

RYVYL Reports Third Quarter 2022 Financial Results

*Third Quarter 2022 Highlighted by Strong Processing Volume Growth,
Company Rebranding and Launch of coyni Platform*

SAN DIEGO, CA, Nov. 21, 2022 (GLOBE NEWSWIRE) -- RYVYL Inc. (NASDAQ: RVYL) ("RYVYL" or the "Company"), a company that leverages the security of the blockchain and USD-pegged stablecoin technology with near-real-time attestation to conduct payment transaction, has provided its financial results for the third quarter ending September 30, 2022.

Management Commentary by CEO Fredi Nisan:

Third Quarter 2022 highlights:

- Achieved record quarterly processing volume of approximately \$1.3 billion, about 35% ahead of internal projections, a 20% increase when compared to Q2 processing volume of approximately \$1 billion and nearly double Q3 2021.
- Grew third quarter revenue of \$10.6 million versus \$8.0 million in the same quarter year-ago, a 32% increase.
- Launched the coyni v2 platform, featuring our U.S. dollar pegged stablecoin on a one-to-one ratio with near real-time attestation and now available in Google Play and the Apple App store.
- Following shareholder approval, renamed the Company as RYVYL Inc, to showcase the evolving technological advancements and development of our offerings and services.
- Expanded our services in American Samoa to over 240 merchants, which represents about a 50% share of the merchant target market and processed nearly \$17 million for the businesses and residents on the island after starting at \$0 in Q2. Territorial Bank of American Samoa (TBAS) is an ideal model market for the coyni platform to implement the same offering to other similar closed-loop geographies.
- Our FX and international payments business line, including Transact Europe, reported over \$500 million in business volume, of which \$480 million is attributable to FX conversion and international payment transactions.
- Strengthened our executive management team with the appointment of Drew Byelick as Chief Financial Officer. Drew brings tremendous depth and breadth of functional and industry experiences in startup, middle market, and multisite global manufacturing, service, software, technology, and distribution companies.
- Successfully renegotiated the terms of our \$100 million convertible note financing, extending maturity by one year while reducing the cash interest expense burden.

Summary

Our Company made several crucial strides forward towards our objective of becoming a leading fintech company, during the third quarter of 2022. This was highlighted by another quarterly record for our processing volume of approximately \$1.3 billion during the quarter.

Given the remarkable growth we've seen in the past two years with the continued advancement of our technology and payment solutions, the forming of new partnerships, expanding geographically, and the hiring of key personnel, the time was right for the evolution of our brand and identity. To that end, at our recent annual general meeting, we received resounding shareholder approval to rename the company RYVYL, Inc. The new brand more effectively communicates our leading-edge and expanded product and service offering towards the goal of becoming a leader in the global fintech space.

We continued to see evidence of the power of our technology's capabilities with the rapid adoption of our payment solutions in American Samoa, where approximately 50% of the market is now using our service after only one quarter. Our international business saw tremendous growth in processing during the quarter as the successful integration of Transact Europe began to yield results from the ample opportunity we sought to capitalize on in Europe.

Finally, we completed the launch of the coyni platform, including our US dollar pegged stablecoin, which we believe will play a vital role in the next stage of growth for RYVYL. We believe our truly differentiated stablecoin, new brand identity, and increased international capabilities, positions us to continue to scale as we look to build relationships with well-established payment companies that benefit from our advanced infrastructure and technology.

Looking ahead, with about \$3.1 billion in processing volume through the first nine months of 2022, we are confident in our outlook to finish the year with processing volume of over \$4 billion and expect continued growth into 2023.

