



# Annual Meeting

18 June 2020

[investors@pushpay.com](mailto:investors@pushpay.com) | [www.pushpay.com](http://www.pushpay.com)

# Important notice

This presentation is given on behalf of Pushpay Holdings Limited (Pushpay).

NZSX:PPH | ASX:PPH | New Zealand Company Number: 3481675 | ARBN: 613 314 104

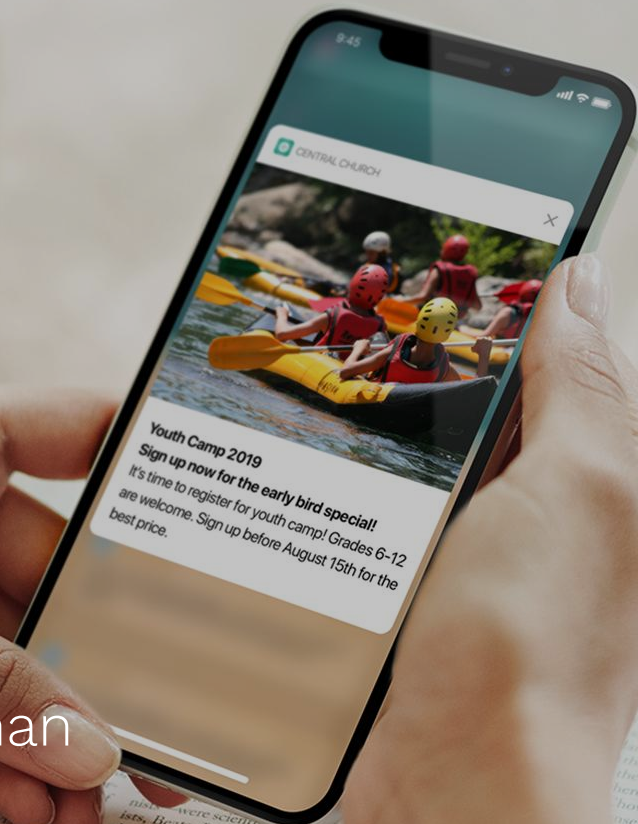
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- includes forward-looking statements about Pushpay and the environment in which Pushpay operates, which are subject to uncertainties and contingencies outside of Pushpay's control – Pushpay's actual results or performance may differ materially from these statements;
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All information in this presentation is current at the date of this presentation, unless stated otherwise. All currency amounts are in United States Dollars (USD) unless stated otherwise. Please refer to the Appendix for definitions of key metrics used in this presentation.

# Chairman's address

Graham Shaw, Independent Chairman



# Board of Directors



Graham Shaw  
*Independent Chairman*



Justine Smyth  
*Independent Director*



Lovina McMurchy  
*Independent Director*



Peter Huljich  
*Non-executive Director*



Bruce Gordon  
*CEO and Executive Director*



Chris Fowler  
*Visionary and Executive Director*



Christopher Huljich  
*Alternate Director for Peter Huljich*

# Agenda

- Chairman's address
- CEO's presentation
- Shareholder questions
- Resolutions
- Other business: to consider any other matter raised by a shareholder at the Meeting

# Highlights from the past year

- Solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements
- Strengthened value proposition through the strategic acquisition of leading US-based church management system (ChMS), Church Community Builder
- Achieved or exceeded all guidance provided to the market over the year, including operating revenue, gross margin, EBITDAF and Total Processing Volume

# Industry recognition



# Governance

- Independent audit completed on 6 May 2020
- 16 board meetings conducted in the year to 31 March 2020
- All board sub-committees met in accordance with their charters



# Board of Directors and leadership

- Chris Heaslip resigned from his position as CEO, effective 31 May 2019
- Bruce Gordon was appointed as Chief Executive Officer and Executive Director
- Graham Shaw was appointed Chairman of the Board
- Christopher Huljich (previously Non-executive Director) was replaced by Peter Huljich (previously Alternate Director to Christopher Huljich)
- Christopher Huljich was appointed as an Alternate Director for Peter Huljich
- Daniel Steinman resigned as an Independent Director
- Chris Heaslip resigned as a Director on 31 March 2020

