

Meet Root

Company Overview as of Q3 2024



Forward-looking statements

This presentation contains forward-looking statements relating to, among other things, the future performance of Root and its consolidated subsidiaries that are based on Root's current expectations, forecasts, and assumptions, and involve risks and uncertainties. These include, but are not limited to, statements regarding: our expected financial results for 2024; 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/(loss), 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, gross LAE ratio, gross expense ratio, gross combined ratio, marketing costs and costs of customer acquisition, operating expenses, quota share levels, changes in unencumbered cash balances and expansion of our new and renewal premium base; our ability to realize profits, acquire customers, retain customers, contract with additional partners to utilize the products, or achieve other benefits from our embedded insurance offering; our ability to expand our distribution channels through additional partnership relationships, digital media, independent agents and referrals; our ability to drive a significant long-term competitive advantage through our partnership with Carvana and other partnerships; our ability to develop products for embedded insurance and other partners; the impact of supply chain disruptions, increasing inflation, a recession and/or disruptions to properly functioning financial and capital markets and interest rates on our business and financial condition; our ability to remain profitable and extend our capital runway; our goal to be licensed in all states in the United States 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 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 lack of operating history and ability to remain profitable; 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 the benefits anticipated from our Texas county mutual fronting arrangement; our ability to expand domestically; our ability to stay in compliance 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; our ability to defend against cybersecurity threats and prevent or recover from a security breach 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 term loan, including performance and liquidity covenants; our ability to maintain proper and effective internal control over financial reporting; our ability to continue to meet The Nasdaq Stock Market listing standards; and the growth rates of the markets in which we compete.

Root's actual results could differ materially from those predicted or implied by such forward-looking statements, and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences also include, but are not limited to, those factors that could affect Root's business, operating results, and stock price included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Root's 2023 Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, and other filings with the SEC at <http://ir.joinroot.com> or the SEC's website at www.sec.gov.

Undue reliance should not be placed on the forward-looking statements, which are based on information available to Root on the date hereof. We assume no obligation to update such statements.

Non-GAAP Financial Measures

Adjusted EBITDA, a non-GAAP financial measure, is provided in this presentation. A reconciliation to the most directly comparable GAAP financial measure is provided in the Appendix to this presentation. Non-GAAP financial measures are not defined by GAAP and should not be considered in isolation or as an alternative to the most directly comparable financial measures prepared in accordance with GAAP.

Long-term goal

Be the largest and most profitable personal lines insurance provider in the U.S.

How we're doing it

World-class data science and technology



Investment highlights

Key Highlights

Results

1 Largest auto insurtech in the country and one of the best loss ratios in the industry

Grew new writings in our **Partnership channel by 131%**¹ as our pipeline continues to expand over the automotive, financial services and agent sub-channels.

2 Proprietary tech platform and data science algorithms drive performance

Best-in-class **mobile telematics algorithms, embedded insurance platform** allows 3-click experiences at point of vehicle purchase, **machine learning pricing** algorithms.

3 \$300B+ market size² with many additional levers for growth

Currently operating in 34 states with plans to **go national**. **Diversified distribution** in D2C and partnerships allows for long-term growth and builds **differentiated access** to customers.

4 Achieved sufficient scale to drive profitability with available capital

Achieved profitability while optimizing our capital structure—we continue to grow the business and deliver one of the **best loss ratios in the industry**.

5 Strong and experienced management team

Led by an **actuary** and a former high frequency trader in **statistical arbitrage**.

¹ Q3 2024 versus Q3 2023.

² Source: National Association of Insurance Commissioners.

