



Q3 2022

Financial Results

Supplemental Slides

November 9, 2022

Forward-Looking Statements

Certain statements in this presentation release may constitute “forward-looking” statements and information, within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or similar words. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements, including statements regarding our revenue and adjusted EBITDA guidance for fiscal year 2022, reflect our current views with respect to future events and are not a guarantee of future performance. 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 limited operating history and ability to manage our growth; our history of net losses and anticipated increasing operating expenses; our ability to achieve profitability; our ability to maintain and enhance our brand; our ability to attract new merchants, retain existing merchants and increase the sales of our products to existing enterprises; our dependence on the continued use of credit cards and other payment methods that expose our merchant to the risk of payment fraud; changes in laws and regulations related to the use of credit cards, such as PSD2, which have and may continue to impact our GMV and to change or reduce the use cases for our products; our ability to successfully implement our business plan in light of macroeconomic conditions, such as economic downturn, changes in consumer behavior (including as a result of COVID-19 related restrictions and macroeconomic conditions, including the rising inflationary environment), global supply chain issues and other factors that may impact eCommerce volumes and that may impact the demand for our services or have a material adverse impact on our and our business partners’ financial condition and results of operations; our ability to continue to improve our machine learning models or if our machine learning models contain errors or are otherwise ineffective or do not operate properly; our ability to predict our future revenue given our lengthy sales cycles; seasonality; our ability to operate in a highly competitive industry; merchant concentration; our ability to achieve desired operating margins; our compliance with a wide variety of U.S. and international laws and regulations; our ability to develop enhancements to our products; our dependence on our executive officers and senior management, and our ability to attract new talent, particularly in Israel; our limited experience in determining the optimal pricing for our products; our ability to obtain additional financing on favorable terms or at all; our reliance on Amazon Web Services; our ability to detect errors, defects or disruptions in our platform; our ability to protect our merchants’ and their consumers’ personal or other data from a security breach and to comply with laws and regulations relating to consumer data privacy and data protection; our ability to expand into markets outside the United States; our ability to effectively expand our sales force to facilitate revenue growth; the concentration of our voting power as a result of our dual class structure; and other risk factors set forth in Item 3.D - “Risk Factors” in our Annual Report on Form 20-F, filed with the Securities and Exchange Commission on February 25, 2022, and other documents filed with or furnished to the SEC. 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, after the date on which the statements are made or to reflect the occurrence of unanticipated events.



Key Performance Indicators and Non-GAAP Metrics

This presentation contains key performance indicators including GMV as well as non-GAAP metrics, including Adjusted EBITDA.

We define GMV as the gross total dollar value of orders received by our merchants and reviewed through our eCommerce risk management platform during the period indicated, including orders that we did not approve. We define Adjusted EBITDA as net profit (loss) adjusted to remove the effects of the provision for income taxes, interest income, net, other income (expense), net, depreciation and amortization, share-based compensation expense, and payroll taxes related to share-based compensation. We define Free Cash Flow as net cash provided by (used in) operating activities, less cash payments for property and equipment and capitalized software development costs.

Adjusted EBITDA is a non-GAAP metric that management and our board of directors use as a supplemental measure of our performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of items that we believe do not directly reflect our core operations. We also use Adjusted EBITDA for planning purposes, including the preparation of our internal annual operating budget and financial projections, to evaluate the performance and effectiveness of our strategic initiatives and to evaluate our capacity to expand our business.

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 this non-GAAP metric together with a reconciliation to its 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.

We provide Free Cash Flow because it is a non-GAAP liquidity measure that we believe 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, however, 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.

Constant currency information compares results between periods as if exchange rates had remained constant. We define constant currency revenue as total revenue excluding the effect of foreign exchange rate movements, and use it to determine the constant currency revenue growth on a comparative basis. Constant currency revenue is calculated by translating current period revenues using the prior period exchange rate. Constant currency revenue growth (as a percentage) is calculated by determining the increase in current period revenue over prior period revenue, where current period foreign currency revenue is translated using prior period exchange rates. We use constant currency revenue and constant currency revenue growth for financial and operational decision-making and as a means to evaluate comparisons between periods. We believe the presentation of our results on a constant currency basis in addition to U.S. GAAP results helps improve the ability to understand our performance because they exclude the effects of foreign currency volatility that are not indicative of our actual results of operations.

