

Pushpay doubles revenue to US\$70m – now processing over US\$3b in payments annually

Auckland, New Zealand | Redmond, Washington, USA – 11 April 2018

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, ‘Pushpay’ or ‘the Company’) is pleased to announce that the Company doubled total revenue to US\$70 million (unaudited) over the fiscal year to 31 March 2018. In addition, the Company surpassed US\$3 billion in Annualised Processing Volume (previously Annualised Monthly Payment Transaction Volume), an increase of 69.1% over the year to 31 March 2018.

Chris Heaslip, Pushpay’s CEO and Co-founder said, “Pushpay delivered on its FY18 revenue guidance of US\$70 million, doubling total revenue to US\$70 million (unaudited) over the fiscal year to 31 March 2018.

“Surpassing US\$3 billion in Annualised Processing Volume is a significant milestone for the business. Over US\$3 billion per year is given to causes through Pushpay’s platform, supporting local communities in New Zealand, Australia, Canada and the US, and that is something we are very proud to be a part of.

“We are pleased to announce that our margin improvement program is progressing better than expected and we now expect gross margin to grow from 54% for the six months ended 31 March 2018 to over 60% for the six months ended 31 March 2019.

“We continue to experience quarter over quarter growth in our field sales initiative and deal sizes continue to increase, validating the assumption that face-to-face interaction allows us to support a higher price point. When considering sales in terms of total Subscription Fees added from new Customers, March was our most successful month and last quarter was our most successful quarter over FY18. We continue to focus on scaling the business in the US faith sector in order to maximise shareholder value over the long term.”

Key metrics ¹	Quarter ended 31 Mar 2018	Quarter ended 31 Mar 2017	% Change
Annualised Committed Monthly Revenue (ACMR)	US\$86.4m	US\$58.8m	46.8%
Increase in ACMR over the year	US\$27.6m	US\$36.0m	-23.4%
Average Revenue Per Customer (ARPC)	US\$989 per month	US\$727 per month	36.0%
Total Customers	7,276	6,737	8.0%
Months to Recover Customer Acquisition Cost (CAC)	<18 months	<18 months	✓
Annual Revenue Retention Rate	>100%	>100%	✓
Annualised Processing Volume (previously Annualised Monthly Payment Transaction Volume)	US\$3.0b	US\$1.8b	69.1%
Staff Headcount	350	376	-6.9%
Cash and Available Funding Lines	US\$17.9m	US\$13.4m	33.4%

Highlights for the quarter ended 31 March 2018

- Pushpay delivered on its FY18 revenue guidance of US\$70 million, doubling total revenue to US\$70 million (unaudited). Pushpay is providing total revenue guidance of between US\$20.5 million and US\$22.0 million for the quarter ending 30 June 2018. This represents an increase of at least 52% over the previous corresponding period.

