red violet Announces Second Quarter 2025 Financial Results

August 6, 2025

Revenue Increases 14% to $21.8 Million Producing a Record $7.5 Million in Cash Flow from Operations

BOCA RATON, Fla., Aug. 06, 2025 (GLOBE NEWSWIRE) -- Red Violet, Inc. (NASDAQ: RDVT), a leading analytics and information solutions provider, today announced financial results for the quarter ended June 30, 2025.

“We are pleased to report another strong quarter, delivering solid revenue growth and profitability while building on the momentum established early last year,” stated Derek Dubner, red violet’s CEO. “I am particularly proud of the team’s performance against a challenging comparison to last year, which included $1.0 million in one-time transactional revenue. We delivered another quarter of strong customer onboarding and broad-based demand as evidenced by volume expansion across the existing customer base. With a successful first half of 2025 behind us, we are confident in our ability to build on this performance, drive continued revenue growth, and capitalize on the significant opportunities ahead.”

Second Quarter Financial Results

For the three months ended June 30, 2025 as compared to the three months ended June 30, 2024:

- Total revenue increased 14% to $21.8 million.
- Gross profit increased 18% to $15.7 million. Gross margin increased to 72% from 70%.
- Adjusted gross profit increased 17% to $18.2 million. Adjusted gross margin increased to 84% from 82%.
- Net income increased 2% to $2.7 million, which resulted in earnings of $0.19 and $0.18 per basic and diluted share, respectively. Net income margin decreased to 12% from 14%.
- Adjusted EBITDA increased 12% to $7.6 million. Adjusted EBITDA margin decreased to 35% from 36%.
- Adjusted net income increased 6% to $4.1 million, which resulted in adjusted earnings of $0.29 and $0.28 per basic and diluted share, respectively.
- Net cash provided by operating activities increased 31% to $7.5 million.
- Cash and cash equivalents were $38.8 million as of June 30, 2025.

Second Quarter and Recent Business Highlights

- Added 308 customers to IDI ™ during the second quarter, ending the quarter with 9,549 customers.
- Added 21,335 users to FOREWARN® during the second quarter, ending the quarter with 346,671 users. Over 575 REALTOR® Associations throughout the U.S. are now contracted to use FOREWARN.
- Continued to win higher-tier customers at an accelerated pace, with total customer spend outpacing prior-year levels across each key revenue cohort, including $10,000 to $25,000, $25,000 to $100,000, and over $100,000, in trailing twelve-month revenue.

Conference Call

In conjunction with this release, red violet will host a conference call and webcast today at 4:30pm ET to discuss its quarterly results and provide a business update. Please click here to pre-register for the conference call and obtain your dial in number and passcode. To access the live audio webcast, visit the Investors section of the red violet website at www.redviolet.com. Please login at least 15 minutes prior to the start of the call to ensure adequate time for any downloads that may be required. Following the completion of the conference call, an archived webcast of the conference call will be available on the Investors section of the red violet website at www.redviolet.com.

About red violet®

At red violet, we build proprietary technologies and apply analytical capabilities to deliver identity intelligence. Our technology powers critical solutions, which empower organizations to operate with confidence. Our solutions enable the real-time identification and location of people, businesses, assets and their interrelationships. These solutions are used for purposes including identity verification, risk mitigation, due diligence, fraud detection and prevention, regulatory compliance, and customer acquisition. Our intelligent platform, CORE™, is purpose-built for the enterprise, yet flexible enough for organizations of all sizes, bringing clarity to massive datasets by transforming data into intelligence. Our solutions are used today to enable frictionless commerce, to ensure safety, and to reduce fraud and the concomitant expense borne by society. For more information, please visit www.redviolet.com.