Use of non-GAAP metrics 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 metrics as supplemental measures of our performance. The non-GAAP metrics 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 metrics to the most directly comparable GAAP measures.



Riskified Mission

To empower businesses to realize the full potential of eCommerce by making it safe, accessible and frictionless.



Increased sales approval rates by up to 20%¹



Reduced costs by up to 60%¹



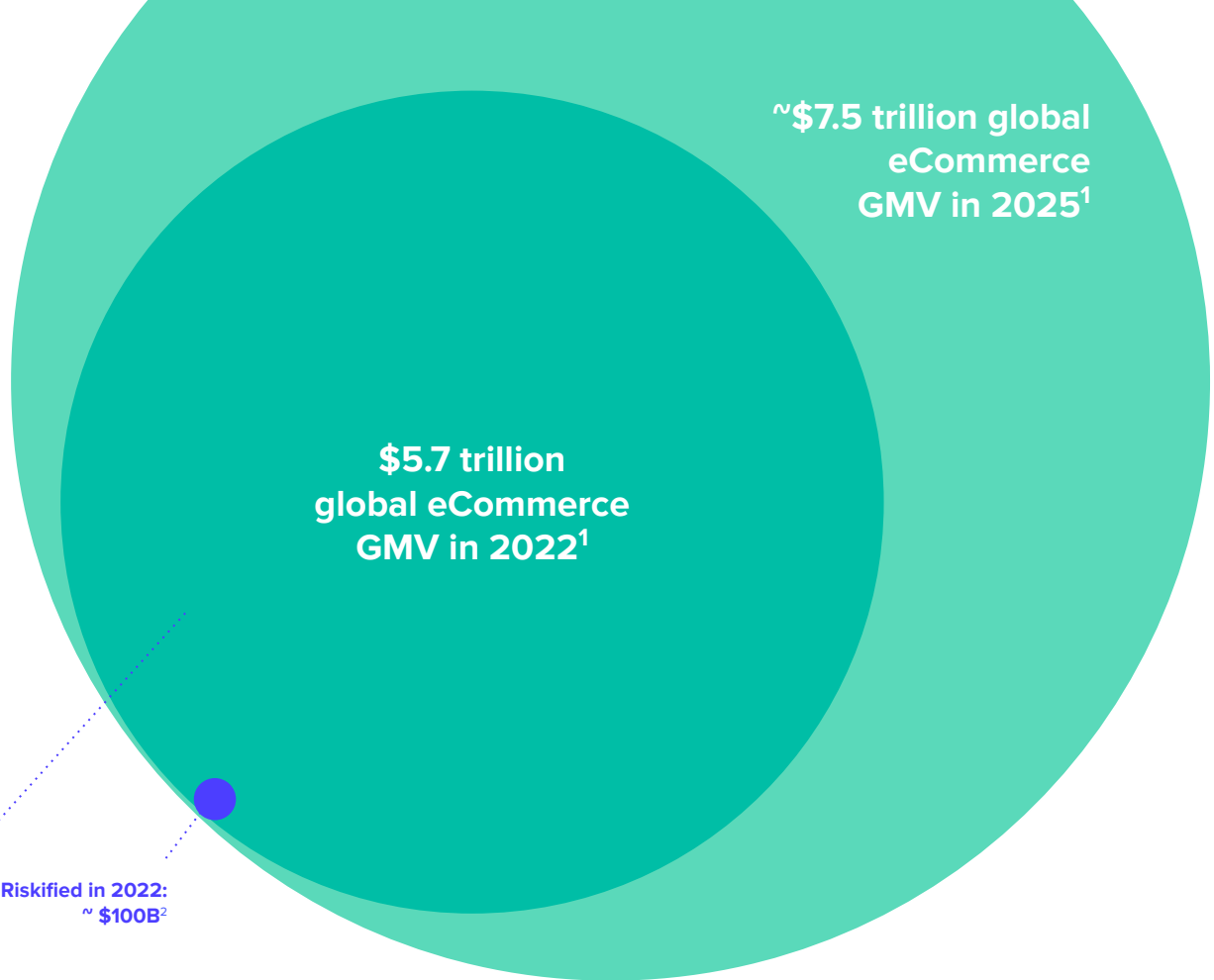
Eliminate significant customer friction, power omnichannel commerce and open new, global markets

