# Riskified Second Quarter 2024 Earnings Transcript *Edited*

### Corporate Participants

**Chett Mandel,** *Head of Investor Relations*

**Eido Gal,** *Chief Executive Officer*

**Agi Dotcheva,** *Chief Financial Officer*

### Analyst Participants (Alphabetical Order)

**Ramsey El-Assal –** *Barclays*

**Timothy Chiodo –** *UBS Securities*

**Clarke Jeffries -** *Piper Sandler*

**Cristopher Kennedy –** *William Blair*

**Gil Luria -** *DA Davidson*

**Terry Tillman –** *Truist Securities*

**Ryan Tomasello –** *KBW*

**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 second quarter of 2024. 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 second quarter of 2024 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 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, 2023 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. I am encouraged by our execution during the first six months of the year. We are growing profitably on an Adjusted EBITDA basis, and believe that we are investing in the right people, products and projects to execute for the benefit of our merchants and our shareholders. I remain positive about the trajectory of the company.

Once again, our revenue growth during the second quarter was primarily driven by the execution of our "Go-to-Market" strategy, which contributed to 8% year-over-year growth. For the first half of 2024 our revenue increased by 10%, and our GMV grew 15% year-over-year. Our technology, platform and differentiated merchant capabilities are resonating within our large addressable market.

Our competitive win rates remained high during the quarter, and our industry and geographic expansion efforts, combined with our product platform sales-motion, are contributing to a solid pipeline of merchant activity. We had improved performance sequentially with our non-chargeback wins, and we expect a strong end to the year with further multi-product adoption.

As we think through the back half of the year, we've begun to see some softness in the third quarter, and are anticipating softer third and fourth quarters, largely due to certain macro headwinds, including worsening consumer spending trends. This is primarily impacting our High-End Fashion, Tickets & Travel, and Home industries. That being said, we anticipate a strong second half of new business activity which should help to partially offset these macro headwinds. We expect the benefit of this anticipated new business activity to primarily flow through in the fourth quarter. Agi will walk you through the impact of these factors on our 2024 guidance.

We are managing our operational levers to optimize our gross profit and Adjusted EBITDA performance across all types of growth environments. Our non-GAAP gross profit growth of 11% in the second quarter, and 14% in the first half of the year remained strong and continued to outpace our revenue growth. Combined with ongoing expense discipline, we continued to bring our top line growth to the bottom line. Over each of the last three quarters we have improved our year-over-year Adjusted EBITDA margin by nearly 1000 bps on average, and we anticipate generating further Adjusted Ebitda margin expansion in the back half of the year.
However, we are not just focused on maximizing short term leverage in the business. We maintain a long-term view on how to improve our technology, how to expand our TAM and market share, and how to convert our single-product merchants to multi-product users.

We believe that the best way to accomplish these goals is by building a market-leading platform of products that help to solve real problems for our merchants at all levels of the transaction funnel, and to continue penetrating the large ecommerce whitespace in front of us by aligning our go-to-market sales motion to offer and cross-sell this platform.

On the Chargeback Guarantee front, our ability to customize unique, merchant specific models to guarantee the highest degree of performance and specificity is why we believe our merchants receive great performance and value. In one recent head-to-head pilot with a newly onboarded multi billion GMV merchant, we were able to reduce the merchant's fraud costs by more than 20%, while simultaneously boosting their approval rate by over 3% when compared to their incumbent solution provided by one of our key competitors. This is not an isolated example. In several other recent head-to-head pilots, we were able to outperform both the merchants' internal teams and other "newer generation" competitors, by delivering superior performance for the merchant. We believe that these types of results drive expansion opportunities for Riskified. Overall these data-led proof points are a testament to the power of our machine learning factory, and the main reason we win in competitive deals.

To further broaden our product offerings, we continue to augment our integrations and data sharing capabilities with major global issuing banks. These integrations and partnerships involve sharing enriched order information and other Riskified signals with issuing banks in order to enhance our merchant's authorization rates on eCommerce transactions reviewed by Riskified. This feature comes baked into Chargeback Guarantee, and has the ability to meaningfully increase bank authorization rates. Eligible Chargeback Guarantee merchants can see an increased authorization lift exceeding 100 basis points on segments where Riskified has the ability to influence the issuer's decision. We believe that our privileged access to merchant data puts us in a unique position to further collaborate between parties in the payment ecosystem to help our ecommerce merchants grow.

