



Riskified Fourth Quarter 2025 Earnings Transcript Prepared Remarks *Edited*

Corporate Participants

Chett Mandel, *Head of Investor Relations*

Eido Gal, *Chief Executive Officer*

Agi Dotcheva, *Chief Financial Officer*

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 released our results and are hosting today's call to discuss Riskified's financial results for the fourth quarter and full year 2025. Our earnings materials, including a replay of today's webcast, will be available on our Investor Relations website at ir.riskified.com. Participating on today's call are Eido Gal, Riskified's Co-Founder and Chief Executive Officer, and Agi Dotcheva, Riskified's Chief Financial Officer.

Certain statements made on the call today will be forward-looking statements related to, without limitation, our operating performance, business and financial goals, outlook as to revenues, gross profit margin, Adjusted EBITDA profitability, Adjusted EBITDA margins and expectations as to positive cash flows, 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. These forward-looking statements reflect our expectations as of the date of this call and except as required by 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, 2024 and subsequent reports we file or furnish with the SEC for more information on the specific factors that could cause actual results to differ materially from our expectations. Additionally, we will discuss certain non-GAAP financial measures and key performance indicators on the call. Reconciliations to the most directly comparable GAAP financial measures are available in our earnings release issued earlier today, and also furnished with the SEC on Form 6-K, and in the appendix of our Investor Relations Presentation, all of which are posted on our Investor Relations website.

Additionally, we will discuss certain non-GAAP financial measures and key performance indicators on the call. Reconciliations to the most directly comparable GAAP financial measures are available in our earnings release issued earlier today, and also furnished with the SEC on Form 6-K, and in the appendix of our Investor Relations Presentation, all of which are posted on our Investor Relations website.

I will now turn the call over to Eido.

Eido Gal

Co-Founder, CEO & Director

Thanks Chett and hello everyone. We ended the year strong, and this momentum positions us for continued success in 2026.

Our fourth quarter non-GAAP gross profit of \$57.3 million, represented strong year-over-year growth of 16%, and our Adjusted EBITDA of \$17.7 million, translated to a margin of 18%, demonstrating the scale and strength of the business. This quarterly

amount alone exceeded our full year Adjusted EBITDA of \$17.2 million in 2024. Our fourth quarter revenues of nearly \$100 million were a record since inception and contributed to our first ever quarter of GAAP profitability. These results are the culmination of consistent, high-quality execution across the year.

In 2025, both Annual Dollar Retention or ADR, and Net Dollar Retention or NDR, improved year-over-year. ADR reached approximately 100%, up from 96%, and NDR significantly improved to 105% from 96% in 2024.

Our go-to-market team had another successful year, with particularly strong results in the fourth quarter of 2025. During the quarter we won the highest quarterly amount of new business since our IPO, which represented approximately 55% of the total new business won for the year, and was driven by high competitive win rates of over 75%.

This year, we won and onboarded several leaders across industries and geographies, including: Aerolineas Star Peru, Abounds, Adastria, Ace Hardware, Banxa, COSM, Davids Bridal, Netease, Nintendo, Temu, Tripadvisor, and Xtool.

In addition, merchants such as Iberia Airlines, Meta, Fast Retailing, VivaAerobus, Vivid Seats and Zepz, were all upsold in 2025 after landing on the platform over the past few years. We believe this demonstrates the power and ROI that our platform delivers to our merchants once onboarded onto the Riskified network.

We have processed approximately \$750 billion in GMV and have over 1 billion unique customer interactions in our network since our inception. I believe that this data moat has created a structural competitive advantage and that we are well positioned to capture even more of the large opportunity in front of us. That is why we are focusing our efforts on deepening our geographic presence, and growing faster in our newer verticals, while identifying additional verticals to penetrate for continued market share gains.

From a geographic standpoint, our non-US regions collectively grew 22% year-over-year, driving faster, more diversified growth. Notably, APAC and LATAM were key regions of outperformance. We plan to expand further in these regions by developing localized products and features to boost pipeline generation.

We have scaled our presence in the “Payments & Money Transfer” category, as evidenced by 66% growth in 2024, and 90% growth in 2025. Based on the current pipeline and the annualization of the new business won in 2025 in this vertical, I expect another strong year of activity in 2026. As we capture more data and payment types, leading to more refined models and bespoke features targeted to this vertical, I believe we are positioned to continue penetrating the significant whitespace.