# Board of Directors and leadership



Justine Smyth  
*Appointed as an  
Independent Director*



Chris Fowler  
*Appointed as Visionary and an  
Executive Director*



Lovina McMurchy  
*Appointed as an  
Independent Director*



Heidi Keele  
*Appointed as  
VP of Marketing*



Pushpay®

+



CHURCH  
COMMUNITY  
BUILDER

# Diversity initiatives

- Appointed two highly experienced and qualified female Directors
- Sponsored two employee resource groups focused on education, awareness and development of women, and underrepresented minorities
- Expanded the diversity of the leadership team by adding several women to key leadership roles
- Ensuring the use of a diverse interview loop
- Equipped managers through interview training to establish the importance of diversity and to increase awareness of unconscious bias
- Continued to work with US military and veteran organisations to attract more diverse candidates



# CEO's presentation

Bruce Gordon, CEO and Executive Director

# Strong growth, expanding operating margin

## *Total Revenue*

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US\$129.8 million, up from US\$98.4 million, an increase of 32%

## *Profit before tax*

---

US\$21.7 million, up from a loss of US\$1.4 million, an increase of 1,631%

## *ARPC*

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US\$1,317 per month, up from US\$1,315 per month, no change

## *Months to Recover CAC*

---

20.2 months, up from 12.7, an increase of 60%

## *Gross Profit Margin*

---

65%, up from 60%, an increase of five percentage points

## *Cash and Cash Equivalents*

---

US\$7.2 million, down from US\$13.9 million, a decrease of 48%

## *Total LTV of Customer base*

---

US\$4.5 billion, up from US\$3.0 billion, an increase of 46%

## *Annual Revenue Retention Rate*

---

>100%

## *EBITDAF*

---

US\$25.1 million, up from US\$1.6 million, an increase of 1,506%

## *Total Customers*

---

10,896 Customers, up from 7,649 Customers, an increase of 42%

## *Total Processing Volume*

---

US\$5.0 billion, up from US\$3.6 billion, an increase of 39%

## *Staff Headcount*

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459 staff, up from 389 staff, an increase of 18%

# 25.9 million

transactions processed over the year

# US\$195

average transaction value over the year

# 19 countries

with supported payments

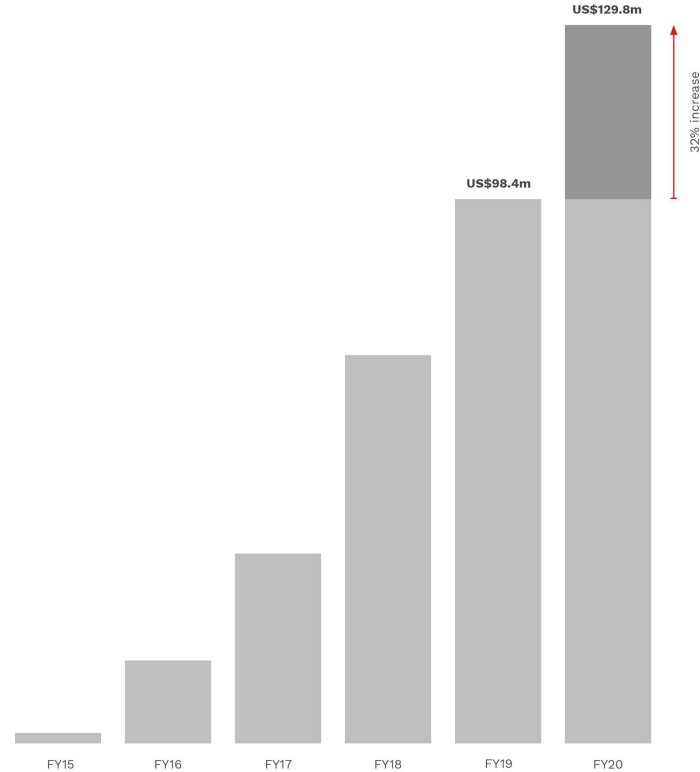
“At Hosanna, we have a vision to grow with love, generosity and unity. Having access to data and insights about our congregation enables us to understand where people are on their journey and surfaces opportunities to connect with people in our community who might need it most.”