I believe that our focus on evolving and investing wisely in our R&D, is leading to an overall improvement in our technology offering. This improvement, in part, was seen in strong performance for our merchants, while we simultaneously were able to achieve a 54% gross profit margin in the first half of the year. I am pleased that we are able to flow this strong margin performance to the annual range, which resulted in an improvement to our Adjusted EBITDA guidance for the second consecutive quarter.

Overall, I remain optimistic about our positioning despite the challenging macro environment. We have great demand for our

products, and by strengthening our machine learning advantage to solve additional use cases beyond chargeback fraud, I am confident that our durable business will continue to perform for merchants and our shareholders.
Now, over to Agi

**Aglika Dotcheva**
*Chief Financial Officer*

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

Our GMV for the second quarter was $35.0 billion, reflecting a 13% increase year-over-year. We achieved second quarter revenue of $78.7 million, up 8% year-over-year. Our GMV and revenue growth during this quarter was primarily driven by continued new merchant and upsell activity.

In the second quarter, our “Home” category grew 21% year-over-year. We anticipate a tougher comparison period in the second half of the year, as we have now fully lapped a large upsell won during the second quarter of 2023.

Our “General” vertical, which includes both “Food” and “General Retail” merchants grew 7% in the second quarter, primarily driven by growth in our “Food” sub-vertical, offset by weakness in our “General Retail” sub-vertical. In addition, we saw over 40% growth in our “Payments and Money Transfer” category, driven predominantly by new business activity, a key area of expansion.

Our “Fashion & Luxury” category grew by 5% in the second quarter, up from low-single digits in the first quarter, primarily due to new business activity, and growth in fast-fashion merchants. This growth was partially offset by continued same store sales pressures within our high-end fashion sub-vertical, consistent with the first quarter. We now expect these same store sales pressures to continue in the back half of the year across all geographies. This is consistent with the outlooks for many of our luxury merchants and broader market commentary regarding discretionary spending.

In addition, our Tickets & Travel vertical grew 8% in the second quarter, primarily due to new business activity. We are now expecting softer trends in this category in the second half of the year. In particular we are anticipating lower travel volumes from our EMEA merchants, and as a result currently expect our overall EMEA region to be relatively flat for the year.

The United States, which is our largest region, grew by 11% during the second quarter and APAC grew approximately 35%. The Other Americas, which represents Canada and Latin America, grew approximately 9% primarily due to new and upsell activity. I continue to be excited about our growth in the Other Americas and APAC regions, which were fueled by market share gains achieved through the addition of new logos. We highlighted a large new logo win in Japan in our press release in the “Fashion” category during the quarter. This is an exciting, cornerstone merchant which we are hoping helps unlock further growth in the region.

Moving to the discussion of our gross profit margin, operating expenses, and Adjusted EBITDA. Unless otherwise noted, I will be referencing non-GAAP financial measures. We have provided a reconciliation of GAAP to non-GAAP financial measures in our earnings release.

Moving on to gross profit margin. Our gross profit margin of 53% was up from 52% in the second quarter of the prior year.

We continued to benefit from improvements in our overall core machine learning models and the positive impact of new product revenue, offset by the impact of ramping of significant new merchants and quarterly variability in our revenue mix.

As a reminder, I encourage you to continue analyzing our gross margin on an annual basis, given individual quarters can vary due to many factors, including the ramping of new merchants, and the risk profiles of transactions approved. That being said, I do want to note that our first half gross profit margin was approximately 54%, the highest half-year period since our IPO. This was driven by a truly collaborative effort across the organization.

As a result of our strong start to the year, we are now targeting a gross profit margin between 52.5% to 53.5% for the full year, up from our previous range of 52-53%.

Directionally, for modeling purposes we expect our Q3 gross profit margin to be approximately 50% and we continue to expect Q4 margin to be above the range.

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

Total operating expenses were $39.3 million for the second quarter, representing a year-over-year decline of 7%. We saw year-over-year declines in each of our R&D, S&M and G&A operating expenses.

Our operating expenses as a percentage of revenue declined from 58% in the prior year period to 50% in the second quarter of 2024, reflecting ongoing leverage in the business model.