¹ Based on billings of ten largest merchants in sample. Certain merchants in sample saw increases in sales approval rates and reductions in costs that exceed 20% and 60%, respectively. See slide 7.



We Operate in Massive Markets With Strong Tailwinds

Solving Problems That Touch All eCommerce Orders



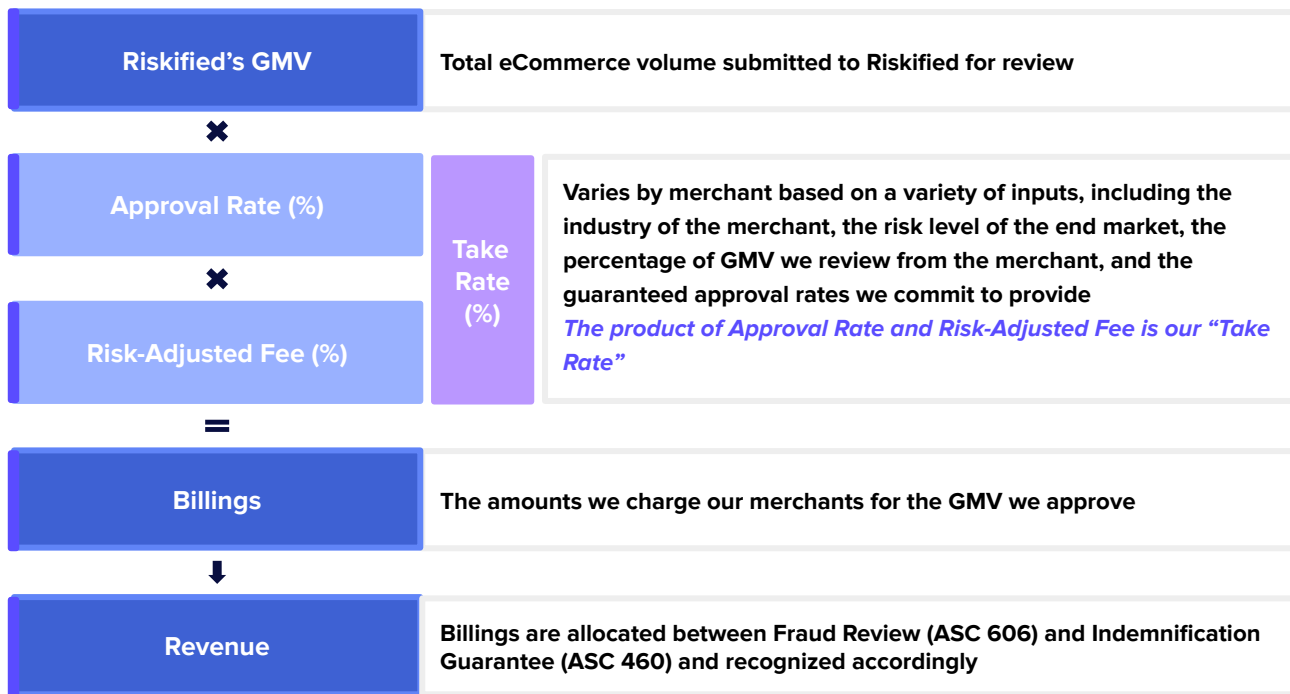
¹ Source: eMarketer October 2022

² GMV annualized based on the actual GMV reviewed by Riskified during the nine months ending September, 30 2022