Jennifer Ford, Executive Director of Ministry Services  
*Hosanna Church*



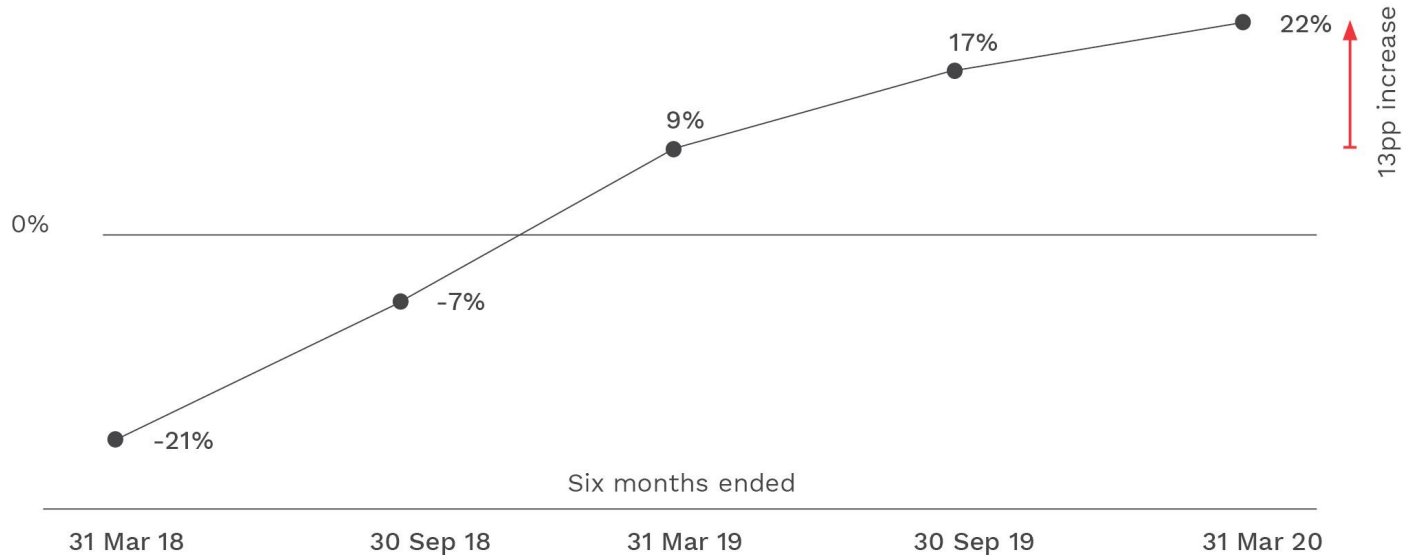
# 32%

total revenue growth





# EBITDAF as a percentage of operating revenue



# Margin improvements and operating leverage

- Pushpay increased gross margin from 60% to 65% for the year ended 31 March 2020
- Excluding the acquisition of the ownership interests in Church Community Builder, Pushpay delivered on its gross margin guidance for the year ended 31 March 2020, increasing gross margin from 60% to 64%
- While Pushpay increased operating revenue by 33% to US\$127.5 million over the year, total operating expenses increased by only 5%
- As a percentage of operating revenue, total operating expenses improved by 13 percentage points, from 65% to 52%
- Operating leverage was largely driven by strong operating revenue growth, improved margins and disciplined cost management

# NPAT and operating cash flow

## *NPAT*

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US\$16.0 million, down from US\$18.8 million, a decrease of 15%\*