- ACMR increased to US\$86.4 million, an increase of 46.8% over the year to 31 March 2018. See more under '*Annualised Committed Monthly Revenue (ACMR)*'.
- ARPC increased to US\$989 per month, an increase of 36.0% over the year to 31 March 2018. See more under '*Average Revenue Per Customer (ARPC)*'.
- Pushpay increased its Customer base to 7,276, an increase of 8.0% over the year to 31 March 2018. As at 31 March 2018, 13 of the top 20 and 54 of the top 100 largest churches in the US have chosen to use Pushpay.ⁱⁱ See more under '*Pushpay's Customer numbers*'.
- Months to Recover CAC remained at less than 18 months. Pushpay expects its Months to Recover CAC to remain below 18 months as the business scales.
- Annual Revenue Retention Rate (excluding upsells into the existing Customer base) continued to exceed 100%, which the Company believes places it among the best-in-class for SaaS companies.
- Annualised Processing Volume (previously Annualised Monthly Payment Transaction Volume) increased to US\$3.0 billion, an increase of 69.1% over the year to 31 March 2018.
- Staff headcountⁱⁱⁱ decreased to 350, a decrease of 6.9% over the year to 31 March 2018. Pushpay now has 92 staff based in New Zealand and 258 staff based in the US.
- Pushpay now expects gross margin to grow from 54% for the six months ended 31 March 2018 to over 60% for the six months ended 31 March 2019.
- Pushpay released Payment Assurance in December 2017. When there is an issue with a downstream provider within the Pushpay network, Payment Assurance captures a user's intent to make a payment and the payment is processed once the issue has been resolved. See more under '*Payment Assurance*'.
- Pushpay released Offline Conversion in February 2018. Offline Conversion is a user journey that encourages changing giving behaviour from offline cash and cheque giving to digital giving. See more under '*Offline Conversion*'.
- Guy Weismantel joined Pushpay's executive team as Chief Marketing Officer in February 2018. The Company will consolidate its brands under the Pushpay brand by the end of September 2018. Pushpay hosted over 1,100 church leaders from 40 US states and eight countries at our second annual Summit conference in Anaheim, CA, US. See more under '*Marketing*'.

Annualised Committed Monthly Revenue (ACMR)

ACMR increased from US\$58.8 million to US\$86.4 million, an increase of 46.8% over the year to 31 March 2018.

ACMR as at quarter end 31 March 2018 decreased when compared to quarter end 31 December 2017, from US\$106.4 million to US\$86.4 million, a decrease of 18.8%. As advised, the December quarter is a seasonal high period due to increased giving around Christmas and leading into the US tax year end on 31 December.

Pushpay continues to see pleasing results from its sales strategy with the proportion of ACMR derived from medium and large Customers continuing to increase. Over the year to 31 March 2018, Pushpay's proportion of ACMR derived from medium and large Customers increased to 86.6%, from 82.4% a year earlier.

Pushpay expects ACMR to steadily grow over the calendar year to 31 December 2018. Pushpay plans to grow its ACMR by increasing revenue derived from existing Customers and based on further development of its product, direct sales, referrals strategy and through targeting customers that have existing relationships with Pushpay's strategic channel partners and other distribution partners.

