

Pushpay Scheme Meeting - Chair's address

Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado; Plano, Texas, US – 3 March 2023 (NZT)

1. Welcome

Good morning and afternoon. I am Graham Shaw, Chair of Pushpay.

I would like to welcome shareholders to today's special meeting, including those joining us online.

Before we start, for those in the room, if there is an emergency, please follow the emergency exit sign near the registration desk. Should you require assistance please raise your hand.

2. Virtual Meeting Procedures

For our online shareholders, you are able to ask questions and submit votes. To get an online voting card, you will need your shareholder number which is on your proxy form or in the emails sent by LINK. If you encounter any issues, please refer to the online portal guide or you can phone the helpline displayed in the top right of your screen.

I am joined today by my fellow Director, Lorraine Witten in Auckland, New Zealand. Joining us online from the US are Directors Lovina McMurchy, Sumita Pandit and John Connolly. Chris Fowler is currently in Guatemala at his son's wedding and is unable to join us. Also with us in Auckland is our Chief Executive Officer, Molly Matthews.

This is a single purpose meeting for shareholders to consider and vote on the Scheme of Arrangement with Pegasus Bidco Limited, which is a company associated with the Sixth Street and BGH Capital shareholder consortium.

Voting on the resolution, which seeks shareholder approval to the Scheme, will be by way of poll. For those in the room today, Link will collect your voting papers after discussion on the resolution. To vote online, please click "Get a voting card", enter your shareholder number and submit your vote. You have the ability to change your vote, up until the time I declare voting closed. Online voting is now open.

We will shortly run through the proxy votes received, the key details of the Scheme and the Board's recommendation, then take questions before moving to the vote.

A quorum is present, the special meeting is duly convened and I declare it open.

The Scheme Booklet, which contained the Notice of Meeting and explanatory notes, has been circulated to shareholders and I will take it as read.

3. Voting thresholds

To approve the Scheme, it is necessary for two voting thresholds to be met. These are:

- 75% or more of the votes cast (in each interest class) 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.

There are two interest classes for the purposes of the Scheme. The first interest class is made up of those shareholders who are associated with BGH Capital or Sixth Street. The second interest class is made up of all other shareholders.

4. Proxy voting results

As advised yesterday, a significant amount of Pushpay's shares have been voted by proxy.

As of this morning at 9:00 am (NZT), Pushpay has received proxy votes for 80% of the shares in the Company, of which 67% are in favour.

- For the First Interest Class (being associates of BGH Capital and Sixth Street) 100% of shares voted were in favour of the Scheme.

- For the Second Interest Class (being all shareholders excluding associates of BGH Capital and Sixth Street) 56% of shares voted were in favour of the Scheme.
- 54% of the total number of Pushpay shares on issue were voted in favour of the Scheme.

As a result of the proxy votes received, and absent a material change at this meeting in the votes of shareholders who have already cast proxy votes, the Scheme will not receive the required 75% majority of the Second Interest Class and the resolution will not pass.

5. Key details of the Scheme

As you know, the Sixth Street and BGH Capital shareholder consortium has proposed to acquire 100% of the shares in Pushpay, by way of a Scheme of Arrangement. The Scheme price being offered for your shares is NZ\$1.34 per share.

The Scheme price is within the Independent Adviser's valuation range for Pushpay shares of NZ\$1.33 to NZ\$1.53 per share.

I would now like to hand it over to Lorraine Witten, Chair of the Independent Committee to discuss the key rationale for the recommendation and background to the Scheme.

6. Key rationale for Non-Conflicted Directors' recommendation

We have received a number of questions from shareholders in the lead up to this meeting relating to valuation and our forecasts.

A key valuation driver to consider is Pushpay's future financial performance and the achievability of Pushpay's growth plan. Pushpay is currently in the process of implementing a number of growth initiatives, including a reset of its sales and marketing strategy and team, as well as investment in new customer segments, including its Catholic segment expansion. These initiatives represent an opportunity for Pushpay, but several of these initiatives are at a relatively early stage and there are uncertainties as to timing, investment and ultimately, the degree of future success.

