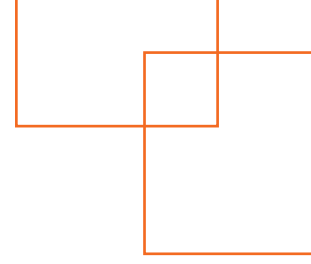


2024 Small Business Performance, Inflation Impact, and Consumer Spending Habits

Highlighting small business sales growth and how consumers are adapting their shopping patterns in the Retail, Grocery, Restaurant and Ambulatory Health Care sectors



Small businesses are the heartbeat of the American economy.

Over 34 million small businesses generate 44% of the US GDP and employ almost half of the private-sector workforce. They are vital to our nation's economic health and Fiserv is committed to serving their needs.

To that end, we developed the Fiserv Small Business Index, a simple yet robust method of tracking small business performance. Unlike survey and sentiment data, the Fiserv Small Business Index is derived from real-time, point-of-sale transaction data collected and aggregated from over two million U.S. small businesses. Published monthly, we help economists, banks, merchants and others understand small business health and provide a view into what may lie ahead.

This 2024 year-end summary highlights notable trends across key sectors, selected for their correlation to the overall economy. Given inflation's continued impact, findings are presented both with and without adjustments. We also included SpendTrend results in the analysis, as they provide a view into total consumer spend, regardless of merchant size.



1

Overall Small Business Performance

| All Sectors Combined | Fiserv Small Business Index | | SpendTrend (same store sales) | |
|----------------------|------------------------------|-------------|-------------------------------|-------------|
| | 2024 Growth (seasonally adj) | 2023 Growth | 2024 Growth | 2023 Growth |
| Sales | +4.1% | +4.4% | +5.0% | +4.1% |
| Transactions | +5.4% | +3.1% | +4.9% | +5.0% |
| Average Tickets | -1.3% | +1.3% | +0.1% | -0.8% |

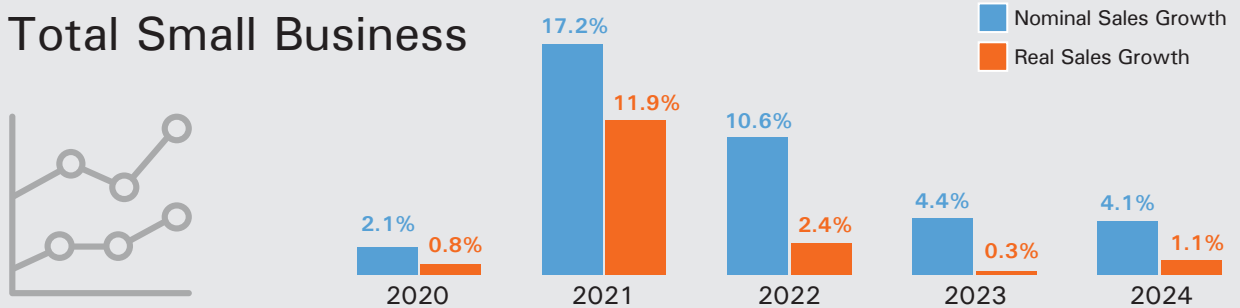
Overall, small and large businesses both performed well in 2024:

- Same store (includes large businesses) up +5.0%, growth pace accelerated from 2023.
- Small business (FSBI) up +4.1% (nominal growth)

Adjusting for inflation, small business real sales growth was +1.1%, compared to +4.1%:

- Due to gradual inflation relief, 2024 real growth (+1.1%) was stronger than 2023 (+0.3%)

Total Small Business



| 2024 Sales YoY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------|-------|------|-------|------|------|-------|------|-------|-------|------|------|------|
| Nominal | 2.8% | 7.7% | 3.1% | 6.6% | 4.8% | 2.1% | 4.4% | 2.3% | 2.0% | 6.2% | 3.0% | 4.9% |
| Real | -0.3% | 4.4% | -0.4% | 3.1% | 1.5% | -0.9% | 1.5% | -0.3% | -0.5% | 3.6% | 0.2% | 1.9% |

Q4 2024 was the first time since Q4 2022 with three consecutive months of real growth.

Consumer Spending Habits

(overall for small business)

- More frequent transactions (foot traffic) and a return to in-person brick & mortar spending.
- More strategic shopping (especially in Retail and Food) to help dollars stretch.

Consumers felt the sticker shock of inflation. 2024 ended with average ticket size 25.7% higher than inflation adjusted average ticket size.



