Riskified First Quarter 2032 Earnings Transcript *Edited*

Corporate Participants

Chett Mandel, *Head of Investor Relations*

Eido Gal, *Chief Executive Officer*

Agi Dotcheva, *Chief Financial Officer*

Analyst Participants

Josh Beck – *KeyBanc Capital Markets*

Brent Bracelin – *Piper Sandler*

Timothy Chiodo – *Credit Suisse*

Will Nance – *Goldman Sachs*

Bob Napoli – *William Blair*

Terry Tillman – *Truist Securities*

Reggie Smith – *J.P. Morgan*

Chett Mandel
Head of Investor Relations

Good morning, and thank you for joining us today. My name is Chett Mandel, Riskified's Head of Investor Relations. We are hosting today's call to discuss Riskified's financial results for the first quarter 2023. Participating on today's call are Eido Gal, Riskified's Co-Founder and Chief Executive Officer; and Agi Dotcheva, Riskified's Chief Financial Officer.

We released our results for the first quarter of 2023 earlier today. Our earnings materials, including a replay of today's webcast, are available on our Investor Relations website at ir.riskified.com. Certain statements made on the call today will be forward-looking statements related to our operating performance, financial goals and business outlook, which reflect management's best judgment based on currently available information and are not guarantees of future performance.

We intend all forward-looking statements to be covered by the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995 and are including these statements for purposes of invoking these safe harbor provisions. Please note that these forward-looking statements reflect our opinions as of the date of this call, and except as required by applicable law, we undertake no obligation to revise this information as a result of new developments that may occur after the time of this call.

These forward-looking statements involve risks, uncertainties and other factors, some of which are beyond our control that could cause actual results to differ materially from our expectations. You should not put undue reliance on any forward-looking statement. Please refer to our Annual Report on Form 20-F for the year ended December 31, 2022, and other SEC filings for more information on the specific factors that could cause actual results to differ materially from our expectations.

Additionally, non-GAAP financial measures and key performance indicators will be discussed on the call. Reconciliation to the most directly comparable GAAP financial measures are available in our earnings release issued and furnished with the SEC on Form 6-K today and in the appendix of our Investor Relations presentation, all of which are posted on our Investor Relations website.

Eido Gal
Co-Founder, CEO & Director

We achieved Revenue growth of 17%, non-GAAP Gross Profit growth of 19%, and Adjusted EBITDA improvements of 62% year-over-year. These first quarter results demonstrate our ability to execute across all areas of the organization.

We believe that our technology and the demonstrable value that we provide to merchants is resonating within our large addressable market. This continues to drive very strong upsell activity and new merchant wins, especially during competitive processes, which was the primary driver of growth during the quarter. Also contributing to our year-over-year growth was great levels of tickets and travel activity, which grew nearly 100%.

As expected, our new business continues to grow well above our actual revenue growth of 17%, despite a generally softer eCommerce environment, which demonstrates that our market share gains have outpaced macro related headwinds during the quarter. And but for a few challenged verticals, which Agi will remark on shortly, our overall growth would have been even stronger.

We believe that within our existing merchant base, we have further room to penetrate and capture more volume through focused upsell efforts. Regardless of the initial segments that we start with, once we are integrated and demonstrate strong performance, we feel confident in our ability to capture additional order volume over time. We continued to execute on this “Land” and “Expand” strategy very well during the quarter, which was seen in our strong first quarter of activity.

One of our largest upsells during the quarter involved winning substantial volume away from a competitor. As a result of our superior performance and accuracy during a head-to-head competition, we were able to take on more segments and geographies for a billion dollar merchant in the “Tickets and Travel” vertical.

A separate, large first quarter upsell was from a merchant that we only recently onboarded in the fourth quarter of 2022. This merchant, which processes approximately one billion dollars in online order volume annually, quickly saw the clear ROI and value that we were able to provide. As a result, we were able to expand our relationship and recognize meaningfully better economics for both Riskified and the merchant early on.