## *Operating cash flow*

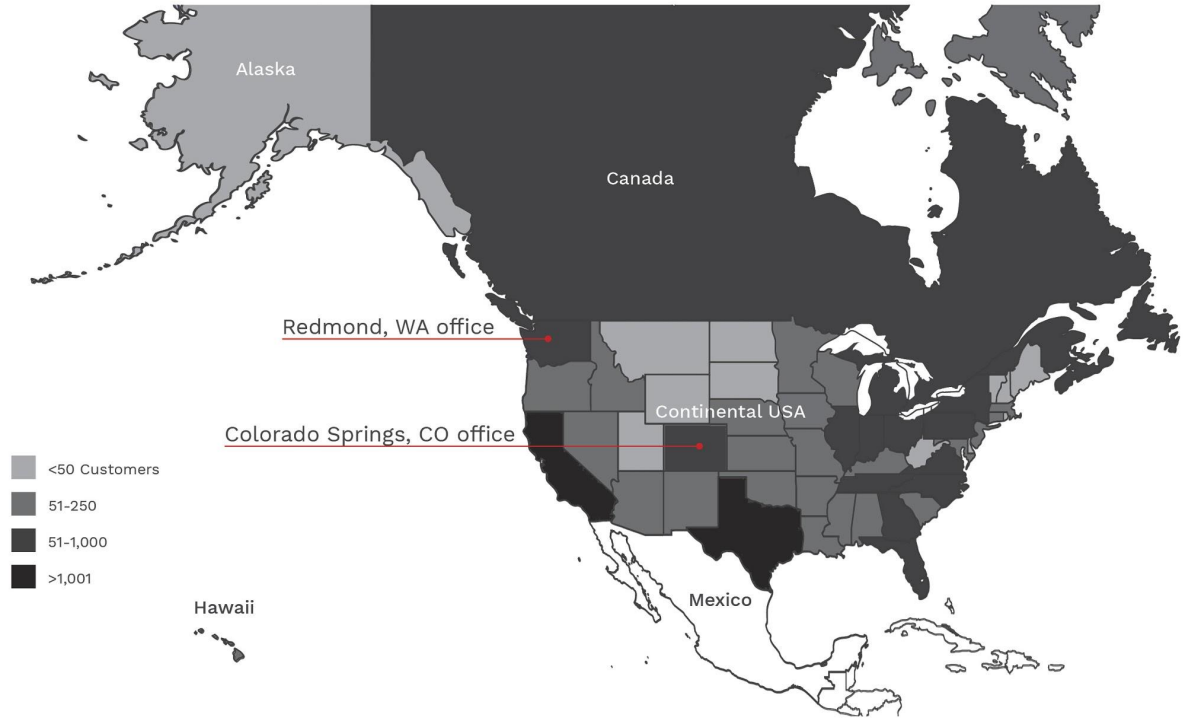
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US\$23.5 million, up from negative US\$2.8 million, an increase of 953%

\* 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. Net profit before tax was US\$21.7 million, up from a loss of US\$1.4 million, an increase of 1,631%.