2

Retail Small Business (NAICS 44-45)

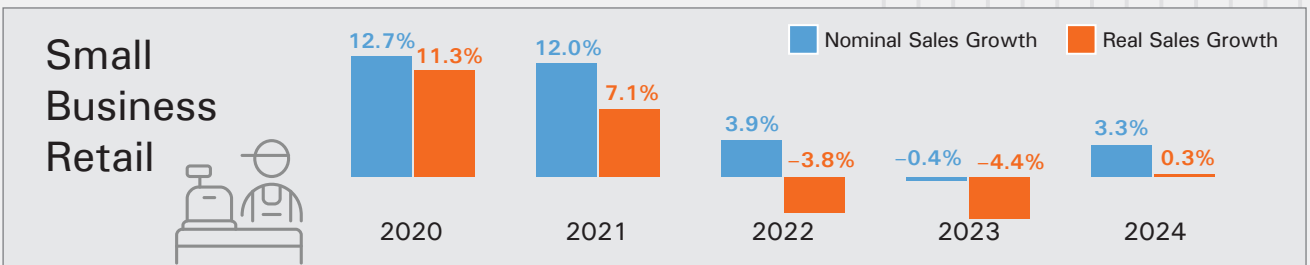
| Retail | Fiserv Small Business Index | | SpendTrend (same store sales) | | MRTS (including Gas) | |
|-----------------|-----------------------------|-------------|-------------------------------|-------------|----------------------|-------------|
| | 2024 Growth* | 2023 Growth | 2024 Growth | 2023 Growth | 2024 Growth | 2023 Growth |
| Sales | +3.3% | -0.4% | +0.7% | -1.3% | +2.3% | +2.4% |
| Transactions | +6.1% | +1.4% | +2.2% | +2.2% | — | — |
| Average Tickets | -2.7% | -1.8% | -1.5% | -3.4% | — | — |

- Small business Retail outpaced large retailers in 2024: +3.3% vs +0.7%
- Small business Retail sales and transaction growth was also much stronger than 2023
- Small business Retail also outpaced total MRTS in 2024 (+3.3% vs +2.3%)
- All Retail segments had sales growth in 2024. Clothing and Furniture transactions declined

Adjusting for inflation, small business real retail sales growth was only +0.3%, compared to +3.3%:

- Due to gradual inflation relief, 2024 real growth (+0.3%) improved over 2023 (-4.4%).

| Retail Subsectors | Contribution | 2024 Sales Growth | 2024 Trans Growth | 2024 Avg Tkt Growth |
|---|---------------|-------------------|-------------------|---------------------|
| Food and Beverage Retailers (Grocery) | 22.8% | 4.9% | 7.0% | -1.9% |
| Gasoline Stations and Fuel Dealers | 18.9% | 1.0% | 4.9% | -3.7% |
| Motor Vehicle and Parts Dealers | 11.5% | 0.5% | 0.5% | 0.0% |
| Building Material and Garden Supplies | 10.2% | 4.5% | 5.6% | -1.1% |
| Sporting Goods, Hobby, Music, Books, and Misc. Retail | 10.0% | 4.0% | 10.1% | -5.5% |
| Clothing, Accessories, Shoes, and Jewelry | 7.8% | 2.3% | -1.4% | 3.8% |
| Furniture, Furnishings, Electronics, & Appliances | 7.1% | 0.2% | -0.6% | 0.9% |
| Health and Personal Care Retailers | 6.0% | 5.6% | 0.7% | 4.8% |
| General Merchandise Retailers | 5.7% | 10.4% | 12.9% | -2.2% |
| Total Small Business Retail | 100.0% | 3.3% | 6.1% | -2.7% |



| 2024 Sales YoY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------|--------|-------|-------|-------|-------|--------|-------|--------|--------|-------|-------|-------|
| Nominal | 0.70% | 5.64% | 3.71% | 5.94% | 4.34% | 1.84% | 3.72% | 2.01% | -0.49% | 6.2% | 3.0% | 4.9% |
| Real | -2.33% | 2.40% | 0.23% | 2.50% | 1.05% | -1.11% | 0.78% | -0.56% | -2.83% | 1.35% | 0.62% | 1.95% |

Consumer Spending Habits Retail

- Increasing enthusiasm as evidenced by gains in foot traffic, consumer sentiment
- Average tickets declined in some segments as consumers try to make dollars stretch

Falling inflation enabled 3 consecutive months of real sales growth, the first time in over 3 years.