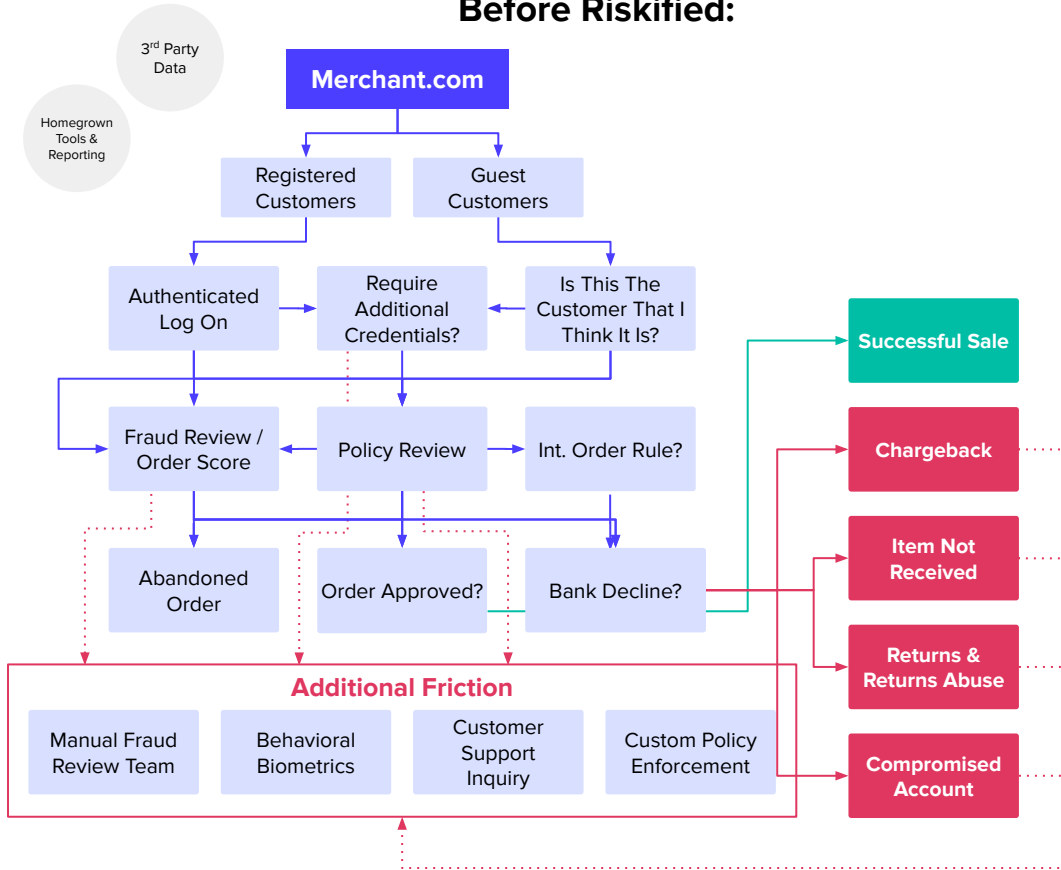
Revenue Model Flow Recap

Transforming GMV into Revenue



Riskified Enables Frictionless eCommerce

Before Riskified:



With Riskified:



