ (1.6)	\$ 43.9	\$ (1.5)	\$ 186.9	\$ (3.1)

Other Investments

As of June 30, 2025 and December 31, 2024, other investments related to our private equity investments were \$4.4 million. There were no realized or unrealized gains or losses or impairment losses recognized on private equity investments for the three and six months ended June 30, 2025 and 2024.

There were no realized gains or losses on short-term investments and available-for-sale fixed maturities for the three and six months ended June 30, 2025 and 2024.

The following table sets forth the amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities by contractual maturity at June 30, 2025:

	June 30, 2025	
	Amortized Cost	Fair Value
(dollars in millions)		
Due in one year or less	\$ 32.0	\$ 31.9
Due after one year through five years	213.6	215.4
Due five years through 10 years	36.8	37.3
Due after 10 years	38.0	38.1
Total	\$ 320.4	\$ 322.7

Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table sets forth the components of net investment income for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(dollars in millions)				
Interest on fixed maturities and short-term investments	\$ 3.6	\$ 2.3	\$ 7.0	\$ 4.0
Interest on cash and cash equivalents	6.3	8.2	12.3	16.3
Total	9.9	10.5	19.3	20.3
Investment expense	(0.5)	(0.5)	(1.2)	(1.1)
Net investment income	\$ 9.4	\$ 10.0	\$ 18.1	\$ 19.2

The following tables summarize the credit ratings of short-term investments and available-for-sale fixed maturity securities at June 30, 2025 and December 31, 2024:

S&P Global rating or equivalent	June 30, 2025		
	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	\$ 67.5	\$ 67.8	21.0 %
AA+, AA, AA-, A-1+	151.5	152.7	47.3
A+, A, A-	82.0	82.6	25.6
BBB+, BBB, BBB-	19.3	19.5	6.1
BB+	0.1	0.1	—
Total	<u>\$ 320.4</u>	<u>\$ 322.7</u>	<u>100.0 %</u>

S&P Global rating or equivalent	December 31, 2024		
	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	\$ 75.2	\$ 74.8	24.4 %
AA+, AA, AA-, A-1+	146.0	145.0	47.3
A+, A, A-	67.8	67.1	21.9
BBB+, BBB, BBB-	20.1	19.9	6.4
Total	<u>\$ 309.1</u>	<u>\$ 306.8</u>	<u>100.0 %</u>

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information about our financial assets measured and reported at fair value as of June 30, 2025 and December 31, 2024:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities:				
U.S. Treasury securities	\$ 48.0	\$ —	\$ —	\$ 48.0
Municipal securities	—	22.3	—	22.3
Corporate debt securities	—	122.6	—	122.6
Asset-backed securities	—	126.3	—	126.3
Total fixed maturities	48.0	271.2	—	319.2
Short-term investments	3.5	—	—	3.5
Cash equivalents	349.5	—	—	349.5
Total assets at fair value	<u>\$ 401.0</u>	<u>\$ 271.2</u>	<u>\$ —</u>	<u>\$ 672.2</u>
	December 31, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			

Assets				
Fixed maturities:				
U.S. Treasury securities and agencies	\$ 46.2	\$ —	\$ —	\$ 46.2
Municipal securities	—	23.5	—	23.5
Corporate debt securities	—	105.7	—	105.7
Asset-backed securities	—	116.6	—	116.6
Total fixed maturities	46.2	245.8	—	292.0
Short-term investments	11.8	3.0	—	14.8
Cash equivalents	342.4	—	—	342.4
Total assets at fair value	<u>\$ 400.4</u>	<u>\$ 248.8</u>	<u>\$ —</u>	<u>\$ 649.2</u>

We estimate the fair value of all our different classes of Level 2 fixed maturities and short-term investments by using quoted prices from a combination of an independent pricing vendor or broker/dealer, pricing models, quoted prices of securities with similar characteristics or discounted cash flows. All significant inputs were observable in the active markets.

Fair Value of Long-Term Debt

The carrying amount of long-term debt is recorded at the unpaid balance, net of discount and debt issuance costs. The fair value of outstanding long-term debt is classified within Level 2 of the fair value hierarchy. The fair value is based on a model referencing observable interest rates and spreads to project and discount cash flows to present value. As of June 30, 2025 and December 31, 2024, the carrying amounts and fair values of these financial instruments were as follows:

	Carrying Amount as of June 30, 2025		Estimated Fair Value as of June 30, 2025		Carrying Amount as of December 31, 2024		Estimated Fair Value as of December 31, 2024
(dollars in millions)							
Long-term debt	\$ 200.1	\$	204.6	\$	200.1	\$	204.9

The carrying amounts of other short-term financial instruments approximates their fair value due to their short-term nature.

5. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The following provides a reconciliation of the beginning and ending reserve balances for loss and LAE, net of reinsurance:

	Six Months Ended June 30,	
	2025	2024
(dollars in millions)		
Gross loss and LAE reserves, January 1	\$ 413.2	\$ 284.2
Reinsurance recoverable on unpaid losses	(48.0)	(43.8)
Net loss and LAE reserves, January 1	365.2	240.4
Net incurred loss and LAE related to:		
Current year	452.9	361.3
Prior years	(14.0)	(4.6)
Total incurred	438.9	356.7
Net paid loss and LAE related to:		
Current year	205.9	153.5
Prior years	189.7	119.5
Total paid	395.6	273.0
Net loss and LAE reserves, June 30	408.5	324.1
Plus reinsurance recoverable on unpaid losses	36.0	51.7
Gross loss and LAE reserves, June 30	\$ 444.5	\$ 375.8

Incurred losses and LAE attributable to prior accident years was a decrease of \$14.0 million and \$4.6 million for the six months ended June 30, 2025 and 2024, respectively. For the six months ended June 30, 2025, the development of incurred losses and LAE related to prior periods was primarily driven by lower-than-expected reported losses and LAE from accident year 2024 on both liability and physical damage coverages. For the six months ended June 30, 2024, the development of incurred losses and LAE related to prior periods was primarily driven by lower-than-expected reported losses and LAE from accident year 2023 on both liability and physical damage coverages.

6. REINSURANCE

The following table reflects amounts affecting the condensed consolidated statements of operations and comprehensive income (loss) for reinsurance for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(dollars in millions)			
Premiums written:				
Direct	\$ 277.3	\$ 250.1	\$ 615.0	\$ 523.0
Assumed	68.9	58.1	142.0	115.9
Ceded	(12.2)	(44.6)	(31.0)	(91.3)
Net premiums written	<u>\$ 334.0</u>	<u>\$ 263.6</u>	<u>\$ 726.0</u>	<u>\$ 547.6</u>
Premiums earned:				
Direct	\$ 302.1	\$ 252.7	\$ 584.1	\$ 481.1
Assumed	69.2	55.3	131.6	101.9
Ceded	(18.3)	(46.4)	(41.4)	(91.1)
Net premiums earned	<u>\$ 353.0</u>	<u>\$ 261.6</u>	<u>\$ 674.3</u>	<u>\$ 491.9</u>
Losses and LAE incurred:				
Direct	\$ 186.7	\$ 173.6	\$ 357.2	\$ 335.8
Assumed	55.8	45.1	101.3	76.6
Ceded	(9.2)	(28.4)	(19.6)	(55.7)
Net losses and LAE incurred	<u>\$ 233.3</u>	<u>\$ 190.3</u>	<u>\$ 438.9</u>	<u>\$ 356.7</u>

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, we would be liable to the policyholder for such defaulted amounts.

7. LONG-TERM DEBT

In October 2024, we entered into a \$200.0 million five-year term loan, or Amended Term Loan, with the principal amount due and payable upon maturity on October 29, 2030. Interest is payable quarterly and determined on a floating interest rate calculated on the Secured Overnight Financing Rate with a 1.0% floor, plus an applicable margin ranging from 5.25% to 6.00% based upon the debt-to-capital ratio payable quarterly. The Amended Term Loan can be repaid at any time through the maturity date as long as we provide at least three business days written notice and a prepayment premium of 2.00% applicable between October 29, 2024 to October 28, 2025, 1.00% applicable between October 29, 2025 to October 25, 2026, and no prepayment premium thereafter.

The following summarizes the carrying value of long-term debt as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
	(dollars in millions)	
Principal balance	\$ 200.0	\$ 200.0
Accrued interest payable	3.5	3.8
Unamortized discount and debt issuance costs	(3.4)	(3.7)
Total	<u>\$ 200.1</u>	<u>\$ 200.1</u>

8. INCOME TAXES

The consolidated effective tax rate was zero for the three and six months ended June 30, 2025 and 2024. The difference between these rates and the U.S. federal income tax rate of 21% was primarily due to a full valuation allowance on our U.S. deferred tax assets.

As of June 30, 2025 and December 31, 2024, we did not have any unrecognized tax benefits for uncertain tax positions and had no interest or penalties related to uncertain tax positions.

In July 2025, the One Big Beautiful Bill Act of 2025, or OBBBA, was enacted in the U.S. which, among other things, changes certain provision in the U.S. Tax Code. We do not expect the OBBBA to have a material impact on our results of operations or financial condition, and is not expected to have a material impact on the Notes to Condensed Consolidated Financial Statements.

9. SHARE-BASED COMPENSATION

Warrants

In October 2021, we issued Carvana eight tranches of warrants, comprised of three tranches of “short-term warrants” and five tranches of “long-term warrants,” with the opportunity to purchase a maximum of 7.2 million shares of Class A common stock. The short-term and long-term warrants have expiration dates of September 1, 2025 and September 1, 2027, respectively.

As of June 30, 2025, all of the short-term warrants have vested and all of the respective compensation cost has been recognized. While the short-term warrants are vested and outstanding, it is not a possible outcome for the long-term warrants to also vest, so they are considered not probable of vesting. If, however, the short-term warrants expire unexercised during 2025, and at that time certain long-term warrants become probable of vesting, we would recognize a cumulative warrant expense catch-up in other insurance expense considering the probability of and progress toward achieving the long-term warrant policy origination milestones.

We recognized warrant compensation expense related to these equity-classified warrants based on policies originating through the integrated automobile insurance solution for Carvana’s online buying platform, or Integrated Platform. All of these warrants are out-of-the-money and therefore have no intrinsic value as of June 30, 2025.

We recognized warrant compensation expense of zero and \$1.0 million for the three months ended June 30, 2025 and 2024, respectively. We recognized warrant compensation expense of zero and \$3.8 million for the six months ended June 30, 2025 and 2024, respectively. Warrant compensation expense is recorded in other insurance expense in the condensed consolidated statements of operations and comprehensive income (loss).

