

## Research Report – Update

*Investors should consider this report as only a single factor in making their investment decision.*

### Ryvyl Inc.

**Rating: Speculative Buy**

Howard Halpern

November 28, 2022

**RVYL \$0.77 — (NASDAQ)**

	2019 A	2020 A	2021 A	2022 E	2023 E
Total Revenue (in millions)	\$10.0	\$8.5	\$26.3	\$33.2	\$49.6
Earnings (loss) per share	(\$0.17)	(\$0.17)	(\$0.65)	(\$0.68)*	(\$0.34)

52-Week range	\$5.56 – \$0.72	Fiscal year ends:	December
Shares outstanding a/o 11/15/22	49.6 million	Revenue/shares (ttm)	\$0.68
Approximate float	22.8 million	Price/Sales (ttm)	1.1X
Market Capitalization	\$38.2 million	Price/Sales (2023) E	0.8X
Tangible Book value/shr	(\$0.30)	Price/Earnings (ttm)	NMF
Price/Book	NMF	Price/Earnings (2023) E	NMF

*All per share figures reflect the February 17, 2021 1 for 6 reverse stock split*

*\* Includes approximately \$0.32 per share positive change in fair value of derivative liability and a (\$0.13) charge related to convertible debt*

*Ryvyl Inc., headquartered in San Diego, California, is a fintech (financial technology) company that leverages its proprietary blockchain-based payment processing ecosystem and token technology to create customized payment solutions for its global customer base.*

#### Key Investment Considerations:

***Maintaining our Speculative Buy rating but reducing our 12-month price target to \$1.50 per share from \$2.50 due to reductions in our 2023 revenue per share forecast and industry valuations.***

***Ryvyl Inc., has growth potential for its proprietary secure blockchain (a distributed digital encrypted ledger) payment processing closed loop ecosystem that can create customized payment solutions for its global customer base. Consulting firm McKinsey & Company is forecasting the global payment market reaching \$2.5 trillion by 2025 from \$1.9 trillion in 2020 for annualized growth of 5.6%.***

***The company's strategy to drive global payment processing transaction volume should be supported by its 1H22 acquisitions of Transact Europe and the merchant portfolio of Sky Financial, as well as organic growth of merchant customers. We anticipate transaction volume reaching \$6 billion in 2023, up from an estimated \$4.3 billion in 2022. Transaction volume was \$2 billion in 2021.***

***RVYL reported (on 11-21-22) 3Q22 loss per share of (\$0.32) on revenue of \$10.6 million. We projected a loss per share of (\$0.27) on revenue of \$10 million. In 3Q21, revenue was \$8 million and the loss per share was (\$0.14).***

***In 2022, we project a loss per share of (\$0.68) on 26.1% revenue growth to \$33.2 million. We previously forecast a loss per share of (\$0.77) on revenue of \$34 million. Our forecast reflects 3Q22 results and includes a \$0.32 per share positive derivative liability change and (\$0.13) charge related to convertible debt.***

***In 2023, we project a loss per share of (\$0.34) on revenue growth of 49.4% to \$49.6 million. We previously forecast a loss per share of (\$0.77) on revenue of \$52.7 million. Our forecast reflects transaction volume of \$6 billion (prior was \$6.9 billion), as well as better than anticipated gross margin of 59.8% (prior was 55%).***

***Please view our Disclosures on pages 14 - 16***

### ***Appreciation Potential***

**Maintaining our Speculative Buy rating but reducing our 12-month price target to \$1.50 per share from \$2.50 due to reductions in our 2023 revenue per share forecast and industry valuations.** Our rating and price target reflect projected growth in payment processing transaction volume that should reach \$6 billion in 2023, up from an estimated \$4.3 billion in 2022 and nearly \$2 billion in 2021. Transaction volume growth should be driven by an expanded global customer base driven by organic growth and the integration of the 1H22 acquisitions of Transact Europe Holdings and the merchant portfolio from Sky Financial.

**Our 12-month price target of \$1.50 per share implies shares could more than double over the next twelve months.** According to finviz.com (as of 11/25/22), the average price-to-sales multiple for companies in the software infrastructure and credit service industries is 2.3X (prior was 4.2X), compared to RVYL's trailing price-to-sales multiple of 1.1 X (prior was 1.7X). We anticipate investors are likely to accord RVYL a multiple approaching that of the industries given forecasted revenue growth of 49.4% in 2023. We applied a price-to-sales multiple of 2X (prior was 3X) to our 2023 sales per share forecast of \$0.98 (prior 2022 forecast was \$1.09 per share), discounted for execution risk and potential dilution related to the company's \$100 million convertible debt offering in November 2021, to obtain a year-ahead price target of approximately \$1.50 per share.

RVYL's valuation improvement is contingent upon it consistently demonstrating revenue growth and generating cash earnings. In 2023, we forecast the cash earnings of \$1.2 million from an estimated cash loss of \$8.7 million in 2022.

**In our view, RVYL is most suitable for risk tolerant investors seeking exposure to a microcap company that is attempting to build a blockchain payment processing ecosystem.**

### ***Overview***

Ryvyl Inc. (formerly Greenbox POS), headquartered in San Diego, California, is a financial technology (fintech) company that aims to leverage its proprietary secure blockchain (a distributed digital encrypted ledger) based payment processing ecosystem to create customized payment solutions for its global customer base. The company's technology solutions have been designed to enable its customers to have an end-to-end (closed loop) complete ecosystem that includes technologies that reduce fraud and improve the efficiency of handling large-scale commercial processing volumes for its customer base of global merchant clients.

Generating revenue from payment processing transaction volume is based on a percentage of each transaction's value and/or a fixed amount specified for each transaction. Revenue or transaction volume recognition occurs as the transaction or service is performed. The Ryvyl Inc., platform enables transfers to take place instantaneously allowing the transaction experience to appear as an ordinary credit and/or debit card transaction to the consumer and merchant.

The company is continuing development of its COYNI stablecoin token (a class of cryptocurrency offering price stability and backed by a reserve asset) offering. COYNI will use the US dollar as its reserve asset and provide instant transaction settlement and the capability to reverse the transaction using RVYL's secure blockchain based payment processing ecosystem.

### ***Recent Developments***

**In October 2022**, the company changed its name to Ryvyl Inc., which was driven by both financial market evolution and the need to better communicate the company's leading-edge and expanded product and service offerings. The company's symbol changed to RVYL. The Ryvyl brand is designed to showcase the continued technological advancement and the development of its stablecoin and blockchain processes and offerings.

## ***Offerings***

### Generation 3 (Gen3) Technology Platform

The key element to the company's Gen3 technology solution is its blockchain enabled settlement engine for financial transactions that enables increased speed and security in order to log immense volumes of immutable (unchanging overtime) transactional records in real time for tier-1 partners (see chart at right) globally. In 2020, the company processed transactions for approximately 4,000 customers in over twenty-five industries including the foreign exchange, retail, and e-commerce sectors. In 2021, transaction volume increased nearly 10-fold to \$2 billion from \$202 million in 2020.

