

# Pushpay delivers record quarter - ACMR now exceeds US\$50m

Auckland, New Zealand | Redmond, Washington, USA - 12 April 2017

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') is pleased to announce that it has delivered a record quarter<sup>i</sup> of growth, increasing its Annualised Committed Monthly Revenue (ACMR) by US\$8.3 million over the quarter ended 31 March 2017 to US\$50.5 million.

Chris Heaslip, Pushpay's CEO and Co-founder said, "Pushpay is pleased to deliver a record quarter of growth having increased our ACMR by US\$8.3 million to US\$50.5 million over the quarter to 31 March 2017. Whilst increasing our ACMR, we are proud to have maintained exemplary efficiency metrics since listing in August 2014, with an Annual Revenue Retention Rate of over 95% and our cost of acquiring Customers (Months to Recover CAC) has remained below 12 months. In addition, Pushpay's ARPC increased substantially, by 44.1% from US\$434 per month to US\$625 per month over the year to 31 March 2017.

"On behalf of senior management, I would like to welcome former Xero General Counsel and Company Secretary, Matt Vaughan, to the team. Matt brings a wealth of experience to Pushpay. During Matt's four years at Xero, he gained a deep understanding of the SaaS industry. We are very excited to have Matt on board and I look forward to working with him.

"Over the quarter we were extremely proud to have been awarded four 2017 Stevie® Awards for Sales & Customer Service, including a Gold Award in the Business Development Achievement of the Year category and for the second year in a row, a Bronze Award in the Front-Line Customer Service Team of the Year and Contact Center of the Year categories.

"Pushpay remains in a position to achieve US\$72 million in ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017."

Key metrics <sup>ii</sup>	Quarter ended 31 Mar 2016	Quarter ended 31 Mar 2017	% Change
<i>Increase in ACMR over the quarter</i>	US\$5.8m	US\$8.3m	41.8%
<i>ACMR</i>	US\$19.6m	US\$50.5m	157.7%
<i>Average Revenue Per Customer (ARPC)</i>	US\$434 per month	US\$625 per month	44.1%
<i>Total Customers</i>	3,766	6,737	78.9%
<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>	215	376	74.9%
<i>Cash and Available Funding Lines</i>	US\$11.2m	US\$13.4m	20.0%

## Highlights for the quarter ended 31 March 2017

- ACMR increased to US\$50.5 million, an increase of 157.7% over the year to 31 March 2017. Pushpay remains in a position to achieve US\$72 million in ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017. See more under 'Annualised Committed Monthly Revenue (ACMR)'.
- ARPC increased substantially to US\$625 per month, an increase of 44.1% over the year to 31 March 2017. See more under 'Average Revenue Per Customer (ARPC)'.