To highlight how much progress we have made in only a few short years, this percentage in the second quarter of 2022 was 75%.

For the second half of the year, we now expect approximately $39.0 million in quarterly expenses due to a focus on ongoing savings.

We achieved positive Adjusted EBITDA of $2.3M in Q2'24, as compared to negative $4.6M in Q2’23, representing the eighth consecutive quarter of year-over-year improvements.

This quarter’s positive Adjusted EBITDA represents year-over-year Adjusted EBITDA margin improvements of approximately 930 bps, on top of the 1100 bps improvements achieved in both Q4’23 and in Q1’24.

We have been generating ongoing margin expansion through the continued growth of the business while managing expenses, and we are focused on flowing this leverage to the bottom line.

Moving to the balance sheet. We ended the first quarter with approximately $422 million of cash, deposits and investments on the balance sheet, and we carry zero debt.

In the second quarter we repurchased 6.8 million shares for a total price of approximately $39.0 million. As a result, our total shares outstanding has decreased sequentially by approximately four million shares from the first quarter.

As a result of our ongoing commitment to dilution management, as well as anticipated repurchasing activity in the second half of the year, we expect our year-end share count to decline year-over-year.

We continue to believe that our strong balance sheet and liquidity position are underappreciated assets. We will continue to be thoughtful in how we utilize our capital to drive shareholder value.

In addition, we continue to maintain a very healthy cash flow model and achieved free cash flows of $4.1 million in the second quarter. We continue to expect approximately $30 million of positive free cash flow in 2024.

Now turning to our outlook. We are updating our 2024 guidance that we previously shared on our Q1 call.

As we mentioned, we are expecting headwinds in our “High-End Fashion,” “Tickets Travel” and “Home” verticals to persist, which we expect will negatively impact our second half revenue.

As a result, we now anticipate revenue between $320 million and $325 million for the full-year 2024, or $322.5 million at the midpoint. As Eido mentioned, we remain optimistic that an anticipated strong second half of new logo activity should result in an acceleration of growth in the fourth quarter.

After previously factoring in some level of macro-economic recovery in the back half of the year into our guidance, we no longer are including this recovery in our current assumptions at the new midpoint.

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.

Moving to our Adjusted EBITDA outlook. As a result of our disciplined approach to managing the business and improved gross margin outlook, we now believe that our full-year Adjusted EBITDA will be between $13 million and $19 million, or $16 million to the midpoint. This represents an improvement of 7% from our range provided on our Q1 call in May, and 19% from our initial guide given on our Q4’23 earnings call in March.

The new midpoint of our adjusted EBITDA guide represents additional margin expansion of approximately 800 bps from the prior year, demonstrating leverage in the business model.

Overall, I am encouraged by the first half of the year. I believe that our leading product platform and disciplined approach in managing the business will allow us to continue to progress towards our long-term goals while delivering value to merchants and shareholders.

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

## Question and Answer

**Ramsey El-Assal**
*Barclays*

Hi, this is Owen on for Ramsey. I appreciate you taking our question this morning. Want to check in on the CrowdStrike outage early – earlier in July. The networks had called that out as having an impact on Q3, wanted to see if and if your merchants had any technical issues. I know you largely operate on AWS, but any kind of insight there on impact on Q3 expectations might be – might be helpful.

**Aglika Dotcheva**
*CFO, Riskified*
Yeah, thank you for the question. There's no impact on Riskified or anything related to that we understand from our merchants related to the general CrowdStrike issue.

**Ramsey El-Assal**
*Barclays*
Great. That's good to hear. And just a quick follow up for me just on the kind of more platform approach, it seems like you're making good progress on the cross-sell some of those new products. I was just wondering if you could give us an update on the penetration rate potentially of your kind of current client base and some of the kind of longer runway you expect to kind of have there. Any insight there would be helpful. Thanks.

**Eido Gal**
*CEO, Riskified*

Sure. Happy to – happy to share an update there. I'll say, look, as kind of CEO, what gets me most energized is just speaking to our clients, seeing how they react to some of these newer additions and stuff we have in the pipeline. And also the ROI and the value that it's [giving] them, I think just from a numbers perspective, you know, what we shared kind of previous quarter, we've seen sequential improvements then, but we're still in that zone of kind of half a percent improvement to the gross profit margin kind of 3x growth. And we do have a fairly strong pipeline heading into the back half of the year. So I do expect kind of a good end to the year on the new product side.

