

# Pushpay 2018 Interim Results Announcement

Auckland, New Zealand | Redmond, Washington, USA – 16 November 2017

Pushpay Holdings Limited (**NZSX:PPH**, **ASX:PPH**) ('Pushpay' or 'the Company') is pleased to present its financial results for the six months ended 30 September 2017 and its 2018 Interim Report.

All currency amounts are in United States Dollars (USD) unless stated otherwise. Please refer to the section titled "Key metric definitions" in Pushpay's 2018 Interim Report for further detail on, and definitions of, the following key metrics.

	Six months ended 30 Sep 2017	Six months ended 30 Sep 2016	% change
Revenue	US\$29.7m	US\$12.1m	▲ 145.1%
Net loss	(US\$12.5m)	(US\$11.3m)	▲ 10.4%
Key metric	As at 30 Sep 2017	As at 30 Sep 2016	% change
Annualised Committed Monthly Revenue (ACMR)	US\$67.5m	US\$34.3m	▲ 96.8%
Increase in ACMR over the year	US\$33.2m	US\$24.7m	▲ 34.4%
Total Customers	7,121	5,286	▲ 34.7%
Average Revenue Per Customer (ARPC)	US\$790 per month	US\$540 per month	▲ 46.3%
Total Lifetime Value (LTV) of Customer base	US\$769.1m	US\$397.6m	▲ 93.4%
Increase in Total LTV of Customer base	US\$371.5m	US\$297.5m	▲ 24.9%
Months to Recover Customer Acquisition Cost (CAC)	<12 months	<12 months	✓
Annual Revenue Retention Rate	>95%	>95%	✓
Staff Headcount	341	280	▲ 21.8%
Cash and Available Funding Lines	US\$25.5m	US\$7.0m	▲ 264.3%
Annualised Monthly Payment Transaction Volume	US\$2.1b	US\$1.0b	▲ 110.0%

*ACMR, ARPC, LTV, CAC, Annual Revenue Retention Rate and Annualised Monthly Payment Transaction Volume are not GAAP financial measures and are not prepared in accordance with NZ IFRS.*

Chris Heaslip, CEO and Co-founder said, “We are pleased to report that for the six months ended 30 September 2017, Pushpay has continued to exceed guidance, delivering on its strategic growth plan whilst maintaining best-in-class SaaS metrics.

“Pushpay has increased its leading metric, Annualised Committed Monthly Revenue (ACMR), by US\$33.2 million over the 12 months to 30 September 2017 from US\$34.3 million to US\$67.5 million, an increase of 96.8%.

“Revenue increased by US\$17.6 million from US\$12.1 million for the six months ended 30 September 2016 to US\$29.7 million for the six months ended 30 September 2017, an increase of 145.1%.

“Pushpay’s net loss increased by US\$1.2 million from US\$11.3 million for the six months ended 30 September 2016 to US\$12.5 million for the six months ended 30 September 2017, an increase of 10.4%. The net loss reflects the company’s strategy to continue investing in growing its business whilst working towards breakeven on a monthly cash flow basis by 31 December 2018.

“Over the year to 30 September 2017, Pushpay has made significant headway in reaching and attracting high value customers. We are extremely proud to now serve 12 of the top 20 and 50 of the top 100 largest churches in the US<sup>1</sup>.

“Pushpay’s Total Lifetime Value (LTV) of the Customer base increased by US\$371.5 million from US\$397.6 million as at 30 September 2016 to US\$769.1 million as at 30 September 2017, an increase of 93.4%.

“It has also been pleasing to see our Annualised Monthly Payment Transaction Volume increase by US\$1.1 billion from US\$1.0 billion as at 30 September 2016 to US\$2.1 billion<sup>2</sup> as at 30 September 2017, an increase of 110.0%.

“US\$2.1 billion of giving represents a significant amount of good being done in local communities driven through increased engagement and additional donations our Customers are receiving. In 2016, US\$123 billion<sup>3</sup> was given to religious organisations in the US and we process just under 2% of that. Our goal is to reach the milestone of US\$10 billion in Annualised Monthly Payment Transaction Volume, representing less than 10% of annual giving to religious organisations in the US.

“On 11 October 2017, Pushpay moved its US\$100 million ACMR target forward to 31 December 2017 from 31 March 2018. US\$100 million ACMR is a significant milestone in our Company’s journey and our new target date means Pushpay will be achieving this milestone within 27 months after reaching US\$10 million ACMR.

“Pushpay remains in a position to reach its additional targets of FY18 NZ GAAP revenue guidance of US\$70 million and breakeven on a monthly cash flow basis by the end of 2018.”

