UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): November 6, 2024

RED VIOLET, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**001-38407**	**82-2408531**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

2650 North Military Trail, Suite 300, Boca Raton, FL 33431
(Address of principal executive offices)

561-757-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	RDVT	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On November 6, 2024, Red Violet, Inc., a Delaware corporation (the "Company"), issued a press release announcing its financial results for the third quarter ended September 30, 2024 (the "Earnings Release"). A copy of the Earnings Release is furnished herewith as Exhibit 99.1.

Also on November 6, 2024, following the issuance of the Earnings Release, the Company conducted a conference call to discuss the reported financial results for the third quarter ended September 30, 2024. The Company had issued a press release on October 23, 2024 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2.

The information included herein and in Exhibit 99.1 and Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release, dated November 6, 2024

99.2 November 6, 2024 conference call transcript

104 Cover page Interactive Data File (embedded within the inline XBRL file).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		Red Violet, Inc.
Date: November 8, 2024	By:	/s/ Derek Dubner
		Derek Dubner Chief Executive Officer (Principal Executive Officer)

Exhibit 99.1

red violet Announces Third Quarter 2024 Financial Results

Revenue Increases 20% to a Record $19.1 Million Producing a Record $7.2 Million of Cash Flow from Operations

BOCA RATON, Fla. – November 6, 2024 – Red Violet, Inc. (NASDAQ: RDVT), a leading analytics and information solutions provider, today announced financial results for the quarter ended September 30, 2024.

"We are thrilled to report a record-breaking quarter for revenue, gross profit, and cash flow, which underscores the strength of our business and the commitment of our team. This exceptional performance enables us to continue investing in strategic initiatives, enhancing our offerings, and driving long-term value for our customers and shareholders alike," said Derek Dubner, red violet's CEO. "As we look ahead, we remain focused on leveraging these achievements to fuel accelerated growth and innovation across our business."

Third Quarter Financial Results

For the three months ended September 30, 2024 as compared to the three months ended September 30, 2023:

- Total revenue increased 20% to $19.1 million.
- Gross profit increased 28% to $13.4 million. Gross margin increased to 70% from 66%.
- Adjusted gross profit increased 26% to $15.7 million. Adjusted gross margin increased to 83% from 79%.
- Net income was $1.7 million compared to $12.5 million (inclusive of a one-time deferred income tax benefit of $10.3 million), which resulted in earnings of $0.12 per basic and diluted share. Net income margin decreased to 9% from 79%.
- Adjusted EBITDA increased 25% to $6.7 million. Adjusted EBITDA margin increased to 35% from 34%.
- Adjusted net income increased 23% to $3.2 million, which resulted in adjusted earnings of $0.23 and $0.22 per basic and diluted share, respectively.
- Net cash provided by operating activities increased 25% to $7.2 million.
- Cash and cash equivalents were $35.7 million as of September 30, 2024.

Third Quarter and Recent Business Highlights

- Added 266 customers to IDI™ during the third quarter, ending the quarter with 8,743 customers.
- Added 21,091 users to FOREWARN® during the third quarter, ending the quarter with 284,967 users. Over 500 REALTOR® Associations throughout the U.S. are now contracted to use FOREWARN.
- Purchased 292,744 shares of the Company's common stock year to date at an average price of $19.81 per share pursuant to the Company's $15.0 million Stock Repurchase Program, as amended, that was initially authorized on May 2, 2022. The Company has $4.6 million remaining under the Stock Repurchase Program.

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.