Company Contact:

Camilo Ramirez
Red Violet, Inc.
561-757-4500
ir@redviolet.com

Investor Relations Contact:
Steven Hooser
Three Part Advisors
214-872-2710
ir@redviolet.com

Use of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and free cash flow ("FCF"). Adjusted EBITDA is a non-GAAP financial measure equal to net income, the most directly comparable financial measure based on US GAAP, excluding interest income, income tax expense, depreciation and amortization, share-based compensation expense, litigation costs, acquisition-related costs, and write-off of long-lived assets. We define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenue. Adjusted net income is a non-GAAP financial measure equal to net income, the most directly comparable financial measure based on US GAAP, adjusted to exclude share-based compensation expense and amortization of share-based compensation capitalized in intangible assets, and to include the tax effect of adjustments. We define adjusted earnings per share as adjusted net income divided by the weighted average shares outstanding. We define adjusted gross profit as gross profit plus depreciation and amortization of certain intangible assets, and adjusted gross margin as adjusted gross profit as a percentage of revenue. We define FCF as net cash provided by operating activities reduced by purchase of property and equipment, and capitalized costs included in intangible assets.

FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipate," "believes," "should," "intends," "estimates," and other words of similar meaning. Such forward looking statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations, including whether we will be able to build on our successful first half performance, continue to drive revenue growth and capitalize on the significant opportunities ahead. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on our expectations as of the date of this press release and speak only as of the date of this press release and are advised to consider the factors listed above together with the additional factors under the heading "Forward-Looking Statements" and "Risk Factors" in red violet's Form 10-K for the year ended December 31, 2024, filed on February 27, 2025, as may be supplemented or amended by the Company's other SEC filings. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

RED VIOLET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)
(unaudited)

	June 30, 2025	December 31, 2024
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 38,848	$ 36,504
Accounts receivable, net of allowance for doubtful accounts of $179 and $188 as of June 30, 2025 and December 31, 2024, respectively	9,811	8,061
Prepaid expenses and other current assets	2,137	1,627
Total current assets	50,796	46,192
Property and equipment, net	693	545
Intangible assets, net	37,677	35,997
Goodwill	5,227	5,227
Right-of-use assets	2,822	1,901
Deferred tax assets	6,309	7,496
Other noncurrent assets	1,310	1,173
Total assets	$ 104,834	$ 98,531
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 1,834	$ 2,127
Accrued expenses and other current liabilities	2,518	2,881
Current portion of operating lease liabilities	411	406
Deferred revenue	806	712
Dividend payable	-	4,181
Total current liabilities	5,569	10,307
Noncurrent operating lease liabilities	2,520	1,592

Other noncurrent liabilities	539	-
Total liabilities	8,628	11,899
Shareholders' equity:		
Preferred stock—$0.001 par value, 10,000,000 shares authorized, and 0 shares issued and outstanding, as of June 30, 2025 and December 31, 2024	-	-
Common stock—$0.001 par value, 200,000,000 shares authorized, 13,976,841 and 13,936,329 shares issued and outstanding, as of June 30, 2025 and December 31, 2024	14	14
Additional paid-in capital	90,936	87,488
Retained earnings (accumulated deficit)	5,256	(870)
Total shareholders' equity	96,206	86,632
Total liabilities and shareholders' equity	$ 104,834	$ 98,531

RED VIOLET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	$ 21,774	$ 19,056	$ 43,777	$ 36,567
Costs and expenses[(1)]:				
Cost of revenue (exclusive of depreciation and amortization)	3,501	3,455	7,162	7,211
Sales and marketing expenses	5,622	4,406	11,029	8,118
General and administrative expenses	7,253	5,750	13,427	11,540
Depreciation and amortization	2,647	2,377	5,197	4,647
Total costs and expenses	19,023	15,988	36,815	31,516
Income from operations	2,751	3,068	6,962	5,051
Interest income	339	314	647	679
Income before income taxes	3,090	3,382	7,609	5,730
Income tax expense	404	745	1,483	1,309
Net income	$ 2,686	$ 2,637	$ 6,126	$ 4,421
Earnings per share:				
Basic	$ 0.19	$ 0.19	$ 0.44	$ 0.32
Diluted	$ 0.18	$ 0.19	$ 0.42	$ 0.31
Weighted average shares outstanding:				
Basic	14,018,629	13,780,074	14,008,385	13,888,569
Diluted	14,553,282	14,051,466	14,528,789	14,129,262
(1) Share-based compensation expense in each category:				
Sales and marketing expenses	$ 193	$ 158	$ 388	$ 296
General and administrative expenses	1,634	1,235	3,035	2,499
Total	$ 1,827	$ 1,393	$ 3,423	$ 2,795

