

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 3, 2024

ROOT, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39658

(Commission File Number)

84-2717903
(IRS Employer
Identification No.)

80 E. Rich Street, Suite 500
Columbus, Ohio
(Address of Principal Executive Offices)

43215
(Zip Code)

(866) 980-9431

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	ROOT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 7.01 Regulation FD Disclosure.

Root, Inc. (the "Company"), prepared an investor presentation containing certain information and financial highlights about the Company and its industry. A copy of the Investor Presentation is furnished as Exhibit 99.1 and will be available on the Company's website at ir.joinroot.com. The slides attached as Exhibit 99.1 to this Current Report on Form 8-K are incorporated herein by reference. No information contained on or accessible through such website shall be deemed to be part of or incorporated by reference into this report other than the Exhibit 99.1 identified herein. The Company undertakes no duty or obligation to publicly update or revise the information contained in this presentation, although it may do so from time to time.

The information contained in Item 7.01 of this Form 8-K (including Exhibit 99.1 attached hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly provided by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit relating to Item 7.01 shall be deemed to be furnished:

Exhibit No.	Description
99.1	Investor Presentation
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURES

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

ROOT, INC.

Dated: April 3, 2024

By: /s/ Alexander Timm
Alexander Timm
Chief Executive Officer and Director

Meet Root

2024 Company Overview



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, 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 reduce operating losses 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 attain profitability; 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; our ability to maintain proper and effective internal control over financial reporting; our ability to continue to meet Nasdaq 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 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.

ROOT Inc

Investment highlights

	<i>Key Highlights</i>	<i>Results</i>
1	Largest auto insurtech in the country and one of the best loss ratios in the industry	Grew new writings ~5x in Q4 2023 compared to the previous year while delivering one of the best loss ratios in the industry
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 size ¹ 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 toward near-term profitability with available capital	Q4 2023 adjusted EBITDA near breakeven with operating cash flows of \$46M and over \$500M in unencumbered capital ²
5	Strong and experienced management team	Led by an actuary and a former high frequency trader in statistical arbitrage

¹Source: National Association of Insurance Commissioners.

²See definition of *unencumbered capital* and *adjusted EBITDA* in the Appendix.

Root by the numbers

#1

Auto insurtech
by premium¹

\$783M

2023 Gross Written Premium

\$300B+

Market size, massive opportunity²

~5x

New Writings Growth YoY

55%

Policies-in-Force growth YoY

\$46M

Operating Cashflow in Q4 2023

66%

Industry-leading
Gross Accident Period
Loss Ratio in 2023³

25B

Miles of driving data as of
March 2024

47 sec

As little as 47-second
purchase time

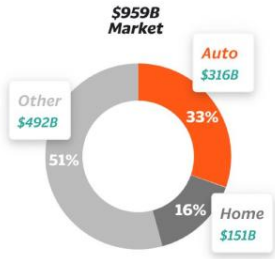
¹ Based on statutory filings. Peers include: Branch, Clearcover, Elephant, Gateway, Lemonade, Tesla, Vault.

² Source: National Association of Insurance Commissioners.

³ Source: S&P Global Market Intelligence Capital IQ Pro.

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

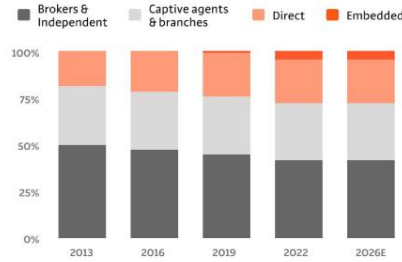
P&C Market Net Premiums Written (2023)¹



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

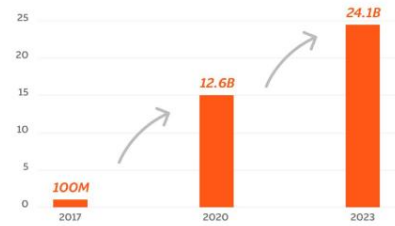
Projected Growth for Embedded Insurance Products: Personal Auto (US)²



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

ROOT Inc

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

Long-term goal

Be the #1 personal lines insurance provider in the U.S.

