

# Investor Presentation

# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the U.S. Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this press release other than statements of historical fact, including, without limitation, statements regarding our revenue and adjusted EBITDA guidance for fiscal year 2023, future growth potential in new industries and geographies, internal modeling assumptions, expectations as to our new merchant pipeline and upsell opportunities and our ability to compete, expectations as to the performance of our product, our management of our cash outflow, and business plans and strategy are forward-looking statements, which reflect our current views with respect to future events and are not a guarantee of future performance. The words “believe,” “may,” “will,” “estimate,” “potential,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “forecasts,” “aims,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions.

Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the following: our ability to manage our growth effectively; our history of net losses and ability to achieve profitability; our ability to attract new merchants and retain existing merchants; continued use of credit cards and other payment methods that expose merchants to the risk of payment fraud, and changes in laws and regulations related to use of these payment methods, such as PSD2, and the emergence of new alternative payment products; the impact of macroeconomic conditions on us and on the performance of our merchants; our ability to continue to improve our machine learning models; fluctuations in our CTB Ratio and gross profit margin; our ability to protect the information of our merchants and consumers; our ability to predict future revenue due to lengthy sales cycles; seasonal fluctuations in revenue; competition; our merchant concentration; the financial condition of our merchants, particularly in challenging macroeconomic environments; our ability to increase the adoption of our products and to develop and introduce new products; our ability to mitigate the risks involved with selling our products to large enterprises; our ability to retain the services of our executive officers, and other key personnel, including our co-founders; our ability to attract and retain highly qualified personnel, including software engineers and data scientists, particularly in Israel; changes to our prices and pricing structure; our exposure to existing and potential future litigation claims; our exposure to fluctuations in currency exchange rates; our ability to obtain additional capital; our third-party providers of cloud-based infrastructure; our ability to protect our intellectual property rights; technology and infrastructure interruptions or performance problems; the efficiency and accuracy of our machine learning models and access to third-party and merchant data; our ability to comply with evolving data protection, privacy and security laws; our ability to comply with lending regulation and oversight; the development of regulatory frameworks for machine learning technology and artificial intelligence; our use of open-source software; our ability to enhance and maintain our brand; our ability to execute potential acquisitions, strategic investments, partnerships, or alliances; potential claims related to the violation of the intellectual property rights of third parties; our limited experience managing a public company; our failure to comply with anti-corruption, trade compliance, and economic sanctions laws and regulations; disruption, instability and volatility in global markets and industries as a result of the ongoing Russian activities in Ukraine; our ability to enforce non-compete agreements entered into with our employees; our ability to maintain effective systems of disclosure controls and financial reporting; our ability to accurately estimate or judgements relating to our critical accounting policies; our business in China; changes in tax laws or regulations; increasing scrutiny of, and expectations for, environmental, social and governance initiatives; potential future requirements to collect sales or other taxes; potential future changes in the taxation of international business and corporate tax reform; changes in and application of insurance laws or regulations; conditions in Israel that may affect our operations; the impact of the dual class structure of our ordinary shares; our status as a foreign private issuer; and other risk factors set forth in the section titled “Risk Factors” in our Annual Report on Form 20-F, filed with the Securities and Exchange Commission (the “SEC”) on February 24, 2023, and other documents filed with or furnished to the SEC, and which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this presentation. You should not put undue reliance on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by applicable law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



# Key Performance Indicators and Non-GAAP Measures

This presentation contains key performance indicators including GMV as well as non-GAAP measures, including Adjusted EBITDA and Free Cash Flow.

“Gross Merchandise Volume” or “GMV” is defined as the gross total dollar value of orders reviewed through our eCommerce risk intelligence platform during the period indicated, including orders that we did not approve.

Adjusted EBITDA, which is a non-GAAP measure of financial performance, is defined as net profit (loss) adjusted for items that we believe do not directly reflect our core operations such as depreciation and amortization (including amortization of capitalized internal-use software as presented in our statement of cash flows), share-based compensation expense, payroll taxes related to share-based compensation, litigation-related expenses, provision for (benefit from) income taxes, other income (expense), and interest income (expense). Management believes that by excluding these items from net profit (loss), Adjusted EBITDA provides useful and meaningful supplemental information. Adjusted EBITDA is used to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, develop annual budgets, and make strategic decisions.

Adjusted EBITDA should not be considered in isolation, as an alternative to, or superior to net profit (loss) or other performance measures derived in accordance with GAAP. This metric is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. By providing Adjusted EBITDA, together with a reconciliation to the most comparable U.S. GAAP measure, we believe we are enhancing investors’ understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Free Cash Flow is defined as net cash provided by (used in) operating activities, less cash purchases of property and equipment, and cash spent on capitalized software development costs. Free Cash Flow provides useful information to management and investors about the amount of cash generated by the business that can be used for strategic opportunities, including investing in our business and strengthening our balance sheet. Free Cash Flow is limited because it does not represent the residual cash flow available for discretionary expenditures. Free Cash Flow is not necessarily a measure of our ability to fund our cash needs.

Use of non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or other items. Adjusted EBITDA has limitations as an analytical tool in that it does not reflect our tax payments and certain other cash costs that may recur in the future, including, among other things, cash requirements for costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using Adjusted EBITDA and other non-GAAP measures as supplemental measures of our performance. The non-GAAP measures used herein are not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

See the appendix for reconciliations of these non-GAAP financial measure to the most directly comparable GAAP measures.



# Strong Q1'23 Financial Performance<sup>1</sup>

## Continued Revenue Growth

YoY growth of 17% in Q1'23, an acceleration from our Q4'22 growth of 14%.

## Improved Bottom-Line

Q1 Adjusted EBITDA of (\$5.2) million, a 62% year-over-year improvement.<sup>2</sup>

## Strong Balance Sheet

Cash, deposits and accrued interest of \$484 million and no debt.

## FCF +

Free Cash Flow Positive in Q1'23.<sup>3</sup>

1: Riskified Ltd. Q1 2023 Earnings Press Release (May 17, 2023).

2: A reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, Net Profit (Loss), is provided in the Appendix.

3: A reconciliation of Free Cash Flow to the most directly comparable GAAP financial measure, Net Cash Provided by (Used In) Operating Activities, is provided in the Appendix.



# Meet Riskified

**Our mission is to empower businesses to realize the full potential of eCommerce by making it safe, accessible and frictionless.**



Increase sales approval rates by up to 20%<sup>1</sup>



Reduce costs by up to 60%<sup>1</sup>



Eliminate significant customer friction, power omnichannel commerce and open new, global markets

<sup>1</sup> Based on billings of ten largest merchants in sample. Certain merchants in sample saw increases in sales approval rates and reductions in costs that exceeded 20% and 60%, respectively. See slide 12.

