

RYYVL Reports Q3 2024 Results

- Management to Host Conference Call at 4:30 pm E.T. on Thursday, November 14, 2024 -

SAN DIEGO, CA, Nov. 14, 2024 (GLOBE NEWSWIRE) -- RYYVL Inc. (NASDAQ: RYYL) ("RYYVL" or the "Company"), a leading innovator of payment transaction solutions leveraging proprietary blockchain ledger and electronic payment technology for the diverse international markets, reported its financial results for the quarter ended September 30, 2024.

RYYVL Co-founder and CEO Fredi Nisan "In the third quarter of 2024, we achieved sequential revenue growth, driven by consistently strong international performance, which offset some challenges in U.S. operations. Our International revenue grew a robust 96% in the third quarter of 2024 compared to the third quarter of 2023, even with two European software integrations postponed to Q4 2024. In October, these two European partners started launching on the new platforms, marking a pivotal achievement that sets the stage for continued expansion in the region.

"In North America, momentum is also building as our first licensing partner nears launch, and we're rapidly expanding our pipeline of licensing opportunities. Our recent successes in banking-as-a-service, acquiring, and payment processing have opened up exciting new relationships poised to drive substantial volume well into 2025. We're energized by RYYVL's accelerating growth trajectory as we head into the fourth quarter, and we believe that 2025 will be a breakthrough year.

"Additionally, if we are able to consummate the transactions contemplated in our recently signed memorandum of understanding (MOU) for balance sheet restructuring, we believe that this will reinforce our financial position and also increase our future financial flexibility. We believe we are well-positioned to execute on our growth plans and are confident in the tremendous value we are creating for our customers, partners, and shareholders."

Third Quarter 2024 and Recent Operating Business Development Highlights

Technology Integrations:

- Successfully completed integration with ACI Worldwide in July, enhancing processing speed and strengthening security.
- Deployed new payment software with First Data, empowering RYYVL to operate as a payment facilitator while broadening our service capabilities.
- Expanded our global reach by launching Visa Direct services in a thirteenth country, increasing our footprint in key international markets.

Product Expansion:

- Rolled out the latest generation of our flagship payment software, featuring an upgraded NanoKard platform that enables cashless and secure transactions for merchants.
- Launched Northeast Merchant Systems (NEMS) Core, specifically optimized for high-margin processing in U.S. markets, providing enhanced value for our clients.

Strategic Partnerships:

- Signed a key agreement with a processing and onboarding partner in the U.S., initially supporting 1,000 merchants with the potential for significant expansion.

Financial Summary for the Third Quarter Ended September 30, 2024

- **Revenue:** Third quarter 2024 revenue totaled \$12.6 million, driven largely by \$9.8 million from RYYVL EU. This compares to \$17.5 million in revenue during the same period in 2023, of which \$5.0 million was generated by RYYVL EU.
- **Processing Volume:** In the third quarter of 2024, processing volume rose 31% to \$1,123 million, compared to \$858 million in the third quarter of 2023. International operations accounted for \$952 million, a significant increase from \$517 million the previous year, fueled by strong growth across multiple verticals, particularly through our Independent Sales Organizations ("ISO") and partnership network, as well as expanded offerings in global payments processing and banking-as-a-service. In North America, processing volume totaled \$171 million, down from \$341 million in the third quarter of 2023, reflecting the impact of shifts in a specific niche industry customer base that reduced acquiring business volume in early 2024.
- **Cost of Revenue:** Cost of revenue was \$7.7 million in the third quarter of 2024, down from \$10.8 million in the third quarter of 2023. This decrease was primarily due to reduced processing activity in North America, partially offset by higher processing volumes in the International segment.
- **Gross Margin:** Gross margin for the third quarter of 2024 was 38.5%, a slight increase from 38.2% in Q3 2023, reflecting consistent cost management and operational efficiency.
- **Operating Expenses:** Operating expenses for the third quarter of 2024 decreased to \$7.3 million, compared to \$9.0 million in the third quarter of 2023. This reduction was driven by streamlined general and administrative (G&A) costs, lower professional fees, and more focused R&D spending, reflecting our commitment to operational efficiency.
- **Other Expense:** Other expense rose to \$2.1 million in the third quarter of 2024, up from \$0.6 million in the third quarter of 2023. This increase was mainly driven by changes in debt discount accretion and adjustments in the fair value of derivative liabilities.
- **Adjusted EBITDA:** Adjusted EBITDA for the third quarter of 2024 was negative \$1.7 million, compared to a positive \$0.05 million in the third quarter of 2023, reflecting investments in growth initiatives and strategic restructuring.
- **Preferred Stock Conversion:** In the third quarter of 2024, \$0.2 million of preferred stock was converted to common stock. There were no repayments of debt principal during the third quarter.
- **Cash Balances:** As of September 30, 2024, cash and restricted cash totaled \$91.5 million, and unrestricted cash was \$4.3 million, compared to \$73.3 million and \$12.2 million, respectively at December 31, 2023.