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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, net, income tax expense (benefit), depreciation and amortization, share-based compensation expense, litigation costs, and write-off of long-lived assets and others. 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, excluding share-based compensation expense, amortization of share-based compensation capitalized in intangible assets, and discrete tax items, and including 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 revenue less cost of revenue (exclusive of depreciation and amortization), 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 our third quarter performance will enable us to continue investing in strategic initiatives, enhancing our offerings, and driving long-term value for our customers and shareholders and whether we are able to leverage our achievements to fuel accelerated growth and innovation across our business. 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, 2023, filed on March 7, 2024, 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)

	September 30, 2024	December 31, 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 35,747	$ 32,032
Accounts receivable, net of allowance for doubtful accounts of $238 and $159 as of September 30, 2024 and December 31, 2023, respectively	8,459	7,135
Prepaid expenses and other current assets	1,730	1,113
Total current assets	45,936	40,280
Property and equipment, net	581	592
Intangible assets, net	35,731	34,403
Goodwill	5,227	5,227
Right-of-use assets	2,045	2,457
Deferred tax assets	7,463	9,514
Other noncurrent assets	987	517
Total assets	$ 97,970	$ 92,990
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 2,787	$ 1,631
Accrued expenses and other current liabilities	795	1,989
Current portion of operating lease liabilities	469	569
Deferred revenue	565	690
Total current liabilities	4,616	4,879
Noncurrent operating lease liabilities	1,680	1,999
Total liabilities	6,296	6,878
Shareholders' equity:		
Preferred stock—$0.001 par value, 10,000,000 shares authorized, and 0 shares issued and outstanding, as of September 30, 2024 and December 31, 2023	-	-
Common stock—$0.001 par value, 200,000,000 shares authorized, 13,735,387 and 13,980,274 shares issued, and 13,735,387 and 13,970,846 shares outstanding, as of September 30, 2024 and December 31, 2023	14	14
Treasury stock, at cost, 0 and 9,428 shares as of September 30, 2024 and December 31, 2023	-	(188)
Additional paid-in capital	93,393	94,159
Accumulated deficit	(1,733)	(7,873)
Total shareholders' equity	91,674	86,112
Total liabilities and shareholders' equity	$ 97,970	$ 92,990

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 19,057	$ 15,837	$ 55,624	$ 45,143
Costs and expenses(1):				
Cost of revenue (exclusive of depreciation and amortization)	3,314	3,313	10,525	9,732
Sales and marketing expenses	4,817	3,365	12,935	10,332
General and administrative expenses	5,994	5,223	17,534	15,539
Depreciation and amortization	2,434	2,171	7,081	6,141
Total costs and expenses	16,559	14,072	48,075	41,744
Income from operations	2,498	1,765	7,549	3,399
Interest income, net	353	346	1,032	947
Income before income taxes	2,851	2,111	8,581	4,346
Income tax expense (benefit)	1,132	(10,384)	2,441	(10,253)
Net income	$ 1,719	$ 12,495	$ 6,140	$ 14,599
Earnings per share:				
Basic	$ 0.12	$ 0.90	$ 0.44	$ 1.05
Diluted	$ 0.12	$ 0.87	$ 0.43	$ 1.03
Weighted average shares outstanding:				
Basic	13,782,476	13,952,426	13,852,947	13,970,317
Diluted	14,311,575	14,329,878	14,224,285	14,207,673

(1) Share-based compensation expense in each category:

Sales and marketing expenses	$ 148	$ 116	$ 444	$ 348
General and administrative expenses	1,509	1,253	4,008	3,710
Total	$ 1,657	$ 1,369	$ 4,452	$ 4,058