We also continue to focus intently on landing new customers to drive future growth and diversification. To that end, eight of our top ten new logos closed during the first quarter were outside of “Tickets and Travel.” Some of these key wins included a “Gaming” merchant in APAC, and “Fashion, “Home,” and “General Retail” merchants, based in the United States.

Our go-to-market team has also done a great job in moving to a multi-product platform, which is powered by the same machine learning tech stack. With our newer product platform, we now have multiple entry points into enterprise eCommerce companies. Solving multiple high-value use cases outside of our core “Chargeback Guarantee” product, which we believe makes us relevant to more merchants, and has led to more of a continuous selling cycle and increased merchant coverage.

In addition to the topline success achieved during the first quarter, our non-GAAP operating expenses have now essentially remained flat over the past three quarters as a result of continued cost discipline. Also, our G&A expenses were at the lowest level since the third quarter of 2021, which was our first full quarter of operating as a public company. We continue to focus on optimizing costs and streamlining the business to improve efficiency.

I am pleased that we were able to meaningfully exceed our bottom line expectations during the first quarter. Based on our performance in the first quarter and the guidance trajectory for the year, we are working towards achieving profitability on an Adjusted EBITDA basis during Q4 of this year.

Over the past 10 years, we have been developing and investing in building a state of the art machine learning platform. We have dedicated, sophisticated R&D resources with domain expertise focused on continuously improving our technological capabilities. Just this quarter alone, we deployed over a dozen models into production. These new models were deployed across our most important verticals and geographies. We also introduced nearly 20 new features to further enhance our ability to understand how fraudsters behave, which we believe ultimately drives optimized performance for our merchants.

And, with a superior, and expertly tagged set of data, Riskified is one of the largest and most accurate decisioning companies for eCommerce merchants in the world. Taking this all together, we believe that we have a machine learning factory, which has created a significant competitive moat for the business. And just part of the reason why I am optimistic about our long-term trajectory, and our ability to deliver value to our shareholders.

Agi will provide more context on our first quarter performance and outlook…but before I turn it over, I wanted to take a moment and thank the team for their hard work in achieving a strong first quarter……and to also welcome our first ever CMO, who we announced last month.

Jeff Otto, brings two decades of enterprise technology experience. Jeff has held various senior leadership roles, including most recently at Marqeta and Salesforce. In our view, Jeff has the ideal blend of knowledge and expertise to continue to capitalize on

Riskified's reputation as the preeminent fraud and risk intelligence platform for the largest eCommerce merchants across industries and throughout the globe. On behalf of the executive team and board, we are thrilled to partner with Jeff.

Now - to Agi.

Aglika Dotcheva
Chief Financial Officer

Thank you Eido, team, and everyone for joining today's call.

Our GMV for the first quarter was $27.3 billion, reflecting a 20% increase year-over-year. We achieved strong first quarter revenue of $68.9 million, up 17% year-over-year, an acceleration from our fourth quarter growth of 14%.

Our increase in GMV and revenue was primarily driven by new merchants and upsells and revenue growth across all geographies.

"Tickets and Travel" was the most meaningful area of growth, having nearly doubled our billings year-over-year within this vertical. Going forward, as we now have fully lapped COVID related comparable periods, we expect a more normalized level of growth in this vertical, but still view this as an active area of growth for the year.

In addition, our "Food," "Electronics," and "Money Transfer," categories each grew during the quarter, primarily driven by new merchants, and upsell activity.

We saw year-over-year improvements in the rate of decline in our "General Retail" and "Home" categories during the first quarter. While these categories are still negatively impacting our growth, this is an encouraging trend that we are monitoring closely.

One of our largest categories, "Fashion & Luxury Goods," was flat year-over year in the first quarter, as compared to growth that we saw in this category in 2022. Within this category we have seen a slow-down in some of our same-cohort merchants, in particular within luxury brands and our sneaker sub-segment.

Having a broad-based and diversified portfolio of merchants helps position us as a durable business across all types of spending environments. And, as consumer spending continues to shift away from goods, towards spending on services and live events, we believe that we remain well-positioned to benefit.

