

Pushpay executing to plan - ACMR grows US\$8.4m in Q3

Auckland, New Zealand | Redmond, Washington, USA - 11 January 2017

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') is pleased to announce that it has increased Annualised Committed Monthly Revenue (ACMR) by US\$8.4m (including US\$1.1m derived from the acquisition of Bluebridge's church app related business in November 2016) over the quarter ended 31 December 2016, exceeding the ACMR increase in the previous quarter to 30 September 2016 by 27.6%.

Chris Heaslip, Pushpay's CEO and Co-founder said, "Pushpay continues to execute on its USA growth plan and is well-positioned for further growth over calendar year 2017. Over our most recent completed quarter we increased our ACMR by US\$8.4 million, exceeding our ACMR increase over the previous quarter by 27.6%.

"Pushpay implemented a number of price increases over the quarter which brought legacy plans in line with current pricing. The price increases made a positive impact on our ACMR and allowed us to derive more revenue from our existing Customers, as represented in our ARPC.

"Pushpay acquired Bluebridge's church app related business in November 2016, enabling us to better serve our Customers through offering high quality church apps in addition to our intuitive and secure world-class payments solution.

"Pushpay was recognised by Deloitte as the fastest growing company in New Zealand and the 10th fastest growing technology company in the Asia Pacific region¹. Pushpay was the only New Zealand company to make the top 10 on the Deloitte Technology Fast 500 Asia Pacific list, alongside mostly China-based companies. The recognition received from Deloitte is a testament to the commitment and expertise of our team, the growth strategy that we continue to execute on and the industry-leading solution that we offer.

"Pushpay continues to remain on track to reach its target of US\$72 million in ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017."

Key metrics ⁱⁱ	Quarter ended 31 Dec 2015	Quarter ended 31 Dec 2016	% Change
<i>Increase in ACMR</i>	US\$4.9m	US\$8.4m	70.6%
<i>ACMR</i>	US\$13.8m	US\$42.3m	206.8%
<i>Average Revenue Per Customer (ARPC)</i>	US\$401 per month	US\$573 per month	42.8%
<i>Total Customers</i>	2,860	6,143	114.8%
<i>Months to Recover Customer Acquisition Cost (CAC)</i>	<12 months	<12 months	✓
<i>Annual Revenue Retention Rate</i>	>95%	>95%	✓
<i>Staff Headcount</i>	193	341	76.7%
<i>Cash and Available Funding Lines</i>	US\$13.5m	US\$19.6m	45.4%

Highlights for the quarter ended 31 December 2016

- ACMR increased to US\$42.3 million, an increase of 206.8% over the year to 31 December 2016. Pushpay remains on track to reach US\$72 million in ACMR prior to the end of calendar year 2017. See more under 'Annualised Committed Monthly Revenue (ACMR)'.

