

# Pushpay 2021 Interim Results Announcement

**Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado, US – 4 November 2020 (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 2020 and its 2021 Interim Report. This announcement should be read in conjunction with and is subject to, Pushpay's 2021 Interim Report.

Bruce Gordon, CEO and Executive Director said, "We are pleased to deliver a strong result for the six months ended 30 September 2020. Pushpay has delivered solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements over the period.

"Over the six months to 30 September 2020, the Company has made significant progress integrating the Pushpay and Church Community Builder solutions as we continue to execute against our shared vision and strategic goal of becoming the preferred provider of mission-critical software to the US faith sector. 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.

"As COVID-19 has impacted communities and organisations across the globe, Pushpay's teams remained committed to supporting our Customers and providing innovative technology solutions that enable communities to remain connected and engaged through digital means, which is now more important than ever.

"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 operating revenue by US\$29.6 million for the six months ended 30 September 2020, when compared to the prior comparable period, from US\$56.0 million to US\$85.6 million, an increase of 53%. Total revenue for the six months ended 30 September 2020 increased by US\$29.2 million, when compared to the prior comparable period, from US\$57.4 million to US\$86.6 million, an increase of 51%.

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 six months ended 30 September 2020, when compared to the prior comparable period, from 65% to 68%.

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.

## *Expanding operating leverage*

While Pushpay increased operating revenue over the six months ended 30 September 2020 by 53% when compared to the prior comparable period, total operating expenses increased by 16%. As a percentage of operating revenue, total operating expenses improved by 12 percentage points, from 50% to 38%.

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 by US\$17.1 million for the six months ended 30 September 2020, when compared to the prior comparable period, from US\$9.6 million to US\$26.7 million, an increase of 177%.

At the Company's Annual Meeting held on 18 June 2020, Pushpay updated EBITDAF guidance for the year ending 31 March 2021 to between US\$50.0 million and US\$54.0 million (previously EBITDAF of between US\$48.0 million and US\$52.0 million).

We are pleased to announce that Pushpay is increasing its EBITDAF guidance for the year ending 31 March 2021 to between US\$54.0 million and US\$58.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain.

### **NPAT**

NPAT improved by US\$6.9 million over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$6.5 million to US\$13.4 million, an improvement of 107%.

### **Operating cash flow**

Operating cash flow improved by US\$18.1 million over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$8.9 million to US\$27.0 million, an increase of 203%.

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**

Total Processing Volume increased by US\$1.0 billion over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$2.2 billion to US\$3.2 billion, an increase of 48%.

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.

### **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 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.

## Board of Directors



### 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 past 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 Wellington, New Zealand.

## 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.

Due to the restrictions around in-person gatherings, Customers have continued to emphasise 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 six months ended 30 September 2020 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.

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

## Connect product launch

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. Over the six months ended 30 September 2020, sales of the combined product offering, ChurchStaq™, outperformed internal expectations, which reinforces the hypothesis that the majority of customers prefer an integrated end-to-end solution.

## Share split

The Pushpay Board of Directors has approved a four-for-one split of Pushpay's shares. This will result 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 Friday, 27 November 2020. Following the share split, Pushpay will have a total issued share capital of 1,102,610,236 fully paid ordinary shares.

The Pushpay Board of Directors believes that the share split is likely to enhance liquidity in the market for Pushpay's ordinary shares and attract further shareholders.

Key dates (NZT) are as follows:

|   |                                     |
|---|-------------------------------------|
| Last date for trading on a pre-share split basis on the NZX Main Board and ASX    | Tuesday, 24 November 2020           |
| Last date for registration of transfers on a pre-share split basis                | Friday, 27 November 2020            |
| Record date   | 5:00 pm on Friday, 27 November 2020 |
| Commencement of trading on a post-share split basis on the NZX Main Board and ASX | Tuesday, 1 December 2020            |
| Updated holding statements sent to shareholders                                   | By Friday, 4 December 2020          |

## 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 increasing its EBITDAF guidance for the year ending 31 March 2021 to between US\$54.0 million and US\$58.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain.

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 six months ended 30 September 2020.

### **Dial-in details**

New Zealand: 0800 452 795

All countries: +64 9 929 3905

Conference ID (required for dial-in): 10009197

### **Playback details**

Replay of the Interim 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: 10009197

## *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 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).

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