

Pushpay 2019 Interim Results Announcement

Auckland, New Zealand | Redmond, Washington, USA – 7 November 2018

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 2018 and its 2019 Interim Report. This announcement should be read in conjunction with and is subject to, Pushpay’s Interim Report.

Chris Heaslip, CEO and Co-founder said, “Pushpay continues to experience strong growth, delivering on its strategic plan as the Company strengthens its market position in the US faith sector. Pushpay continues to focus on future-proofing the business, by refining the strategies that will allow the Company to realise its considerable potential over the long term, while maintaining prudent financial discipline.”

Sales strategy

The Company continued to experience growth in its field sales initiative and deal sizes continued to increase, further validating that face-to-face customer interaction allows us to better communicate the value of our solutions to support a higher price point.

We are continuing to see pleasing results from our sales strategy, with our ARPC continuing to increase and the proportion of medium and large Customers continuing to increase.

Strong revenue growth

Pushpay delivered on its revenue guidance of between US\$21.8 million and US\$23.3 million for the quarter ended 30 September 2018, increasing total revenue to US\$22.6 million for the period.

Pushpay’s total revenue increased by US\$14.3 million from US\$29.7 million for the six months ended 30 September 2017 to US\$44.0 million for the six months ended 30 September 2018, an increase of 48.0%. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

Operating leverage

Pushpay’s net loss improved by US\$8.1 million from US\$12.5 million for the six months ended 30 September 2017 to US\$4.4 million for the six months ended 30 September 2018, an improvement of 64.8%. The net loss reflects the Company’s strategy to continue investing in growing its business, while working towards breakeven on a monthly cash flow basis by 31 December 2018.

Pushpay adopted best in class software tools and scalable processes early in its development. Combined with strong financial discipline, those investments will allow significant operating leverage to be achieved as revenue grows.

Updated reporting

As an NZX-listed company, Pushpay is required to provide interim and annual reporting. When Pushpay listed in August 2014, the Company decided to also provide quarterly operational updates to supplement investors’ understanding of the business given its early stage.

Pushpay’s Board has decided to revise its reporting following a perception study with investors and analysts. The perception study sought feedback on Pushpay’s reporting following our pending attainment of breakeven on a monthly cash flow basis by 31 December 2018. General feedback highlighted the view that once Pushpay attained breakeven on a monthly cash flow basis, quarterly reporting would offer limited value. Investors and analysts felt comfortable with Pushpay only providing interim and annual reporting following the attainment of breakeven on a monthly cash flow basis. Investors and analysts felt a change in reporting would allow management more time to focus on their key roles and delivering on Pushpay’s strategy.

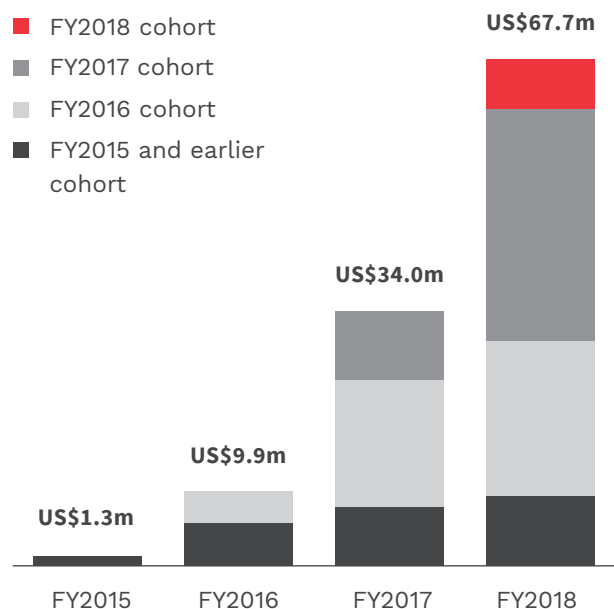
As a result of feedback received, Pushpay will phase out quarterly reporting with the last quarterly operational update to be provided for the quarter ending 31 December 2018.

