

# Pushpay 2022 Interim Results Announcement

## Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado; Plano, Texas, US – 10 November 2021 (NZT)

Pushpay Holdings Limited (NZX:PPH, ASX:PPH) ('Pushpay' or 'the Company') is pleased to present its financial results for the six months ended 30 September 2021 and its 2022 Interim Report. This announcement should be read in conjunction with and is subject to, Pushpay's 2022 Interim Report.

Molly Matthews, CEO said, "We are pleased to deliver our results for the first six months of the 2022 financial year. Pushpay continued to deliver revenue growth, Total Processing Volume growth, net profit growth and EBITDAFI growth over the period, whilst maintaining sustainable margins and underlying operating metrics.

"Over the period, Pushpay further set the foundation for future growth. We increased the number of Products purchased and welcomed new Customers, while continuing to successfully realise strategic product bundling opportunities within the Customer base. We completed the strategic acquisition of Resi Media and made significant enhancements to our existing product suite. Our performance represents the value that our Customers attribute to Pushpay's differentiated solutions and the meaningful progress achieved as we continue to execute against our strategic goal of being the preferred provider of mission-critical software to the US faith sector.

"Throughout the evolving COVID-19 environment, our Customers and our dedicated team have continued to admirably adapt to the conditions that are faced by communities and organisations worldwide. Pushpay's solutions enable communities to stay connected and engaged through innovative digital means, which we know is now more important than ever."

### Key performance highlights

- Total Processing Volume increased from US\$3.2 billion to US\$3.5 billion, an increase of 9% over the six months ended 30 September 2021, when compared to the prior comparable period. While Pushpay saw a softer period to begin the first half of the current financial year, Total Processing Volume growth in the second quarter was higher than the first quarter and the level of digital penetration within our Customer base remained consistent. We expect continued growth in Total Processing Volume driven by continued growth in the number of donor management system Products utilised by Customers, further development of our product set resulting in higher adoption and usage, and increased adoption of digital giving in our Customer base.
- Despite the impacts being felt globally from COVID-19, Pushpay has maintained an average Annual Revenue Retention Rate of over 110% over the last five comparable periods ended 30 September, with the period ended 30 September 2021 maintaining this average.
- Pushpay increased operating revenue by US\$7.9 million to US\$93.5 million for the six months ended 30 September 2021, an increase of 9%. Excluding Resi Media, Pushpay increased operating revenue by US\$6.1 million, an increase of 7%. 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.
- Net profit after tax increased by US\$5.7 million to US\$19.1 million over the six month period, an increase of 43% when compared to the prior comparable period.
- Pushpay enters its next phase of growth with a durable and sustainable gross margin. Gross margin increased from 68% to 69% for the six month period.
- Pushpay increased EBITDAFI to US\$26.9 million for the six month period. The Group reviews its performance using Underlying EBITDAFI, which excludes costs such as acquisition related costs, and believes this measure provides a more appropriate representation of the Group's performance. Underlying EBITDAFI increased by US\$3.1 million to US\$29.6 million, an increase of 12%.

### *Resi Media acquisition*

Alongside delivering organic growth over the six months ended 30 September 2021, Pushpay strengthened its value proposition by completing the strategic acquisition of 100% of Resi Media for US\$150 million in cash and Pushpay shares, effective 25 August 2021. Resi Media is a US-based, high growth SaaS company serving customers predominantly in the faith sector. Resi Media's offerings comprise live streaming services to web, social media, mobile apps and other locations, and multisite streaming which delivers video to remote locations. The addition of Resi Media further broadens our core product offering and strengthens our digital technology strategy as we continue to execute against our shared strategic goal.

### *Our people*

We are extremely proud of our people who continue to adapt to the challenging and changing circumstances of the evolving COVID-19 environment. We prioritise the wellbeing and health of our employees to ensure they thrive, as we know the dedication and commitment of our team is the reason for our success. As we continue to execute on our strategy, attracting and retaining exceptional talent is critical to our success.

### *Board and leadership*

The composition of our Board further evolved over the first six months of the financial year. Bruce Gordon resigned as a Non-executive Director, effective 16 June 2021. The Board and management thank Bruce for his invaluable contribution to the Board and immense support of Pushpay over the past 10 years.

In September 2021, we were pleased to welcome two new US-based directors to the Board, Sumita Pandit as an Independent Director and John Connolly as a Non-executive Director.