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

	Nine Months Ended September 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,140	$ 14,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,081	6,141
Share-based compensation expense	4,452	4,058
Write-off of long-lived assets	82	4
Provision for bad debts	323	913
Noncash lease expenses	412	444
Deferred income tax expense (benefit)	2,051	(10,308)
Changes in assets and liabilities:		
Accounts receivable	(1,647)	(2,183)
Prepaid expenses and other current assets	(617)	(407)
Other noncurrent assets	(470)	(26)
Accounts payable	1,156	(240)
Accrued expenses and other current liabilities	(1,150)	(1,473)
Deferred revenue	(125)	(143)
Operating lease liabilities	(419)	(512)
Net cash provided by operating activities	17,269	10,867
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(152)	(98)
Capitalized costs included in intangible assets	(7,118)	(6,921)
Net cash used in investing activities	(7,270)	(7,019)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Taxes paid related to net share settlement of vesting of restricted stock units	(431)	(197)
Repurchases of common stock	(5,853)	(1,251)
Net cash used in financing activities	(6,284)	(1,448)
Net increase in cash and cash equivalents	$ 3,715	$ 2,400
Cash and cash equivalents at beginning of period	32,032	31,810
Cash and cash equivalents at end of period	$ 35,747	$ 34,210
SUPPLEMENTAL DISCLOSURE INFORMATION:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ 524	$ 55
Share-based compensation capitalized in intangible assets	$ 1,210	$ 1,389
Retirement of treasury stock	$ 6,428	$ 1,280
Right-of -use assets obtained in exchange of operating lease liabilities	$ -	$ 1,919
Operating lease liabilities arising from obtaining right-of-use assets	$ -	$ 1,919

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, net, income tax expense, depreciation and amortization, share-based compensation expense, litigation costs, and write-off of long-lived assets and others. 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, excluding share-based compensation expense, amortization of share-based compensation capitalized in intangible assets, and discrete tax items, and including 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 revenue less cost of revenue (exclusive of depreciation and amortization), 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 September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Net income	$ 1,719	$ 12,495	$ 6,140	$ 14,599
Interest income, net	(353)	(346)	(1,032)	(947)
Income tax expense (benefit)	1,132	(10,384)	2,441	(10,253)
Depreciation and amortization	2,434	2,171	7,081	6,141
Share-based compensation expense	1,657	1,369	4,452	4,058
Litigation costs	7	1	7	49
Write-off of long-lived assets and others	82	56	89	58
Adjusted EBITDA	$ 6,678	$ 5,362	$ 19,178	$ 13,705
Revenue	$ 19,057	$ 15,837	$ 55,624	$ 45,143
Net income margin	9%	79%	11%	32%
Adjusted EBITDA margin	35%	34%	34%	30%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands, except share data)	**2024**	**2023**	**2024**	**2023**
Net income	$ 1,719	$ 12,495	$ 6,140	$ 14,599
Share-based compensation expense	1,657	1,369	4,452	4,058
Amortization of share-based compensation capitalized in intangible assets	292	249	853	706
Discrete tax items[(1)]	-	(10,272)	-	(10,272)
Tax effect of adjustments[(2)]	(518)	(1,275)	(1,251)	(1,275)
Adjusted net income	$ 3,150	$ 2,566	$ 10,194	$ 7,816
Earnings per share:				
Basic	$ 0.12	$ 0.90	$ 0.44	$ 1.05
Diluted	$ 0.12	$ 0.87	$ 0.43	$ 1.03
Adjusted earnings per share:				
Basic	$ 0.23	$ 0.18	$ 0.74	$ 0.56
Diluted	$ 0.22	$ 0.18	$ 0.72	$ 0.55
Weighted average shares outstanding:				
Basic	13,782,476	13,952,426	13,852,947	13,970,317
Diluted	14,311,575	14,329,878	14,224,285	14,207,673

(1) During the three months ended September 30, 2023, $10.3 million of income tax benefit was recognized as a result of the release of the valuation allowance previously recorded on our deferred tax asset and the cumulative research and development tax credit, which were excluded to calculate the adjusted net income.

(2) 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 nine months ended September 30, 2024, and 25.75% for the three and nine months ended September 30, 2023.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Revenue	$ 19,057	$ 15,837	$ 55,624	$ 45,143
Cost of revenue (exclusive of depreciation and amortization)	(3,314)	(3,313)	(10,525)	(9,732)
Depreciation and amortization of intangible assets	(2,382)	(2,112)	(6,918)	(5,965)
Gross profit	13,361	10,412	38,181	29,446
Depreciation and amortization of intangible assets	2,382	2,112	6,918	5,965
Adjusted gross profit	$ 15,743	$ 12,524	$ 45,099	$ 35,411
Gross margin	70 %	66 %	69 %	65 %
Adjusted gross margin	83 %	79 %	81 %	78 %