From a geographic standpoint, the U.S, our largest region grew by high-single digits, and EMEA and APAC each grew approximately 40% during the quarter. Our continued revenue growth from regions outside of the United States demonstrates the positive returns from our previous investments, and market share gains.

Moving on to gross margin, our non-GAAP gross profit margin for the first quarter of 2023 was 53%, consistent with the fourth quarter of 2022 and an improvement from 52% in the first quarter of 2022.

We continued to benefit from improvements in our core machine learning models and other cost-of-goods savings, offset by the impact of ramping of significant new merchants.

As a reminder, gross profit margin is best analyzed on an annual basis as margin may fluctuate on a quarterly basis.

Moving to expenses. Total non-GAAP operating expenses were $41.6 million for the first quarter of 2023, a 6% decrease year-over-year.

Our non-GAAP operating expenses as a percentage of revenue declined year-over-year, from 75% to 60% reflecting leverage in the business model.

As a result of further optimization and expense reductions in the first quarter of 2023, I am pleased that our expenses were meaningfully below our first quarter budgeted rate of $45 million. This was primarily driven by further optimization of tools and systems, evaluation of non-essential marketing and administrative spend, and other seasonality of expenses.

We expect to carry through most of these savings throughout the remainder of 2023. For modeling purposes, we anticipate our Q2 - Q4 quarterly expenses to be in the range of approximately $43 million dollars per quarter.

Adjusted EBITDA for the first quarter was negative $5.2 million, a 62% year-over-year improvement. We have meaningfully improved our Adjusted EBITDA performance on a year-over-year basis for the third consecutive quarter since making the decision to accelerate our timeline to reach profitability.

In addition, we continue to maintain a healthy cash flow model and we were very excited to cross into Free Cash Flow positivity this quarter. We will continue working towards strengthening our Free Cash Flow position.

Moving to the balance sheet, we maintain a very strong liquidity position.

We ended the first quarter with approximately $484 million of cash, deposits and accrued interest on the balance sheet, and we carry zero debt. This amount represents a sequential increase in cash, deposits, and accrued interest of $2 million. For reference, this is a meaningful improvement from a sequential decrease of $10 million from the same comparable period in the prior year.

Simply put, we are confident in the business's ability to generate positive cash flows over the long-term, and we believe that our balance sheet and strong liquidity position is an underappreciated asset.

In this environment, our strong and liquid balance sheet is an advantage and provides us the flexibility to deploy capital strategically should opportunities present themselves.

In terms of our outlook, we are updating and improving our 2023 bottom-line guidance that we previously shared on our Q4 call.

Assuming no further material changes to the macro-environment, we continue to anticipate revenue between $297 million and $303 million for the full-year 2023, or $300 million at the midpoint.

Moving to Adjusted EBITDA. As a result of our disciplined approach to managing the business in the first quarter, and expected opex reductions going forward, we now believe that our full-year Adjusted EBITDA will be between negative $12 million and negative $17 million, an improvement of 41% from our initial range. As always, we look to find additional leverage in our expenses.

We continue to approach our guidance responsibly, due to the macro-economic environment. We will continue to monitor the performance and health of our merchants, consumer spending, and the broader eCommerce landscape and the impact on our results.

Overall we are pleased with our results and our outlook for the year amidst a challenging landscape. We remain excited about the positioning of our business, the continued prospects for long-term growth and our ability to deliver value to shareholders.

Operator, we're ready to take the first question please.

Question and Answer

Brent Bracelin
Piper Sandler

Very encouraging to see this return to positive free cash flow this quarter. What's your confidence in getting to positive EBITDA? This path to profitability seems like it's improving. What's driving that?

Eido Gal
CEO, Riskified

Brent, thanks for that. So look, we were nearly kind of profitable in the previous Q4 and obviously expecting profitability this Q4, and for the full year of '24. When we think about the overall amount, as I look just through the P&L, I am very happy with the performance around OpEx, year-over-year decrease, being able to completely keep it flat on a sequential basis while driving revenue growth to really showing the leverage in the business. And I think you'll see us continue to drive that in future quarters.