**Ryan Tomasello**
*KBW*

Good morning, everyone. Thanks for taking the questions. Agi, regarding the outlook, I was hoping you can put a finer point around what level of net dollar retention the current guidance reflects versus the original expectations at the beginning of the year. And if you can say how that breakdown looks between what you saw in the first half of the year in terms of net dollar retention versus what you're now looking for in the second half of the year? Thanks.

**Aglika Dotcheva**
*CFO, Riskified*

Yeah, of course. Thank you for the question. So while it's an annual number at this point, it's not really a guide, but let me give you some direction. So, we've previously shared at our kind of Q1 earnings call that we've seen some trends kind of leading to a lower retention than what we saw last year, kind of expecting it to be closer to 100 than the 105. Now, because of the macro factors that we kind of shared in our message just earlier, I think that a few percentage points below 100% is probably a fair assumption.

And so I'll give you kind of an understanding of what are the main drivers. I would say that, number one, is really the removal of the recovery trend that kind of were baking in our numbers and we just don't see that happening anymore. So now at the midpoint, we don't kind of expect any recovery numbers in the back half of the year and we expect the back half to be kind of similar to the first half of the year.

The second factor is probably our annual dollar retention rate. Again, we look at it annually. What, just again, it's not a guide, but to give you some perspective, I think that I'm seeing just slight uptick in large volume. I do expect it to be very much still in the ranges of last year, last year or was 98%, maybe it's expected to be closer to 97% this year.

And the last factor that might be impacting our retention rate, actually, it's a positive one. This year, we're seeing a lot more new revenue coming from new logos, which is great, which is something that we've been working kind of to internally to create the right incentive structure to accomplish that and really kind of focusing on increasing our market share and penetrating in different industries. But that has kind of impacted a little bit of the upsell and just the – some effect on the net dollar retention.

So overall, I think this is kind of like a very positive factor overall, but it does impact the net dollar retention.

**Ryan Tomasello**
*KBW*

Great. Appreciate all that color. And then, Eido, one for you. You know, as you continue to make progress building out the platform offering beyond just the Chargeback guarantee, can you say how the sales and go-to-market strategy is evolving at all to help support that initiative? I mean, Aggie I think just alluded to, you know, a new incentive structure around new logos. You know, last quarter you called out some of these key stand-alone wins outside the Chargeback guarantee and Policy Protect and Dispute Resolve. Is there, you know, a lot of focus that you're putting on the sales force to emphasize those types of stand-alone deals? Just just to understand how the go-to-market strategy is evolving here in light of the platform evolution. Thanks.

**Eido Gal**
*CEO, Riskified*

Sure. No, that's a that's a great question. I would say at the start of the year, we definitely wanted to put a bigger focus on new logos, to have more revenue come from new logos than from us, well think that's important just from a market share land perspective and we're happy to see some of the results there. I think that our platform approach enables us to sell to more stakeholders and solve more ROI and the value that we see there is kind of higher win rates and competitive cycles. It means that, like you mentioned, we can sell into merchants that maybe are not looking for a Chargeback solution right now, but they are interested in some of the other parts.

But really what we're seeing is more and more new deals are taking multiple parts of the platform. I think we highlighted that large ticketing merchant that also started with Dispute Resolve, that large marquee client in Japan is actually starting with two clients but is signed with two products that we already signed for the third one to go live with that early next year. So, it's definitely
helping there as well.

**Christopher Kennedy**
*William Blair*

You talked about accelerating growth in the fourth quarter. Is there any way to think about or put a framework around 2025 given the new sales activity?

**Eido Gal**
*CEO, Riskified*

I think it might be still a bit too early for us to really think through and model out 2025. I think the acceleration we're seeing into the fourth quarter is just based on some of the new business activity and the growth in those areas that are helping accelerate there.

But just to recap, you know, kind of what we mentioned based on some of the earnings from some of the clients, the public clients that we work with, everyone's kind of expecting a slower back half of the year, especially around fashion and travel and sneakers, the home category. And we've been seeing that quarter to date as well, right. So that's kind of creating that lower outlook for the back half. Within the fourth quarter based on some of those go lives that are already happening right now. And the third, that's going to offset some of that consumer spending weakness.

