REFINITIV

DELTA REPORT

10-Q

RVYL - RYVYL INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1952
CHANGES	70
DELETIONS	870
ADDITIONS	1012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from ____________ to____________

Commission file number: 001-34294

RYVYL INC.
(Exact name of small business issuer as specified in its charter)

Nevada	**22-3962936**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
3131 Camino Del Rio North, Suite 1400	
San Diego, CA	**92108**
(Address of principal executive offices)	(Zip Code)

(619)-631-8261 631-8261

(Registrant’s telephone number, including area code)

(Former name or former address, if changed since last report)

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	RVYL	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 9, 2023 May 13, 2024, the Registrant had 5,386,141 6,469,342 shares of common stock, $0.001 par value per share, outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RYVYL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share and per share data)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(Unaudited)		***(Unaudited)***	
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 15,845	$ 13,961	$ 10,523	$ 12,180
Restricted cash	52,510	26,873	78,293	61,138
Accounts receivable, net of allowance of $111 and $82, respectively	698	1,156		
Cash due from gateways, net of allowance of $2,211 and $3,917, respectively	8,324	7,427		
Accounts receivable, net of allowance for credit losses of $40 and $23, respectively			1,066	859
Cash due from gateways, net of allowance of $2,636 and $2,636, respectively			1,426	12,834
Prepaid and other current assets	2,959	9,798	2,954	2,854
Total current assets	80,336	59,215	94,262	89,865
Non-current Assets:				
Property and equipment, net	1,660	1,696	290	306
Other assets	1,826	197		
Goodwill	26,753	26,753	26,308	26,753
Intangible assets, net	5,678	6,739	4,439	5,059
Operating lease right-of-use assets, net	3,784	1,533	4,036	4,279
Investments	227	1,524		
Other assets			2,536	2,403
Total non-current assets	39,928	38,442	37,609	38,800
Total Assets	$ 120,264	$ 97,657		
Total assets			$ 131,871	$ 128,665
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT				
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$ 3,592	$ 1,630	$ 1,321	$ 1,819
Accrued liabilities			4,653	5,755
Payment processing liabilities, net			83,916	76,772
Current portion of operating lease liabilities			717	692
Other current liabilities	5,133	3,662	456	504
Accrued interest	8	1,728		
Payment processing liabilities, net	63,805	28,912		
Short-term notes payable	15	14		
Derivative liability	45	255		
Current portion of operating lease liabilities	572	534		
Total current liabilities	73,170	36,735	91,063	85,542
Long-term debt, net of debt discount	61,549	61,735		

Long term debt, net of debt discount			16,816	15,912
Operating lease liabilities, less current portion	3,567	1,109	3,522	3,720
Total liabilities	138,286	99,579	111,401	105,174
Commitments and contingencies				
Series A Convertible Preferred Stock, par value $0.01 per share, 15,000 shares authorized, shares issued and outstanding of 6,000 and 0, respectively	6,664	-		
Stockholders' Deficit:				
Common stock, par value $0.001, 17,500,000 shares authorized, shares issued and outstanding of 5,212,586 and 4,972,736, respectively	5	5		
Common stock issuable, par value $0.001	-	-		
Stockholders' Equity:				
Preferred stock, Series B, par value $0.01, 5,000,000 shares authorized; 55,000 shares issued and outstanding at March 31, 2024 and December 31, 2023			1	1
Common stock, par value $0.001, 100,000,000 shares authorized, shares issued and outstanding of 6,001,487 and 5,996,948, respectively			6	6
Additional paid-in capital	96,741	96,256	175,777	175,664
Deferred stock compensation	(62)	-		
Accumulated other comprehensive income	1,208	1,596		
Accumulated other comprehensive (loss) income			(44)	401
Accumulated deficit	(122,578)	(99,772)	(155,270)	(152,581)
Less: Shares to be returned	-	(7)		
Total stockholders' deficit	(24,686)	(1,922)		
Total liabilities, convertible preferred stock and stockholders' deficit	$ 120,264	$ 97,657		
Total stockholders' equity			20,470	23,491
Total liabilities and stockholders' equity			$ 131,871	$ 128,665

The accompanying notes are an integral part of these unaudited condensed unaudited consolidated financial statements.

RYVYL INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(UNAUDITED)

(Dollars in thousands, except share and per share data)

(Unaudited)

	(dollars in thousands, except per share data)					
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
		(as restated)		(as restated)		
Revenue	$ 17,480	$ 10,630	$ 43,620	$ 21,806	$ 16,774	$ 11,291
Cost of revenue	10,800	4,333	25,703	11,343	9,743	6,178
Gross profit	6,680	6,297	17,917	10,463	7,031	5,113

Operating expenses:						
Advertising and marketing	45	438	153	1,106	17	75
Research and development	1,315	1,442	4,434	5,300	1,393	1,936
General and administrative	3,041	1,186	6,709	4,332	2,042	1,452
Payroll and payroll taxes	2,605	2,385	8,232	7,481	3,569	2,714
Professional fees	1,234	1,032	5,651	3,704	1,035	1,803
Stock compensation expense	147	641	309	2,729	224	193
Depreciation and amortization	657	2,299	1,899	4,880	657	620
Total operating expenses	9,044	9,423	27,387	29,532	8,937	8,793
Loss from operations	(2,364)	(3,126)	(9,470)	(19,069)	(1,906)	(3,680)
Other income (expense):						
Interest expense	(65)	(1,802)	(3,310)	(7,415)	(28)	(1,729)
Interest expense - debt discount	(4,183)	1,632	(9,626)	(11,540)		
Loss on extinguishment and derecognition expense on conversion of convertible debt	(1,331)	(8,105)	(1,518)	(9,762)		
Accretion of debt discount					(908)	(2,622)
Changes in fair value of derivative liability	6,909	(4,143)	6,580	14,592	-	168
Legal settlements expense	(1,929)	-	(4,142)	-		
Merchant fines and penalty income	-	(368)	-	(286)		
Other income or expense	(25)	63	(1,474)	298		
Total other income (expense), net	(624)	(12,723)	(13,490)	(14,113)		
Other income or expense, net					343	(111)
Total other expense, net					(593)	(4,294)
Loss before provision for income taxes	(2,988)	(15,849)	(22,960)	(33,182)	(2,499)	(7,974)
Income tax provision	128	35	138	37	190	5
Net loss	$ (3,116)	$ (15,884)	$ (23,098)	$ (33,219)	$ (2,689)	$ (7,979)
Comprehensive income statement:						
Net loss	$ (3,116)	$ (15,884)	$ (23,098)	$ (33,219)	$ (2,689)	$ (7,979)
Foreign currency translation loss	(317)	(311)	(389)	(708)		
Foreign currency translation adjustment					(445)	(58)
Total comprehensive loss	$ (3,433)	$ (16,195)	$ (23,487)	$ (33,927)	$ (3,134)	$ (8,037)
Net loss per share:						
Basic and diluted	$ (0.60)	$ (3.37)	$ (4.48)	$ (7.54)	$ (0.45)	$ (1.53)
Weighted average number of common shares outstanding:						
Basic and diluted	5,231,588	4,710,495	5,160,499	4,407,280	5,988,424	5,221,060

The accompanying notes are an integral part of these unaudited condensed unaudited consolidated financial statements.

RYVYL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY/(DEFICIT) EQUITY

(UNAUDITED)

(Dollars in thousands, except share data)

(Unaudited)

	Common Stock				Treasury Stock								
	Shares	Amount	To be Issued	Amount	To be returned	Amount	Shares	at Cost	Deferred Stock Compensation	Additional Paid In Capital	Other Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
Balance at December 31, 2022	4,972,736	$ 5	175,392	$ -	(13,689)	$ (7)	-	$ -	$ -	$ 96,256	$ 1,596	$ (99,772)	$ (1,922)
Common stock issued to employees for compensation	(891)	-	-	-	-	-	-	-	-	31	-	-	31
Common stock issued for interest on convertible debt	175,392	-	(175,392)	(175)	-	-	-	-	-	-	-	-	-
Carryover effects of financial statement restatements in prior periods	-	-	-	-	-	-	-	-	-	-	-	294	294
Share repurchase	(13,672)	-	-	-	13,689	7	-	-	-	(7)	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(58)	(7,979)	(8,037)
Balance at March 31, 2023	5,133,565	5	-	-	-	-	-	-	-	96,280	1,538	(107,457)	(9,634)
Common stock issued to employees for compensation	9,511	-	-	-	-	-	-	-	-	130	-	-	130

Common stock issued for conversion of convertible debt	56,265	-	-	-	-	-	-	-	-	416	-	-	416
Common stock issued for interest on convertible debt	738	-	-	-	-	-	-	-	-	5	-	-	5
Restricted common stock issued for compensation	13,166	-	-	-	-	-	-	-	(67)	100	-	-	33
Shares forfeited	(16,865)	-	-	-	-	-	-	-	-	(315)	-	-	(315)
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(13)	(12,005)	(12,018)
Balance at June 30, 2023	5,196,380	5	-	-	-	-	-	-	(67)	96,616	1,525	(119,462)	(21,383)
Common stock issued to employees for compensation	8,878	-	-	-	-	-	-	-	-	20	-	-	20
Restricted common stock issued for compensation	7,328	-	-	-	-	-	-	-	5	105	-	-	110
Shares forfeited	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	-	(317)	(3,116)	(3,433)
Balance at September 30, 2023	5,212,586	5	-	$ -	-	$ -	-	$ -	$ (62)	$ 96,741	$ 1,208	$ (122,578)	$ (24,686)

	Common Stock		Preferred Stock		Additional	Other Accumulated		Total

	Shares	Amount	Series B Shares	Amount	Paid In Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
Balance at December 31, 2023	5,996,948	$ 6	55,000	$ 1	$ 175,664	$ 401	$ (152,581)	$ 23,491
Issuance of common stock under equity incentive plans	6,333	-	-	-	119	-	-	119
Issuance of restricted common stock under equity incentive plans	14,443	1	-	-	93	-	-	94
Issuance of common stock upon exercise of stock options	6,218	-	-	-	-	-	-	-
Shares forfeited	(22,455)	(1)	-	-	(99)	-	-	(100)
Net loss and comprehensive loss	-	-	-	-	-	(445)	(2,689)	(3,134)
Balance at March 31, 2024	6,001,487	$ 6	55,000	$ 1	$ 175,777	$ (44)	$ (155,270)	$ 20,470

	Common Stock				Treasury Stock		Additional	Other Accumulated		Total
	Shares	Amount	To be Issued	Amount	To be returned	Amount	Paid In Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity/(Deficit)
Balance at December 31, 2022	4,972,736	$ 5	175,392	$ 0	(13,689)	$ (7)	$ 97,494	$ 357	$ (99,772)	$ (1,923)
Common stock issued to employees as stock compensation	(891)	-	-	-	-	-	31	-	-	31
Common stock issued for interest on convertible debt	175,392	-	(175,392)	(0)	-	-	-	-	-	-
Share repurchase	(13,672)	-	-	-	13,689	7	(7)	-	-	-
Carryover effects of financial statement restatements in prior periods	-	-	-	-	-	-	-	-	294	294
Net loss and comprehensive loss	-	-	-	-	-	-	-	(58)	(7,979)	(8,037)
Balance at March 31, 2023	5,133,565	$ 5	0	$ 0	(0)	$ -	$ 97,518	$ 299	$ (107,457)	$ (9,635)

The accompanying notes are an integral part of these unaudited condensed unaudited consolidated financial statements.

RYVYL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY/ (DEFICIT)

(UNAUDITED)

(Dollars in thousands, except share data)

	Common Stock				Treasury Stock							
	Shares	Amount	To be Issued	Amount	To be returned	Amount	Shares	At Cost	Additional Paid-In Capital	Other Accumulated Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
Balance at December 31, 2021	4,354,665	$ 4	-	$ -	(143,689)	$ (985)	(71,484)	$ (493)	$ 81,479	$ -	$ (50,537)	$ 29,468
Common stock issued for services	3,051	-	891	-	-	-	-	-	126	-	-	126
Common stock issued to shareholder	3,334	-	-	-	-	-	-	-	-	-	-	-
Common stock issued for stock options exercised	1,242	-	-	-	-	-	-	-	5	-	-	5
Common stock contributed and cancelled from shareholder	(33,334)	-	-	-	80,000	699	(148,376)	(354)	(3,582)	-	-	(3,237)
Common stock issuable - Acquisition of Sky assets	-	-	50,000	-	-	-	-	-	2,110	-	-	2,110
Common stock shares contributed by shareholder	-	-	(50,000)	-	-	-	-	-	-	-	-	-
Common stock shares issuable to shareholder	-	-	53,334	-	-	-	-	-	-	-	-	-
Stock compensation expense	-	-	-	-	-	-	-	-	167	-	-	167

Net loss	-	-	-	-	-	-	-	-	-	-	(29,427)	(29,427)
Balance at March 31, 2022	4,328,958	4	54,225	-	(63,689)	(286)	(219,860)	(847)	80,305	-	(79,964)	(786)
Common stock issued for services	2,419	-	(891)	-	-	-	-	-	79	-	-	79
Common stock issued to employees as stock compensation	27,226		22,109	-	-	-	-	-	1,497	-	-	1,496
Common stock issued - acquisition of Sky assets	50,000	-	(50,000)	-	-	-	-	-	-	-	-	-
Common stock shares contributed by shareholder	(50,000)	-	50,000	-	-	-	-	-	-	-	-	-
Common stock shares contributed and cancelled from shareholder	(139,859)	-	-	-	50,000	280	89,859	817	(1,096)	-	-	-
Common stock issued for conversion of convertible debt	241,310	-	-	-	-	-	-	-	9,826	-	-	9,826
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(398)	-	(398)
Net income	-	-	-	-	-	-	-	-	-	-	12,091	12,091
Balance at June 30, 2022	4,460,054	4	75,443	-	(13,689)	(7)	(130,001)	(30)	90,611	(398)	(67,873)	22,308
Common stock issued for services	15,020	-	-	-	-	-	-	-	133	-	-	133

Common stock issued to employees as stock compensation	58,696	-	(20,834)	-	-	-	-	-	459	-	-	459
Common shares stock contributed by shareholder	(41,250)	-	-	-	-	-	-	-	-	-	-	-
Common stock issued for conversion of convertible debt	357,386	-	-	-	-	-	-	-	7,088	-	-	7,088
Common stock issued for interest on convertible debt	3,054	-	-	-	-	-	-	-	110	-	-	110
Common stock issuable for interest on convertible debt	-	-	186,594	-	-	-	-	-	1,709	-	-	1,709
Share repurchase from previous shareholders	-	-	-	-	-	(82)	-	-	(738)		-	(820)
Other comprehensive loss	-	-	-	-	-	-	-	-		(311)	-	(311)
Net loss	-	-	-	-	-	-	-	-	-	-	(15,884)	(15,884)
Balance at September 30, 2022	4,852,960	$ 4	241,203	$ -	(13,689)	$ (89)	(130,001)	$ (30)	$ 99,373	$ (708)	$ (83,756)	$ 14,792

The accompanying notes are an integral part of these condensed unaudited financial statements.

RYVYL INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

(Dollars in thousands)

(Unaudited)

	Nine Months Ended September 30		
	2023	2022	Three Months Ended March 31

		(as restated)	2024	2023
Cash flows from operating activities:				
Net loss	$ (23,098)	$ (33,219)	$ (2,689)	$ (7,979)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization expense	1,899	4,880	657	620
Noncash lease expense	246	54	70	913
Stock compensation expense	309	2,729	224	193
Interest expense - debt discount	9,626	11,540		
Accretion of debt discount			908	2,622
Changes in fair value of derivative liability	(6,580)	(14,592)	-	(168)
Loss on extinguishment and derecognition expense upon conversion of debt	1,518	9,762		
Changes in assets and liabilities:				
Accounts receivable, net	457	(308)	(207)	296
Prepaid and other current assets	6,841	(1,227)	159	5,741
Cash due from gateways	(896)	(20)		
Cash due from gateways, net			11,408	119
Other assets	(1,480)	48	(391)	(2,017)
Accounts payable	1,962	(442)	(499)	8,144
Other current liabilities	1,333	348		
Accrued and other current liabilities			(1,259)	(915)
Accrued interest	554	534	-	709
Payment processing liabilities	34,893	7,566		
Net cash provided by (used in) operating activities	27,584	(12,347)		
Payment processing liabilities, net			7,144	8,101
Net cash provided by operating activities			15,525	16,379
Cash flows from investing activities:				
Purchases of property and equipment	(78)	(102)	(22)	(17)
Deposits on acquisitions.	-	(1,451)		
Purchase of intangibles	-	(500)		
Cash provided for Transact Europe Holdings OOD acquisition	-	(28,811)		
Cash provided for Sky Financial & Intelligence asset acquisition	-	(16,000)		
Net cash used in investing activities	(78)	(46,864)	(22)	(17)
Cash flows from financing activities:				
Treasury stock purchases	-	(4,057)		
Proceeds from stock option exercises	-	5		
Repayments on convertible debt	-	(6,000)		
Repayments on long-term debt	(11)	-	(4)	-
Net cash used in financing activities	(11)	(10,052)	(4)	-
Restricted cash acquired from Transact Europe	-	18,677		
Net increase (decrease) in cash, cash equivalents, and restricted cash	27,495	(50,586)		
Foreign currency translation adjustment	26	(1,410)		
Effect of exchange rate changes on cash, cash equivalents, and restricted cash			(1)	(58)
Net increase in cash, cash equivalents, and restricted cash			15,498	16,304
Cash, cash equivalents, and restricted cash – beginning of period	40,834	89,559	73,318	40,834

Cash, cash equivalents, and restricted cash – end of period	$ 68,355	$ 37,563	$ 88,816	$ 57,138
Supplemental disclosures of cash flow information				
Supplemental cash flow disclosures				
Cash paid during the period for:				
Interest	$ 2,709	$ 4,907	$ -	$ 1,000
Income taxes	$ -	$ -	$ -	$ -
Non-cash financing and investing activities:				
Convertible debt conversion to common stock	$ 300	$ 8,550		
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	$ -		

The accompanying notes are an integral part of these unaudited condensed unaudited consolidated financial statements.

RYVYL, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Business and Basis of Presentation

Organization

RYVYL Inc. (the “Company”) is a financial technology company that develops, markets, and sells innovative blockchain-based payment solutions, which offer significant improvements for the payment solutions marketplace. The Company’s core focus is developing and monetizing disruptive blockchain-based applications, integrated within an end-to-end suite of financial products, capable of supporting a multitude of industries. The Company’s proprietary, blockchain-based systems are designed to facilitate, record, and store a limitless volume of tokenized assets, representing cash or data, on a secured, immutable blockchain-based ledger.

Please***Name Change***

On May 3, 2018, PubCo formally changed its name to GreenBox POS LLC, then subsequently changed its name to GreenBox POS on December 13, 2018. On October 13, 2022 GreenBox POS changed its name to RYVYL Inc. Unless the context otherwise requires, all references to “the Company,” “we,” “our”, “us” and “PubCo” refer collectively to RYVYL Inc. and its subsidiaries. Unless the context otherwise requires, all references to “PrivCo” or the “Private Company” refer to Note 16 entitled “*Subsequent Events*.” GreenBox POS LLC, a limited liability company, formed in the state of Washington.

2. Summary of Significant Accounting Policies

Going Concern

Since February 2024, the Company’s North America segment has been experiencing a significant decline in revenue, which is the direct result of having to abruptly transition its QuickCard product from terminal-based to app-based processing. While this decline in revenue is considered temporary, it has adversely impacted the Company’s liquidity in the short term, within the North America segment. As a result, management has determined that the Company’s cash and cash equivalents as of March 31, 2024 are not sufficient to fund the North America segment’s operations and capital needs for the next 12 months from the issuance of this Report.

As a result of the developments described above, substantial doubt exists about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is contingent upon the successful execution of management’s intended plan over the next twelve months to improve the liquidity of its North America segment, which includes, without limitation:

- acceleration of the Company's business development efforts to drive volumes in diversified business verticals;
- the implementation of cost control measures to more effectively manage spending in the North America segment and right sizing the organization, where appropriate;
- the sale of certain noncore assets; and
- repatriation of offshore profits from the Company's European subsidiaries, whose continued accelerated growth and generation of positive cash flow have already provided, and will continue to provide, an immediate and viable short-term source of capital during this product transition(to date, the Company has repatriated $7.5 million from Europe).

Management has assessed that its intended plan is appropriate and sufficient to address the liquidity shortfall in its North America segment. However, there can be no guarantee that we will be successful in implementing our plan, that our projections of our future capital needs will prove accurate, or that any additional funding will be sufficient to continue our operations in the North America segment. The unaudited consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The report of the Company's independent auditor on the consolidated financial statements for the year ended December 31, 2023 contains an explanatory paragraph referring to a substantial doubt concerning the Company's ability to continue as a going concern.

Basis of Presentation and Consolidation

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. All intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Unaudited Interim Financial Information

Certain information and footnote disclosures normally included in the Company's annual audited financial statements and accompanying notes have been condensed or omitted in this accompanying interim consolidated financial statements and footnotes. Accordingly, the accompanying interim consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K/A 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on August 10, 2023 March 26, 2024 (the "2022 "2023 Annual Report").

In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal, recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein. The results of the interim periods are not necessarily indicative of the results expected for the full fiscal year or any other interim period or any future year or period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reverse Stock Split

On September 6, 2023, the Company filed a certificate of amendment to its amended and restated certificate of incorporation with the Secretary of State of the State of Nevada to effect a 1-for-10 reverse stock split (the "Reverse Stock Split") of the Company's shares of common stock, par value $0.001 per share (the "common stock"). Such amendment and ratio were previously approved by the board of directors. Under Nevada Revised Statutes Section 78.207, stockholder approval of the Reverse Stock Split was not required because (i) both the number of authorized shares of the common stock and the number of issued and outstanding shares of the common stock were proportionally reduced as a result of the Reverse Stock Split; (ii) the Reverse Stock Split did not adversely affect any other class of stock of the Company; and (iii) the Company did not pay money or issue scrip to stockholders who would otherwise be entitled to receive a fractional share as a result of the Reverse Stock Split. As a result of the Reverse Stock Split, which was effective September 6, 2023, every ten shares of the Company's pre-reverse split outstanding common stock were combined and reclassified into one share of common stock. Proportionate voting rights and other rights of common stockholders were not affected by the Reverse Stock Split. Any fractional shares of common stock resulting from the Reverse Stock Split were rounded up to the nearest whole share. All stock options outstanding and common stock reserved for issuance under the Company's equity incentive plans outstanding immediately prior to the Reverse Stock Split were adjusted by dividing the number of affected shares of common stock by ten and, as applicable, multiplying the exercise price by ten. All share numbers, share prices, exercise prices and per share amounts have been adjusted, on a retroactive basis to reflect this 1-for-10 Reverse Stock Split.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations or cash flows.