Root by the numbers

#1

Auto insurtech
by premium ¹

~\$1.2B

Q3 2024 Trailing Twelve Month
Gross Written Premium

\$300B+

Market size, massive opportunity ²

\$23M

Net Income in Q3 2024

57%

Policies-in-Force growth YoY ³

\$49M

Operating Cashflow in Q3 2024

58%

Gross Accident Period
Loss Ratio in Q3 2024

29B

Miles of driving data as of
August 2024

47 sec

As little as 47-second
purchase time

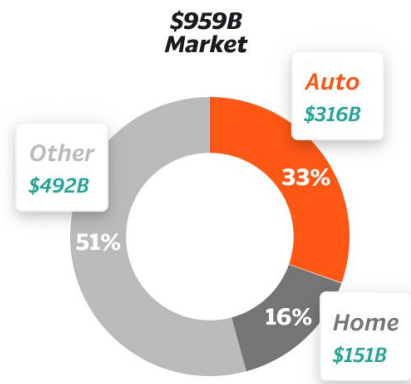
¹ Based on statutory filings. Peers include: Branch, Clearcover, Elephant, Gateway, Lemonade, Tesla, Vault.

² Source: National Association of Insurance Commissioners.

³ Q3 2024 vs Q3 2023.

Auto insurance is a massive market with transformations in consumer behavior and technology

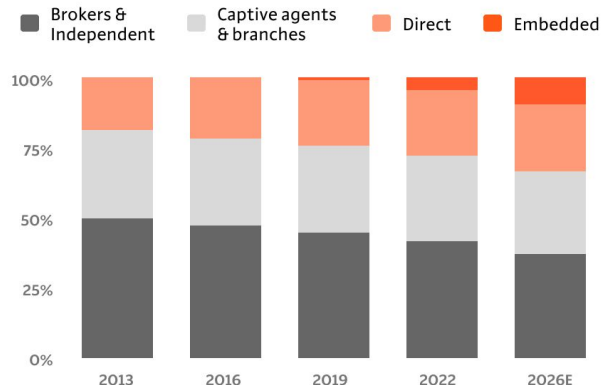
P&C Market Net Premiums Written (2023)¹



Giant market ripe for transformation via technology

- \$300B+¹ market and the largest property and casualty line of business
- Typically the first insurance purchase for most consumers
- Mandatory purchase under most state laws
- Top 10 carriers are on average 104 years old and no new players since 1937

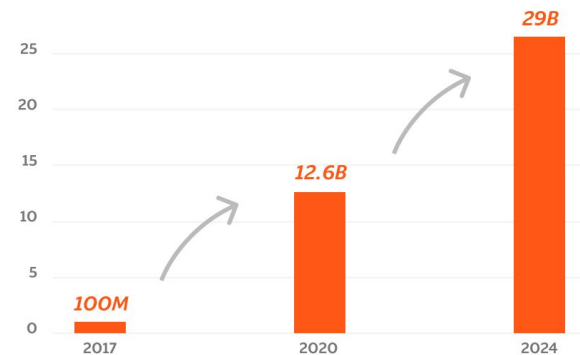
Projected Growth for Embedded Insurance Products: Personal Auto (US)²



Consumers are changing how they buy insurance

- Significant market shift from agents to direct channel driven by the internet
- Proliferation of smartphones has led to new distribution channel
- Billions of dollars spent on advertising, yet consumer sentiment remains low
- Embedded integrations leading customers to purchase insurance at point of vehicle sale