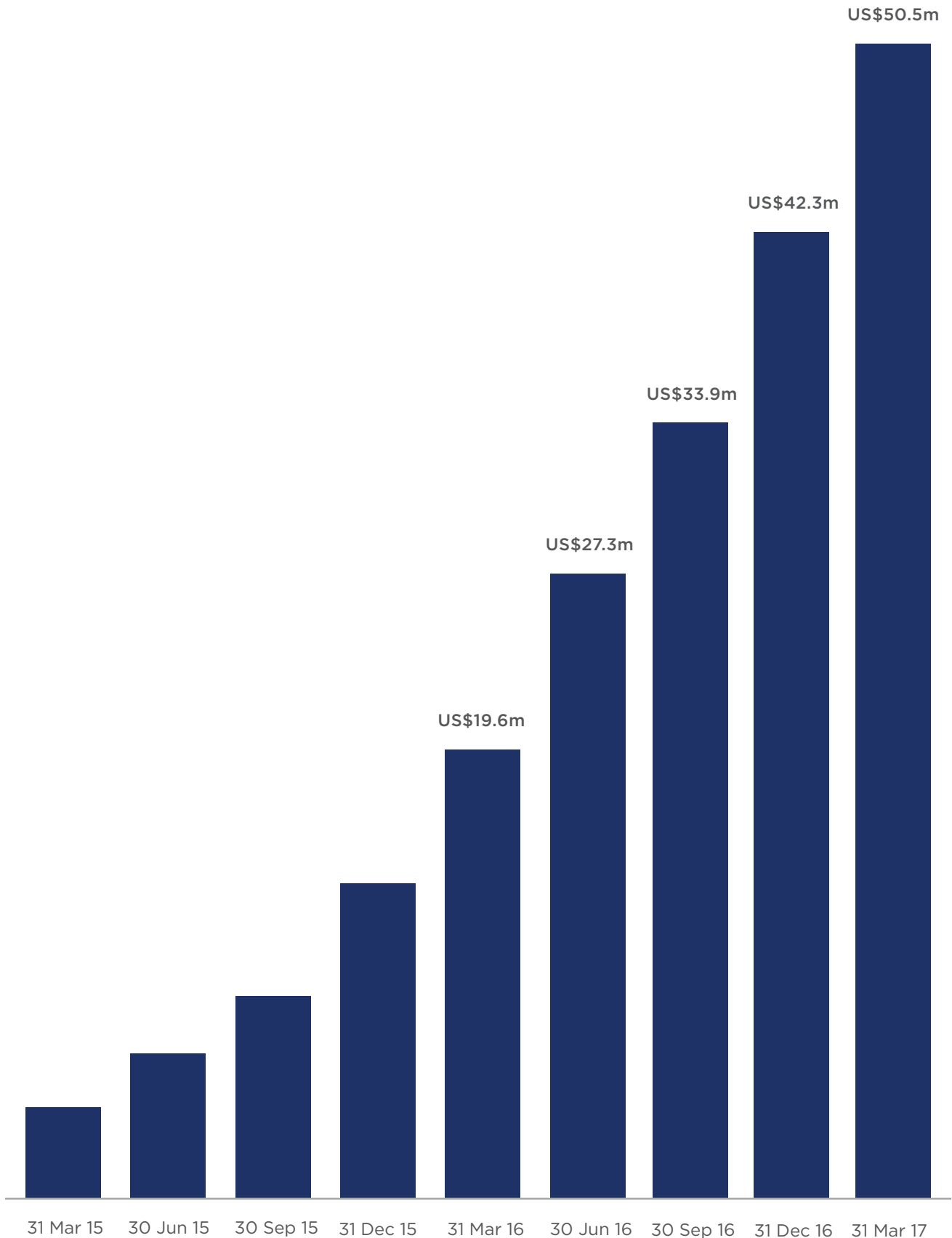
- Pushpay increased its Customer base to 6,737 total Customers, an increase of 78.9% over the year to 31 March 2017. As at 31 March 2017, 10 of the top 20 and 36 of the top 100 largest churches in the USA<sup>iii</sup> have chosen to use Pushpay, including the largest church by total attendance. See more under '*Pushpay's Customer numbers*'.
- Months to Recover CAC remained at less than 12 months and is expected to remain at this level as the business scales.
- 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 scales.
- Staff headcount increased to 376, an increase of 74.9% over the year to 31 March 2017. Pushpay now has 101 staff based in New Zealand and 275 staff based in the USA.
- Following the acquisition of Bluebridge's church app business in November 2016, Pushpay has released echurch Apps 3.0 initially as a "soft launch" to a group of existing Customers in mid-February 2017. See more under '*echurch Apps*'.
- Pushpay continues to refine its relational approach to targeted account based selling, focusing more heavily on mid-market and enterprise sized Customers. See more under '*Sales strategy*'.