Third Quarter 2022 Financial Summary

- Net revenue increased by \$3.3M, or 17%, to \$22.5 million for the nine months ended September 30, 2022 from \$19.2 million in the prior year's same period. Net revenue increased by \$2.6M, or 32%, to \$10.6 million in the third quarter of 2022 from \$8.0 million in the same quarter the prior year. The change in net revenue includes \$2.9 million of penalties and fees charged to merchants in accordance with our standard service agreement for transaction fraud and minimum activity fees. Also contributing to the year over year growth were increased processing volume compared to the same three-month period in 2021 offset by lower commissions from a processing partner.
- Gross profit for the nine months ended September 30, 2022, was \$11.5 million, or 51.2% of total net revenue, compared to gross profit of \$13.8 million, or 72.2% of total net revenue, in the prior year's same period. Gross profit for the three months ended September 30, 2022 was \$6.4 million, or 59.8% of total net revenue, compared to gross profit of \$5.6 million, or 69.9% of total net revenue, in the same quarter a year ago. The decrease in gross profit was primarily due to higher processing fees paid to gateways and commission payments to ISOs.
- Ordinary operating expenses were \$21.9 million and \$9.2 million for the nine months ended September 30, 2022, and 2021, respectively, an increase of \$12.7 million. Ordinary operating expenses were \$6.5 million and \$3.9 million for Q3 2022 and 2021, respectively, an increase of \$2.6 million. The increase of \$12.7 million was due primarily to marketing expenses related to re-branding, software development, and payroll and payroll taxes offset by decreases in non-cash operating expenses.
- Other expenses of \$8.0 million for the nine months ended September 30, 2022 increased \$4.0 million over the same period prior year. Interest expense related to the \$100 million convertible note issued in November of 2021, amortization of the discount fees associated with the note, and derecognition expense on conversion of convertible debt were offset by the favorable changes in the fair value of derivative liability of \$14.6 million in the nine months ended September 30, 2022 and none in the previous year same quarter.
- The Company sustained a net loss for the nine months ended September 30, 2022, of \$26.1 million, or \$0.59 cents per basic and diluted share, compared to a net loss of \$19.4 million or \$0.49 cents per basic and diluted share, in the same period the prior year. The Company

recorded a net loss in the third quarter of 2022 of \$15.2 million, or \$0.32 per basic and diluted share, compared to a net loss of \$6.0 million, or \$0.14 per basic and diluted share, in the same quarter a year ago. The increase in net loss for the nine months and Q3 ended September 30, 2022 was primarily due to increases in research and development, interest and other expenses related to the \$100 million note, general and administrative, payroll and payroll taxes and professional fees as we continue to add staff and infrastructure related to our growth offset by the favorable change in fair value of the derivative liability.

- Cash position as of September 30, 2022 was cash and cash equivalents balance of \$37.6 million.
- Adjusted EBITDA was just short of break-even for the quarter at a loss of \$0.1 million, a \$4.8 million improvement from the last quarter.

Management will host a conference call on Monday, November 21, 2022 at 4:30 p.m. Eastern time to discuss RYVYL's third quarter 2022 financial results and will conclude with a Q&A. To participate, please use the following information:

Q3 2022 Conference Call and Webcast

Date: November 21, 2022

Time: 4:30 p.m. Eastern time

US Dial In: 1-877-407-4018

International Dial In: 1-201-689-8471

Conference ID: 13734502

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1579577&tp_key=9f3837e951

Please dial-in at least 10 minutes before the start of the call to ensure timely participation.

A recording of the call will be available through February 21, 2023. To listen, call 1-844-512-2921 within the United States or 1-412-317-6671 when calling internationally and enter replay pin number 13734502. A webcast will also be available for 90 days on the IR section of the GreenBox POS website or by clicking the webcast link above.

About RYVYL

RYVYL Inc. (NASDAQ: **RVYL**) was born from a passion for empowering a new way to conduct business-to-business, consumer-to-business and peer-to-peer payment transactions around the globe. By leveraging unique blockchain security and USD-pegged stablecoin technology with near real-time attestation, RYVYL is reinventing the future of financial transactions using its **coyni**[®] stablecoin platform as a transactional foundation. Since its founding as GreenBox POS in 2017 in San Diego, RYVYL has developed applications enabling an end-to-end suite of turnkey financial products with enhanced security and data privacy, world-class identity theft protection and rapid speed to settlement. As a result, the platform can log immense volumes of immutable transactional records at the speed of the internet for first-tier partners, merchants and consumers around the globe. www.greenboxpos.com.