Cash, Cash Equivalents and Restricted Cash

The Company's cash, cash equivalents and restricted cash represents the following:

- ***Cash and cash equivalents*** consist of cash on hand, cash on deposit with banks, and highly liquid debt investments with an original maturity of three months or less.

● ***Restricted cash*** – The Company's technology enables transactional blockchain ledger substantially consists of cash received from gateways for merchant transactions processed, which has yet to instantly reflect all transaction details. The final cash settlement of each transaction is subject be distributed to the gateway policies. This final disposition takes days to weeks to complete in accordance with these policies. Each policy is an integral part of the transactional contracts between the Company, its merchants, Independent Sales Organizations ("ISOs"), its and their agents at the end of the period.

The gateways have strict policies pertaining to the scheduling of the release of funds to merchants based on several criteria that include, but are not limited to, return and the merchant clients. While the ledger reflects a held balance chargeback history, associated risk for the merchant, in specific business vertical, average transaction amount, etc. To mitigate potential credit losses associated with these risks, the gateways use these policies to determine reserve or requirements and a payment in arrears strategy. While reserve and payment in arrears restrictions are in effect for a merchant payout, the Company holds funds in a trust account as records the reserved amounts against cash deemed restricted. The Company's records reflect such restricted cash as restricted cash and trust accounts, and due from the balances due to merchants and ISOs as settlement liabilities. gateways until the restriction is released.

Cash Due from Gateways, and Payment Processing Liabilities Net

The Company's primary source Company generates the majority of its revenue consists of from payment processing services for provided to its merchant clients. When a merchant makes a sale, the process of receiving the payment card information, engaging the banks for transferring the proceeds to the merchant's account via digital gateways, and recording the transaction on a blockchain ledger, are the activities for which the Company collects gets to collect fees.

The Company utilized several gateways during the nine months ended September 30, 2023 and the year ended December 31, 2022. These gateways have strict guidelines pertaining to scheduling of the release of funds to merchants which are based on several criteria, such as, and among other things, return and chargeback history, associated risks for specific business verticals, and average transaction size. To mitigate processing risks, these policies determine reserve requirements and payment-in-arrears strategies. While reserve and payment-in-arrears restrictions are in effect for a merchant payout, the Company records receivables from the gateways against these amounts until released.

Cash due from gateways balances presented in the accompanying consolidated balance sheets represent the amount amounts due to the Company for transactions processed wherein but not yet distributed by the gateways.

Payment Processing Liabilities

The Company's proprietary blockchain-based technology serves as the settlement engine for all transactions within the Company's ecosystem. The blockchain ledger provides a robust and secure platform to log large volumes of immutable transactional records in real time. In summary, blockchain is a distributed ledger that uses digitally encrypted keys to verify, secure and record details of each transaction conducted within an ecosystem. Unlike general blockchain-based systems, the Company uses proprietary, private ledger technology to verify every transaction conducted within the Company's ecosystem. The verification of transaction data comes from trusted partners, all of whom have been extensively vetted by the Company. The Company facilitates all financial elements of its closed-loop ecosystem, and it acts as the administrator for all related accounts. Using the Company's TrustGateway technology, the Company seeks authorization and settlement for each transaction from Gateways to the issuing bank responsible for the credit/debit card used in the transaction. When a gateway settles the transaction, the company's TrustGateway technology composes a chain of blockchain instructions to the Company's ledger manager system.

When consumers use their credit or debit cards to pay for transactions with merchants who use our ecosystem, the transaction starts with the consumer funding their virtual wallets with an amount that is equal to the cost of the good or service they intend to purchase from the merchant. Once this occurs, the Company transfers the respective funds to the merchant's virtual wallet, after which the merchant releases its goods or services to the consumer. These transfers take place instantaneously and seamlessly, allowing the transaction experience to seem like any other ordinary credit or debit card transaction to the consumer and merchant.

While the Company's blockchain ledger records transaction details instantaneously, the final cash settlement of each transaction can take days to weeks, depending upon contract terms between the Company and the gateways the Company uses, between the Company and its ISOs, and between the Company and/or its ISOs and merchants who use the Company's services. In the case where the gateways have not been distributed. yet remitted funds to the Company pertaining to transactions already processed, the Company records those amounts as cash due from gateways, net – a current asset. Concurrently, the Company records a portion of the cash due from gateways as revenue and the remaining balance, which is due to merchants and ISOs, as payment processing liabilities, net – a current liability. The balance included in payment processing liabilities, net in the consolidated balance sheets is equal to the sum of amounts due to merchants and ISOs related to the aforementioned unsettled transactions and the amounts due to merchants and ISOs on already settled transactions that these merchants and ISOs have not yet redeemed in the blockchain.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company generates the majority of its revenue from payment processing services. Payment processing services revenue is typically based on a percentage of the value of each transaction processed and/or upon fixed amounts specified per each transaction or service. The Company satisfies its performance obligations and, therefore, recognizes the processing fees as revenue at a point in time, upon the authorization of a merchant sale transaction.

Research and Development Costs

Research and development costs are expensed as incurred. They primarily consist primarily of salaries and benefits for research and development personnel and outsourced contracted services, as well as associated supplies and materials. These costs are expensed as incurred.

Revenue Recognition Accounts Receivable, Net

Revenue is recognized upon transfer Accounts receivable consist of control amounts recorded in connection with the sale of promised goods or services to payment processing terminals and related accessories. Accounts receivable are recorded at invoiced amounts, net of an allowance for credit losses, and do not bear interest. In accordance with Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments* ("*ASU 2016-13*"), the Company measures its allowance for credit losses using an expected credit loss model that reflects the Company's customers or when current estimate of expected credit losses inherent in the enterprise and the accounts receivable balance. In determining the expected credit losses, the Company satisfies any performance obligations under contract. considers its historical loss experience, the aging of its accounts receivable balance, current economic and business conditions, and anticipated future economic events that may impact collectability. The amount of revenue represents consideration the Company expects reviews its allowance for credit losses periodically and, as needed, amounts are written-off when determined to be entitled to in exchange uncollectible. As of March 31, 2024 and December 31, 2023, the allowance for the respective goods or services provided. Under the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606, ***Revenue from Contracts with Customers*** ("ASC 606"), contract assets or contract liabilities that arise from past performance but require a further performance before the obligation can be fully satisfied must be identified and recorded on the balance sheet until respective settlements have been met. credit losses was immaterial.

The Company's primary revenue source is generated from payment processing services. Payment processing services revenue is based on a percentage of each transaction's value and/or upon fixed amounts specified per each transaction or service Prepaid Expenses and is recognized as such transactions or services are performed, at a point in time.

Accounts Receivable and Allowance for Credit Losses

The Company maintains an allowance for credit losses for estimated losses from the inability of gateways to make required payments. The allowance for credit losses is evaluated periodically based on the aging of accounts receivable, the operational relationship with gateways and their payment histories, historical charge-off experiences and other assumptions, such as current assessments of economic conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

Prepaid Expenses Other Current Assets

Prepaid expenses and other current assets primarily consist of inventory and deposits made by our European subsidiaries with credit card companies under Transact Europe Holdings OOD ("Transact Europe Holdings") and the prepayment associated with other acquisitions. companies.

Property and Equipment, Net

Property and equipment primarily consist of computer equipment, leasehold improvements, and furniture and fixtures. Property and equipment are stated at cost. historical cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from three to eight years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related assets or the lease term. asset. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is recognized reflected in income for the period the transaction occurs. period.

Fair Value of Financial Instruments Measurements

The Company assesses the applies fair value of financial instruments based on the provisions of FASB ASC Topic 820, ***Fair Value Measurements*** ("ASC 820"). ASC 820 defines accounting for assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the exchange price that would be received for to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC

Accounting Standards Codification ("ASC") Topic 820, also *Fair Value Measurements,* establishes a three-level hierarchy priority for disclosure of assets and liabilities recorded at fair value. The ordering of priority reflects the degree to which requires an entity objective prices in external active markets are available to measure fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when measuring to the extent possible. The three levels in the hierarchy are as follows:

- Level 1 – Observable inputs, such as unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 – Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that cannot be directly corroborated by observable market data and that typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The Company measures its convertible note and related derivative liability at fair value. The Company classifies these liabilities as Level 3 of the fair value hierarchy, as fair values are estimated using models that use both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

ASC 820 describes three levels of inputs that may be used to measure fair value: Goodwill and Intangible Assets

Level 1 – Quoted prices in active markets Goodwill is recorded when the consideration paid for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term an acquisition of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to a business exceeds the fair value of the identifiable net tangible and intangible assets or liabilities. acquired.

The following table describesGoodwill is tested for impairment, at a minimum, on an annual basis at the valuation techniques usedreporting unit level by first performing a qualitative assessment to calculatedetermine whether it is more likely than not that the fair value for assets in Level 3. The significant unobservable input used in the fair value measurement of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The Company's identifiable intangible assetspolicy is to perform its annual impairment test of goodwill as of December 31 of each fiscal year. Based on our most recent annual impairment assessment, we determined that no adjustment to the discount rate. The change in this input could result in a changecarrying value of fair value measurement (dollars in thousands):goodwill of our reporting unit was required.

	Fair Value at September 30, 2023		Fair Valu December 3
Customer relationships	$	4,197	$
Business intellectual properties		1,481	
Derivative liability		45	

Intangible assets consist of acquired customer relationships and business intellectual properties. Intangible assets are amortized over their estimated useful lives, ranging from two to five years, using the straight-line method. No significant residual value is estimated for intangible assets.

Goodwill and Other Intangible Assets

The Company accounts for acquisitions of businesses in accordance with the acquisition method of accounting which requires assets and liabilities to be recognized at their fair values on the acquisition date. Goodwill represents the excess of the purchase price of acquired businesses over the fair value of the identifiable assets acquired and liabilities assumed. Acquisition costs are expensed as incurred.

Under the guidance of FASB ASC Topic 350, ***Intangibles — Goodwill and Other***, goodwill is not amortized, rather it is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit and would be measured as the excess carrying value of goodwill over the derived fair value of goodwill. The Company's policy is to perform an annual impairment testing for its reporting units on December 31 of each fiscal year.

Goodwill and other intangible assets acquired in a business combination determined to have an indefinite useful life are generally not amortized, but instead are tested for impairment at least annually and more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value.

Other intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values.

Impairment of Long-Lived Assets

The Company follows FASB ASC Topic 360, ***Property, Plant,evaluates property and Equipment***, in accounting forequipment and finite-lived intangible assets which requiresfor impairment losseswhenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated. If the carrying amount of the long–lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third–party independent appraisals, as considered necessary. The Company determined that the values of its long-lived assets as of March 31, 2024 and December 31, 2023, are supportable and recoverable.

Leases

The Company leases office space under non-cancellable operating leases with various expiration dates. The Company determines whether an arrangement is a lease for accounting purposes at contract inception. Operating leases are recorded as right-of-use ("ROU") assets, which are included within noncurrent assets, and lease liabilities, which are included within current and noncurrent liabilities on our consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received, where applicable. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate because the interest rate implicit in the Company's leases is not readily determinable. The Company's incremental borrowing rate is estimated to approximate the interest rate that the Company would pay to borrow on a collateralized basis with similar terms and payments as the lease, and in economic environments where the leased asset is located. Certain leases require the Company to pay taxes, maintenance, and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities. These lease costs are recognized as lease expenses when incurred.

The Company evaluates ROU assets related to leases for indicators of impairment are present and the undiscounted cash flows estimated to be generated by the assets are less than the assets' carrying amounts. As of September 30, 2023, the Company determined there were no indicators of impairment of its intangible assets.

Long-lived assets are reviewed for impairment whenever management believes that events or changes in circumstances indicate that the carrying amount of an a ROU asset may not be recoverable. To When a decision has been made to exit a lease prior to the extent contractual term or to sublease that space, the Company evaluates the asset for impairment and recognizes the associated impact to the ROU asset and related expense, if applicable. The evaluation is performed at the asset group level initially and when appropriate, at the lowest level of identifiable cash flows, which is at the individual lease level. Undiscounted cash flows expected to be generated by the related ROU assets are estimated over the ROU assets' useful lives. If the evaluation indicates that the carrying value is determined to be unrecoverable, an impairment loss is recognized through a charge to expense. As of September 30, 2023, other than a charge-off amount of the entire consideration paid ROU assets may not be recoverable, any potential impairment is measured based upon the fair value of the related ROU asset or asset group as determined by appropriate valuation techniques.

Foreign Currency

Assets and liabilities are translated into the reporting currency using the exchange rates in connection effect on the consolidated balance sheet dates. Equity accounts are translated at historical rates, except for the change in retained earnings during the period, which is the result of the income statement translation process. Revenue and expense accounts are translated using the weighted average exchange rate during the period. The cumulative translation adjustments associated with the contracted acquisition net assets of the Sky Financial and Intelligence, LLC ("Sky Financial") portfolio, the Company performed an impairment analysis on the foreign subsidiaries are recorded in accumulated other acquired goodwill and other long-lived assets and concluded that their values are supportable and recoverable.

Classification of Series A Convertible Preferred Stock

The Company has Series A Convertible Preferred Stock, par value $0.01 per share ("Series A Preferred Stock") that contains certain redemption features that are not solely within the control of the Company and therefore is classified outside of permanent equity in temporary equity comprehensive income in the accompanying consolidated balance sheets. Costs incurred in connection with statements of stockholders' equity.

Stock Based Compensation

Stock-based compensation expense relates to restricted stock awards ("RSAs") and stock options granted to employees and non-employee directors under the issuance Company's equity incentive plans, which are measured based on the grant-date fair value. The fair value of Series A Preferred Stock are recorded as a reduction of gross proceeds from issuance. The carrying values RSAs is determined by the closing price of the outstanding shares Company's common stock on the grant date. The fair value of Series A Preferred Stock were determined by third-party experts, and are not being subsequently adjusted to their respective redemption values stock options is estimated on the date of grant using the Black-Scholes-Merton option valuation model. Generally, stock-based compensation expense is recorded on a straight-line basis over the requisite service period. The Company accounts for forfeitures as the Company has determined that the Series A Preferred Stock is not currently redeemable or probable of becoming redeemable (it is only redeemable upon liquidation or a change of control of the Company). they occur.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion of or all the deferred tax assets will not be realized. Judgment is required in determining and evaluating income tax provisions and valuation allowances for deferred income tax assets. We recognize an income tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we have valuation allowances which serve to reduce net deferred tax assets.

RYVYL INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Earnings Net Loss Per Share

Basic income or (loss) The Company's basic net loss per share is computed by dividing the net income or loss available to common shareholders by the weighted average number of common shares outstanding during the period without consideration of potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss available to common shareholders by the weighted-average number of shares of common stock outstanding, adjusted for the periods presented. Diluted earnings per share includes the dilutive effect of any potentially dilutive debt or equity under all potential shares of common stock. For the treasury stock method, if including such instruments is dilutive. The three-month periods ended March 31, 2024 and 2023, the Company's diluted net loss per share is the same as the basic net loss per share, for the year ended December 31, 2022, and three- and nine-month periods ended September 30, 2023, and 2022, since there are no common stock equivalents outstanding that would have a dilutive effect.

Leases

On February 25, 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, ***Leases*** ("ASU 842"), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. ASC 842 requires that lessees recognize right of use assets and lease liabilities calculated based on the net present value of lease payments for all lease agreements with terms that are greater than twelve months.

ASU 842 distinguishes leases as either a finance lease or an operating lease that affects how the leases are measured and presented in the statements of operations and statements of changes in cash flows. ASU 842 supersedes nearly all existing lease accounting guidance under GAAP issued by the FASB including ASC Topic 840, ***Leases***.

For operating leases, we calculated right-of-use assets and lease liabilities based on the net present value of the remaining lease payments as of the adoption date using our incremental borrowing rate as of that date.

Segment Reporting

The Company has organized determines its operations into reportable segments based on how its Chief Operating Decision Maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates operating performance. Our CODM is our Chief Executive Officer and we have identified two reportable segments: North America and International. These segments reflect represent the way management evaluates its business components of the Company for which separate financial information is available that is utilized on a regular basis by the CODM to assess segment performance, set strategic goals, and manages its operations.

allocate the Company's resources. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. Management has determined that the operational data primary financial measure used by the Company's CODM is that of the two reportable segments. Management bases strategic goals and decisions on these segments.

Management evaluates to evaluate the performance of its segments and allocates allocate resources based on to them is operating income or loss as compared to prior periods and current performance levels. (loss).

Recent Recently Adopted Accounting Standard Adopted Pronouncements

In June 2016, the FASB Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13,***Financial Instruments—Credit Losses ("ASU 2016-13"). The standard, including Topic 326): Measurement of Credit Losses on Financial Instruments*****, as amended by subsequently issued amendments (ASU No. ASUs 2018-19, ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, 2019-11, 2020-02, 2020-03 and No. ASU 2019-11), 2022-02 (collectively, "Topic 326"). Topic 326 requires entities to utilize a new impairment model known as the current expected credit loss ("CECL") model for certain financial asset measured assets held at the reporting date. The CECL model requires entities to estimate lifetime "expected credit loss" amounts and record them as an allowance that, when deducted from the amortized cost basis such as accounts receivable and certain other of the financial assets, to be presented at asset, presents the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, the financial asset. The CECL model is expected to result in more timely recognition of credit losses. The guidance also amends the impairment model for available for sale debt securities and reasonable and supportable forecasts that affect the collectability requires entities to determine whether all or a portion of the reported amount. In November 2019, the FASB issued ASU No. 2019-10 to postpone the effective date of ASU 2016-13 for public business entities eligible to be smaller reporting companies defined by the SEC to fiscal years** beginning after December 15, 2022, including interim periods within those fiscal years. unrealized loss on such debt security is a credit loss. The Company has adopted this accounting standard, effective the updates as of January 1, 2023. Management assessed the adoption of this standard, with no material impact on the effective date and concluded that the adoption did not have a material effect on the Company's its consolidated financial condition, results of operations, and cash flows during the three and nine-month periods ended September 30, 2023.

Recent Accounting Standards and Guidance Not Adopted statements.

In October 2021, the FASB issued ASU No. 2021-08, "*Business Combinations* (Topic (ASC 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08)," which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, "*Revenue from Contracts with Customers*," as if the acquirer had originated the contracts. Under current accounting standards, contract assets and contract liabilities acquired in a business combination are to be recorded at fair value using the ASC 805 measurement principle. ASU 2021-08 is effective for fiscal years and interim reporting periods within those fiscal years beginning after December 15, 2022. The Company has not acquired any businesses during the effective period and, accordingly, is currently evaluating the effect, if any, the adoption of this guidance will ASU 2021-08, effective January 1, 2023, did not have an impact on our the financial condition, results of operations, cash flows and disclosures. disclosures of the Company.

The In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ((" "*ASU 2020-06" 2020-06*"). ASU 2020-06 aims to simplify the accounting for convertible instruments by eliminating large sections reducing the number of accounting models for convertible debt instruments and convertible preferred stock. ASU 2020-06 also simplifies the existing derivative scope exception guidance pertaining to equity classification of contracts in this area. It also eliminates several triggers for derivative accounting, an entity's own equity and amends the diluted earnings per share guidance, including a the requirement to settle certain contracts by delivering registered shares. These changes are intended to make GAAP easier to apply and, therefore, reduce use the frequency of errors in this part of the literature. if-converted method for all convertible instruments. Early adoption is permitted for fiscal years beginning after December 15, 2020. For SEC filers, excluding smaller reporting companies, ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, this ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods therein. The adoption of ASU 2020-06, effective January 1, 2024, did not have an impact on the financial condition, results of operations, cash flows and disclosures of the Company.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*: *Improvements to Reportable Segment Disclosures*. The amended guidance requires incremental reportable segment disclosures, primarily about significant segment expenses. The amendments also require entities with a single reportable segment to provide all disclosures required by these amendments, and all existing segment disclosures. The amendments will be applied retrospectively to all prior periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently in the process of evaluating the impact this amended guidance may have on the footnotes to its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-08, *Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60)*: *Accounting for and Disclosure of Crypto Assets*. This amended guidance requires fair value measurement of certain crypto assets each reporting period with the changes in fair value reflected innet income. The amendments also require disclosures of the name, fair value, units held, and cost bases for each significant crypto asset held and annualreconciliations of crypto asset holdings. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December15, 2024, with early adoption permitted. We are required to apply these amendments as a cumulative-effect adjustment to retained earnings as of the beginningof the fiscal year in which the guidance is adopted. The adoption of this guidance is not expected to have an impact on its our consolidated financialstatements, as we currently do not hold any crypto assets.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amended guidance enhances income tax disclosures primarily related to the effective tax rate reconciliation and income taxes paid information. This guidance requires disclosure of specific categories in the effective tax rate reconciliation and further information on reconciling items meeting a quantitative threshold. In addition, the amended guidance requires disaggregating income taxes paid (net of refunds received) by federal, state, and foreign taxes. It also requires disaggregating individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total

income taxes paid (net of refunds received). The amended guidance is effective for fiscal years beginning after December 15, 2024. The guidance can be applied either prospectively or retrospectively. The Company is currently in the process of evaluating the impact this amended guidance may have on the footnotes to our consolidated financial statements.

