

## Pushpay's outperformance continues - ACMR increases over 39% to US\$27.29m in Q1

Auckland, New Zealand | Redmond, Washington, USA – 13 July 2016

Pushpay Holdings Limited (NZSX:PAY) ('Pushpay' or 'the Company') announces that it has increased its Annualised Committed Monthly Revenue (ACMR) by US\$7.69 million to US\$27.29 million (NZ\$38.77 million) an increase of 39.22% over the quarter to 30 June 2016. Pushpay remains on track to reach its NZ\$100 million ACMR target prior to the end of February 2018. Pushpay is also pleased to announce that it now services five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA.<sup>i</sup>

Chris Heaslip, Pushpay's CEO and Co-founder said, "We are pleased to report our best quarter to date, with strong key metrics across the board. Pushpay's ACMR increased by more than US\$7 million over the quarter to more than US\$27 million, an increase of over 39%. We increased our Merchant numbers to 4,491 Merchants, while also increasing our Average Revenue Per Merchant (ARPM), this indicates that our deal size is increasing as per our strategy to attract larger merchants.

"Pushpay is the leading provider of payment solutions to medium and large merchants in the USA faith sector and we are pleased to announce that Pushpay now services five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA.<sup>ii</sup> The confidence and support from large and reputable organisations such as these further validates the Pushpay proposition."

As Pushpay now reports in USD, last quarter's key metrics have been provided in USD and NZD for ease of comparison, and our graphs have been converted to USD where applicable.<sup>iii</sup>

Key metrics <sup>iv</sup>	Quarter ended 31 Mar 2016	Quarter ended 30 Jun 2016	% Change
<i>Increase in ACMR</i>	US\$5.83m (NZ\$8.67m)	US\$7.69m	31.92%
<i>ACMR</i>	US\$19.60m (NZ\$29.08m)	US\$27.29m	39.22%
<i>Average Revenue Per Merchant (ARPM)</i>	US\$434 per month (NZ\$643 per month)	US\$506 per month	16.75%
<i>Total Merchants</i>	3,766	4,491	19.25%
<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	255	18.60%
<i>Cash and Available Funding Lines</i>	US\$11.17 (NZ\$16.16m)	US\$11.64m	4.15%

### Highlights for the quarter ended 30 June 2016

- ACMR increased by US\$7.69 million to US\$27.29 million (NZ\$38.77 million), an increase of 39.22% over the quarter to 30 June 2016. Pushpay remains on track to exceed NZ\$100 million in ACMR prior to the end of February 2018. See more under '*Annualised Committed Monthly Revenue (ACMR)*'.
- Pushpay increased its customer base by 725 Merchants to 4,491 Merchants, an increase of 19.25% over the quarter to 30 June 2016. As at 30 June 2016, five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA<sup>iii</sup> have chosen to use Pushpay. See more under '*Pushpay's Merchant numbers*'.
- ARPM increased by US\$72.66 per month to US\$506.44 per month, an increase of 16.75% over the quarter to 30 June 2016. See more under '*Average Revenue Per Merchant (ARPM)*'.

- 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 Merchant 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 by 40 to 255, an increase of 18.60% over the quarter to 30 June 2016. Pushpay now has 62 staff based in New Zealand and 193 staff based in the USA.
- Peter Huljich was appointed as Head of Corporate Development on 18 May 2016. The role was created to provide internal planning, project management and execution resource for significant projects, such as the USA capital raising, and will also allow the senior management team, led by CEO and Co-founder - Chris Heaslip, to focus on platform and product growth opportunities.
- Pushpay increased its Annualised Monthly Payment Transaction Volume by NZ\$500 million to over NZ\$1 billion/US\$719 million, an increase of 100% over the six months to May 2016. Pushpay expects Annualised Monthly Payment Transaction Volume to continue to grow at a rapid pace as it executes on its USA growth strategy. The Company will update the market when it considers that it has achieved significant milestones excluding the month of December which is a seasonal high period. Future milestones will be reported in US dollars only.
- Pushpay has engaged a middle-market investment bank headquartered in San Francisco, California to raise at a minimum US\$30 million of primary capital from investors in the USA to support its growth strategy. Pushpay is pleased to be working with a premier USA-based investment bank. After receiving engagement letters from three USA-based investment banks, Pushpay chose its partner based on their considerable experience in the USA technology sector. The board is confident that the USA capital raise will be completed prior to the end of the calendar year.
- The standby funding facility provided by Christopher & Banks of NZ\$4 million, which was due to expire on 30 June 2016, has been renewed until 30 June 2017 and increased to NZ\$10 million on the same terms. Christopher & Banks is a substantial shareholder of Pushpay, holding 54,215,572 shares or 23.45% of the issued capital. Christopher Huljich is the sole director of Christopher & Banks and is also a director of Pushpay. He is also either a director, trustee or related to the same of a number of additional entities holding 13,561,000 shares or 5.87% of the issued capital in the Company.
- Pushpay introduced 'Auto Pay' and 'Cash and Check Recording'. See more under '*Product updates*'.