#### **Sumita Pandit | Independent Director**

Sumita is the Chief Operating Officer of dLocal, a technology-first payments platform enabling global enterprise merchants to connect with billions of consumers in emerging markets. Prior to joining dLocal, Sumita was a Managing Director and Global Head of Fintech Investment Banking for J.P. Morgan. Sumita brings nearly two decades of experience in investment banking, advising companies across verticals in fintech including payments, financial software, neo-banks and insurtech.



#### **John Connolly | Non-executive Director**

John is a Senior Advisor to Sixth Street providing guidance to portfolio company CEOs and management teams on strategic and operational issues associated with growth. He brings a 30-year track record of innovation, vision and execution in creating successful growth companies. John has served as chairman, non-executive chairman or director on over 35 boards, including A Cloud Guru, Paycor and Regulatory DataCorp (RDC) where he served alongside Michael McGinn, Co-Head of Sixth Street's Growth

business. John was previously a Managing Director at Bain Capital Ventures, Chairman and CEO of M|C Communications, Chairman of Edgar Online, Chairman of the Princeton Review, President and CEO of Institutional Shareholder Services (ISS), and held several senior positions at IBM, including leading the integration to create the IBM Business Consulting Group.

On our management team, Kevin Kuck was appointed as Chief Operations Officer in August 2021 after previously serving as Senior Vice President of Operations.



### **Kevin Kuck | Chief Operating Officer**

Kevin has spent over seven years at Pushpay, and his expertise on organisational design and process improvement has helped enable the Company to quickly scale amidst years of rapid growth. He played an integral part in the success of the Church Community Builder acquisition, guiding the IT and operations teams through the business integration process. Kevin's leadership has helped ensure the longevity of Pushpay's systems and tools, which enable the Company and its employees to serve its Customers well.

Shane Sampson resigned as CFO, effective 1 October 2021. The Board and management thank Shane for his dedication and commitment to the Company over the past six years. Richard Keys was appointed as Interim CFO, effective 6 September 2021.



### **Richard Keys | Interim Chief Financial Officer**

Richard is an experienced listed-company executive with 30 years of healthcare and management experience in large and complex organisations. He has held a number of executive and non-executive roles, including Chief Executive Officer at Abano Healthcare Group Limited from 2015 - 2021. Richard has strong strategic, governance and leadership skills, and is providing strength to the Pushpay leadership team while recruitment for a US-based CFO is underway.

### **Church Disrupt 2021**

Throughout COVID-19 it has become increasingly important for Customers and prospective customers to discover new ways to engage with their congregations through modern digital experiences. As an extension of Pushpay's high-touch 'Thought Leader' series, we hosted our second digital conference event in May 2021, Church Disrupt, bringing together church leaders from around the globe for thought provoking keynotes, engaging breakout sessions and conversations focused on leading through change, innovation and the future of church technology ([www.churchdisrupt.com/](http://www.churchdisrupt.com/)). Church Disrupt 2021 delivered four hours of content, five inspiring keynotes, 12 breakout sessions and hosted more than 20 innovative speakers.

### **Our market**

Despite pressures that have been felt globally from the COVID-19 environment, Pushpay has not seen any material change in digital giving reverting to non-digital means, indicating that our Customers in the US

faith sector may have undergone a fundamental technological shift as a result of the current environment. While the US faith sector historically operated with antiquated solutions that have not kept up with modern technology, the COVID-19 environment has accelerated the adoption of technology within the faith sector. Digital giving and engagement is now a mission-critical factor within a church's engagement strategy.

The level of digital penetration within our Customer base remained stable over the six months, while Customer churn also remained consistent when compared to the prior comparable period. We anticipate digital adoption within our Customer base to continue to grow over time, albeit at a slower rate than before COVID-19 driven acceleration.

### *Strategy*

Pushpay continues to focus on investing for sustainable future growth, 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 execute on our strategy, Pushpay expects to see continued growth through further expansion of our existing suite of solutions, providing bundled product offerings to existing Customers, growing our Products utilised by Customers, while also attracting new customers and expanding our reach into new segments.

The acquisition of Resi Media is part of our strategy to attract an increased number of new customers across multiple segments, while providing the ability to realise material synergy opportunities through product bundling and integration with Pushpay's sales and marketing engine.

