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

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2026
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	**84-2717903**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
80 E. Rich Street, Suite 500 Columbus, Ohio	**43215**
(Address of principal executive offices)	**(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 October 28, 2026, the number of outstanding shares of the registrant's Class A common stock, par value $0.0001 per share, was 13,386,013 and the number of outstanding shares of the registrant's Class B common stock, par value $0.0001 per share, was 1,806,236.

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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 share repurchase expectations;
- the anticipated benefits of our senior secured term loan;
- 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 maintain, and 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, including the Hyundai Secure+ partnership, Toyota, Experian and Jerry;
- our ability to develop products for embedded insurance and other partners;
- the impact of geopolitical instability, 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 contiguous states in the United States 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-car 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;
- the impact of moratoriums, mandates and similar regulations or requests related to federal government shutdowns or other economic disruptions that negatively impact our ability to charge or increase premiums or result in increased premium write-offs;
- 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 senior secured term loan;
- 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	
	September 30, 2026	December 31, 2025
	(in millions, except par value)	
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: $443.4 and $383.1 at September 30, 2026 and December 31, 2025, respectively)	$ 431.7	$ 387.0
Short-term investments (amortized cost: $2.0 and zero at September 30, 2026 and December 31, 2025, respectively)	2.0	—
Other investments	—	4.4
Total investments	433.7	391.4
Cash and cash equivalents	596.3	669.3
Restricted cash and cash equivalents	75.3	20.6
Premiums receivable, net of allowance of $8.3 and $8.9 at September 30, 2026 and December 31, 2025, respectively	328.6	332.8
Reinsurance premiums receivable, net of allowance of zero at September 30, 2026 and December 31, 2025	83.0	96.3
Reinsurance recoverable, net of allowance of $0.1 at September 30, 2026 and December 31, 2025	21.3	33.5
Deferred policy acquisition costs	48.3	44.4
Other assets	83.4	86.2
Total assets	$ 1,669.9	$ 1,674.5
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity		
Liabilities:		
Loss and loss adjustment expense reserves	$ 493.1	$ 483.6
Unearned premiums	385.5	393.7
Long-term debt	197.5	200.3
Premiums payable	83.6	96.7
Accounts payable and accrued expenses	48.7	74.2
Other liabilities	22.5	29.7
Total liabilities	1,230.9	1,278.2
Commitments and Contingencies:		
Redeemable convertible preferred stock, $0.0001 par value, 100.0 shares authorized, 14.1 shares issued and outstanding at September 30, 2026 and December 31, 2025 (redemption value of $126.5)	112.0	112.0
Stockholders' equity:		
Class A common stock, $0.0001 par value, 1,000.0 shares authorized, 13.5 shares and 13.7 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	—	—
Class B convertible common stock, $0.0001 par value, 269.0 shares authorized, 1.8 shares issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Additional paid-in capital	1,904.6	1,922.0
Accumulated other comprehensive (loss) income	(11.7)	3.9
Accumulated loss	(1,565.9)	(1,641.6)
Total stockholders' equity	327.0	284.3
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$ 1,669.9	$ 1,674.5

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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except per share data)			
Revenues:				
Net premiums earned	$ 352.8	$ 360.1	$ 1,080.0	$ 1,034.4
Net investment income	8.2	7.0	21.9	25.1
Net realized losses on investments	(0.5)	—	(0.4)	—
Fee income	20.2	19.8	60.3	58.2
Other income	0.6	0.9	2.2	2.4
Total revenues	381.3	387.8	1,164.0	1,120.1
Operating expenses:				
Loss and loss adjustment expenses	233.4	239.4	699.5	678.3
Sales and marketing	32.2	40.6	84.8	129.2
Other insurance expense	60.2	67.0	178.0	151.6
Technology and development	15.9	14.7	46.6	39.8
General and administrative	21.3	25.8	61.3	69.9
Total operating expenses	363.0	387.5	1,070.2	1,068.8
Operating income	18.3	0.3	93.8	51.3
Interest expense	3.8	5.3	12.7	15.9
Loss on extinguishment of debt	—	—	4.9	—
Income (loss) before income tax expense	14.5	(5.0)	76.2	35.4
Income tax expense	0.1	0.4	0.5	0.4
Net income (loss)	14.4	(5.4)	75.7	35.0
Net income attributable to participating securities	0.6	—	3.6	1.8
Net income (loss) attributable to common shareholders	13.8	(5.4)	72.1	33.2
Other comprehensive income (loss):				
Net income (loss)	14.4	(5.4)	75.7	35.0
Changes in net unrealized (losses) gains on investments	(9.7)	1.2	(15.6)	5.8
Comprehensive income (loss)	$ 4.7	$ (4.2)	$ 60.1	$ 40.8
Earnings (loss) per common share: (both Class A and B)				
Basic	$ 0.90	$ (0.35)	$ 4.65	$ 2.17
Diluted	$ 0.86	$ (0.35)	$ 4.45	$ 2.05
Weighted-average common shares outstanding: (both Class A and B)				
Basic	15.4	15.4	15.5	15.3
Diluted	16.8	15.4	17.0	17.1

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						
	Shares	Amount	Class A Shares	Class B Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Loss	Total Stockholders' Equity
					(in millions)				
Balance—June 30, 2026	14.1	$ 112.0	13.7	1.8	$ —	$ 1,910.2	$ (2.0)	$ (1,580.3)	$ 327.9
Net income	—	—	—	—	—	—	—	14.4	14.4
Other comprehensive loss	—	—	—	—	—	—	(9.7)	—	(9.7)
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.1	—	—	(0.8)	—	—	(0.8)
Common stock—share-based compensation expense	—	—	—	—	—	8.9	—	—	8.9
Common stock—repurchase and retirement	—	—	(0.3)	—	—	(15.6)	—	—	(15.6)
Warrant compensation expense	—	—	—	—	—	1.9	—	—	1.9
Balance—September 30, 2026	14.1	$ 112.0	13.5	1.8	$ —	$ 1,904.6	$ (11.7)	$ (1,565.9)	$ 327.0
Balance—January 1, 2026	14.1	$ 112.0	13.7	1.8	$ —	$ 1,922.0	$ 3.9	$ (1,641.6)	$ 284.3
Net income	—	—	—	—	—	—	—	75.7	75.7
Other comprehensive loss	—	—	—	—	—	—	(15.6)	—	(15.6)
Common stock—option exercises and restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.5	—	—	(11.3)	—	—	(11.3)
Common stock—share-based compensation expense	—	—	—	—	—	24.9	—	—	24.9
Common stock—repurchase and retirement	—	—	(0.7)	—	—	(36.4)	—	—	(36.4)
Warrant compensation expense	—	—	—	—	—	5.4	—	—	5.4
Balance—September 30, 2026	14.1	$ 112.0	13.5	1.8	$ —	$ 1,904.6	$ (11.7)	$ (1,565.9)	$ 327.0

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						
	Shares	Amount	Class A Shares	Class B Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Loss	Total Stockholders' Equity
					(in millions)				
Balance—June 30, 2025	14.1	$ 112.0	13.6	1.8	$ —	$ 1,883.7	$ 2.3	$ (1,641.5)	$ 244.5
Net loss	—	—	—	—	—	—	—	(5.4)	(5.4)
Other comprehensive income	—	—	—	—	—	—	1.2	—	1.2
Common stock—restricted stock units vesting, net of shares withheld for employee taxes	—	—	0.1	—	—	(4.1)	—	—	(4.1)
Common stock—share-based compensation expense	—	—	—	—	—	11.6	—	—	11.6
Warrant compensation expense	—	—	—	—	—	17.2	—	—	17.2
Balance—September 30, 2025	14.1	$ 112.0	13.7	1.8	$ —	$ 1,908.4	$ 3.5	$ (1,646.9)	$ 265.0
Balance—January 1, 2025	14.1	$ 112.0	11.1	4.0	$ —	$ 1,887.9	$ (2.3)	$ (1,681.9)	$ 203.7
Net income	—	—	—	—	—	—	—	35.0	35.0
Other comprehensive income	—	—	—	—	—	—	5.8	—	5.8
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	—	—	0.4	—	—	(23.1)	—	—	(23.1)
Common stock—share-based compensation expense	—	—	—	—	—	26.4	—	—	26.4
Warrant compensation expense	—	—	—	—	—	17.2	—	—	17.2
Balance—September 30, 2025	14.1	$ 112.0	13.7	1.8	$ —	$ 1,908.4	$ 3.5	$ (1,646.9)	$ 265.0

See Notes to Condensed Consolidated Financial Statements - Unaudited

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

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
Cash flows from operating activities:		
Net income	$ 75.7	$ 35.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	24.9	26.4
Warrant compensation expense	5.4	17.2
Depreciation and amortization	10.4	8.7
Bad debt expense	29.7	27.1
Loss on extinguishment of debt	4.9	—
Net realized losses on investments	0.4	—
Change in fair value of equity securities	4.4	—
Changes in operating assets and liabilities:		
Premiums receivable	(25.5)	(74.3)
Reinsurance premiums receivable	13.3	(14.3)
Reinsurance recoverable	12.2	22.6
Deferred policy acquisition costs	(3.9)	(12.2)
Other assets	9.9	15.3
Losses and loss adjustment expenses reserves	9.5	49.7
Unearned premiums	(8.2)	55.4
Premiums payable	(13.1)	13.6
Accounts payable and accrued expenses	(27.8)	(12.7)
Other liabilities	(8.1)	(21.1)
Net cash provided by operating activities	114.1	136.4
Cash flows from investing activities:		
Purchases of investments	(196.5)	(103.2)
Proceeds from maturities, calls and pay downs of investments	46.0	53.6
Sales of investments	82.1	0.3
Capitalization of internally developed software	(10.5)	(9.9)
Purchases of fixed assets	(1.1)	—
Net cash used in investing activities	(80.0)	(59.2)
Cash flows from financing activities:		
Proceeds from exercise of stock options and restricted stock units	—	0.3
Taxes paid related to net share settlement of equity awards	(11.3)	(23.4)
Repurchase and retirement of common stock	(36.2)	—
Proceeds from issuance of debt, net of issuance costs	197.7	—
Repayments of long-term debt	(202.6)	—
Net cash used in financing activities	(52.4)	(23.1)
Net (decrease) increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	(18.3)	54.1
Cash, cash equivalents, restricted cash, and restricted cash equivalents at beginning of period	689.9	600.3
Cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period	$ 671.6	$ 654.4

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, Root Property & Casualty Insurance Company, or Root Property & Casualty, and Root Select Insurance Company, or Root Select, all Ohio-domiciled insurance companies, Root Florida Insurance Company, or Root Florida, 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 mobile apps and partnerships. We offer auto and renters insurance products underwritten by Root Insurance Company and auto insurance only through Root Property & Casualty, Root Florida, and Root Select.