## Sales strategy

Pushpay continues to refine its relational approach to a targeted account based and field sales strategy, focusing more heavily on medium and large sized Customers. We have found that larger Customers: invest more in implementation and are therefore more likely to implement correctly and successfully, leading to greater adoption of Pushpay’s offerings; are easier to service long term; are less likely to churn than smaller Customers; and typically generate increased Subscription and Volume Fees over time.

## Annualised Committed Monthly Revenue (ACMR)

The Company increased its ACMR by US\$33.2 million over the 12 months to 30 September 2017 from US\$34.3 million to US\$67.5 million, an increase of 96.8%. Pushpay has brought forward its US\$100 million ACMR target to 31 December 2017 from 31 March 2018, demonstrating the confidence management has in the business model.

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1 Outreach Magazine (2017). Outreach 100 Annual Report

2 Annualised Monthly Payment Transaction Volume exceeded US\$2.2 billion as at 9 October 2017 as announced on 11 October 2017.

3 Giving USA (2017). The Annual Report on Philanthropy for the year 2016

Pushpay has seen pleasing results in terms of the proportion of ACMR derived from large Customers, which it expects to continue to increase as it further implements its sales strategy. Over the 12 months to 30 September 2017, Pushpay's proportion of ACMR derived from large Customers increased to 50.8%, from 43.8% a year earlier.

Pushpay expects to reach its target based on further development of its products, direct sales, referrals strategy and through targeting merchants that have existing relationships with Pushpay's strategic channel partners and other distribution partners.

## Pushpay's Customer numbers

Pushpay increased its Customer base by 1,835 over the 12 months to 30 September 2017 from 5,286 total Customers to 7,121 total Customers, an increase of 34.7%. Pushpay continues to focus more heavily on medium and large Customers by reducing headcount dedicated to small Customer sales, with an associated reduction in the number of small Customers acquired. More recently, Customer numbers have consolidated, with smaller Customer unit churn offset by new medium and large Customers.

As at 30 September 2017, 12 of the top 20 and 50 of the top 100 largest churches in the US have chosen to use Pushpay. The confidence and support of large Customers such as these demonstrates Pushpay's engagement and payment solutions are well-understood and valued by our main target market, the US faith sector.

Although we have a high proportion of the top 100 largest churches in the US, we have only just started penetrating the medium and large church segments. Pushpay's less than 4.5% share of the number of churches in those market segments, suggests long term duration growth.

As at 30 September 2017, 97% of Pushpay's Customers were located in North America, which covers the US and Canada with the remaining 3% located in Australasia which covers New Zealand and Australia.

Pushpay has Customers across the US and Canada. Customer numbers are particularly high in the state of Washington where Pushpay has been able to visit Customers in person due to its office being located in Redmond, Washington. This provides Pushpay with additional confidence in the targeted account based and field sales strategy that it continues to implement across the US.

The Company's primary focus is on increasing revenue by attracting a higher number of new medium and large Customers, while increasing retention and decreasing CAC. Pushpay's targeted account based and field sales strategy is progressing as planned, attracting a significantly higher number of new medium and large Customers.

Pushpay is seeing a shift in favour of larger Subscription Fees and multi-year contracts with new Customers. In the six months ended 30 September 2017, Pushpay also saw the largest average deal size in the Company's history, in terms of Subscription Fees.

ARPC increased by US\$250 per month over the 12 months to 30 September 2017 from US\$540 per month to US\$790 per month, an increase of 46.3%.

There are a number of factors which have contributed to increased ARPC, which include: increased Subscription Fees from new and existing Customers; further development of our product set resulting in higher Volume Fees; increased adoption of digital giving in the US faith sector; and increased giving to religion in the US.

Pushpay is successfully increasing the amount of revenue derived from each Customer as it continues to gain market share in the US faith sector.

## People

Pushpay is pleased to welcome US Customer Success expert, Dan Steinman to the Pushpay Board of Directors as an Independent Director as of 3 July 2017. Alongside Dan's appointment, Doug Kemsley resigned as a Director of Pushpay at the end of the Annual Shareholders' Meeting on 18 July 2017. The Board and management of Pushpay thank Doug for his invaluable contribution to Pushpay, including his service as a Director and his continued support as a shareholder.

At Pushpay, one of our core values is "People come first". We focus on growing our team's culture and competency through a number of methods including specialised training and private seminars with subject matter experts. Recently, Bill Macaitis, previously SVP of Marketing at Salesforce.com, CMO at Zendesk and CMO, CRO and Board Advisor at Slack Technologies, joined Pushpay as an advisor focused on Marketing.

