

Viva Pay achieves Level 1 Service Provider Certification



26 October 2021

Viva Leisure Limited (**Viva Leisure**) (ASX:VVA) wishes to advise the market on a significant milestone for its soon to be launched Viva Pay service.

Background

Viva Pay Pty Ltd (**Viva Pay**), a wholly-owned subsidiary of Viva Leisure was established to provide an alternative option to businesses which operate credit card and direct debit processing services on behalf of third parties, not only in the health club industry, but in other industries.

Viva Pay has achieved Payment Card Industry Data Security Standard (**PCI DSS**) Level 1 Service Provider certification under PCI DSS v3.2.1, which is the highest, and most stringent, of the PCI DSS levels. Level 1 Service Provider certification will enable Viva Pay to process significant volumes of transactions on behalf of Viva Leisure corporate owned locations and third parties who wish to use the Viva Pay system.

Using its significant IT resources, Viva Leisure believes that its Viva Pay service can benefit other health club owners achieve a high level of collections through automation and Artificial Intelligence collection methods all based on the experience that Viva Leisure has amassed over the years as a merchant itself.

Viva Pay will look to integrate into as many third party products (such as health club management software) as possible over the next twelve months to make the transition to the service as streamlined as possible for users of those products.

Viva Pay and Plus Fitness

It is expected the Viva Pay service will develop to integrate with the Plus Fitness franchise network which currently processes approximately \$100 million in sales per annum. The service is expected to provide cost savings to our franchisees once fully implemented, and at the same time improve the level of integration and collections.

Due to an existing payment processing contract in place, the full transition of the Plus Fitness direct debit systems is not likely to occur for a further 6-12 months, after the expiry of that contract.

First Clients

The first clients expected to subscribe to the Viva Pay service are Viva Leisure's hundreds of contracted Personal Trainers. Viva Pay will build a custom interface for our trainers in order that they can have greater flexibility in debiting their clients, and benefit from reduced fees and improved settlement terms.

The Viva Pay service will be available to any merchant who wishes to subscribe to the service as their payment gateway and processor.

Once fully operational, the Viva Pay service is expected to process total transaction value (TTV) of approximately \$200 million from the Viva Leisure corporate network and Plus Fitness networks, increasing as additional clients are onboarded to the service.

Security and Confidentiality of Information

Under the PCI DSS guidelines and protocols which Viva Pay follows, information on individual clients of third parties is not shared or accessible within Viva Leisure. All Viva Pay information technology systems operate on a stand-alone basis separate to the Viva Leisure network of servers and systems.

Commercialising Viva Leisure's bespoke management IT systems

Viva Pay is the first step in commercialising the bespoke management systems developed in-house by Viva Leisure into other complimentary industries. In the same way that Viva Leisure has built a fitness ecosystem where members can turn on and off various membership options and brands, Viva Leisure will look to take advantage of its bespoke and unique technology offerings.

Viva Leisure CEO and Managing Director, Harry Konstantinou said:

"Viva Pay is an exciting opportunity for Viva Leisure to introduce the technology and systems Viva Leisure has developed over the years and make these available for smaller third party operators. With inside knowledge on how a health club operates, Viva Pay is well positioned to understand client needs.

As the systems are all developed in Australia, flexibility to accommodate specific client requirements into the debit and collection process is something Viva Pay has been designed to provide. I look forward to on-boarding our first clients over the next few months.

Viva Pay is the first of many new initiatives Viva Leisure is looking to introduce, outside of the traditional health club recurring revenue model in which it operates as the business matures and strategically diversifies its income streams using the Intellectual Property it has developed over many years."

ENDS

This announcement has been approved for release by the Board.

For further information, please contact:

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About Viva Leisure:

Founded in 2004, Viva Leisure operates health clubs (gymnasiums) within the health and leisure industry. Viva Leisure's mission is to connect health and fitness to as many people as possible and aims to provide its members with affordable, accessible and awesome facilities.

Viva Leisure offers customers several different membership options and a range of different types of facilities from big-box fitness facilities to boutique fitness facilities. The Company currently operates 122 health clubs within the Australian Capital Territory, New South Wales, Victoria, and Queensland, together with the master franchise for the Plus Fitness group of approximately 200 clubs.