The Gen3 platform includes a banking white label application, enhanced payment facilitation management technology, stablecoin support especially for the company's new COYNI offering, a new payment platform, and more advanced ledger secure token technology. The company's Gen3 technology platform was designed make onboarding, transactions, and off-boarding much easier than its prior payment processing transaction platform.

Ryvyl Inc., anticipates that its Gen3 platform should enable it to accelerate customer onboarding, provide a new white label banking solution, blockchain provenance (place of origin), and be the foundation of the company's complete technology platform. The Gen3 platform has virtually unlimited scalability with the ability to handle billions of dollars of payment processing transaction volume annually. The Gen3 platform, partnerships, and acquisition should enable the company to enter new verticals such as cannabis and gaming.

### COYNI

In October 2021, Ryvyl Inc., introduced COYNI, a secure token technology that is part of an asset class called a smart contract or Stablecoin. Smart contracts are programs stored on a blockchain that run when predetermined conditions are met and are used to automate the execution of an agreement so contract participants can be immediately certain of the outcome, without any intermediary's involvement or time loss. Stablecoins are generally created (or minted) in exchange for fiat currency that an issuer receives from a user or third-party. To maintain a stable value relative to fiat currency, many stablecoins offer a promise or expectation that the coin can be redeemed at par upon request. While there are no standards regarding the composition of stablecoin reserve assets, COYNI will provide transfers that are equivalent to the value of the US dollar on a one-to-one ratio. The company has not and will never use derivative securities (such as treasury securities) to back the COYNI asset. The most important design aspect of COYNI is that a transaction can be reversed.

## ***Strategic Growth Initiatives***

### Partnerships

The company's partnerships are helping to build a foundation and the ability to scale its Gen3 payment processing blockchain based technology platform, as well as assisting in the launch of its COYNI offering. Ryvyl Inc., has Signature Bank (the first FDIC-insured bank to launch a blockchain-based digital payments platform) as the bank to meet its smart-contract token infrastructure needs. It has partnered with Armanio Auditors to obtain SOC-2 compliance (a compliance standard for service organizations, developed by the American Institute of CPAs that specifies how organizations should manage customer data), and Elliptic in order to implement anti-money laundering monitoring systems for crypto-assets.

In February 2022, RYVL announced it has entered into a licensing partnership with Cross River (a technology infrastructure provider offering embedded financial solutions). This partnership will assist in the launch of their first banking-as-a-service initiative.

### Acquisitions

We anticipate transaction volume growth occurring through acquisitions of global customer portfolios and the subsequent onboarding to the company's Gen3 platform that will enable large scale transaction volume throughput, as well as organic growth of new merchant customers. In 2021, the company acquired ChargeSavvy and Northeast Merchant Services. A key growth driver was the 2021 acquisition of Northeast Merchant Services that provided RYVL a merchant customer base, as well as a bank identification number (BIN). The BIN enables RYVL to act as

an acquiring bank (a BIN helps merchants evaluate and assess their payment card transactions) that provides the ability to seamlessly onboard customers.

In 1Q22, the company completed the acquisitions of Roark Holdings, a United Kingdom based licensed payment institution, and Transact Europe a regulated electronic money institution in the European Union. It also acquired a portfolio of merchant accounts from Sky Financial.

### COYNI

COYNI's operations should enhance RVYL's overall transaction volume, as well as its own revenue generating capability. In order to support the complete launch and future growth, the company will need to deposit custodial funds at Signature Bank. The company plans on adding COYNI users during 2022, with the only constraint being the amount of custodial capital being held at Signature Bank.

The company began the process of launching in 2Q22 this fully customized financial solution in order to support the entire island of American Samoa through its Territorial Bank (of American Samoa) which will be used as its first closed loop reference customer. Once fully deployment, RVYL's offerings (including COYNI) will support all the merchant services, peer-to-peer payments, electronic bank transfers, ATM, blockchain ledger, financial banking, card issuance, and banking related services within this territory.

## ***Projections***

### Basis of Forecast

Supporting our forecast is the rapid increase in transaction volume on the company's blockchain technology payment platform that should reach an estimated \$6 billion in 2023, up from an estimated \$4 billion in 2022. In 2021, transaction volume was nearly \$2 billion. Our forecast reflects acquisitions completed in 2021 and 1H22, as well as organic growth. We anticipate gross margin to be above our prior forecast. We forecast gross margin of 54% and 59.8% in 2022 and 2023, respectively, compared to our prior forecasts 49.6% and 55.5%, respectively. The improvement in our margin forecasts reflect 3Q22 results that indicate less spending on independent sales organization fees and commissions. We are not recording income tax expense since the company has federal tax loss carryforwards of \$19 million as of December 31, 2021.

### Economy

In October 2022, the International Monetary Fund (IMF) revised its global economic growth estimates to an increase of 3.2% for 2022 and 2.7% for 2023, down from its July 2022 projection calling for 3.2% growth in 2022 and 2.9% growth in 2023. The forecast reflects worldwide inflation that triggered tighter financial conditions (i.e. higher interest rates), an economic slowdown in China, as well as negative effects from the war in Ukraine.

The IMF revised its economic growth estimate for the US to an increase of 1.6% for 2022 and 1% for 2023. In July 2022, the IMF projected US economic growth of 2.3% and 1% for 2022 and 2023, respectively.

### Operations – 2022

We project revenue increasing 26.1% to \$33.2 million (prior was \$34 million) from \$26.3 million in 2021. Our forecast reflects 9M22 results.

We forecast gross profit increasing by 6.1% to \$17.9 million from \$16.9 million in 2021 due to revenue growth, partly offset by gross margin contracting to 54% from 64.2% in 2021. Gross margin contraction reflects higher than fees paid to gateways, as well as an increase in commission payments to the independent sales organizations compared to last year.

We project an operating loss of \$21 million (includes non-cash stock-based compensation of \$3.4 million) compared to an operating loss of \$20.8 million (includes non-cash stock-based compensation of \$16 million) in 2021. We anticipate operating expenses of \$38.9 million compared to \$37.7 million, the year-ago period included \$6.7 million in bad debt expense that is not forecast to reoccur in 2022. We estimate operating expense increasing (excluding the non-cash stock-based compensation and bad debt expense in the year-ago period) to \$35.5 million from \$15.2 million

in 2021. The significant increase in operating expense reflects higher payroll, R&D, G&A, and D&A expenses to support the rapid increase in transaction volumes on the company's blockchain platform stemming from incorporating the operations of Transact Europe and Sky Financial that were acquired in 1H22.

