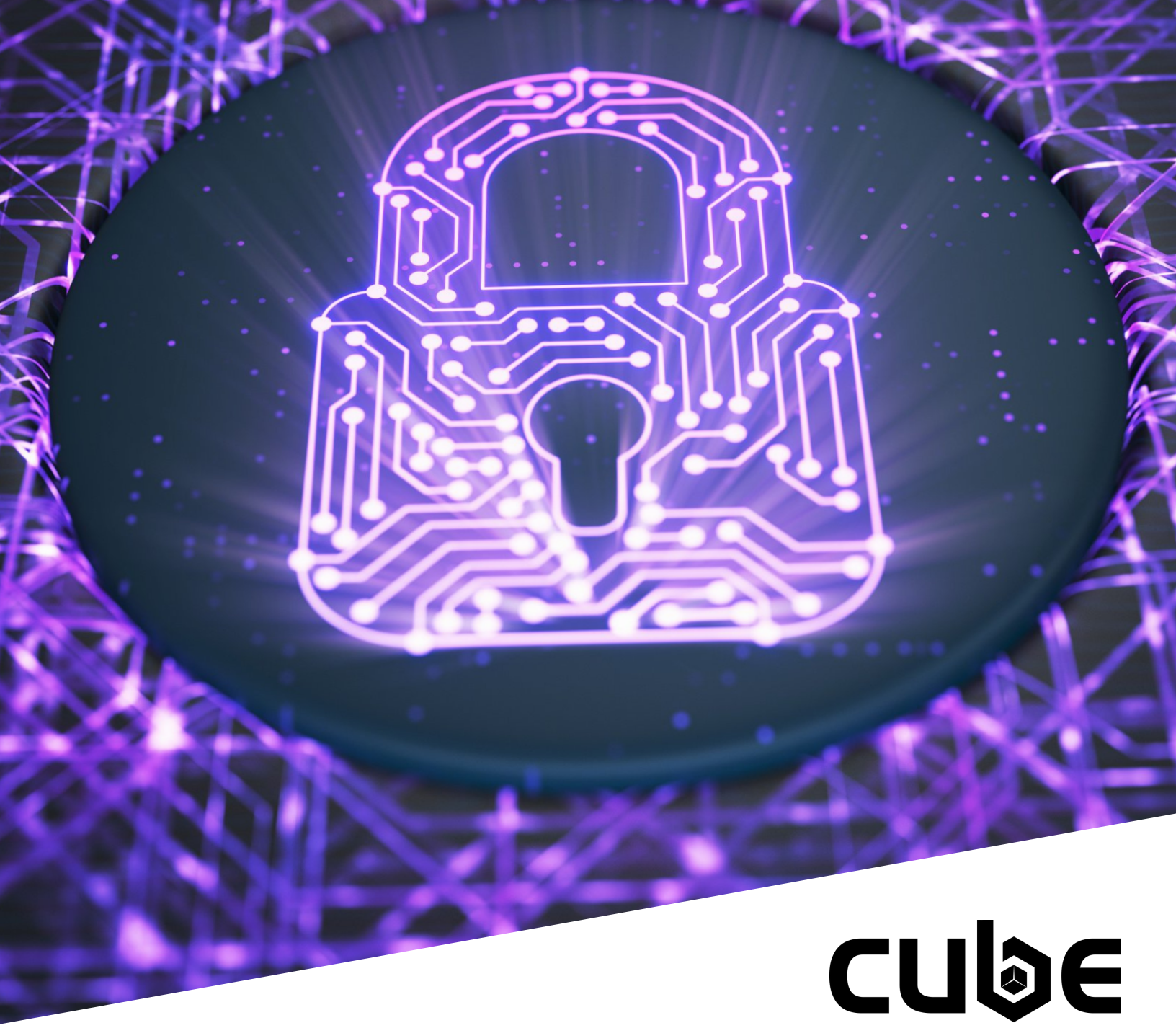

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CUBEWEALTH

RISKIFIED EQUITY REPORT

OCTOBER 25TH, 2021

RISKIFIED

BY THE NUMBERS

TICKER: RSKD
PRICE: $18.74

Riskified Ltd. operates an e-commerce risk management platform that allows online merchants to create trusted relationships with their consumers in the United States, Europe, the Middle East, Africa, and internationally. It offers Chargeback Guarantee that approves or denies online orders; Policy Protect, which identifies consumers that may be taking advantage of the merchant's policies in ways that defraud the merchant and harm them financially; Deco that helps merchants to combat bank authorization failures during the checkout process; Account Secure, which prevents unauthorized access to a consumer's account at the merchant's online store; and PSD2 Optimize that enables merchants to minimize the effect of the European Union's Payment Service Directive 2 regulations on their e-commerce business.

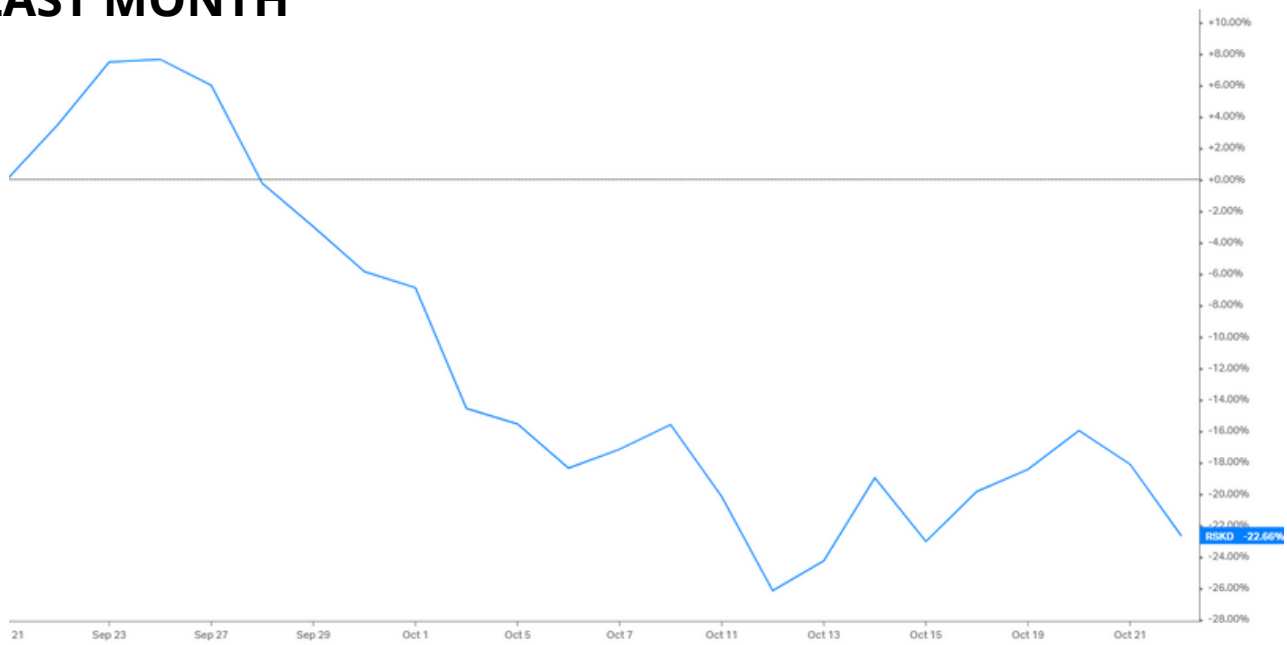
The company was incorporated in 2012 and is headquartered in Tel Aviv, Israel.