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, 2025 filed with the Securities and Exchange Commission on February 25, 2026.

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 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 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 LAE, 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, loss on extinguishment of debt 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, Restricted Cash and Restricted Cash Equivalents—Cash consists of cash on deposit. Cash equivalents are short-term, highly liquid investments that typically mature within three months from the date of origination or purchase, and are principally stated at amortized cost, which approximates their fair value. Restricted cash consists of amounts held by state insurance departments and financial institutions for the benefit of policyholders and to satisfy letter of credit requirements for certain property leases. Restricted cash equivalents consist of amounts held by our lender to satisfy the minimum cash management requirements under our senior secured term loan and short-term, highly liquid investments held by a financial institution to maintain certain collateral requirements with an unaffiliated Texas county mutual insurance company, and are stated at amortized cost, which approximates their fair value.

The following table provides a reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents 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	
	September 30, 2026	December 31, 2025
	(dollars in millions)	
Cash and cash equivalents	$ 596.3	$ 669.3
Restricted cash and cash equivalents	75.3	20.6
Total cash, cash equivalents, restricted cash, and restricted cash equivalents shown in the condensed consolidated statements of cash flows	$ 671.6	$ 689.9

Investments—In June 2026, we purchased $4.5 million in premium tax credits for a purchase price of $3.8 million. This investment is recognized within other assets in our condensed consolidated balance sheet. These tax credits can be utilized in three annual installments to offset certain state premium taxes beginning with the 2026 premium tax year. We will recognize these tax credits on a quarterly basis, up to the annual credit value. We also recognized a purchase discount, which is the difference between the premium tax credits and purchase price, as a deferred gain within other liabilities in our condensed consolidated balance sheet. As we utilize the tax credits to settle our premium tax liabilities, the deferred discount is recognized proportionally within other income in our condensed consolidated statements of operations and comprehensive income (loss). An impairment will be recognized if it is probable that we will be unable to recover the carrying value of the premium tax credits. Impairment of the investment would be recognized within other income in our condensed consolidated statements of operations and comprehensive income (loss).

Premiums Payable and Reinsurance Premiums Receivable—We have a fronting arrangement with an unaffiliated Texas county mutual insurance company, or the fronting carrier. We route all of our new auto policies in Texas through the fronting carrier whereby we assume 100% of the related premium and losses on those policies. The fronting arrangement allows us to have greater rating and underwriting flexibility. Premiums assumed are deferred and earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums assumed. Premiums payable are amounts owed to the fronting carrier. Reinsurance premiums receivable are the amounts owed to us from the fronting carrier for reinsurance premiums.

Deferred Policy Acquisition Costs—We amortized deferred policy acquisition costs of $31.3 million and $89.6 million for the three and nine months ended September 30, 2026, respectively, and $20.6 million and $50.3 million for the three and nine months ended September 30, 2025, respectively.

Performance-Based Restricted Stock Units—In the first quarter of 2026, we granted 0.4 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, 2026 and ends on December 31, 2028 and is divided into three sub-performance periods, each beginning on January 1, 2026 and ending on December 31, 2026, 2027, and 2028, 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.

Share Repurchases—We are authorized to repurchase shares of our Class A common stock under a stock repurchase program, or Repurchase Program, approved by our board of directors. We retire shares of our Class A common stock immediately upon repurchase. In connection with the early adoption of Accounting Standards Update, or ASU, No. 2025-12, *Codification Improvements,* during the second quarter of 2026, we elected to recognize the excess of the repurchase price over par value entirely as a reduction of additional paid-in capital, or APIC, provided that APIC remains positive. The repurchase price includes direct and incremental transaction costs incurred to repurchase the shares, which are recorded as a reduction of APIC.

This accounting policy election is reflected within the condensed consolidated balance sheets and the condensed consolidated statements of redeemable convertible preferred stock and stockholders' equity. See Note 9, "Capital Stock," for further details regarding our repurchase activity.

Warrant Compensation—In October 2021, we closed the investment agreement with Carvana Group, LLC, or Investment Agreement, that included the issuance of 14.1 million shares of redeemable convertible preferred stock designated as the Series A Convertible Preferred Stock and the issuance of eight tranches of warrants to purchase shares of the Company's Class A common stock, of which three tranches expired unexercised in 2025. As part of the Investment Agreement, we and Carvana also entered into a five-year commercial agreement whereby our auto insurance products are embedded into the integrated automobile insurance solution for Carvana's online buying platform, or Integrated Platform. The commercial agreement provides for agent commissions payable to Carvana for policy origination.

On August 31, 2026, we extended the commercial agreement, cancelled the outstanding long-term warrants previously issued to Carvana, and concurrently issued Carvana five replacement warrant tranches, or Replacement Warrants, with the opportunity to purchase a maximum of approximately 1.5 million shares of Class A common stock. The Replacement Warrants expire on August 31, 2028. We accounted for the cancellation and concurrent issuance of the Replacement Warrants as a modification of equity classified non-employee share-based payment awards under ASC 718, *Stock Compensation*.

Compensation expense associated with the Carvana warrants is recognized based on the applicable fair value of the awards and our assessment of the probability of achieving the related performance conditions. The fair value of the warrants is estimated using a Black-Scholes-Merton model, or BSM. The BSM estimates the fair value per warrant for each tranche based on the underlying stock price, exercise price, expected term, volatility (based on historical volatility of our common stock over a period commensurate with the expected term), risk-free interest rate (based on U.S. Constant Maturity Yield Curve over a similar term), and expected dividend yield. For modifications of the warrants, we recognize the incremental compensation cost over the original award, which is measured as the excess, if any, of the fair value of the modified award over the fair value of the original award immediately before the modification. For those warrant tranches that were probable of vesting immediately before the modification, we continue recognizing that compensation cost as long as the original milestone continues to be probable of vesting.

These warrants vest upon achievement of certain performance milestones related to insurance sales through the Integrated Platform. The associated compensation expense is dependent on our periodic assessment of the probability of the milestones being achieved. If deemed probable, we recognize compensation expense on a pro-rata basis considering progress toward achieving the milestones. If a performance condition is no longer probable of achievement, any previously recognized compensation expense is reversed and no subsequent compensation expense is recognized until achievement is once again probable, at which point a cumulative catch-up is recognized.

For additional information, refer to Note 10, “Share-Based Compensation.”

Reclassification—Certain prior-year amounts have been reclassified to conform with the current year presentation. These reclassifications did not have a material impact on the condensed consolidated financial statements and notes to condensed consolidated financial statements. The reclassifications within the condensed consolidated balance sheets include the presentation of “Prepaid reinsurance premiums” within “Other assets” and “Reinsurance premiums payable” within “Other liabilities.” Additionally, “Reinsurance recoverable and receivable” was disaggregated to “Reinsurance recoverable” and “Reinsurance premiums receivable,” respectively. “Deferred policy acquisition costs” were disaggregated from “Other assets” and “Premiums payable” was disaggregated from “Other liabilities” to separate captions.

Recently Adopted Accounting Pronouncements—In December 2025, the Financial Accounting Standards Board issued ASU No. 2025-12, *Codification Improvements*, which serves to clarify, correct errors, or make minor improvements to various topics within the Accounting Standards Codification. ASU 2025-12 is effective for fiscal years beginning after December 15, 2026, including interim periods within those annual reporting periods. Early adoption is permitted, and entities may elect to adopt the amendments on an issue-by-issue basis. Certain amendments are required to be applied retrospectively, while others are applied prospectively.

During the second quarter of 2026, we early adopted the provisions of ASU 2025-12 to clarify methods to account for treasury stock retirements on a prospective basis. The adoption of this guidance did not result in a cumulative-effect adjustment to opening retained earnings, accumulated deficit, APIC, or total stockholders’ equity. Furthermore, the adoption of this guidance did not have a material impact on our condensed consolidated statements of operations and comprehensive income (loss) or condensed consolidated statements of cash flows.