- Pushpay increased its Customer base to 6,143 total Customers, an increase of 114.8% over the year to 31 December 2016. As at 31 December 2016, 33 of the top 100 largest churches in the USAⁱⁱⁱ have chosen to use Pushpay, including the largest by total attendance. See more under '*Pushpay's Customer numbers*'.
- ARPC increased to US\$573 per month, an increase of 42.8% over the year to 31 December 2016. See more under '*Average Revenue Per Customer (ARPC)*'.
- Months to Recover CAC remained at less than 12 months and is expected to remain at this level as the business grows.
- Annual Revenue Retention Rate (excluding upsells into the existing Customer base) continued to exceed 95%, which the Company believes places it among the best-in-class for SaaS companies. Pushpay expects its Annual Revenue Retention Rate to remain at this level as the business grows.
- Staff headcount increased to 341, an increase of 76.7% over the year to 31 December 2016. Pushpay now has 98 staff based in New Zealand and 243 staff based in the USA.
- Pushpay released its Annual Giving Statements solution on 31 December 2016. Annual Giving Statements simplifies the year-end giving statement process for church administrators. See more under '*Annual Giving Statements*'.
- Pushpay acquired Bluebridge's church app related business for the consideration of up to US\$3.1 million. Bluebridge's technology is world class in the faith sector and the acquisition allows Pushpay greater control over product development moving forward. See more under '*Bluebridge acquisition*' and '*Opportunity*'.
