



Riskified Third 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 are hosting today's call to discuss Riskified's financial results for the third quarter of 2025. 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 third quarter of 2025 earlier today. Our earnings materials, including a replay of today's webcast, will be available on our Investor Relations website at ir.riskified.com.

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.

I will now turn the call over to Eido.

Eido Gal

Co-Founder, CEO & Director

Thanks Chett and Hello Everyone.

We've built solid momentum this year, driven by disciplined execution and focus across the business. That progress is especially clear in our third-quarter results, where we delivered a meaningful turnaround in non-GAAP gross profit — improving from a four-percent decline in the first half of the year to five-percent growth in Q3. While the first half of the year reflected some temporary softness, the actions we took during that period have laid the foundation for a higher gross-profit trajectory and

expanding profitability in the back half of 2025 and beyond. Looking ahead, we expect an even stronger step-up in the fourth quarter, supported by improved technical model performance and the seasonally stronger, traditionally lower-risk holiday period.

We've continued to invest heavily in our machine-learning capabilities, enhancing key features and expanding our autonomously trained model program to reinforce our market-leading technology. So far in 2025, we have shifted approximately 70% of our models from manual to autonomous training — and 100% of the autonomously trained models now outperform their previous manual production models. We believe that this automation will allow us to continue scaling the business with high leverage. Our autonomous program allows for real-time retraining when early fraud signals appear, freeing up our data scientists to focus on developing new features that further boost performance.

On the revenue side, our push into more non-discretionary categories continues to deliver. I want to highlight the strong momentum in our "Money Transfer and Payments" category, which grew 100% in the third quarter. We believe we are on track to nearly double the absolute revenue dollars in this category for Full Year 2025 as compared to last year. This growth is being driven primarily by new business activity. Both our top new logo won, and the largest upsell during the third quarter were in this category, and we believe that merchants in this vertical, where transaction speed and superior fraud capabilities are paramount, are increasingly recognizing the performance and ROI that Riskified offers.

We also returned to meaningful Adjusted EBITDA margin expansion in the third quarter, improving by roughly 560 basis points year-over-year. As Agi will cover, we expect a further step up in our Q4 margin — approximating a 15% Adjusted EBITDA margin, reflecting the operating leverage of our model, the scalability of our platform, and the efficiency gains achieved over the past few years.

Beyond financial performance, we executed well against our 2025 product roadmap. It's now been several quarters since we launched Adaptive Checkout, the advanced configuration of our Chargeback Guarantee engine. Adaptive Checkout uses AI to raise conversion rates by adding friction only when it's truly needed and removing it where exemptions apply.

The results have been impressive. One U.S. ticketing merchant increased total conversion by 5% by using selective one-time-password friction to recover declined orders. In EMEA, an electronics merchant lifted conversions by 26% by removing unnecessary 3DSecure friction through Riskified's exemption and pre-authorization analysis. As adoption grows, Adaptive Checkout continues to raise the bar for intelligent risk management and positions us to capture more share in the global e-comm market.

We're also very focused on the rise of Agentic Commerce. Our research shows that many shoppers already use AI somewhere in their shopping journey, but very few complete purchases through large language models today. As AI agents begin making purchases on behalf of consumers, critical data that fraud teams depend on can disappear — reintroducing many of the risks merchants have worked hard to eliminate.

The result can be higher chargebacks, disputes, and policy abuse. We're positioning Riskified to help merchants navigate this shift safely through a combination of strategic partnerships, innovative technology, and enhanced infrastructure. Our collaborations bring together our fraud-prevention expertise with secure agentic protocols to deliver accurate decisions and better business outcomes in this new commerce environment.

As we head towards the end of the year, our third-quarter has provided momentum as we approach the peak year-end holiday season. Our internal data continues to show resilient consumer spending, with October tracking in line with our expectations. We are seeing solid performance in our three largest categories - "Tickets and Travel," "Fashion and Luxury," and "Money Transfer & Payments", which collectively represent more than two-thirds of our GMV. Assuming steady activity through the year-end, we're cautiously optimistic for another healthy holiday season. Combined with a solid first nine months of performance, we have the confidence to raise the bottom end of our revenue guidance for the second consecutive quarter.

In conclusion, our global platform continues to lead in the e-commerce fraud and abuse prevention market. Our team remains focused on executing on the large new business opportunities ahead, and we are on track to close out the year strong and to enter 2026 with solid momentum, a healthy new business pipeline, and confidence in our growth trajectory.

I will now turn it over to Agi.

Aglika Dotcheva
Chief Financial Officer

Discussion of Financial Results:

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

Our GMV for the third quarter was \$37.8 billion, and \$108.4 billion for the first nine months, reflecting a 9%, and 7% increase

year-over-year, respectively.

We achieved record third quarter revenue of \$81.9 million, up 4% year-over-year. Revenue for the first nine months of \$245.3 million increased 5% year-over-year. Our GMV and revenue growth during this quarter was primarily driven by continued new merchant and upsell activity.

Our largest category, "Tickets & Travel," grew 6% during the third quarter, driven primarily by strong new business wins and upsell activity, offset by softness in our "Tickets and Live Events" sub-vertical. This is primarily due to tougher second half comparable periods versus 2024's record level of activity.