Miles of Driving Data Collected by Root



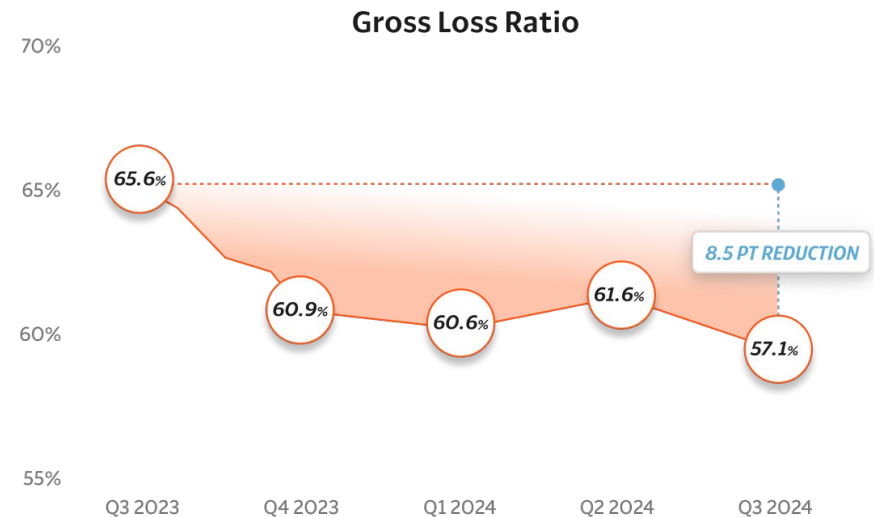
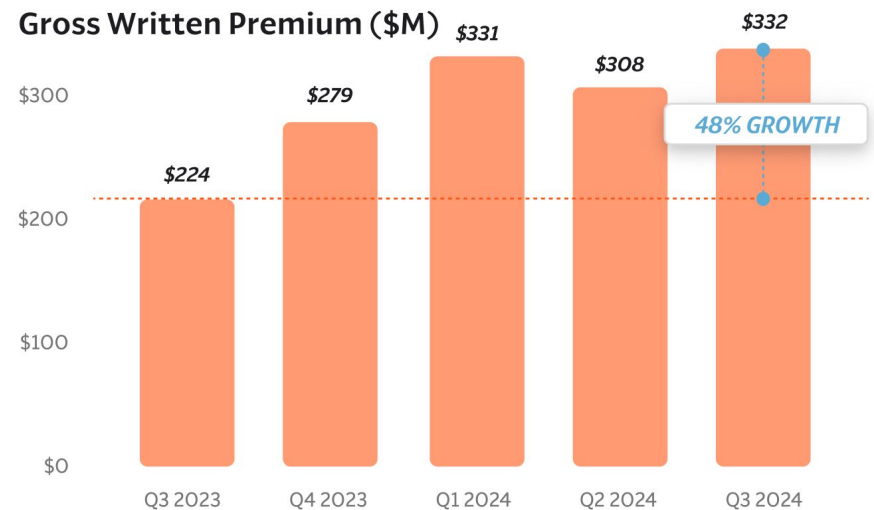
Data science and technology are changing fundamentals of insurance

- Proliferation of sensor data—including mobile and connected vehicle data—provides new opportunities to assess risk
- Machine learning and AI models are changing the structure of pricing and underwriting technology
- Modern engineering allows for automated and highly segmented approaches to marketing, underwriting, onboarding, pricing, and claims

¹ Source: National Association of Insurance Commissioners.
²Source: Company-procured third-party research.

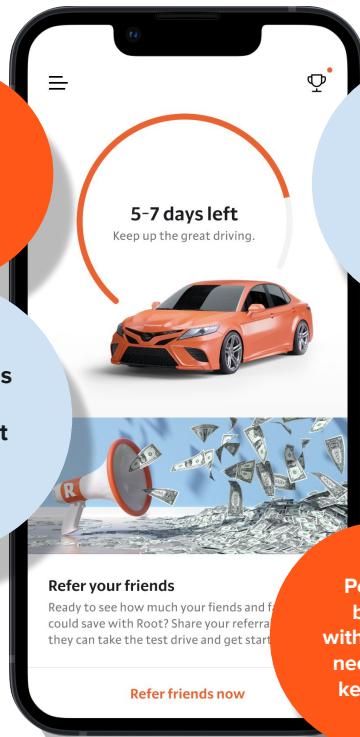
Strong performance in both growth and loss ratio puts the company on trajectory to build market share profitably

- **Diversified distribution** in D2C and partnerships allows for long-term growth and drove 48% growth YoY in Q3 2024
 - **D2C mobile app** creates streamlined and easy to use telematics experience, leveraging rich, behavioral-based data from the smartphone to price
 - **Embedded platform** allows consumers to purchase insurance in as little as **three clicks** with vehicle purchase
- Leveraging **machine learning technology to better price and underwrite insurance**, leading to better-than-industry loss ratios and providing opportunity to drive profitable growth



Direct: B2C

Mobile technology creates a delightful customer experience while creating a data advantage.