N/A	-28%	$3.0B
DIVIDEND YIELD	YTD RETURN	MARKET CAP

RISKIFIED (RSKD)

SHARE PRICE PERFORMANCE

LAST MONTH



ALL-TIME (JULY 2021)

ANALYSIS

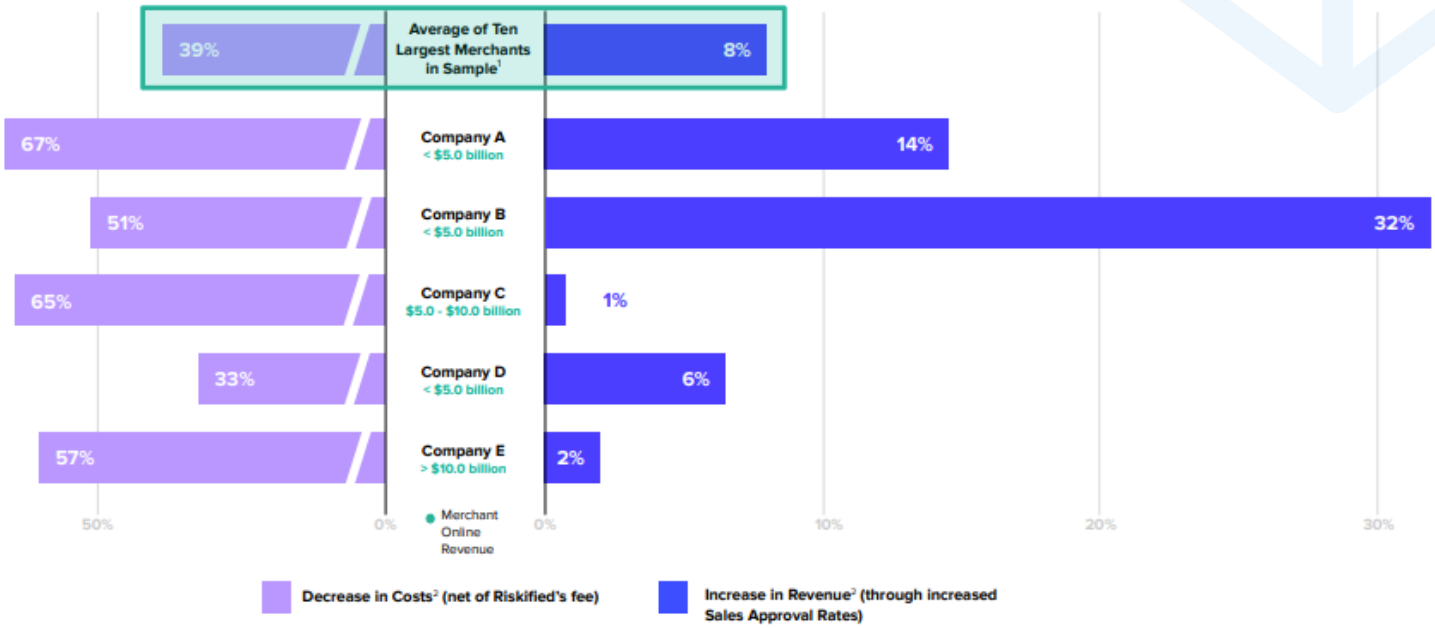
Riskified (RSKD) is classified as a cybersecurity company, and they are, but from a very different standpoint. The company provides an eCommerce risk management platform that allows online merchants to create trusted relationships with their consumers. Their risk management platform is broken up into 5 products:

- Chargeback Guarantee: Their core product that automatically approves or denies online orders with guaranteed performance levels that vary in accordance with merchants' priorities.
- Policy Protect: Helps merchants identify consumers that may be taking advantage of a merchant's policies in ways that are abusive and expensive to the merchant.
- Deco: Helps merchants combat bank authorization failures during the checkout process.
- Account Secure: Helps prevent a consumer's saved account with a merchant from being compromised by a fraudster.
- PSD2 Optimize: Enables merchants to minimize the effect of the European Union's Payment Service Directive 2 regulations on their eCommerce business.

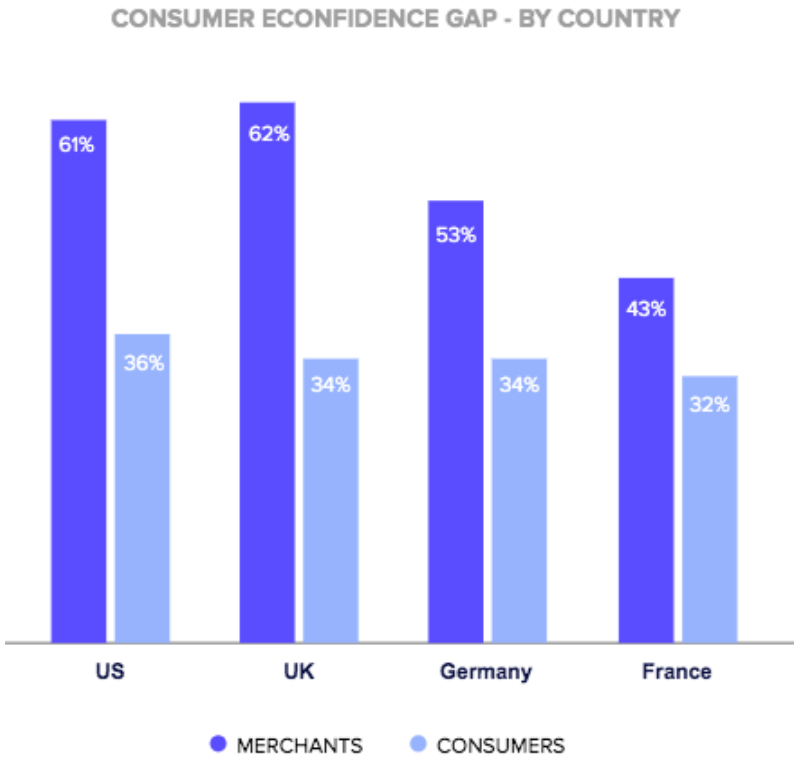
All of these tools, when combined, are designed to create the most seamless and safe checkout process for business with the intention of increasing conversion rates with as little risk exposure as possible.

Benefits:

- **Increase sales:** Allows merchants to generate higher revenues by increasing their approval rates for online transactions. Their platform can increase merchant sales approval rates by more than 20%.
- **Reduce fraud:** Their platform automatically identifies and rejects fraudulent online transactions that would result in unnecessary expenses for merchants. *They also assume the cost of fraudulent transactions if they are approved***.** Net of fees, their platform can reduce these costs for merchants, in some cases, by more than 60%.
    - We see this as a positive and a negative for the business. While RSKD is saving merchants 60% in some cases they are putting their own capital at risk by covering any cases whereby fraud takes place.
- **Reduce operating costs:** They replace antiquated systems and labor intensive, costly fraud fighting methodologies with automated algorithms that save merchants significant time and money. By reducing the operating costs merchants incur, they free resources that can be redirected towards growing their businesses.
- **Optimize consumer experiences:** Higher approval rates mean lower consumer drop-off and fewer false declines of legitimate consumers. Their product gives merchants the ability to take full advantage of emerging omnichannel flows such as buy-online-pickup-in-store and buy-online-pickup-at-curb without increasing the risk of fraudulent sales. In addition, they enable merchants to maintain consumer-friendly policies by preventing policy abuse and malicious account logins. This builds a stronger, long-term relationship between merchants and consumers, driving more sales to merchants over time.



On average, RSKD's ten largest merchants that provided data to them of their pre-Riskified performance by Billings experienced an 8% increase in revenue after integrating their eCommerce risk management platform. On average, those same merchants experienced a 39% decrease in fraud-related operating costs and chargeback expenses, net of fees.



The image above shows that confidence shopping online is still weak across many major countries - both on the customer and merchant side. Current trends are all playing right into Riskified's two-pronged approach of reducing the costs associated with fraud as well as growing revenue for merchants by capturing more failed payments - many of which are thought to be fraudulent but actually aren't.

Here are stats that will help propel RSKD's business.

- According to eMarketer, global eCommerce is expected to grow from approximately $4.3 trillion in 2020 to approximately $6.4 trillion by 2024. At the same time, consumers increasingly expect frictionless, omnichannel experiences and merchants are experiencing growing operating costs associated with fraud.
- According to Juniper Research, merchant losses to online eCommerce fraud will exceed $25 billion in 2024, up from $17 billion in 2020.
- U.S. retailers faced a 7.3% Y/Y increase in fraud costs (LexisNexis, 2020).
- The increased use of online payments and contactless credit cards also led to more CNP fraud, which is projected to rise by 16.4% in 2021 (Lourenco, 2021).
- According to the Economist, about 1 in every 7 eCommerce dollars are declined during payment authorization. Applying that to 2020 global eCommerce revenue, it is estimated that roughly $600 billion were lost to payment declines in 2020.
- Studies show that 28% of customers will completely abandon a purchase after experiencing a payment decline and another 14% will shop with a competitor instead.
- According to The Economist, an estimated 10% to 15% of online orders are declined by issuing banks.
- Riskified’s research also shows that 72% of declined orders are placed by legitimate customers who can afford to make the purchase.