According to recent industry studies, there was a 27% year-over-year increase in fraud losses related to online transactions; the total losses attributed to fraud are expected to more than double over the next five years, well outpacing the expected growth of ecommerce. In addition, over two-thirds of U.S. companies experienced an increase in AI-related fraud attempts in 2025. We are witnessing escalating complexity of fraud schemes, which now target every touchpoint across the customer journey. From account creation and stored value credentials, all the way through the return, customer service and dispute portals, every part of the transaction process is at risk. Fraud risks vary across payment types, including ACH, credit cards, digital wallets, crypto and stablecoins, agentic checkout, and other methods. We need to be prepared to support and manage risk across the full payment landscape. We are leveraging the capabilities of our AI ecosystem that has been continuously advanced for over a decade.

This increase in fraud has further elevated Riskified’s role, solidifying our positioning as a key partner for our merchants. I believe that the combination of a more pronounced and complicated fraud landscape, enhanced platform features and functionality, and a deliberate effort to expand the top of our deal funnel has contributed to an increase in our new-business lead generation of approximately 50% year-over-year.

Furthermore, in-line with our expectations at the beginning of the year, I am pleased that we generated nearly \$10 million in aggregate annual revenues from Policy Protect, Account Secure, and Dispute Resolve in 2025, and we plan to continue to grow our revenues outside of our core fraud services in 2026.

As we have expanded our offering, the benefits of having a robust platform are becoming even more pronounced.

First, we saw an approximately 50% increase in the number of merchants who are now using more than one product during the year. This multi-product approach has made us stickier.

Second, each transaction processed across our suite of products strengthens our flywheel by expanding the breadth and depth of our data sets. This integrated dataset compounds across the network, enhancing our identity engine and enabling us to develop dynamic components that can be utilized across the platform.

Third, these cross-platform synergies lead to better performance for our merchants. This strong performance with differentiated capabilities allowed us to regularly outperform our competition.

Fourth, merchants utilizing more than one product generally leads to higher contribution profit for those merchants.

This is part of the reason why in 2026, we are focused on driving gross profit growth versus optimizing primarily for revenue growth. As Agi will discuss shortly, we expect non-GAAP gross profit growth to accelerate to double digits at the midpoint in 2026, demonstrating the continued leverage in our model.

Now, onto a very topical theme - Artificial intelligence. Allow me to discuss how we are observing AI impacting the market, and how Riskified's product platform and internal operations are positioned for success in this environment.

There are two main dynamics that we are seeing. First is the increased utilization of Agentic Commerce through the general-purpose LLMs, but still primarily only for discovery purposes and not checkout. The second is the rise of merchant native-LLMs, which are advanced agents within a merchant's ecosystem designed to handle the full-shopping journey—from answering queries to completing the purchase, closing the loop completely within their ecosystem. Both flows present unique transaction risks that our platform aims to solve.

In the first Agentic flow, when customers do use general-purpose LLMs for checkout, we have seen instances where fraudsters utilize AI to throw Agentic Traffic off-script by generating synthetic IDs to bypass LLM verification. Our internal estimates indicate that approximately 30-40% of essential model features are lost when consumers transact through general-purpose LLMs, increasing risk and escalating the prevalence of fraud like this. To combat this, we strive to help merchants by providing clear visibility into Agentic traffic and emerging fraud MOs that they don't otherwise have on their own, proactively adjusting models based on low-signal environments, segmenting order flows, and rapidly developing features to identify emerging agentic fraud MO's.

In the second flow - merchants are building out their AI shopping assistants to offer deep personalization and loyalty programs based on customer preferences. Riskified provides a critical risk intelligence layer that helps make these interactions both smart and secure. This is especially critical when those interactions have financial implications. An example of this is providing merchant native AI agents with real-time risk signals while they are in the conversation with customers to offer instant refund or exchange decisions based on that individual customer's risk and eligibility.

Because Riskified analyzes the complete purchase history of the end customer across an expansive global network of ecommerce brands, including exact product lists, SKUs, and cross-merchant behaviors, we can provide highly differentiated data that merchants cannot otherwise access on their own. We are able to provide a decision platform for their agents to make important and accurate financial decisions.

We are excited about the continuous expansion and enhancement of our Agentic Commerce offering. Merchants are actively preparing and ready to support Agentic Commerce across its various forms and flows. Our ability to not only service the dynamic needs of an evolving market but also to innovate in real time is generating an increase in merchant dialogue. I believe that this strategic engagement is a driver for our future business pipeline and growth.