Use of Non-GAAP Financial Information

This earnings release discusses Adjusted Net Income which is not a financial measure as defined by GAAP. This financial measure is presented as a supplemental measure of operating performance because we believe it can aid in, and enhance, the understanding of our financial results. In addition, we use Adjusted Net Income as a measure internally for budgeting purposes.

We define Adjusted Net Income as net income (loss) before (1) interest expense (income), net, (2) income tax expense (benefit), (3) depreciation, (4) amortization of intangible assets, (5) stock-based compensation expense, plus (6) from time to time, certain other items which are specific transaction-related items. Other companies may define or calculate this measure differently, limiting the usefulness as a comparative measure. Because of this limitation, this non-GAAP financial measure should not be considered in isolation or as substitute for or superior to performance measures calculated in accordance with GAAP and should be read in conjunction with the financial statement tables. See also Reconciliation of Net Income (Loss) attributable to RYVYL, Inc., to Adjusted Net Income in the table below.*

Forward-Looking Statements Disclaimer

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements are inherently uncertain as they are based on current expectations and assumptions concerning future events or future performance of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. In evaluating such statements, prospective investors should review carefully various risks and uncertainties identified in this release and matters set out in the Company's SEC filings. These risks and uncertainties could cause the Company's actual results to differ materially from those indicated in the forward-looking statements.

Investor Relations Contact

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RYVYL Inc.
Consolidated Balance Sheets
September 30, 2022 and December 31, 2021
(unaudited)

	<i>September 30,</i> <i>2022</i>	<i>December 31,</i> <i>2021</i>
	<hr/>	<hr/>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,020,840	\$ 89,559,695
Restricted cash	26,606,827	-
Accounts receivable, net of allowance for bad debt of \$54,795 and \$54,795, respectively	790,069	481,668
Inventory, net of inventory reserve of \$3,127 and \$3,127, respectively	273,684	286,360
Cash due from gateways, net of allowance of \$3,904,952 and \$3,904,952, respectively	15,125,184	18,941,761
Prepaid and other current assets	14,567,792	6,420,696
Total current assets	<hr/> 68,384,396	<hr/> 115,690,180
Non-current Assets:		
Property and equipment, net	1,702,172	1,674,884
Other assets	186,038	190,636
Goodwill	26,625,946	6,048,034
Intangible Assets, net	22,394,833	7,578,935
Operating lease right-of-use assets, net	1,656,448	1,490,159
Investments -assets	1,451,247	-
Total non-current assets	<hr/> 54,016,684	<hr/> 16,982,648
Total assets	\$ 122,401,080	\$ 132,672,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 97,183	\$ 871,037
Other current liabilities	1,408,410	501,167
Accrued interest	8,022	1,226,287
Payment processing liabilities, net	22,593,376	4,997,807
Short-term notes payable, net of debt discount	12,870	-
Derivative liability	2,520,127	18,735,000
Current portion of operating lease liabilities	632,038	495,134
Total current liabilities	<hr/> 27,272,026	<hr/> 26,826,432
Long-term debt	637,030	649,900
Convertible debt, net of debt discount of \$30,241,836 and \$41,344,822, respectively	58,661,454	58,655,178
Operating lease liabilities, less current portion	1,124,624	1,035,895
Total liabilities	<hr/> 87,695,134	<hr/> 87,167,405
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value \$0.001, 82,500,000 shares authorized, shares issued and outstanding of 48,499,026 and 42,831,816, respectively	48,155	42,831
Common stock issuable, par value \$0.001, 2,516,189 and 0 shares issuable, respectively	2,412	-
Additional paid-in capital	99,618,045	88,574,469
Accumulated other comprehensive income (loss)	(708,424)	-
Accumulated deficit	(64,254,242)	(38,178,061)
Less: Treasury stock, at cost; 0 and 714,831, respectively	-	(4,933,816)
Total stockholders' equity	<hr/> 34,705,946	<hr/> 45,505,423
Total liabilities and stockholder's equity	\$ 122,401,080	\$ 132,672,828

RYVYL, Inc.