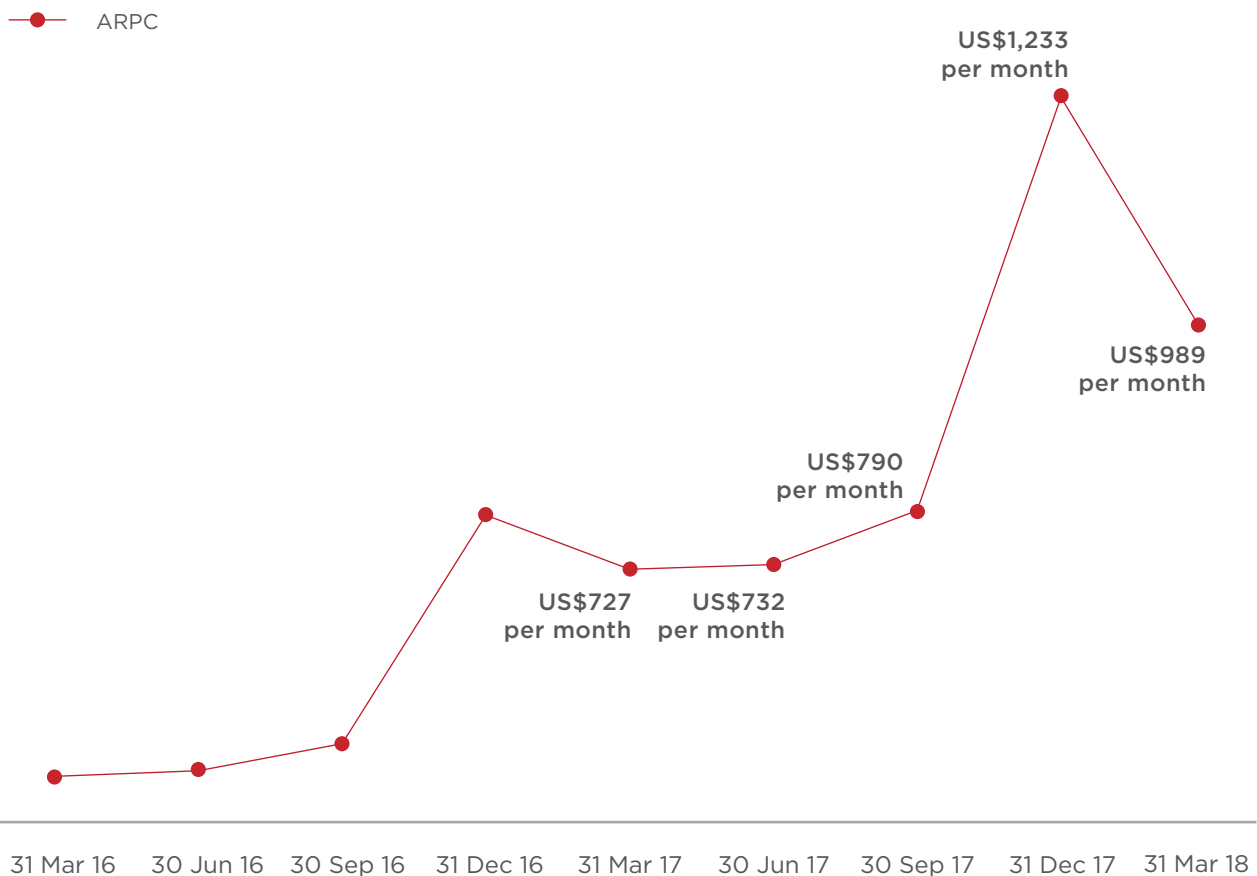
Average Revenue Per Customer (ARPC)

ARPC increased from US\$727 per month to US\$989 per month, an increase of 36.0% over the year to 31 March 2018.

ARPC as at quarter end 31 March 2018 decreased when compared to quarter end 31 December 2017, from US\$1,233 per month to US\$989 per month, a decrease of 19.8%. As advised, the December quarter is a seasonal high period due to increased giving around Christmas and leading into the US tax year end on 31 December.

Pushpay expects ARPC to steadily grow over the calendar year to 31 December 2018. Pushpay plans to grow its ARPC by increasing revenue derived from existing Customers and by continuing to implement its sales strategy to attract more medium and large new Customers.

Pushpay's ARPC



Pushpay's Customer numbers

Pushpay increased its Customer base from 6,737 to 7,276, an increase of 8.0% over the year to 31 March 2018.

The Company continues to experience quarter over quarter growth in its field sales initiative and deal sizes continue to increase, validating the assumption that face-to-face interaction allows the Company to support a higher price point. Pushpay currently has nine field sales representatives and their efficiency continues to improve.