- As the Company grows our methods of measuring the business need to be updated to ensure that our performance is accurately represented. We believe that our ARPC definition currently represents an overly conservative historical view of our Volume Fee growth and so this definition will be updated in our Quarterly Operational Update for the period ending 30 June 2017 moving forward. See more under '*Definition changes*'.
- Matt Vaughan, former Xero General Counsel and Company Secretary, has joined the Pushpay team. See more under '*Matt Vaughan*'.
- Pushpay entered into a Funding Agreement with Callaghan Innovation for a Research and Development (R&D) Growth Grant. R&D Growth Grants support firms to scale and increase flexibility in R&D investments for greater market impact and maximum return. They typically provide support of 20% of eligible R&D costs of up to NZ\$5 million per annum. The Funding Agreement allows for the funding by Callaghan Innovation of up to NZ\$5 million (GST exclusive) per annum of eligible R&D spend by Pushpay over a 36-month period, provided the terms of Callaghan Innovation's R&D Growth Grant have been met.
- Pushpay was awarded four Stevie<sup>®</sup> Awards at the 2017 Stevie<sup>®</sup> Awards for Sales & Customer Service including a Gold Award in the Business Development Achievement of the Year category and for the second year in a row, a Bronze Award in the Front-Line Customer Service Team of the Year and Contact Center of the Year categories.

