Riskified First Quarter 2022 Earnings Transcript

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Good morning and thank you for joining us today. Riskified is hosting this call to discuss its fourth quarter and full year 2021 financial results for the period ended December 31, 2021. Participating on today's call are Eido Gal, Co-Founder and CEO; and Aglika Dotcheva, Chief Financial Officer.

Earlier this morning, Riskified issued a press release announcing its fourth quarter and year-end results. A copy of this press release has been furnished with the Securities and Exchange Commission on Form 6-K.

Before we begin, I want to remind you that matters discussed on today's call will include forward-looking statements related to our operating performance, financial goals and business outlook, which are based on management's current beliefs and assumptions and are not guarantees of future performance. You should not put undue reliance on any forward-looking statements.

Please note that these forward-looking statements reflect our opinions as of the date of this call, and except as required by applicable law, we undertake no obligation to revise this information as a result of new developments that may occur.

Forward-looking statements are subject to various risks, uncertainties, and other factors, some of which are beyond our control, that could cause our actual results to differ materially from those expected and described today. In addition, we are subject to a number of risks that may significantly impact our business and financial results.

For a more detailed description of our risk factors, we encourage you to read Riskified's periodic and other SEC filings where you will see a discussion of factors that could cause the company's actual results to differ materially from these statements.

A replay of this conference call will be available on our website under the Investor Relations section.

I would also like to remind you that during the call, we will discuss some non-GAAP measures when talking about Riskified's performance. The presentation of this financial information is not intended to be considered in isolation or as a substitute for or superior to the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making.

You can find the reconciliation of those non-GAAP measures to the nearest comparable GAAP measures in the earnings press release issued and furnished on Form 6-K today and in our prior filings with the SEC, all of which is posted on our website at ir.riskified.com.

I will now turn the call over to Eido Gal, Riskified's Co-Founder and CEO.

Eido Gal, Chief Executive Officer, Riskified

Thanks Chris and hi everyone.

Overall, I am pleased with our strong first quarter results. During the quarter we reviewed $22.7 billion of GMV for our merchants, up 20% year over year, and we achieved revenues of $58.8 million, up 15% year-over-year. These results reflect continued growth within our existing customer base, the addition of new customers, and improving growth in both GMV and Billings from our ticketing and travel merchants.

We continue to execute on a successful “land-and-expand” strategy that drives GMV gains and long term gross margin expansion as customer engagements grow and mature. Several large existing customers expanded their contractual relationships with us by submitting additional order populations through the platform in Q1.

With the vast majority of merchants globally still relying on in house solutions that we consider to be slow, inaccurate, expensive, and inflexible, we believe the market remains ripe for disruption. We are already seeing positive returns and momentum from our previous investments and remain focused on opportunities that we expect to deliver high ROI for Riskified. These focused efforts include pursuing market share gains in new industries and new geographies and continuing to expand our product suite to help merchants navigate adjacent eCommerce friction points.

Before sharing some notable accomplishments from the first quarter, I’d like to comment on the eCommerce environment, which, on balance, we think remains very attractive for us.

We believe our well-diversified client base positions us to benefit from the resurgence of travel, live events and other in-person activities. Our existing merchants in those rebounding categories continue to drive strong GMV gains and revenue growth for us.

At the same time, we are seeing a deceleration in pandemic-driven demand in other categories relative to 2021 levels. This was particularly evident in U.S. “stay-at-home” categories. We believe that this may force merchants in these categories to pursue operational improvements for profitable growth – operational improvements which were put on the backburner last year. This dynamic makes our solution -- which is designed to enhance revenue, guarantee cost savings, and promote frictionless checkout experiences – even more compelling. We believe this dynamic will help drive additional customers onto our platform in the near-term.

Now, a few significant accomplishments from the quarter.

First, while we continue to be well-diversified across multiple industries, we did experience record merchant activity across airline travel, event tickets and similar products within our Ticketing and Travel category. As a result, our total GMV from Ticketing and Travel grew 291% year-over-year.

Second, we added several large new merchants in the back half of last year whose volumes have meaningfully ramped since that time, including the first quarter of 2022.

Third, we added several new merchants in established verticals including luxury fashion, fast fashion, and diversified omnichannel retailing. Of particular significance, we signed one of the world's largest online fashion retailers that is revolutionizing the fashion industry with a presence in over 150 countries. We believe this further expands the already large upsell opportunity that resides within our existing customer base.