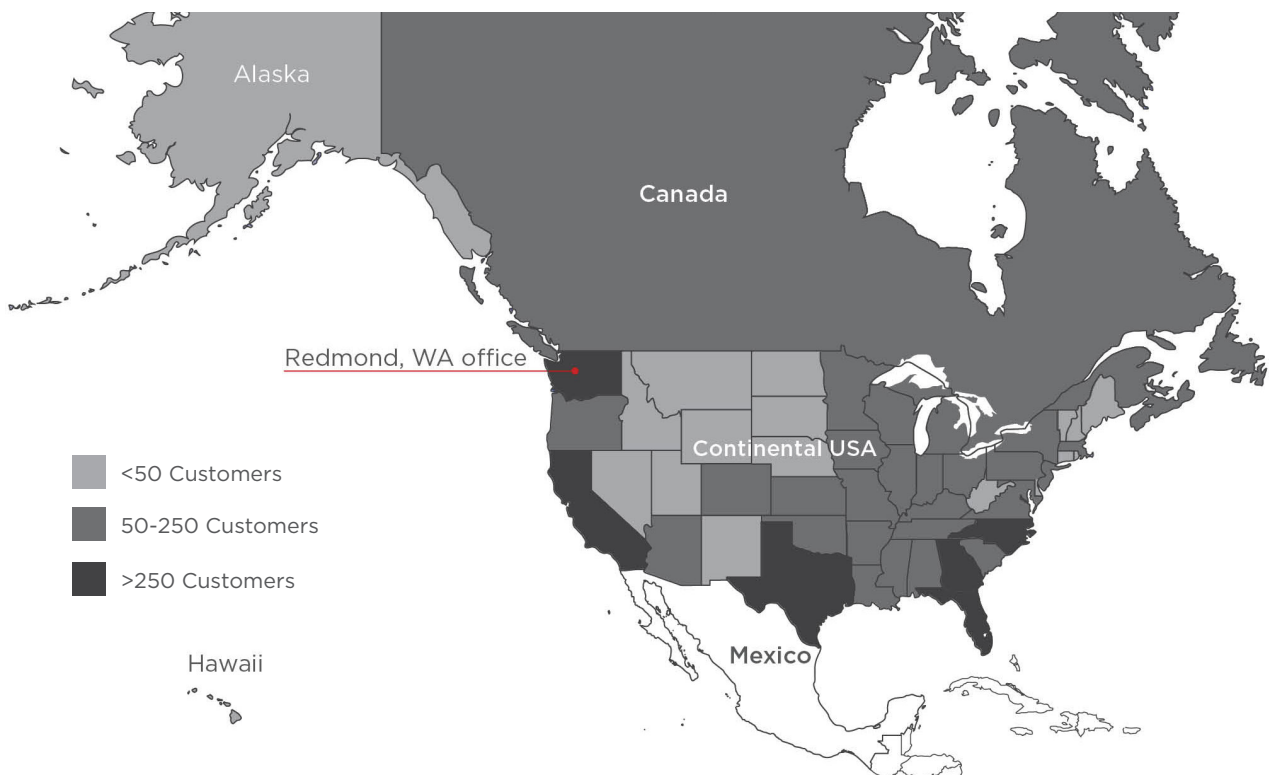
Over the year to 31 March 2018, Pushpay's proportion of medium and large Customers increased to 51.1%, from 45.4% a year earlier. We expect unit churn to continue to decrease and Customer numbers to steadily grow over the calendar year to 31 December 2018.

When considering sales in terms of total Subscription Fees added from new Customers, March was our most successful month and last quarter was our most successful quarter over FY18. In addition, the quarter ended 31 March 2018 was Pushpay’s most successful quarter ever in terms of average Subscription Fees added from new Customers, driven by Pushpay continuing to implement its sales strategy to attract more medium and large new Customers. As Pushpay further refines its sales strategy, it expects to see a continued increase over FY19 in Subscription Fees added from new Customers, with a lower sales headcount than in FY18.

As at 31 March 2018, 13 of the top 20 and 54 of the top 100 largest churches in the US have chosen to use Pushpay. The confidence and support of high value Customers such as these demonstrate that Pushpay’s engagement and payment solutions are well-understood and valued by our main target market, the US faith sector. We expect to continue to increase the number of top 100 largest church Customers in the US as we scale the business.

As at 31 March 2018, 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.

Location of Pushpay’s Customers in North America^{iv}



Payment Assurance

Pushpay released Payment Assurance in December 2017. An estimated US\$145.9 billion in e-commerce sales are lost each year due to false bank declines.^v This is caused by processors, banks and their partners having transient issues processing payments. Payment Assurance automatically detects issues of this nature and allows users to submit payments, even when downstream processors are having trouble reliably performing operations. A user’s intent to make a payment is recorded and the payment is processed once the issue in the payment network has been resolved. Last quarter, Payment Assurance resulted in our Customers receiving processed payments of over US\$4 million.