Higher approval rates



Lower operating costs

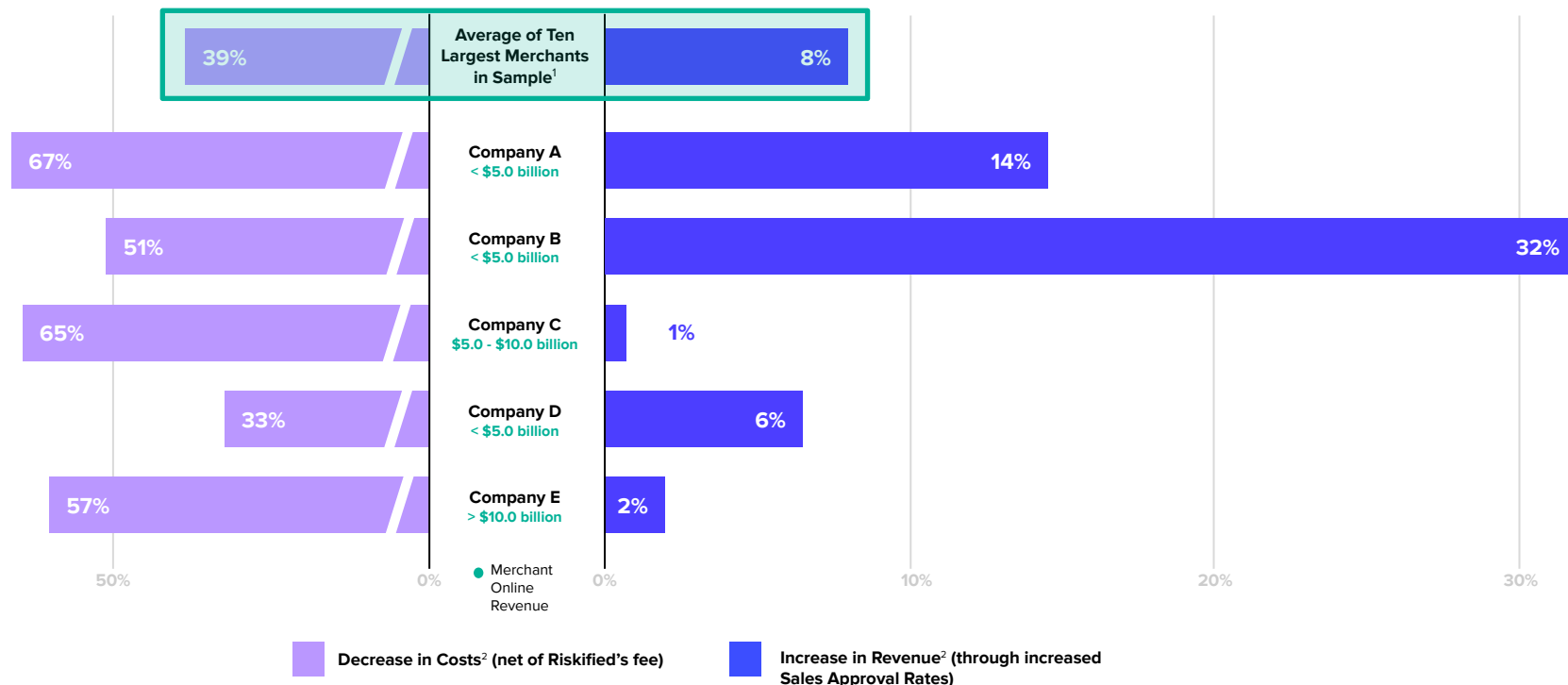


New market penetration



Better user experience

We Increase Merchants' Revenue & Decrease Costs



¹ 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.

² 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.

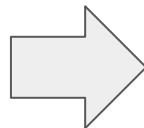


Outlook

Further Revising Upward our Financial Outlook for Full Year 2022

Current Guidance

Revenue	\$255M	-	\$258M
Adjusted EBITDA	(\$57M)	-	(\$54M)



Updated Guidance

Revenue	\$257M	-	\$261M
Adjusted EBITDA	(\$47M)	-	(\$44M)

FY'22 YTD GAAP and Non-GAAP weighted average shares of approximately 167.5 M

Q3 2022 Business Highlights



Further Strengthened Leadership Position in Tickets & Travel Vertical: Riskified recently onboarded one of the world's largest secondary ticket marketplaces for live sports, concerts, theater, and events. We are reviewing nearly all of this merchant's eCommerce volume, which we believe further strengthens our positioning as a leader in the tickets and travel vertical.



Execution of Upsell Strategy Results in Strong Quarter of Activity: During the third quarter of 2022, Riskified achieved strong year-over-year growth in upsell activity. We saw robust activity across varying merchant sizes, with particular momentum from our merchants with more than \$3 billion in online sales volumes per year. Our upsell activity was distributed across merchants in our more mature cohorts as well as newer logos. This positive momentum, with the addition of new logos, more than offset declines in the organic growth of some of our existing merchants, which we primarily attribute to the tougher macro-economic environment.