3

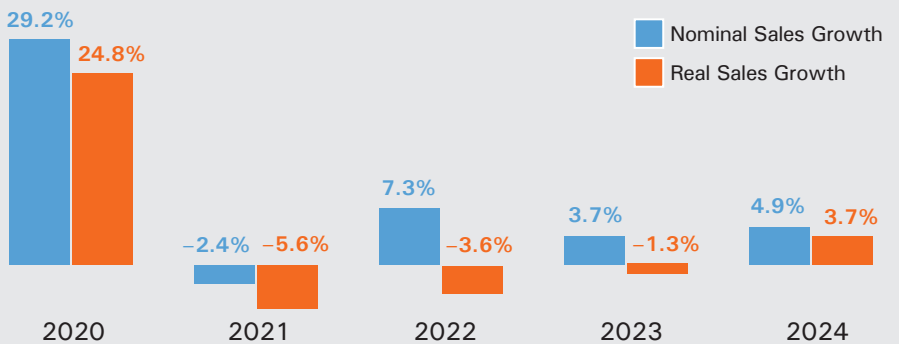
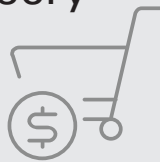
Grocery Small Business (NAICS 445)

| Grocery | Fiserv Small Business Index | | SpendTrend (same store sales) | |
|-----------------|------------------------------|-------------|-------------------------------|-------------|
| | 2024 Growth (seasonally adj) | 2023 Growth | 2024 Growth | 2023 Growth |
| Sales | + 4.9% | + 3.7% | + 3.3% | + 0.8% |
| Transactions | + 7.0% | + 3.7% | + 4.3% | + 2.6% |
| Average Tickets | -1.9% | -0.1% | -0.9% | -1.8% |

Small business Grocery sales growth (+ 4.9%) outpaced same-store (+ 3.3%). Highlights:

- At + 7.0%, transactions (foot traffic) clearly drove sales growth: growing at + 7.0%, nearly twice the 2023 pace
- Foot traffic at small business was also much more aggressive than same-store (+ 4.3%)
- Adjusting for inflation, small business real Grocery sales growth was + 3.7%, compared to + 4.9% nominal growth
- Due to significant inflation relief in 2024, real growth (+ 3.7%) was much stronger than 2023 (-1.3%)

Small Business Grocery



Easing inflation for Grocery helped deliver solid nominal and real sales growth through 2024.

| 2024 Sales YoY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Nominal | 0.55% | 4.60% | 5.03% | 2.80% | 5.20% | 4.95% | 4.89% | 6.99% | 3.92% | 6.65% | 8.29% | 5.28% |
| Real | -0.65% | 3.57% | 3.81% | 1.65% | 4.11% | 3.77% | 3.79% | 6.04% | 2.62% | 5.47% | 6.61% | 3.46% |

Consumer Spending Habits

Grocery

Consumers have increased cross-shopping (multiple stores) as a component of bargain-hunting – supports transaction increase.



Reports also indicate consumers have traded down in product selection (private label)



4

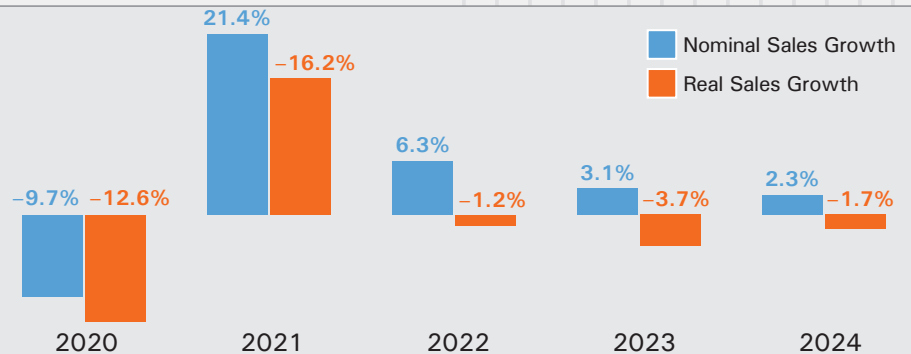
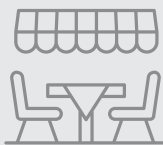
Small Business Restaurants (NAICS 722)

| Restaurants | Fiserv Small Business Index | | SpendTrend (same store sales) | |
|-----------------|------------------------------|-------------|-------------------------------|-------------|
| | 2024 Growth (seasonally adj) | 2023 Growth | 2024 Growth | 2023 Growth |
| Sales | + 2.3% | + 3.1% | + 4.2% | + 6.5% |
| Transactions | + 3.5% | + 1.0% | + 2.5% | + 3.8% |
| Average Tickets | -1.1% | + 2.1% | + 1.7% | + 2.6% |