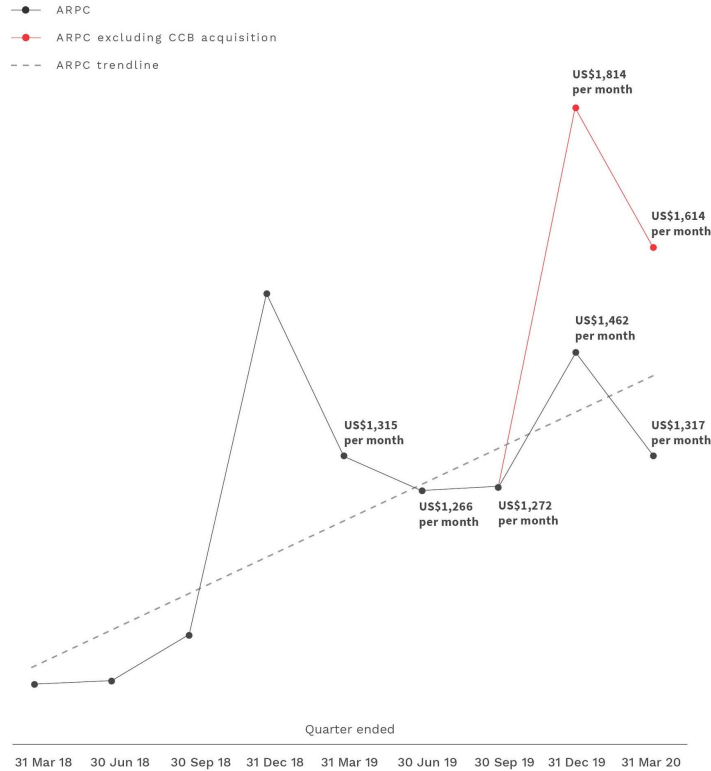
# Customers\*

10,896  
total Customers  
as at 31 March 2020



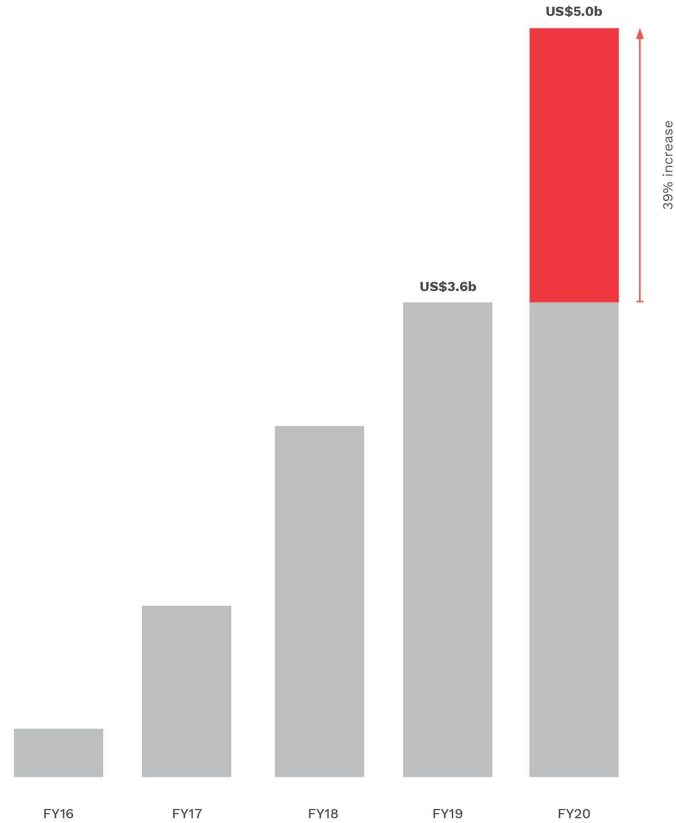
\* Map includes locations in North America of Customers which have been added to the Pushpay platform as at 31 March 2020.