3. INVESTMENTS

The amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities at September 30, 2026 and December 31, 2025 are as follows:

	September 30, 2026				
	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)				
Fixed maturities:					
United States Treasury securities and agencies	$ 59.0	$ —	$ —	$ (0.9)	$ 58.1
Municipal securities	12.3	—	—	(0.3)	12.0
Corporate debt securities	224.4	—	—	(6.1)	218.3
Asset-backed securities	147.7	—	—	(4.4)	143.3
Total fixed maturities	443.4	—	—	(11.7)	431.7
Short-term investments	2.0	—	—	—	2.0
Total	$ 445.4	$ —	$ —	$ (11.7)	$ 433.7

	December 31, 2025				
	Amortized Cost	Allowance for Expected Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)				
Fixed maturities:					
United States Treasury securities and agencies	$ 48.4	$ —	$ 0.8	$ —	$ 49.2
Municipal securities	23.0	—	0.3	(0.1)	23.2
Corporate debt securities	157.3	—	1.9	(0.2)	159.0
Asset-backed securities	154.4	—	1.5	(0.3)	155.6
Total fixed maturities	$ 383.1	$ —	$ 4.5	$ (0.6)	$ 387.0

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 September 30, 2026 and December 31, 2025. We have not identified specific securities that we intend to sell, 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 September 30, 2026 and December 31, 2025.

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 September 30, 2026 and December 31, 2025:

	September 30, 2026					
	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:						
United States Treasury securities and agencies	$ 39.2	$ (0.9)	$ 0.2	$ —	$ 39.4	$ (0.9)
Municipal securities	8.1	(0.2)	2.2	(0.1)	10.3	(0.3)
Corporate debt securities	203.9	(6.0)	4.3	(0.1)	208.2	(6.1)
Asset-backed securities	129.8	(4.2)	3.9	(0.2)	133.7	(4.4)
Total fixed maturities	381.0	(11.3)	10.6	(0.4)	391.6	(11.7)
Short-term investments	2.0	—	—	—	2.0	—
Total	$ 383.0	$ (11.3)	$ 10.6	$ (0.4)	$ 393.6	$ (11.7)

	December 31, 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:						
United States Treasury securities	$ 2.0	$ —	$ 0.7	$ —	$ 2.7	$ —
Municipal securities	—	—	6.5	(0.1)	6.5	(0.1)
Corporate debt securities	21.5	—	7.4	(0.2)	28.9	(0.2)
Asset-backed securities	20.3	(0.1)	5.9	(0.2)	26.2	(0.3)
Total fixed maturities	$ 43.8	$ (0.1)	$ 20.5	$ (0.5)	$ 64.3	$ (0.6)

Other Investments

As of September 30, 2026 and December 31, 2025, other investments related to our private equity investments were zero and $4.4 million, respectively. We did not recognize any impairment losses during the three months ended September 30, 2026. During the nine months ended September 30, 2026, we recognized an impairment loss of $4.4 million related to our private equity investments, which reduced the carrying amount of other investments to zero. The impairment loss was recorded in net investment income in our condensed consolidated statements of operations and comprehensive income (loss). There were no realized or unrealized gains or losses recognized on private equity investments for the three and nine months ended September 30, 2026 and 2025, and no impairment losses recognized for the three and nine months ended September 30, 2025.

The following table reflects the gross and net realized gains and losses on short-term investments and available-for-sale fixed maturities that have been included in the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Realized gains on investments	$ —	$ —	$ 0.1	$ —
Realized losses on investments	(0.5)	—	(0.5)	—
Net realized losses on investments	$ (0.5)	$ —	$ (0.4)	$ —

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 September 30, 2026:

	September 30, 2026	
	Amortized Cost	Fair Value
	(dollars in millions)	
Due in one year or less	$ 32.4	$ 32.3
Due after one year through five years	287.5	280.6
Due five years through 10 years	50.3	48.2
Due after 10 years	75.2	72.6
Total	$ 445.4	$ 433.7

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 nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Interest on fixed maturities and short-term investments	$ 5.7	$ 3.5	$ 15.7	$ 10.5
Interest on cash, cash equivalents, restricted cash, and restricted cash equivalents	4.9	7.0	15.0	19.3
Total	10.6	10.5	30.7	29.8
Impairment loss on other investments	—	—	(4.4)	—
Investment expense	(2.4)	(3.5)	(4.4)	(4.7)
Net investment income	$ 8.2	$ 7.0	$ 21.9	$ 25.1

The following tables summarize the credit ratings of short-term investments and available-for-sale fixed maturity securities at September 30, 2026 and December 31, 2025:

	September 30, 2026		
	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
S&P Global rating or equivalent			
AAA	$ 73.0	$ 70.8	16.3 %
AA+, AA, AA-	192.3	187.5	43.2
A+, A, A-	147.4	143.5	33.1
BBB+, BBB, BBB-	32.4	31.6	7.3
Non-rated[1]	0.3	0.3	0.1
Total	$ 445.4	$ 433.7	100.0 %

1) Certain investments are not rated by a nationally recognized statistical rating organization, or NRSRO. The absence of an NRSRO rating does not, by itself, indicate elevated credit risk.

	December 31, 2025		
	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
S&P Global rating or equivalent			
AAA	$ 81.5	$ 82.1	21.2 %
AA+, AA, AA-	171.4	173.3	44.8
A+, A, A-	107.7	108.8	28.1
BBB+, BBB, BBB-	22.5	22.8	5.9
Total	$ 383.1	$ 387.0	100.0 %

Pursuant to certain regulatory requirements, we are required to hold assets on deposit with various state insurance departments for the benefit of policyholders. These special deposits are included in available-for-sale fixed maturity securities on the condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, these required deposits had an amortized cost of $13.1 million and $15.7 million, respectively, and fair value of $12.9 million and $15.9 million, respectively. We maintain restricted cash equivalents and certain investments in a trust to meet collateral requirements with the fronting carrier. As of September 30, 2026 and December 31, 2025, the fair value of investments held in trust was $72.7 million and $77.0 million, respectively. There are withdrawal and other restrictions on these deposits. Ultimately, when unearned premiums run off and loss reserves are paid under this program, any remaining trust balances will be released and available for general use.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information about our financial assets measured and reported at fair value as of September 30, 2026 and December 31, 2025:

	September 30, 2026			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities:				
United States Treasury securities and agencies	$ 55.3	$ 2.8	$ —	$ 58.1
Municipal securities	—	12.0	—	12.0
Corporate debt securities	—	218.3	—	218.3
Asset-backed securities	—	143.3	—	143.3
Total fixed maturities	55.3	376.4	—	431.7
Short-term investments	2.0	—	—	2.0
Cash equivalents	263.4	—	—	263.4
Restricted cash equivalents	71.7	—	—	71.7
Total assets at fair value	$ 392.4	$ 376.4	$ —	$ 768.8

	December 31, 2025			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities:				
United States Treasury securities and agencies	$ 46.7	$ 2.5	$ —	$ 49.2
Municipal securities	—	23.2	—	23.2
Corporate debt securities	—	159.0	—	159.0
Asset-backed securities	—	155.6	—	155.6
Total fixed maturities	46.7	340.3	—	387.0
Cash equivalents	369.0	—	—	369.0
Restricted cash equivalents	19.0	—	—	19.0
Total assets at fair value	$ 434.7	$ 340.3	$ —	$ 775.0

We estimate the fair value of all our different classes of Level 2 fixed maturities using quoted prices from independent pricing vendors or broker/dealers, pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Short-term investments are classified within Level 1 and valued using quoted prices in active markets for identical securities. 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 September 30, 2026 and December 31, 2025, the carrying amounts and fair values of these financial instruments were as follows:

	Carrying Amount as of September 30, 2026	Estimated Fair Value as of September 30, 2026	Carrying Amount as of December 31, 2025	Estimated Fair Value as of December 31, 2025
	(dollars in millions)			
Long-term debt	$ 197.5	$ 199.1	$ 200.3	$ 204.1

The carrying amounts of other short-term financial instruments approximate 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:

	Nine Months Ended September 30,	
	2026	2025
	(dollars in millions)	
Gross loss and LAE reserves, January 1	$ 483.6	$ 413.2
Reinsurance recoverable on unpaid losses	(25.4)	(48.0)
Net loss and LAE reserves, January 1	458.2	365.2
Net incurred loss and LAE related to:		
Current year	736.8	701.1
Prior years	(37.3)	(22.8)
Total incurred	699.5	678.3
Net paid loss and LAE related to:		
Current year	399.7	380.0
Prior years	282.2	230.7
Total paid	681.9	610.7
Net loss and LAE reserves, September 30	475.8	432.8
Plus reinsurance recoverable on unpaid losses	17.3	30.1
Gross loss and LAE reserves, September 30	$ 493.1	$ 462.9

Net incurred losses and LAE attributable to prior accident years saw a decrease of $37.3 million and $22.8 million for the nine months ended September 30, 2026 and 2025, respectively. For the nine months ended September 30, 2026, 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 2025 on both liability and physical damage coverages and the identification of additional subrogation opportunities resulting from model improvements. For the nine months ended September 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.