We project non-operating expense of \$10 million compared to \$5.7 million in 2021. The increase reflects recording non-cash interest expense and debt discount expense stemming from the issuance of \$100 million principal amount of convertible debt in 4Q21. Also, recorded in 9M22 was a \$14.6 million positive change in change in fair value of derivative liability and \$5.7 million charge related to de-recognition of certain provisions of the convertible debt after terms and conditions were revised in September 2022.

We project a net loss of \$30.9 million or (\$0.68) per share compared to a loss of \$26.5 million or (\$0.65) per share. We previously forecast a net loss of \$33.1 million or (\$0.75) per share. Our forecast reflects non-cash stock-based compensation expense of \$3.4 million and \$2.7 million (net) non-cash expense related to debt discount, partly offset by a positive change in fair value of derivative liability compared non-cash stock-based compensation expense of \$16 million and non-cash derivative (net) and debt discount expense of \$3.6 million in 2021.

#### Finances – 2022

We project cash loss of \$8.7 million and a \$3.4 million increase in working capital resulting in cash used in operations of \$12 million. Cash used in operations, cash used to pay for acquisitions, as well as cash used to repurchase of common stock and payment to convertible note adjustment reduced cash and restricted by \$52.7 million to \$36.8 million at the end of 2022.

#### Operations – 2023

We project revenue increasing 49.4% to \$49.6 million (prior was \$52.7 million) from an estimated \$33.2 million in 2022. Our growth reflects organic growth from the company's existing customers and new customers from completed acquisitions in 1H22. We anticipate reduced onboarding costs of merchant customers and improved risk profiles are likely to expand per transaction revenue, which should approximate 0.83% (prior was 0.77%), but up from our 2022 forecast of 0.77%.

We forecast gross profit increasing to \$29.6 million from an estimated \$17.9 million in 2022 due to revenue growth and gross margin expanding to 59.8% (prior was 55%) from 54% as fees paid to gateways and commission payments to the independent sales organizations are likely to ease.

We project the operating loss narrowing to \$9.4 million (no non-cash stock-based compensation forecast) compared to an operating loss of \$21 million (includes non-cash stock-based compensation of \$3.4 million). We anticipate operating expenses increasing to \$39 million from an estimated \$35.5 million in 2022, after excluding non-cash stock compensation and grant expense (\$2.9 million) and stock compensation for services of (\$463,000) in 2022. The increase reflects RVYL paying all its expenses in cash and higher advertising and marketing, G&A, and payroll and taxes in order to support increases in global revenue and transaction volume growth. R&D expense should decrease to \$5.2 million compared to an estimated \$6.5 million in 2022 as the company spending on COYNI offering will turn to more maintenance and modest improvements compared to development costs.

We project non-operating expense of \$8 million compared to an estimated \$10 million in 2022. Our forecasts reflects recognition of interest expense of \$8 million compared to \$7.6 million in 2022.

We project a net loss of \$17.1 million or (\$0.34) per share. We previously projected a net loss of \$37.1 million or (\$0.77) per share.

#### Finances – 2023

We project cash earnings of \$1.2 million and an \$884,000 decrease in working capital resulting in cash from operations of \$2.1 million. We forecast cash and restricted cash increasing by \$1.9 million to \$38.8 million at the end of 2023.

## ***Market Briefs***

### **Global Payments**

In June 2022, ResearchAndMarkets.com published a report indicating that the global payments market is expected to reach nearly \$572 billion in 2022 and grow 11.1% annually to \$870 billion in 2026. In 2021, the largest markets were the Asia Pacific region followed by Western Europe. Restraining growth is the increase in payment fraud, which is expected to reach nearly \$41 billion in 2021, up from \$32 billion in 2020.

### **Blockchain**

In August 2022, Custom Market Insights published a report indicating the blockchain technology market could reach \$69 billion in 2030 from an estimated \$4.8 billion in 2021 for a compounded annualized growth rate of 68%. Increases in the deployment of venture capital funds has and should continue to drive blockchain technology usage especially within the banking and cybersecurity sectors, and well as for payment, smart contracts, and digital identities.

## ***3Q22 and 9M22 Results***

### **3Q22**

The company reported revenue increased 32.1% to \$10.6 million from \$8 million in 3Q21. Revenue growth reflects inclusion of \$2.9 million in penalties and fees charged to merchant in accordance with the company's standard service agreement for transaction fraud and minimum activity fees along with an increase in processing volume to nearly \$1.3 billion from approximately \$645 million in the year-ago period.

Gross profit increased to \$6.4 million from \$5.6 million in the year-ago period. The increase reflects revenue growth, partly offset by gross margin compression to 59.8% from 69.9% last year due to higher fees paid to gateways, as well as an increase in commission payments to the independent sales organizations that are responsible for establishing and maintaining merchant relationships. Cost of sales increased to \$4.3 million from \$2.4 million in 3Q21.

Operating expenses increased 12.5% to \$9.4 million from \$8.4 million in 3Q21 due primarily to higher depreciation and amortization, and payroll and payroll taxes stemming from the completion of two acquisitions in early 2Q22 and continuing to build the infrastructure to support future transaction volume growth, partly offset by decreases in stock compensation for employees.

Loss from operations was \$3.1 million compared to \$2.8 million in the year-ago period. Excluding non-cash stock based compensation, the company would have had an operating loss of approximately \$2.4 million compared to operating income of nearly \$1.3 million. Operating expense margin was 88.6% compared to 104.1% in 3Q21.

Non-operating expense was \$12.1 million compared an expense of \$42,000 last year. Interest (including debt discount) expense was \$2.7 million compared to nearly \$5,000 in 3Q21 due to the issuance of \$100 million convertible notes in November 2021. The company recorded a negative change in derivative liability of \$4.1 million compared to zero in the year-ago period. The current period included a \$5.7 million charge related to de-recognition on conversion of convertible debt stemming from a restructuring the company's convertible debt. Other income was \$63,000 compared to an expense of \$37,000 last year.

The net loss was \$15.2 million or (\$0.32) per share compared to a net loss of \$6 million or (\$0.14) per share in 3Q21. We forecasted a net loss of \$12 million or (\$0.27) per share on revenue of \$10 million.

### **9M22**

The company reported revenue increased 17.3% to nearly \$22.5 million from \$19.2 million in 9M21. Revenue growth reflects processing volume approaching \$3.1 billion stemming from completed acquisitions made in 2021 and 1H22.

## Ryvyl Inc.

Gross profit decreased to \$11.5 million from \$13.8 million in the year-ago period. The decrease reflects gross margin compression to 51.2% from 72.2% last year due to higher fees paid to gateways, as well as an increase in commission payments to the independent sales organizations that are responsible for establishing and maintaining merchant relationships. Cost of sales increased 105.6% to \$11 million from \$5.3 million in 9M21.