Case Studies

REVOLVE

Revolve (RVLV) was founded in 2003 with the vision of leveraging digital channels and technology to transform shopping experiences. In 18 years, Revolve has grown into a publicly traded company with $581 million in net sales and $57 million in net income reported for the full year in 2020.

Problem: Significant percentage of potential customers were failing authorization due to declines by the payment processor, payment gateway, or banks. Even some existing customers with excellent credit were experiencing the costly friction of retrying checkout with another payment method, with many potential transactions still unable to overcome the authorization declines in the end. Another source of customer friction was that there was often no clarity on the reasons for the authorization declines. US credit card transactions were especially vulnerable, with millions of dollars of transactions failing authorization annually.

Solution: Chose RSKD's Deco solution. After two years, Deco matured into a product that during the first two months of 2021 recovered 18% of eligible payment failures in Revolve’s largest customer segment: US customers paying with credit cards.

Case Studies

Founded in 2004, Polish online travel agency eSky has rapidly positioned itself as a technology thought leader. Since selling its first ticket online in 2005, eSky has expanded into more than 60 countries and provides travel search capabilities to hundreds of millions of annual visitors hunting for the best deals.

Problem: Brazil is one of the biggest eCommerce markets in the world, but it’s also considered risky in terms of online fraud. Five years after having successfully penetrated the LATAM market, eSky got hit by a type of fraud and at a scale it had not previously encountered on its European site. Monthly attacks exceeded $1 million. For fear of fraud, the OTA was declining 17% of attempted sales, losing considerable revenue.

Solution: By deciding to rely on an RSKD's AI-powered fraud management platform, eSky was able to recoup 37.5% of its declined orders revenue in Brazil.

All in all, the company saw an 11% boost in global approval rates on average, while never having to incur the cost of a fraud-related chargeback again.

Case Studies

Founded in 1976, Finish Line is one of the leaders in the athletic footwear and fashion retail space. Today, the company has over 1,000 retail locations across North America, bolstered by a robust digital experience including online and mobile.

Problem: Online sales account for 21% of the company's revenue as early as 2017 and they needed to reduce its false decline rates and the time needed to review fraudulent activity.

Solution: Chose RSKD's chargeback guarantee solution and saw a 4% increase in approval rates, $0 spent on manual reviews, and a 70% decrease in chargebacks.

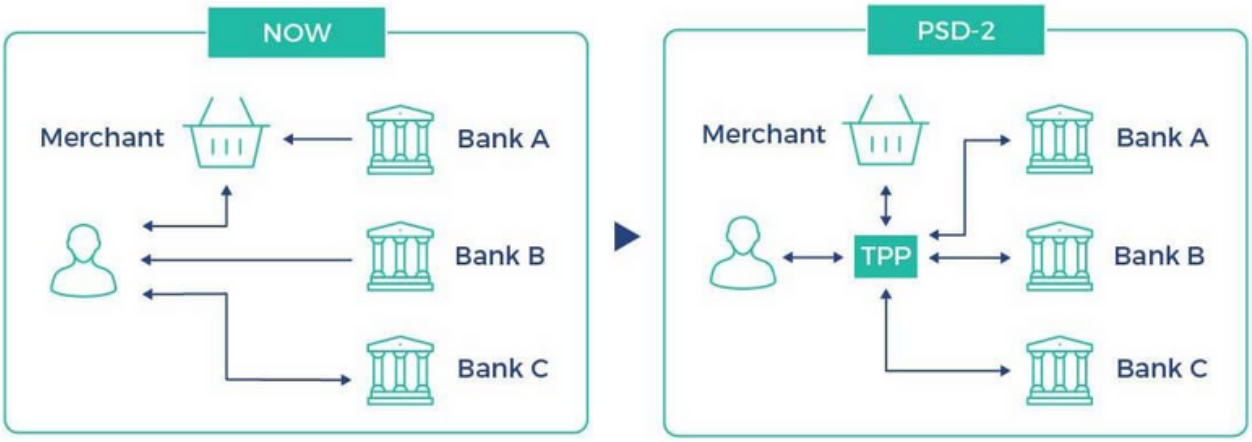
Regulatory Headwinds

One of the newest regulations for payment services and processors is the European Union's Payment Services Directive or PSD2. It is designed to boost digital banking innovation while increasing security and consumer rights. Although PSD2 is an EU regulation, it's expected to have a major impact on how banks, payment processors, and fintech firms do business globally.

The directive contains two key elements of particular importance for e-commerce merchants – Strong Customer Authentication (SCA) and the emergence of two types of new regulated payment providers designed to promote increased competition and innovation in banking and finance.

"As a result of PSD2 and existing card network rules, online merchants will no longer be liable for fraud for some portion of their European eCommerce volume. The market is still adjusting to this new regulatory framework, but we believe the associated GMV those online merchants submit to us will decline and, as a result, impact our near-term revenue potential to an extent." - Eido Gal, Chief Executive Officer at RSKD.

Essentially, some TPPs (third party providers) will replace RSKD in certain ecommerce transactions. Also, without being liable for fraud in some cases, it reduces the need for RSKD's service. More info can be found here.



CUBE'S TOP PROS

LARGE TAM WITH MANY TAILWINDS IN FRAUD

FREE CASH FLOW POSITIVE

NET DOLLAR EXPANSION RATE

CUBE'S TOP CONS

MAJOR DECELERATION IN REVS 2H2021

INHERITS FRAUD RISK FOR MERCHANTS WITH OWN CAPITAL

REGULATORY HEADWINDS

FINANCIAL STATEMENTS

BALANCE SHEET

	As of June 30, 2021 (unaudited)	As of December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 120,214	$ 103,609
Restricted cash	4,464	3,048
Short-term deposits	25,003	14,009
Accounts receivable, net	26,085	37,194
Prepaid expenses and other current assets	9,103	5,639
Total current assets	184,869	163,499
Property and equipment, net	5,788	4,640
Deferred contract acquisition costs	7,911	6,983
Other assets, noncurrent	12,361	5,439
Total assets	$ 210,929	$ 180,561
Liabilities, Convertible Preferred Shares, and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 1,971	$ 1,507
Accrued compensation and benefits	16,088	15,548
Guarantee obligations	9,911	12,445
Provision for chargebacks, net	6,987	10,582
Accrued expenses and other current liabilities	13,615	11,839
Total current liabilities	48,572	51,921
Other liabilities, noncurrent	53,961	12,385
Total liabilities	102,533	64,306
Convertible preferred shares, NIS 0.0008 par value per share, 33,295,097 shares authorized as of June 30, 2021 (unaudited) and December 31, 2020; 31,328,530 and 29,878,116 shares issued and outstanding as of June 30, 2021 (unaudited) and December 31, 2020, respectively; aggregate liquidation preference of $193,145 and $165,558 as of June 30, 2021 (unaudited) and December 31, 2020, respectively	210,083	159,564
Shareholders' deficit:		
Ordinary shares, NIS 0.0008 par value per share, 91,704,900 shares authorized as of June 30, 2021 (unaudited) and December 31, 2020; 14,608,102 and 14,310,552 shares issued and outstanding as of June 30, 2021 (unaudited) and December 31, 2020, respectively	4	4
Additional paid-in capital	30,129	24,366
Accumulated deficit	(131,820)	(67,679)
Total shareholders' deficit	(101,687)	(43,309)
Total liabilities, convertible preferred shares, and shareholders' deficit	$ 210,929	$ 180,561

Riskified has a solid balance sheet. The company ended the quarter with $120M in cash & cash equivalents but this did not include the net proceeds of the IPO of approximately $386.7M.

When adding this, RSKD is sitting on over $500M in cash and no major debt. The company has its usual account payables but their liquidity more than satisfies their liabilities.

Accounts receivable has fallen to $26M from $37.2M in the same period last year despite growing revenues. This means RSKD is not seeing any issues with collecting payments from their customers.