Internally, we continued to adopt AI to automate and scale complex business workflows across departments. This is intended to help drive operational efficiency and productivity, lower costs, improve response times, and enhance service delivery.

For our Engineering teams, AI has become a force multiplier. Our developers have moved from basic coding assistants to agentic systems that span the entire development lifecycle—from discovery and requirements assessment to automated root cause analysis for production alerts. In addition, by using agentic flows for code review and observability, we are reducing technical debt while increasing release velocity. The impact on productivity is measurable. Between Q2 and Q4 of 2025, many of our engineers saw a more than 2x increase in tickets completed. This enables us to focus on developing new product enhancements and features and to test, train and deploy them more efficiently, strengthening our relationships with the hundreds of enterprise merchants in our network.

We are seeing similar functional leverage across other business units. In Finance & Analytics, we have moved several initiatives into production to automate processes that reduce human error and manual labor.

And the Go to Market team has found success utilizing LLMs to drive merchant inbounds and high-intent queries. We've also developed agents that automate time consuming cost benefit analysis of merchant prospecting, minimizing manual work to drive quicker and more accurate outreach.

While we are getting leverage from general-purpose LLMs in our own business, I don't believe that those same LLMs pose a true threat to our decision engine. In our view LLMs lack calibration and the precise probability intervals required for fraud engines. Additionally, LLMs are optimized for text and image while traditional AI fraud models like ours are much better at analyzing structured data inputs.

The data we collect includes browsing behavior, account activity, checkout data and post fulfillment signals for every transaction. Our models learn from over five billion historical, non-public, merchant-network transactions that have been labeled and tagged.

With this data we create, update and continuously deploy features, to be used by our models, that solve the increasing complexities of fraud. To that end, as we announced yesterday, we recently developed features to address this problem.

Within our Policy Protect Decision Studio, merchants are able to identify and apply business rules to manage the risk of order volume coming from their native AI shopping agents. This control will allow merchants to confidently deploy their branded conversational AI agents without exposing themselves to programmatic refund claim abuse, reseller arbitrage, or promotion abuse. We also expanded our AI Agent Identity signals, allowing a merchant's AI shopping agent to directly query Riskified's Identity Graph to retrieve associated risk indicators and resolve an identity programmatically. The breadth and sophistication of our platform allows us to train, test and deploy merchant or payment specific models. We also use this platform to retrain models with updated data, new features and segment calibrations to protect from emerging fraud patterns across our network.

All this helps us drive optimized merchant performance, which, at the end of the day, is the key driver of merchant satisfaction.

Our ability to rapidly adapt in the face of a shifting landscape does more than just protect our merchants; I believe it serves as the foundation for our sustained financial strength and disciplined execution.

Over the past two years, we have repurchased shares representing approximately two-thirds of our current Enterprise Value. Based on our current expectations of improved Free Cash Flow of approximately \$40 million in 2026, we anticipate generating a free cash flow yield of approximately [10%] relative to our current Enterprise Value.

Looking ahead, I believe that our momentum remains strong. As a reflection of our confidence in Riskified's long-term trajectory, I am pleased to announce that our Board has authorized an additional \$75 million share repurchase program. This decision reflects our conviction in the fundamentals of the business, supported by strong free cash flow, a debt-free balance sheet and a disciplined capital allocation strategy that we believe will prove beneficial for our shareholders.

I want to thank our team again for their focus and strong execution against our 2025 financial plan. Our results reflected the top of our revenue and Adjusted EBITDA guidance ranges and we enter 2026 in a position to accelerate our performance even further.

Now, over to Agi.

Aglika Dotcheva
Chief Financial Officer

Discussion of Financial Results:

Thank you Eido, team, and everyone for joining today's call. Unless otherwise noted, this discussion will reference non-GAAP financial measures. We have provided a reconciliation of GAAP to non-GAAP financial measures in our earnings release.

We achieved fourth quarter revenue of \$99.3 million, and full year revenue of \$344.6 million, up 6% and 5% year over year, respectively. And while we do not plan on reporting our billings going forward, our fourth quarter billings of \$103.3 million, grew 9% year-over-year.

Our fourth quarter GMV of \$46.7 billion was the highest quarter of volume reviewed in our history, and represented growth of 18% as compared to the prior year period. For the full year 2025, our GMV grew by 10% to \$155.1 billion.

