

Pushpay 2021 Annual Results Announcement

Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado, US – 12 May 2021 (NZT)

Pushpay Holdings Limited (**NZSX:PPH, ASX:PPH**) ('Pushpay' or 'the Company') is pleased to present its financial results for the year ended 31 March 2021 and its 2021 Annual Report. This announcement should be read in conjunction with and is subject to, Pushpay's 2021 Annual Report.

Molly Matthews, CEO said, "We are pleased to deliver a strong result for the year ended 31 March 2021. Pushpay continued its momentum throughout the 2021 financial year, delivering strong revenue growth, cash flow growth, expanding operating margins and EBITDAF growth while continuing to attract and support Customers throughout the evolving COVID-19 environment.

"Over the year ended 31 March 2021, the Company made significant progress integrating Church Community Builder into the Pushpay solution. By successfully combining Church Community Builder's market leading church management system with Pushpay's unique donor management system over the past year, we are better able to execute against our vision and strategic goal of being the preferred provider of mission-critical software to the US faith sector.

"With the significant progress in integrating the Pushpay and Church Community Builder solutions achieved over the 2021 financial year, the Company welcomed many new Customers, successfully realised strategic cross-selling opportunities within the Customer base and achieved operational efficiencies across the combined business.

"Our results are a reflection of our innovative products, the dedication of our teams in the US and New Zealand, and our culture of continuous improvement.

"With the impacts of COVID-19 being felt by communities and organisations globally, Pushpay's team remains committed to supporting Customers and providing innovative technology solutions. Our solutions enable communities to stay connected and engaged through digital means, which is now more important than ever. Pushpay's strong performance throughout the 2021 financial year demonstrates the adaptability of our Customers and our team despite the challenges faced worldwide from COVID-19.

"Pushpay continues to focus on future-proofing the business, by refining the strategies that will allow the Company to realise its considerable potential over the long term, while maintaining prudent financial discipline. As we continue our growth journey, our relentless focus on innovation, strategy and execution will lead to continued growth and success for the business."

FY21 guidance achieved

Pushpay has a strong track record of delivering on guidance. Since initially listing in August 2014, Pushpay is pleased to have met or exceeded all guidance provided to the market. Over the financial year ended 31 March 2021, Pushpay upgraded EBITDAF guidance several times. We are pleased to have delivered on guidance with EBITDAF of US\$58.9 million for the 2021 financial year. Further information is provided in the commentary following.

<i>Guidance provided</i>	<i>EBITDAF guidance</i>
6 May 2020	US\$48.0 million - 52.0 million
18 June 2020	US\$50.0 million - 54.0 million
4 November 2020	US\$54.0 million - 58.0 million
12 January 2021	US\$56.0 million - 60.0 million

Revenue growth

Pushpay increased operating revenue by US\$51.6 million for the year ended 31 March 2021 from US\$127.5 million to US\$179.1 million, an increase of 40%. Total revenue for the year ended 31 March 2021 increased by US\$51.3 million from US\$129.8 million to US\$181.1 million, an increase of 39%.

We expect to see continued revenue growth as the business executes on its strategy, achieves increased efficiencies and gains further market share in the US faith sector.

Gross margin improvement

Pushpay's diligent approach to optimising gross margin continues to drive pleasing results. Pushpay increased gross margin by three percentage points for the year ended 31 March 2021 from 65% to 68%.

Expanding operating leverage

While Pushpay increased operating revenue over the year ended 31 March 2021 by 40%, total operating expenses increased by 9%. As a percentage of operating revenue, total operating expenses improved by 11 percentage points, from 47% to 36%.

Operating leverage was largely driven by strong operating revenue growth, further margin improvements and disciplined cost management. Pushpay expects significant operating leverage to accrue as operating revenue continues to increase, while growth in total operating expenses remains low.

Pushpay adopted best-in-class software tools and scalable processes early in its development. Combined with strong financial discipline, these investments will allow significant operating leverage to be achieved as revenue grows.

EBITDAF

Pushpay increased its EBITDAF for the year ended 31 March 2021 by US\$33.8 million from US\$25.2 million to US\$58.9 million, an increase of 133%.