Small Business restaurants grew + 2.3% in 2024, but this was a slowdown from 2023 (+ 3.1%):

- Large restaurants (+ 4.2%) grew 2x the pace of small business in 2024, also slowed from 2023.
- Transactions are driving growth for small business restaurants (+ 3.5%), more so than for large restaurants (+ 2.5%).
- Small business average tickets are trending down in 2024 (-1.1%), whereas 2023 saw average tickets grow + 2.1%
- Adjusting for inflation, small business real Restaurant sales growth was -1.7%, compared to + 2.3%; 2024 was an improvement from 2023 real sales growth of -3.7%

Small Business Restaurants



Small business restaurants suffered from inflation throughout 2024. December was very tough.

| 2024 Sales YoY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------|--------|-------|-------|--------|--------|-------|--------|-------|--------|-------|--------|--------|
| Nominal | -1.79% | 6.27% | 5.54% | -0.06% | 3.97% | 4.18% | -1.16% | 5.01% | 2.60% | 4.90% | 2.63% | -3.36% |
| Real | -6.54% | 1.67% | 1.31% | -4.04% | -0.06% | 0.12% | -5.04% | 0.96% | -1.30% | 1.05% | -0.99% | -6.73% |

Consumer Spending Habits

Restaurants

Consumers seeking low-priced options put pressure on small business profitability.



Appears to be less price sensitivity at larger national brands (same-store average ticket + 1.7% in 2024)



5

Ambulatory Health Care (NAICS 621)

| Ambulatory Healthcare | Fiserv Small Business Index | | SpendTrend (same store sales) | |
|-----------------------|------------------------------|-------------|-------------------------------|-------------|
| | 2024 Growth (seasonally adj) | 2023 Growth | 2024 Growth | 2023 Growth |
| Sales | + 3.9% | + 7.6% | + 3.8% | + 4.4% |
| Transactions | + 4.4% | + 6.5% | + 4.1% | + 5.1% |
| Average Tickets | -0.5% | + 1.1% | -0.2% | -0.7% |

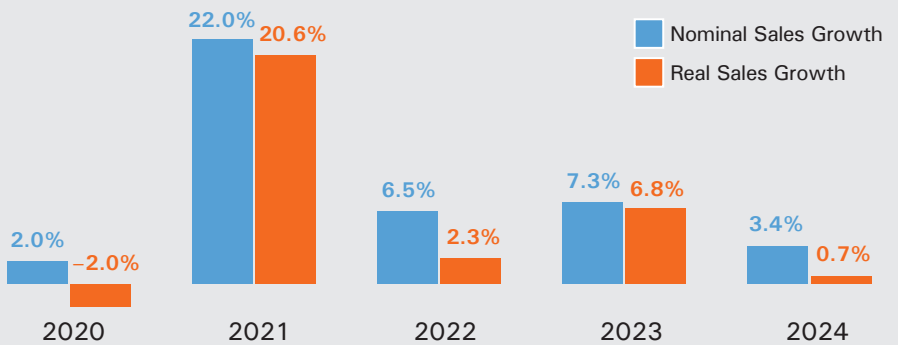
Fiserv Small Business Index (+ 3.9%) and SpendTrend (+ 3.8%) performed similarly in 2024:

- Transaction growth (+ 4.4%) outpaced sales at small business

Small ambulatory health care providers were much less affected by inflation:

- Real growth was positive (+0.7%) in 2024, capping a 4-year run of positive real growth

Ambulatory Health Care



Strong resilience to inflation seen in 2023 was weaker in 2024, as several months experienced sales declines YoY for both nominal and real growth.

| 2024 Sales YoY | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------|-------|--------|--------|-------|--------|--------|-------|--------|--------|-------|--------|-------|
| Nominal | 6.99% | 10.26% | -0.46% | 5.02% | 2.61% | 2.21% | 6.86% | -1.59% | 2.28% | 4.83% | -1.34% | 3.47% |
| Real | 5.88% | 8.73% | -2.62% | 2.33% | -0.45% | -1.02% | 3.57% | -4.44% | -0.94% | 1.49% | -4.29% | 0.61% |

Consumer Spending Habits

Ambulatory Health Care

This sector is dominated by small businesses.



Consumers were more engaged in health and wellness spending in the years immediately following the COVID recovery.



Consumers' spending momentum in this area slowed in 2024.