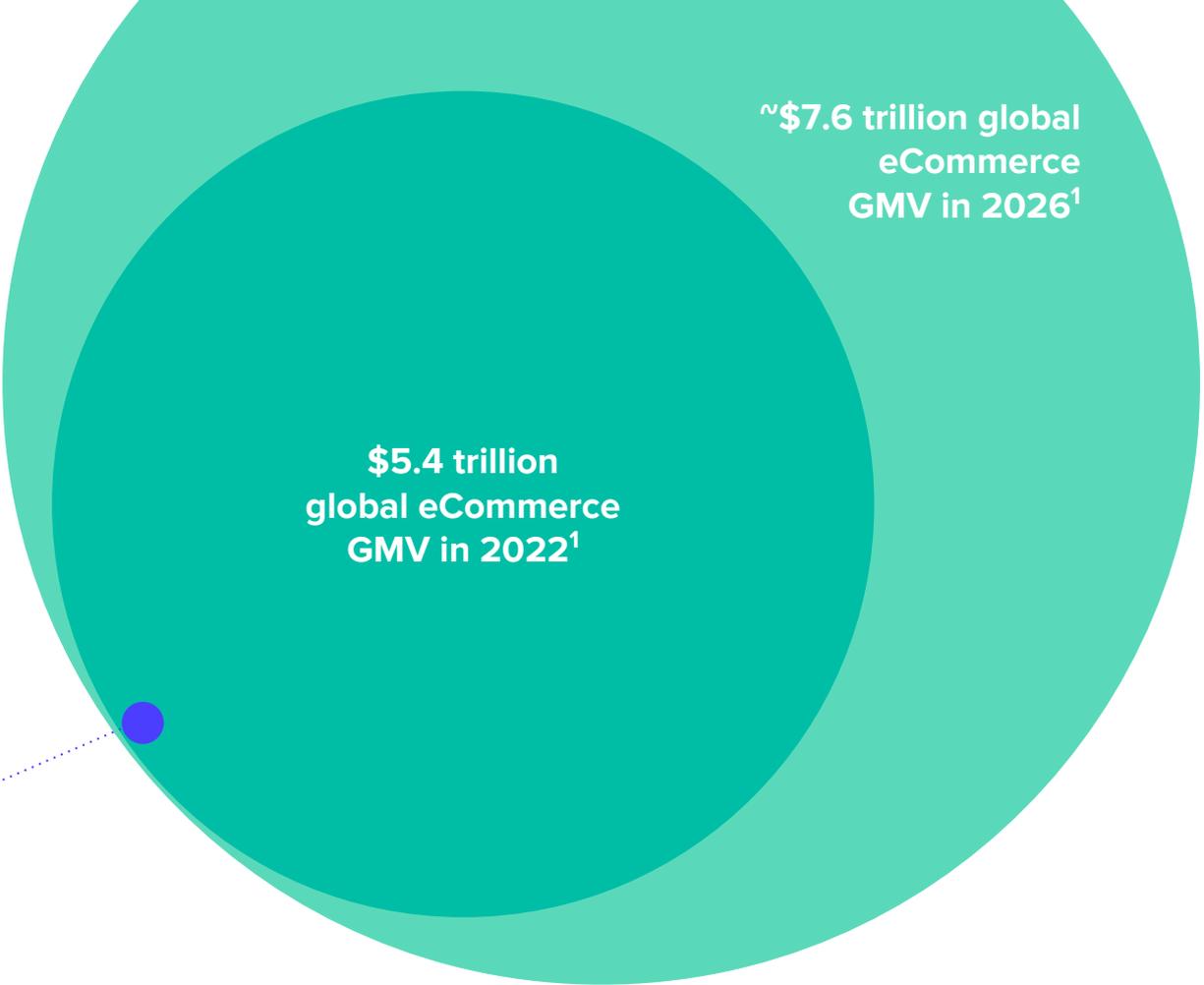


# We Operate in Massive Markets With Strong Tailwinds

Solving Problems That Touch eCommerce Orders



2022:  
\$100B+<sup>2</sup>



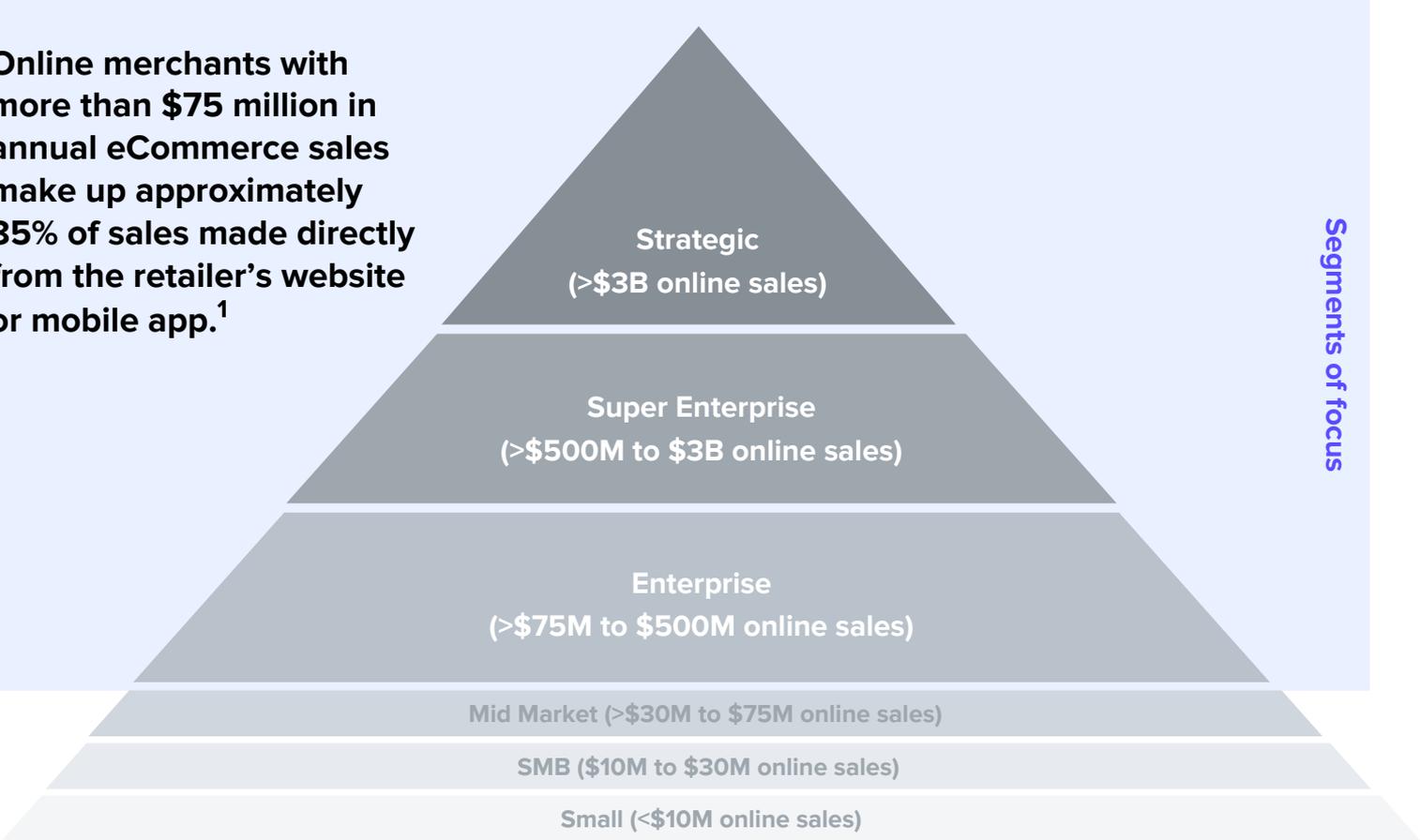
<sup>1</sup> Source: eMarketer (December 2022).