Operating expenses increased 13.6% to \$29.5 million from \$26 million in the year-ago period due primarily to the inclusion of two acquisition that were completed 2Q22.

Loss from operations was \$18 million compared to \$12.2 million in the year-ago period. Excluding non-cash stock based compensation, the company would have had an operating loss of approximately \$15.5 million compared to a loss of \$1.7 million.

Non-operating expense was \$8 million compared an expense of \$4 million last year. Interest (including debt discount) expense was \$17.2 million compared to \$3.6 million in 9M21 due to the issuance of \$100 million convertible notes in November 2021. The positive change in derivative liability was \$14.6 million compared to zero in the year-ago period. Merchant liability expense was zero compared to \$364,000 in the year-ago period. Other income was \$298,000 compared to an expense of \$56,000 last year. The current period included a \$5.7 million charge related to de-recognition on conversion of convertible debt.

In Thousands \$	9 Mos. '22	9 Mos. '21	% D
Total revenue	\$ 22,491	\$ 19,174	17.3%
Cost of sales	10,976	5,338	105.6%
Gross Profit	11,515	13,836	(16.8%)
Total Operating Expenses	29,532	25,988	13.6%
Operating Income (loss)	(18,017)	(12,152)	NMF
Total Other Income (expense)	(8,022)	(4,013)	NMF
Pre-Tax Income (loss)	(26,039)	(16,165)	NMF
Income Tax Expense (Benefit)	37	3,254	
Net income (loss)	(26,076)	(19,419)	NMF
Earnings per share	\$ (0.59)	\$ (0.49)	
Avg Shares Outstanding	44,073	39,950	
Adjusted EBITDA	(10,359)	4,556	
Margin Analysis			
Gross margin	51.2%	72.2%	
Operating margin	(80.1%)	(63.4%)	
Pre-tax margin	(115.8%)	(84.3%)	

Source: company reports

The net loss was \$26.1 million or (\$0.59) per share compared to \$19.4 million or (\$0.49) per share in 9M21.

### Finances

In 9M22, the company reported a cash loss of \$14.1 million and a \$2.7 million decrease in working capital resulting in cash used in operations of \$11.4 million. Cash used in operations, payments made to acquire Transact Europe and Sky Financial, as well as repayment of debt obligations reduced cash and restricted cash by \$51.9 million to \$37.6 million at September 30, 2022.

### Capital Structure

In November 2021, Ryvyl Inc., entered into a placement agency agreement with EF Hutton (a division of Benchmark Investments) as the exclusive placement agent relating to the sale and issuance to selected institutional investors in a registered direct offering of 8% senior convertible notes due November 2023 (aggregate principal amount of \$100 million). The notes have an original issue discount of 16%. At September 30, 2022, the outstanding balance of \$58.7 million, net of a debt discount of \$35.8 million. Also at September 30, 2022, the company had nearly \$637,000 in long-term small business administration and CARES Act loans.

On August 17, 2022, the company announced an agreement to amend the convertible note agreement, which will extend the maturity date to November 5, 2024 from November 5, 2023. Additionally, interest payments due on and after October 3, 2022 will be issued in RYVL's common stock, unless the company specifies with written notice that interest will be paid in cash.

### **Competitive Landscape**

Ryvyl Inc., operates within the global payments industry, which is highly competitive, continuously changing, requires constant innovation, and is increasingly becoming subject to regulatory scrutiny and oversight. The

## Ryvyl Inc.

company believes that most of their competitors are significantly larger and have greater financial, technical, and marketing resources, as well as lower cost of funds and access to funding sources.

The global payments industry is constantly evolving with innovative and disruptive technologies, shifting consumer habits and user needs, as well as being price sensitive from merchants and consumers. Market acceptance requires a company producing offerings that meet end-user preferences, can evolve to changing industry standards or regulations, and keep pace with the emergence of new or disruptive technologies.

Modern competition comes from companies that provide payment products and services that include tokenized and contactless payment cards, digital wallets, mobile payments solutions, credit, installment or other buy now pay later methods, as well as card readers and other devices or technologies for payment at point of sale, virtual currencies and distributed ledger technologies (such as blockchain technologies).

Public companies in the industry include Paypal (that owns Venmo peer-to-peer money transfer) and Square Inc., and private companies such as Circle, Stripe, and Tether Operations.

### **Risks**

In our view, these are the principal risks underlying the stock.

#### Limited Operating History

In April 2018, Ryvyl Inc., became a public company and changed its business. The company may not be able to operate successfully or implement new operating policies and strategies. The company's operations will depend on attracting and retaining key personnel, as well as having access to adequate short and long-term financing. We forecast operating losses narrowing to \$9.4 million in 2023 from an estimated \$21 million in 2022 and cash earnings of \$1.2 million in 2023 from an estimated cash loss of \$8.7 million in 2022.

#### Dilution

We anticipate the company's share count to increase after our forecast period due primarily to the eventual conversion of 8% senior convertible notes that mature in November 2024. The number of shares issuable after the August 2022 amendment could exceed 35 million. Our forecast includes the issuance of shares for interest expense as it can be paid through the issuance of the company's common stock.

If RYVL raises capital to repay the convertible note offering it would likely be dilutive to existing shareholders.

#### Regulation

In March 2022, the President signed an executive order ensuring responsible development of digital stablecoin. Eventually various recommendations will need to be enacted by Congress and regulatory authorities. The company could be impacted if regulations are enacted that cause management to make adjustments to its operations.

#### Integration of Acquisitions

The company utilizes acquisitions as part of its strategy to grow transaction volume on its blockchain ecosystem. Acquisitions that expand the company's operations to additional parts of the world are likely to require management's time and effort. The diversion of management could reduce revenues and/or operating profits from existing operations.

#### Cyber Security and Privacy Concerns

Security breaches could expose the company to a risk of loss of its customers' information, litigation and possible liability. While security measures are in place, they may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error or malfeasance and result in someone obtaining unauthorized access the company's information technology systems, its customers' or its own data, including intellectual property and other confidential business information.



## Ryvyl Inc.

While RVYL has invested in the protection of data and information technology as well as training, there can be no assurance that its efforts will prevent significant breakdowns, breaches in systems, or other cyber incidents that could have a material adverse effect upon the company's reputation, business, operations or financial condition.

### Legal Proceedings

In April 2021, Corporate Performance Consulting filed a complaint against Ryvyl Inc., in San Diego Superior Court, in which it claims that Ryvyl Inc., failed to compensate for certain consulting and corporate advisory services. Ryvyl Inc., believes the claims are without merit. In June 2021, Ryvyl Inc., filed a cross-complaint. The parties are in the discovery phase and have scheduled mediation on December 15, 2022.