The following table provides other key terms of the warrants:

Warrants	Exercise Price	Shares Issued (in millions)	Unrecognized Compensation Costs (in millions)	Vesting Condition
Short-Term				
Tranche 1	\$ 180.00	2.4	\$ —	Completing the Integrated Platform
Tranche 2	\$ 198.00	3.2	—	50,000 policy originations
Tranche 3	\$ 216.00	1.6	—	75,000 policy originations
Total Short-Term		<u>7.2</u>	<u>\$ —</u>	
Long-Term				
Tranche 1	\$ 180.00	1.4	\$ 11.0	100,000 policy originations
Tranche 2	\$ 225.00	1.5	9.4	200,000 policy originations
Tranche 3	\$ 270.00	1.5	6.6	300,000 policy originations
Tranche 4	\$ 405.00	1.5	2.4	400,000 policy originations
Tranche 5	\$ 540.00	1.3	1.0	500,000 policy originations
Total Long-Term		<u>7.2</u>	<u>\$ 30.4</u>	

Employee Share-Based Compensation

We maintain an equity incentive plan, or the Plan, for the issuance and grant of equity awards (restricted stock, service-based restricted stock units, performance-based restricted stock units, market-based restricted stock units, and incentive and nonqualified stock options) to our officers, directors, and employees. As of June 30, 2025, we had 1.7 million common shares available for issuance under the Plan.

The following table displays share-based compensation expense recorded in the condensed consolidated statements of operations and comprehensive income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(dollars in millions)			
Share-based compensation expense:				
Loss and loss adjustment expenses	\$ 0.8	\$ 0.4	\$ 1.4	\$ 0.8
Sales and marketing	0.3	0.2	0.5	0.3
Other insurance expense	0.2	0.1	0.5	0.3
Technology and development	1.5	0.7	2.8	1.5
General and administrative	5.6	2.4	9.6	5.5
Total share-based compensation expense	<u>\$ 8.4</u>	<u>\$ 3.8</u>	<u>\$ 14.8</u>	<u>\$ 8.4</u>

The unrecognized compensation cost and the remaining weighted-average period over which these costs are expected to be recognized for restricted stock units and unvested stock options as of June 30, 2025 is as follows:

	Service-based Restricted Stock Units	Performance-based Restricted Stock Units	Market-based Restricted Stock Units	Unvested Stock Options
	(dollars in millions)			
Unrecognized compensation costs	\$ 27.2	\$ 33.1	\$ 0.6	\$ 0.3
Remaining weighted-average period cost is expected to be recognized (in years)	1.6	3.0	1.7	1.3

Restricted Stock Units

A summary of restricted stock units activity for the six months ended June 30, 2025 is as follows:

Restricted Stock Units	Six Months Ended June 30, 2025					
	Service-based Restricted Stock Units		Performance-based Restricted Stock Units		Market-based Restricted Stock Units	
	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Number of Shares	Weighted-Average Grant Date Fair Value per Share
(in millions, except per share amounts)						
Unvested at January 1, 2025	1.0	\$ 25.89	0.2	\$ 75.55	0.4	\$ 5.71
Granted	0.1	125.63	0.2	125.91	—	—
Vested	(0.4)	21.70	—	—	(0.1)	6.70
Forfeited, expired or canceled	—	52.34	—	—	—	—
Unvested at June 30, 2025	0.7	\$ 45.56	0.4	\$ 93.78	0.3	\$ 5.43

Additional information pertaining to restricted stock units for the six months ended June 30, 2025 and 2024 is as follows:

	Six Months Ended June 30,	
	2025	2024
(dollars in millions)		
Service-based restricted stock units:		
Total grant date fair value of awards granted	\$ 17.3	\$ 7.3
Total grant date fair value of awards vested	8.3	9.3
Total intrinsic value of awards vested	44.6	29.7
Performance-based restricted stock units:		
Total grant date fair value of awards granted	\$ 17.3	\$ —
Market-based restricted stock units:		
Total grant date fair value of awards vested	\$ 0.5	\$ 0.3
Total intrinsic value of awards vested	10.1	2.4

Stock Options

A summary of option activity for the six months ended June 30, 2025 is as follows:

Options	Six Months Ended June 30, 2025			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
	(in millions, except exercise price and term amounts)			
Outstanding and exercisable at January 1, 2025	0.1	\$ 34.13	3.15	\$ 6.7
Granted	—	—		
Exercised	—	13.09		3.2
Forfeited, expired or canceled	—	45.53		
Outstanding and exercisable at June 30, 2025	<u>0.1</u>	<u>\$ 34.80</u>	<u>2.78</u>	<u>\$ 10.0</u>

10. EARNINGS (LOSS) PER SHARE

The following table displays the computation of basic and diluted earnings (loss) per share, or EPS, for both Class A and Class B common stock for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in millions, except per share amounts)			
Numerator:				
Net income (loss)	\$ 22.0	\$ (7.8)	\$ 40.4	\$ (14.0)
Less: Undistributed income allocated to participating securities	(1.1)	—	(2.0)	—
Net income (loss) attributable to common shareholders	<u>20.9</u>	<u>(7.8)</u>	<u>38.4</u>	<u>(14.0)</u>
Denominator:				
Weighted-average common shares outstanding: basic (both Class A and B)	15.4	14.9	15.3	14.8
Effect of dilutive securities:				
Redeemable convertible preferred stock	0.8	—	0.8	—
Service-based restricted stock units	0.5	—	0.6	—
Market-based restricted stock units	0.3	—	0.3	—
Stock options	0.1	—	0.1	—
Weighted-average common shares outstanding: diluted (both Class A and B)	<u>17.1</u>	<u>14.9</u>	<u>17.1</u>	<u>14.8</u>
Earnings (loss) per common share (both Class A and B):				
Basic	<u>\$ 1.36</u>	<u>\$ (0.52)</u>	<u>\$ 2.51</u>	<u>\$ (0.95)</u>
Diluted	<u>\$ 1.29</u>	<u>\$ (0.52)</u>	<u>\$ 2.36</u>	<u>\$ (0.95)</u>

For the three and six months ended June 30, 2024, we operated at a loss and, therefore, the conversion of common stock equivalents would increase the denominator of the diluted EPS calculation and create a lower EPS. Therefore, these common stock equivalents are considered anti-dilutive and diluted EPS is equal to basic EPS.

We excluded the following potentially dilutive common stock equivalents, presented based on amounts outstanding at each period end, from the computation of diluted EPS attributable to common shareholders for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(in millions)			
Stock options	—	0.1	—	0.1
Nonvested shares subject to repurchase	—	0.1	—	0.1
Service-based restricted stock units	—	1.0	—	1.0
Market-based restricted stock units	—	0.4	—	0.4
Redeemable convertible preferred stock (as converted to common stock)	—	0.8	—	0.8
Warrants to purchase common stock	7.5	7.7	7.5	7.7
Total	7.5	10.1	7.5	10.1

11. GEOGRAPHICAL BREAKDOWN OF GROSS PREMIUMS WRITTEN

Gross premiums written by state is as follows for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(dollars in millions)							
State:								
Texas	\$ 70.8	20.5 %	\$ 61.7	20.0 %	\$ 145.9	19.3 %	\$ 123.3	19.3 %
Georgia	41.0	11.8	41.1	13.3	87.5	11.6	80.5	12.6
Florida	26.8	7.7	28.4	9.2	57.9	7.6	44.0	6.9
California	24.3	7.0	9.4	3.0	50.0	6.6	14.1	2.2
Pennsylvania	20.5	5.9	17.8	5.8	44.2	5.8	35.3	5.5
Colorado	18.6	5.4	17.3	5.6	40.5	5.4	35.5	5.6
South Carolina	10.2	3.0	9.6	3.1	28.0	3.7	31.6	4.9
Arizona	11.5	3.3	12.7	4.1	25.1	3.3	26.6	4.2
Nevada	8.1	2.3	4.5	1.5	20.3	2.7	8.9	1.4
Oklahoma	8.0	2.3	6.5	2.1	18.0	2.4	15.1	2.4
All others states	106.4	30.8	99.2	32.3	239.6	31.6	224.0	35.0
Total	\$ 346.2	100.0 %	\$ 308.2	100.0 %	\$ 757.0	100.0 %	\$ 638.9	100.0 %

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 related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission on February 26, 2025, or the 2024 10-K. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading “Special Note Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading “Risk Factors” in this Quarterly Report on Form 10-Q and in the 2024 10-K for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Our Business

Root is a technology insurance company founded on the idea that car insurance rates should be based primarily on driving behaviors, not demographics. We are revolutionizing the archaic car insurance industry using mobile technology and data science to offer drivers fair, personalized rates.

We believe the Root advantage is derived from our unique ability to efficiently and effectively bind auto insurance policies quickly, through direct and partnership channels, aided by segmenting individual risk to price better drivers more fairly. Our customer experience is built for ease of use and a product offering made possible with our full-stack insurance structure. These are all uniquely integrated into a single cloud-based technology platform that captures the entire insurance value chain—from customer acquisition to underwriting to claims administration to ongoing customer engagement.

To scale the business, we aim to drive new customer growth and optimize unit economics by capitalizing on our two distribution channels: direct and partnership. The direct channel efficiently drives volume for high intent customers, meeting customers in platforms that they use extensively while actively shopping for insurance such as search engines or select marketplace platforms. The data science model seeks to optimize bidding strategies that fine tunes our prices to strike a balance between offering a competitive price and achieving target unit economics. The partnership channel provides differentiated access to high intent customers, primarily in the automotive, financial services, and independent agent sectors. We build upon or within the mobile and web customer experiences of distribution partners to reach a captive customer base with an embedded solution, which can even remove the need for the customer to ever visit a Root website to purchase and bind a policy.

We use technology to drive efficiency across all functions, including distribution, underwriting, policy administration and claims in particular. We believe our data- and technology-driven approach to pricing and underwriting allows for rapid response to macroeconomic trends and volatility through quick, appropriate rate actions aided by segmenting individual risk based on complex behavioral data and proprietary telematics models. Through continued development of machine-learning loss models, which allow us to respond more quickly to changes in the market, we expect improvement in pricing segmentation. We believe this allows us to operate with a cost-to-acquire and cost-to-serve advantage. We believe that through prudent investment in and diversification of our distribution channels, including leveraging proprietary data science and technology and a focus on partnerships with automotive, financial services, and independent agents, will position us for sustainable, long-term and profitable growth.

As a full-stack insurance company, we currently employ a “capital-efficient” model, which utilizes a variety of reinsurance structures. These include excess of loss and quota share reinsurance. Excess of loss provides us with volatility protection against a portion of large individual losses or an aggregation of losses from catastrophes. Quota share provides, among other advantages, regulatory surplus relief for growing companies. We primarily utilize reinsurance to mitigate impact of large losses or tail events. We continuously evaluate our utilization of third-party reinsurance in order to operate a capital-efficient business model. As our gross loss ratio has stabilized, we

strategically reduced the utilization of external quota share to balance the cost of reinsurance with capital efficiency. Over the long term, we expect to maintain the flexibility to modify our reinsurance program.