RED VIOLET, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,126	$ 4,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,197	4,647
Share-based compensation expense	3,423	2,795

Write-off of long-lived assets	2	-
Provision for bad debts	274	224
Noncash lease expenses	257	272
Deferred income tax expense	1,187	1,081
Changes in assets and liabilities:		
Accounts receivable	(2,024)	(1,052)
Prepaid expenses and other current assets	(510)	(370)
Other noncurrent assets	(162)	(616)
Accounts payable	(293)	338
Accrued expenses and other current liabilities	(863)	(1,351)
Deferred revenue	94	(93)
Operating lease liabilities	(220)	(274)
Net cash provided by operating activities	12,488	10,022
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(252)	(117)
Capitalized costs included in intangible assets	(4,984)	(4,738)
Net cash used in investing activities	(5,236)	(4,855)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Taxes paid related to net share settlement of vesting of restricted stock units	(727)	(403)
Repurchases of common stock	-	(5,853)
Dividend payable	(4,181)	-
Net cash used in financing activities	(4,908)	(6,256)
Net increase (decrease) in cash and cash equivalents	$ 2,344	$ (1,089)
Cash and cash equivalents at beginning of period	36,504	32,032
Cash and cash equivalents at end of period	$ 38,848	$ 30,943
SUPPLEMENTAL DISCLOSURE INFORMATION:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ 681	$ 439
Share-based compensation capitalized in intangible assets	$ 752	$ 882
Retirement of treasury stock	$ 727	$ 6,164
Right-of-use assets obtained in exchange of operating lease liabilities	$ 1,153	$ -

Use and Reconciliation of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and FCF. Adjusted EBITDA is a financial measure equal to net income, the most directly comparable financial measure based on GAAP, excluding interest income, income tax expense, depreciation and amortization, share-based compensation expense, litigation costs, acquisition-related costs, and write-off of long-lived assets. We define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenue. Adjusted net income is a non-GAAP financial measure equal to net income, the most directly comparable financial measure based on US GAAP, adjusted to exclude share-based compensation expense and amortization of share-based compensation capitalized in intangible assets, and to include the tax effect of adjustments. We define adjusted earnings per share as adjusted net income divided by the weighted average shares outstanding. We define adjusted gross profit as gross profit plus depreciation and amortization of certain intangible assets, and adjusted gross margin as adjusted gross profit as a percentage of revenue. We define FCF as net cash provided by operating activities reduced by purchase of property and equipment, and capitalized costs included in intangible assets.

The following is a reconciliation of net income, the most directly comparable US GAAP financial measure, to adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2025**	**2024**	**2025**	**2024**
Net income	$ 2,686	$ 2,637	$ 6,126	$ 4,421
Interest income	(339)	(314)	(647)	(679)
Income tax expense	404	745	1,483	1,309
Depreciation and amortization	2,647	2,377	5,197	4,647
Share-based compensation expense	1,827	1,393	3,423	2,795
Litigation costs	4	(27)	13	-
Acquisition-related costs	370	-	370	7
Write-off of long-lived assets	1	-	3	-
Adjusted EBITDA	$ 7,600	$ 6,811	$ 15,968	$ 12,500
Revenue	$ 21,774	$ 19,056	$ 43,777	$ 36,567
Net income margin	12%	14%	14%	12%
Adjusted EBITDA margin	35%	36%	36%	34%

