

Dear Shareholder,

## **SCHEME OF ARRANGEMENT - THIS IS AN IMPORTANT MESSAGE FOR SHAREHOLDERS OF PUSHPAY HOLDINGS LIMITED**

You should by now have received the Scheme Booklet and Voting/Proxy Form for the proposed scheme of arrangement under which Pegasus Bidco Limited (**Bidder**) proposes to acquire all of the shares in Pushpay (the **Scheme**). If the Scheme is implemented, the Bidder will pay shareholders (other than shareholders associated with the Bidder) NZ\$1.34 in cash per Pushpay share.

### **Shareholders are strongly encouraged to vote at the Scheme Meeting**

Your vote is important and you are encouraged to have your say. Thank you to shareholders who have already voted.

**Your Non-Conflicted Directors unanimously recommend that shareholders vote in favour of the Scheme, and undertake to vote all of their own Pushpay shares in favour of the Scheme, in the absence of a superior proposal.<sup>1</sup>**

You are strongly encouraged to either attend the Scheme Meeting in person or online and vote; or appoint a proxy to attend and vote at the Scheme Meeting on your behalf. **The fastest way to vote is to complete your Voting/Proxy Form online at [vote.linkmarketservices.com/PPH](https://vote.linkmarketservices.com/PPH). This must be done before 11:00 am (NZT) on 1 March 2023.** Further information on how to appoint a proxy for, or how to attend and vote at, the Scheme Meeting is set out below and in the [Scheme Booklet](#).

### **Frequently Asked Questions**

Since we released the Scheme Booklet on 3 February 2023, we have received several questions from shareholders about the Scheme. To ensure transparent disclosure to all shareholders, we have prepared responses to a number of Frequently Asked Questions. These answers expand on the process that led to the Scheme and the Non-Conflicted Directors' decision to recommend the Scheme to shareholders. You can view these on the Pushpay website at [www.pushpay.com/investors#scheme-of-arrangement](https://www.pushpay.com/investors#scheme-of-arrangement).

### **Recent trading performance**

Pushpay is in the process of implementing a number of growth initiatives. These initiatives represent a significant opportunity, but several of these initiatives are at a relatively early stage and there are uncertainties as to timing, investment and resulting earnings growth.

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<sup>1</sup> The Non-Conflicted Directors may change their recommendation and vote against the Scheme if there is a superior proposal prior to the Scheme Meeting which the Bidder does not match in accordance with the matching rights set out in the Scheme Implementation Agreement. In addition, your Non-Conflicted Directors reserve the right to change their recommendation or vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the Pushpay shares and, after that change, the Scheme consideration is below the Independent Adviser's valuation range for the Pushpay shares.

On 7 February 2023, we confirmed and narrowed our previous Underlying EBITDAF<sup>2</sup> guidance for the year ending 31 March 2023 to between US\$55.0 million and US\$57.0 million (previously US\$54.0 million to US\$58.0 million) and narrowed our guidance for expected operating revenue growth to be between 5% and 6% for that financial year (compared with our previous guidance of 4% to 8% growth in operating revenue).

The lowering of the midpoint of our revenue growth guidance primarily reflects slower front book growth, which has impacted processing and subscription revenue:

- As at 31 January 2023, total Customers (including Resi Media) were 14,624, being an increase of 1% compared to 31 March 2022 (total Customers of 14,508).<sup>3</sup>
- For the financial year-to-date to 31 January 2023, excluding Resi Media Customers, Pushpay's number of large Customers is flat, medium Customers has declined by 5% and the number of small Customers has increased by 1%.
- On a like-for-like basis (i.e. removing the impact of Resi Media) subscription revenue has grown by 1%, and processing revenue has been flat, over the same period in the current financial year compared with the previous financial year.

### Scheme Meeting of Shareholders

A special meeting of Pushpay shareholders (**Scheme Meeting**) will be held at **11:00 am (NZT) on Friday, 3 March 2023** online via the Link Market Services Virtual Meeting platform at <http://www.virtualmeeting.co.nz/pphsm23> and in person at Link Market Services, Level 30, PwC Tower, 15 Customs Street West, Auckland 1010.

If you are attending online, you will require your Holder Number for verification purposes.