3. Restatements of Previously Issued Consolidated Financial Statements

During the preparation of its 2022 Annual Report, the Company determined that it had not appropriately accounted for certain historical transactions under GAAP. In accordance with the SEC's Staff Accounting Bulletin ("SAB") 99, *Materiality*, and SAB 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, the Company evaluated the materiality of the errors from qualitative and quantitative perspectives, individually and in aggregate, and concluded that the errors were material to the Consolidated Statements of Operations for the quarters ending March 31, 2021, June 30, 2021, September 30, 2021, March 31, 2022, June 30, 2022, and September 30, 2022, and for the annual period ending December 31, 2021. Based on this evaluation, on January 13, 2023, the Company's Audit Committee, with the concurrence of management, concluded that the Company's previously issued consolidated financial statements for the aforementioned periods would need to be restated and could no longer be relied upon. The Company has restated the impacted financial statements for each of these periods and presented the effects of the restatement adjustments in its 2022 Annual Report.

4. Acquisitions

Logicquest Technology, Inc.

In April 2023, the Company executed a purchase agreement for 99.4 million shares of restricted common stock of Logicquest Technology, Inc., a Nevada corporation ("Logicquest") representing ownership of 99.1% of Logicquest, 48 shares of Series C Convertible Non-Redeemable Preferred Stock of Logicquest, and 10 shares of Series D Convertible Non-Redeemable Preferred Stock of Logicquest, in exchange for an aggregate purchase price of $225,000. Logicquest was a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) Act) quoted on the OTC Over-the-Counter Pink Open Market under the symbol "LOGQ" and is required to file reports and other information with the SEC pursuant to the Exchange Act. In June 2023, the Company merged the assets of Coyni, Inc., a wholly-owned subsidiary of the Company, and Logicquest, with Logicquest as the surviving entity. Subsequently, Logicquest changed its name to Coyni, Inc. ("Coyni PubCo"). The Company expects to close on the purchase in In the fourth quarter of 2023. The 2023, the Company intends amended the share purchase agreement to spin-off reflect 98 million shares of restricted common stock of Logicquest, 48 shares of Series C Convertible Non-Redeemable Preferred Stock of Logicquest, and 10 shares of Series D Convertible Non-Redeemable Preferred Stock of Logicquest, in exchange for an aggregate purchase price of $225,000. In accordance with ASC 805, *Business Combinations,* this transaction was accounted for as an asset acquisition and the acquired assets are included in the consolidated financial statements of the Company as of March 31, 2024.

As previously disclosed, the Company originally intended to transfer the Coyni Platform assets, which are owned by the Company, into Coyni PubCo, at and subsequently spin-off Coyni PubCo into a later date. The details new publicly traded entity. However, we subsequently determined that it was in the best interest of the spin-off are being finalized Company and will be subject its shareholders to corporate governance. There can be no assurance as to retain the timing or whether Coyni Platform at the Company will be able to consummate the expand payment processing and banking-as-a-service solutions. As such, management no longer plans to pursue a spin-off of Logicquest. Since the timing or completion of the transaction is uncertain, the Company's investment in Coyni PubCo has not been reclassified as assets held for sale, in accordance with FASB ASC Topic 205, *Presentation of Financial Statements*. The Company has engaged Kingswood, a division of Kingswood Capital Partners, LLC as the non-exclusive placement agent pursuant to an Engagement Agreement dated as of April 21, 2023, to advise the Company in connection with an offering on a reasonable best-efforts basis of Coyni PubCo as a separate publicly traded company (the "Offering"). The Offering is subject to completion of the anticipated spin-off, subject to market conditions. The Company expects to raise approximately $40 million in the Offering based on the valuation of Coyni PubCo's assets and liabilities of approximately $200 million. The Company has not obtained an independent third-party valuation of Coyni PubCo.

Merchant Payment Solutions LLC

In November 2021, the Company executed a term sheet to acquire certain Automated Clearing House ("ACH") business of Merchant Payment Solutions LLC ("MPS"). Upon execution of the term sheet, the Company made a refundable earnest money deposit in the amount of $725,000 toward the total purchase price. After conducting due diligence, the Company elected to terminate the term sheet on April 21, 2023. In June 2023, the

Company and MPS agreed to finalize a Portfolio Purchase Agreement (“Purchase Agreement”). Pursuant to the Purchase Agreement, the Company acquired the ACH portfolio of MPS for $725,000.

 In accordance with ASC 805, *Business Combinations,* this transaction was accounted for as an asset acquisition.

Transact Europe Holdings

On April 1, 2022, the Company acquired Transact Europe Holdings for $28.8 million (€26.0 million) in cash. Transact Europe Holdings, an EU-regulated electronic money institution headquartered in Sofia, Bulgaria, offers an array of licenses such as principal level membership of Visa, worldwide membership of MasterCard, and principal membership of China UnionPay. Transact Europe Holdings is also part of the direct Single Euro Payments Area, a payment system enabling cashless payments across continental Europe.

4. Property and Equipment, Net

The following summarizes the estimated fair values of the net assets acquired which is recorded as of April 1, 2022 table details property and equipment, less accumulated depreciation (dollars in thousands):

Tangible assets (liabilities):	
Net assets and liabilities	$
Intangible assets:	
Customer relationships	
Goodwill	
Total net assets acquired	$

	March 31, 2024	December 3
Computers and equipment	$ 286	$
Furniture and fixtures	152	
Improvements	183	
Total property and equipment	621	
Less: accumulated depreciation	(331)	
Net property and equipment	$ 290	$

Sky Financial & Intelligence

On March 31, 2022, the Company contracted to acquire a portfolio of merchant accounts from Sky Financial for $18.1 million. The Company paid $16.0 million in cash in March 2022 Depreciation expense was $0.04 million and issued 500,000 shares of restricted common stock $0.04 million for the transaction on May 12, 2022. The entire amount tendered in both cash three-month periods ended March 31, 2024, and stock was recorded as a customer relationships asset.

As of the date of this filing, the Company has not received delivery of the acquired merchant list and the associated ISO management portal access. The Company charged off the entire purchase price in 2022. Also, during 2022, the Company suspended its reporting of revenue from the Sky Financial portfolio.

The Company is vigorously pursuing its entitlements under the purchase agreement entered into with Sky Financial. 2023, respectively.

5. Settlement Processing Goodwill

The Company's proprietary blockchain-based technology serves as the settlement engine for all transactions within the Company's ecosystem. The blockchain ledger provides a robust and secure platform to log large volumes of immutable transactional records following table summarizes goodwill activity by reportable segment (dollars in real time. In summary, blockchain is a distributed ledger that uses digitally encrypted keys to verify, secure and record details of each transaction conducted within an ecosystem. Unlike general blockchain-based systems, the Company uses proprietary, private ledger technology to verify every transaction conducted within the Company ecosystem. The verification of transaction data comes from trusted partners, all of whom have been extensively vetted by the Company. The Company facilitates all financial elements of its closed-loop ecosystem, and it acts as the administrator for all related accounts. Using the Company's TrustGateway technology, the Company seeks authorization and settlement for each transaction from Gateways to the issuing bank responsible for the credit/debit card used in the transaction. When a gateway settles the transaction, the Company's TrustGateway technology composes a chain of blockchain instructions to the Company's ledger manager system. thousands):

	North America	International	Consolidated
Goodwill - December 31, 2023	$ 6,548	$ 20,205	$ 26,753
Goodwill Acquired	-	-	-
Adjustments (1)	-	$ (445)	$ (445)
Goodwill – March 31, 2024	$ 6,548	$ 19,760	$ 26,308

When consumers use credit or debit cards

(1) The adjustments to pay for transactions with merchants who use our ecosystem, goodwill during the transaction starts with the consumer purchasing tokens from the Company. The issuance of tokens is accomplished when the Company loads a virtual wallet with a token, which then transfers credits three months ended March 31, 2024 pertained to the merchant's wallet on a dollar-for-dollar basis, after which the merchant releases its goods or services to the consumer. These transfers take place instantaneously and seamlessly, allowing the transaction experience to seem like any other ordinary credit or debit card transaction to the consumer and merchant. While the Company's blockchain ledger records transaction details instantaneously, the final cash settlement of each transaction can take days to weeks, depending upon contract terms between the Company and the gateways the Company uses, between the Company and its ISOs, and between the Company and/or its ISOs and merchants who use the Company's services. In the case where the Company has received transaction funds, but not yet paid a merchant or an ISO, the Company holds funds in either a trust account or as cash deemed restricted within the Company's operating accounts. The Company records the total of such funds as cash due from gateways, net – a current asset. Of these funds, the Company records the balance due to merchants and ISOs as payment processing liabilities, net – a current liability. foreign currency translation adjustments.

6. Intangible Assets, Net

The following table details acquired intangible assets (dollars in thousands):

Intangible Assets	Amortization Period	March 31, 2024 Cost	March 31, 2024 Accumulated Amortization	March 31, 2024 Net	December 31, 2023 Cost	December 31, 2023 Accumulated Amortization	December 31, 2023 Net
Customer relationships	3-5 years	$ 7,812	$ (4,586)	$ 3,226	$ 7,812	$ (4,100)	$ 3,712
Business technology/IP	5 years	2,675	(1,462)	1,213	2,675	(1,328)	1,347
Total intangible assets		$ 10,487	$ (6,048)	$ 4,439	$ 10,487	$ (5,428)	$ 5,059

Amortization expense was $0.6 million and $0.6 million for the three months ended March 31, 2024 and 2023, respectively.

6. Property and Equipment

Property and equipment consisted of the following The estimated amortization expense related to intangible assets as of September 30, 2023, and December 31, 2022 March 31, 2024 is as follows (dollars in thousands):

	September 30, 2023	December 3
Buildings	$ 1,360	$
Computers and equipment	284	
Furniture and fixtures	190	
Improvements	164	
Total property and equipment	1,998	
Less: accumulated depreciation	(338)	
Net property and equipment	$ 1,660	$

Depreciation expense was $37,503 and $35,217 for the three-month periods ended September 30, 2023 and 2022, respectively, and $113,568 and $102,334 for the nine-month periods ended September 30, 2023 and 2022, respectively.

Year	
2024 (remainder)	$
2025	
2026	
2027	
2028	
Total	$

7. Goodwill Accrued Liabilities

Goodwill assets consisted of The following table details the following, as of September 30, 2023, and December 31, 2022 balance in accrued liabilities (dollars in thousands):

	September 30, 2023	December 3
Acquisition of Northeast	$ 2,793	$
Acquisition of Charge Savvy	3,755	
Acquisition of Transact Europe Holdings	20,205	
Total goodwill	$ 26,753	$

	March 31, 2024	December 3
Accrued gateway fees	$ 27	$
Payroll related accruals	1,546	
Accrued legal and professional fees	1,907	
Accrued taxes	503	
Other	670	
Total accrued liabilities	$ 4,653	$

8. Intangible Assets
Long-Term Debt, Net

Intangible assets consisted of The following table summarizes the following, Company's debt as of September 30, 2023, March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

		As of September 30, 2023			As of December 31, 2022		
Intangible Assets	Amortization Period	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Customer relationships – North America	5 years	$ 6,545	$ (2,665)	$ 3,880	$ 5,820	$ (1,755)	$ 4,065
Customer relationships - International	2 years	1,267	(950)	317	1,267	(475)	792
Business technology/IP	5 years	2,675	(1,194)	1,481	2,675	(793)	1,882
Total intangible assets		$ 10,487	$ (4,809)	$ 5,678	$ 9,762	$ (3,023)	$ 6,739

	March 31, 2024	December 31, 2023
$100,000,000 8% senior convertible note, due April 5, 2025	$ 19,200	$ 19,200
Less: Unamortized debt discount	(2,998)	(3,906)
Net carrying value	16,202	15,294
$149,900 Economic Injury Disaster Loan (EIDL), interest rate of 3.75%, due June 1, 2050	145	146
$500,000 EIDL, interest rate of 3.75%, due May 8, 2050	484	487
Total debt	16,831	15,927
Less: current portion	(15)	(15)
Long-term debt, net	$ 16,816	$ 15,912

Amortization expense was $0.6 million Senior Convertible Note

On November 8, 2021, the Company sold and $0.5 million for the three months ended September 30, 2023 issued, in a registered direct offering, an 8% Senior convertible note, originally due November 3, 2023, and subsequently extended to April 5, 2025, in the three months ended September 30, 2022 aggregate original principal amount of $100 million (the "Note"). The Note had an original issue discount of sixteen percent (16%) resulting in gross proceeds of $84 million. The Note was sold pursuant to the terms of a Securities Purchase Agreement, dated November 2, 2021 (the "SPA"), respectively and $1.8 million and $2.1 million for between the nine months ended September 30, 2023, Company and the nine months ended June 30, 2022 investor in the Note (the "Investor").

The Note was issued on November 8, 2021, respectively. pursuant to an indenture dated November 2, 2021 between us and Wilmington Savings Fund Society, FSB, as trustee (the "Base Indenture"), as supplemented by a first supplemental indenture thereto, dated November 2, 2021, relating to the Note (the "First Supplemental Indenture" and the Base Indenture as supplemented by the First Supplemental Indenture, the "First Indenture"). The terms of the Note include those provided in the First Indenture and those made part of the First Indenture by reference to the Trust Indenture Act.

First Exchange Agreement

On July 25, 2023, the Company entered into an Exchange Agreement (the "First Exchange Agreement") under which the Company and the Investor agreed to exchange (the "Series A Exchanges"), in two separate exchanges, an aggregate of $22.703 million of the outstanding principal and interest under the Note for 15,000 shares of a newly authorized series of preferred stock of the Company designated as Series A Preferred Convertible Stock (the "Series A Preferred Stock"), the terms of which are set forth in a Certificate of Designations of Rights and Preferences of Series A Convertible

Preferred Stock of RYVYL INC. Inc. (the “Series A Certificate of Designations”), which the Company filed with the Nevada Secretary of State prior to the initial issuance of the Series A Preferred Stock. The Series A Preferred Stock is further described in Note 10, *Convertible Preferred Stock*. As part of the First Exchange Agreement, the Company also agreed to allow for the conversion of up to an additional $9.0 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of the Company’s Common Stock during the five trading days immediately prior to such conversion; and the Investor agreed to waive any interest that would otherwise accrue on the Note during the period commencing on April 1, 2023 through, and including, December 31, 2023.

On July 31, 2023, pursuant to the terms of the First Exchange Agreement, the Company closed the initial exchange (the “Initial Series A Exchange”) and issued 6,000 shares of Series A Preferred Stock in exchange for $4.297 million of the outstanding principal balance of the Note and $1.703 million of accrued interest. Additionally, upon satisfaction of all applicable closing conditions, including, without limitation, the Company having obtained any stockholder approval required for the consummation of the transactions and the issuance of the Common Stock issuable upon the conversion of all of the shares of Series A Preferred Stock (unless waived by the applicable other party), in the final exchange (the “Final Series A Exchange”), the parties agreed to exchange the remaining $16.703 million of outstanding principal balance subject to the Series A Exchanges for 9,000 shares of Series A Preferred Stock on a date mutually agreed to by the Company and the Investor. The Company determined that the parties’ obligation to exchange the remaining $16.703 million of outstanding principal balances subject to the Series A Exchanges for 9,000 shares of Series A Preferred Stock in the Final Series A Exchange represents an embedded conversion feature that does not require bifurcation and separate valuation because it would not meet the definition of a derivative, if freestanding, under ASC 815 as net settlement could not be achieved.

The Company analyzed the changes made to the Note under the First Exchange Agreement under ASC 470-50 to determine if extinguishment accounting was applicable. Under ASC 470-50-40-10, a modification or an exchange that adds or eliminates a substantive conversion option as of the conversion date is always considered substantial and requires extinguishment accounting. Since the First Exchange Agreement added a substantive conversion option, the Company determined that extinguishment accounting was applicable. In accordance with the extinguishment accounting guidance, the Company recorded a loss on extinguishment of $1.3 million which represents the difference between (a) the fair value of the modified Note and the 6,000 shares of Series A Preferred Stock issued in the Initial Series A Exchange and (b) the carrying amount of the Note and the fair value of the bifurcated embedded derivative immediately prior to giving effect to the First Exchange Agreement.

Second Exchange Agreement

Under the terms of the First Exchange Agreement, a final closing was to be held upon which the Investor was to exchange an additional $16.703 million of principal of the Note into 9,000 shares of Series A Preferred Stock (the “Unissued Series A Preferred Stock”) which shares of Unissued Series A Preferred Stock were convertible into shares of Common Stock, in accordance with the terms of the Series A Certificate of Designations.

On November 27, 2023, the Company entered into an Exchange Agreement (the “Second Exchange Agreement”) with the Investor under which the Company and the Investor agreed to exchange (the “Series B Exchange”), (i) all of the existing shares of Series A Preferred Stock issued to the Investor in the Initial Series A Exchange, (ii) the right to exchange the shares of Unissued Series A Preferred Stock for an additional $16.703 million of principal of the Note, and (iii) $60.303 million of the outstanding principal under the Note for 55,000 shares of a newly authorized series of preferred stock of the Company designated as Series B Preferred Convertible Stock (the “Series B Preferred Stock”), the terms of which are set forth in a Certificate of Designations of Rights and Preferences of Series B Convertible Preferred Stock of RYVYL Inc. (the “Series B Certificate of Designations”), which the Company filed with the Nevada Secretary of State prior to the initial issuance of any shares of Series B Preferred Stock. The Series B Preferred Stock is further described in Note 10, *Convertible Preferred Stock*. As additional consideration for the Series B Exchange, the Company has also agreed to make a cash payment to the Investor in the amount of $3.0 million. As part of the Second Exchange Agreement, the Investor also agreed to forbear from requiring the repayment of the Note (to the extent such repayment obligation arises solely as a result of the occurrence of the maturity date and not with respect to any event of default or redemption rights in the Note or pursuant to the Indenture (as such term is defined in the Second Exchange Agreement)) during the period commencing on November 5, 2024 through, and including, April 5, 2025; and to extend the waiver of payment of interest under the Note through July 1, 2024.

Amortization expense for each The Company analyzed the changes made to the Note under the Second Exchange Agreement under ASC 470-50 to determine if extinguishment accounting was applicable. Under ASC 470-50-40-10, a modification or an exchange that adds or eliminates a substantive conversion option as of the years ending December 31 conversion date is as follows (dollars always considered substantial and requires extinguishment accounting. Since the Second Exchange Agreement eliminated a substantive conversion option (the parties’ obligation to exchange the remaining $16.703 million of outstanding principal balances subject to the Series A Exchanges for 9,000 shares of Series A Preferred Stock in thousands): the Final Series A Exchange), the Company determined that extinguishment accounting was applicable. In accordance with the extinguishment accounting guidance, the Company recorded a loss on extinguishment of $22.5 million which represents the difference between (a) the fair value of the modified Note, the fair value of the 55,000 shares of Series B Preferred Stock issued in the Series B Exchange, and the $3.0 million cash payment made to the Investor, and (b) the carrying amount of the Note, the fair value of the bifurcated embedded derivative immediately prior to giving effect to the Second Exchange Agreement, and the fair value of the existing shares of Series A Preferred Stock issued to the Investor in the Initial Series A Exchange forfeited to the Company by the Investor.

Year	
2023 (remainder)	$
2024	
2025	
2026	
2027	
Thereafter	
Total	$

On November 29, 2023, the Company closed the Series B Exchange, pursuant to which the Company issued to the Investor 55,000 shares of Series B Convertible Preferred Stock and paid the Investor a cash payment in the amount of $3.0 million, in exchange for 6,000 shares of Series A Convertible Preferred Stock previously issued to the Investor, the right to exchange the shares of Unissued Series A Preferred Stock for an additional $16.703 million of principal of the Note, and the reduction of principal of the Note in the aggregate amount of $60.303 million.

During the year ended December 31, 2022, the Investor converted $8.55 million of the outstanding principal balance into 5,986,954 shares of the Company's Common Stock at a weighted average conversion price of $1.43. In addition, the Company paid the Investor $6.9 million in January 2022 in exchange for cancellation of $6.0 million of the outstanding principal balance. During the year ended December 31, 2023, the Investor converted $1.65 million of the outstanding principal balance into 1,397,327 shares of the Company's Common Stock at a weighted average conversion price of $1.18.

Ranking

The Note is the senior unsecured obligation of the Company and not the financial obligation of our subsidiaries. Until such date as the principal amount of the Note is $5 million or less, all payments due under the Note will be senior to all other indebtedness of the Company and/or any of its subsidiaries.

Maturity Date

Under its original terms, unless earlier converted, or redeemed, the Note was to mature on November 3, 2023, the second anniversary of the issuance date, which we refer to herein as the "Maturity Date," subject to the right of the Investor to extend the date:

9. Long-Term Debt

(i) if an event of default under the Note has occurred and is continuing (or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an event of default under the Note) and

(ii) for a period of 20 business days after the consummation of a fundamental transaction if certain events occur.

Long-term debt consisted of the following:

We are required to pay, on the Maturity Date, all outstanding principal, accrued and unpaid interest and accrued and unpaid late charges on such principal and interest, if any.

As part of the Restructuring Agreement entered into with the Investor on August 16, 2022 (the "Restructuring Agreement"), the Company obtained a forbearance of the Maturity Date from November 5, 2023 to November 5, 2024. As part of the Second Exchange Agreement entered into with the Investor on November 27, 2023, the Company obtained a further forbearance of the Maturity Date from November 5, 2024 to April 5, 2025.

Interest

The Note bears interest at the rate of 8% per annum which (a) shall commence accruing on the date of issuance, (b) shall be computed on the basis of a 360-day year and twelve 30-day months and (c) shall be payable in cash quarterly in arrears on the first trading day of each calendar quarter or otherwise in accordance with the terms of the Note. If the holder elects to convert or redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being converted or redeemed will also be payable. If we elect to redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being redeemed will also be payable. The interest rate of the Note will automatically increase to 15% per annum upon the occurrence and continuance of an event of default (See "*Events of Default*" below).

Subject to the satisfaction of certain equity conditions, the terms of the Restructuring Agreement require the holder to voluntarily convert certain interest payments when due under the Note at 95% of the lower of (i) the then in effect conversion price and (ii) the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Investor agreed to waive any interest that would otherwise accrue on the Note during the period commencing on April 1, 2023 through, and including, December 31, 2023. As part of the Second Exchange Agreement, the Investor agreed to extend the waiver of payment of interest under the Note through July 1, 2024.