Accounts payable and provision for chargebacks are both relatively low and have also both fallen Y/Y which is a very healthy sign.

As we'll see later on in the cash flow section, we do no expect RSKD to burn through much, if any, of this cash as the company generates free cash flow today. While not a whole lot at this stage, it allows investors to not have to worry about any debt offerings or secondary equity raises.

If we deduct the $500M in net cash from the company's $3.0B market cap we are left with an enterprise value of $2.5B.

It is possible we see the company make an accretive acquisition to bolster their product offerings and reach but CUBE does not expect that in the near-term based on management's discussions in the Q2 conference call and how adamant they appear to be on executing on their game plan.

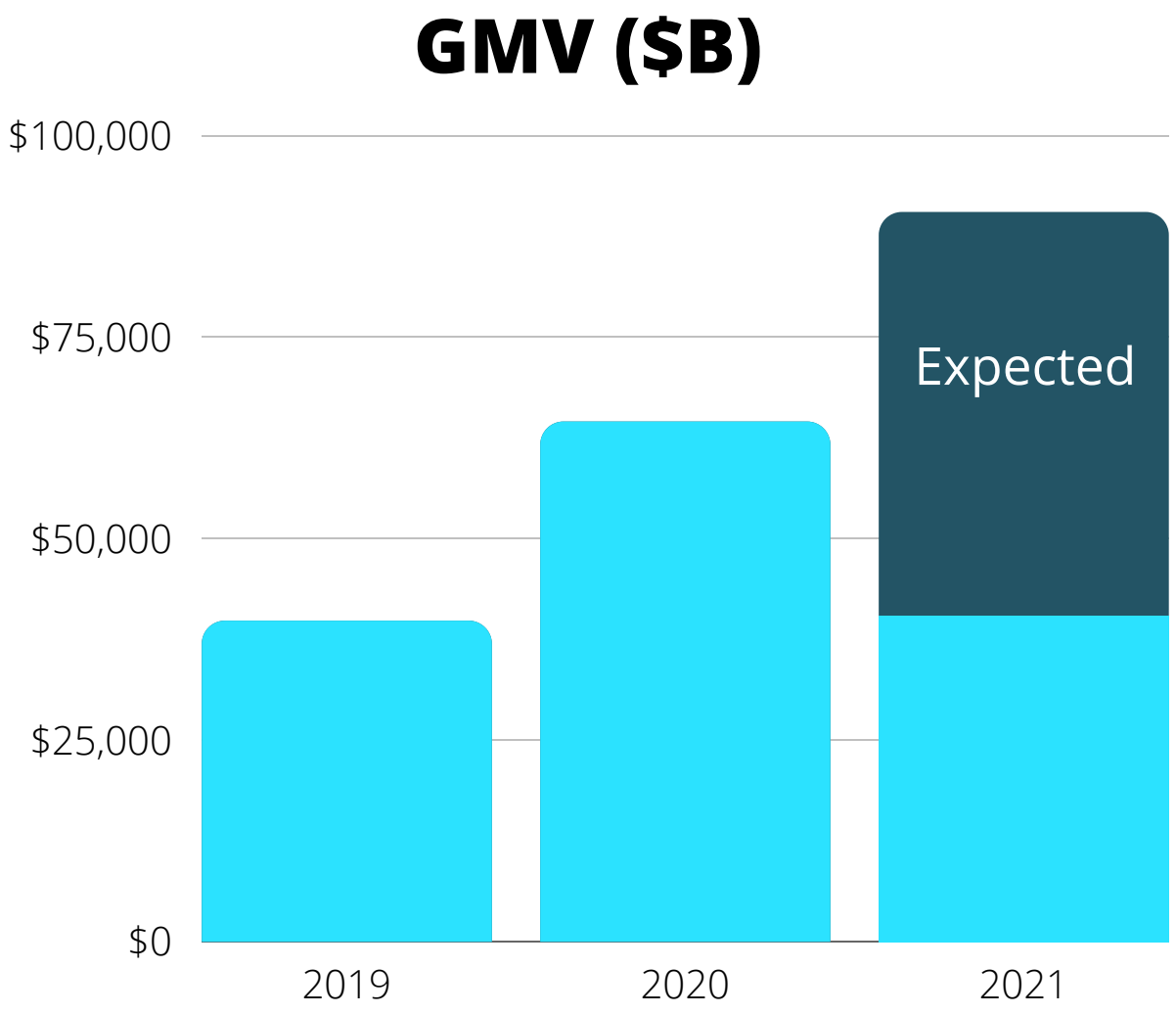
If they decide to engage in M&A, we think the Street would react well to it if done under the right terms as there are private competitors like Signifyd, Kount, and Sift operating in the same space.

FINANCIAL STATEMENTS

INCOME STATEMENT

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
Revenue	$ 55,692	$ 37,807	$ 106,775	$ 70,996
Cost of revenue	22,390	17,670	44,845	33,395
Gross profit	33,302	20,137	61,930	37,601
Operating expenses:				
Research and development	12,439	10,382	24,133	17,248
Sales and marketing	14,812	11,276	27,484	21,504
General and administrative	7,701	6,150	15,312	10,375
Total operating expenses	34,952	27,808	66,929	49,127
Operating profit (loss)	(1,650)	(7,671)	(4,999)	(11,526)
Interest income, net	35	58	69	72
Other income (expense), net	(18,565)	374	(58,287)	6,469
Profit (loss) before income taxes	(20,180)	(7,239)	(63,217)	(4,985)
Provision for income taxes	309	30	924	30
Net profit (loss)	$ (20,489)	$ (7,269)	$ (64,141)	$ (5,015)
Net profit (loss) per share attributable to ordinary shareholders, basic and diluted	$ (1.41)	$ (0.52)	$ (4.42)	$ (0.36)
Weighted-average shares used in computing net profit (loss) per share attributable to ordinary shareholders, basic and diluted	14,529,433	14,015,291	14,497,481	13,865,734

- Revenue in Q2 grew to $55.7M, up 47% Y/Y
- Gross merchandise volume of $21.5B, up 55% Y/Y
- Gross profit of $33.3M, 65% growth Y/Y as gross margins increased from 53.2% to 59.5%
    - Although we are very pleased with this margin performance in Q2, mgmt does not expect to maintain the same level of gross profit margin in the back half, and this is primarily the result of merchant mix and seasonality.
- CUBE expects GMV to settle around $85-90B for 2021.
    - We derived this from their FY revenue guidance, average take rate, and stronger 2H due to holiday shopping season. We anticipate a weaker 2H due to European regulation mentioned earlier.



For the three months ending September 30, 2021, RSKD expects:

- Revenue between $50.7M and $51.2M

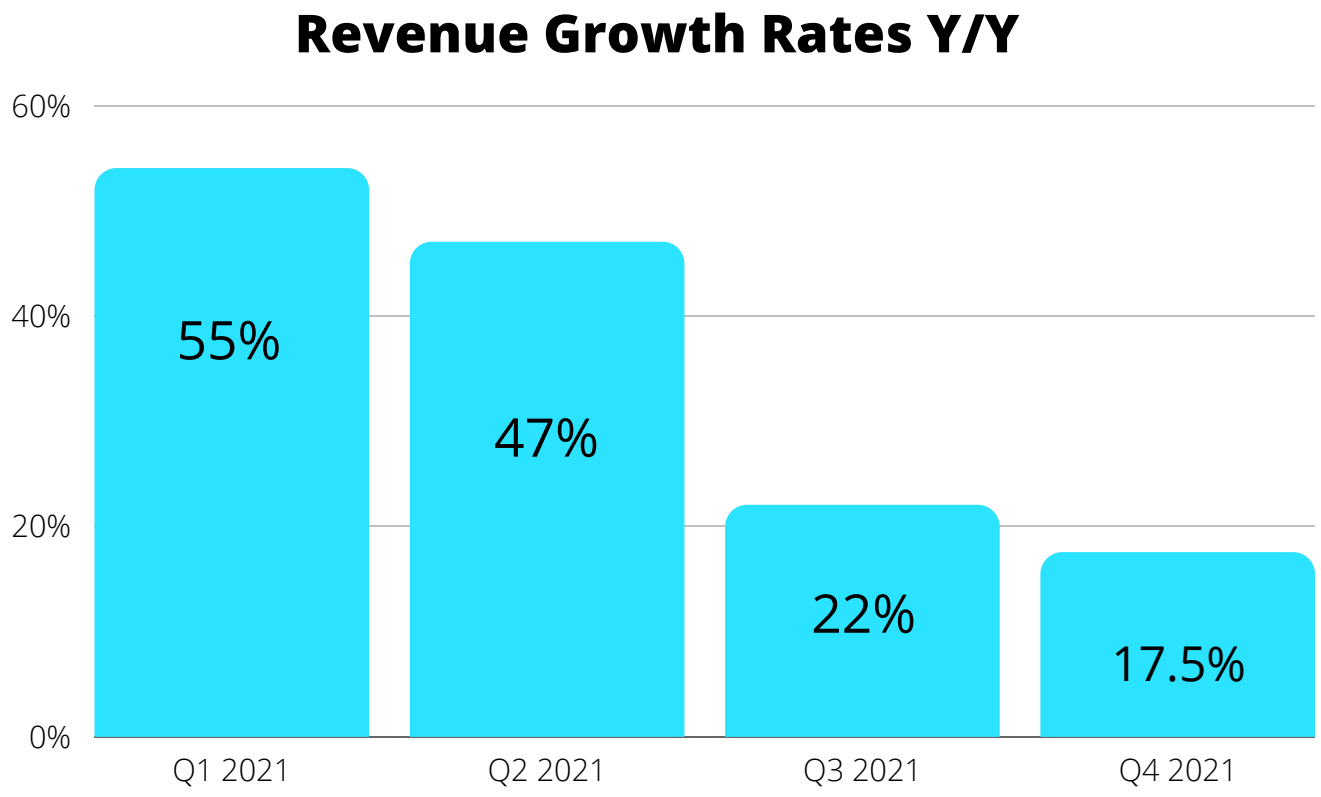
For the year ending December 31, 2021:

- Revenue between $224.4M and $225.4M (implies 32.5% growth Y/Y)
- Adjusted EBITDA loss between $26.3M and $25.3M

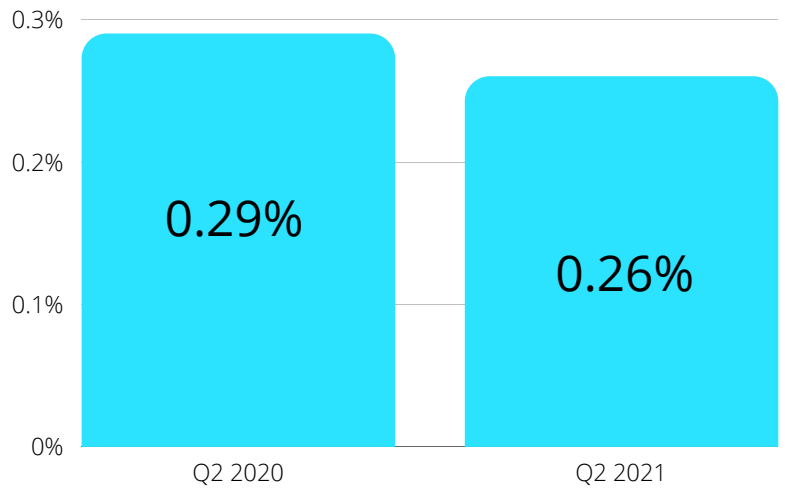
This was a pretty alarming guidance. After growing revenues at a 51% CAGR from 2018 to 2020, 54% Y/Y in Q1, and 47% Y/Y in Q2, RSKD is now guiding for 22% revenue growth in Q3 to $50.9M at the midpoint. This is actually a slowdown sequentially Q/Q as revenue in Q2 was $55.7M.

Even more alarming is that this FY2021 guidance implies revenue for Q4 of $67M. In Q4 2020, RSKD generated $57M. In other words, revenue growth in Q4 is expected to only come in at 17.5% Y/Y - a solid deceleration in the business for a company that was growing annually at a 51% clip the last few years.

In addition, Y/Y we saw their take rate fall 3bps from 0.29% to 0.26%.



Take Rate



Diving deeper, CUBE was able to find their customer breakout and it is not what we deem healthy and look for in companies.

For the years ended December 31, 2019 and 2020, their three largest merchants in aggregate accounted for 45% and 36% of revenues, respectively. For the three months ended March 31, 2020 and 2021, their three largest merchants in the aggregate accounted for 37% and 35% of revenues, respectively.

In addition, their five largest merchants in aggregate accounted for approximately 55% and 46% of revenues for the years ended December 31, 2019 and 2020, respectively.

Their five largest merchants in aggregate accounted for approximately 48% and 45% of revenues for the three months ended March 31, 2020 and 2021, respectively. In other words, the percentages haven't really changed much over time.

If we had to guess, Wayfair is probably their largest client and they renewed their agreement with them recently. While this is a nice win, this is still a large risk on top of the regulatory headwinds we noted in the EU. We'd like to see RSKD broaden their customer base.

Credit must be given where it's due. The company did boast an impressive 122% net dollar expansion rate in 2019 and 117% in 2020.

FINANCIAL STATEMENTS

CASH FLOW

	Six Months Ended June 30,	
	2021	2020
	(unaudited)	
Cash flows from operating activities:		
Net profit (loss)	$ (64,141)	$ (5,015)
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Unrealized loss (gain) on foreign currency	17	(53)
Provision for (benefit from) account receivable allowances	78	(268)
Depreciation and amortization	1,132	588
Amortization of deferred contract costs	1,738	787
Remeasurement of convertible preferred share warrant liabilities	37,012	(595)
Remeasurement of convertible preferred share tranche rights	21,260	(4,655)
Share-based compensation expense	5,126	6,705
Other	32	—
Changes in operating assets and liabilities:		
Accounts receivable	11,021	1,701
Deferred contract acquisition costs	(2,245)	(2,582)
Prepaid expenses and other assets	(6,552)	(373)
Accounts payable	612	(3,872)
Accrued compensation and benefits	334	1,480
Guarantee obligations	(2,534)	(1,881)
Provision for chargebacks, net	(3,595)	421
Accrued expenses and other liabilities	5,994	421
Net cash provided by (used in) operating activities	5,289	(7,191)
Cash flows from investing activities:		
Purchases of short-term deposits	(25,000)	—
Maturities of short-term deposits	14,006	—
Purchases of property and equipment	(1,094)	(1,296)
Capitalized software development costs	(490)	(619)
Net cash used in investing activities	(12,578)	(1,915)
Cash flows from financing activities:		
Proceeds from issuance of Series E convertible preferred shares, net of issuance costs	26,781	26,776
Proceeds from exercise of share options	559	286
Payments of deferred offering costs	(2,030)	—
Net cash provided by financing activities	25,310	27,062
Net increase in cash, cash equivalents, and restricted cash	18,021	17,956
Cash, cash equivalents, and restricted cash—beginning of period	106,657	72,713
Cash, cash equivalents, and restricted cash—end of period	$ 124,678	$ 90,669

There are many free cash flow burning companies we see on the market today, RSKD is not one of them. While they aren't a cash cow, they are in the green with $4M in free cash flow halfway through the year. This is more than a $12M swing from the same time period last year as the company burned $8.5M through the first six months of 2020.

With over $500M in cash on the balance sheet, though we'd like to see RSKD get more aggressive. It is far too early for the company to be focusing on free cash flow generation when revenues have not surpassed the $1B mark. With growth expected to fall to 22% Y/Y in Q3 and 17.5% in Q4 the company needs to start directing more cash and attention to top-line growth and customer acquisition.

This market is not one short of competition and we'd rather see the company burning $30M+ in cash and growing over 50% than to see upper-teen digit growth rates this early in their business cycle.

CUBE believes much of the Street's reaction to their earnings report echoes these feelings. In many cases, CUBE is a huge proponent of companies generating free cash flow but those are generally in situations where a company has already garnered substantial revenues and is beginning to mature. Even if those same companies aren't generating free cash flow yet, at least getting on the pathway to show the Street they can sometimes will suffice.