Offline Conversion

Pushpay released Offline Conversion in February 2018. Offline Conversion is a user journey that encourages changing giving behaviour from offline cash and cheque giving to digital giving. It is estimated that 85% of giving in churches is still made through the traditional methods of cash and cheque.^{vi} Data from Pushpay's platform indicates that digital givers give more regularly, are more generous in total giving and give to more causes than non-digital givers. While industry conversion rates are 0.76%^{vii}, Pushpay has been pleased to see a conversion rate of over 2.00% from email to account set up for Offline Conversion.

Marketing



Guy Weismantel

Guy Weismantel joined Pushpay's executive team as Chief Marketing Officer in February 2018. Guy is a highly experienced business leader with a proven track record of building successful marketing teams. Guy's experience with leading SaaS companies focused on product and digital marketing will help the Company to continue to expand its field and product marketing capabilities.

Rebrand

The Company currently operates with a series of brands, including Pushpay, echurch, and ZipZap. As using multiple brands is suboptimal, the Company has previously anticipated rebranding its current brands under one brand.

As part of the discovery process of the rebrand initiative, the Company undertook a fact based analysis of both the product category and the positioning of its current brands. Findings from a third party research study on branding in the US faith sector for giving and engagement solutions, revealed that the Pushpay brand has significant existing brand equity that the Company can leverage.

Consolidating the echurch and ZipZap brands under the Pushpay brand is preferable compared to creating a new brand from scratch, which would be extremely costly and carries a level of risk. A brand consolidation provides economic benefits, a reduction in complexity, allows for increased efficiencies in advertising and will ultimately strengthen the Company's market position over time. The Company will consolidate its brands under the Pushpay brand by the end of September 2018.

Summit conference

Pushpay hosted over 1,100 church leaders from 40 US states and eight countries at our sold-out second annual Summit conference in Anaheim, CA, US. Summit was a three-day, interactive conference focused on connecting leading growth and engagement experts from fast-growing churches with pastors, church leaders and church staff. This year's theme was "Know your people. Grow your ministry." equipping attendees to strategically drive engagement, participation and generosity in their communities.



Speakers at Summit included business, technology and church leaders, such as:

- Seth Godin - best-selling author and marketing expert, www.sethgodin.com
- Claire Diaz-Ortiz - Head of Corporate Social Innovation at Twitter, www.clairediazortiz.com
- Scott Harrison - Founder and CEO of charity: water, www.charitywater.org
- Erwin Raphael McManus - Mosaic Church in Los Angeles, CA, mosaic.org
- Clay Scroggins - North Point Community Church in Alpharetta, GA, northpoint.org
- Chad Veach - Zoe Church in Los Angeles, CA, zoechurch.org

Summit was an opportunity to inspire and connect with existing and potential Customers, model Pushpay's expertise and further establish the Company's reputation as the leading donor management system in the US faith sector.



US market listing

On 10 January 2018, Pushpay announced its intention to complete a US market listing this calendar year, by 31 December 2018.

The Board believes that a market 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 258 staff, Pushpay considers a market 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 of the Company and its products globally. Any market listing would be subject to satisfactory market timing, approval by a US exchange and satisfying a number of other customary listing prerequisites.

Pushpay has strong relationships with both the NZX and the ASX. Pushpay has no plans to delist from either exchange.

Should you have any questions regarding Pushpay's intended US market listing, please contact Sarah Elder, Head of Investor Relations at investors@pushpay.com.

Outlook

"Pushpay is confident in its strategy to gain further market share in the medium-term and believe this is the best way to maximise shareholder value. As Pushpay further refines its sales and marketing strategy, focusing more heavily on medium and large Customers, it expects to see a continued increase over FY19 in Subscription Fees added from new Customers, with a lower sales headcount than in FY18.