In April 2020, The Good People Farms, LLC initiated an arbitration complaint against Ryvyl Inc., Fredi Nisan, Ben Errez, MTrac Tech., Vanessa Luna, and Jason LeBlanc. TGPF submitted a new complaint on June 21, 2022. There was a preliminary arbitration hearing held in July 2022 with and final hearings set for April 2023.

On February 18, 2022, RYVL's subsidiary ChargeSavvy LLC, was part of a list of defendants, alleging breach of contract, breach of implied covenant of good faith and fair dealing, conversion, and money had and received. The parties are in the process of selecting an arbitrator with arbitration scheduled for July 18, 2023.

In April 2022, Paul Levine the former CEO of the Coyni subsidiary filed a charge with The Occupational Safety and Health Administration (OSHA) against respondents Coyni and Ryvyl Inc. Levine alleges retaliation in violation of the Sarbanes-Oxley Act of 2002. GBPX believes the claims are without merit. The matter is in the investigation phase with OSHA.

On November 8, 2022 RYVYL Inc. filed a complaint against its former COO, Luna Consultant Group, LLC and John Does 1 through 50. RYVYL is alleging misappropriation of trade secrets, breach of fiduciary duty, and conversion among other causes of action. On November 10, 2022, Vanessa Luna, former COO of RYVYL, filed a complaint against RYVYL and Fredi Nisan. Luna alleges breach of contract, unjust enrichment, promissory estoppel, retaliation and wrong termination, fraud among other claims. The Company denies all allegations. Investigation is ongoing. As the Company cannot predict the outcome of the matter the probability of an outcome cannot be determined.

### Internal Controls

At September 30, 2022, RYVYL's material weaknesses as it relates internal control over financial reporting continues to be identified. The financial reporting weaknesses stem from not having enough personnel in the company's accounting and financial reporting functions, as well as not being able to achieve adequate segregation of duties and provide for adequate reviewing of the financial statements. These issues have the potential for financial statement misstatements. To resolve the material weakness issues it will be necessary to hire additional personnel who have the technical expertise and knowledge and ability to be cross trained that will aid in the segregation of duties.

### Shareholder Control

Officers, directors, and 5%+ shareholders collectively own approximately 55% of the company's outstanding voting stock (based on April 2022 SEC filing). Collectively this ownership could potentially greatly influence the outcome of matters requiring stockholder approval. These decisions may or may not be in the best interests of the other shareholders.

### Miscellaneous Risk

The company's financial results and equity values are subject to other risks and uncertainties, including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

### Trading Volume

In 2021, average daily volume increase to nearly 590,000 from approximately 36,000 shares in 2020. Average daily volume decreased over the last three months (ending November 25, 2022) to 298,000. RYVYL has a float of approximately 22.8 million shares and outstanding shares of 49.6 million.

Ryvyl Inc.  
Consolidated Balance Sheets  
FY2019 – FY2023E  
(in thousands)

	2019 A	2020 A	2021 A	3Q22A	2022 E	2023 E
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 89,560	\$ 11,021	\$ 10,320	\$ 12,229
Restricted cash	763	1,833	-	26,607	26,526	26,526
Accounts receivable, net	70	10	482	790	645	800
Accounts receivable from fines/fees from merchant, net	2,777	2,789	-	-	-	-
Inventory	-	-	286	274	250	250
Cash due from gateways, net	8,427	7,304	18,942	15,125	15,590	15,364
Prepaid and other current assets	42	70	6,421	14,568	14,927	14,372
<b>Total current assets</b>	<u>12,079</u>	<u>12,006</u>	<u>115,690</u>	<u>68,384</u>	<u>68,258</u>	<u>69,541</u>
Property and equipment, net	66	57	1,675	1,702	1,730	1,740
Other	-	82	191	186	186	186
Goodwill	-	-	6,048	26,626	26,626	26,626
Intangible assets, net	-	118	7,579	22,395	20,085	12,934
Investments - assets	-	-	-	1,451	1,451	1,451
Operating lease right-of-use assets, net	230	-	1,490	1,656	1,000	500
<b>Total assets</b>	<u>\$ 12,375</u>	<u>\$ 12,263</u>	<u>\$ 132,673</u>	<u>\$ 122,401</u>	<u>\$ 119,336</u>	<u>\$ 112,978</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current liabilities:						
Accounts payable	505	210	871	97	169	277
Other current liabilities	15	68	501	1,408	1,000	1,100
Accrued interest	368	-	1,226	8	8	8
Payment processing liabilities, net	14,022	10,200	4,998	22,593	6,634	6,195
Short-term notes payable, net	741	-	-	13	-	-
Note payable, payroll protection plan	-	273	-	-	-	-
Convertible debt, net of original discount	808	857	-	-	-	-
Derivative liability	1,050	-	18,735	2,520	6,400	6,400
Operating lease liabilities	114	120	495	632	632	1,250
<b>Total current liabilities</b>	<u>17,622</u>	<u>11,728</u>	<u>26,826</u>	<u>27,272</u>	<u>14,844</u>	<u>15,230</u>
Operating lease liabilities less current portion	120	-	1,036	1,125	2,000	3,060
Long-term debt - includes convertible debt, net	-	150	59,305	59,298	59,298	59,298
<b>Stockholders' equity:</b>						
Common stock, \$0.001 par value; authorized 82,500,000 shares;	28	31	43	48	48	48
Common stock - issuable	3	-	-	2	2	2
Additional paid-in capital	1,319	12,079	88,574	99,618	94,117	95,717
Retained earnings (Deficit)	(6,717)	(11,725)	(38,178)	(64,254)	(50,264)	(59,669)
Accumulated other comprehensive income (loss)	-	-	-	(708)	(708)	(708)
Less treasury stock, at cost	-	-	(4,934)	-	-	-
<b>Total stockholders' equity</b>	<u>(5,367)</u>	<u>385</u>	<u>45,505</u>	<u>34,706</u>	<u>43,195</u>	<u>35,390</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 12,375</u>	<u>\$ 12,263</u>	<u>\$ 132,673</u>	<u>\$ 122,401</u>	<u>\$ 119,336</u>	<u>\$ 112,978</u>
SHARES OUT	28,310	30,711	42,832	48,499	49,700	51,300

Source: Company reports and Taglich Brothers estimates

Taglich Brothers, Inc.