It is important to note that if the requisite voting thresholds are not met, the Scheme will not proceed. For the Scheme to proceed, it must be approved by Pushpay shareholders, as follows:

- 75% or more of the votes of shareholders in each interest class<sup>4</sup> who are entitled to vote and actually vote must be voted in favour of the Scheme; **and**
- more than 50% of the total number of Pushpay shares on issue must be voted in favour of the Scheme.

### Ways to Vote

Shareholders who are eligible to vote can vote in the following ways:

1. Complete the Voting/Proxy Form online at [vote.linkmarketservices.com/PPH](http://vote.linkmarketservices.com/PPH).
2. Complete and return the personalised Voting/Proxy Form previously sent to you.
3. Attend the Scheme Meeting online at <http://www.virtualmeeting.co.nz/pphsm23>. If you are attending online, you will require your CSN/Holder Number for verification purposes.
4. Attend the Scheme Meeting in person at Link Market Services, Level 30, PwC Tower, 15 Customs Street West, Auckland 1010.

Further information on how to appoint a proxy, revoke a proxy appointment, and how to change your voting directions to your proxy is set out in the Voting/Proxy Form and in the Procedural Notes in Section 4 of the Scheme Booklet.

### Correction to the Independent Adviser's Report

It has come to our attention that there are a small number of errors in the Independent Adviser's Report that forms part of the Scheme Booklet.

<sup>2</sup> See Pushpay's 2022 Annual Report for the definition of Underlying EBITDAF.

<sup>3</sup> See Pushpay's 2022 Annual Report for the definition of Customer.

<sup>4</sup> There will be two interest classes for the purposes of the Scheme Meeting, being, respectively, associates of Sixth Street and BGH Capital in one interest class and all other Pushpay shareholders in the other interest class. For more information, see Section 6.1(b) of the Scheme Booklet.

Page 21 of the Independent Adviser's Report contains a table that sets out Pushpay's forecast growth for two key operating drivers, being the number of customers and the number of products utilised. The table states that Pushpay forecasts growth in customer numbers of 12% over FY22 to FY25.<sup>5</sup> This is incorrect. Pushpay's actual forecast growth in customer numbers over that period is 8%. In addition, the table incorrectly states that Pushpay forecasts growth in the number of products utilised of 19% over FY22 to FY25 and 26% over the period FY25 to FY27.<sup>6</sup> The table should have stated forecast growth of 16% over the period FY22 to FY25 and 25% over the period FY25 to FY27. In addition, the commentary regarding forecast product growth on page 22 of the Independent Adviser's Report should be read as referring to the corrected forecast growth rates.

The Independent Adviser has confirmed that the forecasts that were used by the Independent Adviser for valuation purposes were correct (i.e. they reflected the corrected forecast growth rates set out above, not the inaccurate growth rates referred to in the output table on page 21 of the Independent Adviser's Report). Therefore, the correction of the errors in the Independent Adviser's Report does not change the Independent Adviser's valuation range for the Pushpay shares or the Independent Adviser's assessment of the merits of the Scheme.

For clarity, we have set out below an updated table which includes the correct forecast growth information:

Operating drivers	2022A-2025F	2025F-2027F
Number of customers	8%	22%
Number of products utilised	16%	25%

## Conclusion

You should read the Scheme Booklet (including the Independent Adviser's Report included in the Scheme Booklet) carefully before you decide how to vote. If you have not yet received, or if you have misplaced, your Scheme Booklet and/or Voting/Proxy Form, you can request a replacement by calling the shareholder information line on 0800 408 312 (toll free within New Zealand) or 1300 188 463 (toll free within Australia) between 9:00 am and 7:30 pm (New Zealand time), Monday to Friday. In addition, you can obtain an electronic copy of the Scheme Booklet (and various other documents relating to the Scheme) from the Pushpay website at: [www.pushpay.com/investors#scheme-of-arrangement](http://www.pushpay.com/investors#scheme-of-arrangement). If you have any questions in respect of the Scheme, you may wish to seek your own professional advice.

On behalf of the Non-Conflicted Directors, I re-iterate our recommendation that you vote in favour of the Scheme. I look forward to your participation either at the Scheme Meeting or through your proxy vote.

Yours faithfully,



**Graham Shaw**  
Chair of the Board

<sup>5</sup> The financial year ended 31 March 2022 to the financial year ending 31 March 2025.

<sup>6</sup> The financial year ending 31 March 2025 to the financial year ending 31 March 2027.