**Christopher Kennedy**
*William Blair*

And then it's great to see the continued expansion of margins. Are you are you still comfortable with your 2026 EBITDA margin target of 15% to 20%? And can you just remind us of the roadmap to get there? Thank you.

**Eido Gal**
*CEO, Riskified*

We're still fairly in line and very confident in those midterm targets. Like we mentioned, we have various levers that we understand how to pull in order to reach there. And the results of this quarter in the guide notwithstanding, still squarely in 100%.

**Terry Tillman**
*Truist Securities*

Hey, team, thanks for taking my questions. Maybe just the first question relates to, if we just take the challenges within the installed base, same store sales activity aside and just the macro assumptions in the second half of the year, you are talking about new sales or upselling activity, being resilient or relatively strong. I'm just curious what you've been doing internally, you know, more recently or over the intermediate term to enhance go-to-market. So whether it's field sales or marketing and branding, you know, what are some of the things that you've been doing that you could call out that maybe could continue to drive this new business success going forward? And then I have a follow up.

**Eido Gal**
*CEO, Riskified*

Yeah, I think it's a team effort, right? It's having the best product that allows you to show in POCs that you're the most accurate solution. It's having a differentiated product that has certain components around policy and disputes that are not available to competitors. But it's also having the best sales force that's able to explain and sell in the best way, the right marketing collateral, the right training, you know. So in that sense, it takes a village. And I think we continuously try to have better execution across all aspects.

**Terry Tillman**
*Truist Securities*

Yes and maybe just the follow up question, you know, the concept of the growth re-acceleration, I think you've talked about it in the fourth quarter just based on the book of business you're signing and it's starting to roll out. I'm assuming you're probably not getting a whole full fourth quarter revenue contribution from some of this new business activity recently or in the near-term. But maybe you could comment on that.

And then the second part of that is, going forward, assuming there is not a market decline from currently what you're assuming in the macro, do you think at some point you could grow through the same store sales issues and that could actually help growth reaccelerate just because of the broad book of business that you're bringing on? Thank you.

**Eido Gal**
*CEO, Riskified*

Yeah, we're happy with the diversity of the book of business, even in some of the categories that we have, you know, a relatively high concentration in the category. It's across a wide range of merchants, across, you know, a very wide range of geographies. And you're right to point out that right now the macro is creating year-over-year declines. And even if we continue to see the current environment at some point, you know, we would anticipate to stop seeing that. And that type of decline in fact, what would positively impact us.

**Tim Chiodo**
*UBS*

Great. Thank you for taking the question. A few years ago, with the PSD2 in Europe and the liability shift that was created there, it did create some headwinds and we lap that. It's less of a talking point these days, but at the time there were certainly some transaction exceptions that you could still work on, the transaction you could still get the Chargeback – the full chargeback liability product sold into the to the customer. There were also some other ways that you could support the merchants, whether it be policy abuse or other products. And at the time, there was also some thought of potentially even working with issuers, some of which sounds like you're doing now.

I wanted to shift that same framework or discussion around Apple Pay, Google Pay and other wallets that come with a similar liability shift. And just to talk about some of the things you could do with merchants as more and more volume shift to Apple Pay and Google Pay, is it fair to assume that in some cases that kind of takes those transactions out of the TAM for Chargeback guarantee? And are there still ways that you could work with the merchants on Apple Pay and Google Pay transactions?

**Eido Gal**
*CEO, Riskified*

Hey, Tim, thanks for that question and happy to explain. We definitely see Apple Pay within our merchants and the amount varies by the category. So for example, when you think about the food category that's been very resilient and growing for us, probably have a higher concentration of Apple Pay transactions relative to other industries like luxury fashion. The way we think about it is (a), there's not always a guarantee or liability shift in those instances. For example, if the merchant initiated a transaction, there's no liability shift, if you have various geographies or you exceed certain limits, then there's no liability shift. And because of that, some of our merchants would prefer to send us those transactions for the guarantee, and some of our merchants would prefer to send us those transactions under what we call a scoring or non-guaranteed model.