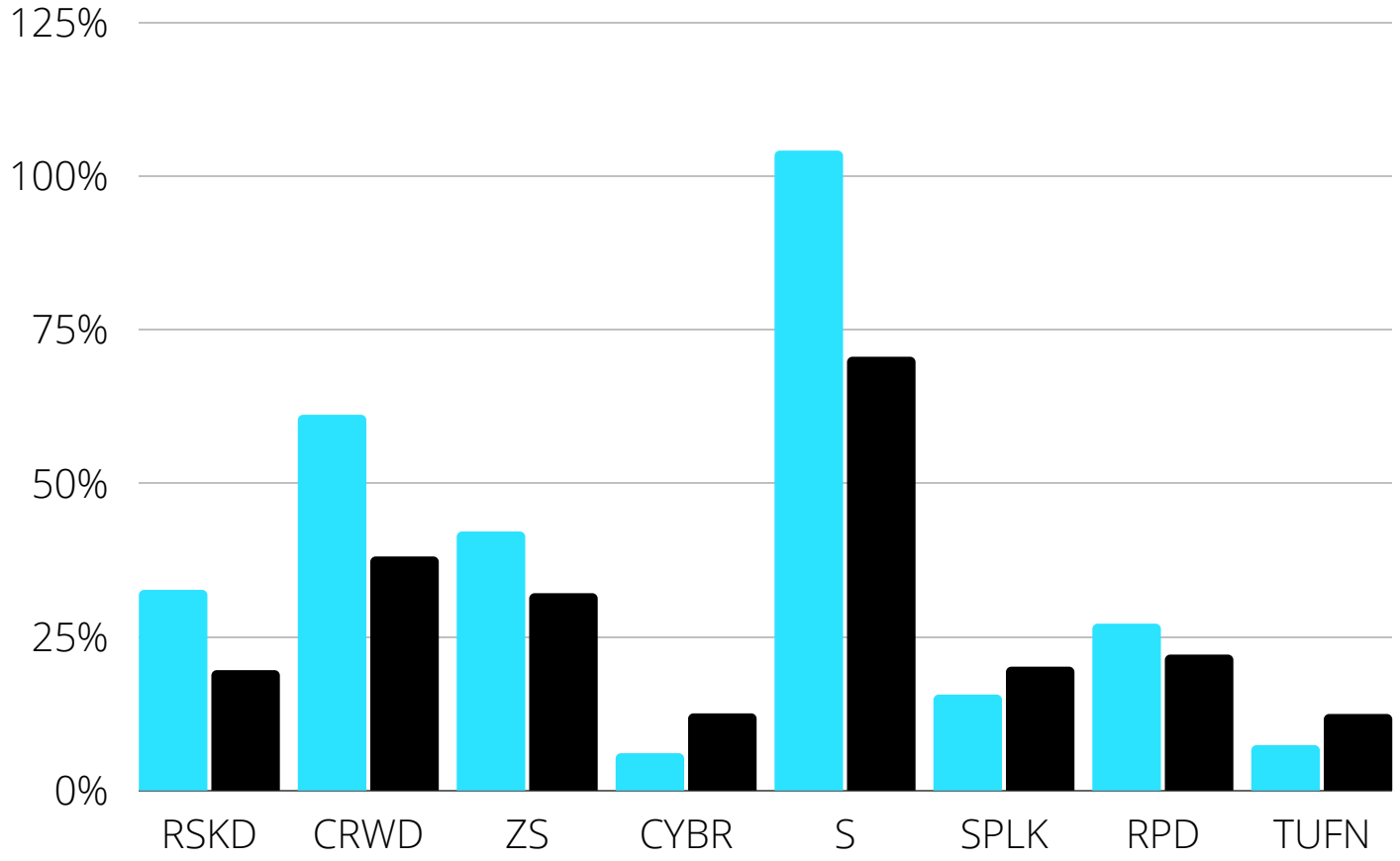
This is not the case for RSKD. The company is only generating $50M in revenue per quarter and unless they want to trade at single digit P/S ratio, they must start focusing on how they want to allocate their hefty cash balance from the IPO to kick start growth again.

RSKD FUNDAMENTALS

We are going to compare Riskified (RSKD) to other cybersecurity companies like that of Crowdstrike (CRWD), Zscaler (ZS), CyberArk (CYBR), SentinelOne (S), Splunk (SPLK), Rapid7 (RPD), and Tufin (TUFN).

We are using a wide array of names to provide a full picture of different companies approaching the cyber sector with different growth rates and margins.

Below are expected revenue growth rates for this year and next year for each company. RSKD is towards the middle of the pack with 32.5% growth this year and expecting 19.5% growth next year. Sentinel One is the fastest grower with 104% expected this year and 70.5% next year. CRWD and ZS follow behind S with TUFN and CYBR together at the bottom.

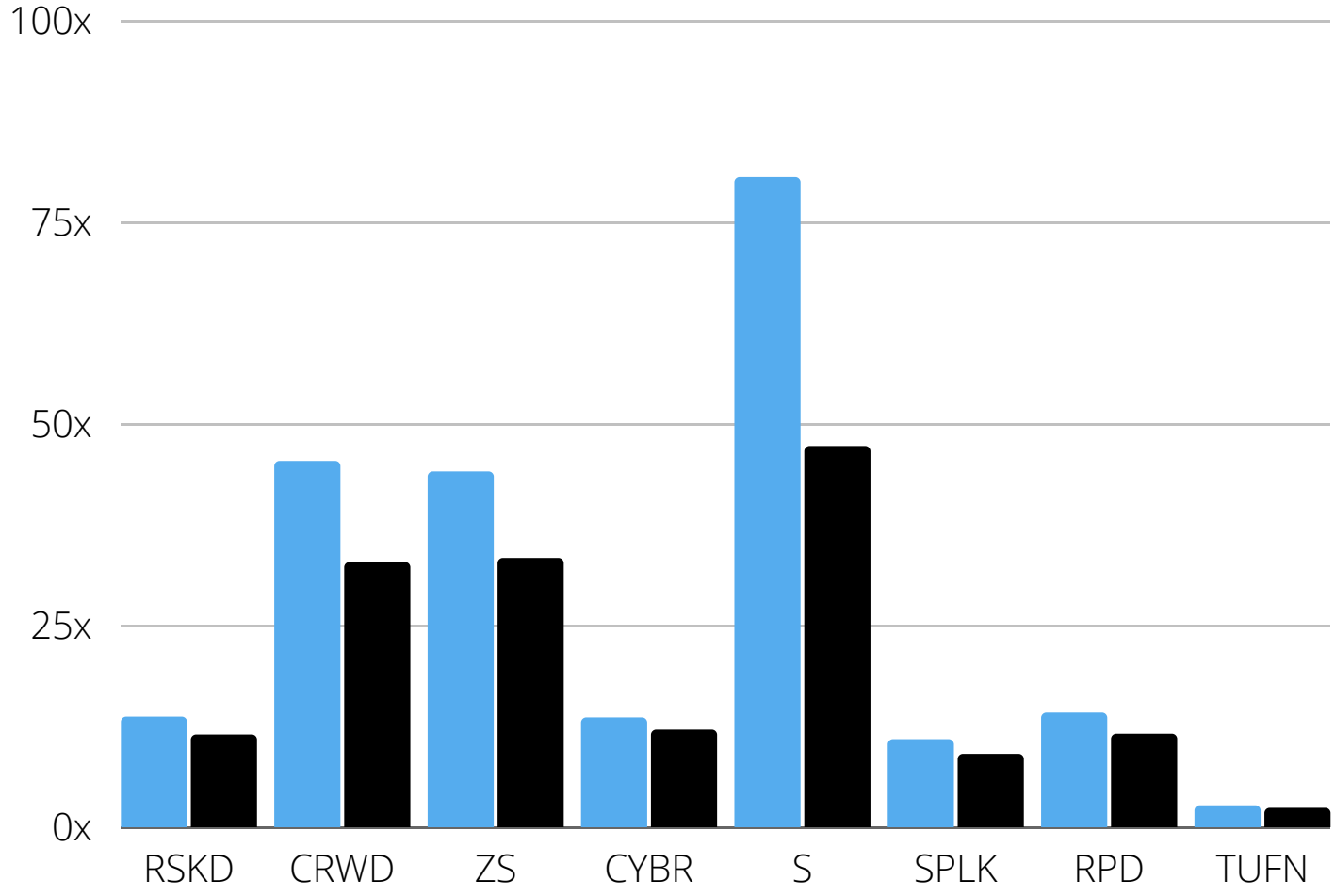


RSKD FUNDAMENTALS

We are now going to look at P/S for each of the companies - both 2021 and 2022 sales.

