

Pushpay and Church Community Builder announce business combination to deliver a fully integrated and differentiated, leading solution for the faith market

Auckland, New Zealand | Redmond, Washington, USA – 13 December 2019 (NZT)

Pushpay Holdings Limited (NYSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') and Church Community Builder, LLC ('Church Community Builder') are excited to announce the combination of the two businesses to deliver a best-in-class, fully integrated church management system (ChMS), custom community app and giving solution for customers in the US faith sector.

Church Community Builder is a US-based, leading provider of ChMS solutions to over 4,000 churches in the US faith sector. Pushpay has today entered into an agreement for, and completed, the acquisition of 100% of the ownership interests in Church Community Builder.

Key highlights

- Pushpay and Church Community Builder have a shared vision to provide our combined 10,000 Customers with innovative, market-leading technology solutions
- Church Community Builder's leading ChMS offering is highly complementary to Pushpay's custom community app and giving solution, with the platforms already delivering a two-way integration
- The combined business will have a greater range of capabilities and resources to invest in product enhancement and developing the next range of products and services for Customers
- Chris Fowler (Church Community Builder Founder, and a prominent figure in the US faith sector) will continue his involvement with the business as Visionary and will join the Pushpay Board of Directors as an Executive Director, and Don Harms will continue as Church Community Builder's CEO, reporting directly to Pushpay's CEO, Bruce Gordon
- Pushpay acquired 100% of the ownership interests in Church Community Builder for a total cash consideration of US\$87.5 million, subject to customary adjustments, funded through a combination of cash on hand and proceeds from an amortising senior secured debt facility of US\$62.5 million
- Interests associated with Chris Fowler¹ have also entered into a separate agreement with interests associated with Chris Heaslip to acquire US\$15.0 million of Pushpay shares²
- Pushpay and Church Community Builder intend to maintain their respective existing integrations with other software providers for the continued convenience of their Customers
- The combined Pushpay and Church Community Builder teams look forward to working together to deliver market-leading, complementary solutions to enable customers to increase participation and build stronger relationships with their communities

1. Shares held through Christopher M. Fowler and Laura C. Fowler, as trustees of the Fowler Family Trust dated 12/12/2016.

2. Shares held through DDS Trustee Services Limited, as trustee of the Dorchester Trust and Mission 316 Foundation. The Board of Pushpay granted DDS Trustee Services Limited, as trustee of the Dorchester Trust a partial release and Mission 316 Foundation a full release from the Escrow Deed entered into on 9 July 2019 to permit the sale of shares to the Fowler interests. The remaining 11.0 million Pushpay shares held by the Dorchester Trust will be transferred to other interests associated with Mr Heaslip and following that transfer will continue to be under escrow for the remainder of the 18 month period beginning 9 July 2019, unless Pushpay approves such action or certain exceptions apply.

Church Community Builder brings a market-leading ChMS solution and strategic relationships

Established in 1999 and based in Colorado Springs, Colorado, US, Church Community Builder has over 4,000 customers in the US faith sector and is a market leader in ChMS solutions, providing 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. Church Community Builder's customer retention is excellent, with most customers entering into annual paid in advance arrangements.

Church Community Builder complements Pushpay's custom community app and giving solution and aligns strongly with Pushpay's core strategy of providing innovative, market-leading solutions for customers.

The Church Community Builder team has developed a strong culture led by a highly capable management team. Pushpay is pleased to announce that Chris Fowler, Church Community Builder Founder, will continue with the business as Visionary and join the Pushpay Board of Directors as an Executive Director, to provide strategic, US faith market insights³. In addition, Church Community Builder's management team, including CEO Don Harms, will remain with the business.



Chris Fowler | Visionary and Executive Director

Chris started working on Church Community Builder for his local church in 1999, recognising a need for an internet-based solution to help people and their church connect with each other and to make sure people were not falling through the cracks, when their desire was to find connection and community. As an entrepreneur with a passion for the local church, Chris imagined something beyond the outdated back office tools of the time, which ultimately resulted in the ChMS that Church Community Builder now provides the church.

As the child of a worship pastor and grandchild of a senior pastor, Chris has been involved in the church his entire life, including serving on the elder board of two churches including the mega-church he currently attends, New Life Church, in Colorado Springs, Colorado, US (a Customer of both Pushpay and Church Community Builder). Chris also played a key role in the formation of Outreach, Inc (www.outreach.com) and managed and expanded the Audio Books division of Ingram Entertainment. Chris brings key industry knowledge, 26 years of business experience and an invaluable strategic edge to the Pushpay Board of Directors. Chris holds a Bachelor of Business Administration (BBA) from Belmont University. Chris lives with his family in Colorado Springs, Colorado, US.