- Pushpay has made a number of executive changes as it positions for further growth. Steve Basden, Pushpay's SVP of Customer Operations, has been promoted to President of echurch^{iv} effective 1 January 2017. James Maiocco, Chief Business Development Officer, has been appointed to the Senior Management team effective 1 January 2017. These executive changes enable Chris Heaslip, Pushpay's CEO and Co-founder, the flexibility to focus on opportunities in other closely aligned verticals. Pushpay's Operations function were previously based in its New Zealand office and are now based out of Pushpay's USA office alongside Sales, Marketing, Implementation and Customer Success. The Company's Chief Operating Officer, Paul Shingles has advised the Board of his resignation effective 28 February 2017. The Company has decided a replacement is not required. Kevin Kuck, the Company's VP of Operations will be relocating to Pushpay's USA office from Pushpay's New Zealand office in February 2017.
- Pushpay is proud to be placed number one on the Deloitte Fast 50 New Zealand list and number 10 on the Deloitte Technology Fast 500 Asia Pacific list with 4,574% revenue growth over the three years to 31 March 2016. Pushpay was the only New Zealand company to make the top 10 of the Deloitte Technology Fast 500 Asia Pacific list, alongside mostly China-based companies. The recognition received from Deloitte is a testament to the commitment and expertise of our team, the growth strategy that the Company continues to execute on and the industry-leading solution that Pushpay offers.

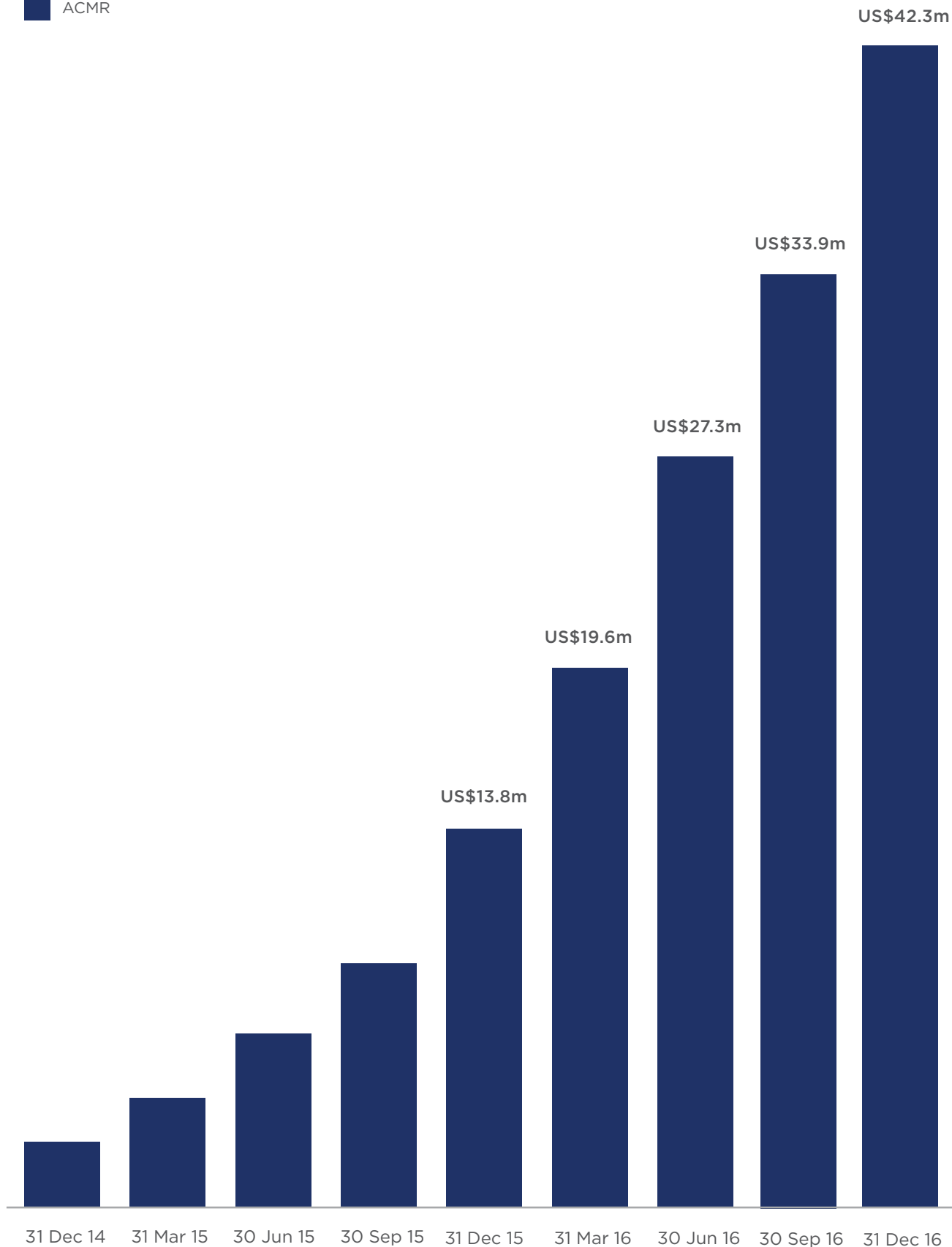
Annualised Committed Monthly Revenue (ACMR)