### *Catholic segment expansion*

Pushpay has successfully established its value proposition within Protestant segment of the market and we remain focused on maintaining solid market share growth in this segment. We intend to replicate our success in the Protestant segment as we expand our services into the Catholic segment, where significant long-term opportunity exists.

Pushpay's expansion into the Catholic segment is a medium to longer-term initiative. As we continue to execute on our strategy, in the short to medium term, we remain focused on growing the number of Products purchased by Customers as well as increasing the number of Customers, along with the integration of Resi Media.

In September 2021, Pushpay's Catholic product brand for the Pushpay suite of solutions, ParishStaq, was introduced to a targeted group of priests, parishes and dioceses at the 2021 International Catholic Stewardship Conference. As Pushpay increases its presence within the Catholic segment, we are seeing the majority of Catholic Customers adopt the ParishStaq platform, further validating the market hypothesis around the efficacy of a full product solution for both Protestant and Catholic churches.

As previously disclosed, the current financial year is serving as a key period of initial investment as Pushpay's team focuses on establishing relationships and increasing engagement with key stakeholders within the Catholic segment. While Pushpay has made an initial investment in talent over the first half of the financial year, our overall investment into the Catholic initiative is currently lower than originally anticipated primarily due to the recruitment process in a tight labour market being slightly slower than expected.

Pushpay expects to further increase product design and development headcount to plan over the remainder of the current financial year as we continue to develop the functionality of our suite of solutions to serve the Catholic segment. As previously advised, where appropriate, Pushpay will be capitalising any product design and development costs associated with the Catholic initiative.

Pushpay is currently focused on engagement and ramping go-to-market resources for the Catholic initiative. We expect the benefits from the Catholic segment to be realised incrementally over the course of the following years.

## Outlook

Pushpay has reported a positive start for the first half of the current financial year, and we expect continued revenue growth, as we continue to execute on our strategy to gain further market share and growth through continued innovation of our Products, bundling Products for existing and new Customers, integration of Resi Media and expanding into the Catholic market. Pushpay believes this is the best way to maximise shareholder value in both the short and long term.

During the first quarter of this financial year, we experienced lower Total Processing Volume growth than expected, with the second quarter improving with double digit growth compared to the same period last year. The level of digital penetration within our Customer base has remained consistent. We have also seen ongoing impacts from the COVID-19 environment, with consolidation of some churches, particularly in the small segment, and slower decision making on new subscriptions, particularly over the US summer holiday period. We have plans in place to address this and expect to see this improve.

Like other organisations, Pushpay has felt the impacts of rising wage pressures of the competitive hiring and retention environment in both the US and New Zealand markets, particularly in the IT sector. As we remain committed to attracting and retaining high-quality talent, staff costs have increased higher than originally anticipated, as we respond to the competitive environment.

Pushpay is now expecting to achieve Underlying EBITDAFI for the year ending 31 March 2022 of between US\$60.0 million and US\$65.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain. Excluding the costs associated with the investment into the Catholic initiative, Pushpay expects to achieve Underlying EBITDAFI for the year ending 31 March 2022 of between US\$62.0 million and US\$67.0 million.

In the long-term, Pushpay continues to increase the appeal of our products to new customers in existing and new segments of the market, increasing the number of Products subscribed to by both existing and new Customers, increase the revenue per Customer through continued innovation, and merger and acquisitions. As we shared at the start of the financial year, the Catholic initiative is our first step in investing to grow our Customer base outside of our existing core Customer base, and we have set the goal of acquiring more than 25% of the Catholic church management system and donor management system market over the next five years.

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 2021.

### Pre-registration

There is no pre-registration required for the conference call however it is recommended that participants pre-register for greater convenience by following the link, [here](#).

Pre-registered attendees will receive a calendar invite with the conference call details, a designated dial-in number and a unique five-digit access PIN.

**Dial-in details**

New Zealand: 0800 453 055

All countries: +64 9 929 1687

Conference ID (required for dial-in): 10017100

**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 9 929 3905

Replay Pin: 10017100

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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, a church management system (ChMS), and video streaming solutions 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 and Resi Media LLC (Resi) are subsidiaries of Pushpay Holdings Limited. Church Community Builder provides a Software as a Service (SaaS) church management system 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. Resi is a high growth SaaS company that provides end-to-end live video streaming solutions enabled by hardware products predominantly to the faith sector, whilst also servicing commercial, nonprofit organisations and education providers in the US.

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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