## Annualised Committed Monthly Revenue (ACMR)

The Company increased ACMR by US\$7.69 million to US\$27.29 million (NZ\$38.77 million) an increase of 39.22% over the quarter to 30 June 2016. Pushpay remains on track to reach its NZ\$100 million ACMR target prior to the end of February 2018.

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

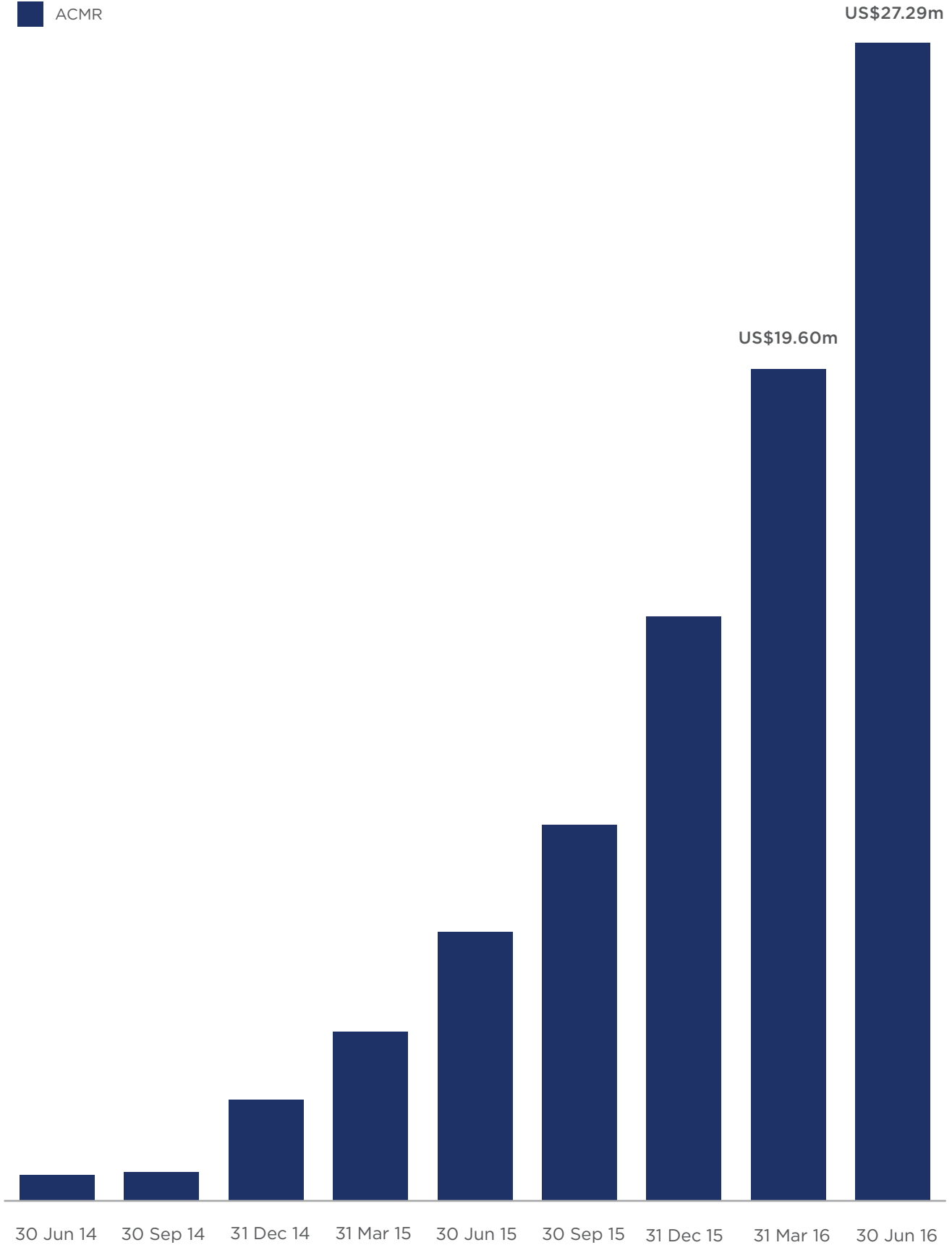
We continue to refine our growth strategy, focusing on attracting larger merchants which have the resources to maximise implementation, which in turn increases engagement and leads to higher retention. To complement this, the Company is investing in a more targeted marketing strategy, shifting away from transactional sales techniques and towards relational sales techniques and investing in sales training.

Attracting a higher number of larger Merchants will increase our ACMR growth, while also increasing our Annual Revenue Retention Rate over time.