"Given seasonality, we expect ACMR and ARPC to steadily grow over the calendar year to 31 December 2018. We also expect Customer unit churn to decrease and Customer numbers to steadily grow over the calendar year.

"Pushpay is providing total revenue guidance of between US\$20.5 million and US\$22.0 million for the quarter ending 30 June 2018. Pushpay remains in a position to reach its target of breakeven on a monthly cash flow basis prior to the end of calendar 2018.

"In the long term, Pushpay is targeting over 50% of the medium and large church segments, an opportunity representing over US\$1 billion in annual revenue," said Chris Heaslip.

Investor Briefing

Pushpay will hold an Investor Briefing today at 11:00 am (NZT) to discuss its operational results for the quarter ended 31 March 2018.

Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 984610

Playback details

Replay of the Quarterly Investor Briefing will be available for 30 days following the completion of the call.

New Zealand: 0800 122 135

All countries: +64 9 950 7088

Replay Pin: 3212#

i Pushpay's key metrics are defined as follows:

Annual Revenue Retention Rate – is recurring revenue retained from Customers (for example, in the case of Customers in the faith sector, this is measured by the amount of recurring revenue at the end of the period excluding upsells into the existing Customer base, over the amount of recurring revenue from the end of the previous period).

Annualised Committed Monthly Revenue (ACMR) – is monthly Average Revenue Per Customer (ARPC) multiplied by total Customers and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue.

Annualised Processing Volume (previously Annualised Monthly Payment Transaction Volume) – is the annualised four week average payment transaction volume through the Pushpay payment platform.

Average Revenue Per Customer (ARPC) – is the combination of monthly Subscription Fees and Volume Fees divided by total Customers. Subscription Fees are based on the customer product holding which can vary based on the size of the Customer and Volume Fees are based on payment transaction volume. For Customers who use Pushpay's payment solution, Volume Fees are recognised on a gross basis and associated costs payable to issuing banks, processing partners and the card brands, such as Visa and MasterCard, are classified as expenses. The in-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.

Customer – is an entity that utilises one or more Pushpay products. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to set up their service. Pushpay views Customers with 0-199 average weekly attendees as small, 200-1,099 average weekly attendees as medium and 1,100 or more average weekly attendees as large.

Customer Acquisition Cost (CAC) – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.

Months to Recover CAC – CAC months or months of ARPC to recover CAC is the number of months of revenue required to recover the cost of acquiring each new Customer.

Staff Headcount – is total employees at a specific point in time.

Subscription Fees – is recurring fees based on Customer product holding which can vary based on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance).

Volume Fees – is variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of total donations).

ii Outreach Magazine (2017). Outreach 100 Annual Report

iii Staff Headcount breakdown by department as at 31 March 2018:

<i>Department</i>	<i>Staff Headcount</i>
General & Administration	33
Product	89
Operations	32
Sales	111
Marketing	27
Customer success	56
Business Development	2
Total	350

iv Includes locations in North America of Customers which have been added to the Pushpay platform as at 31 March 2018.

v Ethoca (2016). Solving the CNP False Decline Puzzle: Collaboration is Key

vi Dunham + Company (2018). Percentage of Churches Offering Online Giving Has Risen Dramatically Since 2015

vii Experian Marketing Services (2010). The transactional email report

Investor Calendar

Moving forward, Pushpay will release its quarterly operational updates on the first Wednesday of the second month following each quarter end.

The following dates are indicative only and (subject to the NZX Listing Rules and applicable laws) are subject to change at Pushpay's discretion.

17 May 2018	Annual Report and financial results release
17 July 2018	Annual Shareholders' Meeting
1 August 2018	Quarterly Operational Update for the quarter ended 30 June 2018
30 September 2018	Financial half year end

Contact

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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 world-class solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

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.

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