These risks have been evidenced by the downward revision of our revenue and earnings guidance in October 2022 and in the near-term by slower front book growth, which has impacted processing and subscription revenue year-to-date to 31 January 2023, which we have previously advised the market.

Pushpay's forecasts were the basis for the valuation analysis undertaken by Grant Samuel (the Independent Adviser appointed to assess the merits of the Scheme) and were used by Grant Samuel for their scenario analysis to derive their valuation range. We acknowledge that Grant Samuel noted in its report that, based on the low level of organic growth achieved in the past two years, it believes that the company's forecasts appear to be optimistic.

The Non-Conflicted Directors undertook their own internal assessment of the execution risks associated with achieving the growth initiatives underpinning the forecasts and assessed a range of our own sensitivities and scenarios to potential earnings estimates.

After undertaking this risk assessment and having regard to the valuation advice we received and our own views of the value of Pushpay, the Non-Conflicted Directors concluded that the Scheme represented the most compelling risk-adjusted value for shareholders. It provided shareholders with an opportunity to accelerate a capital return, while also mitigating the risks and uncertainties that are otherwise involved in delivering the opportunities from executing Pushpay's strategic plan over time. No superior proposal has been received prior to this meeting and the Non-Conflicted Directors believe that a superior proposal is unlikely to emerge. Pushpay's share price will likely fall if the Scheme is not implemented.

Pushpay's Non-Conflicted Directors reiterate their unanimous recommendation that shareholders should vote in favour of the Scheme, and undertake to vote all of their own Pushpay shares in favour of the Scheme.

7. Background to the Scheme

In early 2022, Pushpay received a number of unsolicited, non-binding, conditional, expressions of interest from third parties interested in acquiring the Company. Pushpay announced the receipt of those expressions of interest to the market on 26 April 2022.

In response to the expressions of interest, Pushpay formed an Independent Committee of Directors. The Committee comprised all of Pushpay's independent directors and was chaired by myself. Due to his role as a Senior Adviser to Sixth Street, director John Connolly was not a member of, and did not participate in, the Committee. The Committee appointed Goldman Sachs as financial adviser, Harmos Horton Lusk as New Zealand legal adviser and Shearman & Sterling as US legal adviser. The company also engaged additional external resources to assist it to respond to the expressions of interest, to ensure that management could remain focused on implementing Pushpay's growth strategy.

With the assistance of its financial adviser, the Committee implemented a process designed to explore the potential for a transaction that would be in the best interests of shareholders as a whole, with a view to enhancing shareholder value. Following the 26 April 2022 announcement, Pushpay received further unsolicited interest from third parties and proactively approached various other parties which had been identified as potentially having an interest in a transaction involving Pushpay.

In addition to the members of the Sixth Street and BGH consortium, the company signed non-disclosure agreements with over a dozen third parties, including both financial sponsors (e.g., private equity firms) and strategic participants. Based on engagement with those parties (including an assessment of their level of interest, proposed pricing, proposed conditions and execution risks), the Committee selected a small group to undertake detailed due diligence on Pushpay.

In considering the options resulting from the process, including the possibility of continuing to implement Pushpay's growth strategy as a publicly listed company, your Non-Conflicted Directors adopted a long-term view of the risks and rewards of various alternatives. As part of this, the Board obtained confidential valuation advice from its financial adviser and, separately, obtained confidential valuation advice from an external valuation firm.

After a thorough assessment, on 28 October 2022, the Board concluded that the Scheme represented the most compelling risk adjusted value for shareholders. The Non-Conflicted Directors considered it is appropriate to recommend the Scheme to shareholders where the Scheme consideration is within our assessment of the range of the company's value. Our valuation views are broadly consistent with the external valuation advice we received and the Independent Adviser's valuation range.

I would like to note that despite some public commentary from a number of our shareholders of their intention to vote against the Scheme, we have received feedback that the Non-Conflicted Director's decision to present the Scheme to shareholders is appreciated. Doing so provides shareholders, as the owners of Pushpay, with the opportunity to decide on the future of the company.

With that, I will now hand it back over to Graham.

8. Next steps and key dates

The outstanding positive conditions needed for the Scheme to be implemented is shareholder approval which will be sought at today's meeting, and if shareholder approval is obtained, the final orders of the Court. I reiterate that absent a material change in the votes of shareholders who have already cast proxy votes, the Scheme will not receive the required 75% majority of the Second Interest Class and the resolution will not pass.