Recent Developments Affecting Comparability

General Macroeconomic Factors

Economic instability has led to acute inflationary pressures, supply chain disruptions, changes in interest rates and changes in equity markets. In addition, economic uncertainty has developed as a result of dialogue and imposition of substantial tariffs and potential retaliatory tariffs. There remains uncertainty around the future of inflation, including as a result of new or increased tariffs; elevated levels of inflation for an extended period could cause claims and claim expenses to increase, impact the performance of our investment portfolio, increase nonpayment cancellations or have other adverse effects, including variability in the competitive environment. We have also seen an increase in vehicle repair and medical costs, which are affected by inflation. These cost increases have resulted in greater claims severity. Additionally, we continue to file in multiple states to establish rates that more closely follow the evolving loss cost trends. Fluctuations in interest rates could impact our cost of capital and may limit our ability to raise additional capital.

Comprehensive Reinsurance

We have significantly reduced the utilization of reinsurance through a strategic reduction of external quota share. The changes to the reinsurance program aim to deliver improved economics. Our diversified approach to reinsurance allows us to optimize capital requirements while remaining flexible in response to changes in market conditions or changes specific to our own business. We may choose to amend, commute, and/or non-renew certain third-party reinsurance arrangements in the future, which may result in us retaining more or less of our business. To the extent we retain a larger share of our book of business, our capital requirements may increase.

Key Performance Indicators

We regularly review a number of metrics, including the following key performance indicators, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe these non-GAAP and operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with accounting principles generally accepted in the U.S., or GAAP. See the section titled “—Non-GAAP Financial Measures” for additional information regarding our use of direct contribution and adjusted EBITDA and their reconciliations to the most directly comparable GAAP measures.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(dollars in millions, except premiums per policy)			
Policies in force	455,493	406,283	455,493	406,283
Premiums per policy	\$ 1,616	\$ 1,522	\$ 1,616	\$ 1,522
Premiums in force	\$ 1,472.2	\$ 1,236.7	\$ 1,472.2	\$ 1,236.7
Gross premiums written	\$ 346.2	\$ 308.2	\$ 757.0	\$ 638.9
Gross premiums earned	\$ 371.3	\$ 308.0	\$ 715.7	\$ 583.0
Gross profit	\$ 101.7	\$ 70.8	\$ 208.8	\$ 134.7
Net income (loss)	\$ 22.0	\$ (7.8)	\$ 40.4	\$ (14.0)
Direct contribution	\$ 125.8	\$ 87.0	\$ 252.9	\$ 167.7
Adjusted EBITDA	\$ 37.6	\$ 12.1	\$ 69.5	\$ 27.2
Net loss and LAE ratio	66.1 %	72.7 %	65.1 %	72.5 %
Net expense ratio	29.1 %	30.0 %	30.3 %	29.9 %
Net combined ratio	95.2 %	102.7 %	95.4 %	102.4 %
Gross loss ratio	58.0 %	61.6 %	57.1 %	61.1 %
Gross LAE ratio	7.3 %	9.4 %	7.0 %	9.6 %
Gross expense ratio	29.0 %	28.9 %	30.1 %	29.1 %
Gross combined ratio	94.3 %	99.9 %	94.2 %	99.8 %
Gross accident period loss ratio	59.6 %	61.0 %	57.7 %	59.6 %

Policies in Force

We define policies in force as the number of current and active auto insurance policyholders underwritten by us as of the period end date. We view policies in force as an important metric to assess our financial performance because policy growth and retention drives our revenue growth, expands brand awareness, deepens our market penetration, and generates additional data to continue to improve the functioning of our platform.

Premiums per Policy

We define premiums per policy as the ratio of gross premiums written on auto insurance policies in force at the end of the period divided by policies in force. We view premiums per policy as an important metric since the higher the premiums per policy, the greater the amount of earned premium we expect from each policy.

Premiums in Force

We define premiums in force as premiums per policy multiplied by policies in force multiplied by two. We view premiums in force as an estimate of annualized run rate of gross premiums written as of a given period. Since our auto policies are six-month policies, we multiply this figure by two in order to determine an annualized amount of premiums in force. We view this as an important metric because it is an indicator of the size of our portfolio of policies as well as an indicator of expected earned premium over the coming 12 months. Premiums in force is not a forecast of future revenue nor is it a reliable indicator of revenue expected to be earned in any given period. We believe that our calculation of premiums in force is useful to investors and analysts because it captures the impact of fluctuations in customers and premiums per policy at the end of each reported period, without adjusting for known or projected policy updates, cancellations and non-renewals.

Gross Premiums Written

We define gross premiums written as the total amount of gross premium on policies that were bound during the period less the prorated impact of policy cancellations. Gross premiums written includes direct premiums and assumed premiums. We view gross premiums written as an important metric because it is the metric that most closely correlates with changes in gross premiums earned. We use gross premiums written, which excludes the impact of premiums ceded to reinsurers, to manage our business because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (gross loss ratio and gross LAE), are the key drivers of our future profit opportunities. Additionally, premiums ceded to reinsurers can change significantly based on the type and mix of reinsurance structures we use, and, as such, we have the optionality to fully retain the premiums from customers acquired in the future.

Gross Premiums Earned

We define gross premiums earned as the amount of gross premium that was earned during the period. Premiums are earned over the period in which insurance protection is provided, which is typically six months. Gross premiums earned includes direct premiums and assumed premiums. We view gross premiums earned as an important metric as it allows us to evaluate our premium levels prior to the impacts of reinsurance. It is the primary driver of our consolidated GAAP revenues. As with gross premiums written, we use gross premiums earned, which excludes the impact of premiums ceded to reinsurers to manage our business, because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (gross loss ratio and gross LAE), are the key drivers of our future profit opportunities.

Gross Profit

We define gross profit as total revenue minus net loss and LAE and other insurance expense. We view gross profit as an important metric because we believe it is informative of the financial performance of our core insurance business.

Direct Contribution

We define direct contribution, a non-GAAP financial measure, as gross profit excluding net investment income, acquisition costs, which include report costs and refunds related to these expenses and commission expenses related to our partnership channel, and fixed expenses, which include certain warrant compensation expense related to policies originating through the integrated automobile insurance solution for Carvana's online buying platform, or Integrated Platform, overhead allocated based on headcount, or Overhead, and salaries, health benefits, bonuses, employee retirement plan-related expenses and employee share-based compensation expense, or Personnel Costs, licenses, professional fees and other expenses. Further impacts related to reinsurance are excluded, these consist of ceded premiums earned, ceded loss and LAE, and net ceding commission and other. Net ceding commission and other is comprised of ceding commission received in connection with reinsurance ceded, partially offset by amortization of excess ceding commission, and other impacts of reinsurance ceded which are included in other insurance expense. After these adjustments, the resulting calculation is inclusive of only those gross variable costs of

revenue incurred on the successful acquisition of business. We view direct contribution as an important metric because we believe it measures profitability of our total policy portfolio prior to the impact of reinsurance.

See the section titled “—Non-GAAP Financial Measures” for a reconciliation of total revenue to direct contribution.

Adjusted EBITDA

We define adjusted EBITDA, a non-GAAP financial measure, as net income (loss) excluding interest expense, income tax expense, depreciation and amortization, share-based compensation, warrant compensation expense, restructuring charges, legal fees and other items that do not reflect our ongoing operating performance. After these adjustments, the resulting calculation represents expenses directly attributable to our operating performance. We use adjusted EBITDA as an internal performance measure in the management of our operations because we believe it provides management and other users of our financial information useful insight into our results of operations and underlying business performance. Adjusted EBITDA should not be viewed as a substitute for net income (loss) calculated in accordance with GAAP, and other companies may define adjusted EBITDA differently.

See the section titled “—Non-GAAP Financial Measures” for a reconciliation of net income (loss) to adjusted EBITDA.

Net Loss and LAE Ratio

We define net loss and LAE ratio, expressed as a percentage, as the ratio of net loss and LAE to net premiums earned. We view net loss and LAE ratio as an important metric because it allows us to evaluate loss trends as a percentage of net premiums and believe it is useful for investors to evaluate those separately from other operating expenses.

Net Expense Ratio

We define net expense ratio, expressed as a percentage, as the ratio of all operating expenses less loss and LAE and less fee income to net premiums earned. We view net expense ratio as important because it allows us to analyze our expense and acquisition trends, net of fee income, and allows investors to evaluate these expenses exclusive of our loss and LAE.

Net Combined Ratio

We define net combined ratio, expressed as a percentage, as the sum of net loss and LAE ratio and net expense ratio. We view net combined ratio as important because it allows us to analyze our underwriting result trends and is a key indicator of overall profitability and health of the overall business. We believe it is useful to investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. A net combined ratio under 100% indicates an underwriting profit, while a net combined ratio greater than 100% indicates an underwriting loss.

Gross Loss Ratio

We define gross loss ratio, expressed as a percentage, as the ratio of gross losses to gross premiums earned. Gross loss ratio excludes LAE. We view gross loss ratio as an important metric because it allows us to evaluate incurred losses and LAE separately prior to the impact of reinsurance.

Gross LAE Ratio

We define gross LAE ratio, expressed as a percentage, as the ratio of gross LAE to gross premiums earned. We view gross LAE ratio as an important metric because it allows us to evaluate incurred losses and LAE separately prior to the impact of reinsurance.

Gross Expense Ratio

We define gross expense ratio, expressed as a percentage, as the ratio of gross operating expenses less loss and LAE and less fee income to gross premiums earned. We view gross expense ratio as important because it allows us to analyze the underlying expense base of the business and establish expense targets, prior to the impact of reinsurance. We believe gross expense ratio is useful for investors to further evaluate business health and performance, prior to the impact of reinsurance.

Gross Combined Ratio

We define gross combined ratio, expressed as a percentage, as the sum of the gross loss ratio, gross LAE ratio and gross expense ratio. We view gross combined ratio as important because it allows us to evaluate financial performance and establish targets that we believe more closely reflect the underlying performance and profitability of the business prior to reinsurance. Further, we believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our gross underwriting performance. A gross combined ratio under 100% indicates an underwriting profit while a gross combined ratio greater than 100% indicates an underwriting loss, prior to the impact of reinsurance.

Gross Accident Period Loss Ratio

Gross accident period loss ratio, expressed as a percentage, represents all losses and claims expected to arise from insured events that occurred during the applicable period regardless of when they are reported and finally settled divided by gross premiums earned for the same period. Changes to our loss reserves are the primary driver of the difference between our gross accident period loss ratio and gross loss ratio. We believe that gross accident period loss ratio is useful in evaluating expected losses prior to the impact of reinsurance.

Components of Our Results of Operations

Revenue

We generate revenue from net premiums earned, net investment income, fee income and other income.