Current reporting	Reporting from 1 April 2019
Annual Report for the year ended 31 March	Annual Report for the year ended 31 March
Quarterly operational update for the quarter ended 30 June	-
Interim Report for the six months ended 30 September	Interim Report for the six months ended 30 September
Quarterly operational update for the quarter ended 31 December	-

Based on feedback received, Pushpay has decided to remove Annualised Committed Monthly Revenue (ACMR) as a key metric. Given the seasonal nature of the business, investors and analysts do not view ACMR as a useful metric to assess the performance of the business.

Pushpay will also provide full year total revenue guidance and full year Customer revenue cohort information in our Annual Reports moving forward. Pushpay's Customer revenue cohort information for the year ended 31 March 2018 is provided below for future comparison.

Customer revenue cohort information



(US\$)	FY2015	FY2016	FY2017	FY2018	CAGR
FY2015 and earlier	\$1.3m	\$5.7m	\$7.9m	\$9.3m	92%
FY2016		\$4.2m	\$16.9m	\$20.7m	122%
FY2017			\$9.2m	\$31.1m	239%
FY2018				\$6.6m	N/A
Total	\$1.3m	\$9.9m	\$34.0m	\$67.7m	N/A

Outlook

Pushpay is confident it will achieve its target of breakeven on a monthly cash flow basis prior to the end of calendar year 2018. Once cash flow breakeven has been achieved in December 2018, Pushpay expects to have positive cash flows on an ongoing basis.

Pushpay is assured in its strategy to gain further market share in the medium-term and believes this is the best way to maximise shareholder value.

With Pushpay's sales and marketing strategy focused on medium and large Customers, the Company expects to see a continued increase over the current financial year in Subscription Fees added from new Customers, with a lower average sales headcount than last financial year.

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.

Revenue guidance

The Company is providing annual revenue guidance for the year ending 31 March 2019 of between US\$97.5 million and US\$100.5 million. Pushpay expects to see consistent revenue growth as the business executes on its strategy, achieves increased efficiencies and gains further market share in the US faith sector.

Gross margin improvement

The gross margin percentage is expected to increase to over 60% for the six months ending 31 March 2019 as a result of a margin improvement process, up from 54% for the six months ending 31 March 2018. Combined with the forecast revenue growth and the significant operating leverage being achieved by the business, this significant margin improvement puts Pushpay in a position to achieve positive earnings before interest, tax, depreciation, amortisation and foreign currency gains/losses (EBITDAF) for the year to 31 March 2019.

People

As we continue to execute on our strategy, Pushpay has attracted a leading team that we are extremely proud of. We have an emphasis on retaining exceptional talent, choosing to promote from within where possible. Pushpay continues to strengthen its team of driven and talented experts in New Zealand and the US.

Longstanding members of Pushpay's team, Josh Robb, VP of Product and Engineering and Kevin Kuck, VP of Operations, were appointed to the senior management team in August 2018. The elevation of exceptional leaders like Josh Robb and Kevin Kuck better positions us to execute on our strategy.



Josh Robb, VP of Product and Engineering



Kevin Kuck, VP of Operations

Pushpay's Board of Directors is pleased to welcome Peter Huljich as an Alternate Director for Christopher Huljich, effective 7 November 2018. Peter has held a number of executive positions in the Company, along with previously being an Alternate Director for Christopher Huljich. Peter brings extensive experience and knowledge to the business, having been involved with a number of high-growth technology businesses.

The Board is also actively searching for an additional US-based Director and is considering suitably qualified candidates of diverse backgrounds and experience.

Acknowledgements

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.

Investor Briefing

Pushpay will hold an Investor Briefing today at 11:00 am (NZT) to discuss its operational results for the six months ended 30 September 2018.

Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 631220

Playback details

Replay of the Interim Results 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: 8204#

Contact

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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 leading 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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