## Annualised Committed Monthly Revenue (ACMR)

The Company increased its ACMR to US\$50.5 million, an increase of 157.7% over the year to 31 March 2017. Pushpay remains in a position to achieve US\$72 million in ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017.

Pushpay expects to reach its ACMR 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.

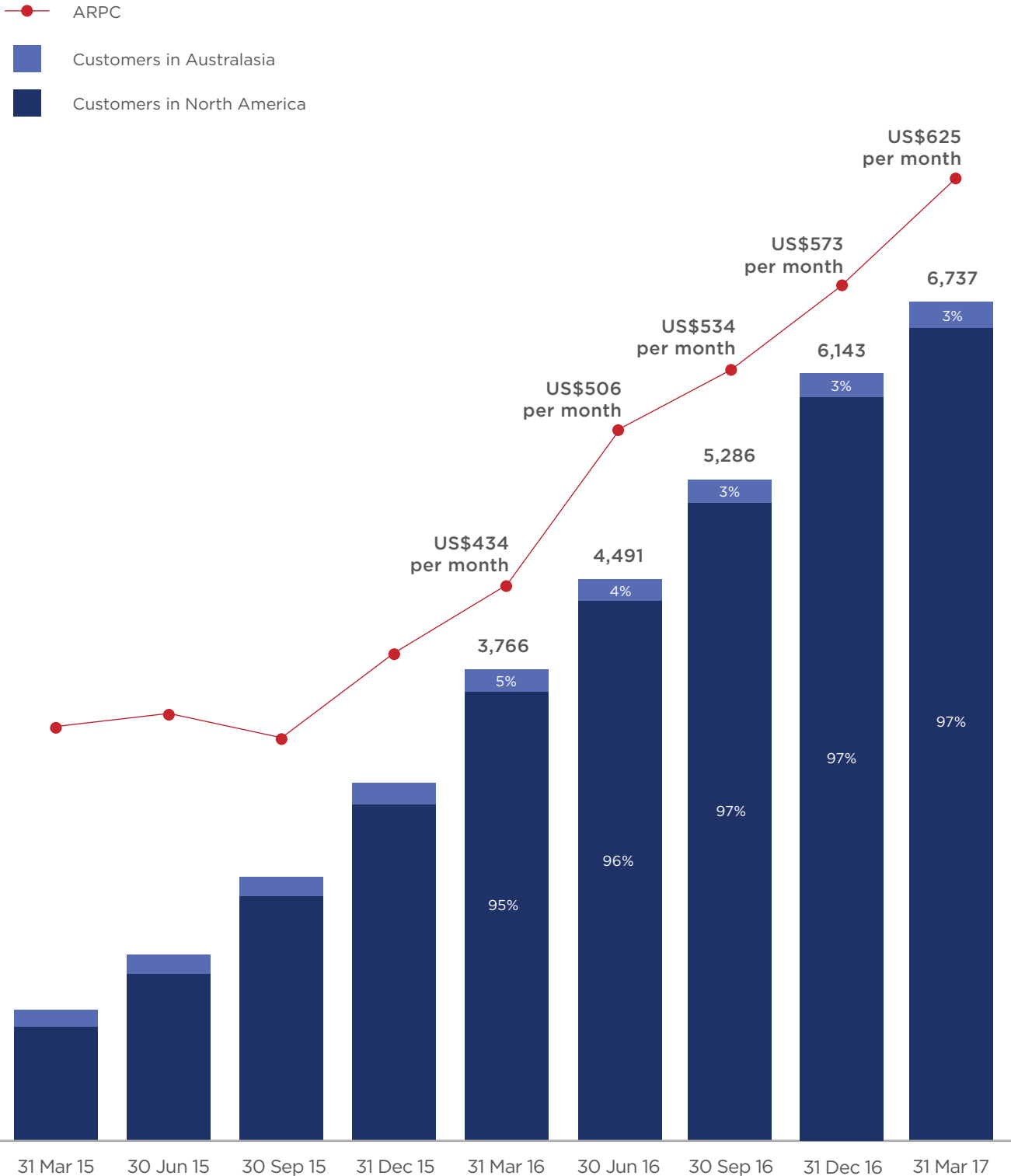
*Pushpay's ACMR growth*



## Average Revenue Per Customer (ARPC)

ARPC increased substantially to US\$625 per month, an increase of 44.1% over the year to 31 March 2017. As Pushpay continues to increase its Customer base, our ARPC also continues to increase, implying increased adoption from our current Customer base and larger deal sizes, leading to greater sales efficiency.

### Pushpay's Customer numbers and ARPC

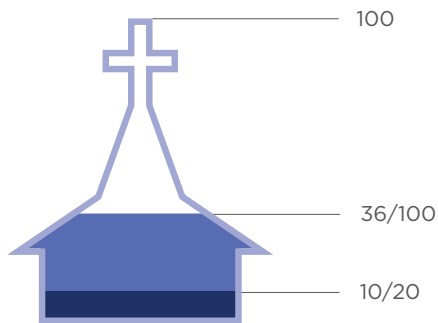


## Pushpay's Customer numbers

Pushpay increased its Customer base to 6,737 total Customers, an increase of 78.9% over the year to 31 March 2017.

As at 31 March 2017, 10 of the top 20 and 36 of the top 100 largest churches in the USA<sup>iv</sup> have chosen to use Pushpay, including the largest church in the USA, which has over 39,000 average weekly attendees. As at the quarter ended 31 December 2016 we had 9 of the top 20 and 33 of the top 100 largest churches in the USA. The confidence and support of large Customers such as these demonstrates that Pushpay's engagement and payment solutions are well-understood and valued by our main target market, the USA faith sector.