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 September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	**2024**	**2023**	**2024**	**2023**
Net cash provided by operating activities	$ 7,247	$ 5,789	$ 17,269	$ 10,867
Less:				
Purchase of property and equipment	(35)	(47)	(152)	(98)
Capitalized costs included in intangible assets	(2,380)	(2,412)	(7,118)	(6,921)
Free cash flow	$ 4,832	$ 3,330	$ 9,999	$ 3,848

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, excluding share-based compensation expense, and amortization of share-based compensation capitalized in intangible assets, and including 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. Our adjusted gross profit is calculated by using revenue, less cost of revenue (exclusive of depreciation and amortization). We believe adjusted gross profit provides useful information to our investors by eliminating the impact of non-cash depreciation and amortization, and specifically 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)	**Q4'22**	**Q1'23**	**Q2'23**	**Q3'23**	**Q4'23**	**Q1'24**	**Q2'24**	**Q3'24**
Customer metrics								
IDI - billable customers[(1)]	7,021	7,256	7,497	7,769	7,875	8,241	8,477	8,743
FOREWARN - users[(2)]	116,960	131,348	146,537	168,356	185,380	236,639	263,876	284,967
Revenue metrics								
Contractual revenue %[(3)]	77 %	75 %	79 %	79 %	82 %	78 %	74 %	77 %
Gross revenue retention %[(4)]	95 %	94 %	94 %	94 %	92 %	93 %	94 %	94 %
Other metrics								
Employees - sales and marketing	68	61	63	65	71	76	86	93
Employees - support	10	10	9	9	9	10	10	11
Employees - infrastructure	28	27	26	27	27	29	27	29
Employees - engineering	54	47	47	47	51	51	56	58
Employees - administration	27	25	25	25	25	25	25	26

(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.

Exhibit 99.2

Red Violet, Inc. (NASDAQ: RDVT)

Third Quarter 2024 Earnings Results Conference Call

Company Participants:

Camilo Ramirez, Senior Vice President, Finance and Investor Relations

Derek Dubner, Chairman and Chief Executive Officer

Dan MacLachlan, Chief Financial Officer

Operator:

Good day ladies and gentlemen, and welcome to red violet's third quarter 2024 earnings conference call. At this time, all participants are in a listen only mode. Later we will conduct a question and answer session and instructions will follow at that time.

As a reminder this call is being recorded.

I would now like to introduce your host for today's conference Camilo Ramirez, Senior Vice President, Finance and Investor Relations. Please go ahead.

Camilo Ramirez:

Good afternoon and welcome. Thank you for joining us today to discuss our third quarter 2024 financial results.

With me today is Derek Dubner, our Chairman and Chief Executive Officer, and Dan MacLachlan, our Chief Financial Officer. Our call today will begin with comments from Derek and Dan, followed by a question and answer session.

I would like to remind you that this call is being webcast live and recorded. A replay of the event will be available following the call on our website. To access the webcast, please visit our Investors page on our website www.redviolet.com.

Before we begin, I would like to advise listeners that certain information discussed by management during this conference call are forward-looking statements covered under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those stated or implied by our forward-looking statements due to risks and uncertainties associated with the company's business. The company undertakes no obligation to update the information provided on this call. For a discussion of risks and uncertainties associated with red violet's business, I encourage you to review the company's filings with the

Securities and Exchange Commission, including the most recent Annual Report on Form 10-K and the subsequent 10-Qs.

During the call, we may present certain non-GAAP financial information relating to adjusted gross profit, adjusted gross margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, and free cash flow. Reconciliations of these non-GAAP financial measures to their most directly comparable US GAAP financial measure are provided in the earnings press release issued earlier today. In addition, certain supplemental metrics that are not necessarily derived from any underlying financial statement amounts may be discussed and these metrics and their definitions can also be found in the earnings press release issued earlier today.