The Company increased its ACMR to US\$42.3 million, an increase of 206.8% over the year to 31 December 2016. Pushpay continues to remain on track to reach its US\$72 million (NZ\$100 million) ACMR target and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Pushpay expects to reach its target 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.

Pushpay's ACMR growth

■ ACMR

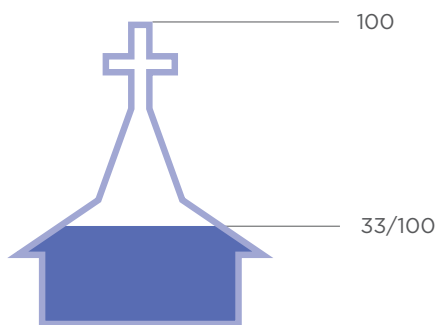


Pushpay's Customer numbers

Pushpay increased its Customer base to 6,143 total Customers, an increase of 114.8% over the year to 31 December 2016.

As at 31 December 2016, 33 of the top 100 largest churches in the USA have chosen to use Pushpay, including the largest church in the USA which has over 39,000 average weekly attendees.^v The confidence and support of large Customers such as these demonstrates that Pushpay's payment solutions are well-understood and valued by our main target market, the USA faith sector.

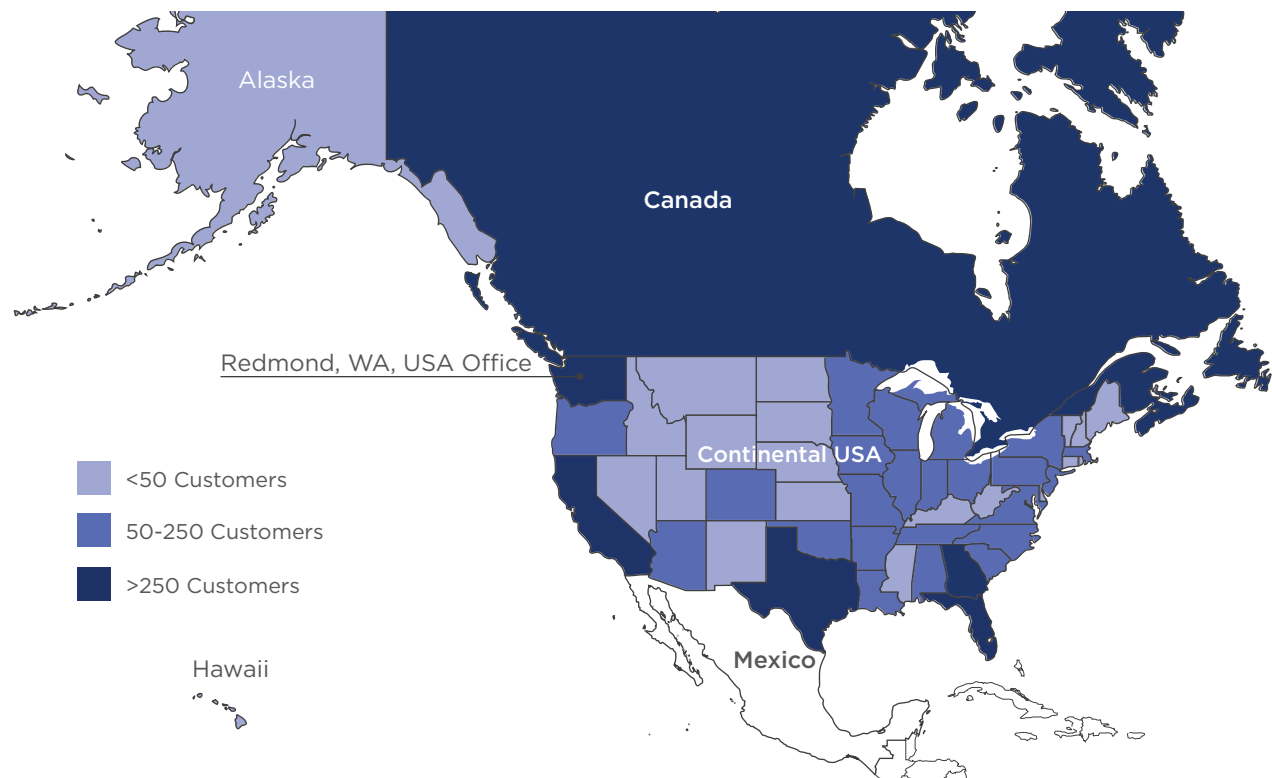
100 largest churches in the USA



Pushpay now services **33** of the top 100 largest churches in the USA, including the largest.

As at 31 December 2016, 97% of Pushpay's Customers were located in North America which covers the USA and Canada with the remaining 3% located in Australasia which covers New Zealand and Australia. Pushpay attracts Customers from all over the USA and Canada from its Redmond office, suggesting the business model is not location specific.