Late Charges

The Company is required to pay a late charge of 15% on any amount of principal or other amounts that are not paid when due.

Conversion

Fixed Conversions at Option of Holder

The holder of the Note may convert all, or any part, of the outstanding principal and interest of the Note, at any time at such holder's option, into shares of our Common Stock at an initial fixed conversion price, which is subject to:

- proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions; and
- full-ratchet adjustment in connection with a subsequent offering at a per share price less than the fixed conversion price then in effect.

Pursuant to the original terms of the Note, since during the fiscal quarter ending March 31, 2022, the Company (i) failed to process at least $750 million in transaction volume or (ii) had revenue that was less than $12 million, the Note's fixed conversion price then in effect exceeded the greater of (x) the Note's $1.67 floor and (y) 140% of the market price as of September 30, 2023 April 1, 2022 (the "Adjustment Measuring Price"), and December 31, 2022 (dollars in thousands): on April 1, 2022, the fixed conversion price automatically adjusted to the Adjustment Measuring Price.

		As of September 30, 2023		As of December 31, 2022
$100,000,000 8% senior convertible note due November 5, 2024	$	60,927	$	61,101
$149,900 Economic Injury Disaster Loan (EIDL), interest rate of 3.75%, due June 1, 2050		147		149
$500,000 EIDL, interest rate of 3.75%, due May 8, 2050		490		499
Total debt		61,564		61,749
Less: current portion		(15)		(14)
Net long-term debt	$	61,549	$	61,735

As part of the Restructuring Agreement, the Company agreed to allow for the conversion of up to $4.5 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to the lesser of (i) $2.40 and (ii) 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Company agreed to allow for the conversion of up to an additional $9.0 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

1-Year Alternate Optional Conversion

At any time following the first anniversary of the issuance date of the Note, but only if the closing bid price of our Common Stock on the immediately prior trading day is less than $6.50, the holder of the Note shall have the option to convert, at such holder's option, pro rata, up to $30 million of the principal amount of the Note (in $250,000 increments) at the "alternate optional conversion price," which is equal to the lower of (i) the then in effect conversion price and (ii) the greater of (x).the Note's $1.67 floor price or (y) 98% of the market price on the conversion date.

Alternate Event of Default Optional Conversion

If an event of default has occurred under the Note, the holder may alternatively elect to convert the Note (subject to an additional 15% redemption premium) at the "alternate event of default conversion price" equal to the lesser of:

- the fixed conversion price then in effect; and the greater of:

- the floor price; and
- 80% of the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

Beneficial Ownership Limitation

The Note may not be converted, and shares of Common Stock may not be issued under the Note if, after giving effect to the conversion or issuance, the applicable holder of the Note (together with its affiliates, if any) would beneficially own in excess of 4.99% of the Company's outstanding shares of Common Stock, which is referred to herein as the "Note Blocker". The Note Blocker may be raised or lowered to any other percentage not in excess of 9.99% at the option of the applicable holder of the Note, except that any raise will only be effective upon 61 days' prior notice to us.

Change of Control Redemption Right

In connection with a change of control of the Company, the holder may require us to redeem in cash all, or any portion, of the Notes at a 15% redemption premium to the greater of the face value, the equity value of our Common Stock underlying the Note, and the equity value of the change of control consideration payable to the holder of our Common Stock underlying the Note.

The equity value of our Common Stock underlying the Note is calculated using the greatest closing sale price of our Common Stock during the period immediately preceding the consummation or the public announcement of the change of control and ending the date the holder gives notice of such redemption.

The equity value of the change of control consideration payable to the holder of our Common Stock underlying the Note is calculated using the aggregate cash consideration and aggregate cash value of any non-cash consideration per share of our Common Stock to be paid to the holders of our Common Stock upon the change of control.

Events of Default

Under the terms of the First Supplemental Indenture, the events of default contained in the Base Indenture shall not apply to the Note. Rather, the Note contains standard and customary events of default including but not limited to: (i) the suspension from trading or the failure to list the Company's Common Stock within certain time periods; (ii) failure to make payments when due under the Notes; and (iii) bankruptcy or insolvency of the Company.

If an event of default occurs, the holder may require us to redeem all or any portion of the Note (including all accrued and unpaid interest and late charges thereon), in cash, at a 15% redemption premium to the greater of the face value and the equity value of the Company's Common Stock underlying the Note.

The equity value of the Company's Common Stock underlying the Note is calculated using the greatest closing sale price of the Company's Common Stock on any trading day immediately preceding such event of default and the date the Company makes the entire payment required.

Company Optional Redemption Rights

At any time no event of default exists, the Company may redeem all, but not less than all, of the Note outstanding in cash all, or any portion, of the Note at a 5% redemption premium to the greater of the face value and the equity value of the Company's Common Stock underlying the Note.

The equity value of the Company's Common Stock underlying the Note is calculated using the greatest closing sale price of the Company's Common Stock on any trading day during the period commencing on the date immediately preceding such date the Company notifies the applicable holder of such redemption election and the date the Company makes the entire payment required.

The following is a rollforward of the senior convertible note balance (dollars in thousands):

Balance, December 31, 2020	$ -	$ -
Convertible debentures issued	100,000	100,000
Derivative liability	(21,580)	(21,580)
Original issue discount of 16%	(16,000)	(16,000)
Placement fees and issuance costs	(7,200)	(7,200)
Amortization and write-off of debt discount	3,435	
Balance, December 31, 2021	58,655	
Accretion and write-off of debt discount		3,435
Balance, net of unamortized debt discount of $41,345 - December 31, 2021		58,655
Repayments and conversion	(14,550)	(14,550)
Amortization of debt discount	16,996	

Balance, December 31, 2022		61,101	
Accretion and write-off of debt discount			16,996
Balance, net of unamortized debt discount of $24,349 - December 31, 2022			61,101
Repayments and conversion		(4,597)	(66,250)
Amortization and write-off of debt discount		4,423	
Balance, September 30, 2023	$	60,927	
Accretion and write-off of debt discount			20,443
Balance, net of unamortized debt discount of $3,906 - December 31, 2023			15,294
Accretion of debt discount			908
Balance, net of unamortized debt discount of $2,998 – March 31, 2024			$ 16,202

The Company recorded debt discount accretion expense which is included in interest expense, of $4.2 million $0.9 million and $3.4 million in $2.6 million for the three-month periods three months ended September 30, 2023, March 31, 2024 and 2022, respectively, and $9.6 million and $11.5 million in the nine-month periods ended September 30, 2023, and 2022, 2023, respectively.

The Company incurred other interest expense of $0.04 million $0.03 million and $1.8 million $1.7 million for the three-month periods three months ended September 30, 2023, March 31, 2024 and 2022, respectively, and $3.5 million and $5.6 million in the nine-month periods ended September 30, 2023, and 2022, 2023, respectively.

16

RYVYL INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Maturity Date

Derivative Liability

Under its original terms, unless earlier converted, or redeemed, the Note was to mature on November 3, 2023, the second anniversary of the issuance date, which we refer to herein as the “Maturity Date,” subject to the right of the Investor to extend the date:

(i) if an event of default under the Note has occurred and is continuing (or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an event of default under the Note) and

(ii) for a period of 20 business days after the consummation of a fundamental transaction if certain events occur.

We are required to pay, on the Maturity Date, all outstanding principal, accrued and unpaid interest and accrued and unpaid late charges on such principal and interest, if any.

As part of the Restructuring Agreement entered into with the Investor on August 16, 2022 (the “Restructuring Agreement”), the Company obtained a forbearance of the Maturity Date from November 5, 2023 to November 5, 2024. As part of the Second Exchange Agreement entered into with the Investor on November 27, 2023, the Company obtained a further forbearance of the Maturity Date from November 5, 2024 to April 5, 2025.

Interest

The notes contain embedded derivatives representing Note bears interest at the rate of 8% per annum which (a) shall commence accruing on the date of issuance, (b) shall be computed on the basis of a 360-day year and twelve 30-day months and (c) shall be payable in cash quarterly in arrears on the first trading day of each calendar quarter or otherwise in accordance with the terms of the Note. If the holder elects to convert or redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being converted or redeemed will also be payable. If we elect to redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being redeemed will also be payable. The interest rate of the Note will automatically increase to 15% per annum upon the occurrence and continuance of an event of default (See “*Events of Default*” below).

17

Subject to the satisfaction of certain equity conditions, the terms of the Restructuring Agreement require the holder to voluntarily convert certain interest payments when due under the Note at 95% of the lower of (i) the then in effect conversion features, redemption rights, price and certain events (ii) the lowest volume weighted average price of default. The Company determined our Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Investor agreed to waive any interest that these embedded derivatives required bifurcation would otherwise accrue on the Note during the period commencing on April 1, 2023 through, and separate valuation. including, December 31, 2023. As part of the Second Exchange Agreement, the Investor agreed to extend the waiver of payment of interest under the Note through July 1, 2024.

Late Charges

The Company utilizes is required to pay a binomial lattice model to value its bifurcated derivatives included in the notes. FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815") does late charge of 15% on any amount of principal or other amounts that are not permit an issuer to account separately for individual derivative terms and features embedded in hybrid financial instruments that require bifurcation and liability classification as derivative financial instruments. Rather, such terms and features must be combined and fair-valued as a single compound embedded derivative. The Company selected a binomial lattice model to value the compound embedded derivative because it believes this technique is reflective paid when due.

Conversion

Fixed Conversions at Option of all significant assumptions that market participants would likely consider in negotiating the transfer of the notes. Such assumptions include, among other inputs, stock price volatility, risk-free rates, credit risk assumptions, early redemption and conversion assumptions, and the potential for future adjustment of the conversion price due to triggering events. Additionally, there are other embedded features of the notes requiring bifurcation, other than the conversion features, which had no value at December 31, 2022 and September 30, 2023 due to management's estimates of the likelihood of certain events, but that may have value in the future should those estimates change. Holder

The following is a rollforward holder of the derivative liability for the year ended December 31, 2022, and the nine-month period ended September 30, 2023 (dollars in thousands):

Balance, December 31, 2021	$	
Change in fair value 2022		
Balance, December 31, 2022		
Increase in derivative liability upon extinguishment of debt in July 2023		
Change in fair value 2023		
Balance, September 30, 2023	$	

Senior Convertible Note

On November 8, 2021, the Company sold and issued, in a registered direct offering, an 8% senior convertible note due November 3, 2023, and subsequently extended to November 5, 2024, in the aggregate original principal amount of $100 million (the "Note"). The Note had an original issue discount of sixteen percent (16%) resulting in gross proceeds of $84 million. The Note was sold pursuant to the terms of a Securities Purchase Agreement, dated November 2, 2021 (the "SPA"), between the Company and the investor in the Note (the "Investor").

On July 25, 2023, the Company entered into an Exchange Agreement (the "Exchange Agreement") under which the Company and the Investor agreed to exchange (the "Exchanges"), in two separate exchanges, an aggregate of $22.703 million may convert all, or any part, of the outstanding principal and interest under of the Note, for 15,000 at any time at such holder's option, into shares of a newly authorized series of preferred our Common Stock at an initial fixed conversion price, which is subject to:

- proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions; and
- full-ratchet adjustment in connection with a subsequent offering at a per share price less than the fixed conversion price then in effect.

Pursuant to the original terms of the Note, since during the fiscal quarter ending March 31, 2022, the Company designated (i) failed to process at least $750 million in transaction volume or (ii) had revenue that was less than $12 million, the Note's fixed conversion price then in effect exceeded the greater of (x) the Note's $1.67 floor and (y) 140% of the market price as Series A Preferred Stock, further described in Note 10 - *Series A Preferred Convertible Stock*. of April 1, 2022 (the "Adjustment Measuring Price"), on April 1, 2022, the fixed conversion price automatically adjusted to the Adjustment Measuring Price.

As part of the Restructuring Agreement, the Company agreed to allow for the conversion of up to $4.5 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to the lesser of (i) $2.40 and (ii) 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Company also agreed to allow for the conversion of up to an additional $9.0 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of the Company's common stock our Common Stock during the five trading days immediately prior to such conversion; and the Investor agreed to waive any interest that would otherwise accrue on the Note during the period commencing on April 1, 2023 through, and including, December 31, 2023. conversion.

On July 31, 2023, pursuant to *1-Year Alternate Optional Conversion*

At any time following the terms first anniversary of the Exchange Agreement, the Company closed the initial exchange (the "Initial Exchange") and issued 6,000 shares of Series A Preferred Stock in exchange for $4.297 million of the outstanding principal balance issuance date of the Note, but only if the closing bid price of our Common Stock on the immediately prior trading day is less than $6.50, the holder of the Note shall have the option to convert, at such holder's option, pro rata, up to $30 million of the principal amount of the Note (in $250,000 increments) at the "alternate optional conversion price," which is equal to the lower of (i) the then in effect conversion price and $1.703 million (ii) the greater of accrued interest. (x).the Note's $1.67 floor price or (y) 98% of the market price on the conversion date.

Alternate Event of Default Optional Conversion

If an event of default has occurred under the Note, the holder may alternatively elect to convert the Note (subject to an additional 15% redemption premium) at the "alternate event of default conversion price" equal to the lesser of:

- the fixed conversion price then in effect; and

Additionally, upon satisfaction of all applicable closing conditions, including, without limitation, the Company's having obtained any stockholder approval required for the consummation of the transactions and the issuance of the common stock issuable upon the conversion of all of the shares of Series A Preferred Stock (unless waived by the applicable other party), in the final exchange (the "Final Exchange"), the remaining $16.703 million of outstanding principal balance subject to the Exchanges will be exchanged for 9,000 shares of Series A Preferred Stock on a date mutually agreed to by the Company and the Investor. The Company determined that the parties' obligation to exchange the remaining $16.703 million of outstanding principal balances subject to the Exchanges for 9,000 shares of Series A Preferred Stock in the Final Exchange represents an embedded conversion feature that does not require bifurcation and separate valuation because it would not meet the definition of a derivative, if freestanding, under ASC 815 as net settlement could not be achieved. Stockholders approved the issuance of the common stock issuable upon the Final Exchange at the Company's annual meeting of stockholders on November 2, 2023. greater of:

The Company analyzed the changes made to the Note under the Exchange Agreement under ASC 470-50 to determine if extinguishment accounting was applicable. Under ASC 470-50-40-10, a modification or an exchange that adds or eliminates a substantive conversion option as of the conversion date is always considered substantial and requires extinguishment accounting. Since the Exchange Agreement added a substantive conversion option, extinguishment accounting is applicable. In accordance with the extinguishment accounting guidance, the Company recorded a loss on extinguishment of $1.3 million which represents the difference between (a) the fair value of the modified Note and the 6,000 shares of Series A Preferred Stock issued in the Initial Exchange and (b) the carrying amount of the Note and the fair value of the bifurcated embedded derivative immediately prior to giving effect to the Exchange Agreement.

- the floor price; and

The Company paid the Investor $6.0 million, $5.0 million and $3.6 million in principal in the first three quarters of 2022, respectively. These payments consisted of $6.0 million in cash and $8.6 million with shares of the Company's common stock, into which such principal was converted. In May 2023, the Investor converted $0.3 million of the outstanding principal balance for 56,265 shares of the Company's common stock at a conversion price of $5.30.

- 80% of the lowest volume weighted average price of our Common Stock during the five trading days immediately prior to such conversion.

Ranking Beneficial Ownership Limitation

The Note may not be converted, and shares of Common Stock may not be issued under the Note if, after giving effect to the conversion or issuance, the applicable holder of the Note (together with its affiliates, if any) would beneficially own in excess of 4.99% of the Company's outstanding shares of Common Stock, which is referred to herein as the senior unsecured obligation "Note Blocker". The Note Blocker may be raised or lowered to any other percentage not in excess of 9.99% at the option of the applicable holder of the Note, except that any raise will only be effective upon 61 days' prior notice to us.

Change of Control Redemption Right

In connection with a change of control of the Company, and not the financial obligation holder may require us to redeem in cash all, or any portion, of the Notes at a 15% redemption premium to the greater of the face value, the equity value of our subsidiaries. Until Common Stock underlying the Note, and the equity value of the change of control consideration payable to the holder of our Common Stock underlying the Note.

The equity value of our Common Stock underlying the Note is calculated using the greatest closing sale price of our Common Stock during the period immediately preceding the consummation or the public announcement of the change of control and ending the date the holder gives notice of such date as redemption.

The equity value of the principal amount change of control consideration payable to the holder of our Common Stock underlying the Note is calculated using the aggregate cash consideration and aggregate cash value of any non-cash consideration per share of our Common Stock to be paid to the holders of our Common Stock upon the change of control.

Events of Default

Under the terms of the First Supplemental Indenture, the events of default contained in the Base Indenture shall not apply to the Note. Rather, the Note contains standard and customary events of default including but not limited to: (i) the suspension from trading or the failure to list the Company's Common Stock within certain time periods; (ii) failure to make payments when due under the Notes; and (iii) bankruptcy or insolvency of the Company.

If an event of default occurs, the holder may require us to redeem all or any portion of the Note is $5 million or less, (including all payments due under accrued and unpaid interest and late charges thereon), in cash, at a 15% redemption premium to the greater of the face value and the equity value of the Company's Common Stock underlying the Note.

The equity value of the Company's Common Stock underlying the Note will be senior to all other indebtedness is calculated using the greatest closing sale price of the Company's Common Stock on any trading day immediately preceding such event of default and the date the Company and/or any of its subsidiaries. makes the entire payment required.

Company Optional Redemption Rights

At any time no event of default exists, the Company may redeem all, but not less than all, of the Note outstanding in cash all, or any portion, of the Note at a 5% redemption premium to the greater of the face value and the equity value of the Company's Common Stock underlying the Note.

The equity value of the Company's Common Stock underlying the Note is calculated using the greatest closing sale price of the Company's Common Stock on any trading day during the period commencing on the date immediately preceding such date the Company notifies the applicable holder of such redemption election and the date the Company makes the entire payment required.

The following is a rollforward of the senior convertible note balance (dollars in thousands):

Balance, December 31, 2020	$	-
Convertible debentures issued		100,000
Derivative liability		(21,580)
Original issue discount of 16%		(16,000)
Placement fees and issuance costs		(7,200)
Accretion and write-off of debt discount		3,435
Balance, net of unamortized debt discount of $41,345 - December 31, 2021		58,655
Repayments and conversion		(14,550)
Accretion and write-off of debt discount		16,996
Balance, net of unamortized debt discount of $24,349 - December 31, 2022		61,101
Repayments and conversion		(66,250)
Accretion and write-off of debt discount		20,443
Balance, net of unamortized debt discount of $3,906 - December 31, 2023		15,294
Accretion of debt discount		908
Balance, net of unamortized debt discount of $2,998 – March 31, 2024	$	16,202

The Company recorded debt discount accretion expense of $0.9 million and $2.6 million for the three months ended March 31, 2024 and 2023, respectively.

The Company incurred other interest expense of $0.03 million and $1.7 million for the three months ended March 31, 2024 and 2023, respectively.

Maturity Date

Under its original terms, unless earlier converted, or redeemed, the Note was to mature on November 3, 2023, the second anniversary of the issuance date, which we refer to herein as the "Maturity Date," subject to the right of the Investor to extend the date:

(i) if an event of default under the Note has occurred and is continuing (or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an event of default under the Note) and

(ii) for a period of 20 business days after the consummation of a fundamental transaction if certain events occur.

We are required to pay, on the Maturity Date, all outstanding principal, accrued and unpaid interest and accrued and unpaid late charges on such principal and interest, if any.

As part of the Restructuring Agreement entered into with the Investor on August 16, 2022 (the "Restructuring Agreement"), the Company obtained a forbearance of the Maturity Date from November 5, 2023 to November 5, 2024. As part of the Second Exchange Agreement entered into with the Investor on November 27, 2023, the Company obtained a further forbearance of the Maturity Date from November 5, 2024 to April 5, 2025.

Interest

The Note bears interest at the rate of 8% per annum which (a) shall commence accruing on the date of issuance, (b) shall be computed on the basis of a 360-day year and twelve 30-day months and (c) shall be payable in cash quarterly in arrears on the first trading day of each calendar quarter or otherwise in accordance with the terms of the Note. If the holder elects to convert or redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being converted or redeemed will also be payable. If we elect to redeem all or any portion of the Note prior to the Maturity Date, all accrued and unpaid interest on the amount being redeemed will also be payable. The interest rate of the Note will automatically increase to 15% per annum upon the occurrence and continuance of an event of default (See "— "*Events of Default*" below).

Subject to the satisfaction of certain equity conditions, the terms of the Restructuring Agreement require the holder to voluntarily convert certain interest payments when due under the Note at 95% of the lower of (i) the then in effect conversion price and (ii) the lowest volume weighted average price of our common stock Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Investor agreed to waive any interest that would otherwise accrue on the Note during the period commencing on April 1, 2023 through, and including, December 31, 2023. As part of the Second Exchange Agreement, the Investor agreed to extend the waiver of payment of interest under the Note through July 1, 2024.

Late Charges

The Company is required to pay a late charge of 15% on any amount of principal or other amounts that are not paid when due.

Conversion

Fixed Conversions at Option of Holder

The holder of the Note may convert all, or any part, of the outstanding principal and interest of the Note, at any time at such holder's option, into shares of our common stock Common Stock at an initial fixed conversion price, which is subject to:

- proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions; and
- full-ratchet adjustment in connection with a subsequent offering at a per share price less than the fixed conversion price then in effect.

Pursuant to the original terms of the Note, since during the fiscal quarter ending March 31, 2022, the Company (i) failed to process at least $750 million in transaction volume or (ii) had revenue that was less than $12 million, the Note's fixed conversion price then in effect exceeded the greater of (x) the Note's $1.67 floor and (y) 140% of the market price as of April 1, 2022 (the "Adjustment Measuring Price"), on April 1, 2022, the fixed conversion price automatically adjusted to the Adjustment Measuring Price.

As part of the Restructuring Agreement, the Company agreed to allow for the conversion of up to $4.5 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to the lesser of (i) $2.40 and (ii) 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of our common stock Common Stock during the five trading days immediately prior to such conversion.