Before I wrap up, I'd like to share a real-world customer story so you can better understand how we retain our merchants so successfully while also deepening our relationships over time. I think this will demonstrate how closely this scenario ties back to our core "land and expand" and product platform strategy.

REVOLVE is the next-generation fashion retailer for Millennial and Generation Z consumers. Revolve began working with Riskified in 2019 using Deco to recover failed payment transactions. Over time, our relationship has expanded to the point that REVOLVE now leverages multiple Riskified products to address several, high-value use cases.

After integrating Deco, REVOLVE then decided to use our Chargeback Guarantee product for a portion of their online orders. Over time, the strength of our Chargeback Guarantee product allowed us to guarantee a larger percentage of their eCommerce volume and as of Q1, the vast majority of their card-not-present orders are submitted to us.. REVOLVE's trust in Riskified extends to Account Secure, which REVOLVE has been piloting to identify suspicious account activity since January. In combination with our core Chargeback Guarantee, Deco and Account Secure help REVOLVE optimize for the right amount of risk throughout their entire conversion funnel, driving more profitable revenue with lower operating costs and a world-class checkout experience.

Of course, this is just one example. But it's illustrative of the deep, trusting relationships we form with our merchants over time. The combination of multi product integrations and outsized ROI has helped us retain merchants at a phenomenal rate. Our extremely high retention, diversified sector exposure, new client additions and existing client expansion position us very well to deliver on our long term growth objectives and path to profitability.

I'll now turn it over to Agi, who will cover the financial results in more detail.

Agi Dotcheva, Chief Financial Officer, Riskified

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

As Eido mentioned, our GMV for the first quarter was $22.7 billion, reflecting a 20% year-over-year increase. We achieved record first quarter revenue of $58.8 million, up 15% year-over-year. The growth in GMV and revenue during the quarter was driven primarily by the continued expansion of our platform across new and existing merchants, and penetration across industries and geographies.

Despite the tough year-over-year growth comparison for overall e-commerce volumes, we continue to benefit from broad diversification across industries. Fashion & Luxury Goods continued to grow and remained our largest contributor to Billings. Tickets and Travel has rebounded significantly, more than tripling compared to the prior year.

We continue to further diversify through the expansion into new industries. In fact, while still early days, our newly created money transfer and crypto category added more than $1 million in Billings compared to a negligible amount in Q1'21.

From a geographic standpoint, during the first quarter, we nearly doubled our Billings in EMEA, with 92% year-over-year growth, primarily driven by the recovery of the travel industry. Our billings in APAC tripled year-over-year as a result of our continued investment and penetration in this market. Overall, we are very pleased with our performance in EMEA and APAC.

Alongside the positive traction we are seeing in the business, some of our merchants were impacted by the global year-over-year eCommerce slowdown due to the easing of COVID restrictions, as well as supply chain issues and other macroeconomic factors. As a result, we continue to see softness in some of our more mature merchants, particularly in the US "stay at home" categories. We believe that some of these near-term factors may continue to create unusual year-over-year comparisons for our business, but we believe that these will be transitory in nature as the eCommerce environment reverts back to pre-pandemic normalized long term growth rates. And as we previously mentioned, while the

PSD2 implementation continues to create some headwinds, we anticipate these to start tapering off in the back half of the year as we begin to lap the growth impacts from that new regulation.

Continuing with gross profit margin. As we've mentioned in the past, gross profit margin is a metric that is best analyzed on an annual basis, as individual quarters can fluctuate mainly due to changes in the industry mix of our billings and revenues, seasonality factors, the ramping of new merchants, the varying risk profiles of transactions approved and other business priorities.

Our gross profit margin for the first quarter of 2022 was 52%, versus 53% in the prior quarter, Q4'21. This change is mainly related to typical eCommerce seasonality. As we mentioned in the past, Q4 tends to carry a lower risk profile, mainly due to the holiday shopping season, including high volume eCommerce events such as Black Friday and Cyber Monday, which mostly attracts legitimate online shopping activity.

We remain on track to meet our annual gross profit margin target.

Total non-GAAP operating expenses for the first quarter were $44.1 million, up 52% year-over-year. As we described in our previous earnings release, in 2022, we're executing on a cross-functional investment plan to meet the increasing demand of our merchants. Key areas include investments to help our merchants manage a broader range of disputed transactions, including fraudulent refund requests, abusive coupon usage, and multiple chargebacks types. We are also fortifying our ability to support new geographies like APAC as well as new industries to serve our growing merchant base. We consider this year as the peak of investments and as always, we'll look for proof of ROI and growth before we decide to incrementally invest.