Net Premiums Earned

Premiums written are deferred and earned pro rata over the policy period. Net premiums earned represents the earned portion of our gross premiums written, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements.

Net Investment Income

Net investment income represents interest earned from our cash and cash equivalents, fixed maturities, and short-term investments less investment expenses. Net investment income also includes impairments related to low-income housing tax credits investments in limited liability entities to offset certain state premium taxes. These tax credits are recognized when utilized. Net investment income is directly correlated with the overall size of our cash and investment portfolio, market level of interest rates and changes in the fair value of our private equity investments. Net investment income will vary with the size and composition of our investment portfolio, market returns and the investment strategy.

Fee Income

Fee income consists primarily of the flat fee we charge for installment payments which relates to the additional administrative costs associated with processing more frequent billings. These fees are recognized in the period in which we process the installment. We also charge policy fees, which are typically nonrefundable fees that are intended to reimburse a portion of the costs incurred to underwrite the policy. These fees are recognized ratably over the policy coverage period. Fee income also includes late payment fees that are collected from our policyholders. These fees are recognized in the period in which we process the late payment.

Other Income

Other income is primarily comprised of revenue earned from distributing website and mobile application policy inquiry leads in geographies where we do not have a presence, recognized when we generate the lead.

Operating Expenses

Our operating expenses consist of loss and LAE, sales and marketing, other insurance expense, technology and development, and general and administrative expenses.

Loss and Loss Adjustment Expenses

Loss and LAE include the costs incurred for claims, payments made and estimated future payments to be made to or on behalf of our policyholders, including expenses needed to adjust or settle claims, net of amounts ceded to reinsurers. Loss and LAE include an amount determined using adjuster determined case-base estimates for reported claims and actuarial determined unpaid claim estimates using past experience and historical emergence patterns for unreported losses and LAE. These reserves are a liability established to cover the estimated ultimate cost to settle insured losses. The unpaid loss estimates consider loss trends, mix of business, and other risk factors impacting claims settlement. The method used to estimate unpaid LAE liability is based on claims transaction data, including the relative cost of adjusting and settling a range of claim types from express material damage claims to more complex injury cases.

Loss and LAE are net of amounts ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity to write more business. These expenses are a function of the size and term of the insurance policies we write and the loss experience associated with the underlying risks. This includes an allowance for credit losses based on the probability of default and expected loss given default of a reinsurer. Loss and LAE may be paid out over a period of years.

Various other expenses incurred during claims processing are considered LAE. These amounts include Personnel Costs for claims-related employees; vendor expenses; software expense; internally developed software amortization; and Overhead.

Sales and Marketing

Sales and marketing includes both acquisition and fixed expenses. We view direct performance marketing, experimental marketing, channel media, advertising and referral fees as acquisition expenses. We view sponsorship, Personnel Costs and Overhead related to our brand strategy, creative and business development activities, and certain data science activities as fixed costs. We incur sales and marketing expenses for all product offerings. Sales and marketing are expensed as incurred.

We plan to continue investing in and diversifying our marketing channels to attract and acquire new customers, increase our brand awareness, and expand our product offerings within certain markets. We expect that our sales and marketing will vary based upon the competitive environment and other investments in acquisition. Over the long term we expect it will decrease as a percentage of revenue as the proportion of renewals to our total business increases.

Other Insurance Expense

Other insurance expense includes expenses primarily related to insurance and underwriting operations of the business, and is comprised of acquisition, variable and fixed expenses. We view report costs and refunds related to these expenses and commission expenses related to our partnership channel as acquisition costs. We view premium taxes, credit card and policy processing expenses and premium write-offs as variable costs. We view insurance license expenses, certain warrant compensation expense related to policies originating through the Integrated Platform, low-income housing tax credits which offset certain state premium taxes, Personnel Costs and Overhead related to actuarial and certain data science activities as fixed costs.

We amortize a portion of our deferred policy acquisition costs including certain commissions related to our partnership channel, premium taxes, and report costs related to the successful acquisition of a policy. Tax credits are recognized when utilized. Other insurance expense is expensed as incurred, except for costs related to deferred policy acquisition costs that are capitalized and subsequently amortized over the same period in which the related premiums are earned. Certain warrant compensation expense is recognized on a pro-rata basis considering progress toward achieving milestones for policies originated through the Integrated Platform as defined under the Carvana commercial agreement.

These expenses are recognized net of ceding commissions earned from our quota share reinsurance agreements. The ceding commission provides for reimbursement of both direct and other periodic acquisition costs, including certain underwriting and marketing costs, and is presented as a reduction of other insurance expense. Other insurance expense may increase in the near term due to higher warrant compensation expense. This could occur if the short-term warrants expire unexercised and, at that time, certain long-term warrants become probable of vesting. As a result, we would recognize a cumulative warrant expense catch-up, the magnitude of which would vary considering probability of and progress towards achieving the long-term warrant policy origination milestones.

Technology and Development

Technology and development are fixed expenses that consist of software development costs related to our mobile app and homegrown information technology systems; third-party services related to infrastructure support; Personnel Costs and Overhead for engineering, product, technology, and certain data science activities; and amortization of internally developed software. Technology and development is expensed as incurred, except for development and testing costs related to internally developed software that are capitalized and subsequently amortized over the expected useful life. Over time, we expect technology and development to decrease as a percentage of revenue.

General and Administrative

General and administrative are fixed expenses that primarily relate to external professional service expenses; Personnel Costs and Overhead for corporate functions; and depreciation expense for computers, furniture and other fixed assets; and restructuring costs which include employee costs, real estate exit costs and other costs. General and administrative expenses are expensed as incurred. We expect general and administrative expenses to decrease as a percentage of total revenue over time.

Non-Operating Expenses

Interest Expense

Interest expense is not an operating expense; therefore, we include these expenses below operating expenses. Interest expense primarily relates to interest incurred on our long-term debt, certain fees that are expensed as incurred and amortization of discount and debt issuance costs.

Results of Operations

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

The following table presents our results of operations for the periods indicated:

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(dollars in millions)			
Revenues:				
Net premiums earned	\$ 353.0	\$ 261.6	\$ 91.4	34.9 %
Net investment income	9.4	10.0	(0.6)	(6.0)%
Fee income	19.7	16.6	3.1	18.7 %
Other income	0.8	1.0	(0.2)	(20.0)%
Total revenues	382.9	289.2	93.7	32.4 %
Operating expenses:				
Loss and loss adjustment expenses	233.3	190.3	43.0	22.6 %
Sales and marketing	37.1	34.2	2.9	8.5 %
Other insurance expense	47.9	28.1	19.8	70.5 %
Technology and development	13.7	14.7	(1.0)	(6.8)%
General and administrative	23.6	18.1	5.5	30.4 %
Total operating expenses	355.6	285.4	70.2	24.6 %
Operating income	27.3	3.8	23.5	618.4 %
Interest expense	(5.3)	(11.6)	6.3	(54.3)%
Income (loss) before income tax expense	22.0	(7.8)	29.8	382.1 %
Income tax expense	—	—	—	— %
Net income (loss)	22.0	(7.8)	29.8	382.1 %
Other comprehensive income (loss):				
Changes in net unrealized gains (losses) on investments	1.6	(0.1)	1.7	1700.0 %
Comprehensive income (loss)	\$ 23.6	\$ (7.9)	\$ 31.5	398.7 %

Revenue

Net Premiums Earned

Net premiums earned increased primarily due to an increase in policies in force as a result of continued growth in our partnership channel, reduced cessions of gross premiums earned to reinsurers between periods and greater premiums per policy resulting from a shift in customer mix and rate actions in 2024.

During the three months ended June 30, 2025 and 2024, we ceded approximately 4.9% and 15.1% of our gross premiums earned, respectively. The change in cessions between periods was primarily driven by a strategic reduction of quota share reinsurance.

The following table presents gross premiums written, ceded premiums written, net premiums written, gross premiums earned, ceded premiums earned and net premiums earned for the three months ended June 30, 2025 and 2024:

	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(dollars in millions)			
Gross premiums written	\$ 346.2	\$ 308.2	\$ 38.0	12.3 %
Ceded premiums written	(12.2)	(44.6)	32.4	(72.6)%
Net premiums written	334.0	263.6	70.4	26.7 %
Gross premiums earned	371.3	308.0	63.3	20.6 %
Ceded premiums earned	(18.3)	(46.4)	28.1	(60.6)%
Net premiums earned	\$ 353.0	\$ 261.6	\$ 91.4	34.9 %

Gross premiums written increased for the three months ended June 30, 2025 primarily due to growth in new writings as a result of continued growth in our partnership channel compared to the same period in 2024. The increase in gross premiums earned was primarily due to greater policies in force and a 6.2% increase in premiums per policy primarily attributable to a shift in customer mix and rate actions in 2024.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE increased due to additional losses incurred on increased gross premiums earned volume and reduced cessions of losses to reinsurers driven by a strategic reduction of quota share reinsurance for the three months ended June 30, 2025 compared to the same period in 2024. This volume-driven increase was partially offset by a reduction of loss and LAE reserves on prior periods due to lower than expected reported activity.

Gross accident period loss ratio decreased to 59.6% for the three months ended June 30, 2025, from 61.0% for the same period in 2024. The change in the ratio was driven by growth in average premium per policy primarily attributable to rate actions and favorable weather-related losses. This was partially offset by higher loss costs as a result of increased severity per claim due to higher vehicle repair and medical costs and a geographic mix shift. We observed a 6% increase in accident period severity per claim and a 2% decrease in claim frequency for the three months ended June 30, 2025 compared to the same period in 2024 across our bodily injury, collision, and property damage coverages. The claim frequency estimates are tenure mix adjusted.

Sales and Marketing

Sales and marketing expense increased primarily due to a \$2.8 million increase in direct performance marketing spend, reflective of our investments to drive accretive growth and deeper market penetration in the states in which we operate. While acquisition expenses increased due to heightened competition in the marketing environment, we remained disciplined in our deployment of direct marketing spend, operating within our estimated return targets.

Other Insurance Expense

Other insurance expense increased primarily due to a \$10.0 million increase in our acquisition expenses driven by greater commissions paid related to the continued growth in our partnership channel, including amortization of deferred policy acquisition costs. We also saw a \$6.0 million decrease in net ceding commission contra-expense as a result of a decline in ceded premiums written, largely attributable to a strategic reduction of quota share reinsurance. We also saw an increase in variable expenses, including a \$2.3 million increase in premium taxes, as a result of growth of our earned premium and policies in force.

General and Administrative

General and administrative expense increased primarily due to a \$4.0 million increase in personnel costs mainly driven by share-based compensation expenses relating to our equity incentive plan.

