

Pushpay 2020 Interim Results Announcement

Auckland, New Zealand | Redmond, Washington, US – 6 November 2019 (NZT)

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH) ('Pushpay' or 'the Company') is pleased to present its financial results for the six months ended 30 September 2019 and its 2020 Interim Report. This announcement should be read in conjunction with and is subject to, Pushpay's Interim Report.

Bruce Gordon, CEO and Executive Director said, "We are pleased to present a strong result for the six months ended 30 September 2019. Pushpay has delivered solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements over the period.

"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."

Revenue growth

Pushpay increased its total revenue for the six months ended 30 September 2019 by US\$13.4 million when compared to the prior comparable period, from US\$44.0 million to US\$57.4 million, an increase of 30%. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

Pushpay reiterates operating revenue guidance for the year ending 31 March 2020 of between US\$121.0 million and US\$124.0 million.

As signalled earlier in the year, Pushpay's new Customer acquisition for the first half of the financial year was lighter than in the previous year. The Company has a number of initiatives in place to continue to drive new Customer acquisition throughout the remainder of the financial year.

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 has driven pleasing results. Pushpay increased gross margin over the six months ended 30 September 2019 by eight percentage points when compared to the prior comparable period, from 57% to 65%.

Although gross margin is typically weaker over the second half of the financial year, we now expect gross margin to stabilise around current levels over the remainder of the current financial year.

The Company reiterates gross margin guidance for the year ending 31 March 2020 of over 63%.

Operating leverage

While Pushpay increased operating revenue over the six months ended 30 September 2019 by 31% when compared to the prior comparable period, total operating expenses declined by 2%. As a percentage of operating revenue, total operating expenses improved by 18 percentage points, from 72% to 54%. 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 EBITDAF for the six months ended 30 September 2019 by US\$12.7 million when compared to the prior comparable period, from a loss of US\$3.1 million to a gain of US\$9.6 million, an increase of 413%.

Pushpay increased EBITDAF guidance twice over the six months to 30 September 2019. On 19 June 2019, the Company increased EBITDAF guidance, which was previously between US\$17.5 million and US\$19.5 million, to between US\$18.5 million and US\$20.5 million and on 20 September 2019, Pushpay further increased EBITDAF guidance to between US\$23.0 million and US\$25.0 million.

Pushpay reiterates EBITDAF guidance for the year ending 31 March 2020 of between US\$23.0 million and US\$25.0 million.

NPAT

NPAT improved by US\$10.9 million over the six months ended 30 September 2019 when compared to the prior comparable period, from a net loss of US\$4.4 million to a net profit of US\$6.5 million, an improvement of 247%.

Operating cash flow

Operating cash flow improved by US\$14.0 million over the six months ended 30 September 2019 when compared to the prior comparable period, from negative operating cash flow of US\$5.1 million to positive operating cash flow of US\$8.9 million, an increase of 274%.

Pushpay's increasing positive cash flow provides flexibility, as we assess 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\$676.3 million over the six months ended 30 September 2019 when compared to the prior comparable period, from US\$1.5 billion to US\$2.2 billion, an increase of 45%.

We expect continued growth in Total Processing Volume driven by a larger proportion of new medium and large Customers, further development of our product set resulting in higher adoption and usage, increased adoption of digital giving in the US faith sector and increased giving to religion in the US.

Pushpay reiterates its Total Processing Volume guidance for the year ending 31 March 2020 of between US\$4.8 billion and US\$5.0 billion.

People and culture

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.

Leadership at Pushpay

On 8 May 2019, the Company announced a number of changes to its leadership team. Chris Heaslip resigned from his position as Chief Executive Officer, effective 31 May 2019. Chris remains a Non-Executive Director of the Company.

Following Chris Heaslip's resignation, Pushpay's Board appointed Bruce Gordon (previously Chairman of the Board) as CEO and Executive Director, effective 1 June 2019.

Graham Shaw (previously Independent Director) assumed the role of Chairman of the Board, effective 8 May 2019.

Christopher Huljich was replaced by Peter Huljich (previously an Alternate Director to Christopher Huljich), as a Non-Executive Director, effective 8 May 2019. Subsequently, Christopher Huljich was appointed as an Alternate Director to Peter Huljich.

Daniel (Dan) Steinman resigned as a Director of Pushpay, effective 26 August 2019. The Board and management of Pushpay thank Dan for his invaluable contribution to the Board and for his continued support as a shareholder.



Justine Smyth | Independent Director

Pushpay was pleased to welcome Justine Smyth to the Board of Directors as an Independent Director, effective 26 August 2019. Justine also joined as Chair of Pushpay's 'Audit and Risk Management Committee' and as a member of the 'Nominations and Remuneration Committee'.

Justine brings strong business experience from her background in listed-company governance, financial performance, mergers and acquisitions, and taxation of large enterprises. Justine is currently the Chair of Spark New Zealand, a Director of Auckland International Airport and the Chair of The Breast Cancer Foundation New Zealand.

The Board is also actively searching for additional Directors and is considering suitably qualified candidates with diverse backgrounds and experience.

Outlook

Pushpay expects further solid revenue growth, as we continue to execute on our strategy to gain further market share in the medium-term and believes this is the best way to maximise shareholder value.

From a strong financial position, we will continue to balance expanding operating margin with opportunities to increase revenue growth. We are particularly focused on ensuring efficiency remains high, while maintaining cost discipline throughout the business.

As we continue to execute on our strategy, we are also actively evaluating potential strategic acquisitions that broaden Pushpay's current proposition and add significant value to the current business.

Pushpay reiterates its guidance for the year ending 31 March 2020:

- Operating revenue of between US\$121.0 million and US\$124.0 million
- Gross margin of over 63%
- EBITDAF of between US\$23.0 million and US\$25.0 million
- Total Processing Volume of between US\$4.8 billion and US\$5.0 billion

In the long term, Pushpay is targeting over 50% of the medium and large church segments, an opportunity representing over US\$1 billion in annual revenue.

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 six months ended 30 September 2019.

Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 10001428

Playback details

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

New Zealand: 0800 122 135

All countries: +64 9 950 7088

Replay Pin: 10001428

Contact

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About Pushpay

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers in the US, Canada, Australia and New Zealand. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Pushpay receives co-funding from Callaghan Innovation, New Zealand's innovation agency, to support innovation through research and development.

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

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