Location of Pushpay's Customers in North America^{vi}

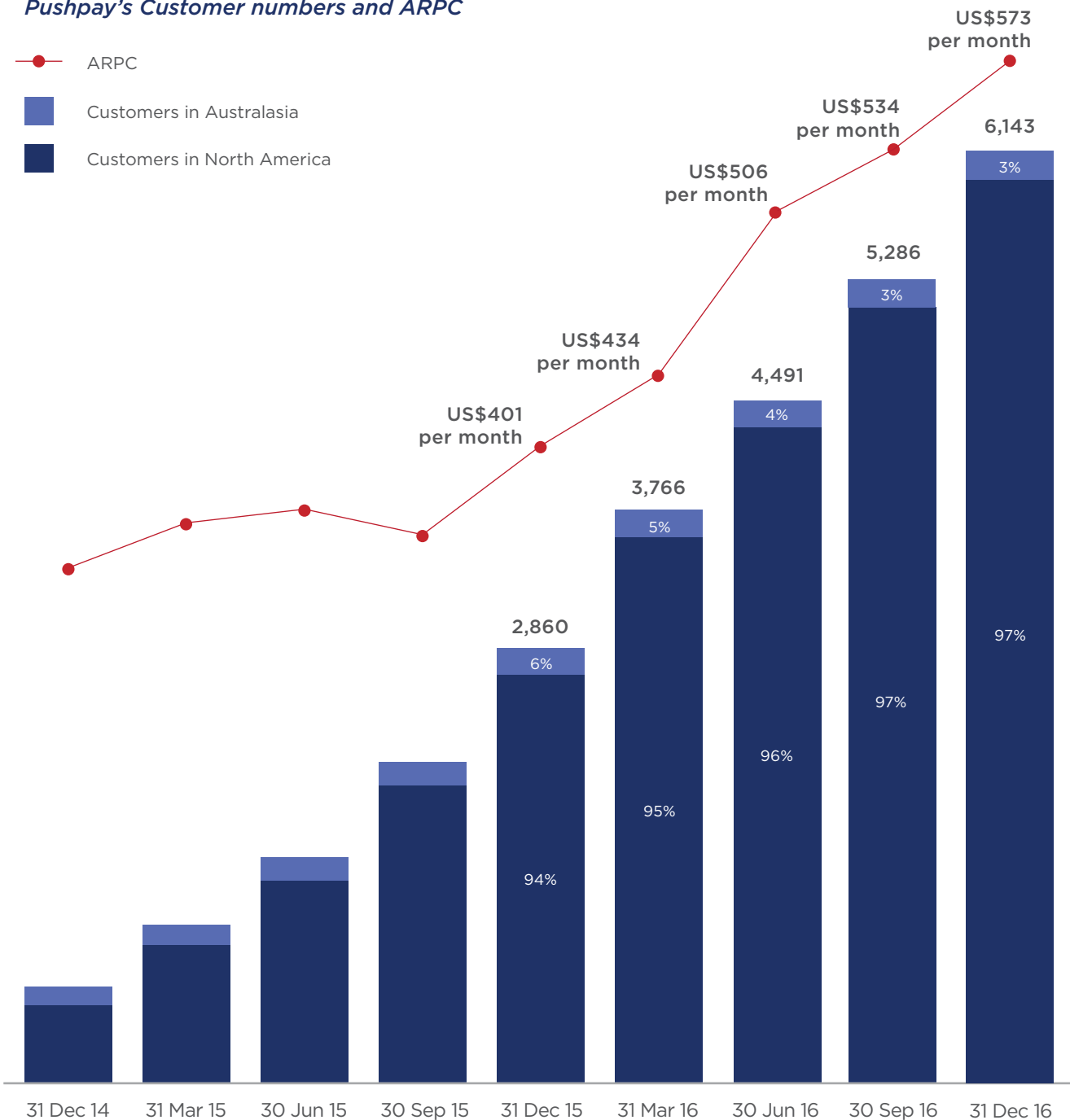


Average Revenue Per Customer (ARPC)

ARPC increased to US\$573 per month, an increase of 42.8% over the year to 31 December 2016.

Pushpay made a number of pricing changes over the quarter to a segment of our smaller Customer segments where pricing plans were increased to bring these legacy pricing plans in line with current pricing. These pricing changes reflect the wider suite of solutions that Pushpay now offers in the form of Custom Apps and Event Registration, along with the expanded Pushpay feature set such as the recently released Annual Giving Statements that provide substantial value to our Customers. While this has driven additional churn in our small Customer segment, the price increases have had a positive impact on our ARPC and resulting ACMR.

Pushpay's Customer numbers and ARPC



Annual Giving Statements

Annual Giving Statements successfully launched on 31 December 2016 and is now available to all USA-based Customer administrators.

Pushpay's new Annual Giving Statements solution simplifies the year-end giving statement process for our Customers' administrators by enabling them to:

- Deliver personalised statements with ease;
- Consolidate payments in one place; and
- Save time and resources so they can be redistributed to where they are needed most.

Mike Howard, a beta participant from Antioch Community Church in Arizona anticipates the time it takes to prepare over 700 statements will reduce from 30 hours to under five hours, an 83% saving in time by using Annual Giving Statements.

Annual Giving Statements is a critical development in our strategy to become the central system of generosity. By providing churches and givers with a simple time saving tool to manage end of year giving statements we encourage churches and givers alike to use Pushpay as their primary and only generosity solution. This will help drive Pushpay adoption throughout the church and their congregation.