NPAT

NPAT increased by US\$15.2 million over the year ended 31 March 2021, from US\$16.0 million to US\$31.2 million, an increase of 95%.

Operating cash flow

Operating cash flow increased by US\$34.1 million over the year ended 31 March 2021, from US\$23.5 million to US\$57.6 million, an increase of 145%.

Strong operating cash flow enabled Pushpay to fully repay its bank debt, which was taken on to facilitate the acquisition of Church Community Builder, over the year ended 31 March 2021.

Pushpay's positive cash flow provides flexibility, as we continue to assess further potential strategic acquisitions that broaden Pushpay's current proposition and add significant value to the current business.

Total Processing Volume

Total Processing Volume increased by US\$1.9 billion over the year ended 31 March 2021 from US\$5.0 billion to US\$6.9 billion, an increase of 39%.

We expect continued growth in Total Processing Volume driven by continued growth in the number of Customers using our donor management system, further development of our product set resulting in higher adoption and usage, and increased adoption of digital giving in our Customer base.

Our people

We are extremely proud of our people who continue to adapt to the challenging circumstances that the evolving COVID-19 environment has posed over the last financial year. Across our three locations, our team demonstrated immense flexibility, while remaining focused on delivering innovative software and support to our Customers.

As we continue to execute on our strategy, attracting and retaining exceptional talent is critical to our success. Our Customer-centric culture of continuous improvement focuses on achieving higher job satisfaction, increased productivity, improved employee retention, as well as increased Customer satisfaction.

The Company has completed the reorganisation of the Pushpay and Church Community Builder teams, bringing all associates across Auckland, New Zealand, Colorado Springs, Colorado, US and Redmond, Washington, US under one leadership structure. The combined group remains well-positioned to deliver market-leading, complementary solutions that increase participation and enable Customers to build stronger relationships with their communities.

Leadership

On 12 January 2021, following an international search, Pushpay was pleased to announce the appointment of Molly Matthews as CEO, effective 1 March 2021. Bruce Gordon, who had served as CEO on an interim basis from 1 June 2019, remains a Non-executive Director of Pushpay. The Board and management thank Bruce for stepping into the business from the Chairman's role, serving as CEO for over 18 months and for his continued support of Pushpay as a Non-executive Director and shareholder.



Molly Matthews | Chief Executive Officer

Molly has been with Pushpay for over four years and has been instrumental in helping to develop and maintain a smooth customer experience. Molly commenced with Pushpay as a Senior Implementation Manager, rapidly rising through Customer Success leading Pushpay's multi-award winning team as Director of Customer Success, VP of Customer Success and most recently Chief Customer Officer.

As a member of Pushpay's Executive Leadership Team since July 2019, Molly has been instrumental in the successful combination of the Pushpay and Church Community Builder businesses and culture during the first 12 months. Prior to Pushpay, Molly spent over 15 years leading in non-profit organisations and companies of varying size. She was the director of K-12 Education for the Confederated Tribes of Grand Ronde in Oregon, US for seven years, where she was responsible for leading successful programmes for Native American youth and families. Molly also owned her own change management consulting business for more than four years where she focused on helping businesses navigate change and accelerate growth. Molly has been a volunteer and advocate for youth and families in various organisations for more than 20 years and has led in many capacities, including as a board member, coach, youth leader and more. Molly lives with her family in Seattle, Washington, US.

As Pushpay continues to grow, Molly's comprehensive strategic skill set and significant Customer facing experience positions the Company well for ongoing success.

Board of Directors

The composition of our Board further evolved throughout the year to 31 March 2021. Peter Hulich resigned as a Non-executive Director and Christopher Hulich resigned as an Alternate Director, effective 31 December 2020. The Board and management thank Peter and Chris for their invaluable contribution to the Board and immense support of Pushpay over the past seven years. Justine Smyth resigned as an Independent Director, effective 20 July 2020. The Board and management thank Justine for her contribution to the Board.



Lorraine Witten | Independent Director

Pushpay was pleased to welcome Lorraine Witten to its Board of Directors as an Independent Director, effective 22 September 2020. Lorraine also joined as Chair of Pushpay's 'Audit and Risk Management Committee' and as a member of Pushpay's 'Nominations and Remuneration Committee'.