<sup>2</sup> GMV reviewed by Riskified during the twelve months ending December 31, 2022



# Direct Sales Force Focused on the World's Largest Merchants

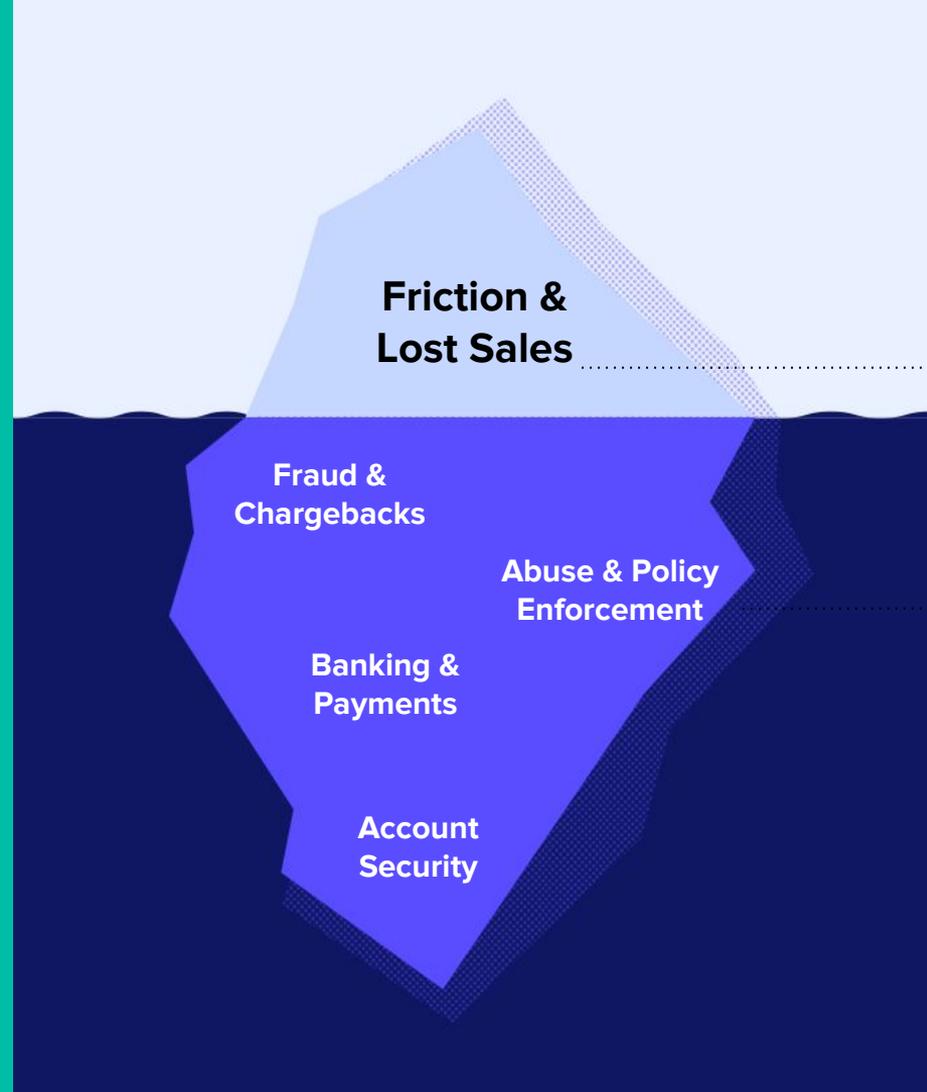
Online merchants with more than \$75 million in annual eCommerce sales make up approximately 85% of sales made directly from the retailer's website or mobile app.<sup>1</sup>



<sup>1</sup>Source: Management calculations based on data provided by ecommerceDB (2022).



## eCommerce Has Massive Friction Points

An iceberg diagram illustrating the hidden costs of eCommerce. The tip of the iceberg, which is visible above the water line, is labeled 'Friction & Lost Sales'. The much larger part of the iceberg, which is submerged below the water line, is divided into four sections: 'Fraud & Chargebacks', 'Abuse & Policy Enforcement', 'Banking & Payments', and 'Account Security'. Dotted lines connect the 'Friction & Lost Sales' section to the first bullet point and the 'Abuse & Policy Enforcement' section to the second bullet point on the right.