Consolidated Statements of Operations
For the Three and Nine Months Ended September 30, 2022 and 2021
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net revenue	\$ 10,629,691	\$ 8,045,469	\$ 22,490,824	\$ 19,174,089
Cost of revenue	4,269,529	2,420,748	10,976,255	5,337,999
Gross profit	6,360,162	5,624,721	11,514,569	13,836,090
Operating expenses:				
Advertising and marketing	438,523	37,179	1,106,341	84,509
Research and development	1,442,038	1,043,385	5,300,115	2,504,976
General and administrative	1,186,123	784,158	4,331,918	1,648,383
Payroll and payroll taxes	2,384,544	1,250,451	7,480,377	2,871,581
Professional fees	1,031,867	789,772	3,704,226	2,114,996
Stock compensation for employees	-	3,777,572	166,800	5,867,072
Stock grant expense	508,313	-	2,223,611	-
Stock compensation for services	132,696	238,238	338,348	10,418,996
Depreciation and amortization	2,298,849	457,633	4,879,798	477,886
Total operating expenses	9,422,953	8,378,388	29,531,534	25,988,399
Income (Loss) from operations	(3,062,791)	(2,753,667)	(18,016,965)	(12,152,309)
Other income (expense):				
Interest expense	(1,906,962)	(4,736)	(5,662,463)	(598,994)
Interest expense - debt discount	(436,817)	-	(11,539,803)	(2,993,408)
Changes in fair value of derivative liability	(4,082,056)	-	14,591,938	-
Derecognition expense on conversion of convertible debt	(5,709,672)	-	(5,709,672)	-
Merchant liability settlement	-	-	-	(364,124)
Other income or expense	62,806	(37,497)	298,021	(56,057)
Total other income (expense), net	(12,072,701)	(42,233)	(8,021,979)	(4,012,583)
Income (loss) before provision for income taxes	(15,135,492)	(2,795,900)	(26,038,944)	(16,164,892)
Income tax provision	34,785	3,253,855	37,237	3,253,855
Net income (loss)	\$ (15,170,277)	\$ (6,049,755)	\$ (26,076,181)	\$ (19,418,747)
Comprehensive income statement:				
Net income (loss)	\$ (15,170,277)	\$ (6,049,755)	\$ (26,076,181)	\$ (19,418,747)
Foreign currency translation loss	(310,585)	-	(708,424)	-
Total comprehensive income (loss)	\$ (15,480,862)	\$ (6,049,755)	\$ (26,784,605)	\$ (19,418,747)
Net loss per share:				
Basic and diluted	\$ (0.32)	\$ (0.14)	\$ (0.59)	\$ (0.49)
Weighted average number of common shares outstanding:				
Basic and diluted	47,104,952	42,065,842	44,072,798	39,949,732

RYVYL, Inc
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2022 and 2021
(unaudited)