During the fourth quarter, revenue growth was partially driven by strong performance in our "Travel" sub-vertical, reflecting continued momentum from the third quarter. These gains were partially offset by softness in our "Tickets and Live Events" sub-vertical, which declined year-over-year, primarily due to tougher second half comparable periods versus 2024's record level of activity and larger live events. Overall the total "Tickets and Travel" vertical was slightly positive in the period.

Our "Money Transfer & Payments" category grew 75% year-over-year, driven by new business wins and upsell activity.

Our "Fashion, Cosmetics & Luxury," vertical grew 8% year-over-year. This was primarily driven by new business and upsells activity, and 11% growth during the Black Friday through Cyber Monday period. This growth was partially offset by continued same-store-sales pressure in our "High-End" and "Sneakers" sub-verticals, similar to the first nine months of the year. That being said, for the second quarter in a row we did see year-over-year improvements in some of our largest merchants in this category.

Lastly, I am encouraged that we reverted to year-over-year growth in the "Home" category as we have now fully lapped the dynamic that impacted the first nine months of 2025.

For the year, our "Money Transfer & Payments", "Fashion & Luxury", and "Tickets & Travel" categories were the largest contributors to annual revenue growth. The combination of these verticals represented nearly 80% of total billings, and are each expected to drive continued growth in 2026.

For the Full-Year, revenue in the United States declined 6% year-over-year, primarily as a result of the contraction in our “Home” category. Encouragingly, we continued to grow across all of our non-US regions, with accelerated year-over-year growth as compared to 2024. During 2025, APAC grew approximately 53% year-over-year, while Other Americas, which represents Canada and Latin America, grew approximately 13% year-over-year, primarily driven by momentum in new business and upsell activity, with particular strength in the “Travel” sub-vertical. EMEA grew approximately 18% year-over-year, with the strongest performance concentrated in our “Money Transfer & Payments”, “Tickets & Travel” and “Fashion & Luxury” verticals, supported by both new business and upsell momentum.

Our revenue derived from merchants headquartered outside of the US was 46% in 2025, up from 39% in 2024. We believe that our continued international growth reflects ongoing progress in capturing global market share.

Gross Profit Margin:

During the fourth quarter, we achieved record quarterly gross profit of \$57.3 million, up 16% from the prior-year, and \$180.3 million for the full-year, representing year-over-year growth of 4%.

The full-year gross profit growth of 4% was driven by meaningful improvements in our core machine learning models, with great performance in our “Money Transfer & Payments” category, and within our 2024 Cohort, which delivered the most pronounced year-over-year improvement across cohorts. Our increased revenue from new products further contributed to our growth. This improvement was partially offset by the ramping of merchants in newer geographies, such as Latin America, and weaker performance in our 2022 Cohort, which, while still maturing, has yet to reach the performance levels of the broader portfolio.

As a reminder, I encourage you to continue analyzing our gross profit on an annual basis, given individual quarters can vary due to various factors, including the ramping of new merchants, and the risk profiles of transactions approved.

As it relates to 2026, for the full year, we're targeting non-GAAP gross profit growth of 7-12%, with each quarter at or near 10% growth at the midpoint. In addition, we estimate that each quarter in 2026 will approximate the same percentage of the total as they did in 2025.

Operating Expenses:

Moving to our operating expenses. We continued to manage the business in a focused and disciplined manner.

Total operating expenses were \$39.6 million for the fourth quarter, and \$153.6 million for the full-year, representing a decline of 2% from 2024.

Our operating expenses as a percentage of revenue declined from 48% in 2024 to 45% in 2025, reflecting leverage in the business model.

We ended 2025 with 670 global employees, a decline of 3% from the prior year. This was achieved through the increased utilization of Artificial Intelligence tools to maximize output and increase efficiency, and by strategically reducing headcount in areas that were less critical to our product development and growth strategy. Despite this nominal decline, we ended the year with an increase in our development capacity, which we believe is critical to advancing platform innovation, outperforming our competition, and improving product accuracy and customer service to deepen our merchant relationships.

In 2026, we anticipate quarterly expenses to approximate \$41 - \$42 million per quarter in the first half of the year, and \$42 - \$43 million per quarter in the second half. The primary driver of the increase from 2025 relates to a FX headwind, mainly from the appreciation of the Israeli shekel compared to the US Dollar. The FX headwind is approximately [400] basis points to our annual Adjusted EBITDA margin. On a constant currency basis we anticipate relatively flat expenses year-over-year as we continue to manage the business in a disciplined manner.

