

# Pushpay 2020 Annual Results Announcement

**Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado, US – 6 May 2020 (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 2020 and its 2020 Annual Report. This announcement should be read in conjunction with and is subject to, Pushpay's Annual Report.

Bruce Gordon, CEO and Executive Director said, "We are pleased to present a strong result for the year ended 31 March 2020. Pushpay has delivered solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements over the period. While Pushpay delivered strong organic growth over the year, we also strengthened our value proposition through the strategic acquisition of the leading church management system (ChMS), Church Community Builder, based in Colorado Springs, Colorado, US.

"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. Over the year, we made significant progress toward our strategic goal of becoming the preferred provider of mission-critical software to the US faith sector.

"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."

## *FY20 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 2020, Pushpay provided the following guidance, all of which were either achieved or exceeded. All guidance provided excluded the acquisition of the ownership interests in Church Community Builder and associated costs and impacts. Further information is provided in the commentary below.

<i>Date updated</i>	<i>Operating Revenue</i>	<i>Gross Margin</i>	<i>EBITDAF</i>	<i>Total Processing Volume</i>
8 May 2019	US\$122.5 - \$125.5 million	>63%	US\$17.5 - \$19.5 million	US\$4.6 - US\$4.8 billion
19 June 2019	US\$122.5 - \$125.5 million	>63%	US\$18.5 - \$20.5 million	US\$4.8 - US\$5.0 billion
20 September 2019	US\$121.0 - \$124.0 million	>63%	US\$23.0 - \$25.0 million	US\$4.8 - US\$5.0 billion
18 March 2020	US\$121.0 - \$124.0 million	>63%	US\$25.0 - \$27.0 million	US\$4.8 - US\$5.0 billion

## *Revenue growth*

Pushpay increased its total revenue for the year ended 31 March 2020 by US\$31.4 million from US\$98.4 million to US\$129.8 million, an increase of 32%. Operating revenue for the year ended 31 March 2020 increased by US\$31.6 million from US\$95.9 million to US\$127.5 million, an increase of 33%.

Excluding the acquisition of the ownership interests in Church Community Builder and associated costs and impacts, Pushpay increased operating revenue by US\$27.2 million from US\$95.9 million to US\$123.1 million, an increase of 28%. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

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 for the year ended 31 March 2020 by five percentage points, from 60% to 65%.

Excluding the acquisition of the ownership interests in Church Community Builder and associated costs and impacts, Pushpay increased gross margin by four percentage points, from 60% to 64%.

Including the acquisition of Church Community Builder and ongoing margin improvement initiatives, we expect gross margin to continue to improve in the year ending 31 March 2021.

### *Expanding operating leverage*

While Pushpay increased operating revenue over the year ended 31 March 2020 by 33%, total operating expenses increased by 5%. As a percentage of operating revenue, total operating expenses improved by 13 percentage points, from 65% to 52%.

Excluding the acquisition of the ownership interests in Church Community Builder and associated costs and impacts, while operating revenue over the year ended 31 March 2020 increased by 28%, total operating expenses decreased by US\$5.2 million, a decrease of 8%. As a percentage of operating revenue, total operating expenses improved by 18 percentage points, from 65% to 47%.

Operating leverage was largely driven by strong operating revenue growth, improved margins 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 2020 by US\$23.5 million from US\$1.6 million to US\$25.1 million, an increase of 1,506%.

Pushpay released initial EBITDAF guidance on 8 May 2019, of US\$17.5 million to US\$19.5 million. Over the financial year Pushpay increased guidance on three occasions, most recently on 18 March 2020 to US\$25.0 million to US\$27.0 million, excluding the acquisition of the ownership interests in Church Community Builder and associated costs and impacts.

Excluding the acquisition of the ownership interests in Church Community Builder and associated costs and impacts, Pushpay increased EBITDAF by US\$26.2 million from US\$1.6 million to US\$27.8 million, an increase of 1,677%.

### *NPAT*

NPAT declined by US\$2.8 million over the year ended 31 March 2020, from US\$18.8 million to US\$16.0 million, a decrease of 15%.

The previous financial year included a one-time benefit arising from previously unrecognised tax losses and deferred research and development expenditure of US\$20.9 million, which contributed to the net gain of US\$18.8 million.

### *Operating cash flow*

Operating cash flow improved by US\$26.3 million over the year ended 31 March 2020, from negative operating cash flows US\$2.8 million to positive operating cash flows US\$23.5 million, an increase of 953%.

Pushpay's increasing 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*

Pushpay achieved its Total Processing Volume guidance for the year ended 31 March 2020, increasing Total Processing Volume by US\$1.4 billion, from US\$3.6 billion to US\$5.0 billion, an increase of 39%.