# ARPC growth



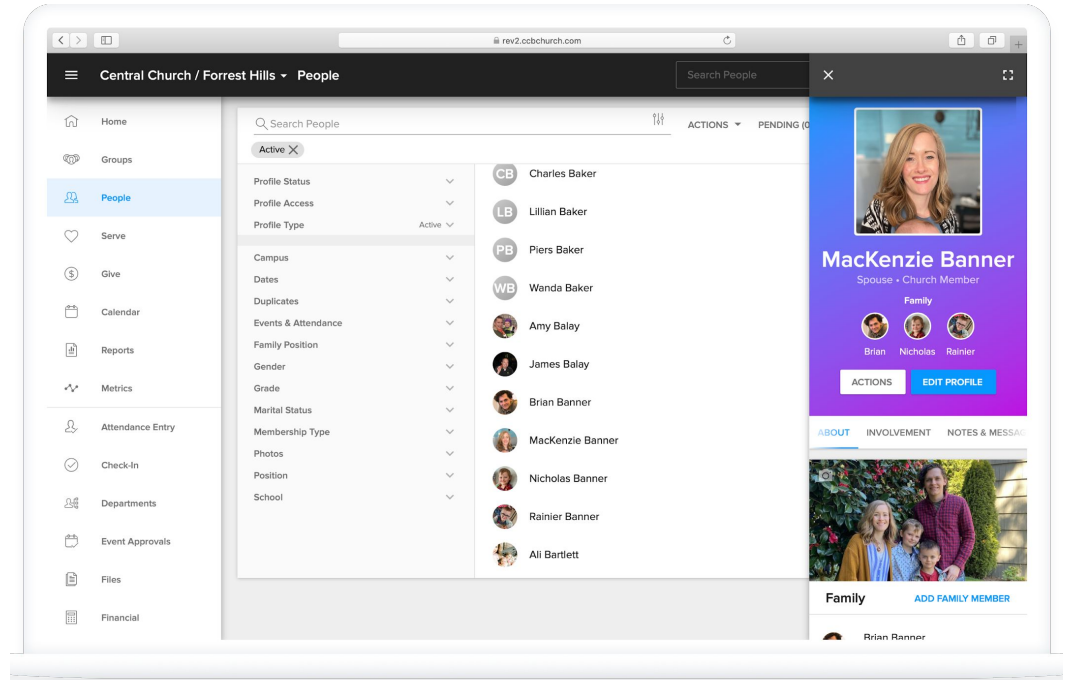
# US\$5.0 billion

## Total Processing Volume

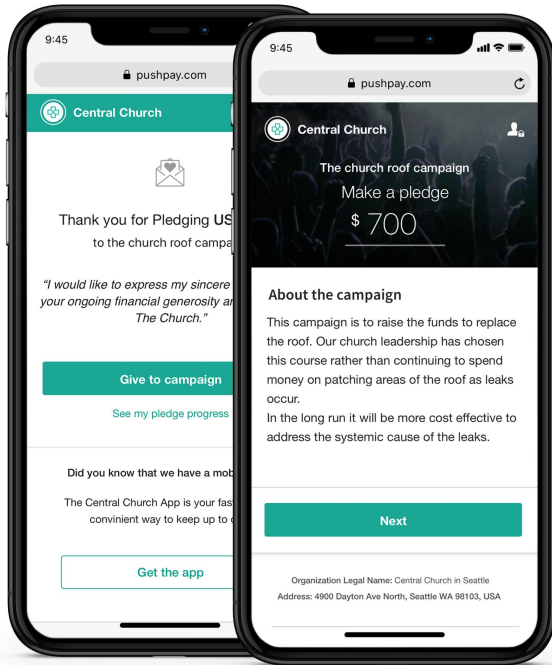


# About Church Community Builder

- Founded in 1999
- Industry leader in ChMS software
- Located in Colorado Springs, Colorado, US
- Provides key data to the church on congregants' engagement
- Mission-minded



# Product design and development

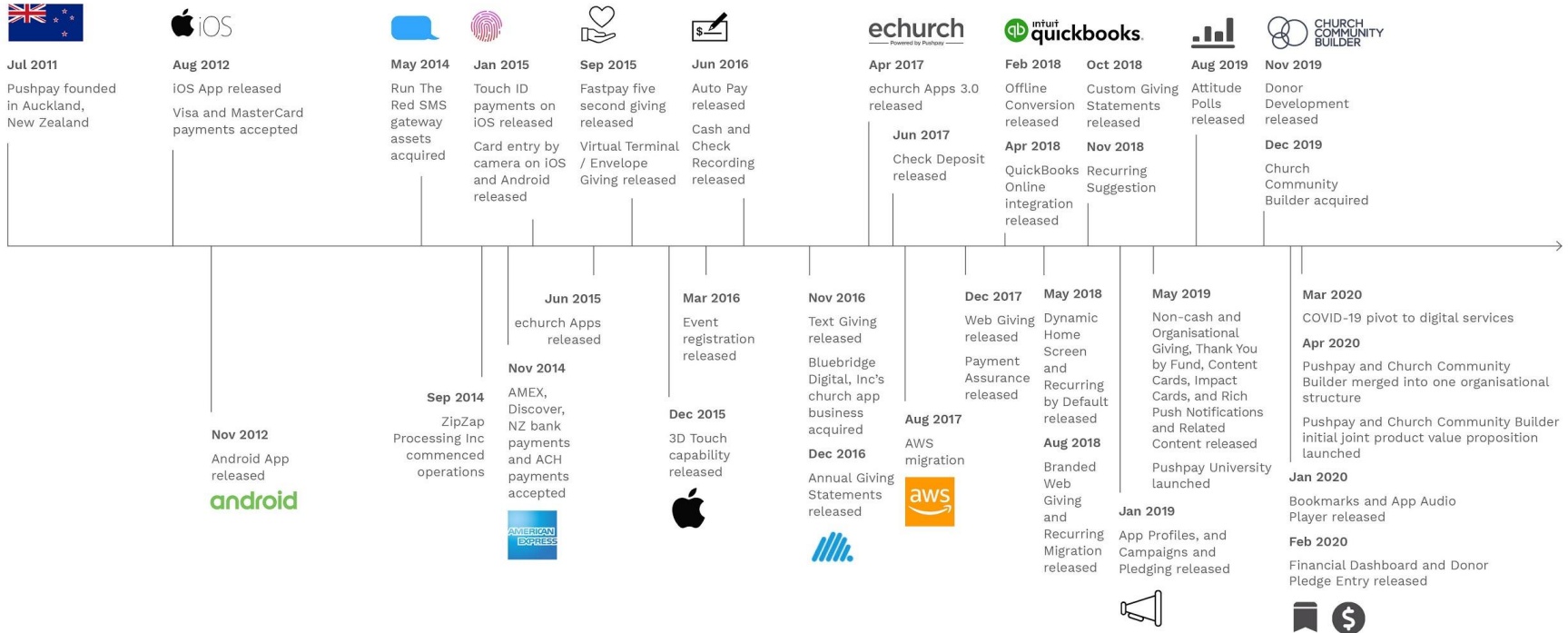


“Our mission is reaching a city to touch a world, and none of that is possible without technology. Not everyone is going to walk through the church doors physically. For us to be able to reach folks where they’re at, whether it’s at home or a coffee shop, technology has been amazing with that.”