As part of the First Exchange Agreement, the Company agreed to allow for the conversion of up to an additional $9.0 million of principal (together with any accrued and unpaid interest thereon) of the Note at a conversion price equal to 97.5% of the lower of (x) the then in effect conversion price and (y) the lowest volume weighted average price of our common stock Common Stock during the five trading days immediately prior to such conversion.

1-Year Alternate Optional Conversion

At any time following the first anniversary of the issuance date of the Note, but only if the closing bid price of our common stock Common Stock on the immediately prior trading day is less than $6.50, the holder of the Note shall have the option to convert, at such holder's option, pro rata, up to $30 million of the principal amount of the Note (in $250,000 increments) at the "alternate optional conversion price," which is equal to the lower of (i) the then in effect conversion price and (ii) the greater of (x).the Note's $1.67 floor price or (y) 98% of the market price on the conversion date.

Alternate Event of Default Optional Conversion

If an event of default has occurred under the Note, the holder may alternatively elect to convert the Note (subject to an additional 15% redemption premium) at the "alternate event of default conversion price" equal to the lesser of:

- the fixed conversion price then in effect; and

the greater of:

- the floor price; and
- 80% of the lowest volume weighted average price of our common stock Common Stock during the five trading days immediately prior to such conversion.

Beneficial Ownership Limitation

The Note may not be converted, and shares of common stock Common Stock may not be issued under the Note if, after giving effect to the conversion or issuance, the applicable holder of the Note (together with its affiliates, if any) would beneficially own in excess of 4.99% of the Company's outstanding shares of common stock, Common Stock, which is referred to herein as the "Note Blocker". The Note Blocker may be raised or lowered to any other percentage not in excess of 9.99% at the option of the applicable holder of Notes, the Note, except that any raise will only be effective upon 61 days' prior notice to us.

Change of Control Redemption Right

In connection with a change of control of the Company, the holder may require us to redeem in cash all, or any portion, of the Notes at a 15% redemption premium to the greater of the face value, the equity value of our common stock Common Stock underlying the Notes, Note, and the equity value of the change of control consideration payable to the holder of our common stock Common Stock underlying the Notes. Note.

The equity value of our common stock Common Stock underlying the Notes Note is calculated using the greatest closing sale price of our common stock Common Stock during the period immediately preceding the consummation or the public announcement of the change of control and ending the date the holder gives notice of such redemption.

The equity value of the change of control consideration payable to the holder of our common stock Common Stock underlying the Notes Note is calculated using the aggregate cash consideration and aggregate cash value of any non-cash consideration per share of our common stock Common Stock to be paid to the holders of our common stock Common Stock upon the change of control.

Events of Default

Under the terms of the first supplemental indenture, dated November 2, 2021, to an indenture, dated November 2, 2021, between the Company and Wilmington Savings Fund Society, FSB, as trustee (the "Base Indenture"), First Supplemental Indenture, the events of default contained in the Base Indenture shall not apply to the Notes. Note. Rather, the Notes contain Note contains standard and customary events of default including but not limited to: (i) the suspension from trading or the failure to list the Company's common stock Common Stock within certain time periods; (ii) failure to make payments when due under the Notes; and (iii) bankruptcy or insolvency of the Company.

If an event of default occurs, the holder may require us to redeem all or any portion of the Notes Note (including all accrued and unpaid interest and late charges thereon), in cash, at a 15% redemption premium to the greater of the face value and the equity value of the Company's common stock Common Stock underlying the Notes. Note.

The equity value of the Company's common stock Common Stock underlying the Notes Note is calculated using the greatest closing sale price of the Company's common stock Common Stock on any trading day immediately preceding such event of default and the date the Company makes the entire payment required.

Company Optional Redemption Rights

At any time no event of default exists, the Company may redeem all, but not less than all, of the Notes Note outstanding in cash all, or any portion, of the Notes Note at a 5% redemption premium to the greater of the face value and the equity value of the Company's common stock Common Stock underlying the Notes. Note.

The equity value of the Company's common stock Common Stock underlying the Notes Note is calculated using the greatest closing sale price of the Company's common stock Common Stock on any trading day during the period commencing on the date immediately preceding such date the Company notifies the applicable holder of such redemption election and the date the Company makes the entire payment required.

The following is a rollforward of the senior convertible note balance (dollars in thousands):

Balance, December 31, 2020	$	-
Convertible debentures issued		100,000

Derivative liability		(21,580)
Original issue discount of 16%		(16,000)
Placement fees and issuance costs		(7,200)
Accretion and write-off of debt discount		3,435
Balance, net of unamortized debt discount of $41,345 - December 31, 2021		58,655
Repayments and conversion		(14,550)
Accretion and write-off of debt discount		16,996
Balance, net of unamortized debt discount of $24,349 - December 31, 2022		61,101
Repayments and conversion		(66,250)
Accretion and write-off of debt discount		20,443
Balance, net of unamortized debt discount of $3,906 - December 31, 2023		15,294
Accretion of debt discount		908
Balance, net of unamortized debt discount of $2,998 – March 31, 2024	$	16,202

The Company recorded debt discount accretion expense of $0.9 million and $2.6 million for the three months ended March 31, 2024 and 2023, respectively.

The Company incurred other interest expense of $0.03 million and $1.7 million for the three months ended March 31, 2024 and 2023, respectively.

Derivative Liability

The senior convertible note contains embedded derivatives representing certain conversion features, redemption rights, and contingent payments upon the occurrence of certain events of default. The Company determined that these embedded derivatives required bifurcation and separate valuation.

The Company utilizes a binomial lattice model to value its bifurcated derivatives included in the note. ASC 815, *Derivatives and Hedging* ("ASC 815") does not permit an issuer to account separately for individual derivative terms and features embedded in hybrid financial instruments that require bifurcation and liability classification as derivative financial instruments. Rather, such terms and features must be combined and fair-valued as a single compound embedded derivative. The Company selected a binomial lattice model to value the compound embedded derivative because it believes this technique is reflective of all significant assumptions that market participants would likely consider in negotiating the transfer of the note. Such assumptions include, among other inputs, stock price volatility, risk-free rates, credit risk assumptions, early redemption and conversion assumptions, and the potential for future adjustment of the conversion price due to triggering events. Additionally, there are other embedded features of the note requiring bifurcation, other than the conversion features, which had no value at March 31, 2024 and December 31, 2023, due to management's estimates of the likelihood of certain events, but that may have value in the future should those estimates change.

The following is a rollforward of the derivative liability balance (dollars in thousands):

Balance, December 31, 2021	$	
Change in fair value 2022		
Balance, December 31, 2022		
Increase in derivative liability upon extinguishment of debt		
Change in fair value 2023		
Balance, December 31, 2023		
Change in fair value 2024		
Balance, March 31, 2024	$	

SBA Small Business Association CARES Act Loans

On June 9, 2020, the Company entered into a 30-year loan agreement with the Small Business Administration Association ("SBA") under the CARES Act in the amount of $149,900. The loan bears interest at 3.75% per annum and requires monthly principal and interest payments of $731 beginning

June 9, 2021. Both the Chief Executive Officer and Chairman of the Company signed personal guarantees under this loan. As of March 31, 2024, the loan is not in default.

On May 8, 2020, the Company's subsidiary, Charge Savvy, executed a wholly-owned subsidiary of the standard Company, entered into a 27-year loan documents required for securing a loan (the "EIDL Loan") from agreement with the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic.
Pursuant to that certain Loan Authorization and Agreement, Charge Savvy borrowed an aggregate principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues $150,000. The loan bears interest at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including required principal and interest are due monthly payments of $731 beginning on May 8, 2021 (twelve months from the date of the SBA Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the SBA Loan. In connection therewith, the Company also received a $10,000 grant, , which does not have were subsequently deferred to be repaid. November 8, 2022. On Aug 24, 2021, August 4, 2021, Charge Savvy was granted an a loan increase in loan principal in the amount of $350,000 on identical terms.
In terms as the initial loan, for an aggregate loan amount of $500,000. Monthly principal and interest payments on the aggregate loan are $2,477 and began on November 8, 2022. Pursuant to the terms of Security Agreements executed in connection therewith, Charge Savvy executed (i) loans for the benefit of with this loan, the SBA which contains customary events of default and (ii) a security agreements, granting the SBA was granted a security interest in all tangible and intangible personal property of Charge Savvy, which also contains customary events Savvy. As of March 31, 2024, the loan is not in default.

10. 9. Series A
Convertible Preferred Stock

On July 31, 2023, the Company issued 6,000 shares of Series A Preferred Stock in exchange for $4.297 million of the outstanding principal balance of the 8% senior convertible note due in 2024 April 5, 2025 and $1.703 million of accrued interest. interest pursuant to the First Exchange Agreement entered into with the investor in the senior convertible note on July 25, 2023. On November 29, 2023, the existing shares of Series A Preferred Stock issued to the investor were forfeited to the Company by the investor and the Company issued 55,000 shares of Series B Preferred Stock, along with a cash payment of $3.0 million, in exchange for $60.303 million of the outstanding principal balance of the senior convertible note pursuant to the Second Exchange Agreement entered into with the investor on November 27, 2023. See Note 9, – "*Long-Term Debt*" , for further information. The Series A Preferred Stock has had a stated value of $1,000 per share and a fair value of approximately $1,111 per share at issuance, as determined by a valuation performed by third-party experts. The Series B Preferred Stock has a stated value of $1,000 per share and a fair value of approximately $1,339 per share at issuance, as determined by a valuation performed by third-party experts.

As of September 30, 2023, Preferred Stock consisted of the following: following (dollars in thousands):

	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A	15,000	6,000	$ 6,664	$ 6,900	3,000,000
	15,000	6,000	$ 6,664	$ 6,900	3,000,000

	March 31, 2024				
	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A	15,000	15,000	$ -	$ -	$ -
Series B	55,000	55,000	73,631	63,250	17,684,888

Total Preferred Stock	70,000	70,000	$ 73,631	$ 63,250	$ 17,684,888

	December 31, 2023				
	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Common Stock Issuable Upon Conversion
Series A	15,000	15,000	$ -	$ -	-
Series B	55,000	55,000	73,631	63,250	17,684,888
Total Preferred Stock	70,000	70,000	$ 73,631	$ 63,250	17,684,888

The holder holders of Series A the Preferred Stock has have the following rights and preferences:

Voting – The Series A Preferred Stock has no voting power and the holder holders of the Series A Preferred Stock has have no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of share of capital stock.

Dividends – The holder holders of Series A Preferred Stock is are entitled to receive dividends when and as declared by the Board of Directors, from time to time, in its sole discretion. Such dividends are not cumulative. No such dividends have been declared to date.

Liquidation – In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the holder holders of Series A B Preferred Stock shall be entitled to receive in cash out of the assets of the Company, prior and in preference to any distribution of the proceeds of such liquidation event to the holders of Series A Preferred Stock or common stock, an amount per share of Series A B Preferred Stock equal to the greater of (A) 115% of the stated value of such share of Series A B Preferred Stock plus all declared and unpaid dividends on such share of Series A B Preferred Stock and (B) the amount per share such holder would receive if it converted such share of Series A B Preferred Stock into common stock (at the Series B Alternate Conversion Price, as defined below, then in effect) immediately prior to the date of such payment. If at any time, there is more than one holder of the Series A B Preferred Stock, and the proceeds thus distributed among the holders of the Series A B Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire proceeds legally available for distribution shall be distributed ratably among the holders in proportion to the full preferential amount that each such holder is otherwise entitled to receive.

Redemption –Upon certain bankruptcy or insolvency-related events a change of control of the Company (as defined in the Company's Certificate of Designations of Rights and Preferences of Series A B Preferred Stock, (the "Certificate or the "Series B Certificate of Designations"), the Company shall immediately redeem, in cash, each outstanding share holders of Series A Preferred Stock at a redemption price equal to the greater of (i) 115% of the stated value of such share of Series A Preferred Stock plus all declared and unpaid dividends on such share of Series A Preferred Stock and (ii) 115% of the greatest closing sale price of the number of shares of common stock into which such share of Series A Preferred Stock could be converted (at the lowest Alternate Conversion Price, as defined below, during the period commencing on the twentieth trading day immediately preceding the public announcement of the bankruptcy or insolvency-related event and ending on the date the Company makes the entire redemption payment) on any trading day during the period commencing on the date immediately preceding such bankruptcy or insolvency-related event and ending on the date the Company makes the entire redemption payment.

Upon a change of control of the Company (as defined in the Certificate of Designations), the holder of Series A B Preferred Stock may require the Company to exchange its their shares of Series A B Preferred Stock for consideration, in the form of the securities or other assets to which holders of shares of common stock are entitled to receive with respect to or in exchange for their shares of common stock in such change of control, equal to the greatest of (i) 115% of the stated value of such share of Series A B Preferred Stock plus all declared and unpaid dividends on such share of Series A B Preferred Stock, (ii) 115% of the greatest closing sale price of the number of shares of common stock into which such share of Series A B Preferred Stock could be converted (at the Series B Alternate Conversion Price, as defined below, then in effect) during the period beginning on the date immediately preceding the earlier to occur of (a) the consummation of the applicable change of control and (b) the public announcement of such change of control and ending on the date such holder delivers notice to the Company of its election, and (iii) the aggregate cash consideration and the aggregate cash value of any non-cash consideration per share of common stock that would be paid to the holder upon consummation of such change of control if it converted all of its shares of Series A B Preferred Stock into common stock at the conversion price then in effect.

Conversion –Each share of Series A B Preferred Stock is convertible, at the option of the holder, at any time after the date of issuance of such share, into shares of common stock either (i) at the fixed conversion price then in effect, which initially is $2.00 $3.11 (subject to standard antidilution adjustments and adjustments as a result of subsequent issuances of securities where the effective price of the common stock is less than the then current fixed conversion price) or (ii) at the Series B Alternate Conversion Price, as defined below. The Series B Certificate of Designations also provides that in the event of certain "Triggering Events," any holder may, at any time, convert any or all of such holder's Series A B Preferred Stock at a conversion rate equal to the product of (i) the Series B Alternate Conversion Price and (ii) 115% of the stated value of the Series B Preferred Stock subject to such conversion. "Triggering Events" include, among others, (i) a failure to timely deliver shares of common stock, upon a conversion, (ii) a suspension of trading on the principal trading market or the failure to be traded or listed on the principal market for five days or more, (iii) the failure to pay any dividend to the holders of Series A B Preferred Stock when required, (iv) the failure to remove restrictive legends when required, (v) the Company's default in payment of indebtedness in an aggregate amount of $2 million or more, (vi) proceedings for a bankruptcy, insolvency, reorganization or liquidation, which are not dismissed with 30 days, (vii) commencement of a voluntary bankruptcy proceeding, and (viii) final judgments against the Company for the payment of money in excess of $2 million. "Alternate The "Series B Alternate Conversion Price" means the lower of (i) the applicable conversion price then in effect and (ii) the greater of (x) $0.24 $0.62 and (y) 97.5% of the lowest volume weighted average price of the common stock during the five consecutive trading day period ending and including the trading day immediately preceding the delivery of the applicable conversion notice.

10. Income Taxes

The Company recorded approximately $0.2 million and $0.01 million of income tax expense for the three months ended March 31, 2024 and 2023, respectively. We estimate our annual effective income tax rate to be -7.38% for calendar year 2024, which is different from the U.S. federal statutory rate, primarily due to the Company's its full valuation allowance position.

As of March 31, 2024, we have no material unrecognized tax benefits and we expect no material unrecognized tax benefits for next 12 months.

11. Stock Option Awards

Stock-Based Compensation

The following table represents the employee stock option activity during the nine months ended September 30, 2023 and 2022.

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2022	39,157	$ 50.07	
Granted	3,682	36.60	
Exercised	(1,242)	42.00	
Forfeited or expired	(9,634)	65.60	
Outstanding at September 30, 2022	31,963	$ 46.51	$ 49,248
Exercisable at September 30, 2022	31,963	$ 46.51	$ 49,248
Outstanding at January 1, 2023	31,963	$ 40.29	
Granted	-	-	
Exercised	-	-	
Forfeited or expired	(1,820)	50.38	

Outstanding at September 30, 2023	30,143	$ 46.27	$ -
Exercisable at September 30, 2023	30,143	$ 46.27	$ -

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based upon the Company's closing stock price of $3.02 and $9.80 as of September 30, 2023 and 2022, respectively, which would have been received by the option holders had all option holders exercised their options as of that date. As of September 30, 2023, there was no unrecognized compensation cost related to non-vested stock options.*Equity Incentive Plans*

The Company adopted the 2023 Equity Incentive Plan ("2023 Plan") on November 2, 2023, which provides employees, directors, and consultants with opportunities to acquire the Company's shares, or to receive monetary payments based on the value of such shares. Management has determined that it is in the best interests of the Company to replace the 2020 Incentive and Nonstatutory Stock Option Plan, the 2021 Incentive and Nonstatutory Stock Option Plan, and the 2021 Restricted Stock Plan, (the "2021 Restricted Stock Plan") in November 2021, with one plan, the 2023 Plan, pursuant to which provides for the Company will be able to grant of stock option awards, stock appreciation rights, restricted stock awards, and performance restricted stock awards to executive officers, non-employee directors units, and other key employees of the Company. stock-based awards. The 2021 Restricted Stock 2023 Plan provides for up to 500,000 1,098,262 shares of common stock. Grants made under the 2023 Plan will generally vest and become exercisable at various times from the grant dates. These awards will have such vesting or other provisions as may be established by the Board of Directors at the time of each award.

Stock Option Activity

A summary of stock option activity for the three months ended March 31, 2024 is as follows (dollars in thousands):

	Shares	Weighted Av Exercise F
Outstanding at December 31, 2023	766,142	$
Granted	-	
Exercised	(11,999)	
Cancelled/forfeited/expired	-	
Outstanding at March 31, 2024	754,143	$
Exercisable at March 31, 2024	284,813	$

The following table represents the restricted aggregate intrinsic value for stock award activity options exercised was $0.03 million during the nine three months ended September 30, 2023 and 2022. March 31, 2024. There were no stock options granted or exercised during the three months ended March 31, 2023.

	Non-vested Restricted Stock Awards	Weighte Average G Date Fair V
Non-vested at January 1, 2022	-	
Granted	102,400	$
Vested	(57,966)	
Forfeited	-	
Non-vested at September 30, 2022	44,434	
Non-vested at January 1, 2023	66,728	$
Granted	44,027	
Vested	(62,672)	
Forfeited	(16,617)	
Non-vested at September 30, 2023	31,466	$

Restricted Stock Activity

A summary of RSA activity for the three months ended March 31, 2024 is as follows (dollars in thousands):

	Number of Shares	Weighted Avera Date Fair V
Unvested at January 1, 2024	189,893	$
Granted	23,478	
Vested	(15,729)	
Forfeited	-	
Unvested at March 31, 2024	197,645	$

The total fair value of restricted shares that vested was $0.10 million and $0.50 million during the three months ended March 31, 2024 and 2023, respectively.

12. Operating Leases

The Company leases office space under operating leases at four locations in the United States (California, Illinois, Massachusetts, and Florida) and one location in the European Union (Sofia, Bulgaria). The Company had no finance lease obligations as of March 31, 2024.

The Company's operating lease expense totaled $0.3 million and $0.2 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the weighted-average remaining lease term was 4.4 years and the weighted average discount rate was 11.0%.

In addition, during the nine months ended September 30, 2022, the Company issued 70,084 shares of common stock which vested immediately upon issuance to certain employees and outside service providers.

The Company recognized stock-based compensation expense in the amount of $0.3 million and $2.7 million for the nine months ended September 30, 2023 and 2022, respectively.

12. Operating Leases

The Company leases office space at three locations in the United States (California, Florida and Massachusetts) and in one location in the European Union (Sofia, Bulgaria). On March 23, 2023, the Company executed a lease agreement for the Company headquarters office, commencing July 1, 2023 and terminating on December 31, 2028 with certain contingencies. The leased property provides for the continued operations and room for growth after the expiration of its prior headquarters sublease on June 30, 2023. The initial monthly rent is $45,593 in July 2023 for the Phase 1 premises.

In May 2023, the Company entered into a sublease for its Florida office space. In June 2023, the Company determined that the right-of-use asset for the original operating lease was impaired by approximately $100,000 and recorded an impairment loss which is included in general and administrative expenses.

The Company had operating lease expense of $0.3 million and $0.2 million for the three months ended September 30, 2023 and 2022, respectively. The Company had operating lease expense of $0.8 million and $0.6 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, the weighted-average remaining lease term was 4.5 years and the weighted average discount rate was 12.2%.

Future minimum lease payments under the our operating leases and reconciliation to the operating lease liability as of September 30, 2023 March 31, 2024, are as follows (in thousands):

Year	Amount	
2023 (Remainder)	$ 192	
2024	1,102	
Year Ending December 31,		Total
2024 (remainder)		$ 815
2025	1,161	1,161
2026	1,165	1,329
2027	883	1,046

Thereafter	878	
2028		1,041
Total lease payments	5,381	5,392
Less: imputed interest	(1,242)	(1,153)
Present value of total lease liabilities	4,139	
Less: current lease liabilities	(572)	
Present value of total lease payments		4,239
Less: current portion		(717)
Long-term lease liabilities	$ 3,567	$ 3,522

13. Related Party Transactions

PrivCo

The Company repurchased, in two separate repurchase transactions each consisting of 1 million shares of common stock, an aggregate of 2 million shares owned by GreenBox POS LLC, a limited liability company, formed in the State of Washington, and controlled by Messrs. Errez and Nisan, both executive officers of the Company ("PrivCo")). In October 2022, the Board unanimously ratified these two repurchase transactions between the Company and PrivCo. The Company repurchased 1,000,000 shares for a price per share of $5.59 (for total proceeds to PrivCo of $5.6 million) (the "First Repurchase") and 1,000,000 shares for a price per share of $0.82 (for total proceeds to PrivCo of $820,000) (the "Second Repurchase"). The First Repurchase was based on the closing price of the common stock on November 24, 2021, and took place starting in February 2022 and ended in October 2022. The Second Repurchase was based on the closing price of the common stock on July 29, 2022, and was consummated in October 2022. The purpose of each of these transactions was to allow the Company to issue shares to new shareholders without increasing the Company's shares outstanding.