Our investments, coupled with the incremental cost of building public company infrastructure, drove higher losses in adjusted EBITDA during the quarter.

Adjusted EBITDA loss for the first quarter of 2022 was $13.4 million.

We continue to maintain a healthy cash flow model, with free cash flow of negative $10 million which remains closely aligned with our adjusted EBITDA results.

Moving to the balance sheet, we maintain a very strong liquidity position sufficient to support all of the investments we are contemplating as we move towards profitability. We ended the first quarter with more than $500 million of cash and deposits on the balance sheet, and we carry zero debt.

And now turning to guidance for 2022. In terms of our outlook for the full year, we are reaffirming our initial guidance ranges shared in late February.

We are pleased to be off to a good start to the year and remain encouraged by recent growth in the tickets and travel industry, our geographic expansion and the long-term growth opportunities in front of us. At the same time we are closely monitoring high variability within important macro drivers such as eCommerce, supply chains, and the broader global economic environment at large.

To reiterate for the full-year 2022, we continue to anticipate revenue between $254 million and $257 million and Adjusted EBITDA losses between $(69) million and $(66) million. For modeling purposes, we expect a weighted average share count of approximately 166 million.

We expect our Q2 year-over-year revenue growth rate to be lower than Q1 reflecting the year over year growth impact of the above mentioned headwinds, and for our growth rate to reaccelerate in the back half of the year.

That concludes our prepared remarks. We look forward to continuing to report our progress to you in the coming quarters.

Operator, we are ready to take the first question, please.

Operator

Our first question comes from Josh Beck with KeyBanc.

Josh J. Beck ***KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst***
Yes. I wanted to go probably at a macro level to start. Obviously, reopening has really created lots of variant trends across the economy. So I'm just kind of curious with maybe respect to the business outside of ticket and travel, what you're thinking about from a same-store sales perspective. I think the last third-party forecast that we had is probably a little bit stale at this point. So just curious on what you're embedding and kind of what you're seeing across verticals.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Josh, thanks for the question. So I think we're definitely seeing stay -- the stay-at-home business this year is starting to kind of temper down, and we're seeing some movement downwards there, whether it's home furnishings, kind of personal fitness, really very consistent with what's been out there.

The strength of the ticketing and travel industry on our end has helped make up for some of that softness. So on a whole, it's been kind of awash. And really, the growth that we've seen throughout the quarter, that 15% is really attributable to new business that's been ramping over the past [4] quarters.

Josh J. Beck ***KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst***
Okay. Very helpful. And then maybe to follow up on Agi's point around profitability, as you mentioned, fairly low level of nominal cash burn in the quarter. How are you contemplating the path to profitability? What levers are you pulling? And how should we think about that?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Sure. So let me take a step back here, right? When you think about Riskified in 2019 and 2020, we were basically hovering around profitability, slightly profitable. And then I think in 2021, we kind of said, hey, we have basically 0 churn. We have an amazing cohort of some of the best eCommerce companies in the world. And we have a great data and machine learning platform, and let's see what other problems that they all share that we can help solve for them.

And that's really how we spun off our product platform strategy. And we started to invest and build enterprise-level significant products, 4 of them that would be Account Secure, Policy Protect, Deco and Dispute Resolve. And so we did that into 2021. And we also decided, hey, we have this amazing global opportunity ahead of us. So let's expand our global go-to-market reach as well, right? So we're really seeing the impact of those investments.

And as we previously shared, that's going to peak in 2022. And we're actually going to see in the back half of 2022 spend as a percent of revenue is going to start trending down. And we're going to see meaningful improvements in 2023.

And really when you think about those investments, we're incredibly happy with them, right? When you think about APAC growing over 3x, when you think about EMEA doubling, we shared some of the initial proof points and traction of some of these products. So we think it's positioning us very, very well into the future.

But we also think we have the right team to pursue those opportunities now. So we don't see incremental spend on top of that, which is why we think we'll be able to show very significant leverage.

And remember the earlier cohorts that we have are very profitable. And just talking about the cash balance, I mean, it's so much more than enough than we need to go towards profitability that we feel very confident.