When I think about margin, really have been able to keep it consistent, even though a lot of the growth has been coming from new regions, new verticals, new categories, which sometimes historically have been more challenging from a margin perspective. So I think the team has been executing great there as well. And then on the new revenue side, really great levels of new revenue growth and upsell activity and pipeline is coming along great. The one outstanding item that we have is kind of just some uncertainty around the macro.

Brent Bracelin
Piper Sandler

Makes sense. Helpful color there. And then I guess just taking a step back and I think about the entire Riskified operation here, it's driven by data. You have this machine learning factory. How do you envision applying generative AI to the model, if at all?

Eido Gal
CEO, Riskified

Yes. That's a great question. Let me just take a step back and maybe reorient our approach to ML. I mean, the thesis when we started Riskified 10 years ago was that we can leverage machine learning to create the most accurate e-commerce fraud prevention company, right? And the type of machine learning that we deploy is supervised machine learning. We create -- we engineer custom features that are focused on e-commerce, and we have a proprietary data set tagged internally by domain experts, right? And that's the type of platform that we've built, our data science, analytics, research teams are some of the largest teams at Riskified since we started and have continued to grow.

And over the years and also today, as ML has advanced, whether it's new models, whether it's new infrastructure plays, we find ways to integrate that, whether it helps us do better AB testing, deploy models better in a faster environment, use some NLP in some of our newer features. So we integrate that as our platform ultimately resulting in more accurate decisions driving better growth.

Will Nance
Goldman Sachs

I wanted to ask about just kind of a spread between adjusted EBITDA and free cash flow this quarter. Obviously, free cash flow being positive, adjusted EBITDA still negative. Could you guys help us bridge the gap between those 2 and maybe the sustainability of that gap as we kind of get towards adjusted EBITDA profitability at the end of the year?

Aglika Dotcheva
CFO, Riskified

Will, yes, sure. And thank you for the question. So we're benefiting from the large cash that we have on our balance sheet. In this environment, thinking through some of the interest rates out there, this attributes some of the difference between adjusted EBITDA and the free cash flow primarily - to the interest deposits that we're getting.

Will Nance
Goldman Sachs

Got it. Makes sense. And then when you think about the OpEx, holding that flat for the last several quarters, obviously, a lot of built-in operating leverage in this business if you can continue to grow the top line and hold the expenses flat. I mean, how long do you kind of foresee OpEx remaining at this level before we start to see some kind of upward pressure?

Eido Gal
CEO, Riskified

I think right now, we're planning to keep it flat for the foreseeable future.

Aglika Dotcheva
CFO, Riskified

Yes. As you can see from some of our guidance, we decreased our guidance on OpEx specifically from $45 million to $43 million. So this is likely a very good level that will allow us to execute on our work plans and also stay pretty much flat.

Bob Napoli
William Blair

Thank you, and good morning. Good results. Solid guidance. I appreciate the operating efficiency continuing to improve as well. As far as the nice little acceleration in revenue growth, I mean, obviously, when you came public, you're targeting much higher revenue growth -- it's been a tricky time with COVID. But what is the -- if you look at your pipeline and look at your business to get that growth rate back up to 20%-plus, what is your confidence in being able to drive much higher revenue growth? And I know it's tricky because you're balancing profitability as well as growth. But just any color on getting that growth rate up given the size of the TAM and the small portion of the TAM you have and getting that growth back up to that 20%-plus level? Or higher?

Eido Gal
CEO, Riskified

Thanks for that question. Look, even this quarter, the growth from new and upsell was well above that 20% range that you mentioned. But what's happening is that we do have several large merchants from categories that, while those categories are improving, they're still declining on a year-over-year basis, right? So you can think about the home category. It's still digesting some of the COVID growth. And because of that, it still has some year-over-year declines. Now obviously, this isn't anything fundamental to that category, everyone expects it to continue to grow in the future, but that's impacting the results, the organic growth and driving some of the overall number slightly lower. To your point, we still feel we have a massive TAM ahead of us. So together with that reasoning, we feel confident in the long-term ability of the business.

