

Pushpay agrees new Scheme offer with increased price

Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado; Plano, Texas, US – 16 March 2023 (NZT)

Highlights

- Shareholders will receive cash consideration of NZ\$1.42 per share, an increase of 6% from the previously offered consideration of NZ\$1.34 per share (other than Specified Shareholders who have agreed to receive NZ\$1.34 per share).
- Seven of Pushpay's largest New Zealand-based institutional shareholders, currently holding or controlling in aggregate 18.6% of Pushpay's issued capital, six of which previously voted against the Scheme, have undertaken to the Bidder, or stated that they intend, to vote in favour of the Scheme at the increased consideration of NZ\$1.42 per share.
- To facilitate this improved offer being made to all other shareholders, a small number of sophisticated, professional offshore event-driven fund shareholders ('Specified Shareholders'), holding or controlling in aggregate 10.3% of Pushpay's issued capital, have also entered into commitments to vote in favour of the Scheme and receive the original cash consideration of NZ\$1.34 per share for all the shares that they currently hold or control. All other shareholders are being offered NZ\$1.42 under the Scheme.
- Pushpay's Non-Conflicted Directors¹ unanimously recommend that shareholders vote in favour of the Scheme and undertake to vote all of their own shares in favour of the Scheme, in the absence of a superior proposal.²
- A new Scheme Meeting will be held for Pushpay shareholders as soon as practicable, with a specific date to be advised when agreed. Votes at the previous Scheme Meeting are no longer valid. Updated information and details of the meeting will be sent to shareholders, including a new Voting/Proxy Form. Shareholders are strongly encouraged to vote on the revised Scheme.

Increase in Scheme consideration and shareholder voting commitments

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') announces that it has agreed amendments to the Scheme Implementation Agreement ('SIA') with Pegasus BidCo Limited (the 'Bidder'). Under the amended SIA, the Bidder has conditionally agreed to acquire all of the Pushpay shares by way of revised scheme of arrangement ('Scheme'). The revised Scheme includes a 6% increase in cash consideration, for shareholders other than the Specified Shareholders, from NZ\$1.34 per share to NZ\$1.42 per share.³

1 Due to his role as a Senior Adviser to Sixth Street, Pushpay Director John Connolly has not participated in Pushpay's response to the receipt of unsolicited expressions of interest or the negotiation of the Scheme, and he abstains from providing a recommendation to shareholders in relation to the Scheme. Accordingly, references in this announcement to the Non-Conflicted Directors means the Directors other than Mr Connolly and the Board means all of the Non-Conflicted Directors.

2 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, the 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 consideration is below the Independent Adviser's valuation range for the Pushpay shares.

3 The Bidder will acquire the Pushpay shares held by entities associated with Sixth Street and BGH Capital under the Scheme, but will not pay cash for those shares.

The Bidder has entered into commitments⁴ with a number of Pushpay's largest New Zealand-based shareholders to vote in favour of the Scheme at the increased consideration. These shareholders include Accident Compensation Corporation, New Zealand Superannuation Fund Nominees Limited, ANZ New Zealand Investments, Fisher Funds, Nikko Asset Management and Salt Funds Management. In addition, Mint Asset Management has stated that it is supportive of the revised Scheme and intends to vote all shares currently held or controlled by it in favour of the Scheme. These shareholders currently hold or control in aggregate 18.6% of Pushpay's issued capital and include all shareholders that previously publicly stated their intention to vote against the prior Scheme.

The Bidder has also entered into commitments with a small number of Specified Shareholders (currently holding or controlling in aggregate 10.3% of Pushpay's issued capital) to vote in favour of the Scheme. The Specified Shareholders are highly sophisticated professional hedge fund investors whose primary business is event-driven risk arbitrage. Pushpay has been advised that the Specified Shareholders have agreed to receive the original cash consideration of NZ\$1.34 per share. This has, in part, facilitated all other shareholders being offered NZ\$1.42 under the Scheme.

Attached to this announcement is an Amended and Restated SIA and a mark-up of the SIA which shows the agreed amendments.

Increased consideration metrics

The increased consideration of NZ\$1.42 per share (for shareholders other than Specified Shareholders) represents:

- a 37.9% premium to Pushpay's undisturbed share price of NZ\$1.03 per share on 22 April 2022;⁵
- an implied equity value of US\$1,015 million / NZ\$1,630 million;⁶
- an enterprise value of US\$1,038 million / NZ\$1,666 million; and⁶
- an acquisition multiple of 18.5x based on the midpoint of the revised FY23 Underlying EBITDAF guidance of US\$56 million.⁷

The increased consideration is near the mid-point of Grant Samuel's assessed valuation range of NZ\$1.33 to NZ\$1.53 per share, as set out in their Independent Adviser's Report dated December 2022.

Recommendation – vote in favour of the Scheme

Pushpay's 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.

The Non-Conflicted Directors believe the Scheme represents the most compelling risk-adjusted value for shareholders. It provides 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. Since the announcement of the Scheme Implementation Agreement on 28 October 2022, no superior proposal has emerged and the Non-Conflicted Directors believe that a superior proposal is unlikely to emerge.

The Scheme remains subject to Pushpay shareholder and New Zealand High Court approvals and is also subject to other customary conditions, including the absence of material adverse changes. Consents and approvals previously obtained remain valid, including the New Zealand overseas investment consent announced on 2 March 2023 and the expiry of the HSR condition period announced on 14 December 2022, and therefore these conditions remain satisfied.

⁴ The commitments of these large New Zealand shareholders to vote in favour of the Scheme are subject to the terms set out in the voting agreements which they have entered into with the Bidder.

⁵ NZX closing price on Friday, 22 April 2022, being the last day of trading prior to the announcement of the receipt of expressions of interest.

⁶ Using an NZD:USD FX rate of 0.6230 as at 15 March 2023, net debt of US\$22.2 million as at 31 January 2023 (per Pushpay's guidance update on 7 February 2023), and ordinary shares outstanding of 1,142,371,145 and RSUs of 5,473,960.

⁷ See Pushpay's guidance update on 7 February 2023.

Next steps

Pushpay has requested Grant Samuel to prepare an addendum to the Independent Adviser's Report, which sets out Grant Samuel's assessment of the merits of the revised Scheme. That addendum, together with a supplement to the Scheme Booklet, is expected to be sent to Pushpay shareholders in April 2023 after Pushpay obtains revised initial orders from the High Court. The supplement to the Scheme Booklet will also contain information about the revised Scheme and a notice of meeting, setting out the details of a new Scheme Meeting that will be called for shareholders to vote on the Scheme.

An updated timetable will be provided in due course, with the Scheme Implementation date, subject to the above conditions including shareholder approval at the Scheme meeting, expected by the end of May 2023.

Voting thresholds and interest classes

For the Scheme to proceed, it is necessary that BOTH of the two voting thresholds are met, being:

- 75% or more of the votes of shareholders in each interest class who are entitled to vote and who 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.

The supplement to the Scheme Booklet will identify interest classes for the purposes of the revised Scheme. Votes at the previous Scheme Meeting are no longer valid. A new Voting/Proxy form will be sent to shareholders along with the supplement to the Scheme Booklet. Shareholders are strongly encouraged to have their say on the future of the Company and vote at the Scheme Meeting.

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This announcement is authorised by Graham Shaw (Independent Chairman) and Molly Matthews (Chief Executive Officer) 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, non-profit organisations and education providers in the US.

Pushpay is an award-winning company. For more information visit www.pushpay.com/investors/awards.

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