With that, I am pleased to introduce red violet's Chairman and Chief Executive Officer, Derek Dubner.

Derek Dubner

Thanks Camilo. Good afternoon and welcome to those joining us today to discuss our third quarter 2024 results. Following a very strong first half of the year, we are pleased to deliver another record quarter across various financial metrics. We generated record revenue, gross profit, and cash flow in the third quarter. Our performance underscores the strength of our business and the commitment of our exceptional team. It was yet another quarter of strong new customer onboarding and growth from our existing customer base, with balanced transaction volume increases across verticals. Given our continued investment in the business, driven by strong customer demand generating record cash flows, we remain very well positioned to close out a record 2024 and to drive accelerated growth in 2025.

Revenue for the quarter was up 20% to a record $19.1 million, producing a record adjusted gross profit of $15.7 million and record margin of 83%. Adjusted EBITDA for the quarter was up 25% to $6.7 million, producing an adjusted EBITDA margin of 35%. Adjusted net income increased 23% to $3.1 million for the quarter, resulting in adjusted earnings of 22 cents per diluted share. We generated a record $4.8 million in free cash flow in the quarter.

Within IDI, we added 266 customers sequentially from the second quarter, reflecting strong demand across our verticals. Revenue growth remains robust, led by our Investigative vertical on a percentage basis and closely followed by Emerging Markets and our Financial and Corporate Risk verticals, each achieving impressive double-digit growth in the third quarter. Our Collections vertical continues to demonstrate encouraging signs of a durable recovery. Favorable factors such as asset appreciation and low unemployment are supporting consumers and driving transaction volumes across many of our verticals, while lower-income consumers face ongoing challenges from inflation, high interest rates, and the depletion of government subsidies, which, in turn, lends support to our Collections and other related verticals. Given the current economic landscape and anticipated interest rate reductions, barring unforeseen circumstances, we expect this favorable environment to continue benefiting our business through the remainder of the year and throughout 2025.

FOREWARN continues to solidify its position as the leading proactive safety tool for face-to-face engagement. FOREWARN added 21,091 users during the quarter. Over 500 Realtor® Associations are now contracted to use FOREWARN.

Our achievements year to date have enabled us to strategically invest in our business throughout the year, continuing to execute upon our product roadmap and enhance our go-to-market strategies. After adding thirteen team members in the second quarter, we again added another thirteen team members in the third quarter, with emphasis on various sales and marketing capabilities. Notwithstanding the continued investment in the business, due to the operational leverage of our business model, we still produced record free cash flow, adding approximately $5 million of cash to the balance sheet sequentially from the second quarter. Given the continued momentum we are seeing in the business, we are optimistic that we will close out a record 2024 and drive continued momentum throughout 2025.

Now, I will turn it over to Dan to discuss the financials.

Dan MacLachlan

Thank you, Derek, and good afternoon. We had another great quarter, hitting new records for revenue, gross profit and free cash flow. We continue to see strong growth from new customer onboarding and increased volume within the existing customer base. Revenue increased 20% to a record $19.1 million, producing $6.7 million in adjusted EBITDA with a margin of 35% in the third quarter. To date, 2024 has been a great year across the board, hitting record revenue milestones in each quarter and driving strong profitability and cash flow, all while continuing to invest in the business, including our go-to-market strategy.

Turning now to our third quarter results, for clarity, all the comparisons I will discuss today will be against the third quarter of 2023, unless noted otherwise.

Total revenue was a record $19.1 million, a 20% increase over prior year. We produced a record $15.7 million in adjusted gross profit, resulting in a record adjusted gross margin of 83% in the third quarter, up 4-percentage points. Adjusted EBITDA for the quarter was $6.7 million, up 25% over prior year. Adjusted EBITDA margin was 35%, up 1-percentage point. Adjusted net income increased 23% to $3.1 million for the quarter, resulting in adjusted earnings of 22 cents per diluted share.