*Rob Ferguson, Bethel World Outreach*



# Product design and development



# Church Disrupt

- 21,900+ registrants
- 7,300+ unique churches across 40+ countries
- 7,000+ Church Disrupt app downloads
- Attendance: 75% prospects, 25% Customers

LOUIE GIGLIO  
JUDAH SMITH  
NONA JONES  
HORST SCHULZE  
CHAD FEACH  
WILLIE GEORGE  
TRICA SCORTINO  
DR. MATTHEW STEVENSON  
CAREY NEUWHOF  
JENNI CATRON  
TYLER REAGIN  
CLAY SCROGGINS  
LEONCE CRUMP  
RYAN CAMERON  
WHIT GEORGE  
KADI CARROLL  
NATHAN ARTT  
JIM SHEPPARD  
CHAD ZOLLO  
SHAWN LOVEJOY  
MARK YENNI

**CHURCH DISRUPT**  
REGISTER YOUR TEAM FOR FREE AT  
[CHURCHDISRUPT.COM](https://www.churchdisrupt.com)  
**May 13, 2020**

# Pushpay Cares

## Vision for volunteering

- ✓ Enable staff to give back to the community
- ✓ Support and organise quarterly volunteer events
- ✓ Partner with Customers and key philanthropic organisations
- ✓ Self-governing group to contribute, plan and execute
- ✓ Make a difference through generosity

## How we've made a difference

- **5 October:** Love Snoqualmie Valley; Cover the Valley with Kindness; Snoqualmie Valley, Washington, US
- **2 December:** Bake off for Starship Hospital; Auckland, New Zealand
- **3 December:** Issaquah Food Bank; Issaquah, Washington, US
- **22 January:** Congregations of the Homeless Meal; Bellevue, Washington, US



Churchome: Serve Your City  
Seattle, Washington, US

# Outlook

# Track record of success

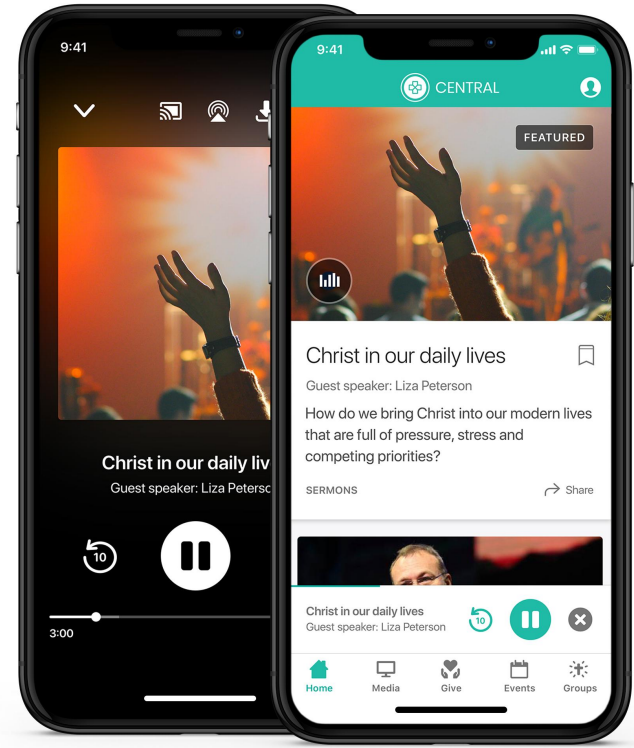
- ✓ 31 December 2014 targets achieved
- ✓ 31 March 2015 target achieved
- ✓ 30 September 2015 target achieved
- ✓ 31 March 2016 target achieved
- ✓ 31 December 2017 target achieved
- ✓ 31 March 2018 target achieved
- ✓ 30 June 2018 target achieved
- ✓ 30 September 2018 target achieved
- ✓ Breakeven on a monthly cash flow basis by the end of calendar year 2018 achieved
- ✓ Total revenue, gross margin and positive EBITDAF guidance for the year ended 31 March 2019 achieved
- ✓ Operating revenue, gross margin, EBITDAF and Total Processing Volume for the year ended 31 March 2020 achieved