Bluebridge acquisition

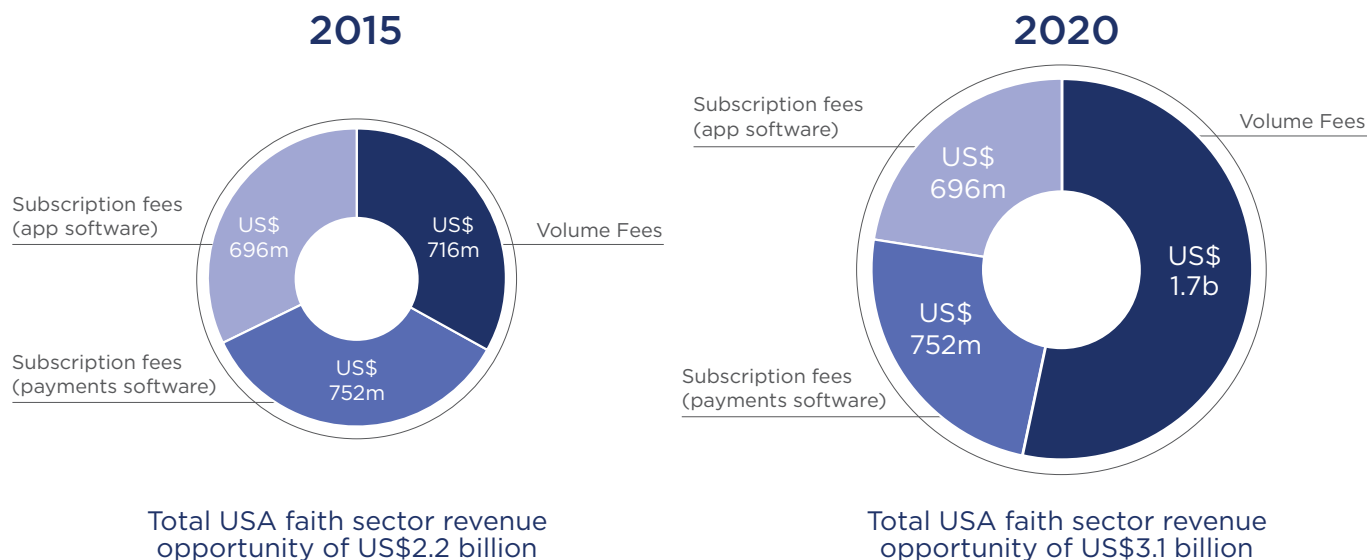
As previously announced, Pushpay has purchased Bluebridge's church app related business for the consideration of up to US\$3.1 million in November 2016. Bluebridge's technology is world class in the faith sector and the acquisition allows Pushpay greater control over product development moving forward.

Bluebridge's church apps provide churches with a unique solution that combines high quality mobile apps, a scalable platform, intuitive content management system and mobile expertise. Bluebridge's church apps help churches increase giving, support multiple locations, communicate quickly, gather instant feedback, provide a dedicated customer success manager, increase church attendance, provide a centralised tool and reduce overhead costs.

Opportunity

With the addition of Bluebridge's church app business, Pushpay's current Total Available Market (TAM) increases by US\$0.7 billion in potential annual revenue from US\$1.5 billion to US\$2.2 billion, an increase of 47%.

USA faith sector revenue opportunity



TAM is assessed as follows: US\$119.3 billion was given to religious organisations in the USA in 2015^{vii}. Using that figure, and assuming digital giving of 30%, Pushpay estimates the potential annual revenue opportunity in the USA faith sector (i.e. in terms of Subscription (payments and app software) Fees and Volume Fees earned from digital payments) to be US\$2.2 billion. If total religious giving in the USA was to grow by 3.13% per annum and if total giving through digital payments was to increase by 6% per annum, the potential digital payment revenue opportunity in the USA faith sector grows to US\$3.1 billion in 2020. Pushpay has calculated these revenue opportunity figures on the basis of its current Subscription (payments and app software) Fee and Volume Fee pricing, on an assumption that there are over 340,000 churches in the USA faith sector^{viii} and on the basis of assumed church sizes^{ix}.

Outlook

“Pushpay has delivered another successful quarter as we remain on track to reach our targets of US\$72 million ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017. Our talented and committed team continues to work confidently toward our targets and we look forward to updating you on our progress”, said Chris Heaslip.