Ryvyl Inc.  
Annual Income Statement  
FY2019 – FY2023E  
(in thousands)

	<u>2019 A</u>	<u>2020 A</u>	<u>2021 A</u>	<u>2022 E</u>	<u>2023 E</u>
Net revenue	\$ 10,003	\$ 8,525	\$ 26,305	\$ 33,171	\$ 49,560
Cost of revenue	<u>11,091</u>	<u>4,826</u>	<u>9,412</u>	<u>15,251</u>	<u>19,935</u>
<b>Gross Profit</b>	<u>(1,088)</u>	<u>3,699</u>	<u>16,892</u>	<u>17,920</u>	<u>29,625</u>
<b>Operating Expenses:</b>					
Advertising and marketing	46	94	134	1,581	3,000
Research and development	1,255	1,364	3,870	6,450	5,200
General and Administrative	750	3,836	9,114	5,557	5,800
Payroll and payroll taxes	1,429	1,796	4,503	9,930	11,000
Professional fees	1,027	1,691	3,133	4,789	5,000
Depreciation and amortization	16	23	913	7,175	9,030
Stock compensation and grant expense	-	-	3,704	2,940	-
Stock compensation for services	-	-	12,306	463	-
Total Operating Expenses	<u>4,523</u>	<u>8,804</u>	<u>37,677</u>	<u>38,887</u>	<u>39,030</u>
<b>Operating Income (loss)</b>	(5,611)	(5,104)	(20,785)	(20,967)	(9,405)
Other income (expense)					
Interest expense	(605)	(359)	(1,932)	(7,612)	(8,000)
Interest expense - debt discount	(196)	(1,150)	(2,993)	(11,540)	-
Derivative expense	(635)	(641)	(3,435)	-	-
Changes in fair value of derivative liability	(415)	(384)	2,845	14,592	-
(Loss) gain on change in convertible debt	-	2,631	-	(5,710)	-
Merchant liability	2,777	-	(364)	-	-
Other income (expense)	<u>-</u>	<u>0</u>	<u>215</u>	<u>298</u>	<u>-</u>
Total Other Income (expense)	<u>927</u>	<u>97</u>	<u>(5,664)</u>	<u>(9,972)</u>	<u>(8,000)</u>
<b>Income (loss) before taxes</b>	(4,685)	(5,007)	(26,449)	(30,939)	(17,405)
Income Tax Expense (Benefit)	<u>-</u>	<u>-</u>	<u>5</u>	<u>2</u>	<u>-</u>
Net Income (loss)	<u>(4,685)</u>	<u>(5,007)</u>	<u>(26,454)</u>	<u>(30,941)</u>	<u>(17,405)</u>
<b>Earnings (loss) per share</b>	<u>\$ (0.17)</u>	<u>\$ (0.17)</u>	<u>(0.65)</u>	<u>\$ (0.68)</u>	<u>\$ (0.34)</u>
Avg Shares Outstanding	27,970	29,869	40,708	45,473	50,700
EBITDA - Adjusted	\$ (5,509)	\$ (790)	2,790	\$ (10,339)	\$ 3,625
Margin Analysis					
Gross margin	(10.9%)	43.4%	64.2%	54.0%	59.8%
Advertising and marketing	0.5%	1.1%	0.5%	4.8%	6.1%
Research and development	12.5%	16.0%	14.7%	19.4%	10.5%
General and Administrative	7.5%	45.0%	34.6%	16.8%	11.7%
Payroll and payroll taxes	14.3%	21.1%	17.1%	29.9%	22.2%
Professional fees	10.3%	19.8%	11.9%	14.4%	10.1%
Depreciation and amortization	0.2%	0.3%	3.5%	21.6%	18.2%
YEAR / YEAR GROWTH					
Total Revenues	998.2%	(14.8%)	208.6%	26.1%	49.4%

Source: Company reports and Taglich Brothers estimates

Taglich Brothers, Inc.

Ryvyl Inc.  
Income Statement Model  
Quarters FY2021 – 2023E  
(in thousands)