Seamless quote to bind experience

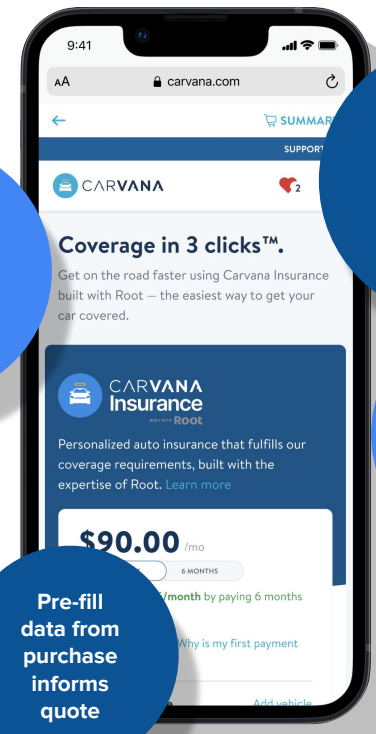
App-based test drive adds telematics savings

Submit claims and policy management in app

Policy is bound without ever needing a keyboard

Partnerships: B2B

Our modern tech stack seamlessly integrates into existing platforms, with integrations ranging from marketing partnerships to fully embedded platforms across automotive, financial services, affinity, agency channels, and more.



White-labeled for an easy customer experience

Insurance offer at point of sale

Quote and bind without leaving the platform

Pre-fill data from purchase informs quote

Our differentiated data science and technology assets are the bedrock of our competitive advantage



Telematics

Proprietary telematics algorithms tied to claims data segments risk to create the most predictive algorithms and fair, accurate rates for customers.



Mobile Technology

Mobile-first customer experience drives ease of use and transparency to create a delightful customer experience.



Embedded Platform

Embedded suite of APIs allows partners to flexibly quote and bind at point of vehicle sale.



Automated Pricing & Underwriting Machines

Automated pricing and underwriting allow for rapid machine learning advancements in risk pricing and classification.



Proprietary Claims System

Automation and advanced machine learning allow the ability to pay claims faster.



Machine Learning Marketing

Highly granular machine learning models systematically target the best customers and automate growth/profit tradeoffs.

As we grow our data sets, our algorithms get smarter, allowing us to grow faster





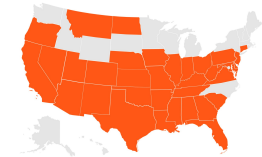
Machine learning marketing fuels mobile-first experience

- Delightful customer experience drives organic traffic, retention, and referrals
- Machine learning approach to performance marketing empowers granular marketing decisions at the customer level
- Continued digital and offline channel expansion



Embedded technology powers partnership distribution

- Root and Carvana exclusively partnered to develop and provide an integrated auto insurance solution for Carvana customers in just 3 clicks at the point of vehicle purchase, tripling the customer adoption rate
- Partners leverage Root's modern tech stack to seamlessly integrate into existing platforms
- Successfully driving multiple new partners to the platform