Subsequent Event - MOU to Redeem Debt and Preferred Stock

On November 11, 2024, the Company signed a non-binding MOU with the investor (the "Investor") setting forth the terms agreed to by the

Company and the Investor for the full repayment and termination of an 8% Senior Convertible Note (the "Note") and the redemption of all shares of the Company's Series B Convertible Preferred Stock (the "Preferred Stock") held by the Investor. As of October 31, 2024, the outstanding Note principal was \$19.0 million, and the liquidation value of the Preferred Stock was \$53.5 million. [Press Release - RYVYL Signs MOU with Investor to Retire 8% Senior Convertible Note and Series B Convertible Preferred Stock](#)

2024 Financial Outlook

The Company has updated its guidance to reflect the temporary delay in European software implementations, now projecting full-year 2024 revenue between \$56 million and \$60 million, with processing volumes expected to exceed \$4 billion. Looking ahead, we believe that the Company is well-positioned for revenue growth in 2025, fueled by recent successes in business development, expanding partnerships, and growing demand for our innovative solutions. With these strategic initiatives underway, the Company is confident in its trajectory toward long-term growth and value creation.

Investor Conference Call

RYVYL management will host a conference call at 4:30 p.m. Eastern Time on Thursday, November 14, 2024, to discuss the Company's financial results for the third quarter ended September 30, 2024, provide a corporate update and end with a question-and-answer session. To participate, please use the following information and submit your questions in writing prior to the call at RYVYL@lhai.com.

Date: Thursday, November 14, 2024

Time: 4:30 p.m. Eastern Time

US Dial In: 1- 877-407-4018

International Dial In: 1-201-689-8471

Webcast: [Q3 2024 Webcast](#)

Call me: [Link](#)

Participants can use Guest dial-in #s above and be answered by an operator OR click the Call me link for instant telephone access to the event. The Call me link will be made active 15 minutes prior to scheduled start time.

A replay of the call will be available through January 14, 2025, by calling 1-844-512-2921 within the United States or 1-412-317-6671 when calling internationally and entering access ID 13749031. An archived version of the webcast will also be available for 90 days on the IR section of the RYVYL [website](#) or by clicking the webcast link above. An archived version of the webcast will also be available for 90 days on the IR section of the RYVYL website or by clicking the webcast link above.

About RYVYL

RYVYL Inc. (NASDAQ: RYVL) 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 proprietary blockchain ledger and electronic token technology for the diverse international markets, RYVYL is a leading innovator of payment transaction solutions reinventing the future of financial transactions. 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.ryvyl.com

Cautionary Note Regarding Forward-Looking Statements

This press release includes information that constitutes 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. These forward-looking statements are based on the Company's current beliefs, assumptions and expectations regarding future events, which in turn are based on information currently available to the Company. Such forward-looking statements include statements regarding the timing of the filing of the aforementioned periodic reports and are characterized by future or conditional words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate" and "continue" or similar words. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information.

By their nature, forward-looking statements address matters that are subject to risks and uncertainties. A variety of factors could cause actual events and results to differ materially from those expressed in or contemplated by the forward-looking statements, including the risk that the completion and filing of the aforementioned periodic reports will take longer than expected and that additional information may become known prior to the expected filing of the aforementioned periodic reports with the Securities and Exchange Commission (the "SEC"). Other risk factors affecting the Company are discussed in detail in the Company's filings with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

IR Contact: David Barnard, Alliance Advisors Investor Relations, 415-433-3777, RYVYL@lhai.com