Non-Operating Expenses

Interest Expense

Interest expense decreased primarily due to a \$5.8 million decrease in debt interest expense as a result of reduced principal and a more favorable interest rate in connection with the \$200.0 million five-year term loan, or Amended Term Loan.

Comparison of the Six Months Ended June 30, 2025 and 2024

The following table presents our results of operations for the periods indicated:

	Six Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(dollars in millions)			
Revenues:				
Net premiums earned	\$ 674.3	\$ 491.9	\$ 182.4	37.1 %
Net investment income	18.1	19.2	(1.1)	(5.7)%
Fee income	38.4	31.3	7.1	22.7 %
Other income	1.5	1.7	(0.2)	(11.8)%
Total revenues	732.3	544.1	188.2	34.6 %
Operating expenses:				
Loss and loss adjustment expenses	438.9	356.7	82.2	23.0 %
Sales and marketing	88.6	64.6	24.0	37.2 %
Other insurance expense	84.6	52.7	31.9	60.5 %
Technology and development	25.1	25.7	(0.6)	(2.3)%
General and administrative	44.1	35.2	8.9	25.3 %
Total operating expenses	681.3	534.9	146.4	27.4 %
Operating income	51.0	9.2	41.8	454.3 %
Interest expense	(10.6)	(23.2)	12.6	(54.3)%
Income (loss) before income tax expense	40.4	(14.0)	54.4	388.6 %
Income tax expense	—	—	—	— %
Net income (loss)	40.4	(14.0)	54.4	388.6 %
Other comprehensive income (loss):				
Changes in net unrealized gains (losses) on investments	4.6	(0.9)	5.5	611.1 %
Comprehensive income (loss)	\$ 45.0	\$ (14.9)	\$ 59.9	402.0 %

Revenue

Net Premiums Earned

Net premiums earned increased primarily due to an increase in policies in force as a result of continued growth in our partnership channel, reduced cessions of gross premiums earned to reinsurers between periods and greater premiums per policy resulting from a shift in customer mix and rate actions in 2024.

During the six months ended June 30, 2025 and 2024, we ceded approximately 5.8% and 15.6% of our gross premiums earned, respectively. The change in cessions between periods was primarily driven by a strategic reduction of quota share reinsurance.

The following table presents gross premiums written, ceded premiums written, net premiums written, gross premiums earned, ceded premiums earned and net premiums earned for the six months ended June 30, 2025 and 2024:

	Six Months Ended June 30,			
	2025	2024	\$ Change	% Change
	(dollars in millions)			
Gross premiums written	\$ 757.0	\$ 638.9	\$ 118.1	18.5 %
Ceded premiums written	(31.0)	(91.3)	60.3	(66.0)%
Net premiums written	726.0	547.6	178.4	32.6 %
Gross premiums earned	715.7	583.0	132.7	22.8 %
Ceded premiums earned	(41.4)	(91.1)	49.7	(54.6)%
Net premiums earned	\$ 674.3	\$ 491.9	\$ 182.4	37.1 %

Gross premiums written increased for the six months ended June 30, 2025 primarily due to continued growth in our partnership channel compared to the same period in 2024. The increase in gross premiums earned was primarily due to greater policies in force and a 6.2% increase in premiums per policy primarily attributable to a shift in customer mix and rate actions in 2024.

Fee Income

Fee income increased due to \$4.1 million in policy fees and \$1.7 million in installment fees due to greater policies in force.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE increased due to additional losses incurred on increased gross premiums earned volume and reduced cessions of losses to reinsurers driven by a strategic reduction of quota share reinsurance for the six months ended June 30, 2025 compared to the same period in 2024. This volume-driven increase was partially offset by a reduction of loss and LAE reserves on prior periods due to lower than expected reported activity.

Gross accident period loss ratio decreased to 57.7% for the six months ended June 30, 2025, from 59.6% for the same period in 2024. The change in the ratio was driven by growth in average premium per policy primarily attributable to rate actions. This was partially offset by geographic mix shift and higher loss costs as a result of increased severity per claim due to higher vehicle repair and medical costs. We observed a 5% increase in accident period severity per claim and a 4% decrease in claim frequency for the six months ended June 30, 2025, compared to the same period in 2024 across our bodily injury, collision, and property damage coverages. The claim frequency estimates are tenure mix adjusted.

Sales and Marketing

Sales and marketing expense increased primarily due to a \$22.3 million increase in direct performance marketing spend, reflective of our investments to drive accretive growth and deeper market penetration in the states in which we operate. While acquisition expenses increased due to heightened competition in the marketing environment, we remained disciplined in our deployment of direct marketing spend, operating within our estimated return targets.

Other Insurance Expense

Other insurance expense increased primarily due to a \$14.7 million increase in our acquisition expenses driven by greater commissions paid related to the continued growth in our partnership channel, including amortization of deferred policy acquisition costs. We also saw an \$11.7 million decrease in net ceding commission contra-expense as a result of a decline in ceded premiums written, largely attributable to a strategic reduction of quota share reinsurance. Variable expenses increased primarily due to a \$4.0 million increase in premium write-offs and a \$3.8 million increase in premium taxes, as a result of growth of our earned premium and policies in force. Fixed expenses decreased primarily due to \$3.8 million of Carvana warrant expense recognized in the first half of 2024, as all short-term warrant expense has been recognized upon vesting.

General and Administrative

General and administrative expense increased primarily due to a \$6.0 million increase in personnel costs mainly driven by share-based compensation expenses relating to our equity incentive plan.

Non-Operating Expenses**Interest Expense**

Interest expense decreased primarily due to a \$11.5 million decrease in debt interest expense as a result of reduced principal and a more favorable interest rate in connection with the Amended Term Loan.

Other Comprehensive Income (Loss)**Changes in Net Unrealized Gains (Losses) on Investments**

Changes in net unrealized gains (losses) on investments increased to net unrealized gains primarily attributable to changes in the interest rate environment.

Non-GAAP Financial Measures

The non-GAAP financial measures below have not been calculated in accordance with GAAP and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. In addition, direct contribution and adjusted EBITDA should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Therefore, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses these non-GAAP financial measures, in conjunction with GAAP financial measures, as an integral part of managing our business and to, among other things: (1) monitor and evaluate the performance of our business operations and financial performance; (2) facilitate internal comparisons of the historical operating performance of our business operations; (3) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (4) review and assess the performance of our management team, including when determining incentive compensation; (5) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (6) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Direct Contribution

For the definition of direct contribution and why management believes this measure provides useful information to investors, see “—Key Performance Indicators.”

The following table provides a reconciliation of total revenue to direct contribution for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(dollars in millions)			
Total revenue	\$ 382.9	\$ 289.2	\$ 732.3	\$ 544.1
Loss and loss adjustment expenses	(233.3)	(190.3)	(438.9)	(356.7)
Other insurance expense	(47.9)	(28.1)	(84.6)	(52.7)
Gross profit	101.7	70.8	208.8	134.7
Net investment income	(9.4)	(10.0)	(18.1)	(19.2)
Adjustments from other insurance expense ⁽¹⁾	29.5	18.6	51.7	39.4
Ceded premiums earned	18.3	46.4	41.4	91.1
Ceded loss and loss adjustment expenses	(9.2)	(28.4)	(19.6)	(55.7)
Net ceding commission and other ⁽²⁾	(5.1)	(10.4)	(11.3)	(22.6)
Direct contribution	\$ 125.8	\$ 87.0	\$ 252.9	\$ 167.7

(1) Adjustments from other insurance expense consists of acquisition costs, including report costs and refunds related to these expenses and commission expenses related to our partnership channel of \$25.0 million and \$44.7 million for the three and six months ended June 30, 2025, respectively, and \$14.1 million and \$29.7 million for the three and six months ended June 30, 2024, respectively. Adjustments from other insurance expense also consists of fixed expenses, including certain warrant compensation expense related to policies originating through the Integrated Platform, Personnel Costs, Overhead, licenses, professional fees and other of \$4.6 million and \$7.1 million for the three and six months ended June 30, 2025, respectively, and \$4.5 million and \$9.7 million for the three and six months ended June 30, 2024, respectively.

(2) Net ceding commission and other is comprised of ceding commissions received in connection with reinsurance ceded, partially offset by amortization of excess ceding commission and other impacts of reinsurance ceded.

Adjusted EBITDA

For the definition of adjusted EBITDA and why management believes this measure provides useful information to investors, see “—Key Performance Indicators.”

The following table provides a reconciliation of net income (loss) to adjusted EBITDA for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(dollars in millions)			
Net income (loss)	\$ 22.0	\$ (7.8)	\$ 40.4	\$ (14.0)
Adjustments:				
Interest expense	5.2	10.8	10.3	21.7
Income tax expense	—	—	—	—
Depreciation and amortization	1.9	3.9	3.9	6.7
Share-based compensation	8.4	3.8	14.8	8.4
Warrant compensation expense	—	1.0	—	3.8
Restructuring costs ⁽¹⁾	0.1	—	0.1	0.1
Other ⁽²⁾	—	0.4	—	0.5
Adjusted EBITDA	\$ 37.6	\$ 12.1	\$ 69.5	\$ 27.2

(1) Restructuring costs consist of employee costs and real estate exit costs. This includes depreciation and amortization of \$0.1 million for the three and six months ended June 30, 2025 and \$0.1 million and \$0.2 million for the three and six months ended June 30, 2024, respectively.

(2) Other primarily reflects legal costs and other items that do not reflect our ongoing operating performance. Legal and other fees related to the 2022 misappropriation of funds by a former senior marketing employee of zero for the three and six months ended June 30, 2025 and \$0.4 million and \$0.5 million for the three and six months ended June 30, 2024, respectively.

Liquidity and Capital Resources

General

Since inception, we have financed operations primarily through sales of insurance policies and the net proceeds we have received from our issuance of stock and debt. Cash generated from operations is highly dependent on being able to efficiently acquire and maintain customers while pricing our insurance products appropriately. We are continuously evaluating alternatives for efficiently funding our ongoing operations and reducing our cost of capital. We expect, from time to time, to engage in a variety of financing transactions for such purposes, including the issuance of stock and debt.

Certain events may impact our liquidity such as the economic instability resulting in acute inflationary pressures, supply chain disruptions, changes in interest rates, new or increased tariffs, changes in equity markets and our utilization of reinsurance. There remains uncertainty around the future of inflation; elevated levels of inflation for an extended period could cause claims and claim expenses to increase, impact the performance of our investment portfolio or have other adverse effects. Conditions in the capital and credit markets, including instability and uncertainty, as well as broader economic factors such as the imposition of substantial tariffs and potential retaliatory tariffs, can also influence the returns, liquidity, valuation, and types of our investments. Additionally, fluctuations in interest rates could impact our cost of capital and may limit our ability to raise additional capital. We utilize reinsurance arrangements to grow our business in a capital-efficient manner and mitigate risk. Over time, our strategy continues to evolve and we may choose to amend, commute, and/or non-renew certain third-party reinsurance agreements, which may result in us retaining more or less of our business in the future. To the extent we retain a larger share of our book of business, our capital requirements may increase.

