

Pushpay enters into scheme implementation agreement at NZ\$1.34 in cash per share

Auckland, New Zealand | Redmond, Washington; Colorado Springs, Colorado; Plano, Texas, US – 28 October 2022 (NZT)

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, ‘Pushpay’ or ‘the Company’) has entered into a Scheme Implementation Agreement under which the Sixth Street and BGH Capital Consortium via Pegasus Bidco Limited (the “Sixth Street / BGH Consortium”) will acquire all of Pushpay’s shares at a price of NZ\$1.34 per share in cash by means of a scheme of arrangement (“Scheme”). Sixth Street is a global investment firm and BGH Capital is an Australia and New Zealand-focused private equity firm. Together, entities associated with Sixth Street and BGH Capital currently hold, in aggregate, 20.34% of the shares in Pushpay.

Highlights

- Following a comprehensive process and a thorough consideration of strategic options, the Pushpay Board has assessed the Scheme as providing compelling value for shareholders.¹
- Under the Scheme, Pushpay shareholders will receive a cash price of NZ\$1.34 per share.²
- The proposed consideration of NZ\$1.34 per share in cash represents:
 - a 30.1% premium to Pushpay’s undisturbed³ share price of NZ\$1.03 per share on 22 April this year, since which time the ASX All Technology index has declined 12.1% and the NZX50 has declined 6.8%;⁴
 - an implied equity value of US\$898 million / NZ\$1,539 million;⁵
 - an enterprise value of US\$933 million / NZ\$1,599 million; and⁵
 - an acquisition multiple of ~16.7x based on the midpoint of the revised FY23 Underlying EBITDAF guidance of US\$56 million.⁶
- The Scheme is subject to Pushpay shareholder and Court approval, applicable regulatory approvals and other conditions as detailed in the Scheme Implementation Agreement.
- Pushpay shareholder approval will be sought at a special meeting of shareholders expected to be held in Q1 2023. Pushpay shareholders do not need to take any action at the current time.

The Board (being, for this purpose, all of the Non-Conflicted Directors¹) unanimously recommends that shareholders vote in favour of the Scheme, subject to the Scheme price being within or above the Independent Adviser’s valuation range for Pushpay shares and in the absence of a superior proposal. Subject to the same qualifications, the Non-Conflicted Directors undertake to vote, or procure the voting of, the Pushpay shares that they hold or control in favour of the Scheme.

Following a comprehensive process to review expressions of interest and test a broad range of other potentially interested parties, the Pushpay Board has assessed the Scheme as providing compelling, risk-adjusted value and certainty for shareholders.

1 Due to his association with 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. 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 It is currently anticipated that Bidco will acquire the Pushpay shares held by entities associated with Sixth Street and BGH Capital under the Scheme. Bidco will not pay cash for those shares.

3 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.

4 Index performance from Friday, 22 April 2022 to Thursday, 27 October 2022.

5 Using an NZD:USD FX rate of 0.5835 as at 27 October 2022, net debt of US\$35.1 million as at 30 September 2022, and ordinary shares outstanding of 1,141,144,570 and RSUs of 7,306,460.

6 See Pushpay’s trading and FY23 guidance update announcement dated 28 October 2022.

Chairman of Pushpay, Graham Shaw, said, “Following the receipt of various unsolicited, non-binding expressions of interest to acquire the Company, the Board formed an Independent Committee, appointed external advisers and undertook a comprehensive process, with a view to exploring opportunities to enhance shareholder value.”

“In considering the options, including the possibility of continuing to implement the Company’s growth strategy as a publicly listed company, the Board adopted a long-term view of the risks and rewards of various alternatives. After a thorough assessment, the Board believes that the Sixth Street / BGH Consortium Scheme proposal currently represents the most compelling value for shareholders. Although the Board remains confident in the future of Pushpay, the transaction will accelerate a capital return to shareholders and mitigates the risks that would otherwise be involved in delivering the opportunities from executing Pushpay’s strategic plan over time. Accordingly, the Board is pleased to unanimously recommend the transaction to shareholders.”