The acquisition of the ownership interests in Church Community Builder had no effect on Total Processing Volume, given transaction volume associated with non-mutual Church Community Builder Customers is not processed through the Pushpay platform.

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, and increased adoption of digital giving.

### *Church Community Builder acquisition*

Pushpay completed the acquisition of 100% of the ownership interests in Church Community Builder for a total purchase consideration of US\$87.5 million, effective 1 December 2019.

Established in 1999 and based in Colorado Springs, Colorado, US, Church Community Builder is a market leading church management system (ChMS), providing 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. Church Community Builder complements Pushpay's custom community app and giving solution and aligns strongly with Pushpay's core strategy of providing innovative, market-leading solutions for customers.

Pushpay and Church Community Builder launched a joint product offering in April 2020. This represents a significant milestone as the Company embarks 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.

### *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.

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 is well-positioned to deliver market-leading, complementary solutions that increase participation and enable Customers to build stronger relationships with their communities.



**Heidi Keele | VP of Marketing**

Pushpay has a highly experienced executive team and in April 2020 we were pleased to welcome Heidi Keele as our VP of Marketing. Heidi is a strategic marketing executive with over 20 years' experience helping drive breakthrough revenue growth for a diverse mix of organisations ranging from start-ups to Fortune 500 industry leaders. Her expertise in orchestrating cutting-edge marketing, sales and public relations campaigns, designed to maximise the sales conversion of existing products and services, will be instrumental for our strategic growth plans.

## Board of Directors

On 8 May 2019, the Company announced a number of changes to its leadership team. Chris Heaslip resigned from his position as CEO, effective 31 May 2019. Chris remained a Non-executive Director of the Company until his resignation on 31 March 2020. The Board and management of Pushpay thank Chris for his service as a Director and invaluable contribution to the business and for his continued support as a shareholder.

Following Chris Heaslip's resignation as CEO, Pushpay's Board appointed Bruce Gordon (previously Independent 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 an Independent Director, 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.



### **Christopher (Chris) Fowler | Visionary and Executive Director**

Pushpay was pleased to welcome the Founder of Church Community Builder, Chris Fowler to the Board of Directors as an Executive Director, effective 13 December 2019. As an entrepreneur with a passion for the local church, Chris imagined something beyond the outdated back office tools of the time, which ultimately resulted in the ChMS that Church Community Builder now provides the church.

Chris has been involved in the church his entire life, including serving on the elder board of two churches, including the mega-church he currently attends, New Life Church, in Colorado Springs, Colorado, US. Chris brings key industry knowledge and 26 years of business experience to the Pushpay Board of Directors.



### **Lovina McMurchy | Independent Director**

Pushpay was pleased to welcome Lovina McMurchy to the Board of Directors as an Independent Director, effective 30 March 2020. Lovina also joined as a member of Pushpay's 'Technology, Innovation and Intellectual Property (IP) Committee'.

Lovina has a strong background as a global technology executive with experience across product development, go-to-market design and execution, and P&L management in companies such as Amazon and Microsoft. Lovina is a Venture Partner for Movac, a locally based New Zealand venture capital fund. She is also a member of the Institute of Directors and serves on several private company boards in the technology space.

### **COVID-19**

While a number of organisations have 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.

Over the last quarter of the financial year, the Company experienced an overall increase in demand for its services and remains well-equipped to support Customers to leverage digital technology and drive continued congregation participation through the use of its mobile app.

Due to the restrictions around in-person gatherings, Customers have been emphasising live streaming, digital giving and driving connection through their apps for continued engagement with their communities. In terms of digital giving trends, Pushpay's processing volume over the month of March was higher than the Company expected prior to COVID-19.

Pushpay expects the increase in digital giving as a proportion of total giving resulting from COVID-19, to outweigh any potential fall in total giving to the US faith sector.

### **Outlook**

Pushpay expects further strong 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.

Pushpay also continues to evaluate additional potential strategic acquisitions that broaden the current proposition and add significant value to the current business.

Pushpay is expecting to achieve EBITDAF for the full year ending 31 March 2021 of between US\$48.0 million and US\$52.0 million.

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.

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 2020.

### Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 10003915

### Playback details

Replay of the Annual 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: 10003915

## Contact

Gabrielle Wilson | Investor Relations | Pushpay Holdings Limited

P: +64 21 724 244 | E: [investors@pushpay.com](mailto:investors@pushpay.com)

[www.pushpay.com](http://www.pushpay.com)

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, 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 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](http://www.pushpay.com/investors/awards).

ENDS