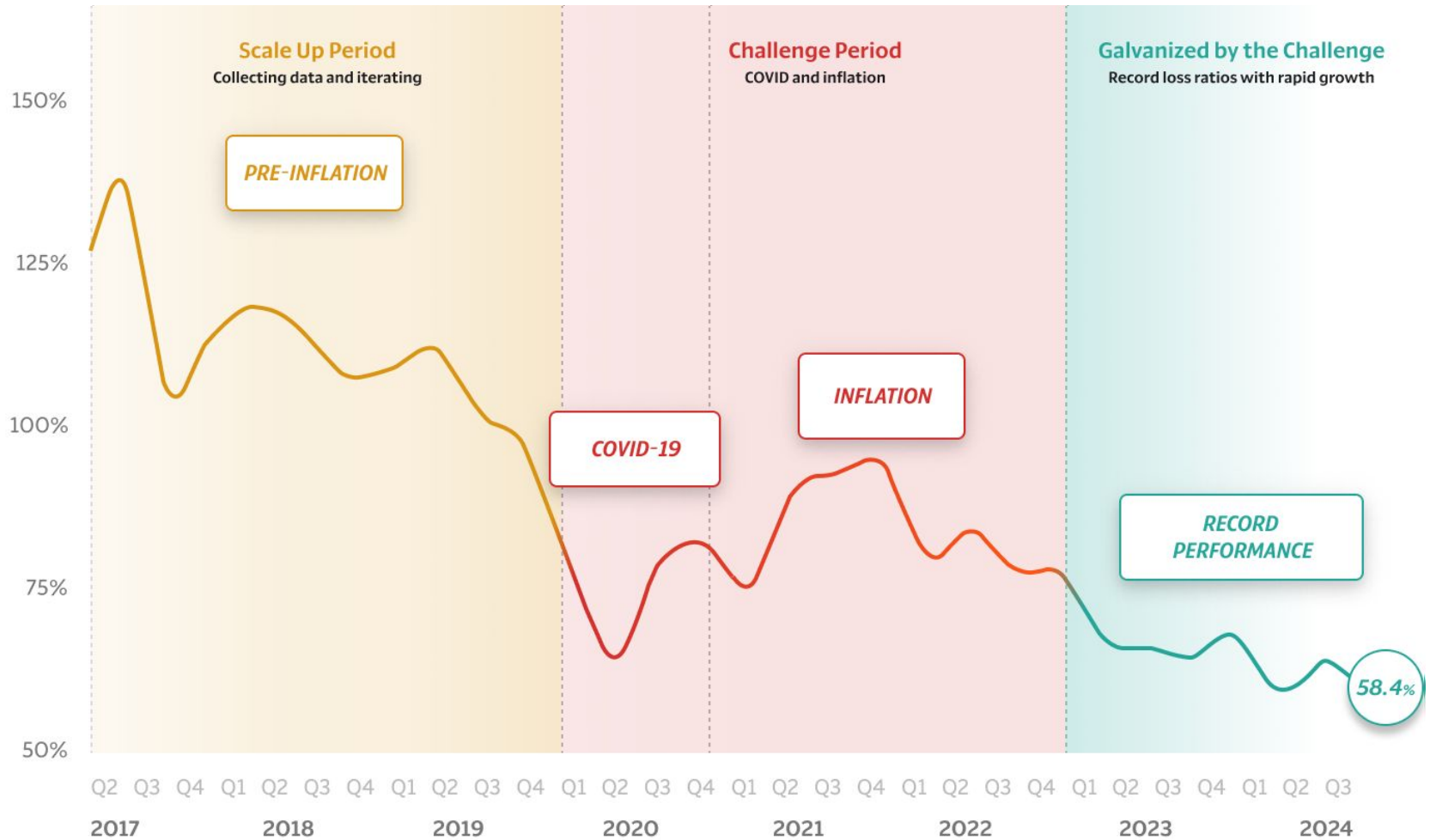
Growing footprint creates key growth opportunity

- Currently operating in states that comprise 76% of the U.S. population with plans to go national
- Continuing to unlock our U.S. total addressable market and national partnerships
- Geographic expansion improves marketing efficiency and diversification

Industry-leading gross accident period loss ratio demonstrates differentiated pricing technology