RYVYL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
	<i>(Unaudited)</i>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,263	\$ 12,180
Restricted cash	87,220	61,138
Accounts receivable, net of allowance for credit losses of \$152 and \$23, respectively	851	859
Cash due from gateways, net of allowance of \$125 and \$2,636, respectively	66	12,834
Prepaid and other current assets	3,313	2,854
Total current assets	<u>95,713</u>	<u>89,865</u>
Non-current Assets:		
Property and equipment, net	1,300	306
Goodwill	20,318	26,753
Intangible assets, net	3,676	5,059
Operating lease right-of-use assets, net	3,627	4,279
Other assets	2,677	2,403
Total non-current assets	<u>31,598</u>	<u>38,800</u>
Total assets	<u>\$ 127,311</u>	<u>\$ 128,665</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 2,986	\$ 1,819
Accrued liabilities	7,569	5,755
Payment processing liabilities, net	87,542	76,772
Current portion of operating lease liabilities	821	692
Other current liabilities	1,220	504
Total current liabilities	<u>100,138</u>	<u>85,542</u>
Long term debt, net of debt discount	17,706	15,912
Operating lease liabilities, less current portion	3,144	3,720
Total liabilities	<u>120,988</u>	<u>105,174</u>
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, Series B, par value \$0.01, 5,000,000 shares authorized; shares issued and outstanding 53,950 and 55,000 at September 30, 2024 and December 31, 2023, respectively	1	1
Common stock, par value \$0.001, 100,000,000 shares authorized, shares issued and outstanding of 6,957,875 and 5,996,948 at September 30, 2024 and December 31, 2023, respectively	7	6
Additional paid-in capital	177,750	175,664
Accumulated other comprehensive income	1,120	401
Accumulated deficit	<u>(172,555)</u>	<u>(152,581)</u>
Total stockholders' equity	<u>6,323</u>	<u>23,491</u>
Total liabilities and stockholders' equity	<u>\$ 127,311</u>	<u>\$ 128,665</u>

RYVYL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Dollars in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 12,606	\$ 17,480	\$ 41,280	\$ 43,620
Cost of revenue	7,749	10,800	24,643	25,703
Gross profit	4,857	6,680	16,637	17,917
Operating expenses:				
Advertising and marketing	42	45	74	153
Research and development	815	1,315	3,027	4,434
General and administrative	1,442	3,041	5,107	6,709
Payroll and payroll taxes	3,251	2,605	9,670	8,232
Professional fees	1,061	1,234	3,356	5,651
Stock compensation expense	136	147	542	309
Depreciation and amortization	590	657	1,826	1,899
Impairment of goodwill	-	-	6,675	-
Restructuring charges	-	-	1,636	-
Total operating expenses	7,337	9,044	31,913	27,387
Loss from operations	(2,480)	(2,364)	(15,276)	(9,470)
Other income (expense):				
Interest expense	(309)	(65)	(462)	(3,310)
Accretion of debt discount	(273)	(4,183)	(1,978)	(9,626)
Changes in fair value of derivative liability	-	6,909	14	6,580
Derecognition expense on conversion of convertible debt	-	(1,331)	(68)	(1,518)
Legal settlement expense	(1,598)	(1,929)	(1,598)	(4,142)
Other income (expense)	72	(25)	608	(1,474)
Total other income (expense), net	(2,108)	(624)	(3,484)	(13,490)
Loss before provision for income taxes	(4,588)	(2,988)	(18,760)	(22,960)
Income tax provision	586	128	1,214	138
Net loss	\$ (5,174)	\$ (3,116)	\$ (19,974)	\$ (23,098)
Comprehensive income statement:				
Net loss	(5,174)	(3,116)	(19,974)	(23,098)
Foreign currency translation gain (loss)	1,338	(317)	719	(389)
Total comprehensive loss	\$ (3,836)	\$ (3,433)	\$ (19,255)	\$ (23,487)
Net loss per share:				
Basic and diluted	\$ (0.76)	\$ (0.60)	\$ (3.12)	\$ (4.48)
Weighted average number of common shares outstanding:				
Basic and diluted	6,812,248	5,231,588	6,408,993	5,160,499