Pushpay continues to strengthen its team of driven and talented experts in New Zealand and the US.

## Product

### *Cheque (Check) Deposit*

Cheque Deposit successfully launched on 1 June 2017 and is now available to all new US-based Customer administrators. As around 87% of donations to churches in the US are still made through cheques and cash<sup>4</sup> - offering a simple and easy solution to capture these forms of payments brings significant benefits to our Customers in time-savings.

Our Cheque Deposit feature allows Customers to seamlessly capture cheques via a cheque scanner and deposit donations remotely into their bank account. Cheque Deposit significantly reduces administrative workload and eliminates double entry of gifts, with up to 90% of cheque batches being allocated to donors in under two minutes.

### *echurch Apps*

Apple has released new Apple Store Review Guidelines, spurring further Pushpay innovation that is strengthening our competitive position. The new guidelines include Rule 4.2.6: "Apps created from a commercialized template or app generation service will be rejected."

Pushpay is responding to these new guidelines by creating a Consolidated App with a highly improved user interface that will provide Pushpay Customers with a custom App-branded experience. All new Pushpay Customers will debut on the Consolidated App, and legacy Customers will eventually migrate to the Consolidated App.

## Processes

At Pushpay, we strive for continuous improvement in our processes. Internally, across all departments and positions, we are constantly looking for ways to streamline and improve processes. The ability to adapt and embrace change is a significant advantage in a rapidly growing business like Pushpay.

## US\$25 million private placement

Pushpay successfully completed a bookbuild for a US\$25 million private placement of new ordinary shares on 13 July 2017, at the clearing price of NZ\$1.51 per share. The book was heavily subscribed with all bids subject to scaling.

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4 Dunham + Company (2015). Study shows churches lag behind in facilitating online giving

The bookbuild was conducted by Deutsche Craigs Limited and Ord Minnett Limited, as joint lead managers and underwriters. The bookbuild was well supported, attracting bids from over 15 institutional investors across New Zealand and Australia.

Pushpay would like to thank Deutsche Craigs and Ord Minnett for their assistance in bringing the process to a successful conclusion and welcome a large number of new shareholders to the Company.

## US market listing

The Board believes that a listing in the US will expand Pushpay's shareholder base, increase liquidity and enable the Company better access to capital, thereby increasing funding alternatives to support the Company's growth strategy. With 97% of Pushpay's Customers being based in North America, along with 251 staff being based in the US, Pushpay considers a listing in the US to be a logical and important step in the Company's evolution in order to take advantage of growth opportunities, further strengthen the Company's market position and increase awareness globally. Accordingly, the Board now intends to pursue a US-listing within the next 15 months. Any listing would be subject to satisfactory market timing, approval by a US exchange and satisfying a number of other customary listing prerequisites.

## Revenue guidance

Pushpay will begin providing quarterly revenue targets when it releases its quarterly operational update for the 31 March 2018 quarter on 11 April 2018. From the 30 June 2018 quarter and onwards, Pushpay will release its quarterly operational updates on the first Wednesday of the second month following quarter end.

## Outlook

Pushpay continues to gain market share in the US faith sector, whilst gaining efficiencies, as the Company works its way towards breakeven on a monthly cash flow basis by the end of calendar 2018. Pushpay is confident in its strategy to gain further market share in the medium-term for the long-term benefit of the Company. The Company continues to implement its targeted account based and field sales strategy, focusing more heavily on medium and large Customers.

Pushpay remains in a position to reach its targets of US\$100 million ACMR by 31 December 2017, FY18 NZ GAAP revenue guidance of US\$70 million and breakeven on a monthly cash flow basis by the end of calendar 2018.

## Acknowledgments

"Pushpay's impressive progress would not be possible without the expert direction from the Board of Directors, successful execution from management and the hard work of our dedicated staff. 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 loyalty and excitement, as these results are ultimately thanks to their support," said Chris Heaslip.

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## About

Pushpay provides engagement solutions that enable meaningful connections and mobile commerce tools that facilitate fast, secure and easy non point of sale payments. Pushpay provides convenient, personalised and intuitive engagement and payment solutions to the faith sector, not-for-profit organisations and education providers.

Pushpay receives funding from Callaghan Innovation to help cover the commercialisation of innovation.

Pushpay is an award-winning company, team and product. For more information visit [www.pushpay.com/investors/awards](http://www.pushpay.com/investors/awards).

To download the Pushpay App, visit the iTunes App Store or Google Play and search for “Pushpay”.

Visit [www.pushpay.com](http://www.pushpay.com) to learn more and see an online demonstration of how Pushpay enables Customers and consumers to “never miss the moment”.

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