Lorraine has significant governance experience and is currently a Director of listed-companies, Rakon and TIL Logistics Group, where she is also Chair of the Audit and Risk Committees. She is also a Director of Horizon Energy Group and Chair of private companies, Simply Security, a company she founded in 2007, and vWork. Lorraine also has extensive commercial experience in technology, Software as a Service and Information and Communications Technology sectors, with expertise in financial management, entrepreneurship, strategy and high-change environments.

Lorraine is a Chartered Fellow of the New Zealand Institute of Directors and has more than 25 years' experience in senior management and finance roles, including as General Manager of Telecom Mobile from 1997 to 2001. Lorraine is also a Member of Chartered Accountants Australia and New Zealand. Lorraine lives with her family in Auckland, New Zealand.

COVID-19

While a number of organisations have or had temporarily closed their physical premises in response to COVID-19, Pushpay has seen a clear shift to digital whereby Customers are utilising its mobile-first technology solutions to communicate with their congregations.

Due to the restrictions around in-person gatherings that continued to evolve throughout the 2021 financial year, Customers pivoted to emphasise live streaming, digital giving and driving connection through their apps for continued engagement with their communities.

While the year to 31 March 2021 presented a challenging environment for Pushpay's target market, our teams worked tirelessly to deliver exceptional service and excellent outcomes for our Customers. In terms of digital giving trends, Pushpay's processing volume over the year ended 31 March 2021 was higher than the Company expected prior to COVID-19.

As churches begin to gradually re-open with restrictions, it has become evident across the sector that the market has undergone a transformative shift, whereby digital solutions play a crucial role in the future of the church. Pushpay has not seen a meaningful proportion of digital giving revert to non-digital means, indicating that its Customers in the US faith sector may have undergone a fundamental technological shift as a result of the current environment.

Pushpay and its subsidiaries have not taken any government relief subsidies available to companies as a result of COVID-19.

ChurchStaq™

Pushpay and Church Community Builder launched its joint product offering in April 2020. This represented a significant milestone as the Company embarked on achieving its strategic goal of delivering a best-in-class, fully integrated ChMS, custom community app and giving solution for customers in the US faith sector.

In September 2020, the Company announced its largest product launch to date, which included 16 new products, features and enhancements to the Pushpay and Church Community Builder solutions. The launch unveiled the new product name of the Company's all-in-one engagement solution, ChurchStaq™.

ChurchStaq™ combines Pushpay's giving and engagement solution with Church Community Builder's ChMS functionality, delivering a holistic software solution that equips customers of all sizes with the technology they need to seamlessly connect across different ministry touch points, including giving and donor management, church management and access to Pushpay's App.



Sales

Subsequent to the acquisition of the Church Community Builder business, Pushpay has seen an increased number of Customers utilising the combined Pushpay and Church Community Builder platforms to meet their giving and engagement needs, providing a strong indication that the market values a fully integrated solution.

ChurchStaq™ sales as a percentage of total sales have increased following its launch in September 2020 across all customer segments, further validating the hypothesis around the efficacy of an integrated end-to-end solution for customers.

Over the year to 31 March 2021, Pushpay also saw an increase in cross-selling its donor management system and church management system products to existing Customers, further demonstrating the strong value proposition of the combined Group.

Catholic segment expansion

In January 2021, Pushpay announced that it had allocated an initial investment of resources into developing and enhancing the customer proposition for the Catholic segment of the US faith sector. The Catholic segment of the US faith sector comprises 196 dioceses and archdioceses who represent an estimated 17,000 individual parishes. Focused investment into the Catholic segment represents a significant milestone as Pushpay continues to execute on its strategy to become the preferred provider of mission critical software to the US faith sector. During the year to 31 March 2021, Pushpay entered into a pilot with the Archdiocese of Chicago in Illinois, US, and welcomed a number of new Catholic parishes and dioceses to the Pushpay platform.

As Pushpay embarks on serving the Catholic segment, the year ending 31 March 2022 will serve as a key period of initial investment as Pushpay's team focuses on establishing relationships and increasing engagement with key stakeholders. During the year ending 31 March 2022, Pushpay's investment into the Catholic segment is expected to be within the range of US\$6.0 million to US\$8.0 million. Of this total investment approximately two thirds will be product design and development expense, which Pushpay expects will be capitalised with the remainder primarily in sales and marketing. Pushpay expects to increase product design and development headcount over the year ending 31 March 2022 as we continue to further develop the functionality of our suite of solutions to serve the Catholic segment.