6. REINSURANCE

The following table reflects amounts affecting the condensed consolidated statements of operations and comprehensive income (loss) for reinsurance for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Premiums written:				
Direct	$ 298.9	$ 316.3	$ 901.0	$ 931.3
Assumed	58.6	70.9	185.2	212.9
Ceded	(2.9)	(10.0)	(10.8)	(41.0)
Net premiums written	$ 354.6	$ 377.2	$ 1,075.4	$ 1,103.2
Premiums earned:				
Direct	$ 294.7	$ 302.4	$ 900.1	$ 886.5
Assumed	61.3	70.7	194.3	202.3
Ceded	(3.2)	(13.0)	(14.4)	(54.4)
Net premiums earned	$ 352.8	$ 360.1	$ 1,080.0	$ 1,034.4
Losses and LAE incurred:				
Direct	$ 191.4	$ 192.8	$ 566.9	$ 550.0
Assumed	43.4	53.6	139.1	154.9
Ceded	(1.4)	(7.0)	(6.5)	(26.6)
Net losses and LAE incurred	$ 233.4	$ 239.4	$ 699.5	$ 678.3

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 six-year term loan, or Amended Term Loan, with the principal amount due and payable upon maturity on October 29, 2030. Interest was payable quarterly and determined on a floating interest rate calculated on the Secured Overnight Financing Rate, or SOFR, 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.

In May 2026, we prepaid all of the outstanding principal balance of the Amended Term Loan with borrowings under the senior secured term loan described below. The prepayment resulted in a loss on extinguishment of debt of $4.9 million, primarily related to accelerated amortization of debt discount and issuance costs and a prepayment premium.

In May 2026, we obtained a $200.0 million senior secured term loan that matures in May 2029. We incurred $2.3 million of debt discount and issuance costs related to the senior secured term loan, which were capitalized and will be amortized over the duration of the senior secured term loan. We are required to make quarterly principal payments, which commenced on September 30, 2026, equal to approximately 0.25% of the original principal amount in each of the first two years following the closing date and 1.25% quarterly in the third year, with the unpaid balance due at maturity. Interest is variable and calculated between SOFR plus 3.0% and SOFR plus 3.75% and is payable quarterly in cash. The SOFR margin is based upon the debt-to-capital ratio which is calculated on the last day of each quarter.

The senior secured term loan requires us to maintain cash and cash equivalents held with the lender to be at least 25.0% of the outstanding principal balance at all times. As of September 30, 2026, we maintained $49.9 million of cash and cash equivalents with the lender, which we have recorded within restricted cash and cash equivalents on our condensed consolidated balance sheets. The senior secured term loan also contains debt covenants, which commenced for the three months ended September 30, 2026, and are measured at the end of each fiscal quarter.

These covenants require mandatory minimum thresholds on our consolidated net worth, debt service coverage, and regulated subsidiary equity. We are also required to maintain a minimum risk-based capital ratio on our domestic insurance subsidiaries. Additionally, the agreement includes a maximum debt-to-capital ratio, which includes scheduled step-downs over the duration of the senior secured term loan.

The senior secured term loan is secured by assets of Root, Inc. and those of our wholly-owned subsidiary loan parties. In addition, we have pledged 100% of the capital stock of our subsidiaries.

The following summarizes the carrying value of long-term debt as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
	(dollars in millions)	
Amended Term Loan principal balance	$ —	$ 200.0
Senior secured term loan principal balance	199.5	—
Accrued interest payable	—	3.3
Unamortized discount and debt issuance costs	(2.0)	(3.0)
Total	$ 197.5	$ 200.3

The required principal payments on long-term debt as of September 30, 2026 are as follows:

	Amount
	(dollars in millions)
Remainder of 2026	$ 0.5
2027	2.0
2028	5.5
2029	191.5
Total	$ 199.5

8. INCOME TAXES

The consolidated effective tax rate was 0.7% and 1.1% for the nine months ended September 30, 2026 and 2025, respectively. The difference between these rates and the U.S. federal income tax rate of 21.0% was primarily due to state income tax expense and a full valuation allowance on our federal and state deferred tax assets.

As of September 30, 2026, we maintained a full valuation allowance against our deferred tax assets. We expect to maintain a full valuation allowance until it becomes more likely than not that the deferred tax assets will be realized. However, given our anticipated future earnings, management believes that there is a reasonable possibility that in the foreseeable future, sufficient positive evidence may become available to reach a conclusion that all or a portion of the valuation allowance may no longer be needed. Release of the valuation allowance would result in recognition of certain deferred tax assets and a corresponding material income tax benefit for the period the release is recorded. The exact timing and amount of the valuation allowance release would depend on our financial performance, projected taxable income in the relevant jurisdictions, and ongoing evaluation of available positive and negative evidence.

As of September 30, 2026 and December 31, 2025, we did not have any unrecognized tax benefits for uncertain tax positions and had no interest or penalties related to uncertain tax positions.

9. CAPITAL STOCK

Repurchase Program

On May 6, 2026, we announced that our board of directors approved the Repurchase Program for the repurchase of up to $75.0 million of our outstanding shares of Class A common stock, excluding transaction costs. We may utilize various methods to effect repurchases, which include open market purchases, privately negotiated transactions, block purchases, accelerated share repurchase agreements or a combination of methods, including pursuant to trading plans adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, or the Exchange Act. The Repurchase Program does not have a set expiration date and may be modified, suspended, or discontinued at any time at the discretion of our board of directors. The timing and amount of any repurchases under the Repurchase Program will depend upon several factors, including market and business factors.

During the nine months ended September 30, 2026, we repurchased and immediately retired 0.7 million shares of our Class A common stock for an aggregate amount, including transaction costs, of $36.4 million under the Repurchase Program.

10. 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 warrants expired unexercised on September 1, 2025, at which point the long-term warrants became probable of vesting; the long-term warrants had an expiration date of September 1, 2027.

On August 31, 2026, we extended the commercial agreement, cancelled the outstanding long-term warrants previously issued to Carvana, and concurrently issued Carvana five tranches of Replacement Warrants, with the opportunity to purchase a maximum of approximately 1.5 million shares of Class A common stock. We accounted for the cancellation and concurrent issuance of the Replacement Warrants as a modification of equity classified non-employee share-based payment awards under ASC 718, *Stock Compensation*. The Replacement Warrants have an expiration date of August 31, 2028.

The fair values of the Original Warrants and Replacement Warrants were estimated immediately before and after the modification date, respectively, using a BSM. Incremental compensation costs resulting from the modification were measured as the excess of the fair value of the Replacement Warrants over the fair value of the Original Warrants immediately before modification. The BSM uses certain inputs, assumptions and estimates, as follows:

	Original Warrants	Replacement Warrants
Expected term (years)	1.00	2.00
Risk-free interest rate	4.2 %	4.3 %
Dividend rate	—	—
Volatility	67.9 %	84.7 %

We recognized compensation expense based on our assessment of the probability of and progress toward achieving the applicable policy origination milestones. The Replacement Warrant policy origination thresholds are measured cumulatively from September 1, 2026 through August 31, 2028. Compensation expense for the three and nine months ended September 30, 2026 included amounts related to the Original Warrants and incremental compensation cost resulting from the August 31, 2026 modification, while compensation expense for the comparable 2025 periods related solely to the Original Warrants. For the three and nine months ended September 30, 2026, we recognized compensation expense of $1.9 million and $5.4 million, respectively, compared to $17.2 million for each of the corresponding periods in 2025. Warrant compensation expense is recorded in other insurance expense in the condensed consolidated statements of operations and comprehensive income (loss). All of these warrants are out-of-the-money and, therefore, have no intrinsic value as of September 30, 2026.

The modification resulted in $10.6 million of future incremental compensation cost associated with Replacement Warrant tranches 1 and 2. As of September 30, 2026, total unrecognized warrant compensation costs related to awards considered probable of vesting is approximately $11.7 million, consisting of $1.4 million related to tranche three of the Original Warrants and $10.3 million of incremental compensation cost related to tranche one and two of the Replacement Warrants. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.67 years.

The following table provides the maximum remaining unrecognized compensation costs as of September 30, 2026, and other key terms of the Replacement Warrants:

Replacement Warrants	Exercise Price	Shares Issued (in millions)	Unrecognized Compensation Costs (in millions)	Vesting Condition
Tranche 1	$ 72.44	0.3	$ 4.8	180,000 policy originations
Tranche 2	$ 78.01	0.3	5.5	210,000 policy originations
Tranche 3	$ 83.58	0.3	5.7	250,000 policy originations
Tranche 4	$ 89.15	0.3	5.9	290,000 policy originations
Tranche 5	$ 94.72	0.3	5.6	340,000 policy originations
Total Replacement Warrants		1.5	$ 27.5	

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, employees, and certain advisors. As of September 30, 2026, we had 1.5 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Share-based compensation expense:				
Net investment income	$ 0.1	$ 0.1	$ 0.1	$ 0.1
Loss and loss adjustment expenses	1.0	1.1	2.9	2.5
Sales and marketing	0.4	0.3	1.1	0.8
Other insurance expense	0.4	0.4	1.3	0.9
Technology and development	2.4	1.8	7.2	4.6
General and administrative	4.6	7.9	12.3	17.5
Total share-based compensation expense	$ 8.9	$ 11.6	$ 24.9	$ 26.4

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 September 30, 2026 is as follows:

	Service-based Restricted Stock Units	Performance-based Restricted Stock Units	Market-based Restricted Stock Units
	(dollars in millions)		
Unrecognized compensation costs	$ 21.8	$ 16.7	$ 0.1
Remaining weighted-average period cost is expected to be recognized (in years)	1.33	2.14	0.75

Restricted Stock Units

A summary of restricted stock units activity for the nine months ended September 30, 2026 is as follows:

	Nine Months Ended September 30, 2026					
	Service-based Restricted Stock Units		Performance-based Restricted Stock Units		Market-based Restricted Stock Units	
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, 2026	0.6	$ 47.81	0.4	$ 93.78	0.3	$ 5.43
Granted	0.5	45.72	0.4	44.33	—	—
Change due to performance criteria achievement	—	—	0.1	75.55	—	—
Vested	(0.3)	52.57	(0.1)	86.04	(0.1)	5.87
Forfeited, expired or canceled	(0.1)	59.97	—	—	—	—
Unvested at September 30, 2026	0.7	$ 43.20	0.8	$ 66.43	0.2	$ 5.10

Additional information pertaining to restricted stock units for the nine months ended September 30, 2026 and 2025 is as follows:

	Nine Months Ended September 30,	
	2026	2025
	(dollars in millions)	
Service-based restricted stock units:		
Total grant date fair value of awards granted	$ 22.8	$ 18.5
Total grant date fair value of awards vested	16.7	11.8
Total intrinsic value of awards vested	16.1	53.4
Performance-based restricted stock units:		
Total grant date fair value of awards granted	$ 18.1	$ 17.3
Total grant date fair value of awards vested	11.4	—
Total intrinsic value of awards vested	8.1	—
Market-based restricted stock units:		
Total grant date fair value of awards vested	0.7	0.5
Total intrinsic value of awards vested	5.1	10.1

Stock Options

A summary of option activity for the nine months ended September 30, 2026 is as follows:

	Nine Months Ended September 30, 2026			
Options	**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, 2026	0.1	$ 34.80	2.28	$ 5.1
Granted	—	—		
Exercised	—	1.60		1.6
Forfeited, expired or canceled	—	130.56		
Outstanding and exercisable at September 30, 2026	0.1	$ 41.23	1.97	$ 1.2

11. OTHER COMPREHENSIVE (LOSS) INCOME AND ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following table presents the changes in our accumulated other comprehensive (loss) income, or AOCI, for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Beginning balance	$ (2.0)	$ 2.3	$ 3.9	$ (2.3)
Other comprehensive (loss) income before reclassifications	(10.2)	1.2	(16.0)	5.8
Net realized losses on investments reclassified from AOCI to net income (loss)	0.5	—	0.4	—
Other comprehensive (loss) income	(9.7)	1.2	(15.6)	5.8
Ending balance	$ (11.7)	$ 3.5	$ (11.7)	$ 3.5

12. EARNINGS (LOSS) PER SHARE

The following table displays the computation of basic and diluted earnings per share, or EPS, for both Class A and Class B common stock for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except per share amounts)			
Numerator:				
Net income (loss)	$ 14.4	$ (5.4)	$ 75.7	$ 35.0
Less: Undistributed income allocated to participating securities	0.6	—	3.6	1.8
Net income (loss) attributable to common shareholders	13.8	(5.4)	72.1	33.2
Denominator:				
Weighted-average common shares outstanding: basic (both Class A and B)	15.4	15.4	15.5	15.3
Effect of dilutive securities:				
Redeemable convertible preferred stock	0.8	—	0.8	0.8
Service-based restricted stock units	0.3	—	0.3	0.6
Market-based restricted stock units	0.2	—	0.2	0.3
Performance-based restricted stock units	0.1	—	0.1	—
Stock options	—	—	0.1	0.1
Weighted-average common shares outstanding: diluted (both Class A and B)	16.8	15.4	17.0	17.1
Earnings (loss) per common share (both Class A and B):				
Basic	$ 0.90	$ (0.35)	$ 4.65	$ 2.17
Diluted	$ 0.86	$ (0.35)	$ 4.45	$ 2.05

For the three months ended September 30, 2025, 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 loss per share. Therefore, these common stock equivalents are considered anti-dilutive and diluted EPS is equal to basic EPS. Net losses are not allocated to participating securities, as the holders of such securities are not contractually obligated to share in the Company's losses. For the three months ended September 30, 2025, net income (loss) attributable to common shareholders is equal to net income (loss).

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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions)			
Stock options	—	0.1	—	—
Service-based restricted stock units	0.1	0.6	0.1	0.1
Market-based restricted stock units	—	0.3	—	—
Redeemable convertible preferred stock (as converted to common stock)	—	0.8	—	—
Warrants to purchase common stock	1.8	7.5	1.8	7.5
Total	1.9	9.3	1.9	7.6

13. GEOGRAPHICAL BREAKDOWN OF GROSS PREMIUMS WRITTEN

Gross premiums written by state is as follows for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(dollars in millions)							
State:								
Texas	$ 59.5	16.6 %	$ 72.5	18.7 %	$ 188.4	17.3 %	$ 218.4	19.1 %
Georgia	35.7	10.0	47.5	12.3	120.6	11.1	135.0	11.8
California	41.0	11.5	27.3	7.1	112.2	10.3	77.3	6.8
Florida	32.7	9.1	35.5	9.2	104.9	9.7	93.4	8.2
Pennsylvania	18.7	5.2	22.3	5.7	58.3	5.4	66.5	5.8
Colorado	16.7	4.7	19.3	5.0	50.2	4.6	59.8	5.2
Nevada	13.9	3.9	10.5	2.7	38.5	3.5	30.8	2.7
South Carolina	11.5	3.2	15.0	3.9	34.7	3.2	43.0	3.8
Arizona	11.5	3.2	12.8	3.3	34.6	3.2	37.9	3.3
Oklahoma	7.5	2.1	8.9	2.3	23.7	2.2	26.9	2.3
All other states	108.8	30.5	115.6	29.8	320.1	29.5	355.2	31.0
Total	$ 357.5	100.0 %	$ 387.2	100.0 %	$ 1,086.2	100.0 %	$ 1,144.2	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, 2025 filed with the Securities and Exchange Commission on February 25, 2026, or the 2025 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 2025 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 by using modern technology, telematics, and data science to offer fair, personalized rates to good drivers.

We believe our competitive advantage is derived from our 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 and ongoing customer engagement. This unified platform enhances pricing accuracy, strengthens operating efficiency, and supports a more seamless customer experience, while creating a defensible, technology- and data-driven advantage that compounds over time.

To scale the business, we aim to drive new customer growth and optimize unit economics via our two distribution channels: direct and partnership. The direct channel efficiently drives volume from high-intent customers by reaching them where they are already shopping for insurance, such as search engines or select marketplaces they actively use. The data science model continuously seeks to optimize bidding strategies that fine-tune 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 the organization within distribution, underwriting, policy administration, and claims. Although we believe we are priced adequately in a majority of the states in which we operate, our technology- and data-driven approach to pricing and underwriting allows for rapid response to macroeconomic trends and competitive dynamics through quick, timely, and appropriate rate actions. We continue to release iterations of our pricing models that incorporate enhanced telematics features, new rating variables, upgraded loss models, and improved risk segmentation. These enhancements strengthen our ability to select risks more precisely and maintain pricing accuracy as conditions evolve.

Claims operations remain a critical driver of our unit economics and long-term competitiveness. We continue to invest in automation, workflow optimization, and advanced analytical tools designed to improve accuracy, speed, and consistency in claims handling. Improvements to the claim process not only support customer satisfaction but also reinforce the stability of loss ratios and improve long-term cost efficiency by reducing operating expenses.

Through continued investment in and diversification of our distribution channels, leveraging our proprietary technology and data science and focusing on partnerships with automotive, financial services, and independent agents, we believe this will position us for a sustainable, long-term and profitable path for 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 the 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 ratios have 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

Changing global economic conditions have led to inflationary pressures, supply chain disruptions, changes in interest rates and volatility in equity markets. In addition, economic uncertainty has risen as a result of geopolitical instability and changes in tariff policy. 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, 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. 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 commute 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. In addition to our financial results prepared in accordance with accounting principles generally accepted in the United States, or GAAP, we believe these non-GAAP and operational measures are useful in evaluating our performance. 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions, except premiums per policy)			
Policies in force	484,037	466,320	484,037	466,320
Premiums per policy	$ 1,441	$ 1,581	$ 1,441	$ 1,581
Premiums in force	$ 1,395.0	$ 1,474.5	$ 1,395.0	$ 1,474.5
Gross premiums written	$ 357.5	$ 387.2	$ 1,086.2	$ 1,144.2
Gross premiums earned	$ 356.0	$ 373.1	$ 1,094.4	$ 1,088.8
Gross profit	$ 87.7	$ 81.4	$ 286.5	$ 290.2
Net income (loss)	$ 14.4	$ (5.4)	$ 75.7	$ 35.0
Direct contribution	$ 119.9	$ 127.4	$ 384.4	$ 380.3
Adjusted EBITDA	$ 33.5	$ 33.7	$ 134.1	$ 103.2
Net loss and LAE ratio	66.2 %	66.5 %	64.8 %	65.6 %
Net expense ratio	31.0 %	35.6 %	28.7 %	32.1 %
Net combined ratio	97.2 %	102.1 %	93.5 %	97.7 %
Gross loss ratio	58.0 %	58.5 %	57.0 %	57.6 %
Gross LAE ratio	8.0 %	7.5 %	7.5 %	7.2 %
Gross expense ratio	30.8 %	35.3 %	28.6 %	31.8 %
Gross combined ratio	96.8 %	101.3 %	93.1 %	96.6 %
Gross accident period loss ratio	61.1 %	56.5 %	59.7 %	56.2 %

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 loss adjustment expense, or 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, net realized losses on investments, acquisition expenses which include report costs 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, and 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, 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 which includes interest incurred on our long-term debt, certain fees that are expensed and does not include the amortization of discount and debt issuance costs; income tax expense; depreciation and amortization, including the amortization of discount and debt issuance costs; share-based compensation; loss on extinguishment of debt; warrant compensation expense; restructuring charges; certain 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 we 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. The gross accident period loss ratio is remeasured each reporting period to reflect updated estimates of ultimate losses as they develop. Changes to our loss reserves are the primary driver of differences 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, net realized gains on investments, 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, cash equivalents, restricted cash and restricted cash equivalents, fixed maturities, and short-term investments less investment expenses. Investment expenses include costs associated with the management of our investment portfolio, including Personnel Costs. 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. In addition, net investment income includes impairment losses related to our private equity investments. 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.