Molly Matthews, CEO of Pushpay, said, “Pushpay will continue to focus on serving its Customers and achieving its mission of being the preferred provider of mission critical software to the US faith sector. The Company remains focused on investing in its customer service and product suite to accelerate and continue the growth opportunities the management team identifies for the business, which is a broad strategy for which both our Board and Sixth Street / BGH Consortium have indicated ongoing support.”

Background to the process

The Scheme follows the receipt of unsolicited, non-binding and conditional expressions of interest or approaches looking to acquire all the shares in Pushpay from multiple parties.

On receipt of the expressions of interest or approaches, Pushpay established an Independent Board Committee (the ‘Committee’) consisting of Lorraine Witten (Chair of the Committee), Graham Shaw (Chair of the Board), Lovina McMurchy (Independent Director) and Sumita Pandit (Independent Director) and appointed Goldman Sachs as financial adviser, Harnos Horton Lusk as lead transaction counsel and Shearman & Sterling as US counsel.

The Committee, with assistance from its advisers, undertook a comprehensive process, with a view to exploring opportunities to enhance shareholder value. The process attracted interest from numerous parties, and a select group undertook detailed due diligence.

Details of Scheme, key conditions and deal protections

The Scheme is subject to Pushpay shareholder and New Zealand High Court approvals, New Zealand Overseas Investment Office consent and the expiry or termination of applicable waiting periods under US anti-trust legislation. It is also subject to other customary conditions, including the absence of material adverse changes.

The Scheme Implementation Agreement contains customary exclusivity provisions. These restrictions are subject to exclusions which permit the Pushpay Board to engage on a competing proposal which is (or is reasonably likely to become) a superior proposal and where their fiduciary obligations require them to do so, subject to notifications being made to the Sixth Street / BGH Consortium and providing the Sixth Street / BGH Consortium with an opportunity to match any such proposal.

The full Scheme Implementation Agreement accompanies this announcement. The Appendix to this announcement sets out a summary of the Scheme process and a summary of key transaction terms and conditions.

Indicative timetable and next steps

Pushpay has, with the approval of the Takeovers Panel, appointed Grant Samuel to prepare an Independent Advisor’s Report to assist shareholders to assess the merits of the Scheme.

A Scheme Booklet containing information relating to the Scheme, the Independent Advisor’s Report, the reasons for the Non-Conflicted Directors’ unanimous recommendation, and meeting information is currently expected to be sent to Pushpay shareholders in Q1 2023.

Pushpay shareholders will have the opportunity to vote on the Scheme at a meeting in Q1 2023. If all the conditions are satisfied, the Scheme is expected to be implemented by early Q2 2023.

The Board encourages shareholders to carefully consider the materials that will be sent to them and to exercise their right to vote at the special meeting that will be called to consider the Scheme. If shareholders have questions or if they propose to buy or sell Pushpay shares before receipt of those materials, they are encouraged to seek their own professional advice.

Note that these dates are indicative and subject to change.

About Sixth Street

Sixth Street is a global investment firm with over US\$60 billion in assets under management and committed capital. The firm uses its long-term, flexible capital, data-enabled capabilities, and One Team culture to develop themes and offers solutions to companies across all stages of growth. Founded in 2009, Sixth Street has more than 400 team members including over 180 investment professionals operating around the world. For more information, visit www.sixthstreet.com, and follow Sixth Street on LinkedIn, Twitter, and Instagram.

About BGH Capital

BGH Capital was established in 2017 by Robin Bishop, Ben Gray and Simon Harle to create the pre-eminent private equity firm in Australia and New Zealand. BGH is headquartered in Melbourne, Australia and is an independent firm, owned and managed by its founding partners. BGH Capital raised BGH Capital Fund I at AU\$2.6 billion in 2018 and BGH Capital Fund II at AU\$3.6 billion in 2022, being the largest private equity fund raised in Australia & New Zealand. BGH Capital partners with business owners and management teams to help them build and grow strong, sustainable, market-leading businesses.

Contact

Gabrielle Wilson | Investor Relations | Pushpay Holdings Limited

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

www.pushpay.com

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, non-profit organisations and education providers in the US.