There are also some other conditions that continue to apply to the Scheme until just before implementation. In broad terms, those conditions require that there are no restraining orders that would prevent or materially restrict the Scheme, that there is no Material Adverse Change to Pushpay's earnings and that there is no Prescribed Occurrence (as that term is used in the Scheme Implementation Agreement). The Non-Conflicted Directors do not currently anticipate that any of these conditions will be breached.

If shareholder approval is obtained, then the Scheme is expected to be implemented between 28 March 2023 and 11 April 2023. If the Scheme is implemented, shareholders who hold shares on the record date for the Scheme will be paid the Scheme consideration on the implementation date. More information on the timing of key implementation steps is set out on page 14 of the Scheme Booklet.

If the resolution is not approved by shareholders and Pushpay and the bidder have not agreed by 5:00 pm on Tuesday 7 March to hold another shareholder meeting (or otherwise agreed to terminate the Scheme), then either party can terminate the Scheme. If this occurs, the Scheme will not proceed, and you will not be paid the Scheme consideration. Pushpay will remain listed on the NZX and ASX, you will retain your shares in Pushpay and continue to be exposed to the risks and opportunities of executing Pushpay's strategic plan over time.

9. Scheme resolution

I will now move onto the resolution before the meeting – that the Scheme (the terms of which are described in the Scheme Booklet) be and is hereby approved. For the purposes of the resolution, the Scheme Booklet is the Scheme Booklet dated 3 February 2023.

10. Shareholder discussion

We will now provide the opportunity for shareholders to ask any questions. For our online shareholders, if you would like to ask a question, click on the 'Ask a Question' box either at the top or bottom of the webpage. Questions may be moderated or if we receive multiple questions on one topic we will amalgamate the questions together.

11. Voting

Only shareholders, proxy holders or corporate representatives of a shareholder may vote on today's resolution. The record time for voting eligibility was 7:00 pm on 1 March 2023 and the share register at that time will be used for voting purposes.

Please cast your vote under the "Get a Voting card" tab on the meeting platform or complete your voting form, if you are in the room today.

Once you have completed your selection online, please click Submit Vote on the bottom of the card to lodge your vote.

If you have already voted by proxy but wish to change your vote today, please revoke your vote and submit your new vote. This will take precedence over your previous proxy vote.

If you have any difficulties, please contact the helpline number displayed in the top right of your screen.

If you are present at the meeting, please use the voting card given to you when you registered at the door to vote. If you are entitled to vote and do not have a voting card please raise your hand now and you will be provided with one. Link Market Services will collect your voting papers shortly.

For clarity, my fellow directors and I intend to vote all discretionary proxies we have received in favour of the resolution as set out in the Notice of Meeting.

Thank you. Online voting will now be closed. Our share registrar, Link Market Services, will count the votes and our auditor, Deloitte, will scrutinize the count. We will release the full results of today's vote to the NZX and ASX as soon as practicable.

Before I close the meeting, is there any other business that shareholders would like to raise?

12. Close of the meeting

In closing, I would like to acknowledge and thank all shareholders for your support of Pushpay, our wonderful New Zealand and US teams for their passion and focus on our customers, and the Board and management team for your efforts. We were pleased to give shareholders an opportunity to vote on the Scheme.

The expressions of interest from numerous parties and the offer from BGH and Sixth Street are a reflection of Pushpay's reputation and potential. The Scheme process has highlighted the support for Pushpay's long term potential and the ability of the Board and management team to execute on growth plans.

Pushpay's share register has changed during the Scheme process, with a number of hedge funds buying in anticipation of the Scheme progressing. If the Scheme is terminated, we would expect that these hedge funds would sell down, which may affect Pushpay's share price. The company will be engaging with existing and potential shareholders to ensure a supportive investor base for the future.

As a Board, we believe in Pushpay's future and the ability of Pushpay's experienced and passionate team to deliver on growth initiatives. We will continue to keep shareholders updated on our progress.

I now declare this special meeting of shareholders closed.

ENDS