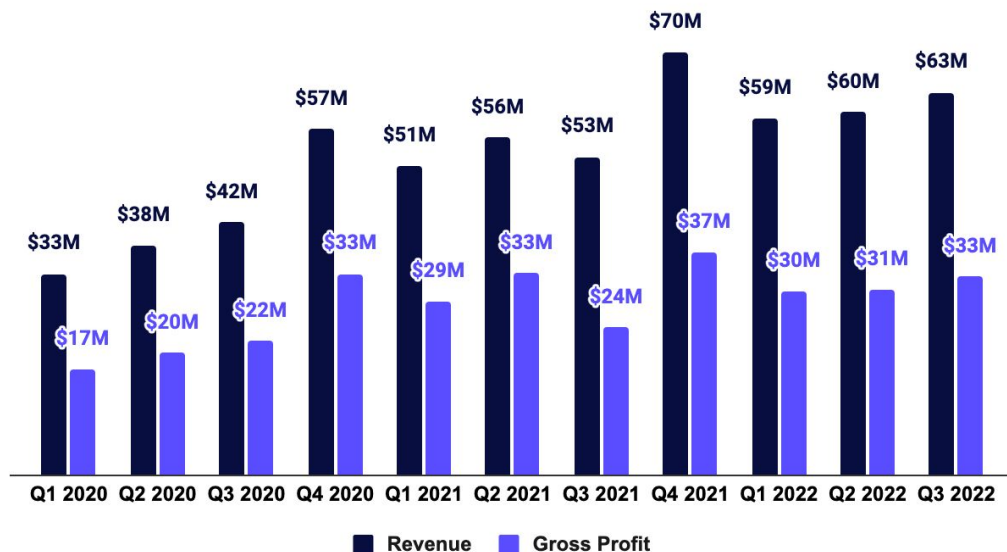
Meaningful Margin and Free Cash Flow Improvements Accelerate Path to Profitability: We saw a 33% year-over-year and sequential improvement in our Adjusted EBITDA during the third quarter. This led to a meaningful decline of our free cash outflows during the quarter as we continue to build towards sustainable profitability.



Further Increased 2022 Revenue and Adjusted EBITDA Guidance: We are increasing our full year revenue outlook as a result of our record first nine month performance. In addition, through a further reduction in our budgeted expense base, we are improving our Adjusted EBITDA outlook for the full year of 2022 by approximately 18% from our previous upward guidance revision in August of 2022.



Q3 2022 Financial Highlights



GMV

\$25.3B

Revenue⁽¹⁾

\$63.2M

Gross Profit

\$32.7M

Adjusted EBITDA⁽²⁾

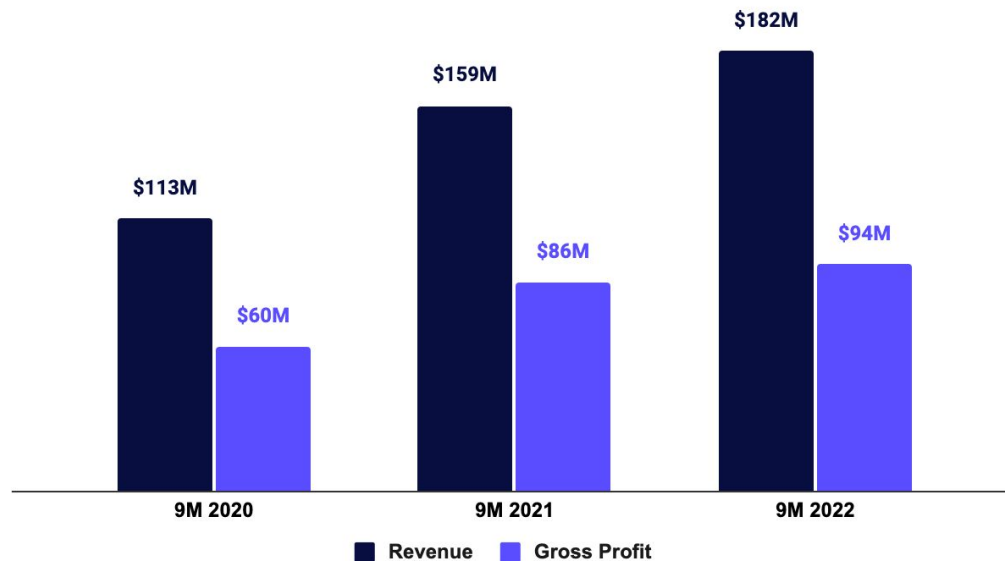
\$(9.2M)