"Travel" saw strong growth in Q3 with anticipated momentum heading into the end of the year, due to both new business wins and stronger same-store-sales growth. The overall net effect is expected to result in similar year-over-year growth rates in the fourth quarter.

Our "Fashion and Luxury" category grew 13% during the third quarter, which was supported by continued momentum in new business activity and improvements in some of our largest merchants in this category, partially offset by continued same-store-sales pressure, particularly within our "High-End Fashion" sub-vertical. We are confident that this category will continue to grow for the year, supported by a strong pipeline of new business opportunities that are expected to close in the fourth quarter, and some anticipated macro steadiness in the "High-End Fashion" sub-vertical.

Our "Money Transfer & Payments" category achieved approximately 100% year-over-year growth in the third quarter. This growth was driven by new business activity which continued to be a key area of expansion.

As anticipated, we saw year-over-year declines in our "Home" category, which contracted by approximately 70%. I am encouraged that in the fourth quarter we expect to revert to year-over-year growth in this category as we lap the dynamic that impacted the first nine months of 2025.

In the United States, revenue declined 12% year-over-year, primarily as a result of the contraction in our "Home" category. Encouragingly, we continued to grow across all of our other regions. During the third quarter APAC grew approximately 55% year-over-year, while Other Americas, which represents Canada and Latin America, grew approximately 18% year-over-year, primarily driven by momentum in new business and upsell activity, with particular strength in the "Travel" sub-vertical.

EMEA grew approximately 19% year-over-year, with the strongest performance concentrated in our "Fashion & Luxury", "Tickets & Travel" and "Money Transfer & Payments" verticals, supported by both new business and upsell momentum. Overall, we believe that our continued international growth reflects ongoing progress in capturing market share.

Gross Profit Margin:

Our Non-GAAP gross profit of \$41.5 million increased 5% year-over-year in the third quarter. This translates to a non-GAAP gross profit margin of approximately 51%, an improvement of 1% from the same period in the prior year. Our third quarter 2025 margin represented a step-up from 50% in the first half of the year.

The year-over-year growth was driven by meaningful improvements in our core machine learning models, along with the contribution from new product revenue. This improvement was offset by the ramping of merchants in newer categories, in particular with the "Money Transfer & Payments" category, which has experienced very strong growth in 2025.

Overall, I am encouraged that four of our last five cohorts expect an average of 5% year-over-year improvement in our Chargeback to Billings, demonstrating the success in our machine learning platform.

As a reminder, I encourage you to continue analyzing our gross margin 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. I am encouraged about the sequential progress we have made throughout the year, and continue to target an annual non-GAAP gross profit margin of 52%.

Operating Expenses:

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

Total non-GAAP operating expenses were \$36.0 million for the third quarter, down from \$38.7 million in the prior year, largely due to several one-time positive impacts in the period.

Our non-GAAP operating expenses as a percentage of revenue for the third quarter declined year-over-year from 49% to 44%, reflecting ongoing leverage in the business model.

We anticipate having quarterly non-GAAP operating expenses of approximately \$39 million in the fourth quarter.

Adjusted EBITDA:

We achieved positive Adjusted EBITDA of \$5.6M in the third quarter, a record for the third quarter. This represented approximately 560 basis points in margin expansion, or a margin of approximately 7%.

Based on our implied guide for the fourth quarter, which I will touch on shortly, we expect a large step up in margin on a sequential basis, and our fourth quarter Adjusted EBITDA margin to approximate 15%.

Balance Sheet:

Moving to the balance sheet. We ended the third quarter with \$325 million of cash, deposits, and investments and we continue to carry zero debt. We maintain a healthy cash flow model, achieving quarterly free cash flows of \$13.4 million in the third quarter. For the first nine months we achieved \$22.4 million in free cash flow and, based on current conditions, we now expect over \$30 million of positive free cash flow for the Full Year of 2025.

In the third quarter we repurchased 5.2 million shares for a total price of approximately \$25.3 million. For the first nine months of the year we repurchased 14.2 million shares for a total price of approximately \$69.2 million. As a result of this buyback activity, and our ongoing commitment to prudent dilution management, we continue to expect shares outstanding to decline by at least 5% year-over-year.

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.

Guidance:

Now turning to our outlook. As a result of the solid first nine months of the year and cautious optimism around the upcoming holiday season, we are improving the bottom end of our revenue range for the second consecutive quarter to now anticipate revenue of between \$338 million and \$346 million, or \$342 million to the midpoint.

As a result of our discipline and expected margin expansion in the fourth quarter, we now expect our Adjusted EBITDA to be between \$21 million and \$27 million, or \$24 million to the midpoint.

Conclusion:

I'd like to wrap-up by thanking the Riskified team for their hard work and execution this quarter. I am encouraged that we meaningfully improved our results versus the first half of the year and I believe that we are well-positioned to continue this momentum in the fourth quarter. The foundation we're building positions us for continued growth ahead which will allow us to deliver ongoing value to our shareholders.

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

<END>