While Pushpay is currently focused on engagement and ramping go-to-market resources for the Catholic initiative, the Company expects the benefits from the Catholic segment to be realised incrementally over the course of the following financial years.

Share split

In November 2020, Pushpay completed a four-for-one split of Pushpay's shares. This resulted in Pushpay shareholders holding, after the share split, four fully paid ordinary shares for each fully paid ordinary share held by them at 5:00 pm on the record date of Thursday, 26 November 2020.

Outlook

Pushpay continues to expect strong revenue growth, as we continue to execute on our strategy to gain further market share through continued innovation of our products, merger and acquisition, and expanding into the Catholic market. Pushpay believes this is the best way to maximise shareholder value in both the short and long term.

From a strong financial position, we will continue to balance expanding operating margin with opportunities to increase revenue growth. While we continue to focus on ensuring efficiency remains high we intend to invest strongly in future growth opportunities such as the Catholic initiative in the short term. Pushpay remains active in evaluating opportunities that broaden the current proposition and add significant value to the current business.

Pushpay is expecting to achieve EBITDAFI for the year ending 31 March 2022 of between US\$64.0 million and US\$69.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain.

Excluding the impact of the investment into the Catholic initiative, Pushpay expects to achieve EBITDAFI for the year ending 31 March 2022 from the current business of between US\$66.0 million and US\$71.0 million.

In the long-term, Pushpay is targeting to increase the appeal of our products to new customers and increase the revenue per Customer through continued innovation, and merger and acquisitions. The Catholic initiative is our first step in investing to grow our Customer base outside of our existing core Customer base, and we have set the goal of acquiring more than 25% of the Catholic church management system and donor management system market over the next five years. The Catholic church is closely associated with many education providers and non-profit organisations, which presents further opportunities within the US and other international jurisdictions. Mergers and acquisitions provide opportunities to expand our Customer base and to deliver new products that can be sold into our existing Customer base more rapidly than could be achieved organically.

Looking ahead, an exciting future awaits us as we continue to innovate and improve our software solutions to provide Customers with effective tools that strengthen connection within their communities.

Acknowledgements

Pushpay's success would not be possible without the expert direction from the Board of Directors, successful execution from management and the hard work of our dedicated colleagues.

We would like to thank you, our shareholders, for your continued support and confidence, our teams in the US and New Zealand for their hard work and all of our Customers around the world for their continued loyalty and excitement, as these results are ultimately thanks to their support.

Investor Briefing

Pushpay will hold an Investor Briefing today at 11:00 am (NZT) to discuss its financial results for the year ended 31 March 2021.

Pre-registration

There is no pre-registration required for the conference call however it is recommended that participants pre-register for greater convenience by following the link, [here](#).

Pre-registered attendees will receive a calendar invite with the conference call details, a designated dial-in number and a unique five-digit access PIN.

Dial-in details

New Zealand: 0800 452 795

All countries: +64 9 929 3905

Conference ID (required for dial-in): 10012904

Playback details

Replay of the Annual Results Investor Briefing will be available for 30 days following the completion of the call.

New Zealand: 0800 886 078

All countries: +64 9 950 7088

Replay Pin: 10012904

Contact

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This announcement is authorised by the Board of Directors of Pushpay Holdings Limited.

About Pushpay

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, and a church management system (ChMS) to the faith sector, non-profit organisations and education providers located predominantly in the United States (US) and other jurisdictions. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Church Community Builder is a subsidiary of Pushpay Holdings Limited and provides a Software as a Service (SaaS) church management system predominantly in the US and other jurisdictions. Church Community Builder provides a platform that churches use to connect and communicate with their community members, record member service history, track online giving and perform a range of administrative functions. Combined, Pushpay and Church Community Builder deliver a best-in-class, fully integrated ChMS, custom community app and giving solution for customers in the US faith sector.

Pushpay is an award-winning company. For more information visit www.pushpay.com/investors/awards.

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