Bob Napoli
William Blair

Okay. I guess -- and just looking at your balance sheet and talking about the flexibility that you have, I mean, there are a lot of small interesting companies around the space and it's globally and in the U.S., valuations of private companies are coming down gradually. Do you see opportunities to -- I mean, there has to be opportunities to expand your TAM or to accelerate growth through acquisitions of -- what would you -- is that something we should expect to see a tuck-in here or there that you could use across your platform? Is that something you're getting more aggressive in?

Eido Gal
CEO, Riskified

Yes. So look, when we think about our merchant base of some of the best e-commerce brands in the world, right, and 99% of them choose to stay with us every single year. We think that's a strategic asset, and we're always thinking of ways to increase the value that we're providing them. Some of that is internally-built solutions like the policy product we discussed through this quarter. And some of that can definitely come through M&A of interesting technologies, right? So it's definitely something that we're looking at. We have a high bar to do anything, but we're going to continue to try and find something.

Bob Napoli
William Blair

If I can sneak in one quick one. The vertical mix, can you give us any color on -- I mean, the fashion luxury is -- I mean, I know we had data going back. But just any color you can give broadly on the vertical mix today at Riskified.

Aglika Dotcheva
CFO, Riskified

Yes, sure. So from a vertical standpoint, overall fashion was flat this quarter, driven by a decrease in high fashion and sneakers. We saw some growth in electronics and foods and tickets and travel was the highest growth industry, both by organically just kind of lapping in after COVID, but also by adding a lot of new merchants and upselling existing.

Bob Napoli
William Blair

So Agi, fashion and luxury is what, 35% of the business? I guess, as a percentage mix would be helpful to investors.

Aglika Dotcheva
CFO, Riskified

So I'll say it's about 30% fashion altogether, one of our largest industries. And all in all, like we saw this industry growing last year. So in the back half of 2023, we do see some pockets of volatility. And as I said, specifically about high fashion sneakers, we've seen this trend in industry reports as well. So it's a reflection of the general industry trends.

Tim Chiodo
Credit Suisse

You have a great slide in your investor presentation that segments the e-commerce market in terms of the size of the merchants. A lot of the discussion is around verticals and retailers and merchants. Maybe you could shift it a little bit just to talk about how it might be different selling into platforms. So aggregators of small businesses selling online, not necessarily these names, but the types of companies like the Shopifys, the Wix, the Squarespace, the GoDaddys of the world. Is that an area where Riskified is having success? And how would you or do you work with those types of platforms?

Eido Gal
CEO, Riskified

I'll take that. So thanks for the question. So maybe just to start, I'll reiterate our standard go-to-market motion, right? Because we focus on enterprise and while we define that as merchant selling over $100 million annually in GMV, the bigger focus is on merchant selling $1 billion more. What we do is we work with them to run a pilot of PoC, based on that data, we're able to prove that the value of Riskified is higher than an internal team or kind of any competing solution. And based on that, they decide on a segment, then over time we tend to upsell, right? That's why we have that strong land and expand motion.

When you think about working through some of these aggregators, whether it's Shopify or some other kind of maybe more payment processor oriented, right, that's a different motion because you don't have that direct relationship with the merchant. And in the case of SMBs, they sometimes don't have the ability to test and pilot and understand the nuances of the solution, right? So you -- but what you want to take care of is make sure that the integration is taken care of, and it is a slightly different motion. It's something that we're thinking about. It's not a core focus for the year.

I think it's important to mention, though, that when we think about the GMV, over 70% of the e commerce GMV resides in what we consider the enterprise space, that $100 million and above.

Tim Chiodo
Credit Suisse

Excellent. And yes, from the slide, it's a very helpful one. I appreciate that.

Terry Tillman
Truist Securities

Eido, Agi, and Chett. Solid job here, particularly on the profitability. My first question just relates to -- I think in the press release, the second bullet was talking about an attractive upsell that you got with an existing tickets and travel customer that had another vendor in there. What I'm curious about is how often do you actually see situations, whether it's in tickets or travel or some of the other industries where they actually have a couple of vendors that they're using in tandem. And in this kind of environment, is there the potential for some sort of vendor consolidation or after they've been trying out a couple of vendors on efficacy, they're going to start making more of a kind of a single-source decision. And the last part of that rambling question is, in this instance, what was the driver for them to go with you all versus the other vendor?