**Friction & Lost Sales**

**Fraud & Chargebacks**

**Abuse & Policy Enforcement**

**Banking & Payments**

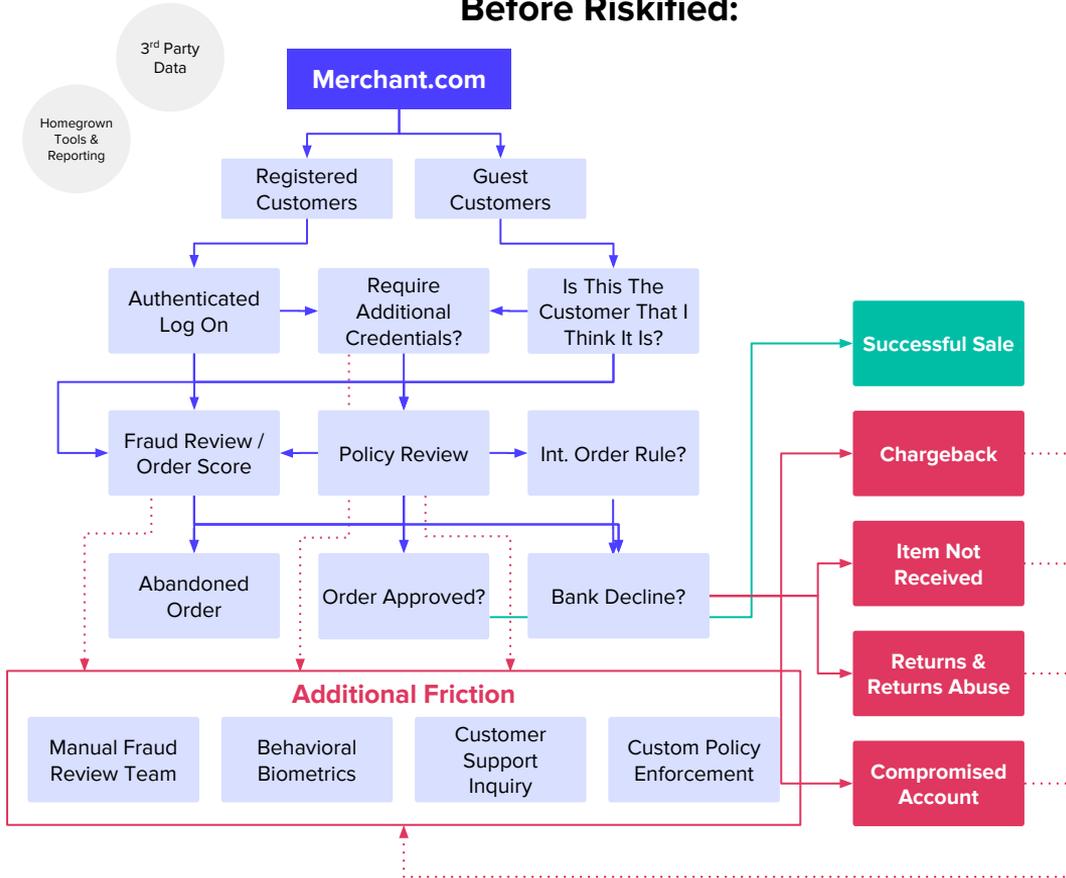
**Account Security**

- Customer Frustration Leads to Lost Merchant Sales

- Numerous, Complicated and Expensive Pain Points

# Riskified Enables Frictionless eCommerce

## Before Riskified:



## With Riskified:



Higher approval rates



Lower operating costs

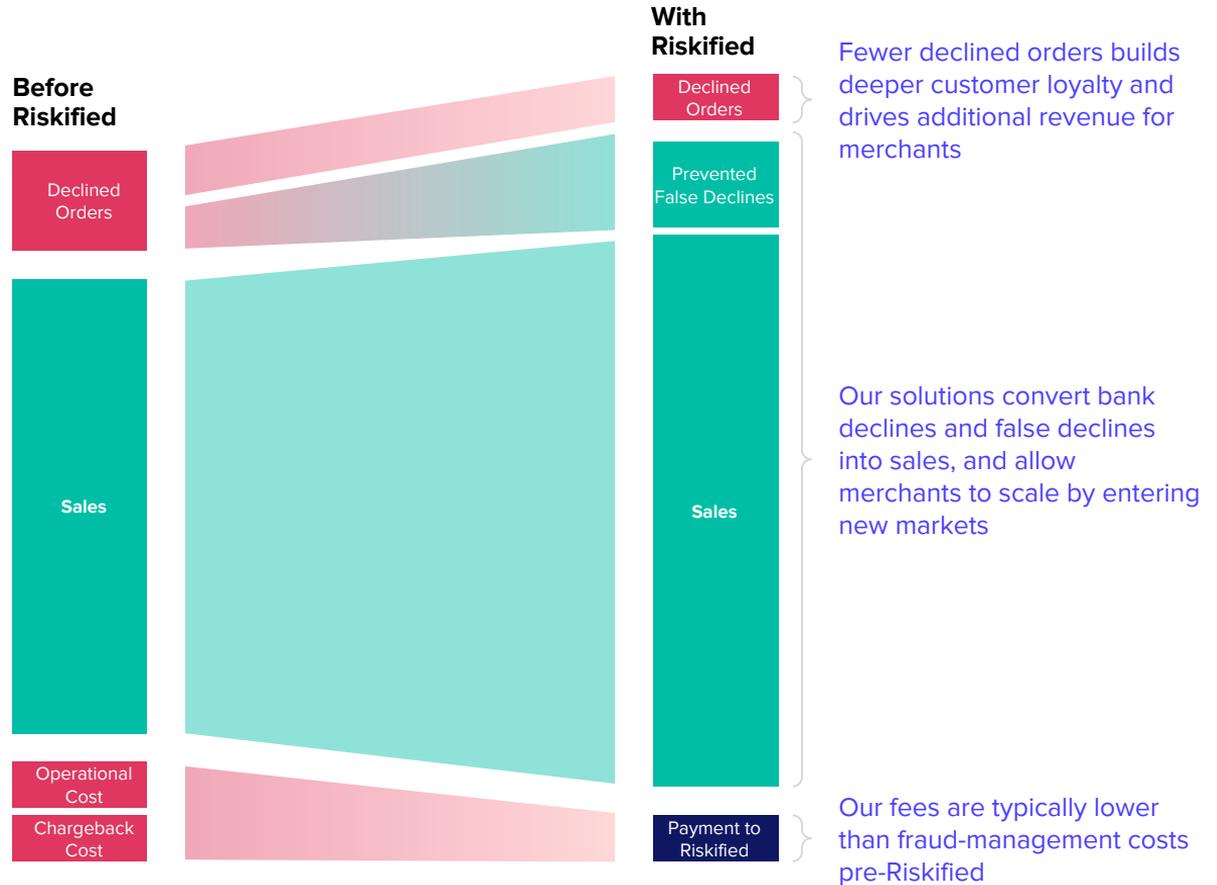


New market penetration

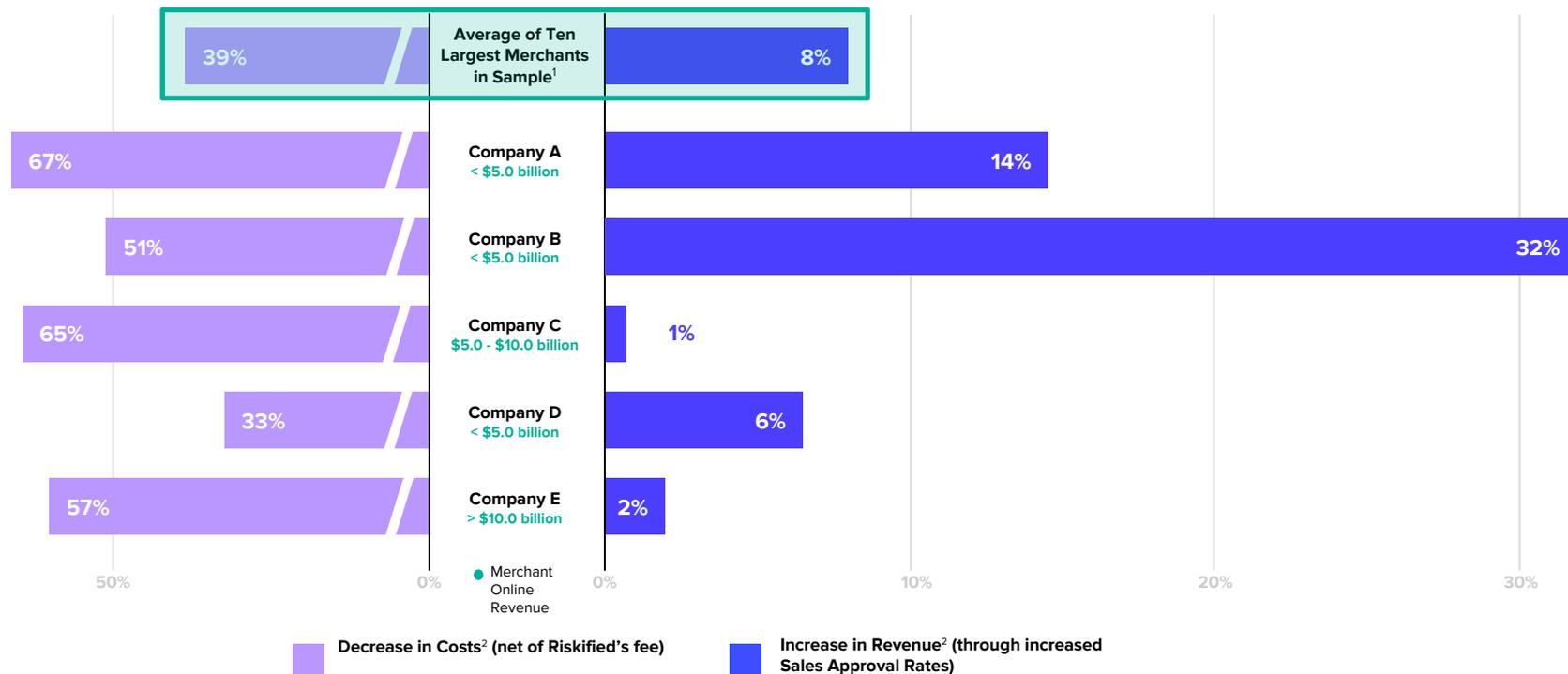


Better user experience

# Riskified Value Proposition: Significant Sales Uplift and Attractive ROI



# We Increase Merchants' Revenue & Decrease Costs



<sup>1</sup> Analysis performed using the ten largest merchants that provided pre-Riskified performance data to us. These merchants were ranked by Billings over the period from November 1, 2020 to January 31, 2021 and collectively represent approximately 35% of total Billings for the year ended December 31, 2020.

<sup>2</sup> The change in sales approval rate represents the difference in total dollar-based orders cleared and accepted by the merchant's fraud review process, expressed as a percentage of dollar-based order volume. Cost reductions reflect the merchant's decrease in dollar-based chargeback costs after accounting for Riskified's fee. There may be additional costs associated with fraud prevention for the pre-Riskified period.