How we're doing it

World-class data science and technology



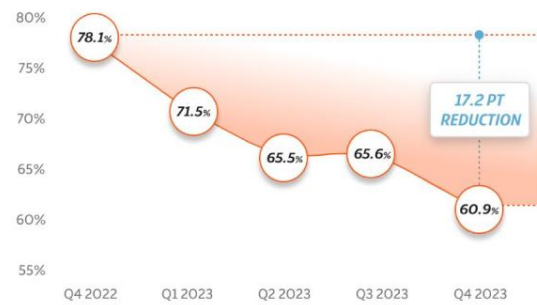
Root Inc

- **Diversified distribution** in D2C and partnerships allows for long-term growth and drove >100% growth YoY in Q4 2023
 - **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

Gross Written Premium (\$M)

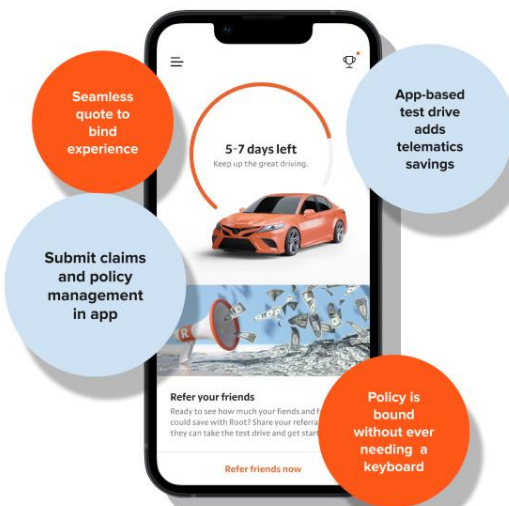


Gross Loss Ratio



Direct: B2C

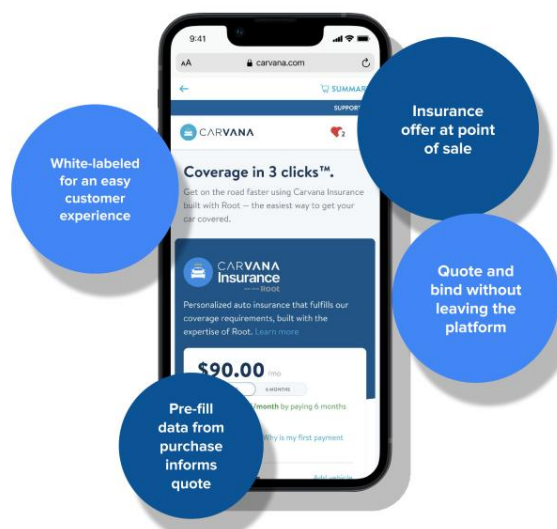
Mobile technology creates a delightful customer experience while creating a data advantage.



ROOT Inc

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.



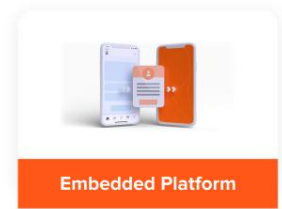
Our differentiated data science and technology assets are the bedrock of our competitive advantage



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



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



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



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



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



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





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

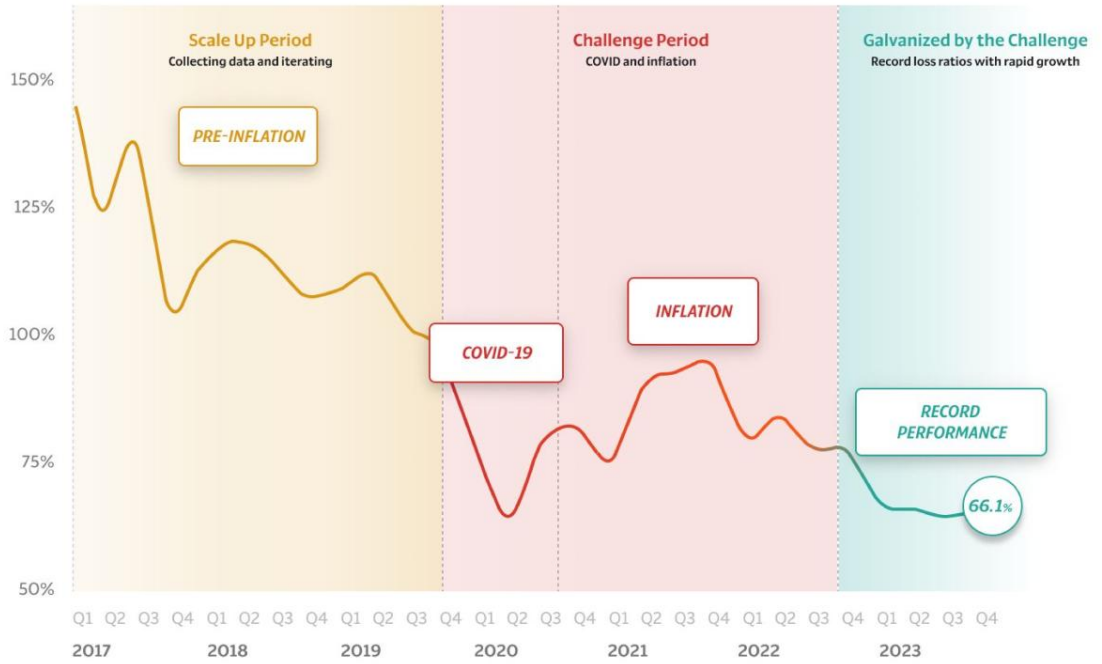
- Root and Carvana exclusively partnered to develop and provide an integrated auto insurance solution for Carvana customers in just 3 clicks at the point of vehicle purchase, tripling the customer adoption rate
- Partners leverage Root's modern tech stack to seamlessly integrate into existing platforms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