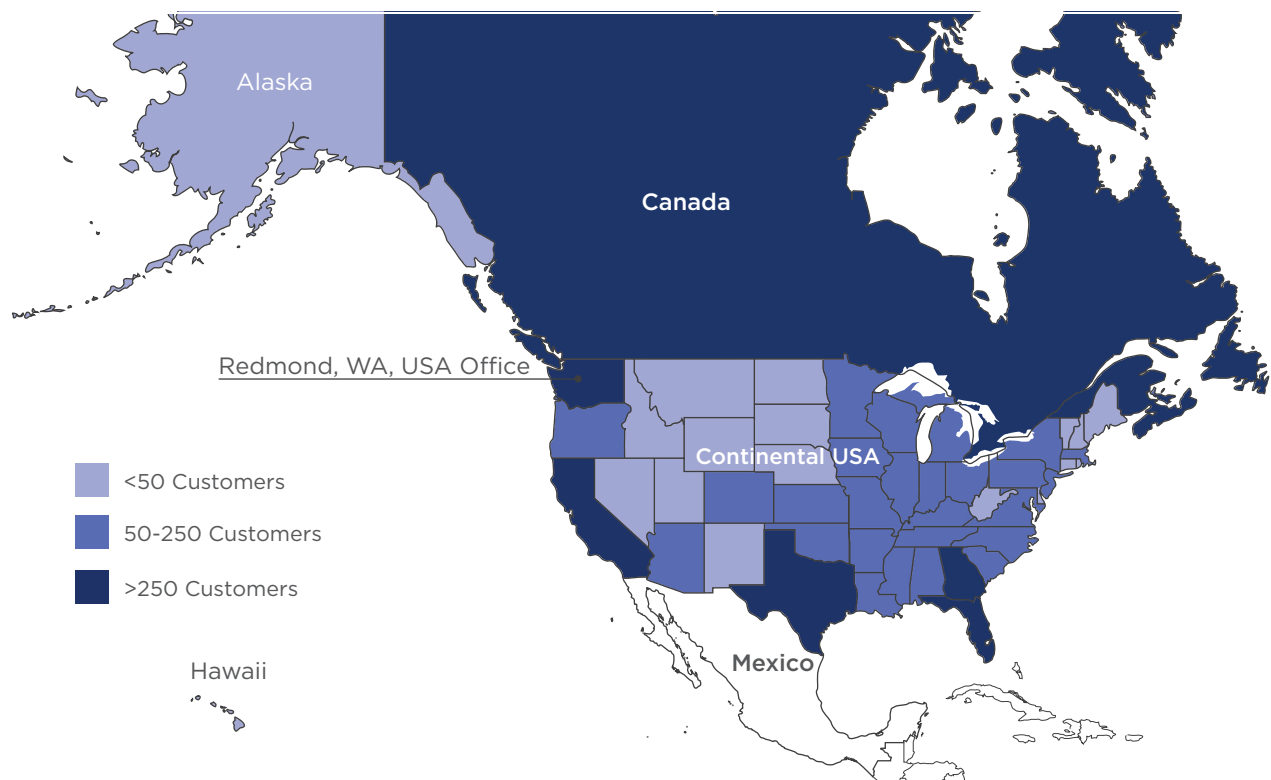
### 100 largest churches in the USA



Pushpay now services **10** of the top 20 and **36** of the top 100 largest churches in the USA, including the largest.

As at 31 March 2017, 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<sup>v</sup>



## echurch Apps

Following the acquisition of Bluebridge's church app business, Pushpay released echurch Apps 3.0 initially as a "soft launch" to a group of existing Customers in mid-February 2017. Through the quarter, the adoption of echurch Apps 3.0 exceeded our expectations both in terms of number of Customers and ACMR added to the business. While it is still early, this was a healthy affirmation of our strategy to deliver an engagement solution to our Customers to help spur generosity in their respective communities. Pushpay has recruited a team of software engineers across our Auckland, New Zealand and Redmond, WA, USA offices to focus on expanding the current feature set. Pushpay is pleased to now make echurch Apps 3.0 generally available to all Customers as of the beginning of FY18.

## Sales strategy

Pushpay continues to refine its relational approach to targeted account based selling, focusing more heavily on mid-market and enterprise 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; are easier to service long term; are less likely to churn than smaller Customers; and typically generate increased Subscription and Volume Fees over time.

The Company is implementing a number of initiatives focused on attracting mid-market and enterprise sized Customers through more targeted account based selling. Churches in local territories are attracted through regional events, marketing content specific to the demographic and onsite visits. In conjunction with this, the Company is improving its sales and marketing approach, centered on meeting Customers where they are in their purchasing journey.

As Pushpay continues to gain market share in the USA faith sector, in order to attract the early majority segment our product strategy will continue to evolve with an enhanced feature set. The early majority segment are seeking increased engagement solutions, analytics and enhanced integration with their existing software. Pushpay's team of software engineers is constantly innovating, with a focus on the early majority segment of the market, whilst maintaining the integrity of our underlying platform.

## Definition changes

As the Company grows our methods of measuring the business need to be updated to ensure that performance is accurately represented. The Average Revenue Per Customer (ARPC) definition currently represents an overly conservative historical view of our Volume Fee growth. We believe that while the changes in our ARPC definition are still conservative, they provide a more accurate reflection of the performance of the business.