Both calculations compare (a) the sampled merchants' average post-Riskified performance over (i) the latest 12-month period as of January 31, 2021, or (ii) where 12-months of data was not available, the most recent period available, or (iii) in one instance, the 12-month period after the merchant began submitting almost all of its online transactions to us for approval decisions using the Chargeback Guarantee, with (b) the sampled merchants' average pre-Riskified performance for the time period such merchants shared with us. "Pre-Riskified" approval rate and chargeback cost methodologies may vary by merchant.



# What Sets Riskified Apart



**Labelling** – Closed loop system with high quality data purity

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**Network** – Scaled merchant network of pre-eminent eCommerce brands

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**Integration** – Deeply integrated delivery model driving strong retention

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**Performance Management** – Active monitoring, segmentation and optimization

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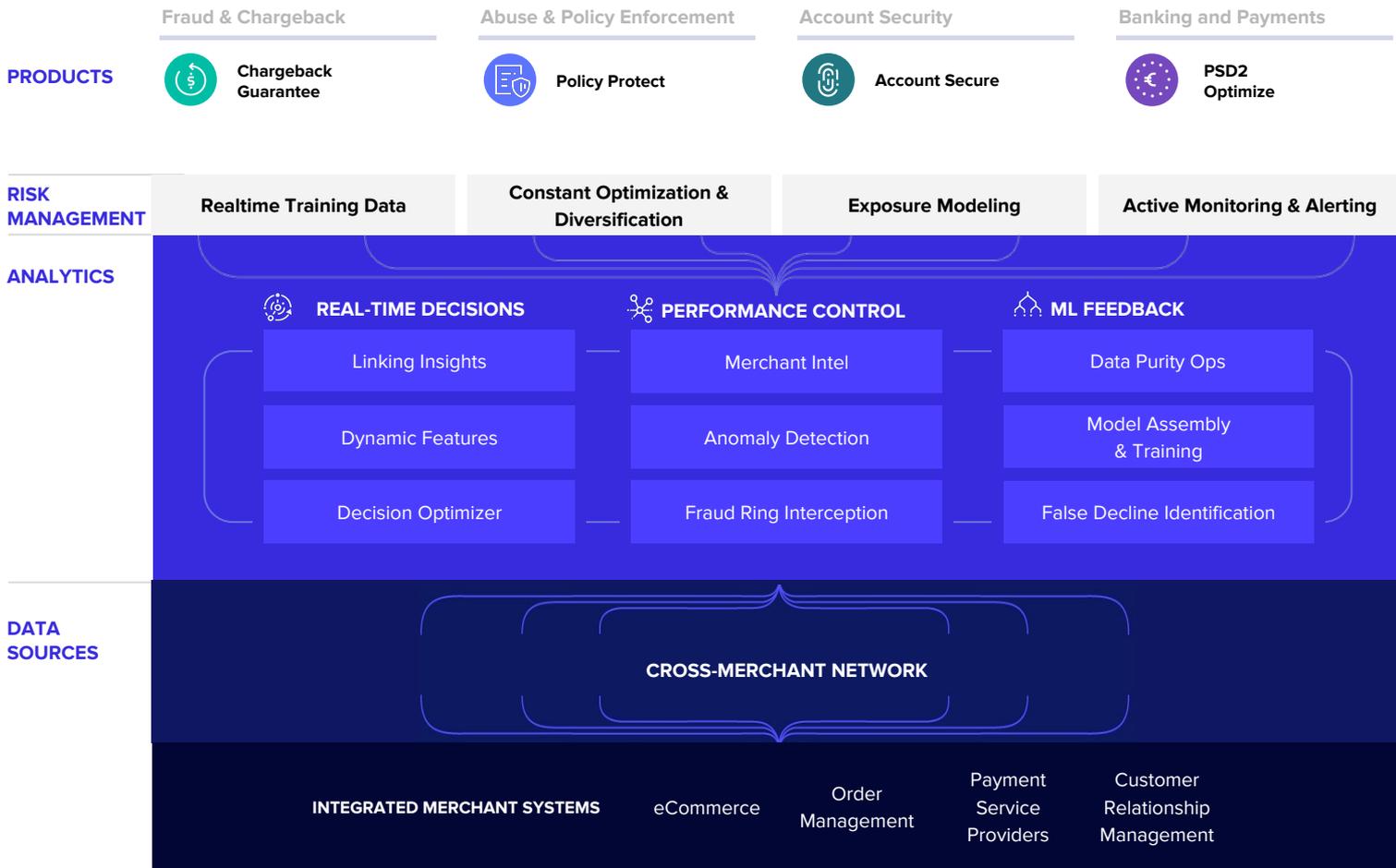


**Innovative Tech Platform** – Proprietary AI capabilities applicable to vast use cases



# Innovative Technology Platform

- Automated, real-time solutions
- Full transparency provides merchants insight into our decisions & performance
- AI models improve with every login and transaction reviewed
- Scalable technology platform