- i In each case, in terms of the companies assessed by Deloitte to meet Deloitte’s qualifying criteria. For more information see: <http://www.deloitteprivate.co.nz/fast50/2016/> and <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Technology-Media-Telecommunications/gx-tech-fast-500-apac-ranking-report-2016.pdf>
- ii Pushpay has updated its key metric definitions, effective November 2016, as referenced below. These updates have been made to accommodate product offering changes namely, from November 2016 for certain segments, Customers have been able to purchase a church app (engagement solution) separately from Pushpay’s core payments solution. As some entities solely utilise Pushpay’s church app solution, the term ‘Merchant’ has been replaced with ‘Customer’.

Updated	Previous
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).	References to “Customer(s)” read “Merchant(s)”.
Annualised Committed Monthly Revenue (ACMR) – is 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.	References to “Customer(s)” read “Merchant(s)”.
Annualised Monthly Payment Transaction Volume – is the annualised four week average payment transaction volume, excluding weeks falling in December given this is a seasonal high period.	Unchanged.
Average Revenue Per Customer (ARPC) – is the combination of 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. In order to remove the seasonal effect on Volume Fees the last 12-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.	Average Revenue Per Merchant (ARPM) – Pushpay calculates ARPM using a combination of subscription fees and volume fees. Subscription fees are based on the size of the Merchant and volume fees are based on payment transaction volume. Volume fees are recognised on a gross basis and associated costs payable to processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on volume fees the last 12-month average volume fee per Merchant is used for the volume fee component of ARPM.
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 setup their service.	Merchant – A ‘Merchant’ is a business or organisation that utilises Pushpay’s payment platform to process electronic transactions. Pushpay reports Merchants that have entered into an agreement and completed the paperwork necessary to setup their facility.
Customer Acquisition Cost (CAC) – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.	Reference to “Customers” read “Merchants”.

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.	Reference to “Customer” read “Merchant”.
Staff Headcount – is total employees at a specific point in time.	Unchanged.
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).	Subscription Fees – Based on the size of the Merchant (in the case of the faith sector, this is a fixed monthly fee usually based on the 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).	Volume Fees – Based on payment transaction volume (in the case of the faith sector, this is usually calculated as a percentage of total donations).

- iii Outreach Magazine (2016). 100 Largest Participating Churches 2016
- iv echurch, Inc is a USA-domiciled fully owned subsidiary of Pushpay Holdings Limited which markets the Pushpay solution to the faith sector in the USA.
- v Outreach Magazine (2016). 100 Largest Participating Churches 2016
- vi Includes locations in North America of Customers which have been added to the Pushpay platform as at 31 December 2016, excluding Customers derived from the Bluebridge acquisition.
- vii Giving USA (2016). Giving USA 2016: Annual Report
- viii Including Catholic Churches, Mormon Churches and Orthodox Churches according to Hartford Institute (2010). Religious Congregations Membership Study.
- ix Pushpay has estimated assumed church sizes on the basis of Hartford Institute (2010). Religious Congregations Membership Study and other demographic data.

Investor Calendar

The following dates are indicative only and are subject to change at Pushpay’s discretion.

31 March 2017	Pushpay’s financial year end
12 April 2017	Quarterly operational update
18 May 2017	Annual Report release date
12 July 2017	Quarterly operational update

Contact

Sarah Elder | Investor Relations | Pushpay Holdings Limited

P: +64 21 637 449 | E: investors@pushpay.com

www.pushpay.com

About Pushpay

Pushpay provides mobile commerce tools that facilitate fast, secure and easy non point of sale payments and engagement solutions that enable meaningful connections. Pushpay targets Customers who are looking to offer convenient, personalised and intuitive payment solutions to their consumers. Pushpay services three target markets: the faith sector; non-profit organisations and enterprises (both small medium enterprises and corporate organisations).

Pushpay is an award-winning company, team and product. For more information visit 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 to learn more and see an online demonstration of how Pushpay enables merchants and consumers to “never miss the moment”.

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