Net Realized Losses on Investments

Net realized losses on investments represents the difference between the amount received by us on the sale of an investment as compared to the investment’s amortized cost basis.

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-based 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 expenses. 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 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 expenses. We view insurance license expenses, certain warrant compensation expenses related to policies originating through the integrated automobile insurance solution for Carvana's online buying 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 expenses.

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. Low income housing tax credits are recognized when utilized. Other insurance expense is recognized 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. 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.

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. 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

Our non-operating expenses consist of interest expense, loss on extinguishment of debt, and income tax expense and are included below operating expenses.

Interest Expense

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.

Loss on Extinguishment of Debt

Loss on extinguishment of debt primarily relates to the difference between the reacquisition price of the debt and the net carrying amount of the extinguished debt. Upon extinguishment of debt, the remaining unamortized debt discount and issuance costs, and prepayment premium are recognized as expense.

Income Tax Expense

Income tax expense consists primarily of state income taxes in the United States. We have recorded United States federal and state net deferred tax assets for which we provide a full valuation allowance, which includes net operating loss carryforwards and tax credits.

Given our anticipated future earnings, we believe there is a reasonable possibility that in the foreseeable future, sufficient positive evidence may become available to reach a conclusion that all or a portion of the valuation allowance may no longer be needed. Release of the valuation allowance would result in recognition of certain deferred tax assets and a corresponding material income tax benefit for the period the release is recorded. The exact timing and amount of the valuation allowance release would depend on our financial performance, projected taxable income in the relevant jurisdictions, and ongoing evaluation of available positive and negative evidence.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

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

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
	(dollars in millions)			
Revenues:				
Net premiums earned	$ 352.8	$ 360.1	$ (7.3)	(2.0)%
Net investment income	8.2	7.0	1.2	17.1 %
Net realized losses on investments	(0.5)	—	(0.5)	(100.0)%
Fee income	20.2	19.8	0.4	2.0 %
Other income	0.6	0.9	(0.3)	(33.3)%
Total revenues	381.3	387.8	(6.5)	(1.7)%
Operating expenses:				
Loss and loss adjustment expenses	233.4	239.4	(6.0)	(2.5)%
Sales and marketing	32.2	40.6	(8.4)	(20.7)%
Other insurance expense	60.2	67.0	(6.8)	(10.1)%
Technology and development	15.9	14.7	1.2	8.2 %
General and administrative	21.3	25.8	(4.5)	(17.4)%
Total operating expenses	363.0	387.5	(24.5)	(6.3)%
Operating income	18.3	0.3	18.0	6000.0 %
Interest expense	3.8	5.3	(1.5)	(28.3)%
Income (loss) before income tax expense	14.5	(5.0)	19.5	(390.0)%
Income tax expense	0.1	0.4	(0.3)	(75.0)%
Net income (loss)	14.4	(5.4)	19.8	(366.7)%
Other comprehensive (loss) income:				
Changes in net unrealized (losses) gains on investments	(9.7)	1.2	(10.9)	(908.3)%
Comprehensive income (loss)	$ 4.7	$ (4.2)	$ 8.9	(211.9)%

Revenue

Net Premiums Earned

Net premiums earned decreased primarily due to a decrease in premiums per policy resulting from a shift in customer and state mix, partially offset by reduced cessions of gross premiums earned to reinsurers between periods and an increase in policies in force as a result of continued growth in our partnership channel.

During the three months ended September 30, 2026 and 2025, we ceded approximately 0.9% and 3.5% 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 September 30, 2026 and 2025:

	Three Months Ended September 30,			
	2026	2025	$ Change	% Change
	(dollars in millions)			
Gross premiums written	$ 357.5	$ 387.2	$ (29.7)	(7.7)%
Ceded premiums written	(2.9)	(10.0)	7.1	(71.0)%
Net premiums written	354.6	377.2	(22.6)	(6.0)%
Gross premiums earned	356.0	373.1	(17.1)	(4.6)%
Ceded premiums earned	(3.2)	(13.0)	9.8	(75.4)%
Net premiums earned	$ 352.8	$ 360.1	$ (7.3)	(2.0)%

Gross premiums written decreased for the three months ended September 30, 2026, primarily due to a decrease in premiums per policy in the direct and partnership channels and a decline in new writings in our direct channel as a result of lower direct performance marketing spend amid heightened competition in the marketing environment. This was partially offset by continued growth in new writings in our partnership channel compared to the same period in 2025. The decrease in gross premiums earned was primarily due to a decrease in premiums per policy, partially offset by greater policies in force compared to the same period in 2025.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE decreased due to fewer losses incurred on decreased gross premiums earned volume and favorable loss and LAE reserve development in prior accident years, stemming from lower-than-anticipated claim emergence for the three months ended September 30, 2026 compared to the same period in 2025. This decrease was partially offset by reduced cessions of losses to reinsurers driven by a strategic reduction of quota share reinsurance.

Gross accident period loss ratio increased to 61.1% for the three months ended September 30, 2026, from 56.5% for the same period in 2025. The change in the ratio was driven by higher loss costs as a result of increased severity per claim due to higher vehicle repair and medical costs and a shift in channel mix and higher claim frequency. This was partially offset by shifts in business tenure mix. We observed a low-single digit increase in accident period severity per claim and a low-single-digit increase in claim frequency for the three months ended September 30, 2026 compared to the same period in 2025 across our bodily injury, collision, and property damage coverages.

Sales and Marketing

Sales and marketing expense decreased due to lower acquisition expense driven by a $4.9 million decrease in direct performance marketing spend and a $2.1 million decrease in experimental marketing spend. This reduction

reflects a continued disciplined deployment of spend to optimize efficiency in a heightened competitive marketing environment, while maintaining returns in line with our estimated targets.

Other Insurance Expense

Other insurance expense decreased primarily due to a decrease in our fixed expenses. This was primarily driven by a $15.3 million decrease in Carvana warrant expense as a result of a cumulative expense catch-up recognized in the third quarter of 2025 when the short-term warrants expired and the long-term warrants became probable of vesting under the old warrant structure. This was partially offset by an increase in acquisition expense primarily driven by a $3.6 million increase in commissions expense and a $1.1 million increase in partnership expenses related to the continued growth in our partnership channel, including the build-out and appointment of independent agents. We also experienced a $2.9 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.

General and Administrative

General and administrative expense decreased primarily due to a $5.9 million reduction in Personnel Costs. This decline was primarily comprised of a decrease in performance-based restricted stock unit compensation expense resulting from changes in the probability of achieving growth-related performance targets and a decrease in short-term incentive plan compensation expense due to change in expected performance achievement between periods.

Other Comprehensive (Loss) Income

Changes in Net Unrealized (Losses) Gains on Investments

Changes in net unrealized (losses) gains on investments reflected an unrealized loss for the three months ended September 30, 2026, compared to an unrealized gain in the same period in 2025. This shift is primarily due to an increase in market interest rates during the period, influenced by broader macroeconomic and geopolitical uncertainties, which negatively impacted the fair value of fixed maturity securities.

Comparison of the Nine Months Ended September 30, 2026 and 2025

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

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
	(dollars in millions)			
Revenues:				
Net premiums earned	$ 1,080.0	$ 1,034.4	$ 45.6	4.4 %
Net investment income	21.9	25.1	(3.2)	(12.7)%
Net realized losses on investments	(0.4)	—	(0.4)	100.0 %
Fee income	60.3	58.2	2.1	3.6 %
Other income	2.2	2.4	(0.2)	(8.3)%
Total revenues	1,164.0	1,120.1	43.9	3.9 %
Operating expenses:				
Loss and loss adjustment expenses	699.5	678.3	21.2	3.1 %
Sales and marketing	84.8	129.2	(44.4)	(34.4)%
Other insurance expense	178.0	151.6	26.4	17.4 %
Technology and development	46.6	39.8	6.8	17.1 %
General and administrative	61.3	69.9	(8.6)	(12.3)%
Total operating expenses	1,070.2	1,068.8	1.4	0.1 %
Operating income	93.8	51.3	42.5	82.8 %
Interest expense	12.7	15.9	(3.2)	(20.1)%
Loss on extinguishment of debt	4.9	—	4.9	100.0 %
Income before income tax expense	76.2	35.4	40.8	115.3 %
Income tax expense	0.5	0.4	0.1	25.0 %
Net income	75.7	35.0	40.7	116.3 %
Other comprehensive (loss) income:				
Changes in net unrealized (losses) gains on investments	(15.6)	5.8	(21.4)	(369.0)%
Comprehensive income	$ 60.1	$ 40.8	$ 19.3	47.3 %

Revenue

Net Premiums Earned

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

During the nine months ended September 30, 2026 and 2025, we ceded approximately 1.3% and 5.0% 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 nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,			
	2026	2025	$ Change	% Change
	(dollars in millions)			
Gross premiums written	$ 1,086.2	$ 1,144.2	$ (58.0)	(5.1)%
Ceded premiums written	(10.8)	(41.0)	30.2	(73.7)%
Net premiums written	1,075.4	1,103.2	(27.8)	(2.5)%
Gross premiums earned	1,094.4	1,088.8	5.6	0.5 %
Ceded premiums earned	(14.4)	(54.4)	40.0	(73.5)%
Net premiums earned	$ 1,080.0	$ 1,034.4	$ 45.6	4.4 %

Gross premiums written decreased for the nine months ended September 30, 2026, primarily due to a decrease in premiums per policy in the direct and partnership channels and a decline in new writings in our direct channel. Lower direct channel new writings reflected lower direct performance marketing spend amid heightened competition in the marketing environment and slower growth during the tax refund season in 2026, compared to 2025, which benefited from a pull-forward of demand driven by concerns around tariff policy. This was partially offset by continued growth in new writings in our partnership channel compared to the same period in 2025. The increase in gross premiums earned was primarily due to greater policies in force, partially offset by a decrease in premiums per policy compared to the same period in 2025.