	Q1 21A	Q2 21A	Q3 21A	Q4 21A	2021 A	Q1 22 A	Q2 22 A	Q3 22 A	Q4 22 E	2022 E	Q1 23E	Q2 23 E	Q3 23 E	Q4 23 E	2023 E
Net revenue	\$ 4,749	\$ 6,379	\$ 8,045	\$ 7,130	\$ 26,305	\$ 4,896	\$ 6,966	\$ 10,630	\$ 10,680	\$ 33,171	\$ 10,800	\$ 11,890	\$ 13,175	\$ 13,695	\$ 49,560
Cost of revenue	1,594	1,323	2,421	4,074	9,412	2,564	4,143	4,270	4,275	15,251	4,350	4,775	5,275	5,535	19,935
<b>Gross Profit</b>	<b>3,156</b>	<b>5,056</b>	<b>5,625</b>	<b>3,056</b>	<b>16,892</b>	<b>2,332</b>	<b>2,823</b>	<b>6,360</b>	<b>6,405</b>	<b>17,920</b>	<b>6,450</b>	<b>7,115</b>	<b>7,900</b>	<b>8,160</b>	<b>29,625</b>
<b>Operating Expenses:</b>															
Advertising and marketing	25	23	37	50	134	141	527	439	475	1,581	600	700	800	900	3,000
Research and development	653	808	1,043	1,365	3,870	1,938	1,920	1,442	1,150	6,450	1,300	1,300	1,300	1,300	5,200
General and Administrative	566	298	784	7,466	9,114	1,792	1,354	1,186	1,225	5,557	1,300	1,400	1,500	1,600	5,800
Payroll and payroll taxes	559	1,062	1,250	1,631	4,503	2,383	2,712	2,385	2,450	9,930	2,600	2,700	2,800	2,900	11,000
Professional fees	458	867	790	1,018	3,133	1,505	1,168	1,032	1,085	4,789	1,100	1,200	1,300	1,400	5,000
Depreciation and amortization	6	14	458	435	913	454	2,127	2,299	2,295	7,175	2,280	2,265	2,250	2,235	9,030
Stock compensation and grant expense	798	1,292	3,778	(2,163)	3,704	167	1,715	508	550	2,940	-	-	-	-	-
Stock compensation for services	9,454	727	238	1,887	12,306	126	79	133	125	463	-	-	-	-	-
Total Operating Expenses	12,519	5,091	8,378	11,688	37,677	8,507	11,602	9,423	9,355	38,887	9,180	9,565	9,950	10,335	39,030
<b>Operating Income (loss)</b>	<b>(9,363)</b>	<b>(36)</b>	<b>(2,754)</b>	<b>(8,632)</b>	<b>(20,785)</b>	<b>(6,175)</b>	<b>(8,779)</b>	<b>(3,063)</b>	<b>(2,950)</b>	<b>(20,967)</b>	<b>(2,730)</b>	<b>(2,450)</b>	<b>(2,050)</b>	<b>(2,175)</b>	<b>(9,405)</b>
Other income (expense)															
Interest expense	(594)	-	(5)	(1,333)	(1,932)	(1,889)	(1,866)	(1,907)	(1,950)	(7,612)	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
Interest expense - debt discount	(2,993)	-	-	-	(2,993)	(5,521)	(5,582)	(437)	-	(11,540)	-	-	-	-	-
Derivative expense	-	-	-	(3,435)	(3,435)	-	-	-	-	-	-	-	-	-	-
Changes in fair value of derivative liability	-	-	-	2,845	2,845	(7,700)	26,374	(4,082)	-	14,592	-	-	-	-	-
(Loss) gain on change in convertible debt	-	-	-	-	-	-	(5,710)	-	-	(5,710)	-	-	-	-	-
Merchant liability	(364)	-	-	-	(364)	-	-	-	-	-	-	-	-	-	-
Other income (expense)	(15)	(4)	(37)	271	215	49	186	63	-	298	-	-	-	-	-
Total Other Income (expense)	(3,966)	(4)	(42)	(1,652)	(5,664)	(15,061)	19,112	(12,073)	(1,950)	(9,972)	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
<b>Income (loss) before taxes</b>	<b>(13,329)</b>	<b>(40)</b>	<b>(2,796)</b>	<b>(10,284)</b>	<b>(26,449)</b>	<b>(21,236)</b>	<b>10,333</b>	<b>(15,135)</b>	<b>(4,900)</b>	<b>(30,939)</b>	<b>(4,730)</b>	<b>(4,450)</b>	<b>(4,050)</b>	<b>(4,175)</b>	<b>(17,405)</b>
Income Tax Expense (Benefit)	-	-	3,254	(3,249)	5	80	(77)	-	-	2	-	-	-	-	-
Net Income (loss)	(13,329)	(40)	(6,050)	(7,035)	(26,454)	(21,316)	10,410	(15,135)	(4,900)	(30,941)	(4,730)	(4,450)	(4,050)	(4,175)	(17,405)
<b>Earnings (loss) per share</b>	<b>\$ (0.38)</b>	<b>\$ (0.00)</b>	<b>\$ (0.14)</b>	<b>\$ (0.17)</b>	<b>(0.65)</b>	<b>\$ (0.51)</b>	<b>\$ 0.24</b>	<b>\$ (0.32)</b>	<b>\$ (0.10)</b>	<b>\$ (0.68)</b>	<b>\$ (0.09)</b>	<b>\$ (0.09)</b>	<b>\$ (0.08)</b>	<b>\$ (0.08)</b>	<b>\$ (0.34)</b>
Avg Shares Outstanding	34,917	31,079	42,066	41,382	40,708	42,111	42,977	47,105	49,700	45,473	50,100	50,500	50,900	51,300	50,700
EBITDA - Adjusted	\$ 881	\$ 1,993	\$ 1,682	\$ (1,766)	2,790	\$ (5,378)	\$ (4,858)	\$ (123)	\$ 20	\$ (10,339)	\$ 550	\$ 815	\$ 1,200	\$ 1,060	\$ 3,625
Margin Analysis															
Gross margin	66.4%	79.3%	69.9%	42.9%	64.2%	47.6%	40.5%	59.8%	60.0%	54.0%	59.7%	59.8%	60.0%	59.6%	59.8%
Advertising and marketing	0.5%	0.4%	0.5%	0.7%	0.5%	2.9%	7.6%	4.1%	4.4%	4.8%	5.6%	5.9%	6.1%	6.6%	6.1%
Research and development	13.8%	12.7%	13.0%	19.1%	14.7%	39.6%	27.6%	13.6%	10.8%	19.4%	12.0%	10.9%	9.9%	9.5%	10.5%
General and Administrative	11.9%	4.7%	9.7%	104.7%	34.6%	36.6%	19.4%	11.2%	11.5%	16.8%	12.0%	11.8%	11.4%	11.7%	11.7%
Payroll and payroll taxes	11.8%	16.6%	15.5%	22.9%	17.1%	48.7%	38.9%	22.4%	22.9%	29.9%	24.1%	22.7%	21.3%	21.2%	22.2%
Professional fees	9.6%	13.6%	9.8%	14.3%	11.9%	30.7%	16.8%	9.7%	10.2%	14.4%	10.2%	10.1%	9.9%	10.2%	10.1%
Depreciation and amortization	0.1%	0.2%	5.7%	6.1%	3.5%	9.3%	30.5%	21.6%	21.5%	21.6%	21.1%	19.0%	17.1%	16.3%	18.2%
YEAR / YEAR GROWTH															
Total Revenues	2437.0%	178.2%	163.2%	138.6%	208.6%	3.1%	9.2%	32.1%	49.8%	26.1%	120.6%	70.7%	23.9%	28.2%	49.4%

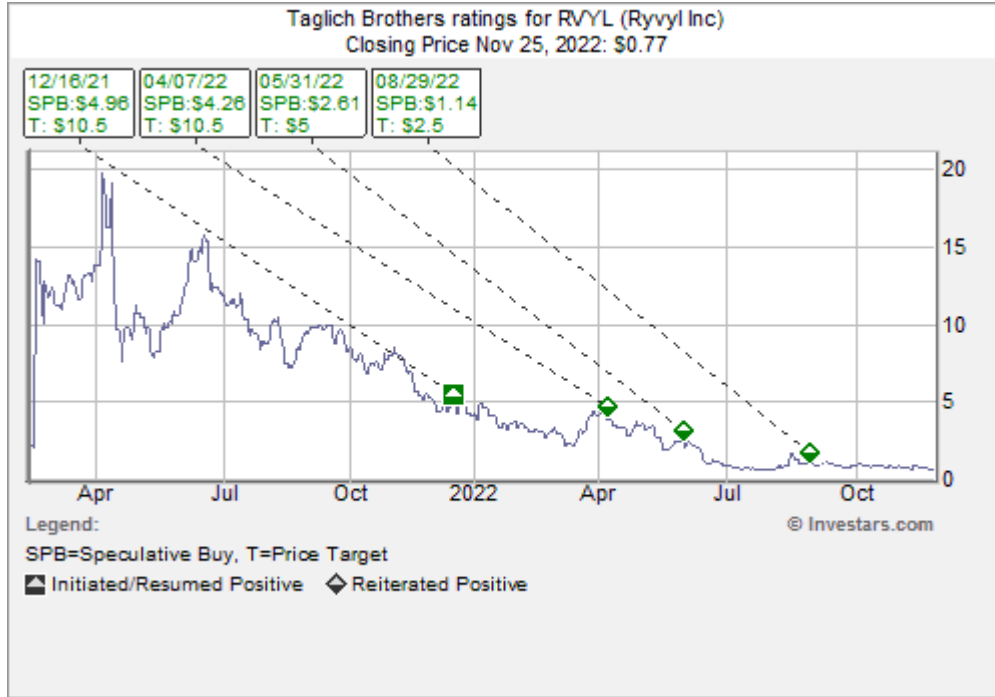
Source: Company reports and Taglich Brothers estimates

Ryvyl Inc.  
Cash Flow Statement  
FY2019 – FY2023E  
(in thousands)