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

ENDS

APPENDIX: Summary of scheme process and key transaction terms

Process for implementation of the Scheme:

- A scheme of arrangement is a Court supervised process. The first step in this process is for Pushpay to seek initial Court orders, after which the Board will call a special meeting of shareholders to vote on the Scheme.
- The Board expects that the special meeting will be held in Q1 2023.
- Prior to the special meeting, Pushpay will send shareholders a Scheme Booklet containing information about the Scheme, including details of the special meeting and a copy of the Independent Adviser's Report.
- The voting thresholds for approval of the Scheme 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 shares on issue must be voted in favour of the Scheme.

It is currently expected that there will be two interest classes. First, interests associated with Sixth Street and BGH Capital who hold Pushpay shares and second, the remaining shareholders.

Bidco has agreed that, within 10 business days after today, the entities associated with Sixth Street and BGH Capital who hold Pushpay shares must enter into a voting deed poll under which those entities will agree to vote all of their shares in favour of the Scheme. At the date of this announcement, the entities associated with Sixth Street and BGH Capital, respectively, hold or control 232,052,324 Pushpay shares (being 20.34% of all Pushpay shares on issue at the date of this announcement).

- If shareholder approval is obtained at the special meeting, Pushpay will seek final Court orders (being orders by the Court to approve implementation of the Scheme).
- Subject to shareholder approval, the granting of final Court orders and satisfaction of other conditions, the Scheme is currently expected to be implemented by early Q2 2023.

Key transaction terms:

The Scheme Implementation Agreement ("SIA") accompanies this announcement. Set out below is a brief, high level summary of certain key provisions of the SIA. This is a summary only, and not an exhaustive list of all material terms.

Bidco	Pegasus Bidco Limited
Scheme Price	The Scheme Price is NZ\$1.34 in cash per share
Conditions	<ul style="list-style-type: none"> • Overseas Investment Office consent • Any applicable waiting period under US anti-trust legislation having been expired or terminated ('HSR Condition') • The Independent Adviser's Report issued prior to the Scheme Meeting concludes the Scheme Price is within or above the Independent Adviser's valuation range for the Pushpay shares • Shareholder approval of the Scheme at the Scheme Meeting • Court approval • No restraining orders or similar prohibition being enforced or issued by a government agency that prohibits or materially restricts the implementation of the Scheme • No "Prescribed Occurrences" (as described below) having occurred, been announced or been discovered

Conditions (continued)	<ul style="list-style-type: none"> No “Material Adverse Change” (as described below) having occurred, been announced or been discovered <p>Failure to satisfy a condition may give rise to a termination right in favour of one or both parties.</p>
Additional termination rights	<ul style="list-style-type: none"> Either party may terminate the SIA: <ul style="list-style-type: none"> for an unremedied material breach by the other party; if Pushpay provides Bidco with the opportunity to match a superior proposal, and Bidco does not do so; or if the Scheme has not become effective by 5:00 pm on the End Date (being seven months after the date of the SIA or such other date as the parties may agree in writing). Pushpay may terminate the SIA if the Scheme Price is not within or above the Independent Adviser’s value range for Pushpay shares. Bidco may terminate the SIA if: <ul style="list-style-type: none"> any Pushpay Non-Conflicted Director fails to recommend the Scheme or withdraws or changes their recommendation; or Pushpay enters into an agreement to implement a competing proposal.
Material Adverse Change	<p>In summary, a “Material Adverse Change” means any matter, event, or change in circumstances which occurs, is announced or is discovered on or after the date of the SIA and which individually (or together with all other such events), subject to certain limited exceptions, has the effect of reducing (or is reasonably likely to reduce) the Underlying EBITDAF of the Pushpay Group in any MAC Assessment Period by at least US\$9 million in that MAC Assessment Period against what the Underlying EBITDAF would have reasonably been expected to have been for that period but for the relevant event or events.</p> <p>“Underlying EBITDAF” means the consolidated earnings before interest, tax, depreciation (including gains/(losses) on sale of fixed assets), amortisation, foreign currency gains/(losses), and impairments of the Pushpay Group, subject to certain exclusions.</p> <p>“MAC Assessment Period” means the financial year ending 31 March 2023, the financial year ending 31 March 2024 or, where the event occurs, is announced or is discovered after 31 March 2023 and before 8:00 am on the implementation date for the Scheme, the 12 month period commencing on the date of the event.</p>
Prescribed Occurrences	<p>“Prescribed Occurrences” include the matters summarised below (which are subject to certain limited exceptions). If any Prescribed Occurrence occurs before implementation of the Scheme, Bidco is entitled to terminate the SIA:</p> <ul style="list-style-type: none"> Payment of distributions by the Pushpay Group. Changes to the capital structure of any member of the Pushpay Group (including share issues, reclassifications and share buybacks).