RSKD is trading at 13.6x this year's sales and 11.4x next year's sales. This is right in line with CYBR, SPLK, and RPD which RSKD is growing slightly faster than. RSKD grew faster than RPD this year but is expected to grow slower than RPD next year.

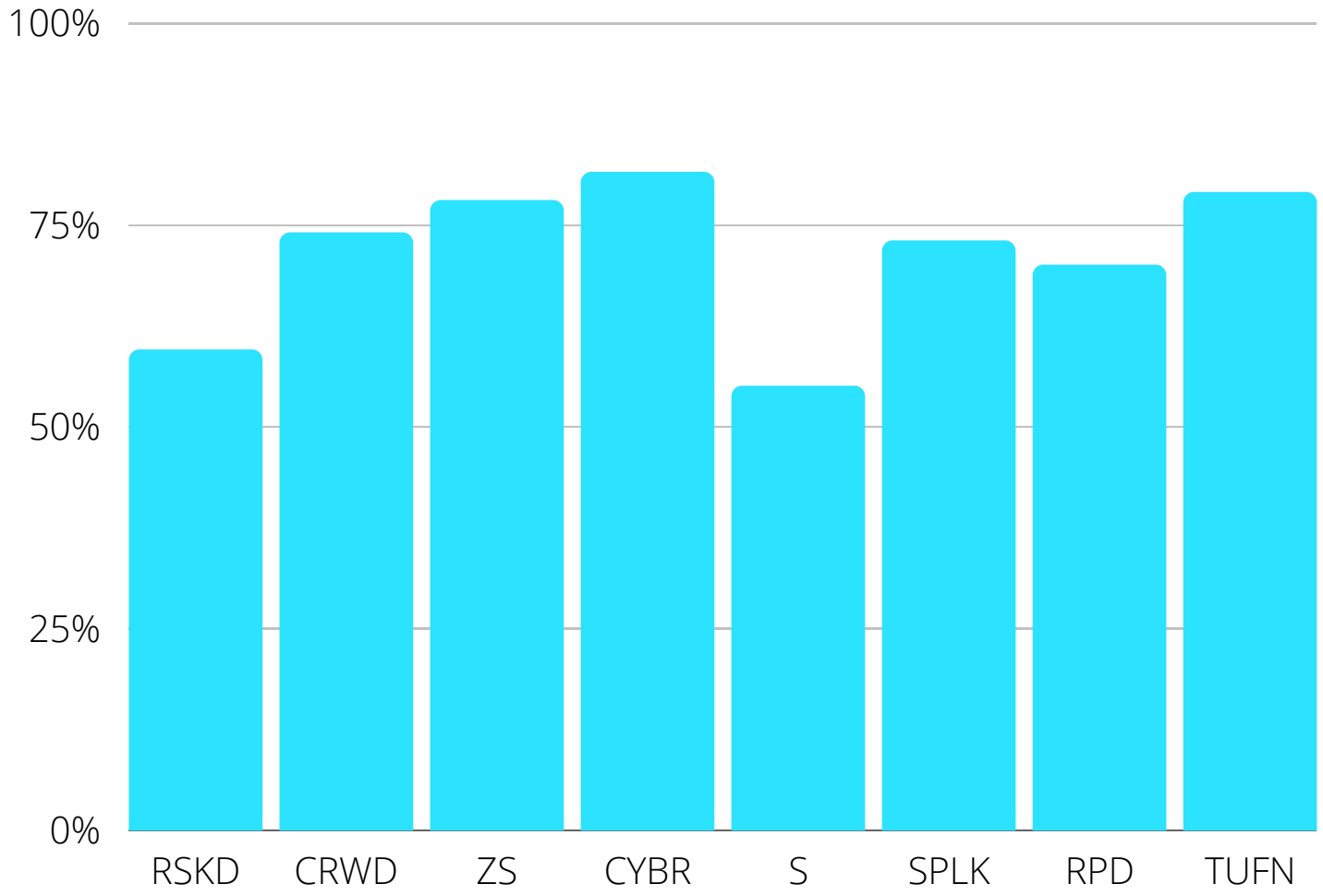
The struggling TUFN is only trading 2.3x next year's sales as the company has struggled to grow for years. On the other end, CRWD, ZS, and S trade anywhere between 40-80x this year's sales and 30-50x next year's.



RSKD FUNDAMENTALS

We are now going to look at gross margins for each of the companies.

RSKD is near the bottom of the barrel when it comes to gross margins vs cyber peers. They are currently generating 59.5% gross margins. The only company below this level is Sentinel One at 55%. The others all range between 70-80% which allows them to scale much more efficiently and creates more room for greater free cash flow generation down the line.



RSKD DCF MODEL

Attached in the email, as well as in the Vault, you will see the discounted cash flow model. Here are the following variables used:

- **Discount Rate (Weighted Average Cost of Capital):** 10.32% (+/- 0.50%)
  - **Beta:** 1.50 (above average for cybersecurity to adjust for smaller revenues)
  - **30 YR Treasury (Risk Free Rate):** 2.07%
  - **Market Risk Premium:** 5.50%
- **Perpetual Growth Rate:** 5.00% +/- 0.50%

Growth Rates

- Analysts expect revenue growth for RSKD as such:
  - $224M in 2021 representing 32.5% growth - CUBE models $225M
  - $269M in 2022 representing 19.5% growth - CUBE models $276M
  - $351M in 2023 representing 30.6% growth - CUBE models $353M (bounce back in revenues mainly attributed to overcoming PSD2 regulation and higher marketing spend).
  - Beyond 2023:
    - CUBE expects $441M in revenue for 2024 (25% Y/Y growth)
    - CUBE expects $529M in revenue for 2025 (20% Y/Y growth)
    - CUBE expects $635M in revenue for 2026 (20% Y/Y growth)
    - CUBE expects $730M in revenue for 2027 (15% Y/Y growth)
    - CUBE expects $840M in revenue for 2028 (15% Y/Y growth)
    - CUBE expects $940M in revenue for 2029, (12% Y/Y growth)
    - CUBE expects $1.03B in revenue for 2030 (10% Y/Y growth)
    - CUBE expects $1.14B in revenue for 2031 (10% Y/Y growth)

Free Cash Flow

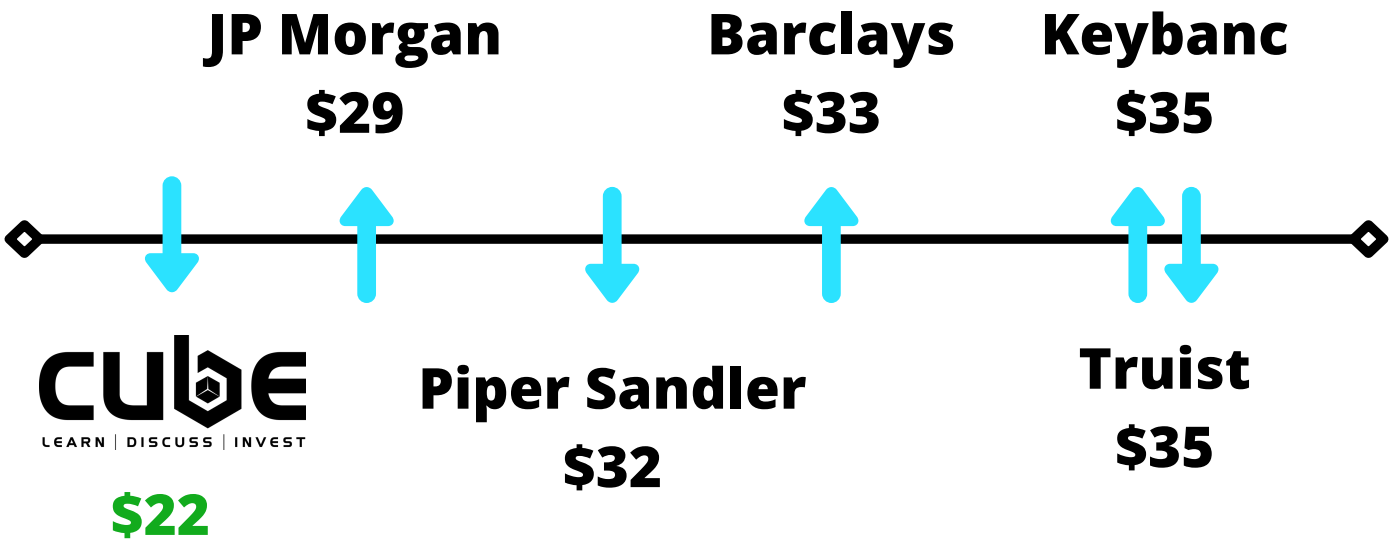
- RSKD is currently cash flow positive. We expect they will finish 2021 with approximately $7M in FCF, equating to 3% margins. We expect this to grow to 32.5% by 2030. This is on the assumption gross margins can grow from their current levels of 59.5% to 65%.
- We expect a gradual buildup to this level and do not see a scenario in which 32.5% FCF margins come sooner as we believe RSKD will need to invest much more in sales & marketing and some M&A over the next 5 years to continue growing their top line. Better FCF margins are possible on a quicker timeline but that would greatly sacrifice revenue growth.