	<u>FY2019A</u>	<u>FY2020A</u>	<u>FY2021A</u>	<u>9 Mos.22A</u>	<u>FY2022E</u>	<u>FY2023E</u>
<i>Cash Flows from Operating Activities</i>						
Net Income (loss)	\$ (4,685)	\$ (5,007)	\$ (26,454)	\$ (26,076)	\$ (30,941)	\$ (17,405)
Depreciation and amortization	14	16	913	4,718	7,175	9,030
Interest expense - debt discount	195	1,103	2,993	11,540	19,152	8,000
Stock compensation expense - employees	87	3,036	3,704	167	2,940	-
Stock issued for services and others - including professional fees	-	1,263	12,306	2,562	3,404	-
Stock compensation issued for interest	-	-	653	1,819	2,425	1,600
Derivative expense	-	-	3,435	-	-	-
Changes in fair value of derivative liability	1,050	(1,050)	(2,845)	(14,592)	(18,674)	-
De-recognition expense on conversion of convertible debt	-	-	-	5,710	5,710	-
Forgiveness of PPP loan	-	-	(273)	-	-	-
Noncash lease expense	(4)	-	39	54	150	-
Cash earnings (burn)	(3,343)	(640)	(5,528)	(14,098)	(8,659)	1,225
<i>Changes In:</i>						
Accounts receivable includes other and guarantee deposits	(20)	60	2,382	26	(163)	(155)
Accounts receivable from fines, fees, and merchants, net	(2,777)	(13)	-	(308)	(308)	-
Inventory	-	-	(162)	13	36	(10)
Prepaid and other current assets	(5)	(28)	(6,344)	(1,903)	(8,506)	554
Cash due from gateways, net	(7,796)	1,123	(11,638)	3,817	3,351	227
Other assets	-	(82)	687	48	5	-
Accounts payable	386	(295)	443	(728)	(702)	107
Other current liabilities	6	53	301	348	499	100
Accrued interest	236	(515)	1,226	(1,218)	791	500
Payment processing liabilities, net	13,157	(3,822)	(8,535)	2,562	1,636	(439)
Lease liability, net of asset	-	(2)	-	-	-	-
Net (increase)/decrease in Working Capital	3,186	(3,520)	(21,638)	2,654	(3,361)	884
<b>Net cash Provided (used) by Operations</b>	<u>(157)</u>	<u>(4,161)</u>	<u>(27,166)</u>	<u>(11,444)</u>	<u>(12,020)</u>	<u>2,109</u>
<i>Cash Flows from Investing Activities</i>						
Purchase of property and equipment	(50)	(7)	(159)	(102)	(150)	(200)
Deposit on acquisitions	-	-	-	(1,451)	(1,451)	-
Purchase of intangibles	-	-	-	(500)	(662)	-
Cash provided for Transact Europe Acquisition	-	-	-	(28,811)	(28,811)	-
Cash provided for Sky asset acquisition	-	-	(2,500)	(16,000)	(16,000)	-
<b>Cash flow provided (used in) Investing Activities</b>	<u>(50)</u>	<u>(7)</u>	<u>(2,659)</u>	<u>(46,864)</u>	<u>(47,074)</u>	<u>(200)</u>
<i>Cash Flows from Financing Activities</i>						
Borrowings (repayment) - convertible debt, net	(14)	2,693	-	-	-	-
Borrowings (repayment) on long-term debt	(75)	150	-	-	-	-
Borrowings (repayment) from short-term notes payable, net	774	(774)	-	-	-	-
Borrowings under note payable, payroll protection plan loan	-	273	350	-	-	-
Proceeds from 8% convertible note offering, net	-	-	76,800	-	-	-
Payment for convertible note adjustment	-	-	-	(6,000)	(6,000)	-
Proceeds from issuances of common stock	-	2,860	45,805	-	-	-
Treasury stock repurchase	-	-	(4,935)	(3,237)	(3,237)	-
Proceeds from stock options exercises	-	36	2	5	10	-
Proceeds from exercise of warrant	-	-	3,731	-	-	-
Repurchase of common stock from stockholder	-	-	(5,694)	-	-	-
<b>Net cash provided (used) by Financing</b>	<u>685</u>	<u>5,237</u>	<u>116,061</u>	<u>(9,232)</u>	<u>(9,227)</u>	<u>-</u>
<b>Cash and restricted cash acquired from acquisitions</b>	<u>-</u>	<u>-</u>	<u>1,491</u>	<u>18,677</u>	<u>18,677</u>	<u>-</u>
Foreign currency translation adjustment	-	-	-	(3,070)	(3,070)	-
Net change in Cash	478	1,070	87,727	(51,932)	(52,714)	1,909
Cash, cash equivalents, and restricted cash at beginning of period	285	763	1,833	89,560	89,560	36,846
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 763</u>	<u>\$ 1,833</u>	<u>\$ 89,560</u>	<u>\$ 37,627</u>	<u>\$ 36,846</u>	<u>\$ 38,755</u>

Source: Company reports and Taglich Brothers estimates

**Price Chart**



**Taglich Brothers Current Ratings Distribution**



57.14 % Buy | 42.86 % Hold

<b>Investment Banking Services for Companies Covered in the Past 12 Months</b>		
Rating	#	%
Buy	5	26
Hold		
Sell		
Not Rated		

**Important Disclosures**

As of the date of this report, certain employees of Taglich Brothers, Inc. own or have controlling interests in RVYL common stock. Russell Bernier, Vice President of Institutional Sales at Taglich Brothers, Inc., owns or has a controlling interest in 500 shares of RVYL's common stock. Howard Halpern, the research analyst of this report, owns or has a controlling interest in 3,359 shares of RVYL's common stock.

On November 2, 2021, Taglich Brothers, Inc. signed a Financial Advisory Agreement with EF Hutton, division of Benchmark Investments, LLC, whereby EF Hutton agreed to pay Taglich Brothers, Inc., \$225,000 for financial advisory services to Greenbox POS (name changed in October 2022 to Ryvyl Inc.) in relation to a \$100 million Senior Convertible Notes offering in which EF Hutton acted as the placement agent for RVYL.

All research issued by Taglich Brothers, Inc. is based on public information. Ryvyl Inc. does not pay Taglich Brothers, Inc. for the creation and dissemination of research reports.

**General Disclosures**

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to changes in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Axos Clearing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an Analyst or member of the Research Department may sell such securities after obtaining expressed written permission from Compliance.

**Analyst Certification**

**I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. I pledge that my current ownership in RVYL will always align with my rating.**

**Public Companies mentioned in this report:**

Signature Bank  
Fiserv, Inc.

(NASDAQ: SBNY)  
(NASDAQ: FISV)

Visa Inc. (NYSE: V)

### **Meaning of Ratings**

**Buy** – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

**Speculative Buy** – Long-term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

**Neutral** – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

**Sell** – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

**Discontinued** – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

### **Some notable Risks within the Microcap Market**

**Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.**

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From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.