Operator
Our next question comes from Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang ***JPMorgan Chase & Co, Research Division - Senior Analyst***
Eido, I liked your comments around what clients are thinking in this current environment. So I wanted to ask just the sales versus cost savings focus for prospective clients, what resonates more now? And I totally understand the need to drive more sales and the clients also wanting to save on costs. And with chargeback guarantee, they take out more costs, but you do guarantee cost savings. I was trying to balance where we are in that if you'll call it, tension between sales and cost

savings if you follow my logic there?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
No. Yes, that's a great question. I would say relative to last year, we're definitely seeing more interest around the cost savings aspect, right? So I think in some of the numbers that we previously shared for the top 10 clients, over 40% reduction in cost, right?

So when you're growing 100%, 200%, that can sometimes take a backseat. We think that what we see is that in today's environment, the fact that we're able to drive cost down in such a meaningful way while maintaining higher approval rates in that frictionless experience is definitely gaining more traction relative to last.

Tien-Tsin Huang ***JPMorgan Chase & Co, Research Division - Senior Analyst***
Good. No, that makes sense. That makes sense. So my quick follow-up. I know Josh asked a little bit on this, but just on the EBITDA piece of it, the upside there was bigger than the dollar revenue upside in our model.

So with you reaffirming EBITDA for the year, it looks like it implies some elevated losses from first quarter. Is there some step-up in investments away from revenue shifts? Just trying to better understand sort of the cadence on EBITDA here.

Aglika Dotcheva ***Riskified Ltd. - CFO***
Thank you for the question. So we're happy with the performance in the first quarter. I would think that some of the adjusted EBITDA is timing. So some of the savings there we expect to kind of like, due to a timing issue, to be incurred in Q2.

Having said that, H2 is going to be a better adjusted EBITDA period versus H1. And that's related to kind of our past profitability and where we see about scaling our -- back on our investments and accelerating some of the top line, ultimately kind of resulting in better adjusted EBITDA in the back half of the year.

Tien-Tsin Huang ***JPMorgan Chase & Co, Research Division - Senior Analyst***
In the back half. Got it, Agi.

Operator
Our next question comes from Bob Napoli with William Blair.

Robert Paul Napoli ***William Blair & Company L.L.C., Research Division - Partner and Co-Group Head of Financial Services & Technology***
So PSD2 -- if not for the implementation of PSD2, what would have -- any thoughts on what your revenue growth would have been in the first quarter? And I guess maybe just in line with that, it was kind of part of the same question, your confidence in getting back to 20% or better top line revenue growth as you get to 4Q and look at 2023.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
So I would say that in the first half of the year, our internal modeling, again, this is internal projection, it's hard to be very precise, is that it would be mid- to high single-digit impact on growth from PSD2. And in the back half of the year, probably mid- to low single-digit impact from PSD2.

When you take that together with -- I think that's clearly in line with our previous growth algorithms and within the ranges that you mentioned.

And just on confidence, we're extremely confident. It's just something that we're cycling out of, and we're anticipating minimal to no impact in 2023, talking about 1, maybe 2 percentage points of growth.

Robert Paul Napoli ***William Blair & Company L.L.C., Research Division - Partner and Co-Group Head of Financial Services & Technology***

Great. And then on new business development, what does the pipeline look like? And has the pipeline increased with the implementation cycle? So I mean how much ARR are you adding year-over-year? Any color on new business? Anything you can quantify on the new business side on ARR added would be really helpful.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
No, I think we're very happy with the sales team, and they've been performing extremely well. I would say that to quantify it, again, the entire growth that we're seeing in Q1 is a result of new business, okay, that was onboarded and has the annualized effect in Q1 of 2021.

When we think about our pipeline, again, we continue to see both the global expansion, the product expansion, the changes in the market environment where people are looking to optimize cost for increased sales. We think those are all great contributors.

Robert Paul Napoli ***William Blair & Company L.L.C., Research Division - Partner and Co-Group Head of Financial Services & Technology***
And then just lastly, the stability of unit economics of pricing, the competitive environment, pricing, unit economics, stability there that allows you to drive towards your long-term EBITDA margin targets.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
I think the value in the product, right, it's really risk-adjusted pricing. So we work hard with our merchants to make sure that there is kind of positive ROI at day 1, both on the cost savings side, but also on the incremental sales.

Within that, we see that as we get more data, a larger, more experience in verticals, categories and geographies, we're able to drive uplift to our margins and kind of on track for our longer-term targets.