We're very open to both of them. There's less of an impact on total revenue for us in these scenarios and let me give you – let me give you a concrete example that happened a few weeks ago, right? We were in contract negotiations with the merchants and we would either offer them a blended risk adjusted fee of 30 basis points for all the volume, including Apple Pay, or there was an alternative offer that said, you know, a risk adjusted fee of 35 basis points, right, for all of the credit card volume with a fixed fee of $0.10 for, you know, kind of call it Apple Pay transactions.

So because our pricing is risk adjusted, we would assume that the comparable if Apple Pay is included or not, nets out to something very, very similar, which is very different from the PSD2 example, which created a loss in volume.

On the market side, look, when we think about, you know, e-commerce, travel, remittance, delivery ride hailing, that's probably an $8 trillion market today. Obviously, you need to, you know, haircut some of those numbers to get to our TAM, But you are right that the Chargeback guarantee aspect of that is going to be a few trillion in volume and there are a few hundred billion maybe like, well, trillions right now that's in alternative forms of payments where the liability might sit differently. So that's our kind of overall approach there.

**Tim Chiodo**
*UBS*

That's really helpful context on the Apple Pay and also the example that you gave. The next question is more of an industry question, just given the data that you have and my understanding is the integrations are extremely thorough with your merchants and therefore you get to see a lot of information that maybe other – others in the payments ecosystem don't see. But this topic or category of autofill platforms, whether it be PayPal's Fastlane or Stripe Link or the shop anywhere offering it's gaining attention within the investment community. And what do you see from your – see if you had any thoughts on either uptick or advantage or conversion or if there's any liability or shift that's involved with any of those offerings?

**Eido Gal**
*CEO, Riskified*

I'm sorry, I would have to say that I'm tangentially familiar, but it's definitely not something that I have kind of any numbers or analysis that I would feel, you know, comfortable in sharing right now, just without digging a bit deeper into that.

**Reggie Smith**
*J.P. Morgan*

Hey, good morning and thanks for taking the question. Congrats on the. On the Japan retailer win. I guess this is going to be probably a tough question but I'm curious if you can contextualize or quantify, provide a little more color around your implementation pipeline, I guess, for the back half of the year this year versus last year. And maybe talk about that like on a volume – expected volume basis, just curious and trying to, you know, better understand like what the growth stats kind of look like. So any color you can provide there would be helpful.

**Eido Gal**
*CEO, Riskified*

I think the trend is definitely seeing more diversification across product and geographies, which, again, as anticipated and makes sense, we have a more mature product. We have more success and better representation in some of the newer geographies and more marquee clients that are using that Japan example, being able to onboard one of those top 10 merchants that's an extremely well-known brand really helps us in the domestic Japan market to have more success there.

So I'm seeing that. I think Aggie mentioned that we're seeing more new business wins, new logo activity as compared to upsell. So that was a big focus for us, so that's definitely something that you can feel within the pipeline. And I think that's kind of good color and how what I would characterize it.

**Reggie Smith**

*J.P. Morgan*

When I think about the holiday season, I generally take it I could be totally off base here that merchants don't want to do much before the holidays. These signings that you're talking about, are they expected to be implemented in the back half of this year or is that more of a 2025 type thing?

**Eido Gal**
*CEO, Riskified*

No, we certainly have a robust pipeline that we anticipate to go live between now and the end of the year. You're right there are definitely some merchants, especially ones that have seasonality built into them, you know, they have code freezes at some point and that's taken into account. Other merchants, by the way, in different are less impacted by that.

**Reggie Smith**
*J.P. Morgan*

And then one last question and maybe you can help me understand. Looking at the comparisons from last year, you stepping into optically, easier compares in the back half of the year. I can appreciate that the macro is data sensitive, but maybe help us kind of put all of that together, you know, my math and there may be some noise in here is that the sequential compare for growth in the back half of the year is probably 10 points easier. So I'm just trying to square that, I know that we had the Beyoncé and Taylor Swift thing last year. What more can you kind of tell us in terms of comparison to kind of square those numbers a little bit? That's all I have, thank you.