Eido Gal
CEO, Riskified

Terry, thanks for that. So I'm also kind of reiterating my previous answer, right, when we start working with an organization, they tend to have an existing team in multiple different vendors working with them already, right? So in that sense, on day 1, we're part of an existing staff, okay? But what we're able to do because of our superior accuracy is that, over time, we show them we're able to drive higher ROI for them. And then they want to consolidate and simplify the structure to one vendor, and that’s predominantly us, right? So the process might be, hey, there might be a few vendors. We start, we prove the value, they consolidate just us, and that's exactly the use case that we mentioned during the call.

Terry Tillman
Truist Securities

Maybe a follow-up for Agi is just related to -- I think you talked about in your prepared remarks, general retail and home goods, at least kind of directionally the decline was less in the quarter versus the prior year or the prior quarter. I forgot the context. But can you give us any more color in terms of what right now we're seeing the declines? And at some point, could it actually hit a tipping point where potentially there could even be some growth because of some of the newer logos you've added? Just curious about that.

Aglika Dotcheva
CFO, Riskified

Yes. Sure, Terry. So when I think -- when I commented on the declines, what we see is that new and upsell is offsetting some of the declines in this category. So all in all, we've seen the category declining less than a year ago, which is a positive trend. I think it's driven both by addition of new and upsell, as I said, but also, it's just on the same cohorts lapping some of the kind of COVID inflation and seeing better trends. Going forward, I do hope that at some point, these are strong businesses and I believe and hope that at some point, they will revert back to normalization. But for now, I'm still factoring kind of like a decrease, but improving decrease over time.

Reggie Smith
J.P. Morgan

I think on your last call, you guys referenced reduced visibility into some of your onboarding for the back half of the year with us approaching June. I was curious to get your updated thoughts on that and how you're feeling about your onboarding pipeline for the back half?

Eido Gal
CEO, Riskified

I'd say that we're feeling better. Our pipeline has continued to increase. We've closed a great number of deals. So we do feel better about that.

Reggie Smith
J.P. Morgan

Okay. So maybe I misheard you last time. It sounded as though -- maybe I'm wrong, correct me, that you had signed some deals already and you weren't sure about how quickly they would onboard in the back half. Was I not reading that or interpreting that correctly? Because I guess what I'm referring to is not so much what you just signed, but it sounded like there was a pipeline that you weren't sure how quickly they would ramp up.

Eido Gal
CEO, Riskified

Correct. And we do feel better about the visibility as we get closer to the back half of the year and the continued movement overall in our new and upsell business

Aglika Dotcheva
CFO, Riskified

I hope I'm able to clarify. Just to add to that, even just for Q1, some of the organic declines that we kind of saw, like fashion, was a little bit of a surprise. I did expect some slight increase there. So all in all, new and upsell is able to offset that and this kind of diversification between the different drivers, which is helping us to maintain our guide.

Reggie Smith
J.P. Morgan

Got it. Okay. And then if I could follow up on the upsell that you announced in the press release and earlier this morning. I was curious, so what were you doing for them previously? Was it that you were doing a guarantee on a small portion of their volume and now you've grown that? Is there additional upside potential available? And then maybe if you could talk a little bit about the time line of how long it took you to go from what you were doing initially to finally upselling to this announcement today?

Eido Gal
CEO, Riskified

Sure. So we mentioned 2 during the earnings call. And what happened is we started on a smaller segment, smaller amount of volume. I think it was a few specific geographies, okay? And then the upsell was once we prove the value, the accuracy that we can outperform their current solution by a pretty significant amount. We were able to capture more volume. And essentially, we're doing all of that kind of $1 billion plus volume for that merchant today. Thinking about our wider base, we're excited because we have hundreds of billions in GMV to upsell just for merchants already integrated into Riskified.