Operator
Our next question comes from Terry Tillman with Truist Securities.

Terrell Frederick Tillman ***Truist Securities, Inc., Research Division - Research Analyst***
My first question is really about becoming a platform company. Obviously, the strength and the leadership you have in chargeback guarantee, it's well known. You talked about REVOLVE earlier. So it was great to hear about kind of the expansion side. So whether it's Account Secure and Policy Protect, Deco, can you talk a little bit about where you have had the expansion, what kind of like billings uplift? Or what kind of take rate increase? What do you see when that occurs?

And then the second part of that first question is how much of these go-to-market investments are focused on this expansion sales opportunity as opposed to the new geos or the new verticals? And then I have a follow-up for Agi.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Terry, thanks for the question. So the vast majority of the go-to-market is focused on the global expansion more so than the cross-selling opportunities of new products. The new products are still more nascent in the stage that they're going live with a handful of merchants as we build up their capabilities, and we think they'll drive more meaningful revenue in 2023 and beyond. From a revenue perspective, they are more auxiliary to chargeback guarantee and that's how we anticipate it continuing.

Terrell Frederick Tillman ***Truist Securities, Inc., Research Division - Research Analyst***
Okay. Got it. And then maybe, Agi, for you. I know this is a hard question because quarter-to-quarter, there can be just dynamics that play out, but I'm wanting to hone in on gross margin. And there's also puts and takes with ticketing and travel that has a different profile and then these new industries.

But really part of your old value prop, though, is the more clients you have, the decisioning engine gets smarter. And so there's going to be better success for both you and your customers. Is there anything that should get in the way of gross margins on an annualized basis expanding over the next couple of years as we get into '23 and beyond? What would be the gating factor to gross margins expanding?

Aglika Dotcheva ***Riskified Ltd. - CFO***
Yes, sure, and thank you for the question. So when I think about historically speaking, we've been able to improve CDB on a coverage level over time. And we believe this type of improvement will help drive long-term margin expansion. And as our cohorts mature across the portfolio of merchants that we have, this is the type of movement that I expect to see.

In the midterm, when I think about our gross profit margin, it's primarily driven by the portfolio and the mix of merchants that we have in a single quarter. Specifically for this quarter, the portfolio of merchants that we have today is very different than what we had a year ago is driven by a number of factors like transaction risk level, industry mix, geo mix, business priorities, just there's a lot of different factors.

Having said that, we do look on a gross margin on an annual basis, and we encourage you to do the same. We believe that our quarterly performance puts us in a very strong position to meet the annual target that we provided previously. And we look forward to update you as we continue to progress.

Operator
Our next question comes from Timothy Chiodo with Credit Suisse.

Timothy Edward Chiodo ***Crédit Suisse AG, Research Division - Director***
I wanted to talk about the strong growth in the travel and events vertical, the 291% that you quoted. If you could provide some context around, clearly, there was a large component of either wallet share gains with existing customers and/or meaningful additions of new merchants. Maybe you could provide a little bit of color there.

And then on a more quantified basis, if you're able to tell us what the percentage of GMV in the year-ago quarter was, meaning what was travel and events during Q1 2021 as a portion of your GMV.

Aglika Dotcheva ***Riskified Ltd. - CFO***
Thank you for the question. So let's take the second part just to address the tickets and travel first. I think we -- as we said, we tripled over prior year. I'll say that very much off the top of my head, we were around 6% of our billings and probably now it's a little bit higher than [20%].

So without being very, very accurate in this number, this is kind of like the right ratio to think about the increase in tickets and travel.

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Yes. And if we want to talk specifically what makes it up, is it net new additions or is it just new clients or wallet share expansion, the majority of that would certainly be from existing clients who are rebounding. But we also did a kind of see significant clients that we're looking to have a more variable cost structure throughout the pandemic, right, that can easily scale without any manual intervention. So we're definitely seeing some of that benefit as well.

Timothy Edward Chiodo ***Crédit Suisse AG, Research Division - Director***
That was really helpful, both of those. A brief follow-up that's more of an eCommerce macro type of question. You mentioned in your prepared remarks the supply chain issues, which has been a common discussion point around eCommerce.

Is there anything that you're seeing from discussions with your clients or from the data that you have that would suggest that things there are the same, better or worse heading into the current quarter?

Aglika Dotcheva ***Riskified Ltd. - CFO***
So internally, we don't see it's getting worse. We've kind of start seeing this trend and persisting in the quarter.