Family Relationships

The Company employs two of our CEO's brothers, of the Company's Chief Executive Officer, Dan Nusonivich and Liron Nusonivich, who are paid approximately $200,000 and $110,000 per year, respectively. There are no family relationships between any of the other directors or executive officers and any other employees or directors or executive officers.

The Company did not pay any commissions to the related parties mentioned above for the three-month three months ended March 31, 2024 and nine-month periods ended September 30, 2023 and September 30, 2022, or the year ended December 31, 2022. 2023.

14. Commitments and Contingencies

From time-to-time, the Company is involved in legal proceedings. The Company records a liability for those legal proceedings when it determines it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company also discloses when it is reasonably possible that a material loss may be incurred, however, the amount cannot be reasonably estimated. From time to time, the Company may enter into discussions regarding settlement of these matters, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company and its shareholders.

The following is a summary of our current outstanding litigation. Note that references to GreenBox POS are for historical purposes. GreenBox POS changed its name to RYVYL Inc. on October 13, 2022.

- The Good People Farms, LLC ("TGPF") - TGPF initiated an arbitration in the American Arbitration Association ("AAA") on or about April 20, 2020, against the Company, Fredi Nisan, Ben Errez, MTrac Tech Corp., Vanessa Luna, and Jason LeBlanc (the "Defendants"). The complaint generally alleged that the TGPF Defendants improperly breached contracts and withheld funds. The action sought damages, including interest, an injunction, and costs of suit incurred. On January 15, 2021, the Company filed a counterclaim in AAA for fraud, intentional misrepresentation, breach of contract, breach of covenant of good faith and fair dealing, violation of California Business and Professions Code Section 17200, and accounting. The complaint generally alleged that TGPF fraudulently submitted transactions for processing that were not permissible within the terms of service and sought damages, including interest and costs of suit incurred. The individuals were dismissed from the arbitration. The parties attended binding arbitration in April 2023, and subsequently entered into a confidential settlement agreement.

- On November 8, 2022, the Company filed a complaint against its former Chief Operating Officer Vanessa Luna, Luna Consultant Group, LLC and John Does 1 through 50 in San Diego Superior Court (the "Company Filing"). The Company is alleging that Ms. Luna abused her position for additional compensation, by failing failed to follow proper protocols and shirked breached her responsibilities fiduciary duties and duty of loyalty by scheming and secretly maintaining alternative employment. The action seeks damages, including interest and costs of suit incurred. On November 10, 2022, Ms. Luna filed her own complaint against the Company and Fredi Nisan in San Diego Superior Court (the "Luna Filing"). Ms. Luna alleges that Mr. Nisan used contract negotiations to coerce her, that the Company improperly coded transactions and misled investors, and that when her concerns were reported to management, she was wrongfully terminated, resulting in a number of claims. Ms. Luna also alleges sexual misconduct on the part of Mr. Nisan. Ms. Luna is seeking damages including compensatory damages, unpaid wages (past and future), loss of wages and benefits (past and future), expected damages, and other damages to be proven at trial. The Company denies and Mr. Nisan deny all allegations. allegations of the Luna Filing. In April 2023, Ms. Luna sought to add Coyni, Inc. as a defendant with regard to her claims. She was granted permission to file a Second Amended Complaint, and Coyni, Inc. is evaluating the allegations to determine whether to challenge the filing by way of demurrer or otherwise. As the Company cannot predict the outcome of the matter, the probability of an outcome cannot be determined. The Company intends to vigorously defend against all claims. claims asserted by Ms. Luna and to vigorously prosecute its own claims against Ms. Luna. The San Diego Superior Court consolidated the Company Filing and Luna Filing into a single proceeding, RYVYL Inc. v. Luna, on August 4, 2023. The parties are currently in the discovery phase.

- On December 12, 2022, Jacqueline Dollar (aka Jacqueline Reynolds), former Chief Marketing Officer of the Company, filed a complaint against the Company, Fredi Nisan, and Does 1-20 in San Diego Superior Court. Ms. Dollar is alleging she was undercompensated compared to her male counterparts and retaliated against after raising concerns to management resulting in sex discrimination in violation of the California Fair Employment and Housing Act ("FEHA") and failure to prevent discrimination in violation of FEHA. Ms. Dollar is also claiming intentional infliction of emotional distress. Ms. Dollar is seeking an unspecified amount of damages related to, among other things, payment of past and future lost wages, stock issuances, bonuses and benefits, compensatory damages, and general, economic, non-economic, and special damages. As the Company cannot predict the outcome of the matter, the probability of an outcome cannot be determined. The Company intends to vigorously defend against all claims. The parties are currently in the discovery phase.

- On February 1, 2023, a purported putative class action lawsuit titled Cullen V. v. RYVYL Inc. fka Greenbox GreenBox POS, Inc., et al., Case No. 3:23-cv-00185-GPC-AGS, was filed in the United States District Court for the Southern District of California against several defendants, including the Company and certain of our current and former directors and officers (the "Cullen Defendants"). The complaint was filed on behalf of persons who purchased or otherwise acquired the Company's publicly traded securities between January 29, 2021, and January 20, 2023. The complaint generally alleges alleged that the Cullen Defendants violated Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended ("Securities Act") and Sections 10(b) and 20(a) of the Exchange Act by making false and/or misleading statements regarding the Company's financial controls, performance and prospects. On June 30, 2023, the plaintiff filed an amended complaint. All defendants filed motions to dismiss the amended complaint on August 14, 2023. On March 1, 2024, the Court issued an order granting in part and denying in part defendants' motions to dismiss, which included dismissing all Securities Act claims and narrowing the potential class period. Plaintiff filed a second amended complaint on April 30, 2024, which alleges claims under Exchange Act Sections 10(b) and 20(a) only and a class period of May 13, 2021 through January 20, 2023. Cullen Defendants' response is due by June 30, 2024.

  The action seeks damages, including interest, and the award of reasonable fees and costs to the putative class. The Company denies all allegations of liability and intends to vigorously defend against all claims. However, given the preliminary stage of the lawsuit, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome at this time or estimate a reasonably possible loss or range of loss that may result from this action. The Cullen Defendants have filed motions to dismiss, which are set for hearing on November 17, 2023.

- On June 22, 2023, a shareholder derivative complaint was filed in the United States District Court for the Southern District of California against certain of the Company's current and/or former officers and directors ("the Hertel (the "Hertel Defendants"), Christy Hertel, derivatively on behalf of RYVYL Inc., f/k/a Greenbox GreenBox POS v. Ben Errez et al., Case No. 3:23-CV-01165-GPC-SBC. On August 4, 2023, a second shareholder derivative complaint was filed in the United States District Court for the Southern District of California against the Hertel Defendants, Marcus Gazaway, derivatively on behalf of RYVYL Inc., f/k/a Greenbox GreenBox POS v. Ben Errez et al., Case No. 3:23-CV-01425-LAB-BLM. Both derivative complaints generally allege that the Hertel Defendants failed to implement adequate internal controls that would prevent false and misleading financial information from being published by the Company and that controlling shareholders participated in overpayment misconduct resulting in violations of Sections 10(b), 14(a) and 20 of the Exchange Act and breached their fiduciary duties and, purportedly on behalf of the Company. On April 2, 2024, the Court granted the parties' joint motion for an order consolidating the Hertel and Gazaway cases under the caption In re RYVYL Inc. Derivative Litigation, Lead Case No. 3:23-CV-01165-GPC-SBC (S.D. Cal.). On May 6, 2024, the Court issued an order staying the action until after the final resolution of any motion to dismiss the securities class action detailed above.

  The complaint seeks damages and contribution from the Hertel Defendants and a direction that the Company and the Hertel Defendants take actions to reform and improve corporate governance and internal procedures to comply with applicable laws. The Hertel Defendants deny all allegations of liability and intend to vigorously defend against all claims. However, given the preliminary stage of the lawsuits, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome of either case at this time.

Sale and Leaseback Agreement

- On October 1, 2023, the Company filed a demand for arbitration against Sky Financial with the American Arbitration Association in San Diego, California (the "Arbitration"). In the Arbitration, the Company seeks to recover for breach of the Asset Purchase Agreement, dated as of March 30, 2022 (the "2022 Agreement"), between Sky Financial and the Company, for Sky Financial's failure to perform its obligations under the 2022 Agreement. Additionally, to the extent the Company's 2019 Asset Purchase Agreement with Sky Financial is implicated by Sky Financial's failure to perform its obligations under the 2022 Agreement, either directly or through the incorporation by reference of the 2019 Agreement into the 2022 Agreement, the Company is also alleging Sky Financial has breached the 2019 Agreement. On October 2, 2023, the Company filed a complaint against Sky Financial in San Diego Superior Court asserting the same claims asserted in the Arbitration, solely to toll any applicable statutes of limitations pending the Arbitration and, if necessary, provide jurisdiction for the court to compel arbitration. The action seeks damages, including interest and costs of suit incurred. The parties have agreed to proceed in the Arbitration and have stipulated to a stay of the San Diego Superior Court action pending the Arbitration.

On March 28, 2023, the Company's subsidiary, Charge Savvy executed an agreement to sell and subsequently leaseback its property located in South Chicago Heights, Illinois. The Company and the buyer executed a Third Amendment to Purchase and Sale Agreement on October 3, 2023, and closing is anticipated to occur on or prior to November 30, 2023.

- On July 6, 2022, the Company's subsidiary, RYVYL EU (formerly known as Transact Europe OOD), received a notary invitation from Satya Consulting PTE Limited ("Satya") filed in Bulgaria. In the filed claim, Satya alleges nonpayment of its fee in the amount of EUR 900,000, to which statutory default interest is to be added, for failure of payment under the Company's stock purchase agreement for Transact Europe Holdings OOD. RYVYL EU has retained Bulgarian counsel to assist in the defense of the asserted claim and denies all allegations. As RYVYL EU cannot predict the outcome of the matter, the probability of an outcome cannot be determined. RYVYL EU intends to vigorously defend against all claims.

- On January 2, 2024, the Company filed a Statement of Claim against Chessa Sabourin in the Ontario Superior Court of Justice. Case No. CV-24-00712190-0000. The Company seeks to recover funds unlawfully held by Sabourin, or in the alternative, damages in the equivalent amount. Additionally, punitive and exemplary damages. In September 2023, the Company mistakenly sent funds to Ms. Sabourin and attempted to reverse or recall the transfers but was unable to do so. To date, Ms. Sabourin has failed and/or refused to return the funds mistakenly sent to her. Given the preliminary stage of the lawsuit, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome at this time or estimate a reasonably possible loss or range of loss that may result from this action.

15. Segment Reporting

The Company has organized its operations into two reportable segments: North America and International. These segments reflect represent the way components of the Company evaluates its business for which separate financial information is available that is utilized on a regular basis by the CODM to assess segment performance, set strategic goals, and manages its operations. allocate the Company's resources.

The Company’s CODM is its Chief Executive Officer. Management determined the operational data used by the CODM is that of the following tables present discrete financial information for our two reportable segments. Management bases strategic goals and decisions on these segments and the data presented below is used to measure financial results.

26

RYVYL INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Management evaluates the performance of its segments and allocates resources to them based on operating income or (loss) as compared to prior periods and current performance levels. The reportable segment operational data is presented in the tables below (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022 as restated	2023	2022 as restated	2024	2023
Revenue						
North America	$ 12,488	$ 8,462	$ 32,330	$ 18,606	$ 9,674	$ 8,804
International	4,992	2,168	11,290	3,200	7,100	2,487
	$ 17,480	$ 10,630	$ 43,620	$ 21,806		
Income (loss) from operations						
North America	$ (3,243)	$ (2,424)	$ (10,729)	$ (17,832)		
International	879	(702)	1,259	(1,237)		
	$ (2,364)	$ (3,126)	$ (9,470)	$ (19,069)		
Net income (loss)						
North America	$ (3,760)	$ (14,974)	$ (24,057)	$ (31,974)		
International	644	(910)	959	(1,245)		
	$ (3,116)	$ (15,884)	$ (23,098)	$ (33,219)		
Depreciation and amortization						
North America	$ 495	$ 2,137	$ 1,415	$ 4,557		
International	162	162	484	323		

	$ 657	$ 2,299	$ 1,899	$ 4,880		
Total revenue					$ 16,774	$ 11,291

	As of September 30, 2023	As of December 31, 2022		
Long-lived assets, net				
Income (loss) from operations				
North America	$ 13,583	$ 14,236	$ (3,448)	$ (3,728)
International	20,057	20,951	1,542	48)
	$ 34,090	$ 35,187		
Total income (loss) from operations			$ (1,906)	$ (3,680)

	As of September 30, 2023	As of December 31, 2022
Total assets		
North America	$ 45,433	$ 50,528
International	74,831	47,129
	$ 120,264	$ 97,657
Depreciation and amortization		
North America	$ 491	$ 458
International	166	162
Total depreciation and amortization	$ 657	$ 620

27

Net income (loss)		
North America	$ (4,323)	$ (7,889)
International	1,634	(90)
Total net income (loss)	$ (2,689)	$ (7,979)

RYVYL INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Assets by reportable segment were not included, as that information is not reviewed by the CODM to make operating decisions or allocate resources. Assets are reviewed on a consolidated basis.

16. Subsequent Events

The Company follows the guidance in FASB ASC Topic 855, *Subsequent Events* ("ASC 855"), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. Accordingly, the Company did not have any subsequent events that require disclosure other than the following:

On July 27, 2022 April 15, 2024, the Company signed a letter announced that it had commenced an underwritten public offering of intent to acquire Fundstr UAB for shares of its foreign exchange conversion and international payment capabilities and made a deposit payment of €685,000. During the process of acquisition due diligence to meet corporate governance requirements, the Company assigned its executed letter of intent to wholly owned subsidiary RYVYL EU common stock. Subsequently, on August 7, 2023. However, subsequent to September 30, 2023, the parties to the letter of intent verbally agreed to terminate the transaction, pending execution of a written agreement. The seller has agreed to return the deposit payment of €685,000.

On October 2, 2023 April 16, 2024, the Company submitted for filing a complaint against Sky Financial announced the cancellation of the proposed offering. The cancellation was primarily due to management's assessment that the pricing of the proposed offering would not be in San Diego Superior Court for breach the best interests of contract. the Company or its stockholders. The Company is alleging Sky Financial failed currently not pursuing a new capital raise and is continuing to perform all obligations, conditions, and promises required by it on its part to be performed in accordance with the terms and conditions evaluate alternative potential sources of the Asset Purchase Agreement, dated as of March 30. 2022 (the "2022 Agreement"), between Sky Financial and the Company. Additionally, funding. Refer to the extent the Company's 2019 Agreement with Sky Financial is implicated by Sky Financial's failure to deliver acquired merchant accounts and ISO management portal access to the Company, either directly or through the incorporation by reference "Going Concern" subsection within Note 2, *Summary of the 2019 Agreement into the 2022 Agreement, the Company is also alleging Sky Financial has breached the 2019 Agreement. The action seeks damages, including interest and costs of suit incurred.*

On November 2, 2023 Significant Accounting Policies, the Company held its 2023 annual meeting of stockholders (the "2023 Annual Meeting") at which meeting, the Company's stockholders approved the Company's 2023 Equity Incentive Plan. As set forth in the proxy statement for the 2023 Annual Meeting, filed with the SEC on September 21, 2023, the Board of Directors authorized and approved the termination of the Company's 2020 Incentive and Nonstatutory Stock Option Plan (the "2020 Option Plan"); (ii) the Company's 2021 Incentive and Nonstatutory Stock Option Plan (the "2021 Option Plan"); and (iii) the Company's 2021 Restricted Stock Plan. At a meeting of the Board of Directors held on November 3, 2023, the Board of Directors confirmed the termination of the 2020 Option Plan, the 2021 Option Plan, and the 2021 Restricted Stock Plan so that no further awards can be made under any of those plans, provided that any awards outstanding will continue to be outstanding and in effect, until they are exercised, vest, or are terminated under the provisions of the applicable plan. additional information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this Quarterly Report on Form 10Q (this "Report") and other materials we have filed or may filed, as well as information included in our oral or written statements, contain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words, or similar expressions or variations. Such forward-looking statements are subject to a number of risks, uncertainties, assumptions, and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events.

You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Report identify important matters or factors which you should consider in evaluating our forward-looking statements. These matters or factors include, among other things:

- **Our ability to effectively execute our business plan;**
- **Our ability to manage our expansion, growth and operating expenses both domestically and internationally;**
- **Our ability to comply with new regulations and compliance requirements that affect our business;**
- **Our ability to evaluate and measure our business, prospects and performance metrics;**
- **Our ability to compete and succeed in an evolving industry;**
- **Our ability to respond and adapt to rapid changes in technology;**
- **Our ability to identify and complete, acquisitions, post-acquisition integrations, dispositions and other strategic growth opportunities and initiatives;**
- **Our ability to avoid or minimize risks related to the blockchain and cryptocurrency industry or changes in the regulatory environment and turmoil in the banking sector with respect to digital asset management; and**

- Our ability to protect our proprietary technology.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, you should consult other disclosures made by us (such as in our other filings with the SEC or in our press releases) for other factors that may cause actual results to differ materially from those projected by us. For additional information regarding risk factors that could affect the our results, see "Risk Factors" beginning on page 13 14 of the 2022 2023 Annual Report.

We intend the forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise such forward-looking statements as more information becomes available or to reflect changes in expectations, assumptions or results. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Report, could materially and adversely affect our results of operations, financial condition, liquidity, and future performance.

29

In this Report, unless the context otherwise requires, all references to "the Company," "we," "our", "us" and "PubCo" refer collectively to RYVYL Inc (formerly known as GreenBox POS Inc.), a Nevada corporation. corporation, and its subsidiaries.

Unless the context otherwise requires, all references to "PrivCo" refer to GreenBox POS LLC, a limited liability company, formed in the state of Washington.

27

Our Management's Discussion and Analysis and Results of Operations contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the SEC.

Although the forward-looking statements in this Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this Report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Overview – Organization and Name Changes

RYVYL Inc. is a financial technology company that develops, markets, and sells innovative blockchain-based payment solutions, which we believe offer significant improvements for the payment solutions marketplace. Our The Company's core focus is developing to develop and monetizing monetize disruptive blockchain-based applications, integrated within an end-to-end suite of financial products, capable of supporting a multitude of industries. Our The Company's proprietary, blockchain-based systems are designed to facilitate, record and store a virtually limitless volume of tokenized assets, representing cash or data, on a secured, immutable blockchain-based ledger.

The Company was formerly known as ASAP Expo, Inc. and was incorporated in the State of Nevada on April 10, 2007. On January 4, 2020, PubCo and PrivCo entered into an Asset Purchase Agreement. Agreement to memorialize a verbal agreement (the "Verbal Agreement") entered into on April 12, 2018, by and among PubCo (the buyer) and PrivCo (the seller). On April 12, 2018, we pursuant to the Verbal Agreement, the Company acquired PrivCo's blockchain gateway and payment system business, point of sale system business, delivery business and kiosk business, and bank and merchant accounts, as well as all intellectual property related thereto (the "GreenBox Business"). As consideration for the GreenBox Business, on April 12, 2018, we the Company assumed PrivCo's liabilities that were had been incurred in the normal course of the GreenBox Business.

On October 13, 2022 May 3, 2018, we the Company formally changed our its name to RYVYL "GreenBox POS, LLC," then subsequently changed its name to "GreenBox POS" on December 13, 2018. On October 13, 2022, GreenBox POS changed its name to "RYVYL Inc."

On May 21, 2021, the Company acquired all of the outstanding stock of Northeast Merchant Systems, Inc. ("NEMS") in a transaction treated as a business combination. NEMS is a merchant services company providing merchant credit card processing through its own Bank Identification Number with the acquiring bank, Merrick. This involves inside operations for new merchants that include sales assistance and applications processing, underwriting, and onboarding and inside operations for existing merchants include risk monitoring and customer service. Outside operations include equipment service or replacement; sales calls and applications; site inspections and identity verification; security verification; and on-site customer service and technical support.

On July 13, 2021 (the "Closing Date"), GreenBox POS entered into and closed on a Membership Interest Purchase Agreement (the "Purchase Agreement") with Charge Savvy LLC, an Illinois limited liability company ("Charge Savvy"), and Charge Savvy's three members (collectively, the "Sellers"). One of the Sellers, Ken Haller, was an employee of the Company on the Closing Date. As a result of the Purchase Agreement, the Company purchased all of Charge Savvy's issued and outstanding membership interests from the Sellers and Charge Savvy became a wholly owned subsidiary of the Company. The purchase price under the Purchase Agreement for the all-stock transaction consisted of 1,000,000 shares of the Company's Common Stock being issued and delivered to Sellers in proportion to the Sellers' share of their membership interests in Charge Savvy. The share price at issuance was $12.14. Charge Savvy is a fintech company specializing in developing software and providing payment processing and point-of-sale ("POS") services to the merchant services industry. Charge Savvy also owned an approximately 64,000 square foot office building located in Chicago, Illinois, where it is headquartered.

On March 31, 2022, we agreed to acquire the Company acquired a portfolio of merchant accounts from Sky Financial & Intelligence LLC, a Wyoming limited liability company ("Sky Financial") for $18.1 million. We $18,110,000. The Company paid $16.0 million in $16,000,000 of cash in March 2022 and issued 500,000 shares of restricted common stock for the transaction on May 12, 2022. The entire amount tendered in both cash and stock was recorded as an intangible customer relationship asset. As of the date of the filing of this Report, we have not received the delivery of the acquired merchant list and the associated ISO management portal access. We charged off the entire purchase price in 2022. Also, during 2022, we suspended our reporting of revenue from the Sky Financial portfolio.