Net Investment Income

Net investment income decreased primarily due to a $4.4 million impairment loss recognized on an equity investment. The impairment loss included the reversal of $3.8 million of previously recognized unrealized gains, and the initial cash investment of $0.6 million. This was partially offset by a $1.3 million increase in investment income reflecting a shift in investment mix.

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 nine months ended September 30, 2026 compared to the same period in 2025. 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 and the identification of additional subrogation opportunities resulting from model improvements.

Gross accident period loss ratio increased to 59.7% for the nine months ended September 30, 2026, from 56.2% for the same period in 2025. The change in the ratio was driven by a shift in channel mix and higher loss costs as a result of increased severity per claim due to higher vehicle repair and medical costs. This was partially offset by shifts in business tenure mix and favorable weather-related losses. We observed a mid-single digit increase in accident period severity per claim, while claim frequency remained relatively consistent for the nine months ended September 30, 2026 compared to the same period in 2025 across our bodily injury, collision, and property damage coverages.

Sales and Marketing

Sales and marketing expense decreased due to lower acquisition expense driven by a $40.3 million decrease in direct performance marketing spend. This reduction reflects a continued disciplined deployment of spend to optimize efficiency in a heightened competitive marketing environment, while maintaining returns in line with our

estimated targets. The decrease was also influenced by slower new writing growth during the tax refund season in 2026, compared to 2025, which benefited from a pull-forward of demand driven by concerns around tariff policy.

Other Insurance Expense

Other insurance expense increased primarily due to an increase in our acquisition expenses. This was driven by a $21.7 million increase in commission expense and a $4.3 million increase in partnership expenses related to the continued growth in our partnership channel, including the build-out and appointment of independent agents. We also experienced 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. The increase in acquisition expenses was partially offset by a decrease in fixed expenses, primarily due to an $11.8 million decrease in Carvana warrant expense as a result of a cumulative expense catch-up recognized in the third quarter of 2025 when the short-term warrants expired and the long-term warrants became probable of vesting under the old warrant structure.

Technology and Development

Technology and development expense increased primarily due to a $5.6 million increase in Personnel Costs, driven by increased headcount which reflects a continued investment in our product delivery teams and technology.

General and Administrative

General and administrative expense decreased primarily due to a $10.5 million reduction in Personnel Costs. This decline was primarily comprised of a decrease in short-term incentive plan compensation expense due to change in expected performance achievement between periods and a decrease in performance-based restricted stock unit compensation expense resulting from changes in the probability of achieving growth-related performance targets.

Non-Operating Expenses

Loss on Extinguishment of Debt

Loss on extinguishment of debt was due to unamortized debt discount and issuance costs, and prepayment premium being expensed as a result of the repayment of our Amended Term Loan in full in the second quarter of 2026.

Other Comprehensive (Loss) Income

Changes in Net Unrealized (Losses) Gains on Investments

Changes in net unrealized (losses) gains on investments reflected an unrealized loss for the nine months ended September 30, 2026, compared to an unrealized gain in the same period in 2025. This shift is primarily due to an increase in market interest rates during the period, influenced by broader macroeconomic and geopolitical uncertainties, which negatively impacted the fair value of fixed maturity securities.

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 operating 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 nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Total revenue	$ 381.3	$ 387.8	$ 1,164.0	$ 1,120.1
Loss and loss adjustment expenses	(233.4)	(239.4)	(699.5)	(678.3)
Other insurance expense	(60.2)	(67.0)	(178.0)	(151.6)
Gross profit	87.7	81.4	286.5	290.2
Net investment income	(8.2)	(7.0)	(21.9)	(25.1)
Net realized losses on investments	0.5	—	0.4	—
Adjustments from other insurance expense[(1)]	38.3	50.1	113.9	101.8
Ceded premiums earned	3.2	13.0	14.4	54.4
Ceded loss and loss adjustment expenses	(1.4)	(7.0)	(6.5)	(26.6)
Net ceding commission and other[(2)]	(0.2)	(3.1)	(2.4)	(14.4)
Direct contribution	$ 119.9	$ 127.4	$ 384.4	$ 380.3

(1) Adjustments from other insurance expense consists of acquisition expenses, including report costs and commission expenses related to our partnership channel of $32.3 million and $97.0 million for the three and nine months ended September 30, 2026, respectively, and $28.5 million and $73.2 million for the three and nine months ended September 30, 2025, respectively. Adjustments from other insurance expense also consists of fixed expenses, including warrant compensation expense related to policies originating through the Integrated Platform, Personnel Costs, Overhead, licenses, professional fees and other of $6.0 million and $16.9 million for the three and nine months ended September 30, 2026, respectively, and $21.6 million and $28.7 million for the three and nine months ended September 30, 2025, respectively.

(2) Net ceding commission and other is comprised of ceding commission received in connection with reinsurance ceded, 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 nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(dollars in millions)			
Net income (loss)	$ 14.4	$ (5.4)	$ 75.7	$ 35.0
Adjustments:				
Interest expense	3.6	5.1	12.2	15.4
Income tax expense	0.1	0.4	0.5	0.4
Depreciation and amortization	4.6	4.7	10.4	8.6
Share-based compensation	8.9	11.6	24.9	26.4
Loss on extinguishment of debt	—	—	4.9	—
Warrant compensation expense	1.9	17.2	5.4	17.2
Restructuring costs[1]	—	—	—	0.1
Other	—	0.1	0.1	0.1
Adjusted EBITDA	$ 33.5	$ 33.7	$ 134.1	$ 103.2

(1) Restructuring costs consist of real estate exit costs which include depreciation and amortization of zero for the three and nine months ended September 30, 2026 and zero and $0.1 million for the three and nine months ended September 30, 2025, 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 also receive cash dividends from our insurance subsidiaries, whose ability to declare and issue dividends is subject to regulatory restrictions and approval. 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 and repurchase of stock, and the issuance, refinancing, repayment, prepayment, redemption, retirement, or other modification or management of our debt.

Certain events may impact our liquidity, such as global economic conditions, geopolitical instability, and changes in tariff policy resulting in inflationary pressures, supply chain disruptions, changes in interest rates, 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 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 mitigate the impact of large losses or catastrophic events.

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 four of our wholly-owned insurance subsidiaries, Root Insurance Company, Root Property & Casualty Insurance Company, and Root Select Insurance Company, all three of which are 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 limited on the amount of dividends that can be paid without approval of the applicable superintendent, commissioner and/or director. During the nine months ended September 30, 2026, the Ohio Department of Insurance approved two extraordinary dividends for Root Insurance Company and one extraordinary dividend for Root Property & Casualty Insurance Company. As a result, over that period, Root Insurance Company and Root Property & Casualty Insurance Company each paid $15.0 million to Caret Holdings, Inc., its parent company.

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 September 30, 2026, 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 the Cayman Islands Monetary Authority, or CIMA. At September 30, 2026, 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 September 30, 2026. 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 nine months ended September 30, 2026, Root Re paid dividends of $49.0 million to Caret Holdings, Inc.

Financing Arrangements

In May 2026, we prepaid our six-year Amended Term Loan in the aggregate principal amount of $200.0 million in full. The prepayment resulted in a loss on extinguishment of debt of $4.9 million, primarily related to accelerated amortization of debt discount and issuance costs and a prepayment premium. We entered into a senior secured term loan with a principal balance of $200.0 million and a maturity date of May 4, 2029. We are required to make quarterly principal payments, which commenced on September 30, 2026, equal to approximately 0.25% of the original principal amount in each of the first two years following the closing date and 1.25% quarterly in the third year, with the unpaid balance due at maturity. Interest is variable and calculated between SOFR plus 3.0% and SOFR plus 3.75% and is payable quarterly in cash. The SOFR margin is based upon the debt-to-capital ratio which is calculated on the last day of each quarter as discussed further in Note 7, "Long-Term Debt," in the Notes to the Condensed Consolidated Financial Statements - Unaudited.

Share Repurchases

In May 2026, we announced that our board of directors approved a share repurchase authorization of up to $75.0 million of Class A common stock, excluding transaction costs, or Repurchase Program. We may utilize various methods to effect repurchases, which could include open market purchases, privately negotiated transactions, block purchases, accelerated share repurchase agreements or a combination of methods, including pursuant to trading plans adopted under Rule 10b5-1 under the Exchange Act. The Repurchase Program does not have a set expiration date and may be modified, suspended, or discontinued at any time at the discretion of our board

of directors. The timing and amount of any repurchases under the Repurchase Program will depend upon several factors, including market and business factors.