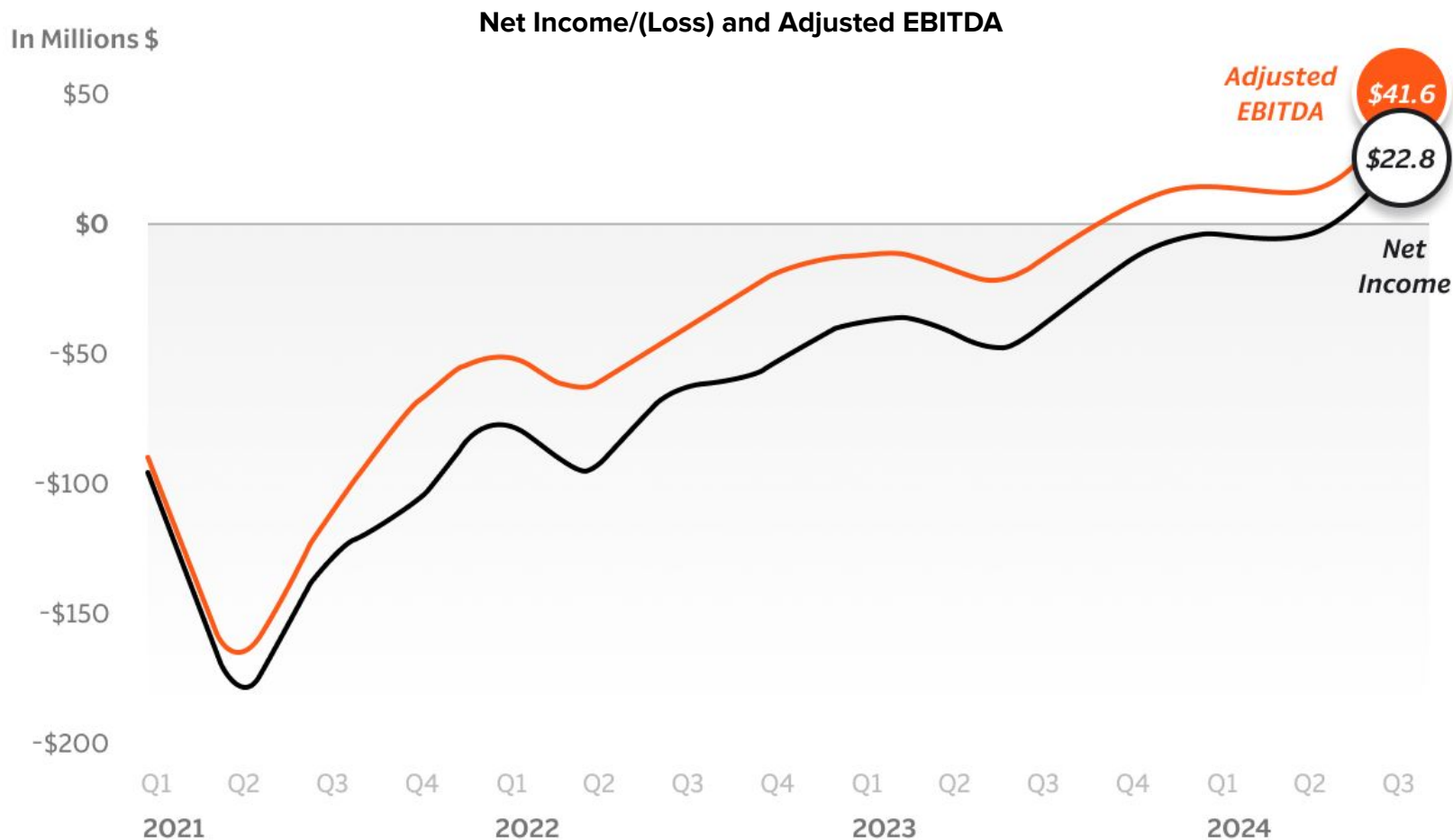
Continued improvement in underwriting results across market cycles and macro events

Accident Period Loss Ratio as of 9/30/24



Consistent improvements drove the company to net income profitability

Disciplined approach to underwriting, capital, and expense management put us on path to profitability



Adjusted EBITDA: An external non-GAAP financial measure, defined as net loss excluding interest expense, income tax expense, non-cash expense (depreciation and amortization, share-based compensation, warrant compensation expense), and one-time expenses and restructuring charges. After these adjustments, the resulting calculation represents expenses directly attributable to our operating performance.

Strong and experienced management team leading the charge



Alex Timm

Co-founder & Chief Executive Officer

Founded Root in 2015, worked at Nationwide Insurance as a senior strategy consultant for P&C lines, Fellow of the Casualty Actuarial Society, and member of the American Academy of Actuaries.