On April 1, 2022, we the Company completed the acquisition of Transact Europe Holdings. Holdings OOD ("Transact Europe Holdings"). Transact Europe Holdings is the holding company of Transact Europe EAD ("TEU"). TEU formally changed its name to RYVYL EU on December 16, 2022. RYVYL EU is an a European Union-regulated Union ("EU") regulated electronic money institution headquartered in Sofia, Bulgaria. TEU RYVYL EU is a principal level Principal Level member of Visa, a worldwide member of MasterCard, and a principal member of China UnionPay and UnionPay. In addition, RYVYL EU is also part of the direct Single Euro Payments Area program. ("SEPA") program, a payment system enabling cashless payments across continental Europe. RYVYL EU provides complete payment solutions by offering acquiring, issuing of prepaid cards and agent banking, serving hundreds of clients. With a global footprint, proprietary payment gateway, and technology platforms, TEU RYVYL EU offers a comprehensive portfolio of services and decades of industry experience. We The Company paid approximately $28.8 million (€26.0 million) in total consideration for the purchase.

Recent Developments

In February 2024, the Company transitioned its QuickCard product in North America away from terminal-based to app-based processing. This transition coincided with a change in our banking partner that was prompted by recent changes in the compliance environment and banking regulations. The unforeseen abrupt nature of the transition and slow initial adoption of the app-based product has led to a significant decline in processing volume in North America, which in turn has adversely affected revenue in the North America segment.

This temporary decline in revenue has adversely impacted the Company's liquidity in its North America segment in the short term. As a result, management has determined that its cash and cash equivalents in the North America segment as of

March 31, 2024, will not be sufficient to fund the segment's operations and capital needs for the next 12 months from the issuance of this Report. Management's intended plan over the next twelve months to address the temporary liquidity shortfall in the North America segment includes, but is not limited to, the following:

- acceleration of the Company's business development efforts to drive volumes in diversified business verticals;
- the implementation of cost control measures to more effectively manage spending in the North America segment and right sizing the organization, where appropriate;
- the sale of certain noncore assets; and
- repatriation of offshore profits from the Company's European subsidiaries, whose continued accelerated growth and generation of positive cash flow have already provided, and will continue to provide, an immediate and viable short-term source of capital during this product transition (to date, the Company has repatriated $7.5 million from Europe).

Management has assessed that its intended plan is appropriate and sufficient to address the liquidity shortfall in its North America segment. However, there can be no guarantee that we will be successful in implementing our plan, that our projections of our future capital needs will prove accurate, or that any additional funding will be sufficient to continue our operations in the North America segment.

29

RESULTS OF OPERATIONS

Three Months Ended March 31, 2024 (Unaudited) Compared to Three Months March 31, 2023 (Unaudited):

(Dollars in thousands)

	Three Months Ended March 31,					
	2024		2023		Change	
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Revenue	$ 16,774	100.0 %	$ 11,291	100.0 %	$ 5,483	48.6 %
Cost of revenue	9,743	58.1 %	6,178	54.7 %	3,564	57.7 %
Gross profit	7,031	41.9 %	5,113	45.3 %	1,918	37.5 %
Operating expenses:						
Advertising and marketing	17	0.1 %	75	0.7 %	(58)	-77.7 %
Research and development	1,393	8.3 %	1,936	17.1 %	(543)	-28.1 %
General and administrative	2,042	12.2 %	1,452	12.9 %	590	40.7 %

Payroll and payroll taxes	3,569	21.3 %	2,714	24.0 %	855	31.5 %
Professional fees	1,035	6.2 %	1,803	16.0 %	(768)	-42.6 %
Stock compensation expense	224	1.3 %	193	1.7 %	31	16.1 %
Depreciation and amortization	657	3.9 %	620	5.5 %	37	6.0 %
Total operating expenses	8,937	53.3 %	8,793	52.4 %	144	1.6 %
Loss from operations	(1,906)	-11.4 %	(3,680)	-21.9 %	1,774	-48.2 %
Other income (expense):						
Interest expense	(28)	-0.2 %	(1,729)	-15.3 %	1,701	-98.4 %
Accretion of debt discount	(908)	-5.4 %	(2,622)	-23.2 %	1,714	-65.4 %
Changes in fair value of derivative liability	-	0.0 %	168	1.5 %	(168)	-100.0 %
Other expense	343	2.0 %	(111)	-1.0 %	454	-410.1 %
Total other income (expense)	(593)	-3.5 %	(4,294)	-25.6 %	3,701	-86.2 %
Loss before provision for income taxes	(2,499)	-14.9 %	(7,974)	-47.5 %	5,475	-68.7 %
Provision for income taxes	190	1.1 %	5	0.0 %	184	3849.9 %
Net loss	$ (2,689)	-16.0 %	$ (7,979)	-47.6 %	$ 5,290	-66.3 %

Recent Developments **Revenue**

Nasdaq Compliance

As previously reported in a Current Report on Form 8-K filed by the Company with the SEC on August 15, 2023, on August 3, 2023, we received a written notice from

the Listing Qualifications Department (the "Staff") of The Nasdaq Stock Market ("Nasdaq") indicating that we had regained compliance with the minimum bid price requirement under Nasdaq Listing Rule 5550(a)(2) but that the Staff of Nasdaq had also imposed a panel monitor, for a period of six months until February 3, 2024, pursuant to which the Staff of Nasdaq would promptly issue a Staff delisting determination, if we failed to comply with any Nasdaq listing standard during the six-month panel monitor period.

As also previously reported in a Current Report on Form 8-K filed by the Company on October 20, 2023, on October 19, 2023, we received a determination letter (the "Letter") from the Staff of Nasdaq stating that we are not in compliance with the Market Value of Listed Securities ("MVLS") Standard, since our common stock was below the $35 million minimum MVLS requirement for continued listing on Nasdaq under Nasdaq Listing Rule 5550(b)(2) and had not been at least $35 million for the previous 30 consecutive business days. As such, the Letter stated that the Staff would commence delisting proceedings against us. We have been provided with the right to appeal the Staff's determination, and pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series, we have filed such appeal by timely requesting a hearing (the "Hearing") before a Nasdaq Hearing Panel (the "Hearing Panel") and paying the applicable $20,000 fee. Our Hearing request has stayed the suspension action by the Staff pending the issuance of the Hearing Panel's decision. Our common stock will remain listed on Nasdaq, pending the outcome of the Hearing. There can be no assurance that the Hearing Panel will decide in our favor with respect to such appeal. The Hearing Panel's decision will determine the future of trading of our common stock.

Reverse Stock Split

On September 6, 2023, we filed a certificate of amendment to our amended and restated certificate of incorporation with the Secretary of State of the State of Nevada to effect a 1-for-10 reverse stock split (the "Reverse Stock Split") of the Company's shares of common stock, par value $0.001 per share (the "common stock"). Such amendment and ratio were previously approved by the board of directors. Under Nevada Revised Statutes Section 78.207, stockholder approval of the Reverse Stock Split was not required because (i) both the number of authorized shares of the common stock and the number of issued and outstanding shares of the common stock were proportionally reduced as a result of the Reverse Stock Split; (ii) the Reverse Stock Split did not adversely affect any other class of stock of the Company; and (iii) the Company did not pay money or issue scrip to stockholders who would otherwise be entitled to receive a fractional share as a result of the Reverse Stock Split. As a result of the Reverse Stock Split, which was effective September 6, 2023, every ten shares of the Company's pre-reverse split outstanding common stock were combined and reclassified into one share of common stock. Proportionate voting rights and other rights of common stockholders were not affected by the Reverse Stock Split. Any fractional shares of common stock resulting from the Reverse Stock Split were rounded up to the nearest whole share. All stock options outstanding and common stock reserved for issuance under the Company's equity incentive plans outstanding immediately prior to the Reverse Stock Split were adjusted by dividing the number of affected shares of common stock by ten and, as applicable, multiplying the exercise price by ten. All share numbers, share prices, exercise prices, and per share amounts have been adjusted, on a retroactive basis to reflect this 1-for-10 Reverse Stock Split.

All share and per share amounts in this Report reflect the consummation of the Reverse Stock Split at a ratio of one share of common stock for each ten shares of common stock previously outstanding.

Approval of 2023 Equity Incentive Plan

On November 2, 2023, we held our 2023 annual meeting of stockholders (the “2023 Annual Meeting”), at which meeting our stockholders approved our 2023 Equity Incentive Plan. As set forth in the proxy statement for the 2023 Annual Meeting, filed with the SEC on September 21, 2023, the Board of Directors authorized and approved the termination of our 2020 Option Plan, 2021 Option Plan, and 2021 Restricted Stock Plan. At a meeting of the Board of Directors held on November 3, 2023, the Board of Directors confirmed the termination of the 2020 Option Plan, the 2021 Option Plan, and the 2021 Restricted Stock Plan so that no further awards can be made under any of those plans, provided that any awards outstanding will continue to be outstanding and in effect, until they are exercised, vest, or are terminated under the provisions of the applicable plan.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months Ended September 30, 2023 (Unaudited) Compared to Three Months September 30, 2022 (Unaudited):

(Dollars in thousands)

	Three Months Ended September 30					
	2023		2022		Change	
	Amount	% of Revenue	Amount as restated	% of Revenue	Amount	%
Revenue	$ 17,480	100.0 %	$ 10,630	100.0 %	$ 6,850	64.4 %
Cost of revenue	10,800	61.8 %	4,333	40.8 %	6,467	149.3 %
Gross profit	6,680	38.2 %	6,297	59.2 %	383	6.1 %
Operating expenses:						
Advertising and marketing	45	0.3 %	438	4.1 %	(393)	-89.7 %
Research and development	1,315	7.5 %	1,442	13.6 %	(127)	-8.8 %
General and administrative	3,041	17.4 %	1,186	11.2 %	1,855	156.3 %
Payroll and payroll taxes	2,605	14.9 %	2,385	22.4 %	220	9.3 %
Professional fees	1,234	7.1 %	1,032	9.7 %	202	19.6 %
Stock compensation expense	147	0.8 %	641	6.0 %	(494)	-77.0 %
Depreciation and amortization	657	3.8 %	2,299	21.6 %	(1,642)	-71.4 %
Total operating expenses	9,044	51.7 %	9,423	53.9 %	(379)	-4.0 %

Loss from operations	(2,364)	-13.5 %	(3,126)	-17.9 %	762	-24.4 %
Other income (expense):						
Interest expense	(65)	-0.4 %	(1,802)	-17.0 %	1,737	-96.4 %
Interest expense - debt discount	(4,183)	-23.9 %	1,632	15.4 %	(5,815)	-356.3 %
Loss on extinguishment and derecognition expense on conversion of convertible debt	(1,331)	-7.6 %	(8,105)	-76.2 %	6,774	83.6 %
Changes in fair value of derivative liability	6,909	39.5 %	(4,143)	-39.0 %	11,052	-266.8 %
Legal settlements expense	(1,929)	-11.0 %	-	0.0 %	(1,929)	n/a
Merchant fines and penalty income	-	0.0 %	(368)	-3.5 %	368	-100.0 %
Other income or expense	(25)	-0.1 %	63	0.6 %	(88)	-139.9 %
Total other income (expense)	(624)	-3.6 %	(12,723)	-72.8 %	12,099	-95.1 %
Income (loss) before provision for income taxes	(2,988)	-17.1 %	(15,849)	-90.7 %	12,861	-81.1 %
Provision for income taxes	128	0.7 %	35	0.2 %	93	268.6 %
Net loss	$ (3,116)	-17.8 %	$ (15,884)	-90.9 %	$ 12,768	-80.4 %

Revenue

	Quarter Ended March 31,			
	2024	2023	$ Change	% Change
North America	$ 9,674	$ 8,804	$ 870	9.9 %
International	7,100	2,487	4,613	185.4 %
Total revenue	$ 16,774	$ 11,291	$ 5,483	48.6 %

Revenue increased by approximately $6.8 million $5.5 million, or 64.4% 48.6%, to approximately $17.5 million $16.8 million for the three months ended September 30, 2023 March 31, 2024, from approximately $10.7 million $11.3 million for the three months ended September 30, 2022 March 31, 2023. The change in net In the

North America segment, revenue during the three months ended September 30, 2023 increased $0.9 million, or 9.9%, compared to the three months ended September 30, 2022 March 31, 2023. In the International segment, revenue increased $4.6 million, or 185.4%, compared to the three months ended March 31, 2023. The increase in revenue was primarily attributable to significant continued growth in processing volume, which increased from our acquired businesses, RYVYL EU and American Samoa. North America revenue increased by 47%, from $8.5 million $566 million for the three months ended September 30, 2022 March 31, 2023, to $12.5 million $994 million for the three months ended September 30, 2023 March 31, 2024. The increase in processing volume was driven by the continued expansion in multiple verticals within our International revenue increased over 100%, from $2.2 million segment, primarily, our ISO and partnership network, our global payments processing businesses, and banking-as-a-service offering, and business growth in the three months ended September 30, 2022 to $5.0 million for the three months ended September 30, 2023. American Samoa.

Cost of Revenue

Cost of revenue increased by approximately $6.5 million $3.6 million, or 149.3% 57.7%, to $10.8 million $9.7 million for the three months ended September 30, 2023 March 31, 2024, from approximately $4.3 million $6.2 million for the three months ended September 30, 2022 March 31, 2023. Payment processing In the North America segment, cost of revenue increased $0.8 million, or 16.4%, compared to the three months ended March 31, 2023. In the International segment, cost of revenue increased $2.8 million, or 193.9%, compared to the three months ended March 31, 2023. Cost of revenue consists of various processing fees paid to gateways, as well as commission payments to the ISOs responsible for establishing and maintaining merchant relationships, from relationships. The increase in cost of revenue is primarily attributable to the increase in processing volume, which the processing transactions ensue. Cost of revenues increased due primarily to increased volume, resulting resulted in higher processing fees paid to gateways and commission payments to ISOs, and cost of revenue of acquired businesses primarily in the United States and the European Union.

Operating Expenses

Operating expenses decreased by approximately $0.4 million, or 4%, to approximately $9.0 million for the three months ended September 30, 2023, from approximately $9.4 million for the three months ended September 30, 2022. The decrease was due primarily to decrease in depreciation and amortization and stock compensation expense, offset by an increase in general and administrative expenses. The higher general and administrative expenses in the quarter ended September 30, 2023 was primarily attributable to non-recurring provision for credit losses on non-continuing legacy accounts.

Other Income (Expense)

Other expense totaled approximately $0.6 million for the three months ended September 30, 2023, compared to approximately $12.7 million for the three months ended September 30, 2022. Changes in the fair value of derivative liability amounted to a credit of approximately $6.9 million for the three months ended September 30, 2023 and a charge of approximately $4.1 million for the three months ended September 30, 2022. Interest expense for accretion of the debt discount related to the $100 million convertible note issued in November 2021 increased by $5.8 million. Additionally, we incurred a charge of approximately $1.3 million in the three months ended September 30, 2023, related to the conversion of debt and we recognized a loss of approximately $8.1 million in the three months ended September 30, 2022 in connection with the settlement of debt. We recorded expense of approximately $1.9 million related to non-recurring legal settlements in the three months ended September 30, 2023.

Nine Months Ended September 30, 2023 (Unaudited) Compared to Nine Months September 30, 2022 (Unaudited):

(Dollars in thousands)

	Nine Months Ended September 30					
	2023		2022		Change	
	Amount	% of Revenue	Amount as restated	% of Revenue	Amount	%
Revenue	$ 43,620	100.0 %	$ 21,806	100.0 %	$ 21,814	100.0 %
Cost of revenue	25,703	58.9 %	11,343	52.0 %	14,360	126.6 %
Gross profit	17,917	41.1 %	10,463	48.0 %	7,454	71.2 %
Operating expenses:						
Advertising and marketing	153	0.4 %	1,106	5.1 %	(953)	-86.2 %
Research and development	4,434	10.2 %	5,300	24.3 %	(866)	-16.3 %
General and administrative	6,709	15.4 %	4,332	19.9 %	2,377	54.9 %
Payroll and payroll taxes	8,232	18.9 %	7,481	34.3 %	751	10.0 %
Professional fees	5,651	13.0 %	3,704	17.0 %	1,947	52.6 %
Stock compensation expense	309	0.7 %	2,729	12.5 %	(2,420)	-88.7 %
Depreciation and amortization	1,899	4.4 %	4,880	22.4 %	(2,981)	-61.1 %
Total operating expenses	27,387	62.8 %	29,532	135.4 %	(2,145)	-7.3 %
Loss from operations	(9,470)	-21.7 %	(19,069)	-87.4 %	9,599	-50.3 %
Other income (expense):						
Interest expense	(3,310)	-7.6 %	(7,415)	-34.0 %	4,105	-55.4 %
Interest expense - debt discount	(9,626)	-22.1 %	(11,540)	-52.9 %	1,914	-16.6 %

Loss on extinguishment and derecognition expense on conversion of convertible debt	(1,518)	-3.5 %	(9,762)	-44.8 %	8,244	84.4 %
Changes in fair value of derivative liability	6,580	15.1 %	14,592	66.9 %	(8,012)	-54.9 %
Legal settlements expense	(4,142)	-9.5 %	-	0.0 %	(4,142)	n/a
Merchant fines and penalty income	-	0.0 %	(286)	-1.3 %	286	n/a
Other income or (expense)	(1,474)	-3.4 %	298	1.4 %	(1,772)	-594 %
Total other income (expense)	(13,490)	-30.9 %	(14,113)	-64.7 %	623	-4.4 %
Loss before provision for income taxes	(22,960)	-52.6 %	(33,182)	-152.2 %	10,222	-30.8 %
Provision for income taxes	138	0.3 %	37	0.2 %	101	270.1 %
Net loss	$ (23,098)	-53.0 %	$ (33,219)	-152.3 %	$ 10,121	-30.5 %

33

Revenue

Revenue increased by approximately $21.8 million, or 100%, to approximately $43.6 million for the nine months ended September 30, 2023, from approximately $21.8 million for the nine months ended September 30, 2022. The change in net revenue was primarily attributable to an increase in processing volume in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, and an increase in revenues from our acquired businesses including Charge Savvy, RYVYL EU and American Samoa. North America revenue increased by 74%, from approximately $18.6 million for the nine months ended September 30, 2022 to approximately $32.3 million for the nine months ended September 30, 2023. International revenue increased over 200%, from approximately $3.2 million in the nine months ended September 30, 2022 to approximately $11.3 million for the nine months ended September 30, 2023.

Cost of Revenue

Cost of revenue increased by approximately $14.4 million, or 126.6%, to approximately $25.7 million for the nine months ended September 30, 2023, from approximately $11.3 million for the nine months ended September 30, 2022. Payment processing consists of various processing fees paid to gateways, as well as commission payments to the ISOs responsible for establishing and maintaining merchant relationships, from which the processing transactions ensue. Cost of revenues increased due primarily to increased volume, resulting in higher processing fees paid to gateways, commission payments to ISOs, and cost of revenue of acquired businesses in the United States and the European Union. segment.

Operating Expenses

Operating expenses decreased increased by approximately $2.1 million $0.1 million, or 7.3% 1.7%, to approximately $27.4 million $8.9 million for the nine three months ended September 30, 2023 March 31, 2024, from approximately $29.5 million $8.8 million for the nine three months ended September 30, 2022 March 31, 2023. The decrease increase was due primarily to decreases in stock-based compensation expenses, depreciation and amortization expenses and advertising and marketing expenses for the nine months ended September 30, 2023, and was partially offset by increases an increase in general and administrative expenses of $0.6 million due to higher bad debt expense and external professional expenses for legal an increase in payroll and accounting services payroll taxes of $0.9 million primarily related to employee bonuses and commissions during the period. These increases were partially offset by a decrease in research and development expense of $0.5 million and a decrease in professional fees of $0.8 million due to lower accounting, consulting, and legal fees incurred in 2023 in connection with the Company's restatement of prior period consolidated financial statements and non-recurring provision for credit losses on non-continuing legacy accounts. statements.

Other Income (Expense)

Other expense decreased by $3.7 million, or 86.2%, to approximately $13.5 million $0.6 million for the nine three months ended September 30, 2023 March 31, 2024, from approximately $14.1 million $4.3 million for the nine three months ended September 30, 2022 March 31, 2023. Changes The decrease was primarily due to lower interest expense of $1.7 million due to the accrued interest waiver on the convertible note through June 2024 and the decrease in the fair value of derivative liability amounted to a credit of approximately $9.6 million for the nine months ended September 30, 2023 and a credit of approximately $11.5 million for the nine months ended September 30, 2022. Interest expense, including expense related convertible note discount, which were both due to the accretion restructuring of the debt discount related to the $100 million Company's convertible note issued in November 2021 decreased by approximately $6.0 million. Additionally, we incurred losses of approximately $1.5 million for the nine months ended September 30, 2023 and approximately $9.8 million in the nine months ended September 30, 2022, related to the conversion fourth quarter of debt. Other expense for the nine months ended September 30, 2023 also included approximately $1.2 million in carryover effects of financial statement restatements. Expenses of approximately $4.1 million attributable to non-recurring legal settlements were recognized in the nine-month period ended September 30, 2023. 2023.

Liquidity and Capital Resources

Our primary source The Company's consolidated working capital at December 31, 2023 was $3.2 million, which included cash and cash equivalents of liquidity $10.5 million and restricted cash of $78.3 million. Historically, the Company has historically been derived financed its operations with proceeds from raising capital through the issuance of debt or common stock. Our cash flow from operations, has not historically been sufficient the sales of equity securities, and its $100 million convertible note. Our material liquidity needs principally relate to cover our cash requirements. working capital requirements and research and development expenditures.

Notwithstanding Due to the net operating loss for product transition described under the three months and nine months ended September 30, 2023, management believes *Recent Developments* section above, we believe that our current cash balance is and cash equivalents as of March 31, 2024 are not sufficient to fund the North America segment's operations and capital needs for at least one year the next 12 months from the date issuance of this Report.

As previously reported Our ability to fund working capital and other expenditures in the North America segment will depend on our ability to generate cash from operating activities from our two operating segments, which is subject to our future operating success, further repatriation of offshore profits from our European subsidiaries, short-term borrowings in the U.S., and a Current Report on Form 8-K filed on July 26, 2023 with the SEC (the "July Form 8-K"), on July 25, 2023, we entered into the Exchange Agreement with an Investor capital raise, which previously provided $100 million in convertible note financing to the Company evidenced by intends to consummate in the near term. The Company is actively engaged in discussions with multiple investment banks regarding a Note, which Note was originally due capital raise. However, there can be no guarantee that a capital raise will be available on November 5, 2023, a timely basis or on favorable terms and which Maturity Date was extended is subject to November 5, 2024, pursuant to a Restructuring Agreement, dated as of August 16, 2022.