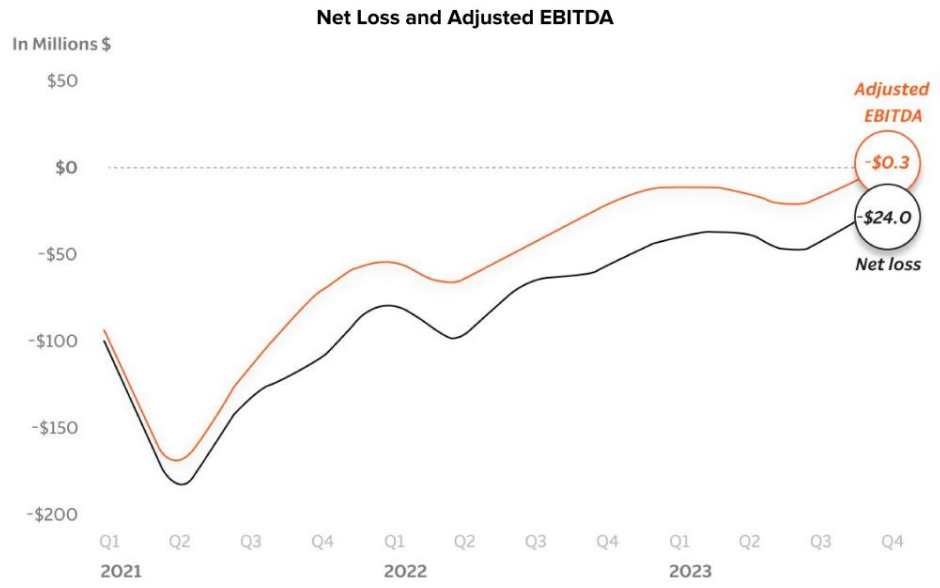
Continued improvement in underwriting results across market cycles and macro events
Accident Period Loss Ratio as of 12/31/23



Root Inc

Consistent improvements driving the company toward profitability

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



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 University, 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.



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.



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.



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.

Appendix



Reconciliation of Net Loss to Adjusted EBITDA

	3 Months Ended (\$ In millions)											
	Mar 31	Jun 30 2021	Sep 30	Dec 31	Mar 31	Jun 30 2022	Sep 30	Dec 31	Mar 31	Jun 30 2023	Sep 30	Dec 31
Net loss	-\$99.6	-\$178.6	-\$133.0	-109.9	-\$77.5	-\$95.5	-\$66.4	-\$58.3	-\$40.9	-\$36.7	-\$45.8	-\$24.0
Adjustments												
<i>Interest expense</i>	3.6	4.8	4.4	1.6	5.0	8.5	8.5	9.9	10.4	10.7	11.1	11.0
<i>Income tax expense</i>	—	—	—	—	—	—	—	—	—	—	—	—
<i>Depreciation and amortization</i>	3.5	3.7	3.8	5.6	2.6	2.7	2.2	4.6	2.6	2.7	2.7	4.2
<i>Loss on early extinguishment of debt</i>	—	—	—	15.9	—	—	—	—	—	—	—	—
<i>Share-based compensation</i>	2.3	4.9	7.5	4.6	4.5	7.4	7.8	5.5	2.1	5.2	4.7	4.9
<i>Warrant compensation expense</i>	—	—	—	8.8	5.3	3.5	1.5	4.2	4.4	3.9	5.0	4.1
<i>Restructuring charges</i>	—	—	—	—	7.8	0.6	—	10.2	5.6	1.9	1.9	1.8
<i>Write-offs and other</i>	—	—	—	—	0.5	9.6	—	-0.6	4.5	0.4	1.0	-2.3
Adjusted EBITDA	-\$90.2	-\$165.2	-\$117.3	-\$73.4	-\$51.8	-\$63.2	-\$46.4	-\$24.5	-\$11.3	-\$11.9	-\$19.4	-\$0.3

Definitions

Unencumbered capital: We define unencumbered capital as unrestricted cash and cash equivalents held outside of our regulated insurance entities. This amount includes borrowed funds that are subject to certain minimum liquidity covenants.

Adjusted EBITDA: We define adjusted EBITDA, a non-GAAP financial measure, as net 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.