⁽¹⁾ A reconciliation of constant currency revenue to its most directly comparable GAAP financial measure, revenue, is provided in the Appendix.

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



9M 2022 Financial Highlights



GMV

\$73.4B

Revenue⁽¹⁾

\$181.9M

Gross Profit

\$93.7M

Adjusted EBITDA⁽²⁾

\$(36.3M)

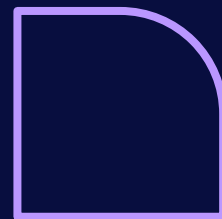
⁽¹⁾ A reconciliation of constant currency revenue to its most directly comparable GAAP financial measure, revenue, is provided in the Appendix.

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





riskified



Investor Relations:

Chett Mandel, Head of Investor Relations

ir@riskified.com

Corporate Communications:

press@riskified.com



Appendix

Q3 and 9M 2022 GAAP Financial Results

\$ in thousands	Q3'22	Q3'21	9M'22	9M'21
Revenue	63,172	52,533	181,949	159,308
Cost of revenue	30,493	28,250	88,296	73,095
Gross profit	32,679	24,283	93,653	86,213
Operating expenses:				
Research and development	17,452	14,251	53,512	38,384
Sales and marketing	20,534	19,512	66,555	46,996
General and administrative	20,685	18,110	65,191	33,422
Total operating expenses	58,671	51,873	185,258	118,802
Operating profit (loss)	(25,992)	(27,590)	(91,605)	(32,589)
Interest income (expense), net	3,123	145	5,116	214
Other income (expense), net	(1,133)	(64,601)	(1,209)	(122,888)
Profit (loss) before income taxes	(24,002)	(92,046)	(87,698)	(155,263)
Provision for income taxes	1,867	(359)	4,463	565
Net profit (loss)	(25,869)	(91,687)	(92,161)	(155,828)



Q3 and 9M 2022 Reconciliation of GAAP Net Profit (Loss) to Adjusted EBITDA

\$ in thousands	Q3'22	Q3'21	9M'22	9M'21
GAAP Net profit (loss)	(25,869)	(91,687)	(92,161)	(155,828)
Non GAAP expenses:				
Share-based compensation expense	15,711	13,176	52,234	18,302
Payroll taxes related to share-based compensation	89	0	179	0
Depreciation and amortization	1,010	655	2,938	1,787
Interest income, net	(3,123)	(145)	(5,116)	(214)
Other (income) expense, net	1,133	64,601	1,209	122,888
Provision for income taxes	1,867	(359)	4,463	565
Adjusted EBITDA	(9,182)	(13,759)	(36,254)	(12,500)



Q3 and 9M 2022 Reconciliation of Constant Currency Revenue

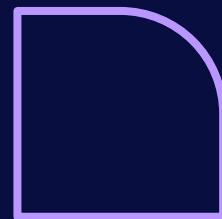
\$ in thousands	Q3'22
GAAP Revenue	63,172
Exchange rate effect	1,995
Constant currency revenue	65,167
GAAP revenue for the three months ended September 30, 2021	52,533
GAAP revenue growth	20%
Constant currency revenue growth	24%

	9M 2022
GAAP Revenue	181,949
Exchange rate effect	4,021
Constant currency revenue	185,970
GAAP revenue for the nine months ended September 30, 2021	159,308
GAAP revenue growth	14%
Constant currency revenue growth	17%





riskified



Investor Relations:

Chett Mandel, Head of Investor Relations

ir@riskified.com

Corporate Communications:

press@riskified.com