Adjusted EBITDA:

We achieved Adjusted EBITDA of \$17.7M in the fourth quarter, the highest quarterly amount in our history, which translates to an Adjusted EBITDA margin of 18%. We believe that this quarter's results demonstrate that the business is positioned for continued Adjusted EBITDA margin expansion and can achieve scaled performance like this over time.

For the full-year our Adjusted EBITDA was \$26.7 million, representing a year-over-year increase of over 55%.

On a GAAP basis, we achieved Net Profit of \$5.8 million in the fourth quarter of 2025, as compared with negative \$4.1 million in the prior year. I am encouraged about the progress that we have made on achieving profitability on both a GAAP and Adjusted EBITDA Basis.

Balance Sheet:

Moving to the balance sheet. We ended the year with approximately \$298 million of cash, deposits, and investments and continue to carry zero debt.

In addition, we continue to maintain a healthy cash flow model. In the fourth quarter we achieved free cash flows of \$10.7 million, and \$33.1 million for the full-year.

Looking ahead I am encouraged that we expect our Free Cash Flow to increase at least 20%, and be approximately \$40 million in 2026.

During 2025 we repurchased approximately 22 million shares for a total price of \$105.9 million which contributed to a reduction of 8% in shares outstanding.

Since the inception of our buyback program in the fourth quarter of 2023, we have repurchased approximately 52.0 million shares for a total price of \$259.5 million which helped contribute to a 17% reduction in shares outstanding over that time period.

As Eido mentioned, I am excited to announce that our Board of Directors has authorized up to an additional \$75 million of share repurchases, subject to the satisfaction of Israeli regulatory requirements. When combined with amounts that remain available under our existing share repurchase authorization, our total outstanding authorization is approximately \$84 million.

We believe that our strong balance sheet and liquidity position are strategic assets that provide us with the flexibility to navigate a range of operating environments. We intend to remain disciplined and thoughtful in how we deploy capital to create long-term shareholder value.

SBC and EPS:

On the topic of share-based compensation, and Earnings Per Share.

Share-based compensation expense of \$51.6 million, declined from \$57.8 million in the prior year. As a percentage of revenue, this amount decreased by approximately 300bps from 2024 levels. This was on top of a decline of 700bps over the prior two years.

Looking ahead to 2026, we expect absolute share-based compensation dollars and as a percent of revenue to continue declining due to the gradual roll off of expense associated with large grants made in 2021 and 2022 as the awards fully vest throughout 2026. Our total absolute share-based compensation dollars should approximate \$40 million for the year. We expect our Free Cash Flow generation to approximate our share-based compensation in the year.

Our annual Non-GAAP diluted net profit per share of \$0.20, represented an increase of 18% in 2025.

Guidance:

Now turning to our outlook. As we look forward to 2026, we currently anticipate revenue of between \$372 million and \$384 million, representing growth of 8-11%, with \$378 million, or 10% to the midpoint.

Consistent with past years, we anticipate that our growth will continue to be driven primarily by new business activity, and at the midpoint of our guidance, we are forecasting a similar Net Dollar Retention rate as in 2025.

We currently expect all of the quarters in 2026 to reflect a similar percentage of the total revenue as they did in 2025, and growth to accelerate sequentially with each quarter throughout the year.

The behavior of the macro-environment, our success in retaining our merchants, and the level of upsell activity relative to new logo wins all may impact our Net Dollar Retention Rate, and ultimately determine where we fall within our revenue range.

In addition, we feel confident about the new business activity levels, which is supported by a robust pipeline of new opportunities. Historically, the timing of when new merchants go live during the year can be difficult to predict, and may have an impact on our calendar year revenues.

As always, 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.

Now let me discuss our Adjusted EBITDA outlook. We currently expect Adjusted EBITDA to be between \$26 million and \$34 million, or \$30 million to the midpoint, representing a margin of 8%. This is inclusive of an approximate 400 bps FX headwind to our Adjusted EBITDA margin.

Conclusion:

Overall, I am encouraged by our AI advantage, market position and I am confident that we can continue to execute on the elements within our operational control. We remain focused on identifying and executing on the many opportunities for long-term growth and our ability to deliver value to shareholders.

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

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