Current definition	Future updates to definition	Effective date
<b>Average Revenue Per Customer (ARPC)</b> - 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. 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.	Last sentence will be updated to read: "The last 9-month average Volume Fee per Customer is used for the Volume Fee component of ARPC."	30 June 2017
	Last sentence will be updated to read: "The last 6-month average Volume Fee per Customer is used for the Volume Fee component of ARPC."	30 September 2017
	Last sentence will be updated to read: "The last 3-month average Volume Fee per Customer is used for the Volume Fee component of ARPC."	31 December 2017

## Matt Vaughan



Matt Vaughan, former Xero General Counsel and Company Secretary, has joined the Pushpay team. Matt is an experienced corporate lawyer, having worked in a variety of in-house and private practice roles around the globe, with a particular focus on technology and venture capital. Over the last four years, Matt was General Counsel and Company Secretary of Xero.

Matt has advised on a wide range of transactional and general advisory matters, with significant experience advising on complex cross border transactions and a particular focus on technology and venture capital.

Matt's work has led to him being honoured with a number of awards including the Private Sector In-House Lawyer of the Year Award by the New Zealand Law Society in 2014 and a "Top 10 30-Something" award by the Association of Corporate Counsel (USA) in 2015.

Chris Heaslip, Pushpay's Chief Executive and Co-founder said, "On behalf of the senior management team, I would like to welcome former Xero General Counsel and Company Secretary, Matt Vaughan, to the team. Matt brings a wealth of experience to Pushpay. During Matt's four years at Xero, he gained a deep understanding of the SaaS industry. We are very excited to have Matt on board and I look forward to working with him."

## Outlook

"Pushpay delivered a record quarter<sup>vi</sup> and remains in a position to achieve US\$72 million ACMR and breakeven on a monthly cash flow basis prior to the end of calendar year 2017. We are extremely proud of our progress thus far and are well positioned for the next phase in our growth journey. Beyond our targeted ACMR of US\$72 million prior to the end of calendar year 2017, the Board is confident a focus on the US faith sector and long term duration growth will allow us to build a very sizable business. Meanwhile, our team continues to work confidently towards our targets and I look forward to updating you on our progress," said Chris Heaslip.

i Pushpay acquired Bluebridge's church app related business in November 2016 which included over 200 customers and around US\$1 million in ACMR. Excluding the ACMR increase attributed to the Bluebridge acquisition in the quarter ended 31 December 2016, the quarter ended 31 March 2017 has been our best quarter in terms of ACMR growth.

ii 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 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.

**Average Revenue Per Customer (ARPC)**

Current definition	Future updates to definition	Effective date
<b>Average Revenue Per Customer (ARPC)</b> – 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. 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.	Last sentence will be updated to read: "The last 9-month average Volume Fee per Customer is used for the Volume Fee component of ARPC."	30 June 2017
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**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.

**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).

- iii Outreach Magazine (2016). 100 Largest Participating Churches 2016
- iv Outreach Magazine (2016). 100 Largest Participating Churches 2016
- v Includes locations in North America of Customers which have been added to the Pushpay platform as at 31 March 2017, excluding Customers derived from the Bluebridge acquisition.
- vi Pushpay acquired Bluebridge's church app related business in November 2016 which included over 200 customers and around US\$1 million in ACMR. Excluding the ACMR increase attributed to the Bluebridge acquisition in the quarter ended 31 December 2016, the quarter ended 31 March 2017 has been our best quarter in terms of ACMR growth.

## Investor Calendar

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

<b>18 May 2017</b>	Annual Report release date
<b>12 July 2017</b>	Quarterly operational update
<b>18 July 2017</b>	Annual Meeting
<b>30 September 2017</b>	Financial half year end

## Contact

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## About Pushpay

Pushpay provides engagement solutions that enable meaningful connections and mobile commerce tools that facilitate fast, secure and easy non point of sale payments. 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 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 merchants and consumers to "never miss the moment".

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