The following is a reconciliation of net income, the most directly comparable US GAAP financial measure, to adjusted net income:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands, except share data)	**2025**	**2024**	**2025**	**2024**
Net income	$ 2,686	$ 2,637	$ 6,126	$ 4,421
Share-based compensation expense	1,827	1,393	3,423	2,795
Amortization of share-based compensation capitalized in intangible assets	413	286	822	561
Tax effect of adjustments[(1)]	(809)	(425)	(1,422)	(733)
Adjusted net income	$ 4,117	$ 3,891	$ 8,949	$ 7,044
Earnings per share:				
Basic	$ 0.19	$ 0.19	$ 0.44	$ 0.32
Diluted	$ 0.18	$ 0.19	$ 0.42	$ 0.31
Adjusted earnings per share:				
Basic	$ 0.29	$ 0.28	$ 0.64	$ 0.51
Diluted	$ 0.28	$ 0.28	$ 0.62	$ 0.50
Weighted average shares outstanding:				
Basic	14,018,629	13,780,074	14,008,385	13,888,569
Diluted	14,553,282	14,051,466	14,528,789	14,129,262

(1) The tax effect of adjustments is calculated using the expected federal and state statutory tax rate. The expected federal and state income tax rate was approximately 26.00% for the three and six months ended June 30, 2025, and 25.75% for the three and six months ended June 30, 2024.

The following is a reconciliation of gross profit, the most directly comparable US GAAP financial measure, to adjusted gross profit:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2025**	**2024**	**2025**	**2024**
Revenue	$ 21,774	$ 19,056	$ 43,777	$ 36,567
Cost of revenue (exclusive of depreciation and amortization)	(3,501)	(3,455)	(7,162)	(7,211)
Depreciation and amortization related to cost of revenue	(2,595)	(2,322)	(5,095)	(4,536)
Gross profit	15,678	13,279	31,520	24,820
Depreciation and amortization of certain intangible assets[(1)]	2,560	2,322	5,012	4,536
Adjusted gross profit	$ 18,238	$ 15,601	$ 36,532	$ 29,356
Gross margin	72%	70%	72%	68%
Adjusted gross margin	84%	82%	83%	80%

(1) Depreciation and amortization of certain intangible assets primarily consists of the amortization of capitalized internal-use software development costs, which are included within intangible assets and amortized over their estimated useful lives.

The following is a reconciliation of net cash provided by operating activities, the most directly comparable US GAAP financial measure, to FCF:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2025**	**2024**	**2025**	**2024**
Net cash provided by operating activities	$ 7,487	$ 5,717	$ 12,488	$ 10,022
Less:				
Purchase of property and equipment	(202)	(52)	(252)	(117)
Capitalized costs included in intangible assets	(2,515)	(2,411)	(4,984)	(4,738)
Free cash flow	$ 4,770	$ 3,254	$ 7,252	$ 5,167

In order to assist readers of our consolidated financial statements in understanding the operating results that management uses to evaluate the business and for financial planning purposes, we present non-GAAP measures of adjusted EBITDA, adjusted EBITDA margin, adjusted net income,

adjusted earnings per share, adjusted gross profit, adjusted gross margin, and FCF as supplemental measures of our operating performance. We believe they provide useful information to our investors as they eliminate the impact of certain items that we do not consider indicative of our cash operations and ongoing operating performance. In addition, we use them as an integral part of our internal reporting to measure the performance and operating strength of our business.

We believe adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and FCF are relevant and provide useful information frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies similar to ours and are indicators of the operational strength of our business. We believe adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, share-based compensation expense and the impact of other non-recurring items, providing useful comparisons versus prior periods or forecasts. Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of revenue. We believe adjusted net income provides additional means of evaluating period-over-period operating performance by eliminating certain non-cash expenses and other items that might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. Adjusted net income is a non-GAAP financial measure equal to net income, adjusted to exclude share-based compensation expense and amortization of share-based compensation capitalized in intangible assets, and to include the tax effect of adjustments. We define adjusted earnings per share as adjusted net income divided by the weighted average shares outstanding. Our adjusted gross profit is a measure used by management in evaluating the business's current operating performance by excluding the impact of prior historical costs of assets that are expensed systematically and allocated over the estimated useful lives of the assets, which may not be indicative of the current operating activity. We define adjusted gross profit as gross profit plus depreciation and amortization of certain intangible assets. We believe adjusted gross profit provides useful information to our investors by eliminating the impact of certain non-cash depreciation and amortization, and primarily the amortization of software developed for internal use, providing a baseline of our core operating results that allow for analyzing trends in our underlying business consistently over multiple periods. Adjusted gross margin is calculated as adjusted gross profit as a percentage of revenue. We believe FCF is an important liquidity measure of the cash that is available, after capital expenditures, for operational expenses and investment in our business. FCF is a measure used by management to understand and evaluate the business's operating performance and trends over time. FCF is calculated by using net cash provided by operating activities, less purchase of property and equipment, and capitalized costs included in intangible assets.

Adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and FCF are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, financial measures presented in accordance with US GAAP. In addition, FCF is not intended to represent our residual cash flow available for discretionary expenses and is not necessarily a measure of our ability to fund our cash needs. The way we measure adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and FCF may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.

SUPPLEMENTAL METRICS

The following metrics are intended as a supplement to the financial statements found in this release and other information furnished or filed with the SEC. These supplemental metrics are not necessarily derived from any underlying financial statement amounts. We believe these supplemental metrics help investors understand trends within our business and evaluate the performance of such trends quickly and effectively. In the event of discrepancies between amounts in these tables and the Company's historical disclosures or financial statements, readers should rely on the Company's filings with the SEC and financial statements in the Company's most recent earnings release.

We intend to periodically review and refine the definition, methodology and appropriateness of each of these supplemental metrics. As a result, metrics are subject to removal and/or changes, and such changes could be material.

	(Unaudited)							
(Dollars in thousands)	**Q3'23**	**Q4'23**	**Q1'24**	**Q2'24**	**Q3'24**	**Q4'24**	**Q1'25**	**Q2'25**
Customer metrics								
IDI - billable customers[1]	7,769	7,875	8,241	8,477	8,743	8,926	9,241	9,549
FOREWARN - users[2]	168,356	185,380	236,639	263,876	284,967	303,418	325,336	346,671
Revenue metrics								
Contractual revenue %[3]	79 %	82 %	78 %	74 %	77 %	77 %	74 %	77 %
Gross revenue retention %[4]	94 %	92 %	93 %	94 %	94 %	96 %	96 %	97 %
Other metrics								
Employees - sales and marketing	65	71	76	86	93	95	90	92
Employees - support	9	9	10	10	11	11	11	11
Employees - infrastructure	27	27	29	27	29	28	29	29
Employees - engineering	47	51	51	56	58	57	62	63
Employees - administration	25	25	25	25	26	25	24	28

(1) We define a billable customer of IDI as a single entity that generated revenue in the last three months of the period. Billable customers are typically corporate organizations. In most cases, corporate organizations will have multiple users and/or departments purchasing our solutions, however, we count the entire organization as a discrete customer.

(2) We define a user of FOREWARN as a unique person that has a subscription to use the FOREWARN service as of the last day of the period. A unique person can only have one user account.

(3) Contractual revenue % represents revenue generated from customers pursuant to pricing contracts containing a monthly fee and any additional overage divided by total revenue. Pricing contracts are generally annual contracts or longer, with auto renewal.

(4) Gross revenue retention is defined as the revenue retained from existing customers, net of reinstated revenue, and excluding expansion revenue. Revenue is measured once a customer has generated revenue for six consecutive months. Revenue is considered lost when all revenue from a customer ceases for three consecutive months; revenue generated by a customer after the three-month loss period is defined as reinstated revenue. Gross revenue retention percentage is calculated on a trailing twelve-month basis. The numerator of which is revenue lost during the period due to attrition, net of reinstated revenue, and the denominator of which is total revenue based on an average of total revenue at the beginning of each month during the period, with the quotient subtracted from one. Our gross revenue retention calculation excludes revenue from idiVERIFIED, which is purely transactional and currently represents less than 3% of total revenue.

Source: Red Violet, Inc.