**Aglika Dotcheva**
*CFO, Riskified*

Yeah, sure. So if I think about, you're right, the back half of the year last year we saw some softness already starting on the margins, especially in high fashion and just fashion and the overall holiday seasons were more muted. So, it should be a better and easier comparable this year. And maybe the other factor as well is like is at home industry at last year, the home industry, we were kind of going through a very large upsell. So, home was very strong but in Q4 specifically, home doesn't have like this uptick as in its as some of the kind of the other industry. So potentially this should be easier as well in terms of effect on Q4.

**Gil Luria**
*DA Davidson*

Appreciate the update around the new logo trends, but wanted to understand some of the feedback we got from the Ascend Conference this year, if that translated to any of the new business momentum you noted this quarter?

**Eido Gal**
*CEO, Riskified*

Sure. Thanks for that. So let me just recap what Ascend is in case not everyone is familiar, it's the annual Riskified User Conference. We just had it this past quarter. Best Ascend we've ever had and merchants, more prospects, more industry partners. And the feedback was really outstanding, and that was a great learning experience and networking experience for our merchants. For us, it was a great way to receive some of this feedback. And it definitely was a catalyst for a lot of new business conversations. I think people are way – people came out with a different appreciation on the depth and scope of the offering and the ultimate value.

So we do see, you know, create ROI for them and we look forward to continuing with this event and other regional events in the future.

**Gil Luria**
*DA Davidson*

And then I guess lastly, you mentioned, I think it was Agi, you mentioned you're excited with some of the Americas in the APAC growth and the company is gaining share. Can you maybe explain what do you mean by gaining share? I mean who is this coming from, greenfield opportunities, from homegrown solutions or this is more competitive displacement?

**Aglika Dotcheva**
*CFO, Riskified*

I would say that I'm very happy with some of the growth that we're seeing in these regions. So again, these are kind of smaller categories compared to some of the US region, which is the largest category for us. But being able to show this traction and continual growth it's something significant.

**Eido Gal**
*CEO, Riskified*

Yeah and I would just highlight, I think there may be some slight nuances between geographies on who the exact competitor set is, but the overall thesis is the same. We work with large enterprises, the large enterprises have internal teams to manage this process, these internal teams use a variety of solutions. Some of them modern, some of them kind of more legacy. And we see that across all geographies.

**Clarke Jefferies**
*Piper Sandler*

Hello. Thank you for taking the question. First question is, you know, a clarification given the disparity in the growth rates that you're seeing in the region, I wanted to clarify the softness that you saw in Q3 in the sort of reflected change in the full year guidance. Were there specific regions that stuck out in terms of softness? Is it heavily weighted to, say, North America or a certain region? Or was there an assumption change across all regions in the back half? And then one follow up.

**Aglika Dotcheva**
*CFO, Riskified*

Thank you for the question. So I would say that we called out EMEA as being softer, we previously projected that it's going to grow slowly now, we project that it's going to be kind of flattish for the year. And the primary reason for this category compared to – for this category compared to other geos is really the weighting of the industry for some of the merchants there. Like we do have a composition of merchants in EMEA with a high weighting from fashion, from travel and these are the categories that I called out as being softer and impacting kind of the numbers.

**Clarke Jefferies**
*Piper Sandler*

Perfect. And then and then a follow up is just, you know, some of those product announcements that came out of Ascend, Policy Decisions and Decisions Studio. Can we get the timing of GA, if they're not already GA and maybe some of the benefits of that more self-serve functionality and how explicit were some of these product innovations from the sort of recommendation of customers? Or are you sort of pushing the envelope of where you want to take the solution long-term? Thank you.

**Eido Gal**
*CEO, Riskified*

So the Policy Studio that you're mentioning is part of our overall policy product, which enables merchants to individually tailor their policy decisions, but also leverage some of our network and machine learning capabilities in order to do that. That product has not been kind of officially as a GA yet, but we're definitely looking forward based on the feedback to release it soon. And some of the other parts that we have launched, you know, I think we mentioned on the release today the auth rate enhancements, the value that we've been seeing there. We also mentioned that in Ascend, which is where we can package and share enriched information with the card issuing bank, seeing over 100 basis points and improvements on participating merchants and banks.

So there's definitely kind of a mix there of stuff that's already been released and providing value and stuff that's kind of coming up soon.

**<End of Q&A>**

**Eido Gal**
*CEO, Riskified*

Thank you, everyone, for joining our call. We look forward to updating you in the quarters ahead.