# Our Platform Gets Stronger with Each Transaction Reviewed<sup>(1)</sup> and Merchant Added

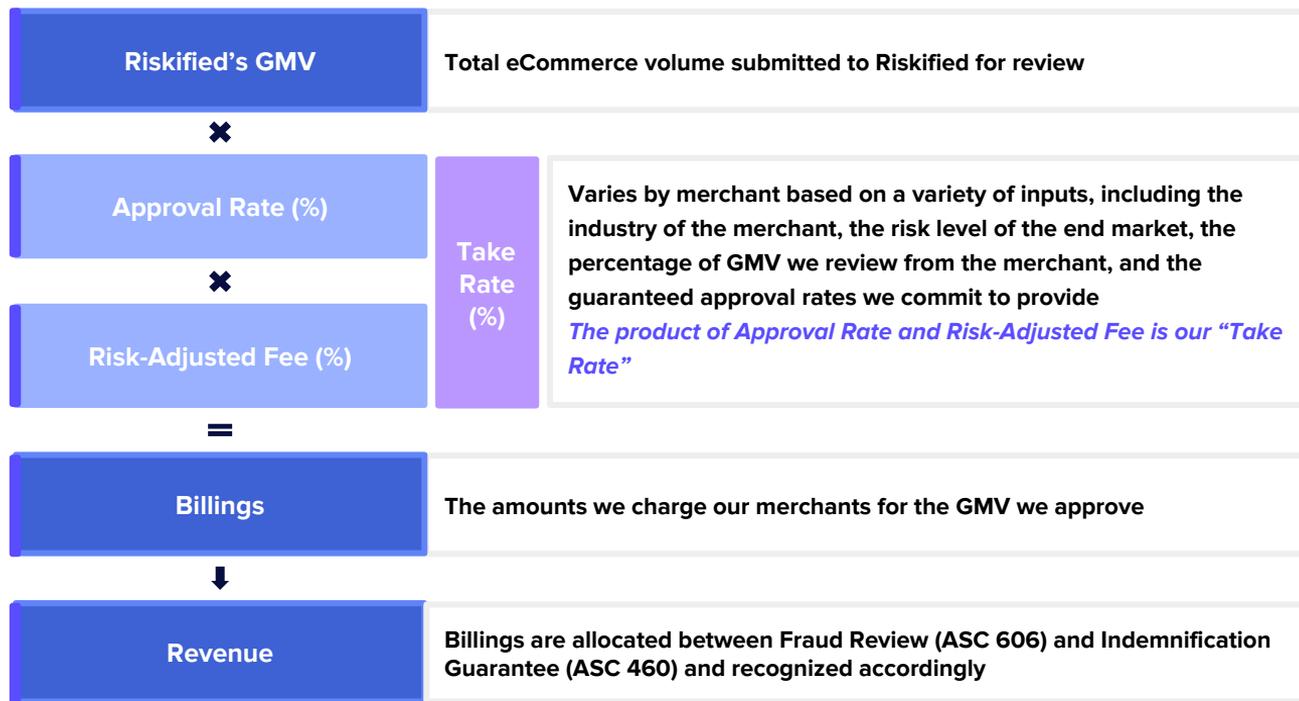


<sup>1</sup>including whether or not those transactions result in eligible chargebacks.



# Chargeback Guarantee Revenue Model Flow

Transforming GMV  
into Revenue

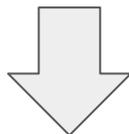


# Guidance Outlook

## Improved Bottom-Line Guidance for 2023

### Guidance as of Q4'22

Revenue	\$297M	-	\$303M
Adjusted EBITDA	(\$27M)	-	(\$22M)
YTD Weighted Average Shares Outstanding	175.4 Million		



### Updated Guidance as of Q1'23

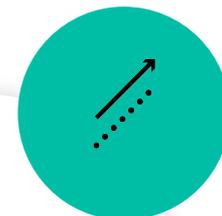
Revenue	\$297M	-	\$303M
Adjusted EBITDA	(\$17M)	-	(\$12M)
YTD Weighted Average Shares Outstanding	176.2 Million		

*41% Improvement From Initial Guidance*



**\$300M**

Revenue  
Midpoint



**~(\$15M)**

Adjusted EBITDA  
Midpoint

# Q1 2023 Business Highlights



**Expanded New Logos Outside of Tickets and Travel:** Further diversified the platform with the onboarding of new merchants. Eight of the top 10 new merchants won during the first quarter represented categories outside of Tickets and Travel. In particular, one new merchant is based in APAC and is in our Digital Goods and Gaming vertical, which we view as an exciting potential area of opportunity for expansion.



**Captured Upsell Volume From Competitor:** One of our largest upsells during the first quarter was from a key, existing merchant in the Tickets & Travel vertical that processes approximately \$1 billion in online order volume annually. After demonstrating strong performance during a competitive process, we captured additional volume away from their existing eCommerce fraud vendor.



**Generated Positive Free Cash Flow During the Quarter:** We continue working towards strengthening our Free Cash Flow position. For the first quarter, our free cash flow exceeded our Adjusted EBITDA by \$5.2 million and we are confident in our ability to manage our working capital needs on an ongoing basis.



## Q1 2023 Business Highlights (continued)



**Appointed First Chief Marketing Officer:** Jeff Otto will be responsible for a global integrated marketing strategy that will amplify our brand, strengthen its category leadership and accelerate demand for our expanding product suite. We believe that Mr. Otto has the ideal blend of experience and expertise to definitively establish Riskified as the preeminent risk management platform for the largest eCommerce merchants across industries, throughout the globe.



**Announced Unique Partnership With Deloitte:** We recently announced an industry first partnership to help retailers formulate a scorecard that can uncover new opportunities to reduce operational costs, lower chargeback and fraud losses, and boost revenues by minimizing false declines. This partnership is intended to empower merchants with Riskified's data to provide real-time insight into how their chargebacks, approval rates and fraud costs compare to similar companies in their space. Deloitte will analyze the benefits of an automated risk strategy approach and provide their expert recommendations on improvements via our product offering.

## Q1 2023 Business Highlights (continued)



**Won TrustRadius “Top Rated” Awards:** Awarded a "Top Rated" distinction from TrustRadius, a B2B decisioning platform for technology buyers. Riskified earned top rankings in all four product categories: conversion rate optimization, eCommerce analytics, fraud detection and chargeback management. Customer reviews of Riskified highlight satisfaction with its product innovation, fraud reduction capabilities, 100% chargeback guarantee and superior customer service.