Matt Bonakdarpour

President & Chief Technology Officer

Joined in 2018, previously worked in high frequency trading and statistical arbitrage at Citadel, holds a BS in Computer Science & Mathematics from Carnegie Mellon, and a PhD in Statistical Machine Learning from the University of Chicago.



Megan Binkley

Chief Financial Officer

Joined in 2019, previously worked as Senior Manager at KPMG Netherlands and KPMG U.S., extensive experience in accounting, SEC reporting, finance operations, and internal controls.



Jon Allison

Chief Administrative Officer

Joined in 2017 with extensive regulatory, government affairs, and policy experience operating at public insurance companies, spent two decades in public service and policy advocacy and served as Chief of Staff to Ohio Governor Bob Taft.



Kelly Ruoff

Chief Communications Officer

Joined in 2018, previously served as partner and Chief Creative Officer at national branding firm, and worked at Martha Stewart Living Omnimedia in senior content roles as the brand launched into product, television, radio, and partnership channels.



Jason Shapiro

SVP, Business Development

Joined in 2023, previously President at ForeverCar with responsibility for all operations and revenue generation, 20 years experience in the automotive industry, former VP, OEM Development at TrueCar and Senior Director, Enterprise Dealer Partnerships at Cox Automotive.



Mark LeMaster

Chief Claims & Customer Service Officer

Joined in 2019, 20+ years of experience in insurance leadership, previously senior executive at Safe Auto Insurance and former attorney at a national law firm where he led the insurance regulatory practice, former counsel at the Ohio Department of Insurance.



Jill Kellett

VP, Product & Marketing

Joined in 2019 with vast creative and technical experience in product design, e-commerce, and digital marketing, served in leadership roles at several national retailers and brand agencies.

Appendix



Reconciliation of Net Income/(Loss) to Adjusted EBITDA

	3 Months Ended (\$ in millions)													
	2021			2022				2023				2024		
	Jun-30	Sep-30	Dec-31	Mar-31	Jun-30	Sep-30	Dec-31	Mar-31	Jun-30	Sep-30	Dec-31	Mar-31	Jun-30	Sep-30
Net income/(loss)	(178.6)	(133.0)	(109.9)	(77.5)	(95.5)	(66.4)	(58.3)	(40.9)	(36.7)	(45.8)	(24.0)	(6.2)	(7.8)	22.8
Adjustments:														
<i>Interest expense</i>	4.8	4.4	1.6	5	8.5	8.5	9.9	10.4	10.7	11.1	11	10.9	10.8	10.9
<i>Income tax expense</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Depreciation and amortization</i>	3.7	3.8	5.6	2.6	2.7	2.2	4.6	2.6	2.7	2.7	4.2	2.8	3.9	5.2
<i>Loss on early extinguishment of debt</i>	-	-	15.9	-	-	-	-	-	-	-	-	-	-	-
<i>Share-based compensation</i>	4.9	7.5	4.6	4.5	7.4	7.8	5.5	2.1	5.2	4.7	4.9	4.6	3.8	4.3
<i>Tender offer</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Warrant compensation expense</i>	-	-	8.8	5.3	3.5	1.5	4.2	4.4	3.9	5.0	4.1	2.8	1.0	-
<i>Restructuring charges</i>	-	-	-	7.8	0.6	-	10.2	5.6	1.9	1.9	1.8	0.1	-	-
<i>Write-offs and other</i>	-	-	-	0.5	9.6	-	(0.6)	4.5	0.4	1.0	(2.3)	0.1	0.4	(1.6)
Adjusted EBITDA	(165.2)	(117.3)	(73.4)	(51.8)	(63.2)	(46.4)	(24.5)	(11.3)	(11.9)	(19.4)	(0.3)	15.1	12.1	41.6

Definitions

Adjusted EBITDA: We define adjusted EBITDA, a non-GAAP financial measure, as net income/(loss) excluding interest expense, income tax expense, depreciation and amortization, share-based compensation, warrant compensation expense related to progress towards achieving milestones for policies originated under the Carvana commercial agreement, restructuring charges, write-off of prepaid marketing expenses, 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.