Prescribed Occurrences (continued)	<ul style="list-style-type: none"> • Disposal of all or a substantial part of the Pushpay Group's assets. • Changes to constitutions of Pushpay Group members. • An unremedied insolvency event affecting any member of the Pushpay Group. • Amalgamations by members of the Pushpay Group. • Certain related party transactions or payments to directors, officers or senior employees. • Amendments to Pushpay's arrangements with its financial advisers. • Any: <ul style="list-style-type: none"> • enforcement action or a material development in relation to any action or related step taken by a Government Agency; • decision, determination or ruling by a Government Agency; or • new litigation, claim, action etc being notified or commenced, against or involving a member of the Pushpay Group which is, or is reasonably likely to be, materially adverse to the Pushpay Group as a whole or in the context of the Transaction.
Dispute Resolution	All disputes under the SIA will be resolved through litigation in the New Zealand Courts.
Exclusivity	The SIA contains customary exclusivity provisions for a scheme of arrangement transaction, including prohibitions on soliciting and dealing with competing transactions (subject to limited exceptions) and matching rights (under which Bidco must be provided with an opportunity to match a competing proposal before Pushpay enters into binding arrangements to implement a competing proposal).
Break fees	Pushpay must pay to Bidco a 'break fee' of NZ\$15.3 million in certain circumstances, including where: <ul style="list-style-type: none"> • any Pushpay non-conflicted director fails to unanimously recommend the Scheme or changes or withdraws their recommendation (subject to limited exceptions); • the Scheme does not proceed, and a competing proposal is implemented within a specified time period; • Bidco terminates the SIA for material breach by Pushpay or due to Prescribed Occurrence occurring (other than the Prescribed Occurrence relating to material non-governmental claims or litigation); • either party terminates the SIA because Pushpay wishes to pursue a competing proposal and Bidco does not match that proposal; or • Bidco terminates the SIA because Pushpay enters into a definitive agreement to implement a competing proposal. Bidco must pay to Pushpay a 'reverse break fee' of NZ\$15.3 million if Pushpay terminates the SIA for material breach by Bidco or for failure of the HSR Condition as a result of the entry into or completion of any acquisition or other similar transaction or arrangement by Bidco or its Related Companies (excluding the Pushpay Group) after the date of the SIA (e.g. to acquire one of Pushpay's competitors).

Liability Cap	<p>Pushpay's maximum aggregate liability (except for fraud) under the SIA is capped at:</p> <ul style="list-style-type: none"> with respect to acts or omissions taken or not taken for the deliberate intention or purpose of not completing the transaction, three times the amount of the break fee (NZ\$45.9 million); and for all other matters, the amount of the break fee (NZ\$15.3 million). <p>Bidco's maximum aggregate liability (except for fraud) under the SIA is capped at:</p> <ul style="list-style-type: none"> with respect to acts or omissions taken or not taken for the deliberate intention or purpose of not completing the transaction, three times the amount of the reverse break fee (NZ\$45.9 million); and for all other matters, the amount of the reverse break fee (NZ\$15.3 million). <p>The Deed Poll, under which Bidco will undertake directly to shareholders that it will pay the Scheme Price if the scheme becomes unconditional, will contain equivalent liability caps.</p> <p>The agreed limitations of liability do not limit either party's right to seek specific performance.</p>
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