Reggie Smith
J.P. Morgan

Yes. And so I guess thinking about that proof period, like how long did that take this time line? Was it 6 months, 12 months? Just trying to get a sense of how quickly these relationships can expand?

Eido Gal
CEO, Riskified

In this example, this is a merchant that went live in Q4 and upsold in Q1. So it was a very fast time frame. Obviously, it's not always that fast. We're working diligently to shorten it.

Reggie Smith
J.P. Morgan

Got it. And then last one, I assume they were using some type of scoring system before? Or were they with the competing product guarantee

Eido Gal
CEO, Riskified

Correct. They were using a vendor that offers predominantly scoring, but also sometimes a guaranteed solution.

Josh Beck
KeyBanc Capital Markets

Kind of a 2-parter. It sounds like with the revenue guidance, obviously unchanged. But within it, maybe there's a little bit of a lower component of NRR and then perhaps a larger component of kind of new bookings, new customers. I'd like to kind of just clarify that. And then also, just any commentary you can give on the monthly cadence? I think generally, the consumer patterns were a little bit softer in April, but that's a very broad-based kind of payments, card-oriented metrics. I don't know within e-comm, if there was anything that really stood out as you kind of compare like the early months of the year to kind of what you're seeing more and more recently.

Aglika Dotcheva
CFO, Riskified

Yes, sure. So as I said, we did see some pockets of softness, specifically within fashion, and I was expecting there to be a slight increase. That was offset by new and upsell overall and also growth in food and electronics. Fashion is our largest category. So just thinking like I had how to plan, there's a lot of ins and outs. Also, it's quite a volatile macro environment. So it's not always easy to just pick up on a trend and to think if this is will persist or not. But all in all that's why all of these positives and negatives are allowing us to maintain our guide. And when I think about the recent months, April, May, again, pockets of volatility here and there, nothing to really make up a trend so far, I would say, more of what we've seen in Q1.

Josh Beck
KeyBanc Capital Markets

Okay. That's very helpful. And then just given some of your commentary around -- it sounds like travel and ticket certainly likely to enter more of a normal period here as we wrap up the final few quarters of the year. But just anything we should be mindful of with respect to the seasonality of the year given some of these vertical ebbs and flows. Just any color on just helpful points as we build out the quarterly cadence of our models here.

Aglika Dotcheva
CFO, Riskified

Nothing really to call out. We still expect Q3 to be the largest Tickets and travel sales season for us. Q4 is going to be predominantly driven by how retail, more traditional retail performs. Yes, so nothing to call out.

Bob Napoli
William Blair

Just on the international, I mean, Agi, you had called out some pretty stellar growth rates in international. Just maybe a little more color on the strategy. The opportunity internationally is obviously very large, but just your efforts internationally, what the percentage of your business today that is international and what you think that could be over time.

Eido Gal
CEO, Riskified

Bob, sure. So we're really happy with the investments that we made last year to build that enterprise sales capabilities to go after those markets. And I think Agi mentioned in her remarks, we saw kind of 40% growth in some of those international markets, APAC, EMEA, so we're very happy with the strength of that. We think there's -- it's still on a smaller base, and we think there's a lot of opportunity ahead.

Aglika Dotcheva
CFO, Riskified

Yes, we're very happy with seeing the growth for the return of our investments. Overall, I'm really happy that new and upsell is allowing us to increase our market share and hopefully when commerce trends kind of normalize and return [to historical levels] that will be a further boost to overall growth.

Bob Napoli
William Blair

And then new products, just a little more color on maybe which new products you're seeing the most momentum in, and the attach rate for those new products, the opportunity for products outside of the chargeback guarantees?

Eido Gal
CEO, Riskified

Sure. So we still feel that policy is our biggest opportunity, right, after chargeback guarantee. And consistent with what we shared in the previous quarter, we're still on track to meet our annual targets, which have been 10% of new revenue bookings coming from this product. And it's going great. Conversations are strong. It's driving a continuous sales cycle with merchants and the reception has been really good so far.

Thank you, everyone, for joining. We look forward to continuing to update you on our progress in the future quarters.