Regulatory Considerations

We are organized as a holding company, but our primary operations are conducted by three of our wholly-owned insurance subsidiaries, Root Insurance Company and Root Property & Casualty Insurance Company, both Ohio-domiciled insurance companies, and Root Florida Insurance Company, a Florida-domiciled insurance company. The payment of dividends by our insurance subsidiaries is subject to restrictions set forth in the insurance laws and regulations of the State of Ohio and the State of Florida. Our domestic insurance subsidiaries are not permitted to pay any dividends without approval of the applicable superintendent, commissioner and/or director. During the six months ended June 30, 2025, the Ohio Department of Insurance approved Root Insurance Company to distribute two extraordinary dividends. As a result, \$10.0 million has been distributed to Caret Holdings, Inc., its parent company, net of capital contributed to our regulated insurance entities.

If our insurance subsidiaries' business grows, the amount of capital we are required to maintain to satisfy our risk-based capital requirements may increase significantly. To comply with these regulations, we may be required to maintain capital in the insurance subsidiaries that we would otherwise invest in our growth and operations. As of June 30, 2025, our insurance subsidiaries maintained a risk-based capital level that is in excess of an amount that would require any corrective actions on our part.

Our wholly-owned, Cayman Islands-based reinsurance subsidiary, Root Reinsurance Company, Ltd., or Root Re, maintains a Class B(iii) insurer license under Cayman Islands Monetary Authority, or CIMA. At June 30, 2025, Root Re was subject to compliance with certain capital levels and a net premiums earned to capital ratio up to 15:1, which we maintained as of June 30, 2025. The capital ratio can fluctuate at Root Re's election, subject to regulatory approval. Root Re's primary sources of funds are assumed insurance premiums, net investment income and capital contributions from the holding company. These funds are primarily used to pay claims and operating expenses and to purchase investments. Root Re must notify CIMA before it can pay any dividend to the holding company. During the six months ended June 30, 2025, Root Re distributed a dividend of \$25.0 million to Caret Holdings, Inc., its parent company.

Financing Arrangements

In October 2024, we entered into the Amended Term Loan with the principal amount due and payable upon maturity on October 29, 2030. Interest is payable quarterly and determined on a floating interest rate calculated on the Secured Overnight Financing Rate with a 1.0% floor, plus an applicable margin ranging from 5.25% to 6.00% based upon the debt-to-capital ratio payable quarterly.

Liquidity

As of June 30, 2025, we had \$641.4 million in cash and cash equivalents, of which \$314.2 million was held outside of regulated insurance entities. We also had \$322.7 million in marketable securities.

Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our marketable securities primarily consist of U.S. Treasury securities and agencies, municipal securities, corporate debt securities, and asset-backed securities.

We believe that our existing cash and cash equivalents, marketable securities and cash flow from operations will be sufficient to support short-term working capital and capital expenditure requirements for at least the next 12 months and for the foreseeable future thereafter.

Our long-term capital requirements depend on many factors, including our insurance premium growth rate, rate adequacy, level of marketing spend, renewal activity, the timing and the amount of cash received from customers, the performance of our products, including the success of our partnership channel, loss cost trends, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, the continuing market adoption of offerings on our platform, operating costs, and the ongoing uncertainty in global markets.

Tax withholding obligations arise upon vesting of shares of service-based restricted stock units, or RSUs, performance-based restricted stock units, and market-based restricted stock units, and these obligations must be satisfied at the time they arise through cash payments remitted to the relevant tax authorities. To the extent we satisfy our tax withholding obligations with respect to these equity compensation awards by withholding shares and remitting cash to the relevant tax authorities, the amount of cash payments due for taxes upon the vesting of such equity compensation awards is dependent on the price of our Class A common stock on the applicable vesting dates and could be substantial. Future obligations could have a negative impact on our liquidity and ability to use funds for operational purposes. During the second quarter of 2025, we paid \$16.3 million in tax withholding obligations arising from the vesting of shares of RSUs and market-based restricted stock units.

For illustrative purposes, assuming a stock price of \$125.28 per share (the closing price of our shares of Class A common stock on the The Nasdaq Stock Market on July 1, 2025), we estimate that our tax withholding obligations on account of remaining vesting events for the third and fourth quarter of 2025 and the first and second quarter of 2026 of approximately \$3.6 million, \$3.6 million, \$6.4 million and \$11.6 million, respectively.

Our debt covenants required cash and cash equivalents held in entities other than our insurance subsidiaries to be at least \$50.0 million.

Through prudent deployment of capital we believe we have sufficient resources, and access to additional debt and equity capital, to adequately meet our obligations as they come due.

Cash Flows

The following table summarizes our cash flow data for the periods presented:

	Six Months Ended June 30,	
	2025	2024
	(in millions)	
Net cash provided by operating activities	\$ 78.8	\$ 77.1
Net cash used in investing activities	(17.6)	(74.3)
Net cash used in financing activities	(19.0)	(14.3)

Net cash provided by operating activities for the six months ended June 30, 2025 was \$78.8 million compared to \$77.1 million for the six months ended June 30, 2024. The increase in cash provided by operating activities was due to higher net income between the periods and timing of reinsurance receipts. This was partially offset by a change in loss and LAE reserves due to growth in policies in force, timing of reinsurance payments and change in premiums not yet earned due to growth.

Net cash used in investing activities for the six months ended June 30, 2025 was \$17.6 million compared to \$74.3 million for the six months ended June 30, 2024. The decrease in cash used in investing activities was primarily due to lower purchases of investments and higher proceeds from maturities, calls and pay downs of investments for the six months ended June 30, 2025 compared to the same period in 2024.

Net cash used in financing activities for the six months ended June 30, 2025 was \$19.0 million compared to \$14.3 million for the six months ended June 30, 2024. The increase in cash used in financing activities was primarily due to tax withholding obligations arising from the vesting of shares of RSUs and market-based restricted stock units during the six months ended June 30, 2025.

Material Cash Requirements from Contractual and Other Obligations

There have been no material changes to our contractual and other obligations from those described in our 2024 10-K. We believe we have sufficient resources, and access to additional debt and equity capital, to adequately meet our obligations as they come due.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity or cash flows.

Critical Accounting Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of the condensed consolidated financial statements in conformity with GAAP requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to reserves for loss and LAE, valuation allowance on our deferred tax assets, and the amount of reinsurance recoverable and receivable from reinsurance contracts. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Our critical accounting estimates are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates,” in our 2024 10-K and the Notes to Condensed Consolidated Financial Statements appearing elsewhere in this Quarterly Report on Form 10-Q. During the six months ended June 30, 2025, there were no material changes to our critical accounting estimates from those discussed in our 2024 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the quantitative and qualitative market risk disclosures included in the 2024 10-K.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II. Other Information

Item 1. Legal Proceedings.

From time to time, we are party to litigation and legal proceedings relating to our business operations. While the outcome of all legal actions is not presently determinable, we do not believe that we are party to any current or pending legal action that could reasonably be expected to have a material adverse effect on our financial condition or results of operations and cash flows.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in the 2024 10-K. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A. “Risk Factors,” in the 2024 10-K. You should not interpret the disclosure of any risk factor to imply the risk has not already materialized.

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

Issuer Purchases of Equity Securities

None.

Dividend Policy

We have never declared or paid cash dividends on our stock. We currently intend to retain all available funds and future earnings to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Dividend, Repurchase and Working Capital Restrictions

We are a holding company that transacts a majority of its business through operating subsidiaries. Our regulated insurance subsidiaries are subject to restrictions on the dividends they may pay, which could impact our ability to pay dividends to stockholders in the future.

The payment of dividends by our insurance subsidiaries is subject to restrictions set forth in the insurance laws and regulations of the State of Ohio and the State of Florida. Our domestic insurance subsidiaries are not permitted to pay any dividends without approval of the applicable superintendent, commissioner and/or director. See the section titled “Risk Factors—Risks Related to Our Business—Failure to maintain our risk-based capital at the required levels could adversely affect our ability to maintain regulatory authority to conduct our business,” included in the 2024 10-K.

In addition, insurance regulators have broad powers to prevent a reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amount calculated under any applicable formula would be permitted. The supervisory DOIs may, in the future, adopt statutory provisions more restrictive than those currently in effect.

Further, the Amended Term Loan includes covenants that require us to maintain certain levels of liquidity and restrict us from declaring or making cash dividend or other distributions and from repurchasing our common stock outside of the ordinary course of business or in excess of certain specified limits during the term of the Amended Term Loan.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408 of Regulation S-K) during the Company's fiscal quarter ended June 30, 2025.

Item 6. Exhibits.

(a) Exhibits.

Exhibit Number	Description of Exhibit	Incorporation by Reference				
		Form	SEC File Number	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of Root, Inc.	8-K	001-39658	3.1	October 30, 2020	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Root, Inc.	8-K	001-39658	3.1	August 15, 2022	
3.3	Amended and Restated Bylaws of Root, Inc.	10-K	001-39658	3.3	February 22, 2023	
3.4	Certificate of Designations of Series A Preferred Stock, filed with the Delaware Secretary of State on October 1, 2021	8-K	001-39658	3.1	October 1, 2021	
4.1	Form of Class A common stock certificate of the Registrant.	S-1/A	333-249332	4.1	October 20, 2020	
4.2	Common Stock Purchase Warrants, dated as of October 1, 2021, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	4.1	October 1, 2021	
4.3	Form of Common Stock Purchase Warrant (Tranche 1), dated January 26, 2022	8-K	001-39658	4.1	January 27, 2022	
4.4	First Amendment to Form of Common Stock Purchase Warrant (Tranche 1), dated October 29, 2024	10-Q	001-39658	4.5	October 30, 2024	
10.1#	Amended and Restated Form of Root, Inc. 2020 Equity Incentive Plan Performance-Based RSU Award Grant Notice and Agreement (2024 Grant)					X
10.2#	Amended and Restated Form of Root, Inc. 2020 Equity Incentive Plan Performance-Based RSU Award Grant Notice and Agreement Retirement-Eligible (2024 Grant)					X
10.3#	Policy for the Acceleration of Equity Awards in the Event of Death					X
10.4#	Root, Inc. Non-Employee Director Compensation Policy, adopted May 1, 2025					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Indicates management contract or compensatory plan.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates them by reference.

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.

Root, Inc.