Moving through the details of our P&L, as mentioned, revenue was $19.1 million for the third quarter. I would note that this is an increase of $1.0 million sequentially from the second quarter when you exclude the one-time transactional revenue customer win that we discussed last quarter. There was no material one-time transactional revenue in the third quarter.

Within IDI, we continue to see strong growth across verticals. Our Investigative vertical continues to outperform, led by Law Enforcement which had its eleventh consecutive quarter of sequential revenue growth. Within our Emerging Markets vertical, we continue to see strong double-digit revenue growth across industries, including Retail, Repossession, Legal, Healthcare, and Government. We also experienced strong double-digit revenue growth within our Financial and Corporate Risk vertical, with both the Insurance and Financial industries being key contributors to the growth. Our Collections vertical had its third consecutive quarter of double-digit revenue growth as we continue to see signs of recovery in the Collections industry. IDI's Real Estate vertical, which does not include FOREWARN, was down approximately 10% in the third quarter.

As it relates to FOREWARN, we experienced another quarter of strong revenue growth. This is FOREWARN's eighteenth consecutive quarter of sequential revenue growth.

Our contractual revenue was 77% for the quarter, down 2-percentage points from prior year.

Our gross revenue retention percentage remained unchanged at 94%.

Moving back to the P&L, our cost of revenue (exclusive of depreciation and amortization) remained flat at $3.3 million. Adjusted gross profit increased 26% to $15.7 million, producing an adjusted gross margin of 83%, a 4-percentage point increase from prior year.

Sales and marketing expenses increased $1.4 million or 43% to $4.8 million for the quarter. This increase was due primarily to an increase in salaries and benefits from the additional employees added to our sales and marketing team, and the increase in sales commissions.

General and administrative expenses increased $0.8 million or 15% to $6.0 million for the quarter.

Depreciation and amortization increased $0.2 million or 12% to $2.4 million for the quarter.

Our income before taxes increased $0.8 million or 35% to $2.9 million.

Our net income for the quarter decreased $10.8 million or 86% to $1.7 million, which produced earnings of 12 cents per diluted share. Note, prior year third quarter included a one-time deferred income tax benefit of $10.3 million.

Adjusted net income for the quarter increased $0.6 million or 23% to $3.2 million, which produced adjusted earnings of 22 cents per diluted share.

Moving on to the balance sheet. Cash and cash equivalents were $35.7 million at September 30, 2024, compared to $32.0 million at December 31, 2023. Current assets were $45.9million compared to $40.3 million and current liabilities were $4.6 million compared to $4.9 million.

We generated a record $7.2 million in cash from operating activities in the third quarter, compared to generating $5.8 million for the same period in 2023.

We generated a record $4.8 million in free cash flow in the third quarter, compared to generating $3.3 million in the same period 2023.

We did not purchase any shares of Company stock in the third quarter under our stock repurchase program. Year to date, we have purchased a total of 292,744 shares at an average price of $19.81 per share. We have $4.6 million remaining under our stock repurchase program.
In closing, we've had three consecutive quarters this year of record revenue, each with approximately 20%-30% revenue growth, strong profitability, and strong cash flow. We expect this momentum to continue in the fourth quarter and throughout 2025. We are extremely proud of the way the team is performing and feel red violet is well positioned to continue this growth trajectory for years to come.

With that, our operator will now open the line for Q&A?

Operator (Operator Instructions)

Our first question comes from the line of Josh Nichols of B. Riley. Josh, your line is open.

Josh Nichols

Yes. Thanks for taking my question. Great to see the record 3Q results. And also I was just digging into the numbers. So a nice increase in IDI customers where you actually added some more subs than what was added in 2Q. I know you've been investing in some additional sales and marketing.

Are you starting to see material results from those newer hires? And is that what's given you so much confidence to start talking about the momentum that you're seeing today continue through 2025?