During the nine months ended September 30, 2026, we repurchased and immediately retired 0.7 million shares of our Class A common stock for an aggregate amount, including transaction costs, of $36.4 million under the Repurchase Program. As of September 30, 2026, $38.8 million remained available and authorized for repurchases.

Asset Acquisition

In July 2026, we entered into a definitive purchase and sale agreement to acquire certain real property along with all other improvements, fixtures and leases for a purchase price of approximately $18.3 million. The real property acquired will be used for general corporate purposes. We expect this acquisition to be completed during the fourth quarter of 2026, subject to customary closing conditions.

Liquidity

As of September 30, 2026, we had $596.3 million in cash and cash equivalents, of which $261.6 million was held outside of regulated insurance entities. We also had restricted cash and cash equivalents of $75.3 million and $433.7 million in marketable securities.

Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our marketable securities primarily consist of United States Treasury and agency securities, 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. This belief is based on management's current assumptions and is subject to changes in market or regulatory conditions affecting the insurance industry, and other general economic, financial, competitive, and other factors that are beyond our control.

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.

Our debt covenants require us to maintain cash and cash equivalents held with the lender to be at least 25% of the outstanding principal balance of the senior secured term loan. As of September 30, 2026, we maintained $49.9 million of restricted cash and cash equivalents with the lender.

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:

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
Net cash provided by operating activities	$ 114.1	$ 136.4
Net cash used in investing activities	(80.0)	(59.2)
Net cash used in financing activities	(52.4)	(23.1)

Net cash provided by operating activities for the nine months ended September 30, 2026 was $114.1 million compared to $136.4 million for the nine months ended September 30, 2025. The decrease in cash provided by

operating activities was due to changes in premiums not yet earned, loss and LAE reserves and premiums owed to the fronting carrier due to greater growth in policies in force in the nine months ended September 30, 2025, compared to the same period in 2026. This was partially offset by the timing of premium and reinsurance receipts and higher net income between the periods.

Net cash used in investing activities for the nine months ended September 30, 2026 was $80.0 million compared to $59.2 million for the nine months ended September 30, 2025. The increase in cash used in investing activities was primarily due to purchases of investment grade marketable securities associated with liquidity management and capital requirements for our insurance operations. This was partially offset by sales of investments primarily due to repositioning our fixed income portfolio. The repositioning is intended to enhance portfolio yield and future net investment income by reinvesting sale proceeds into higher-yielding securities.

Net cash used in financing activities for the nine months ended September 30, 2026 was $52.4 million compared to $23.1 million for the nine months ended September 30, 2025. The increase in cash used in financing activities was primarily due to the prepayment of our Amended Term Loan, largely offset by the net proceeds from issuance of the senior secured term loan to reduce our cost of capital. We also experienced an increase in cash used due to deploying excess capital toward Class A common stock repurchases and retirement.

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 2025 10-K, except for the prepayment of the Amended Term Loan and incurrence of debt under the senior secured term loan as discussed further in Note 7, “Long-Term Debt,” in the Notes to Condensed Consolidated Financial Statements - Unaudited. 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 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 2025 10-K and under the heading “Notes to Condensed Consolidated Financial Statements - Unaudited” appearing in this Quarterly Report on Form 10-Q. During the nine months ended September 30, 2026, there were no material changes to our critical accounting estimates from those discussed in our 2025 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes, except as noted below, in the quantitative and qualitative market risk disclosures included in the 2025 10-K.

We are also exposed to interest rate risk through our senior secured term loan, which bears interest at floating rates based on changes in the SOFR. Rising interest rates could increase our cost of debt, reduce cash available for operations, and have a material adverse effect on our business and financial condition. As of September 30, 2026, a 100-basis-point increase or decrease in SOFR would not have a significant impact on our interest expense.

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 September 30, 2026.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2026 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.

Except as discussed below, there have been no material changes in our risk factors from those disclosed in the 2025 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 2025 10-K.

We may fail to maintain an effective partnership channel offering, including our embedded insurance product and our independent agent platform, and/or fail to perform under the associated commercial arrangements.

We entered into a commercial agreement with Carvana on October 1, 2021, in which the parties agreed to develop an integrated automobile insurance solution for Carvana’s online car buying platform, and we pay commissions to Carvana for insurance policies purchased by Carvana customers. The commercial agreement includes certain exclusivity rights and obligations of the parties. The commercial agreement, as amended, is set to expire on August 31, 2028. In addition, we are a party to and are pursuing commercial arrangements with other potential partners with varying levels of integration, including utilization of an embedded insurance offering. If we or our commercial counterparties, including Carvana, are unable to satisfy obligations under commercial arrangements, if we are unable to maintain effective partnership arrangements, including an embedded insurance product and our independent agent platform, if we are unable to renew or extend the term of any of our commercial agreements on terms attractive to us or at all, if we are unable to contract with additional partners to utilize these products, or if our partners experience difficulty with their businesses or if they or we are unable to attract insurance customers, that could have a material and adverse effect on our business, results of operations, financial condition and prospects.

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

Issuer Purchases of Equity Securities

Share repurchases of our Class A common stock for the three months ended September 30, 2026 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program[2]
	(in millions, except share and per share amounts)			
July 1, 2026 - July 31, 2026	40,191	$ 58.94	40,191	$ 51.9
August 1, 2026 - August 31, 2026	210,281	52.81	210,281	40.8
September 1, 2026 - September 30, 2026	40,222	49.13	40,222	38.8
Total	290,694	$ 53.15	290,694	$ 38.8

(1) Average price paid per share includes costs associated with the repurchases, but excludes the 1% excise tax accrued on our share repurchases as a result of the Inflation Reduction Act of 2022.

(2) On May 6, 2026, we announced that our board of directors approved the Repurchase Program, pursuant to which we are authorized to repurchase up to $75.0 million of our Class A common stock, excluding transaction costs. As of September 30, 2026, $38.8 million of the originally authorized amount under the Repurchase Program remained available for future repurchases. The Repurchase Program does not have a set expiration date and may be modified, suspended, or discontinued at any time at the discretion of our board of directors.

Dividend Policy

We have never declared or paid cash dividends on our stock. 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 2025 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 Department of Insurance or Office of Insurance Regulation may, in the future, adopt statutory provisions more restrictive than those currently in effect.

Further, the senior secured loan includes covenants that require us to maintain certain levels of liquidity and restrict us from declaring or making cash dividends 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 senior secured loan.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

On August 14, 2026, Jonathan Allison, the Company's Chief Administrative Officer, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a "10b5-1 Plan"). Mr. Allison's 10b5-1 Plan provides for the potential sale of up to 51,610 shares of Class A common stock and terminates no later than November 10, 2027.

On August 18, 2026, Megan Binkley, the Company's Chief Financial Officer, modified a 10b5-1 Plan. Ms. Binkley's 10b5-1 Plan provides for the potential sale of up to 22,500 shares of Class A common stock and terminates no later than November 30, 2027.

On August 19, 2026, Julie Szudarek, a member of the Company's Board of Directors, entered into a 10b5-1 Plan. Ms. Szudarek's 10b5-1 Plan provides for the potential sale of up to 5,500 shares of Class A common stock and terminates no later than November 17, 2027.

On August 21, 2026, Alexander Timm, the Company's Chairman of the Board and Chief Executive Officer, modified a 10b5-1 Plan. Mr. Timm's 10b5-1 Plan provides for the potential sale of up to 107,000 shares of Class A common stock and terminates no later than November 24, 2027.

Item 6. Exhibits.

(a) Exhibits.

Exhibit Number	Description of Exhibit	Incorporation by Reference				Filed Herewith
		Form	SEC File Number	Exhibit	Filing Date	
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	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Root, Inc.	8-K	001-39658	3.1	June 8, 2026	
3.4	Amended and Restated Bylaws of Root, Inc.	10-K	001-39658	3.3	February 22, 2023	
3.5	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	
4.5	Common Stock Purchase Warrant, dated as of August 31, 2026, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	4.1	September 1, 2026	
10.1	Warrant Cancellation and Exchange Agreement, dated as of August 31, 2026, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	10.1	September 1, 2026	
10.2§	Second Amendment to the Commercial Agreement, dated as of August 31, 2026, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	10.2	September 1, 2026	
10.3	Second Amendment to Investment Agreement, dated as of August 31, 2026, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	10.3	September 1, 2026	
10.4	First Amendment to the Registration Rights Agreement, dated as of August 31, 2026, by and between Root, Inc. and Carvana Group, LLC	8-K	001-39658	10.4	September 1, 2026	
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.
§ Exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be provided on a supplemental basis to the Securities and Exchange Commission upon request.

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: November 4, 2026 By: /s/ Alexander Timm
Alexander Timm
Chief Executive Officer and Director
(*Principal Executive Officer*)

Date: November 4, 2026 By: /s/ Megan Binkley
Megan Binkley
Chief Financial Officer
(*Principal Financial Officer*)

Date: November 4, 2026 By: /s/ Ryan Forish
Ryan Forish
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT 31.1

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: November 4, 2026

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

EXHIBIT 31.2

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: November 4, 2026

/s/ Megan Binkley
Megan Binkley
Chief Financial Officer
(*Principal Financial Officer*)

EXHIBIT 32.1

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 September 30, 2026 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: November 4, 2026

/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.