RYVYL INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (19,974)	\$ (23,098)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,826	1,899
Noncash lease expense	205	246
Stock compensation expense	542	309
Accretion of debt discount	1,978	9,626
Derecognition expense upon conversion of convertible debt	68	1,518
Changes in fair value of derivative liability	(14)	(6,580)
Impairment of goodwill	6,675	-
Restructuring charges	1,636	-
Changes in assets and liabilities:		
Accounts receivable, net	70	457
Prepaid and other current assets	(460)	6,841
Cash due from gateways, net	12,706	(896)
Other assets	(318)	(1,480)
Accounts payable	1,166	1,962
Accrued and other current liabilities	1,943	1,333
Accrued interest	300	554
Payment processing liabilities, net	10,770	34,893
Net cash provided by operating activities	<u>\$ 19,119</u>	<u>\$ 27,584</u>
Cash flows from investing activities:		
Purchases of property and equipment	(34)	(78)
Capitalized software development costs	(1,100)	-
Purchase of intangible assets	(93)	-
Net cash used in investing activities	<u>(1,226)</u>	<u>(78)</u>
Cash flows from financing activities:		
Repayments on long term debt	(13)	(11)
Treasury stock purchases	(194)	-
Net cash used in financing activities	<u>(207)</u>	<u>(11)</u>
Effects of exchange rates on cash, cash equivalents, and restricted cash	479	26
Net increase in cash, cash equivalents, and restricted cash	18,165	27,521
Cash, cash equivalents, and restricted cash - beginning of period	73,318	40,834
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 91,483</u>	<u>\$ 68,355</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ -	\$ 2,709
Income taxes	\$ 759	\$ -
Non-cash financing and investing activities:		
Convertible debt conversion to common stock	\$ 200	\$ 300
Convertible debt conversion to preferred stock	\$ -	\$ 4,297
Interest accrual from convertible debt converted to preferred stock	\$ -	\$ 2,271
Interest accrual from convertible debt converted to common stock	\$ -	\$ 3

Use of Non-GAAP Financial Information

Adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") is a non-GAAP measure that represents our net loss before interest expense, amortization of debt discount, income tax expense, depreciation and amortization, changes in the fair value of derivative liabilities, losses on the extinguishment and derecognition expenses on the conversion of convertible debt, non-cash stock-based compensation expense, acquisition-related expense, non-recurring provisions for credit losses on legacy matters, accounting fees related to the restatement of prior period financial statements, non-recurring costs related to the spin-off of a subsidiary, and legal costs and settlement fees incurred in connection with non-ordinary course litigation and other disputes.

We exclude these items in calculating Adjusted EBITDA because we believe that the exclusion of these items will provide for more meaningful information about our financial performance, and do not consider the excluded items to be part of our ongoing results of operations. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (a) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (b) Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (c) Adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (d) Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and (e) other companies, including companies in our industry, may calculate Adjusted EBITDA or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA alongside our other GAAP-based financial performance measures, net income (loss) and our other GAAP financial results. The following table presents a reconciliation of Adjusted EBITDA from net loss, the most directly comparable GAAP measure, for the periods indicated:

**Reconciliation of Net Loss attributable to RYVYL, Inc., to Adjusted EBITDA for the
Three and Nine Months Ended September 30, 2024 and 2023
(in thousands, except share and per share data)
(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (5,174)	\$ (3,116)	\$ (19,974)	\$ (23,098)
Interest expense	309	65	462	3,310
Accretion of debt discount	273	4,183	1,978	9,626
Income tax provision	586	128	1,214	138
Depreciation and amortization	590	657	1,826	1,899
EBITDA	(3,416)	1,917	(14,494)	(8,125)
Other non-cash adjustments:				
Changes in fair value of derivative liability	-	(6,909)	(14)	(6,580)
Derecognition expense on conversion of convertible debt	-	1,331	68	1,518
Stock compensation expense	136	147	542	309
Impairment of goodwill	-	-	6,675	-
Restructuring charges	-	-	1,636	-
Special items:				
Non-recurring legal settlements and ongoing matters and related legal fees	1,598	2,197	1,598	5,308
Carryover effects of financial statement restatements in prior periods	-	-	-	1,222
Non-recurring provision for credit losses on legacy matters	-	1,369	-	1,994
Accounting fees related to the restatement of prior period financial statements	-	-	-	237
Non-recurring impairment of right of use asset	-	-	-	100
Non-recurring costs of spin-off	-	-	-	29
Adjusted EBITDA	\$ (1,682)	\$ 52	\$ (3,989)	\$ (3,988)
Loss from operations	\$ 2,480)	\$ (2,364)	\$ (15,276)	\$ (9,470)

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