Derek Dubner

Thanks, Josh. It's Derek. Appreciate the question. Absolutely. As we've been pretty clear on each of the calls and relaying that, the strategic initiatives that we've been investing in over the last 18 months or so, given that we're generating such strong cash flow, enable us to build out the sales and marketing capabilities around certain areas that we're very early in penetrating these verticals.

So, as we add these team members, very highly-qualified individuals in their respective subject matter areas, we're seeing the fruits of that investment. And we've been very pleased with the customer onboarding, gosh, for I would say for the last 18 months.

So, we've been putting up just about at least, at or about, record highs in customer onboarding on a monthly basis, which is a really strong indicator for us, giving us visibility into future sales, of course.

So we feel very confident about the teams we're putting together.

We continue to evaluate productivity and increase that productivity by adding to these teams. And we've just been, it's been a continuation of the strength we've been seeing all year, sort of paying dividends from the investments we've made.

So, because of that, we're very excited about 2025.

Josh Nichols

That's great. And then I think you touched on this briefly in some of the commentary earlier on the call.

But I'm kind of curious, how should we think about the split between what's driving growth in terms of the new customer adds, but also the land and expand strategy and increasing volumes that you kind of touched on briefly with existing customers overall?

Dan MacLachlan

Yes, Josh. Thanks. And this is Dan. Thanks for the question.

So yes, we've done a good job as an organization even at what I would consider kind of small and medium enterprise-sized customers, to not only onboard them with initial volume, but also increase that volume over time.

So as we look at revenue growth this quarter, it's a good combination of both new customer revenue and existing customer growth.

What really excites us about the opportunity ahead is that, as you know we've been working on moving up tier to larger enterprise, larger government customers. And that really is where there's just tremendous opportunity to really land and expand within that customer base because not only are you going in there for one use case and potentially increasing volume there, but you have the opportunity to expand out the organization with additional use cases.

So when we look at this quarter, great growth both in new customer onboarding and existing customers.

But also as we move forward moving up enterprise into larger enterprise, we have even more of an opportunity to grow that existing base and expand. So we're really excited as we continue to move forward on this journey.

Josh Nichols

I appreciate the detail there. And last question for me, then I'll let someone else take a stab at it. Looking at FOREWARN, it's been really impressive growth that's been pretty persistent throughout this year.

I'm just curious now where you think you are in terms of penetration and how much is left in terms of other MLS or Realty agencies that you could continue to penetrate that will drive sustainable growth based on where you are today and the opportunities that remain in the market.

Dan MacLachlan

Sure. Thanks. This is Dan again, and I'll take that question. So yes, today we announced just over 500 associations today. Within the US, there's approximately around 1,100 associations. So still have a lot of go-get within FOREWARN and the real estate industry.

But what we're also looking at now is taking that brand, taking that concept of really that protective safety due diligence tool for user-to-user engagement and expanding it out into additional industries for a number of use cases.

So, plenty of go-get within the real estate industry, as I said, what 500 associations today, about 1,100 associations in total. But really now spending time, resources and investing and looking to take that brand into new industries.

Derek Dubner

Yes. This is Derek also, Josh.

Obviously, the exciting part about FOREWARN is that it's the leading proactive safety tool. And we love the fact that many, many realtor professionals, real estate professionals, provide their feedback to us and express their gratitude in protecting them prior to facing a difficult situation, a dangerous situation.

So, we're very excited about introducing it to other small business ventures and we think it has applicability across many industries.

Josh Nichols

Appreciate it. Thanks, guys. I'll hop back in the queue.

Derek Dubner

Thank you, Josh.

Dan MacLachlan

Thank you, Josh.

Operator

Thank you very much. At this time, I'm showing no further questions. I would now like to turn it back to Derek Dubner for closing remarks.

Derek Dubner

Thank you. We are pleased to deliver another record quarter and a continuation of the strong performance year to date. Given the progress against our strategic initiatives, we are very optimistic about the remainder of the year and 2025. Good afternoon.

Operator

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.