# Q1 2023 Financial Highlights



## GMV

\$27.3B

## Revenue

\$68.9M

## Gross Profit

\$35.8M

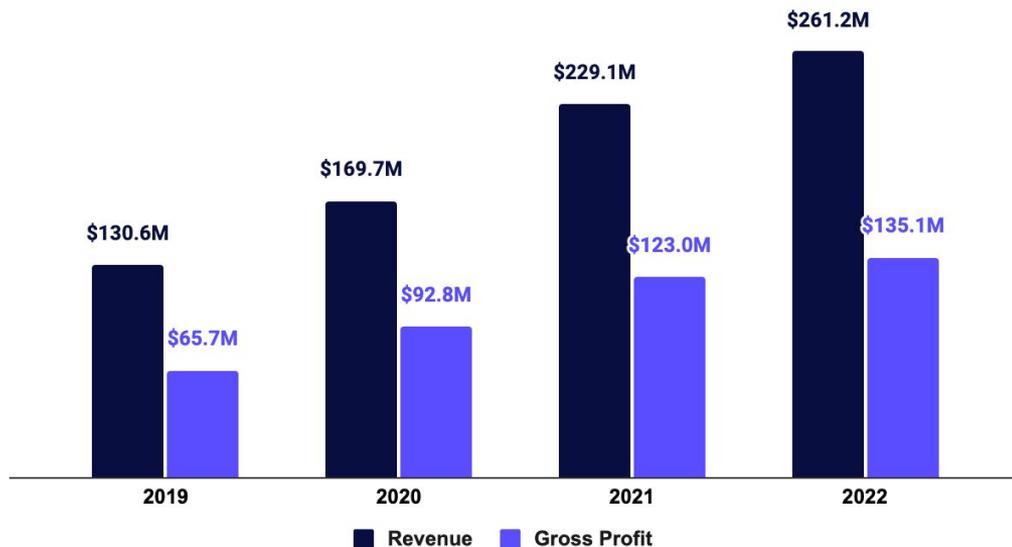
## Adjusted EBITDA<sup>(1)</sup>

\$(5.2M)

<sup>(1)</sup> A reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, Net Profit (Loss), is provided in the Appendix.



# FY 2022 Financial Highlights



## GMV

\$105.6B

## Revenue

\$261.2M

## Gross Profit

\$135.1M

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

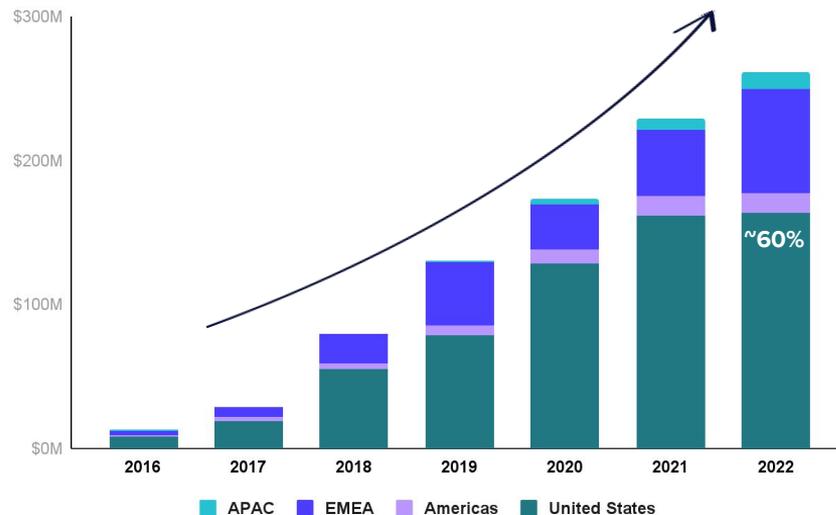
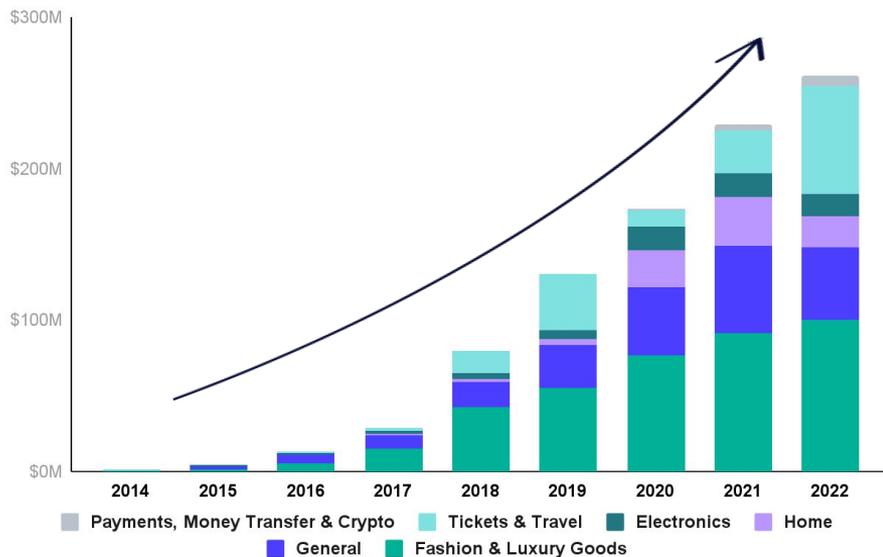
\$(36.4M)

<sup>(1)</sup> A reconciliation of Adjusted EBITDA to its most directly comparable GAAP financial measure, Net Profit (Loss), is provided in the Appendix.



# Industry and Geo Billings Trends

We continue to diversify across industries and geographies, with accelerated growth in both EMEA and APAC

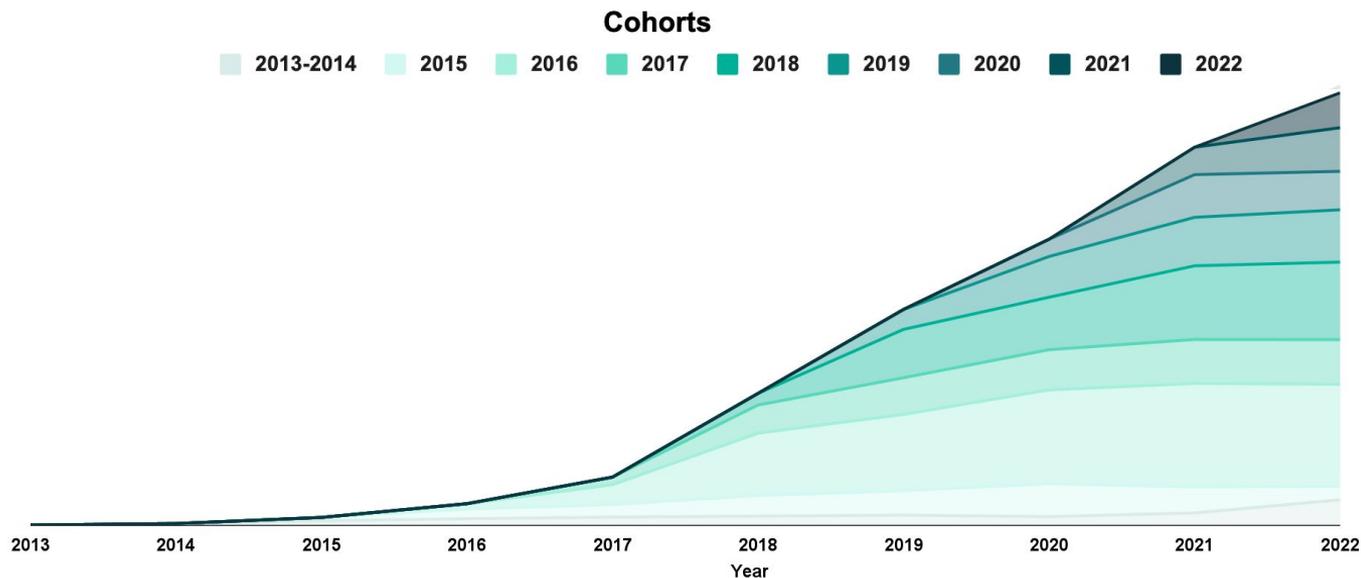


# Existing Customer Penetration

We have increased billings from our **mature cohorts**<sup>(2)</sup> by ~200%.<sup>(3)</sup>

We believe our more **recent cohorts** represent a similar expansion opportunity.

