

OPERATOR NOTIFICATION

PayRange Infrastructure, Compliance, & Services (PICS) Fee

Thank you for being a PayRange customer. Since our inception, PayRange has remained steadfast in our commitment to offer our operators the most reliable and secure mobile transaction services available. In order to maintain this level of service, develop new products, and meet the needs of the future for our customers, PayRange will be introducing a new fee.

On March 28th, 2021, PayRange will begin withholding the **PayRange Infrastructure, Compliance, & Services (PICS) FEE** of \$0.01 (one cent) /per transaction made on all transactions through the PayRange mobile network. After March 28th, in addition to the transaction fee, operators will see one cent per transaction deducted on a per device level in the other fees column of the weekly report. The PICS Fee will be charged across all operators and all market sectors.

We have included a summary of the key infrastructure upgrades, compliance improvements, additional services, and enhancements associated with the requirement of the PICS Fee:

- Second network location with fault redundancy
- New payment acceptance options
- State and federal data privacy compliance and protection
- Enhanced security updates
- Expanded customer support for mobile app users
- Credit card companies and processor levied fees

Second Network Location with Fault Redundancy

Our operators' businesses are growing, and mobile payment demand and processing volumes are increasing exponentially. As our operators grow, so does PayRange's network data traffic, complexity, and performance requirements – and the potential risk of network outages. Moreover, outside forces such as threats from cyber-attacks, equipment failures, natural disasters, software failures, human error, and other hazards increase the risk of costly and highly disruptive network outages and performance degradation.

In response to these demands, PayRange has recently invested in a second, fully independent network data center on the east coast, which now operates with complete redundancy from our (current) west coast located network data center. This additional infrastructure means PayRange operators and mobile app customers will no longer rely on a single network location – or a single point of failure.

PayRange's network data traffic is now logging, processing, and recording every transaction across the country at two completely different server locations. If a fault is detected at either network data center, we have the ability to switch from one network data center to the other, near instantaneously, greatly improving performance and significantly reducing the risk of potentially painful outages.

New Payment Acceptance Options

PayRange will be launching brand new payment capabilities in the very near future, which has also required network enhancements and considerable resources. Example: Electronic Benefits Transfer (EBT) acceptance and its phased rollout will begin shortly.

EBT is a payment system designed to allow its recipients access to state and federal assistance programs such as SNAP (supplemental Nutrition Assistance), TANF (Temporary Assistance to Needy Families) and other programs for food and life essential services. For merchants, accepting EBT payments will allow your customers to access hundreds of billions of dollars in annual assistance monies directly through the convenience of the PayRange mobile app.

State and Federal Data Privacy Compliance and Protection

Data privacy laws such as the California Consumer Privacy Act (CCPA), as well as other individual state and federal regulations, have recently been enacted and are significantly impacting how PayRange must store, monitor, and safeguard our operators' consumer data and information. PayRange is continually required to devote additional resources towards meeting these new and challenging regulatory compliance requirements across all state and federal laws. PayRange continuously reviews these new mandates, seeks legal and technical expertise, and ultimately manages these fast-changing data privacy requirements for our operators as part of our fully managed solution. PayRange handles this on behalf of all of our operators, so that they can rely on our capabilities and thus focus on running their businesses.

Costs associated with meeting state and federal privacy enforcement, infrastructure, compliance legislation, and provisional review have increased dramatically as these new laws take effect.

Enhanced Security Updates

PayRange is a leader in mobile application security practices, policies, and technologies. By continually improving our prevention and protection measures, PayRange is able to help defend our operators and their sensitive data against cyber criminals and security intrusions. These continuous enhancements include upgrades to our end-to-end encryption, authentication methods, security protocols, PCI Compliance, digital wallet and tokenization modernization, multifactor authentication development, and a multitude of other security related features.

Additionally, iOS and Google are constantly improving their operating system(s) for features, security, and performance. This requires nonstop development by our software engineering team on our PayRange mobile app, and more and more frequent PayRange mobile app update submission(s).

Expanded Customer Support for Mobile App Users

PayRange is continually expanding and upgrading our support team. Recognizing that many of our operators have expanded hours of services across the country, we have been investing to deliver on this need. We have scaled our Customer Support Team with extended shifts covering the US, every day of the year, across all time domestic time zones. Additionally, we

have improved our Customer Support software, expanded our knowledge base, and improved our “first contact resolution” response times across the board.

Credit Card Company and Processor Levied Fees

In late 2020, PayRange was impacted by the largest (industry wide) rate increase(s) on processing fees in over a decade. Credit card companies and associated processors raised their respective fees significantly across the board, most notably on the following:

- Interchange rates
- Chargebacks/reversals
- Fraud adjustments
- Covid response costs

PayRange endeavors to keep rates and related fees reliably low for our operators/customers and has absorb most of the aforementioned rate increases.

Moving Forward Together

PayRange is confident that this summary should give your business the information needed to understand the PICS Fee. However, we also recognize that this information is being made available to a very diverse group of businesses and expectations. PayRange encourages our operators to contact us directly if they have questions regarding this new fee at PICS.Questions@payrange.com or reach out to your PayRange sales professional directly.

PayRange will continue to develop its products and services to the highest operational capabilities available, allowing our operators and their businesses to function more smoothly, more reliably, and more securely.

Thank you for the review.

Michael Kitchen
Chief Revenue Officer