Under the terms of the Exchange Agreement, the Company factors beyond our control, including general economic, political, and the Investor agreed to exchange in two separate Exchanges, an aggregate of $22.703 million of the outstanding principal and interest under the Note for 15,000 shares of a newly authorized series of our preferred stock designated as Series A Preferred Stock. financial market conditions.

On July 31, 2023, pursuant Our ability to successfully address the terms short-term liquidity shortfall in the North America segment is contingent on management's intended plan over the next twelve months to improve the segment's liquidity and working capital requirements. Management has determined that its intended plan is appropriate and sufficient to address the liquidity shortfall. However, there can be no guarantee that we will be successful in implementing our plan or in acquiring additional funding, that our projections of our future capital needs will prove accurate, or that any additional funding will be sufficient to continue our operations in the Exchange Agreement, we closed the Initial Exchange and issued to the Investor 6,000 shares of Series A Preferred Stock in exchange for $4,297,000 of the outstanding principal balance of the Note and $1,703,000 of accrued interest. North America segment.

The Initial Exchange was made in reliance upon the exemption from registration provided by Section 3(a)(9) of the Securities Act.

For more information on the provisions of the Exchange Agreement and the Leak-Out Agreement, also entered into by us and the Investor on July 25, 2023, please see the July Form 8-K and the exhibits filed therewith.

We may, in the future, seek to raise additional capital to fund growth, operations and other business activities, but such additional capital may not be available to us on acceptable terms, on a timely basis, or at all.*Cash Flow*

The following table summarizes our shows cash flows from operating, investing and financing activities (unaudited) for the periods presented (dollars in thousands):

	Nine Months Ended September 30,	
	2023	2022 (as restated)
	(dollars in thousands)	
Cash provided by (used in) operating activities	$ 27,584	$ (12,347)
Cash used in investing activities	(78)	(46,864)
Cash used in financing activities	(11)	(10,052)
Effect of exchange rate changes on cash	26	(1,410)
Cash acquired from acquisition of Transact Europe	-	18,677
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 27,521	$ (51,996)

	Three Months Ended March 31,	
	2024	2023
Cash provided by operating activities	$ 15,525	$ 16,379
Cash used in investing activities	(22)	(17)
Cash provided used in financing activities	(4)	-
Effects of exchange rates on cash, cash equivalents, and restricted cash	(1)	(58)
Net increase in cash, cash equivalents, and restricted cash	$ 15,498	$ 16,304

Operating Activities – For the nine three months ended September 30, 2023, March 30, 2024 and 2023, net cash provided by operating activities was $27.6 million. $15.5 million and $16.4 million,respectively. The cash provided by operating activities was primarily due to the timing of settlement of assets and liabilities.

Investing Activities – Net cash used in investing activities for in the nine months three-month period ended September 30, 2022 primarily consisted of the acquisition of Transact Euro March 31, 2024 and Sky Financial. Investing activities for the nine months ended September 30, 2023 2023 were negligible.

Financing Activities – Net cash used by financing activities primarily consisted of repurchases of common stock under treasury method of $4.0 million in the three-month period ended March 31, 2024 and repayment of convertible debt of $6.0 million for the nine months ended September 30, 2022. Financing activities for the nine months ended September 30, 2023 2023 were negligible.

Critical Accounting Estimates

Management strives to report We prepare our financial results in a clear and understandable manner, although in some cases accounting and disclosure rules and principles are complex and require us to use technical terminology. In preparing the consolidated financial statements we follow GAAP. These in accordance with accounting principles require generally accepted in the U.S. ("GAAP"). GAAP requires us to make certain estimates and apply judgments assumptions that affect our financial position and results of operations as reflected in our financial statements. These judgments and estimates are based on past events and expectations of future outcomes. The the reported amounts of assets and liabilities reported on our balance sheet and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses reported for each of during the reporting period. We base our fiscal periods are affected by estimates on historical experience, anticipated future trends, and other assumptions which are used for, but not limited we believe to among other things, be reasonable under the accounting for revenue recognition, stock-based compensation and the valuation of deferred taxes. Actual circumstances. Because these estimates require significant judgment, our actual results may differ materially from our estimates. Our management continually reviews our accounting policies including how they are applied and how they are reported and disclosed in our financial statements. Below is a summary of our critical accounting estimates and how they are applied in preparation of the financial statements.

Revenue Recognition

ASC 606 outlines the basic criteria that must be met to recognize revenue and provide guidance for presentation of revenue and for disclosure related to revenue recognition policies.

We recognize revenue when i) it is realized or realizable and earned, ii) there is persuasive evidence of an arrangement, iii) delivery and performance has occurred, iv) there is a fixed or determinable sales price, and v) collection is reasonably assured.

We generate revenue from payment processing services, licensing fees and equipment sales.

- Payment processing revenue is based on a percentage of each transaction's value and/or upon fixed amounts specified per each transaction or service and is recognized as such transactions or services are performed.
- Licensing revenue is paid in advance and is recorded as unearned income, which is amortized over the period of the licensing agreement.

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- Equipment sales revenue is generated from the sale of POS products, which is recognized when goods are shipped. Revenue recognized from the sale of equipment was not material.

Cash Due from Gateways and Payment Processing Liabilities

Our primary source The Company generates the majority of revenues consists of its revenue from payment processing services for our provided to its merchant clients. When a merchant makes a sale, the process of receiving the payment card information, engaging the banks for transferring the proceeds to the merchant's account via digital gateways, and recording the transaction on a blockchain ledger, are the activities for which we the Company gets to collect fees.

In 2023 and 2022 we utilized several gateways. The gateways have strict guidelines pertaining to the scheduling of the release of funds to merchants based on several criteria such as, among other things, that include, but are not limited to, return and chargeback history, associated risks risk for the specific business verticals, and vertical, average transaction amounts. amount, etc. To mitigate processing potential credit losses associated with these risks, these gateway policies determine reserve requirements and payment-in-arrears strategies. a payment in arrears strategy. While reserve and payment-in-arrears payment in arrears restrictions are in effect for a merchant payout, we record gateway debt the Company records the reserved amounts against these amounts cash due from the gateways until released.

Cash due from gateways balances presented in the accompanying consolidated balance sheets represent amounts due to us for transactions processed wherein the funds have not been distributed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer has have concluded that, as of December 31, 2022 March 31, 2024, our disclosure controls and procedures were not effective due to the material weakness in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the rules and forms our internal control over financial reporting described below. In light of the SEC and (ii) accumulated and communicated to this fact, our management including has performed additional analysis, investigations, and other post-closing procedures and has concluded that, notwithstanding the material weakness in our principal executive internal control over financial reporting, the consolidated financial statements for the periods covered by and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. included in this report fairly present, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with GAAP.

Material Weakness in Internal Control over Financial Reporting

In connection with their evaluation for the financial statement restatements as discussed elsewhere three months ended March 31, 2024, management identified a material weakness in this report, we have reassessed our conclusions regarding the effectiveness of the Company's internal control over financial reporting as of September 30, 2023, resulting from not having a complete process in place to fully reconcile the transactions between its operating system (a Company-developed platform) and December 31, 2022, its general ledger system, at the individual transaction level, which hampers the Company's ability to timely and have determined accurately identify differences that one or more material weaknesses exist in our internal control including a material weakness related may require adjustment to accounting for certain complex business transactions. We have engaged third-party technical accounting experts to support proper accounting for complex accounting transactions. its consolidated financial statements. As a result, we did not maintain effective controls over the reconciliation of transactions between the Company's operating system and its general ledger system, at the individual transaction level. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our management concluded our disclosure controls and procedures were financial statements will not effective as of September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022, and September 30, June 30, and March 31, 2022. be prevented or detected on a timely basis.

Changes in Internal Controls over Financial Reporting*Remediation Plan*

We have implemented commenced measures to remediate the identified material weakness, including the implementation of an enhanced reconciliation reviews preparation and review process, and improved reporting from the Company's operating system.

While we have initiated a plan to remediate the noted material weakness, these actions and planned actions are subject to ongoing evaluation by management and will require testing and validation of our payment processing activities including gross volumes, fees assessment design and return items in 2022 because operating effectiveness of the restatement efforts. There were no other material changes in our internal controls over financial reporting (as defined over future periods. We are committed to the continuous improvement of our internal control over financial reporting and intend to continue to take actions necessary to remediate deficiencies in Rules 13a-15(f) and 15d-15(f) under our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as discussed above, there was no change in our internal control over financial reporting that occurred during the Exchange Act) or in other factors that quarter ended March 31, 2024, which has materially affected, or are is reasonably likely to materially affect, our internal controls and procedures control over financial reporting during the first quarter of the year ending December 31, 2023.

During the second quarter of 2023, our management identified an internal control deficiency over financial reporting primarily related to the segregation of duties. Our management recognizes that the segregation of duties within certain part of its accounting processes can be inadequate for our management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis, and that this deficiency is important enough to merit attention by our management. Specifically, due to the size of the Company and the smaller nature of department teams, opportunities are currently limited to segregate duties, resulting in too few individuals having responsibility for the processing of certain financial information.

While we have designed and implemented, or expect to implement, measures that we believe address or will address this control deficiency, we continue to develop our internal controls, processes and reporting systems by, among other things, hiring qualified personnel with expertise to perform specific functions, and designing and implementing improved processes and internal controls, including ongoing senior management review and Audit Committee oversight. The improvement in our internal controls is a continuous process. We are currently remediating and plan to continue to mitigate the identified control deficiency through the redistribution of job responsibilities, by hiring additional senior accounting staff, and through the design and implementation of additional internal controls to promote adequate segregation of duties. We expect to incur additional costs as we continue to remediate this weakness and strengthen our controls.

Additional external experienced personnel have been engaged in the accounting and finance department as part of the financial reporting processes. In connection with our preparation of quarterly information, we are implementing new procedures and internal controls surrounding the month-end financial closing and financial reporting processes to ensure proper segregations of duties, and thorough review of journal entries, account reconciliations, access controls and financial statements.

The new procedures and internal controls, however, were not fully implemented as of September 30, 2023. The Company hired a new Chief Financial Officer, effective after the end of the quarter ended September 30, 2023, and is also conducting an on-going search for key management positions in critical control areas. In addition, management intends to initiate measures to immediately remediate the identified material weakness by implementing new procedures and internal controls. These measures include, but are not limited to, applying a more rigorous review of the monthly financial reporting processes to ensure that the performance of the control is evidenced through appropriate documentation, which is consistently maintained, and evaluating necessary changes to our formalized process to ensure key controls are identified, the control design is appropriate, and the necessary evidentiary documentation is maintained throughout the process.

Management has engaged a national recognized accounting firm to assist in accounting for certain complex business transactions, and has contracted with two highly experienced certified public accountants with significant experience as

a Chief Financial Officer and Corporate Controller, respectively, to assure that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time-to-time, the Company is involved in legal proceedings. The information called following is a summary of our current outstanding litigation. Note that references to GreenBox POS are for by this item is incorporated herein by reference historical purposes. GreenBox POS changed its name to Note 14, "*Commitments and Contingencies*" included in Part I, Item 1, "Condensed Consolidated Financial Statements (Unaudited)" RYVYL Inc. on October 13, 2022.

- On November 8, 2022, the Company filed a complaint against its former Chief Operating Officer Vanessa Luna, Luna Consultant Group, LLC and Does 1 through 50 in San Diego Superior Court (the "Company Filing"). The Company is alleging that Ms. Luna abused her position for additional compensation, failed to follow proper protocols and breached her fiduciary duties and duty of loyalty by secretly maintaining alternative employment. The action seeks damages, including interest and costs of suit incurred. On November 10, 2022, Ms. Luna filed her own complaint against the Company and Fredi Nisan in San Diego Superior Court (the "Luna Filing"). Ms. Luna alleges that Mr. Nisan used contract negotiations to coerce her, that the Company improperly coded transactions and misled investors, and that when her concerns were reported to management, she was wrongfully terminated, resulting in a number of claims. Ms. Luna also alleges sexual misconduct on the part of Mr. Nisan. Ms. Luna is seeking damages including compensatory damages, unpaid wages (past and future), loss of wages and benefits (past and future), and other damages to be proven at trial. The Company and Mr. Nisan deny all allegations of the Luna Filing. In April 2023, Ms. Luna sought to add Coyni, Inc. as a defendant with regard to her claims. She was granted permission to file a Second Amended Complaint, and Coyni, Inc. is evaluating the allegations to determine whether to challenge the filing by way of demurrer or otherwise. As the Company cannot predict the outcome of the matter, the probability of an outcome cannot be determined. The Company intends to vigorously defend against all claims asserted by Ms. Luna and to vigorously prosecute its own claims against Ms. Luna. The San Diego Superior Court consolidated the Company Filing and Luna Filing into a single proceeding, RYVYL Inc. v. Luna, on August 4, 2023. The parties are currently in the discovery phase.

- **On December 12, 2022, Jacqueline Dollar (aka Jacqueline Reynolds), former Chief Marketing Officer of the Company, filed a complaint against the Company, Fredi Nisan, and Does 1-20 in San Diego Superior Court. Ms. Dollar is alleging she was undercompensated compared to her male counterparts and retaliated against after raising concerns to management resulting in sex discrimination in violation of the California Fair Employment and Housing Act ("FEHA") and failure to prevent discrimination in violation of FEHA. Ms. Dollar is also claiming intentional infliction of emotional distress. Ms. Dollar is seeking an unspecified amount of damages related to, among other things, payment of past and future lost wages, stock issuances, bonuses and benefits, compensatory damages, and general, economic, non-economic, and special damages. As the Company cannot predict the outcome of the matter, the probability of an outcome cannot be determined. The Company intends to vigorously defend against all claims. The parties are currently in the discovery phase.**
- **On February 1, 2023, a putative class action lawsuit titled Cullen V. RYVYL Inc. fka GreenBox POS, Inc., et al., Case No. 3:23-cv-00185-GPC-AGS, was filed in the United States District Court for the Southern District of California against several defendants, including the Company and certain of our current and former directors and officers (the "Cullen Defendants"). The complaint was filed on behalf of persons who purchased or otherwise acquired the Company's publicly traded securities between January 29, 2021 and January 20, 2023. The complaint generally alleges that the Cullen Defendants violated Sections 11, 12(a)(2), and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act by making false and/or misleading statements regarding the Company's financial controls, performance and prospects. On June 30, 2023, the plaintiff filed an amended complaint. All defendants filed motions to dismiss the amended complaint on August 14, 2023. On March 1, 2024, the Court issued an order granting in part and denying in part defendants' motions to dismiss, which included dismissing all Securities Act claims and narrowing the potential class period. Plaintiff filed a second amended complaint on April 30, 2024, which alleges claims under Exchange Act Sections 10(b) and 20(a) only and a class period of May 13, 2021 through January 20, 2023. Cullen Defendants' response is due by June 30, 2024.**

  The action seeks damages, including interest, and the award of reasonable fees and costs to the putative class. The Company denies all allegations of liability and intends to vigorously defend against all claims. However, given the preliminary stage of the lawsuit, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome at this time or estimate a reasonably possible loss or range of loss that may result from this action.

- **On June 22, 2023, a shareholder derivative complaint was filed in the United States District Court for the Southern District of California against certain of the Company's current and/or former officers and directors (the "Hertel Defendants"), Christy Hertel, derivatively on behalf of RYVYL Inc., f/k/a GreenBox POS v. Ben Errez et al., Case No. 3:23-CV-01165-GPC-SBC. On August 4, 2023, a second shareholder derivative complaint was filed in the United States District Court for the Southern District of California against the Hertel Defendants, Marcus Gazaway, derivatively on behalf of RYVYL Inc., f/k/a GreenBox POS v. Ben Errez et al., Case No. 3:23-CV-01425-LAB-BLM. Both derivative complaints generally allege that the Hertel Defendants failed to implement adequate internal controls that would prevent false and misleading financial information from being published by the Company and that controlling shareholders participated in overpayment misconduct resulting in violations of Sections 10(b), 14(a) and 20 of the Exchange Act and breached their fiduciary duties and, purportedly on behalf of the Company. On April 2, 2024, the Court granted the parties' joint motion for an order consolidating the Hertel and Gazaway cases under the caption In re RYVYL Inc. Derivative Litigation, Lead Case No. 3:23-CV-01165-GPC-SBC (S.D. Cal.). On May 6, 2024, the Court issued an order staying the action until after the final resolution of any motion to dismiss the securities class action detailed above.**

  The complaint seeks damages and contribution from the Hertel Defendants and a direction that the Company and the Hertel Defendants take actions to reform and improve corporate governance and internal procedures to comply with applicable laws. The Hertel Defendants deny all allegations of liability and intend to vigorously defend against all claims. However, given the preliminary stage of the lawsuits, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome of either case at this time.

- **On October 1, 2023, the Company filed a demand for arbitration against Sky Financial with the American Arbitration Association in San Diego, California (the "Arbitration"). In the Arbitration, the Company seeks to recover for breach of the Asset Purchase Agreement, dated as of March 30, 2022 (the "2022 Agreement"), between Sky Financial and the Company, for Sky Financial's failure to perform its obligations under the 2022 Agreement. Additionally, to the extent the Company's 2019 Asset Purchase Agreement with Sky Financial is implicated by Sky Financial's failure to perform its obligations under the 2022 Agreement, either directly or through the incorporation by reference of the 2019 Agreement into the 2022 Agreement, the Company is also alleging Sky Financial has breached the 2019 Agreement. On October 2, 2023, the Company filed a complaint against Sky Financial in San Diego Superior Court asserting the same claims asserted in the Arbitration, solely to toll any applicable statutes of limitations pending the Arbitration and, if necessary, provide jurisdiction for the court to compel arbitration. The action seeks damages, including interest and costs of suit incurred. The parties have agreed to proceed in the Arbitration and have stipulated to a stay of the San Diego Superior Court action pending the Arbitration.**

- On July 6, 2022, the Company's subsidiary, RYVYL EU (formerly known as Transact Europe OOD), received a notary invitation from Satya Consulting PTE Limited ("Satya") filed in Bulgaria. In the filed claim, Satya alleges nonpayment of its fee in the amount of EUR 900,000, to which statutory default interest is to be added, for failure of payment under the Company's stock purchase agreement for Transact Europe Holdings OOD. RYVYL EU has retained Bulgarian counsel to assist in the defense of the asserted claim and denies all allegations. As RYVYL EU cannot predict the outcome of the matter, the probability of an outcome cannot be determined. RYVYL EU intends to vigorously defend against all claims.
- On January 2, 2024, the Company filed a Statement of Claim against Chessa Sabourin in the Ontario Superior Court of Justice. Case No. CV-24-00712190-0000. The Company seeks to recover funds unlawfully held by Sabourin, or in the alternative, damages in the equivalent amount. Additionally, punitive and exemplary damages. In September 2023, the Company mistakenly sent funds to Ms. Sabourin and attempted to reverse or recall the transfers but was unable to do so. To date, Ms. Sabourin has failed and/or refused to return the funds mistakenly sent to her. Given the preliminary stage of the lawsuit, the uncertainty of litigation, and the legal standards that must be met for success on the merits, the Company cannot predict the outcome at this time or estimate a reasonably possible loss or range of loss that may result from this action.

35

ITEM 1A. RISK FACTORS

Not applicable. There have been no material changes with respect to risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 26, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

38

ITEM 6. EXHIBITS

3.1	Certificate of Amendment to Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Company on November 3, 2023).
3.2	Certificate of Designations of Rights and Preferences of Series A Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by the Company on July 26, 2023).
3.3	Certificate of Change Pursuant to NRS 78.209 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Company on September 6, 2023).
10.1	Exchange Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on July 26, 2023).
10.2	Leak-Out Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Company on July 26, 2023).
10.3	Amendment No. 1 to Exchange Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on August 18, 2023).
10.4	Amendment No. 2 to Exchange Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on August 28, 2023).
10.5	2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed by the Company on November 7, 2023).
31.1	Certification by of the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of Registrant 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
31.2	Certification by of the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of Registrant 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).
32.1*	Certification by of the Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by of the Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RYVYL INC.

(Registrant)

Date: November 13, 2023 May 14, 2024	By:	*/s/ Fredi Nisan*
		Fredi Nisan
		Chief Executive Officer (Principal Executive Officer)
Date: November 13, 2023 May 14, 2024	By:	*/s/ George Oliva*
		George Oliva
		Chief Financial Officer
		(Principal (Principal Financial Officer)

Exhibit 31.1

Certification of the Principal Executive Officer

Pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Fredi Nisan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of RYVYL INC.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;	Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal controls over financial reporting, or	

caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such

evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Fredi Nisan
Fredi Nisan
Chief Executive Officer
(Principal Executive Officer)

Date: November 13, 2023 May 14, 2024

Exhibit 31.2

Certification of the Principal Financial Officer

Pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, George Oliva, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of RYVYL INC.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ George Oliva*

George Oliva

Chief Financial Officer

(Principal Financial Officer)

Date: November 13, 2023 May 14, 2024

Exhibit 32.1

Certification of the Principal Executive Officer

Pursuant to 18 U.S.C. Section 906 of the Sarbanes-Oxley Act

I, Fredi Nisan, the Principal Executive Officer of RYVYL, INC. (the "Company"), hereby certify that, 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of RYVYL Inc. (the "Company") for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Fredi Nisan, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 1934, as amended; and

2. The information contained in the Form 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Company as of and for the period covered by the Report.

By: /s/ Fredi Nisan

Name: Fredi Nisan

Title: Chief Executive Officer

(Principal Executive Officer)

Date: November 13, 2023 May 14, 2024

Exhibit 32.2

Certification of the Principal Financial Officer

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 2002

In connection with the Quarterly Report on Form 10-Q of RYVYL Inc. (the “Company”) for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George Oliva, the Principal Chief Financial Officer of RYVYL, INC. (the “Company”), hereby the Company, certify, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 1934, as amended; and

2. The information contained in the Form 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Company as of and for the period covered by the Report.

By: */s/ George Oliva*

Name: George Oliva

Title: Chief Financial Officer

(Principal Financial Officer)

Date: November 13, 2023 May 14, 2024

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