Date: August 6, 2025

By: /s/ Alexander Timm
Alexander Timm
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 6, 2025

By: /s/ Megan Binkley
Megan Binkley
Chief Financial Officer
(Principal Financial Officer)

Date: August 6, 2025

By: /s/ Ryan Forish
Ryan Forish
Chief Accounting Officer
(Principal Accounting Officer)

ROOT, INC.
2020 EQUITY INCENTIVE PLAN
AMENDED AND RESTATED AWARD AGREEMENT (Performance-Based RSU AWARD)

As reflected by your Restricted Stock Unit Grant Notice (“*Grant Notice*”), Root, Inc. (the “*Company*”) has granted you a RSU Award under its 2020 Equity Incentive Plan (the “*Plan*”) for the number of performance-based restricted stock units as indicated in your Grant Notice (the “*RSU Award*”). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the “*Agreement*”) and the Grant Notice constitute your “*RSU Award Agreement*”. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “*Restricted Stock Units*”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

4. WITHHOLDING OBLIGATIONS.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the “*Service Recipient*”) with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items associated with the grant or vesting of the RSU Award or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable to you (the “*Tax Liability*”), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this RSU Award, including, but not limited to, the grant or vesting of the RSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the Common Stock; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any

applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award; *provided*, however, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect, or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash (whether from applicable tax authorities or the Company) and you will have no entitlement to the equivalent amount in Common Stock or (ii) minimum or such other applicable rates in your jurisdiction(s), in which case you may be solely responsible for paying any additional Tax Liability to the applicable tax authorities or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the RSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not participate in the Plan and the Company shall have no obligation to deliver shares of Common Stock until you have fully satisfied the Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-3(a) and will be construed and administered in such a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each vested Restricted Stock Unit. Each issuance date determined by this paragraph is referred to as an "**Original Issuance Date**."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "**10b5-1 Arrangement**")), and

(ii) either (1) a Tax Liability withholding obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Tax Liability withholding obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

6. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

7. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

9. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

10. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company’s Trading Policy.

11. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

12. Clawback/Recovery. The RSU Award will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts (including via inclusion in an employment, severance or similar agreement with you), to the extent applicable and permissible under Applicable Law. No recovery of compensation under such a clawback policy will be an event giving rise to your right to voluntarily terminate employment upon a “resignation for good reason,” or for a “constructive termination” or any similar term under any plan of or agreement with the Company.

EXHIBIT A

VESTING SCHEDULE

The number of Restricted Stock Units that vest shall be determined in accordance with the following terms and conditions. Capitalized terms not otherwise defined herein have the meanings set forth in the Grant Notice, the Agreement or the Plan, as applicable.

1. Performance Period. The “*Performance Period*” shall begin on January 1, 2025 and shall end on December 31, 2025 (the “*Scheduled Performance Period End Date*”). Notwithstanding the foregoing, in the event of a Change in Control prior to the Scheduled Performance Period End Date, the Performance Period shall be shortened and deemed to end immediately prior to the effective time of the Change in Control and the Award shall be treated as set forth in Section 4(a) of this Exhibit A.

2. Earning of Restricted Stock Units. Restricted Stock Units will be earned and eligible to vest (the “Earned Units”), contingent upon achievement of the performance criteria during the Performance Period as described in Section 2(a) below.

(a) Performance Criteria. For the purposes of this agreement, performance is subject to the achievement of both Adjusted EBITDA and New Writings goals during the Performance period as outlined in the matrix set forth in **Appendix A**, as certified by the Compensation Committee. The Compensation Committee retains discretion to adjust the matrix as set forth in the Plan.

If performance falls between any of the amounts set forth in the matrix, the number of Earned Units shall be determined by interpolation. Any portion of the target award not earned during the term of the Award based upon the Company’s actual performance as measured against the applicable performance criteria shall expire and be forfeited.

(i) For the purposes of this Agreement, New Writings is defined as the count of new policies written based on the initial (term 1) policy effective date in the calendar period. Rewrites from previously canceled policies are considered. This metric is the best measure of company growth, unaffected by offsets. New Writings are inclusive of Direct and Partnership acquisition channels.

(ii) For the purposes of this Agreement, Adjusted EBITDA, a non-GAAP financial measure defined as net loss excluding interest expense, income tax expense, depreciation and amortization, share-based compensation, warrant compensation expense, restructuring charges, and write-off of prepaid marketing expense and reclassifications of certain sales and marketing expenses, and related legal and other fees, net of anticipated insurance recovery. For fiscal 2025, also excluding incremental STI payouts above target and expense related to additional STI eligibility for employees. The Compensation Committee has the discretion to modify adjusted EBITDA for purposes of Root's performance stock targets for unusual items as they arise and determine the appropriateness of adjustments to adjusted EBITDA.

3. Holding Period. Any Earned Units shall be subject to a three-year restricted “Holding Period” which shall begin on January 1, 2026 and shall end on January 1, 2029, with 25% of the Earned Units vesting on the date the Compensation Committee certifies performance as set forth in Section 2(a) and the remainder annually thereafter (25% per year) on January 1 so long as the Participant has remained in Continuous Service through such date (subject to Section 4).

4. Termination of Continuous Service

(a) **Impact of Change in Control.** If, during the Performance Period, a Change in Control occurs, then the Performance Period will be shortened such that the Performance Period will end as of immediately prior to the Change in Control and will vest at the greater of target or, to the extent that any of the Performance Criteria are achieved on a prorated basis based on the number of days in the Performance Period that have elapsed prior to the Change in Control, as certified by the Compensation Committee within five business days prior to the Change in Control, such higher amount and the Earned Units will become immediately vested. If a Change in Control occurs during the Holding Period, any Earned Units will become immediately vested.

(b) **Termination other than Change in Control.** If, during the Performance Period or thereafter during the Holding Period, the Participant terminates his or her Continuous Service for reasons other than a Change in Control, the Award shall be canceled and forfeited as of the date of such termination, except as may be set forth in a written employment or severance arrangement between the Participant and the Company.

ROOT, INC.
2020 EQUITY INCENTIVE PLAN

Amended and Restated AWARD AGREEMENT (Performance-Based RSU AWARD)

As reflected by your Restricted Stock Unit Grant Notice (“*Grant Notice*”), Root, Inc. (the “*Company*”) has granted you a RSU Award under its 2020 Equity Incentive Plan (the “*Plan*”) for the number of performance-based restricted stock units as indicated in your Grant Notice (the “*RSU Award*”). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the “*Agreement*”) and the Grant Notice constitute your “*RSU Award Agreement*”. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “*Restricted Stock Units*”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

4. WITHHOLDING OBLIGATIONS.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the “*Service Recipient*”) with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items associated with the grant or vesting of the RSU Award or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable to you (the “*Tax Liability*”), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this RSU Award, including, but not limited to, the grant or vesting of the RSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the Common Stock; and (ii) do not

commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award; *provided*, however, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect, or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash (whether from applicable tax authorities or the Company) and you will have no entitlement to the equivalent amount in Common Stock or (ii) minimum or such other applicable rates in your jurisdiction(s), in which case you may be solely responsible for paying any additional Tax Liability to the applicable tax authorities or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the RSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not participate in the Plan and the Company shall have no obligation to deliver shares of Common Stock until you have fully satisfied the Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-3(a) and will be construed and administered in such a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each vested Restricted Stock Unit. Each issuance date determined by this paragraph is referred to as an “**Original Issuance Date**.”

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**)), and

(ii) either (1) a Tax Liability withholding obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Tax Liability withholding obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

6. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

7. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

9. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid.

Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

10. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

11. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

12. Clawback/Recovery. The RSU Award will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts (including via inclusion in an employment, severance or similar agreement with you), to the extent applicable and permissible under Applicable Law. No recovery of compensation under such a clawback policy will be an event giving rise to your right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

EXHIBIT A

VESTING SCHEDULE

The number of Restricted Stock Units that vest shall be determined in accordance with the following terms and conditions. Capitalized terms not otherwise defined herein have the meanings set forth in the Grant Notice, the Agreement or the Plan, as applicable.

1. Performance Period. The “*Performance Period*” shall begin on January 1, 2025 and shall end on December 31, 2025 (the “*Scheduled Performance Period End Date*”). Notwithstanding the foregoing, in the event of a Change in Control prior to the Scheduled Performance Period End Date, the Performance Period shall be shortened and deemed to end immediately prior to the effective time of the Change in Control and the Award shall be treated as set forth in Section 4(a) of this Exhibit A.

2. Earning of Restricted Stock Units. Restricted Stock Units will be earned and eligible to vest (the “Earned Units”), contingent upon achievement of the performance criteria during the Performance Period as described in Section 2(a) below.

(a) Performance Criteria. For the purposes of this agreement, performance is subject to the achievement of both Adjusted EBITDA and New Writings goals during the Performance period as outlined in the matrix set forth in **Appendix A**, as certified by the Compensation Committee. The Compensation Committee retains discretion to adjust the matrix as set forth in the Plan.

If performance falls between any of the amounts set forth in the matrix, the number of Earned Units shall be determined by interpolation. Any portion of the target award not earned during the term of the Award based upon the Company’s actual performance as measured against the applicable performance criteria shall expire and be forfeited.

(i) For the purposes of this Agreement, New Writings is defined as the count of new policies written based on the initial (term 1) policy effective date in the calendar period. Rewrites from previously canceled policies are considered. This metric is the best measure of company growth, unaffected by offsets. New Writings are inclusive of Direct and Partnership acquisition channels.

(ii) For the purposes of this Agreement, Adjusted EBITDA, a non-GAAP financial measure defined as net loss excluding interest expense, income tax expense, depreciation and amortization, share-based compensation, warrant compensation expense, restructuring charges, and write-off of prepaid marketing expense and reclassifications of certain sales and marketing expenses, and related legal and other fees, net of anticipated insurance recovery. For fiscal 2025, also excluding incremental STI payouts above target and expense related to additional STI eligibility for employees. The Compensation Committee has the discretion to modify adjusted EBITDA for purposes of Root's performance stock targets for unusual items as they arise and determine the appropriateness of adjustments to adjusted EBITDA.

3. Holding Period. Any Earned Units shall be subject to a three-year restricted “Holding Period” which shall begin on January 1, 2026 and shall end on January 1, 2029, with 25% of the Earned Units vesting on the date the Compensation Committee certifies performance as set forth in Section 2(a) and the remainder annually thereafter (25% per year) on January 1 so long as the Participant has remained in Continuous Service through such date (subject to Section 4).

4. Termination of Continuous Service

(a) Impact of Change in Control. If, during the Performance Period, a Change in Control occurs, then the Performance Period will be shortened such that the Performance Period will end as of immediately prior to the Change in Control and will vest at the greater of target or, to the extent that any of the Performance Criteria are achieved on a prorated basis based on the number of days in the Performance Period that have elapsed prior to the Change in Control, as certified by the Compensation Committee within five business days prior to the Change in Control, such higher amount and the Earned Units will become immediately vested. If a Change in Control occurs during the Holding Period, any Earned Units will become immediately vested.