Alignment of organisational culture and interests

Pushpay's CEO, Bruce Gordon, said, "We are excited to announce the business combination of Pushpay and Church Community Builder. This strategic partnership enables us to better serve our Customers as we strive to be the number one partner to the US faith sector by providing a fully integrated ChMS, custom community app and giving solution. With a shared passion to serve the faith sector, we look forward to bringing continued investment and support to our Customers with a truly differentiated, innovative product offering."

3. As Chris Fowler is now an Executive Director, he is not an Independent Director for the purposes of the NZX Listing Rules. As required by the NZX Listing Rules, Chris Fowler will stand for shareholder election at Pushpay's next annual meeting.

Church Community Builder's Founder, Chris Fowler, said, "The partnership of Church Community Builder with Pushpay comes at a crucial time for customers in the US faith sector. We are excited for what the future holds and confident that together, we will enable the church to inspire generosity by equipping them with industry leading tools to build community, engage people and grow ministries."

Transaction summary

Pushpay has acquired 100% of the ownership interests in Church Community Builder for total cash consideration of US\$87.5 million, subject to customary adjustments. The acquisition has been funded by Pushpay through a combination of cash on hand and proceeds from an amortising senior secured debt facility of US\$62.5 million.

In addition to Chris Fowler joining Pushpay's Board of Directors, Chris Fowler has demonstrated his commitment to Pushpay and has, through his associated interests, acquired 6.5 million Pushpay Holdings Limited shares (an approximate 2.4% shareholding in Pushpay)⁴ from interests associated with Chris Heaslip⁵. As part of this transition, Chris Heaslip will resign from the Pushpay Board of Directors on 31 March 2020.

Chris Fowler's interests have entered into a Lock-up Deed, under which they are restricted from selling or otherwise disposing of their 6.5 million Pushpay Holdings Limited shares as follows, unless the Board of Pushpay approves such action or certain exceptions apply:

- 50% of the shares are escrowed for six months following the date of this announcement;
- A further 25% of the shares are escrowed for 12 months following the date of this announcement; and
- The remaining 25% of the shares are escrowed for 18 months following the date of this announcement.

Pushpay guidance

The increased scale and greater breadth of product offering and capability of the combined business will further enable Pushpay to execute on its strategy to deliver innovative solutions for the church, and is expected to enhance revenue growth and margin improvement.

Excluding transaction costs, the business combination is not expected to have a material impact on Pushpay's revenue or EBITDAF in the current financial year to 31 March 2020 due to the development work required to further integrate the product offerings.

If the combination of the operating businesses is implemented as anticipated, the business combination is expected to be accretive⁶ in FY21 (the first full financial year of ownership) and from FY22 onwards, deliver material accretion and benefits to Pushpay's revenue and EBITDAF.

Excluding the acquisition of the ownership interests in Church Community Builder and associated costs, Pushpay reiterates its guidance for the year ending 31 March 2020, of operating revenue of between US\$121.0 million and US\$124.0 million, gross margin of over 63%, EBITDAF of between US\$23.0 million and US\$25.0 million, and Total Processing Volume of between US\$4.8 billion and US\$5.0 billion.

Pushpay will provide FY21 EBITDAF guidance as part of the FY20 Annual Results release.

4. Shares held through Christopher M. Fowler and Laura C. Fowler, as trustees of the Fowler Family Trust dated 12/12/2016.

5. Shares held through DDS Trustee Services Limited, as trustee of the Dorchester Trust and Mission 316 Foundation. The Board of Pushpay granted DDS Trustee Services Limited, as trustee of the Dorchester Trust a partial release and Mission 316 Foundation a full release from the Escrow Deed entered into on 9 July 2019 to permit the sale of shares to the Fowler interests. The remaining 11.0 million Pushpay shares held by the Dorchester Trust will be transferred to other interests associated with Mr Heaslip and following that transfer will continue to be under escrow for the remainder of the 18 month period beginning 9 July 2019 unless Pushpay approves such action or certain exceptions apply.

6. On a pre-tax operating cash flow per share basis.

Advisors

Pushpay is advised by:

- Financial advisor: Deutsche Craigs Limited
- New Zealand legal counsel: Harmos Horton Lusk Limited
- US legal counsel: Shearman & Sterling LLP

Church Community Builder is advised by:

- US legal advisor: Jones & Keller PC

Contact

Gabrielle Wilson | Investor Relations | Pushpay Holdings Limited

P: +64 21 724 244 | E: investors@pushpay.com

www.pushpay.com

About Pushpay

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers in the US, Canada, Australia and New Zealand. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

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.

About Church Community Builder

Church Community Builder provides Software as a Service (SaaS) church management system (ChMS) solutions in the US. 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.

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