## Billings Growth by Cohort<sup>(1)</sup>



<sup>(1)</sup> Each "cohort" includes all of the accounts that onboarded to the Riskified platform in a given year. For example, the 2022 cohort includes all the accounts that onboarded to the Riskified platform during the year ended December 31, 2022.

<sup>(2)</sup> "Mature cohorts" refers to 2013 - 2017 cohorts.

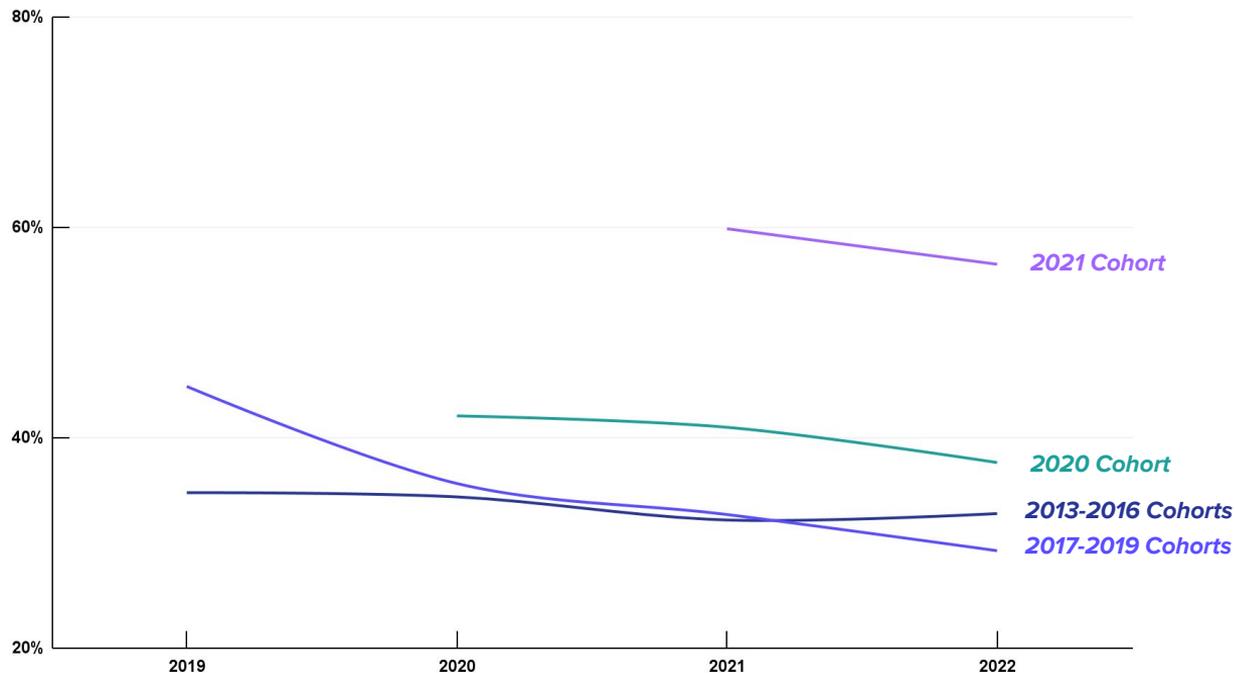
<sup>(3)</sup> Based on 2021 Billings compared with the first full year of Billings for each mature cohort.



# CTB Cohorts Over Time

While CTB ratios fluctuate from period to period as a result of various factors, including changes in industry mix within cohorts, over the long-term we have been able **to consistently demonstrate improvements on a cohort basis.** We believe that this highlights the strength of our AI and our scalable financial model.

## CTB Ratio by Cohort<sup>(1)</sup>



<sup>(1)</sup> For the purposes of this analysis, a “cohort” includes only the segments of eCommerce transaction volume submitted to the Riskified platform by new or existing merchants in a given year. For example, if a new merchant submitted only certain segments of their total eCommerce transaction volume to the Riskified platform in 2021, only those segments are included in the 2021 cohort. If the same merchant submitted new or additional segments of their eCommerce transaction volume to the Riskified platform in 2022, those additional segments are included in the 2022 cohort.



# Appendix

# Q1 2023 GAAP Financial Results

\$ in thousands	Q1'22	Q1'23
Revenue	58,845	68,907
Cost of revenue	28,477	33,066
<b>Gross profit</b>	<b>30,368</b>	<b>35,841</b>
Operating expenses:		
Research and development	18,113	18,794
Sales and marketing	23,129	22,123
General and administrative	21,952	17,913
<b>Total operating expenses</b>	<b>63,194</b>	<b>58,830</b>
<b>Operating profit (loss)</b>	<b>(32,826)</b>	<b>(22,989)</b>
Interest income (expense), net	674	5,447
Other income (expense), net	(32)	745
<b>Profit (loss) before income taxes</b>	<b>(32,184)</b>	<b>(16,797)</b>
Provision for income taxes	1,080	1,154
<b>Net profit (loss)</b>	<b>(33,264)</b>	<b>(17,951)</b>



# Q1 2023 Reconciliation of GAAP Net Profit (Loss) to Adjusted EBITDA

\$ in thousands	Q1'22	Q1'23
<b>GAAP Net profit (loss)</b>	<b>(33,264)</b>	<b>(17,951)</b>
<b>Non GAAP expenses:</b>		
Share-based compensation expense	18,387	16,356
Payroll taxes related to share-based compensation	13	147
Depreciation and amortization	979	1,283
Interest income, net	(674)	(5,447)
Other (income) expense, net	32	(745)
Provision for income taxes	1,080	1,154
Litigation Related Expenses	0	33
<b>Adjusted EBITDA</b>	<b>(13,447)</b>	<b>(5,170)</b>

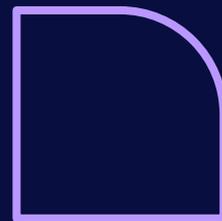


# Q1 2023 Reconciliation of Net Cash Provided by (Used In) Operating Activities to Free Cash Flow

\$ in thousands	Q1'22	Q1'23
<b>Net cash provided by (used in) operating activities</b>	<b>(7,026)</b>	<b>229</b>
Purchases of property and equipment	(2,545)	(187)
Capitalized software development costs	(427)	-
<b>Free Cash Flow</b>	<b>(9,998)</b>	<b>42</b>



# riskified



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