# Impacts of COVID-19

- Shift to digital as services move online
- Increase in demand for Pushpay's services
- COVID-19 Campaign: 'Stay Connected When it's Critical' - most viewed content
- Partnership with Stream Monkey


*"As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months."*

- Microsoft CEO Satya Nadella



# Guidance for the year ending 31 March 2021

EBITDAF of between US\$50.0 million and US\$54.0 million  
(previously EBITDAF of between US\$48.0 and US\$52.0 million)



# Shareholder questions



A young Black woman with a large, voluminous afro hairstyle is smiling broadly, looking upwards and to the right. She is wearing a light pink, ribbed, button-down cardigan. She is holding a black smartphone in her right hand. The background is a bright, out-of-focus outdoor setting with green foliage and a building. The word "Resolutions" is overlaid in large white text across the middle of the image.

# Resolutions

# Resolutions

- **Resolution 1:** That Ms Justine Smyth, appointed by the Board as an Independent Director with effect on 26 August 2019, be elected as a Director of Pushpay.
- **Resolution 2:** That Mr Christopher Fowler, appointed by the Board as an Executive Director with effect on 13 December 2019, be elected as a Director of Pushpay.
- **Resolution 3:** That Ms Lovina McMurchy, appointed by the Board as an Independent Director with effect on 30 March 2020, be elected as a Director of Pushpay.
- **Resolution 4:** That the Board be authorised to fix the fees and expenses of Deloitte as auditor.



# Other business



# Appendix



# Key metric definitions

**Annual Revenue Retention Rate** – is revenue retained from Customers and is measured by the amount of revenue at the end of the period, over the amount of revenue from the end of the previous period for Customers who joined Pushpay prior to the end of the previous period.

**Average Revenue Per Customer (ARPC)** – is the combination of monthly Subscription Fees and Volume Fees divided by total Customers. Subscription Fees are based on the Customer product holding, which can vary based on the size of the Customer and Volume Fees are based on payment transaction volume. For Customers who use Pushpay's payment solution, Volume Fees are recognised on a gross basis and associated costs payable to issuing banks, processing partners and the card brands, such as Visa and MasterCard, are classified as expenses. The in-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.

**Cash and Cash Equivalents** – is cash on hand; deposits held at call with financial institutions; and other short-term, highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

**Customer** – is an entity that utilises one or more Pushpay products. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to set up their service. Pushpay views Customers with 0-199 average weekly attendees as small, 200-1,099 average weekly attendees as medium and 1,100 or more average weekly attendees as large.

**Customer Acquisition Cost (CAC)** – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.

**Earnings before Interest, Tax, Depreciation, Amortisation and Foreign Currency (gains)/losses (EBITDAF)** – is a non-GAAP financial measure calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net profit/(loss).

**Lifetime Value (LTV)** – is the gross margin expected from a Customer over the lifetime of that Customer. This is calculated by taking the ARPC multiplied by 12, multiplied by the gross profit percentage, multiplied by the average Customer lifetime (the average Customer lifetime is one divided by churn, being one minus the Annual Revenue Retention Rate). A 97.5% Annual Revenue Retention Rate is used for the purposes of the calculation. Total LTV is calculated as LTV multiplied by total Customers.

**Months to Recover CAC** – CAC months or months of ARPC to recover CAC is the number of months of revenue required to recover the cost of acquiring each new Customer.

**Net Profit after Tax (NPAT)** – is calculated in accordance with NZ IFRS.

**Operating Revenue** – is receipts received from Customers calculated in accordance with IFRS accounting standards.

**Staff Headcount** – is total employees at a specific point in time.

**Subscription Fees** – is recurring fees based on Customer product holding which can vary based on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance).

**Total Processing Volume** – is payment transaction volume through the Pushpay payment platform, that Pushpay derives revenue from within a period. This excludes payment transaction volume that is not processed through the Pushpay payment platform.

**Total Revenue** – is receipts received from Customers and other income calculated in accordance with IFRS accounting standards.

**Volume Fees** – is variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of total donations).



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