Having said that, there are different reports from our public clients, merchants, and they expect -- overall they expect this to persist throughout 2022. So in that sense, it's no different from what we've reported in the past.

Operator
Our next question comes from Will Nance with Goldman Sachs.

William Alfred Nance ***Goldman Sachs Group, Inc., Research Division - Research Analyst***
I wanted to ask a question on distribution. Clearly, you guys have differentiated technology and are a leader in the chargeback guarantee space. Do you see opportunities down the line for more of a partnership approach either through referrals or white labeling so that you could leverage the distribution of network of others and potentially scale the business a little faster?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Will, thanks the question. It's definitely a focus for us and part of go-to-market expansion aside from these geographical expansions is expanding the partner platform, and I think you got it exactly right. It's either through referrals or it doesn't have to be necessarily white labels, but for more an integrated solution that can onboard multiple merchants in a seamless way.

I think we've previously shared we've had some success there as we're continuing to build that -- those capabilities. There are some unique product nuances that we're making -- working through to make sure they're exactly right. But to your earlier -- we do believe we have a differentiated and the best chargeback guarantee platform, and we're thinking through how best to distribute it, and partners is definitely an important concept.

William Alfred Nance ***Goldman Sachs Group, Inc., Research Division - Research Analyst***
Got it. Makes sense. And then I just wanted to follow up on the points that you made around OpEx trending down as a percentage of revenue in the back half of the year. And I think there's another comment made about making progress towards profitability in 2023.

How are you thinking about the rate of OpEx growth as we exit the year? Could we be thinking about out 2023 for like a flattish OpEx type of year?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
I would say that we're incredibly happy and confident in the team we have and our ability to execute both on the global expansion plans and on the product opportunity set. So without going into anything like guidance for 2023, we think we'll be able to drive significant improvements.

Operator
Our next question comes from Brent Bracelin with Piper Sandler.

Clarke Jeffries ***Piper Sandler & Co., Research Division - Research Analyst***
This is Clarke Jeffries on for Brent Bracelin. Really encouraging to hear about the merchants ramping volumes in 1Q and seeing 20% GMV growth even in a challenging market.

I was wondering if you could comment on how the volume expansions or the submission of additional order populations are progressing so far in Q2? And how much visibility do you have to those expansions in the back half? How should we be considering that as a driver to growth for the full year, specifically the cohorts signed in the last year?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
Yes. So we're definitely on track so far within Q2, and it's -- the way we look at it, it's part of new -- that expansion, so both adding some of those new larger clients in Q1, but also seeing kind of persistent improvements within our existing cohorts and more and more segments being submitted to us over time.

Clarke Jeffries ***Piper Sandler & Co., Research Division - Research Analyst***
Got it. And then, Agi, on guidance, have the current trends come into your assumptions when you gave guidance 2 months ago? Or maybe said another way, embedded in the guidance, is there sort of an embedded assumption of an improvement in the same-store sales or the consumer sentiment? Or do you feel like right now the assumptions feel aligned with where the macro eCommerce environment is?

Aglika Dotcheva ***Riskified Ltd. - CFO***
Yes, thank you for the question. So we're really happy to be off a great start of the year. And obviously, the Q1 performance reflects that. Assuming that our positive execution continues to persist, we'll be happy to update our full year guidance in our next quarter.

But given that it's still early, and we just reported 1 quarter of results, coupled with some of the kind of the economic uncertainty in the macro environment, we're just spending flat with our original range. And there's really nothing more to read into that.

Operator
Our next question is a follow-up from Bob Napoli with William Blair.

Robert Paul Napoli ***William Blair & Company L.L.C., Research Division - Partner and Co-Group Head of Financial Services & Technology***
Just on the strategic front, with your strong balance sheet and the number of different private companies in the fraud and space globally, are there -- are you looking at any potential tuck-ins for technology or geographic expansion? Or should we continue to expect solely organic?

Eido Gal ***Riskified Ltd. - Co-Founder, CEO & Director***
We think we have the best technology and platform. So we don't think there's a lot of incremental addition for core chargeback guarantee or risk modeling. But to your point, maybe there are auxiliary products that are kind of interesting opportunities right now with kind of the cash balance that we have. And currently at the Board level, we're discussing those opportunities.

Operator
I'm showing no further questions at this time. This does conclude today's conference call. Thank you for your participation. You may now disconnect.