(b) Impact of Retirement. If, during the Performance Period or thereafter during the Holding Period, the Participant terminates his or her Continuous Service by reason of Retirement, the Award shall remain outstanding and eligible to be earned and to vest pursuant to the foregoing provisions of this Exhibit A (including the Holding Period requirement and the provisions with respect to a Change in Control) and the number of Earned Units shall be equal to (a) in the case of a Retirement prior to the commencement of the Holding Period, the number of Earned Units (if any) determined pursuant to the foregoing provisions of this Exhibit A based on the Company’s actual performance as measured against the applicable performance criteria multiplied by a fraction, the numerator of which is the number of days in the Performance Period that the Participant was in Continuous Service with the Company and the denominator of which is 365; and (b) in the case of a Retirement during the Holding Period, the number of Earned Units determined pursuant to the foregoing provisions of this Exhibit A. “Retirement” shall mean a termination of Continuous Service with the Company (including a termination by reason of death or Disability) that is not a termination for Cause and that occurs (i) upon or following the attainment of age of 55 with 10 years of service with the Company, (ii) more than six months following the date of grant of this Award and (iii) where the termination is initiated by the Participant, upon no less than six months’ advance written notice by the Participant. “Retirement” shall not mean a termination of Continuous Service that results from an act or omission permitting the Compensation Committee to exercise its discretion to seek recovery of Incentive-Based Compensation under any of the clawback policies and provisions described in Section 12 of the Agreement.

(c) Termination other than Retirement. If, during the Performance Period or thereafter during the Holding Period, the Participant terminates his or her Continuous Service for reasons other than a Retirement, the Award shall be canceled and forfeited as of the date of such termination, except as may be set forth in a written employment or severance arrangement between the Participant and the Company.

Policy for the Acceleration of Equity Awards in the Event of Death
Effective April 30, 2025

Whereas, the Company has adopted and maintains the 2020 Equity Incentive Plan (the “**2020 Plan**”) and preceding 2015 Equity Incentive Plan (the “2015 Plan”) for the purposes of providing equity incentives to “**Participants**” (as such term is defined in the 2020 Plan and 2015 Plan, as applicable);

Whereas, pursuant to Section 7 of the 2020 Plan and Section 4 of the 2015 Plan, as applicable, the Compensation Committee has the power to accelerate the time at which any Award (as defined in the 2020 Plan and the 2015 Plan, respectively) may first be exercised and the time during which any Award or any part thereof will vest; and

Whereas, the Compensation Committee believes it is in the best interest of the Company that in the event of a Participant’s death, the vesting of any outstanding and unvested time-based Restricted Stock Awards (as such terms are respectively defined in the 2020 Plan and 2015 Plan) and any outstanding and unvested time-based Options (as defined in the 2020 Plan and the 2015 Plan, respectively) then held by the Participant shall accelerate effective as of the Participant’s death (such acceleration policy, the “**Acceleration Policy**”);and

Whereas, the Compensation Committee believes it is in the best interest of the Company that in the event of a Participant’s death , unvested performance-based restricted stock units shall be accelerated and fully vested at target level in the event of a death during the performance period and fully vested at the earned levels in the event of a death after the performance period.

Now, Therefore, Be It Resolved, that, the Acceleration Policy is hereby approved, and shall apply automatically to both outstanding awards and awards granted in the future, unless and until rescinded by the Compensation Committee, and/or unless a different equity award treatment is approved by the Compensation Committee with respect to particular individuals or awards; and

Resolved Further, that the officers of the Company are authorized to take such other actions and sign such other documents as may be necessary or advisable to carry out the intent of the foregoing resolutions.

Root, Inc.
Non-Employee Director Compensation Policy

Adopted May 1, 2025

Each member of the Board of Directors (the “*Board*”) of Root, Inc. (the “*Company*”) who is not an employee of the Company (each, a “*Non-Employee Director*”) will receive the compensation described in this Non-Employee Director Compensation Policy (this “*Director Compensation Policy*”) for his or her Board service, subject to the terms and conditions set forth herein.

This Director Compensation Policy may be amended or modified, or any provision of it waived, at any time in the sole discretion of the Board or the Compensation Committee of the Board (the “*Compensation Committee*”).

Notwithstanding the foregoing, the Board or Compensation Committee may make supplemental grants to Non-Employee Directors in its discretion.

Annual Retainers

This Director Compensation Policy will be effective as of the date of its adoption, as set forth above (the “*Effective Date*”). The annual cash compensation amounts will be payable in equal quarterly installments in arrears on the last day of each fiscal quarter in which the service occurs, prorated for any partial months of service.

Commencing on the Effective Date, each Non-Employee Director will be eligible to receive the following annual cash retainers (the “*Retainers*”) for service on the Board (as applicable):

(a) **Annual Board Service Retainer.**

- (i) All Eligible Directors: Up to \$85,000 as determined by the Board or Compensation Committee from time to time
- (ii) Chair of the Board: \$20,000 (in addition to regular Annual Board Service Retainer)
- (iii) Lead Independent Director: \$22,500 (in addition to regular Annual Board Service Retainer)

(b) **Annual Committee Member Service Retainer.**

- (i) Member of the Audit Committee: \$10,000
- (ii) Member of Compensation Committee: \$7,500
- (iii) Member of the Nominating and Governance Committee: \$5,000
- (iv) Member of the Strategy Committee: \$5,000

(c) **Annual Committee Chair Service Retainer** (in lieu of Annual Committee Member Service Retainer).

- (i) Chair of the Audit Committee: \$22,500
- (ii) Chair of Compensation Committee: \$17,500
- (iii) Chair of the Nominating and Governance Committee: \$12,500
- (iv) Chair of the Strategy Committee: \$12,500

Equity Compensation

Commencing on the Effective Date, each eligible Non-Employee Director will be eligible to receive the equity compensation set forth below. Equity awards will be granted under the Company's 2020 Equity Incentive Plan (the "**Plan**") and the Company's Restricted Stock Unit Award Notice and Agreement, in the form adopted from time to time by the Board or Compensation Committee (the "**Form of RSU Agreement**").

(a) **Initial Equity Grant.** Upon appointment to the Board, and without any further action of the Board or Compensation Committee, at the close of business on the day of such appointment, a Non-Employee Director will automatically receive a restricted stock unit ("**RSU**") award having a value up to \$175,000 (the "**Initial RSU**"), commensurate with the Periodic Grant (defined below) awarded to the Company's Non-Employee Directors, prorated from the date of appointment until the date of the next or the applicable Annual Meeting, depending on the date of appointment. Each Initial RSU will vest on the date of the next following Annual Meeting (or the applicable portion on the date of the next following Annual Meeting and applicable portions on the date(s) of the subsequent Annual Meeting(s) following such date, as applicable) or, in each case, the date immediately preceding the date of the applicable Annual Meeting if the Non-Employee Director's service as a director ends at such meeting as a result of the director's failure to be re-elected or the director not standing for re-election.

(b) **Annual Equity Grants.** Following the Effective Date, each person who is then a Non-Employee Director, will receive an RSU grant periodically having a value up to \$175,000 (the "**Periodic RSU**") granted on the date as determined by the Board or Compensation Committee. The applicable portion of each Periodic RSU will vest on the date of the following year's Annual Meeting of the Company's Stockholders (the "**Annual Meeting**") and the applicable portion on the date(s) of subsequent Annual Meeting(s) following such grant, as applicable, or, in each case, the date immediately preceding the date of the applicable Annual Meeting if the Non-Employee Director's service as a director ends at such meeting as a result of the director's failure to be re-elected or the director not standing for re-election.

(c) **Vesting; Change of Control.** The vesting of each Periodic RSU is subject to the Non-Employee Director's Continuous Service (as defined in the Plan) on the applicable vesting date of each such award. Notwithstanding the foregoing, for each Non-Employee Director who remains in Continuous Service with the Company until immediately prior to the closing of a Change in Control (as defined in the Plan), such Non-Employee Director's then-outstanding Periodic RSU will become fully vested immediately prior to the closing of such Change in Control.

(d) **Calculation of Value of an RSU Award.** Unless otherwise designated at the time of a grant of an RSU award, the number of RSUs to be granted under this Director

Compensation Policy will be determined based on the unweighted average closing price of a share of Common Stock over the thirty (30) consecutive trading day period immediately preceding the date that is five (5) trading days prior to the date of grant of such award.

(e) **Deferral of RSU Award Vesting.** Unless and until otherwise determined by the Board or the Compensation Committee, as applicable, each Non-Employee Director may elect to defer the delivery of shares in settlement of any RSU award granted pursuant to this Director Compensation Policy that would otherwise be delivered to such Non-Employee Director on or following the date such RSU award vests pursuant to the terms of this Director Compensation Policy (the “*Deferral Election*”). Unless otherwise determined by the Board or the Compensation Committee, for any such Deferral Election to be effective, a form of deferral election must be submitted to the Company’s General Counsel (or such other individual as the Company designates) in accordance with and at the time as set forth in the form of deferral election (as approved by the Board or the Compensation Committee). Any Deferral Election will be irrevocable, and will be subject to such rules, conditions and procedures as shall be determined by the Board or the Compensation Committee, in its sole discretion, which rules, conditions and procedures shall at all times comply with the requirements of Section 409A, unless otherwise specifically determined by the Board or the Compensation Committee.

Non-Employee Director Compensation Limit

Notwithstanding anything herein to the contrary, the cash compensation and equity compensation that each Non-Employee Director is eligible to receive under this Director Compensation Policy shall be subject to the limits set forth in Section 3(d) of the Plan.

Ability to Decline Compensation

A Non-Employee Director may decline all or any portion of his or her compensation under this Director Compensation Policy by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be.

Expenses

The Company will reimburse each Non-Employee Director for any ordinary and reasonable out-of-pocket expenses actually incurred by such director in connection with in-person attendance at and participation in Board and committee meetings; provided, that such director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company’s travel and expense policy as in effect from time to time.

* * * * *

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Alexander Timm, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Root, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-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(s) 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: August 6, 2025

/s/ Alexander Timm

Alexander Timm

Chief Executive Officer and Director

(Principal Executive Officer)

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Megan Binkley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Root, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-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(s) 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: August 6, 2025

/s/ Megan Binkley

Megan Binkley

Chief Financial Officer

(Principal Financial Officer)

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirements set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code ("18 U.S.C. 1350"), Alexander Timm, Chief Executive Officer of Root, Inc. (the "Company") and Megan Binkley, Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2025 to which this certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2025

/s/ Alexander Timm

Alexander Timm

Chief Executive Officer and Director

(Principal Executive Officer)

/s/ Megan Binkley

Megan Binkley

Chief Financial Officer

(Principal Financial Officer)

This certification accompanies this Quarterly Report on Form 10-Q. The certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Root, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in any such filing.