RSKD
DCF MODEL

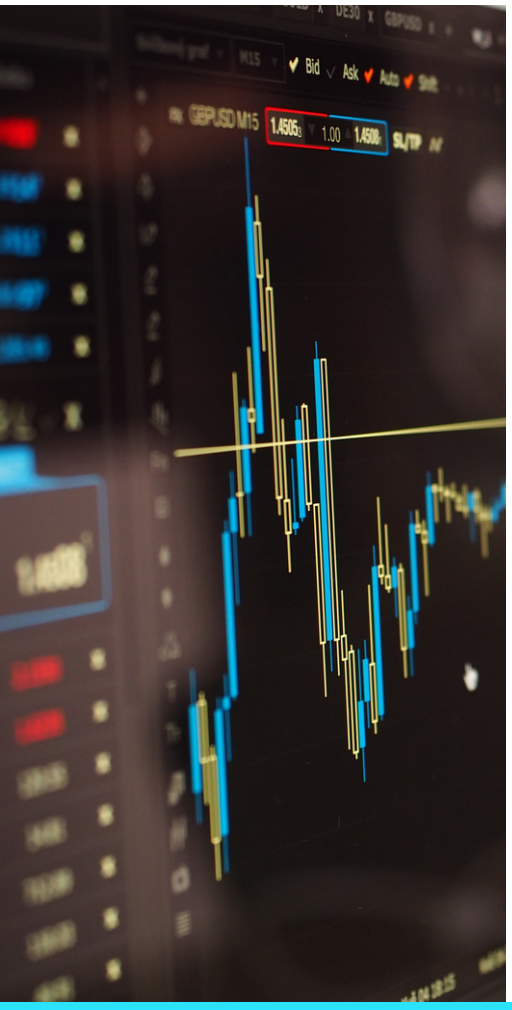
- Current Price: $18.74
- Market Cap: $3.0B

CUBE Model:

- **Base Case Price Target: $22 (+18% upside)**
- **Bull Case Price Target: $27 (+46% upside)**
- **Bear Case Price Target: $19 (-1% downside)**



RSKD
TECH ANALYSIS



TECHNICAL ANALYSIS SUMMARY

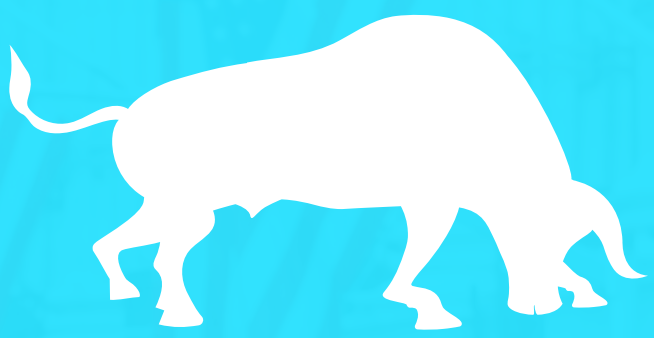
Looking at the charts, we think RSKD is heading towards the S1 daily fibbonaci level of $16.71.

The stock attempted to break a key resistance level at the 20 day moving average of $20.61 but was unable to.

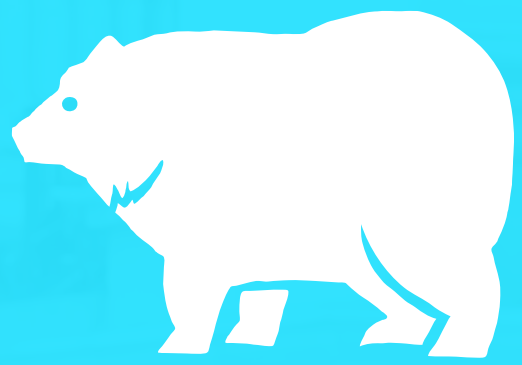
Until shares do break the 20DMA this chart is in a clear downtrend. In the case it finally can, shares would continue with its momentum to the 50DMA which would probably be somewhere in the $24 range by then.

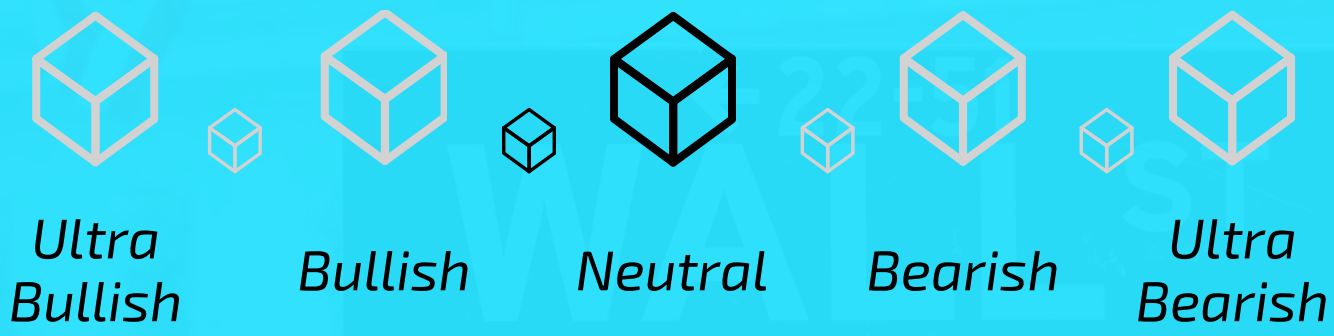
We believe shares will catch good support at the $16s as our model also predicts shares would be considered undervalued at that point.

BULLISH OR BEARISH?



VS.





MORE BULLISH (POSITIVE)

MORE BEARISH (NEGATIVE)

cube

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RSKD CONCLUSION

Overall, CUBE is assigning a 3.5/5 CUBE rating on Riskified (RSKD) which equates to slightly bullish. Our base case price target of $22 implies 18% upside which is decent considering the risk the investment brings for this younger company - specifically deceleration of 2H2021 revenues, regulatory headwinds, customer concentration, and risk of capital ensuring merchants protection from fraud.

Our model has quite a few optimistic targets and still comes in fairly lower than the average Wall Street price target - many of which we believe were given because the stock was trading in the $30s when the Street quiet period ended. In order for our models to reach a fair value in the mid $30s, RSKD would have to significantly ramp up revenue growth. We don't see a scenario in which RSKD can *organically* grow the business beyond 45% Y/Y as growth is already tapering to 22% Y/Y in Q3 and 17.5% Y/Y in Q4. We understand these are near-term headwinds due to international regulation but we do think those two quarterly prints, unless revised higher, will weigh on the stock for the next 3-6 months as investors await more clarity in their 2022 guidance.

This is a stock CUBE was hoping would present significant upside (over 100%) in our bull case scenario but at +46%, or $27 per share, it's not enough to give 4 stars. In the case shares slip to sub $15 it would surely move to 4/5 CUBEs. Here at $19 per share, we think shares are valued appropriately and don't find it to be a coincidence that the stock is finding support here after falling 54% from highs.

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