Nine Months Ended September 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (26,076,181)	\$ (19,418,747)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,718,262	477,886
Noncash lease expense	54,117	(1,202)
Stock compensation expense	166,800	5,867,072
Common stocks issued for professional fees	338,348	10,418,996
Stock compensation issued for interest	1,819,341	598,994
Common stock issued to employees as stock compensation	2,223,611	-
Interest expense - debt discount	11,539,803	2,993,408
Changes in fair value of derivative liability	(14,591,938)	-
Derecognition expense on conversion of convertible debt	5,709,672	-
Changes in assets and liabilities:		
Guarantee deposits	25,906	-
Other receivable, net	(308,401)	(154,556)
Inventory	12,676	(53,278)
Prepaid and other current assets	(1,903,359)	(184,172)
Cash due from gateways, net	3,816,577	(12,114,404)
Other assets	47,644	679,558
Accounts payable	(728,041)	370,487
Other current liabilities	347,718	3,384,258
Accrued interest	(1,218,265)	-
Payment processing liabilities, net	2,561,645	(6,898,339)
Net cash provided by (used in) operating activities	<u>(11,444,065)</u>	<u>(14,034,039)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(101,798)	(97,818)
Deposit on acquisitions	(1,451,247)	-
Purchase of intangibles	(500,000)	(2,500,000)
Cash provided for Transact Europe Acquisition	(28,810,600)	-
Cash provided for Sky asset acquisition	(16,000,000)	-
Net cash used in investing activities	<u>(46,863,645)</u>	<u>(2,597,818)</u>
Cash flows from financing activities:		
Treasury stock repurchase	(3,236,723)	(2,679,633)
Proceeds from stock option exercises	5,215	2,250
Repayments on convertible debt	(6,000,000)	-
Borrowing from notes payable	-	350,000
Proceeds from exercise of warrant	-	3,731,200
Repurchase of common stock from stockholder	-	(4,194,000)
Proceeds from issuance of common stock	-	45,805,491
Net cash provided by (used in) financing activities	<u>(9,231,508)</u>	<u>43,015,308</u>
Cash acquired from acquisition of Northeast and Charge Savvy		1,491,068
Restricted cash acquired from Transact Europe	18,676,860	-
Net increase (decrease) in cash, cash equivalents, and restricted cash	(48,862,358)	27,874,519
Foreign currency translation adjustment	(3,069,670)	-
Cash, cash equivalents, and restricted cash - beginning of period	89,559,695	1,832,735
Cash, cash equivalents, and restricted cash - end of period	\$ 37,627,667	\$ 29,707,254
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 4,907,111	\$ 4,639
Income taxes	\$ -	\$ 800
Non-cash financing and investing activities:		
Convertible debt conversion to common stock	\$ 12,826,135	\$ 3,850,000
Common stock issued for acquisition of Charge Savvy	-	\$ 12,140,000
Interest accrual from convertible debt converted to common stock	\$ -	\$ 594,355

Reconciliation of Net Income (Loss) attributable to RYVYL, Inc., to Adjusted Net Income* for the Three Months Ended September 30, 2022 and 2021, and 9 Months Ended September 30, 2022 and 2021

	9 Months Ended September 30,		
	<i>Q3 2022</i>	2022	2021
Net revenue	\$ 10,629,691	\$ 22,490,795	\$ 19,174,089
Net (loss) income	\$ (15,170,277)	\$ (26,076,181)	\$ (19,418,747)
Adjustments to net loss:			
Non-cash adjustments - income (loss):			
Stock compensation expense for employees	508,313	2,390,411	5,867,072
Stock compensation expense for services	132,696	338,348	10,418,996
Bad debt expense	-	-	-
Total non-cash adjustments	<u>641,009</u>	<u>2,728,759</u>	<u>16,286,068</u>
EBIDTA Adjustment:			
Depreciation	2,298,849	4,879,798	477,886
Income taxes	34,785	37,237	3,253,855
Interest expense - debt discount and other interest	2,343,779	17,202,266	3,592,402
Derivative expense	-	-	-
Changes in derivative	4,082,056	(14,591,938)	-
Derecognition expense	5,709,672	5,709,672	-
Merchant liability settlement	-	-	364,124
Total EBITDA adjustments	<u>14,469,141</u>	<u>13,237,035</u>	<u>7,688,267</u>
Total adjustments to net loss:	<u>15,110,150</u>	<u>15,965,794</u>	<u>23,974,335</u>
Adjusted net income	\$ (60,127)	\$ (10,110,387)	\$ 4,555,588
Research and development expense	\$ 1,442,038	\$ 5,300,115	\$ 2,504,976

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