If we see opportunities to further refine our growth strategy to attain the \$100 million ACMR target sooner, we will position ourselves to take advantage of them.

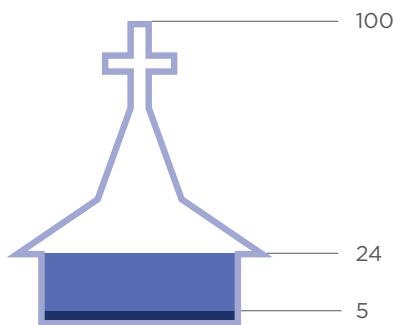
## Pushpay's ACMR growth

■ ACMR



## Pushpay's Merchant numbers

Pushpay increased its customer base by 725 Merchants to 4,491 Merchants, an increase of 19.25% over the quarter to 30 June 2016. As at 30 June 2016, five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA<sup>v</sup> have chosen to use Pushpay. To give context as to the sizes of these organisations, the largest church that Pushpay services in terms of attendees, has over 34,000 attendees<sup>v</sup>. The confidence and support of large Merchants such as these demonstrates that Pushpay's payment solutions are well-understood by our main target market, the USA faith sector.

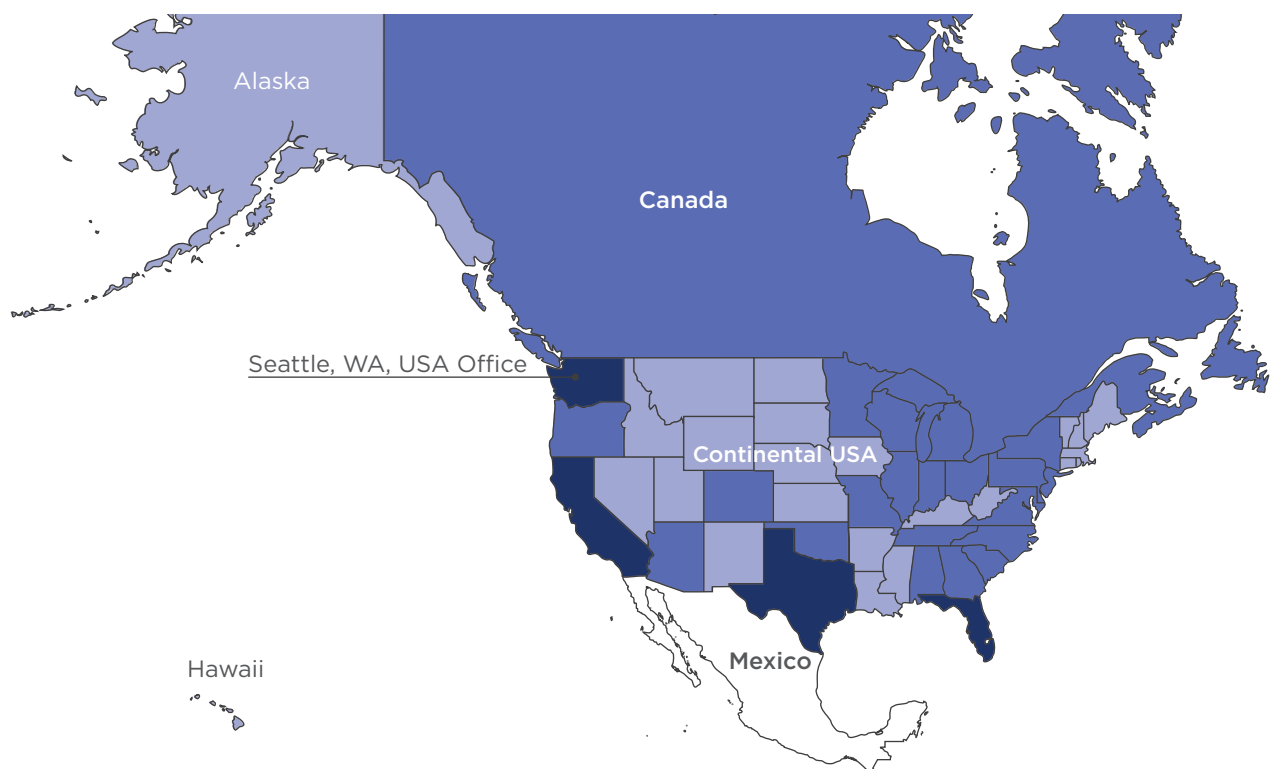


Pushpay now services **5** of the top 10 largest churches in the USA and **24** of the top 100 largest churches in the USA

As at 30 June 2016, 96% of Merchants are located in North America which covers the USA and Canada with the remaining 4% located in Australasia which covers New Zealand and Australia. Pushpay attracts Merchants from all over the USA and Canada, suggesting the business model is not location specific.

## Location of Pushpay's Merchants in North America<sup>vi</sup>

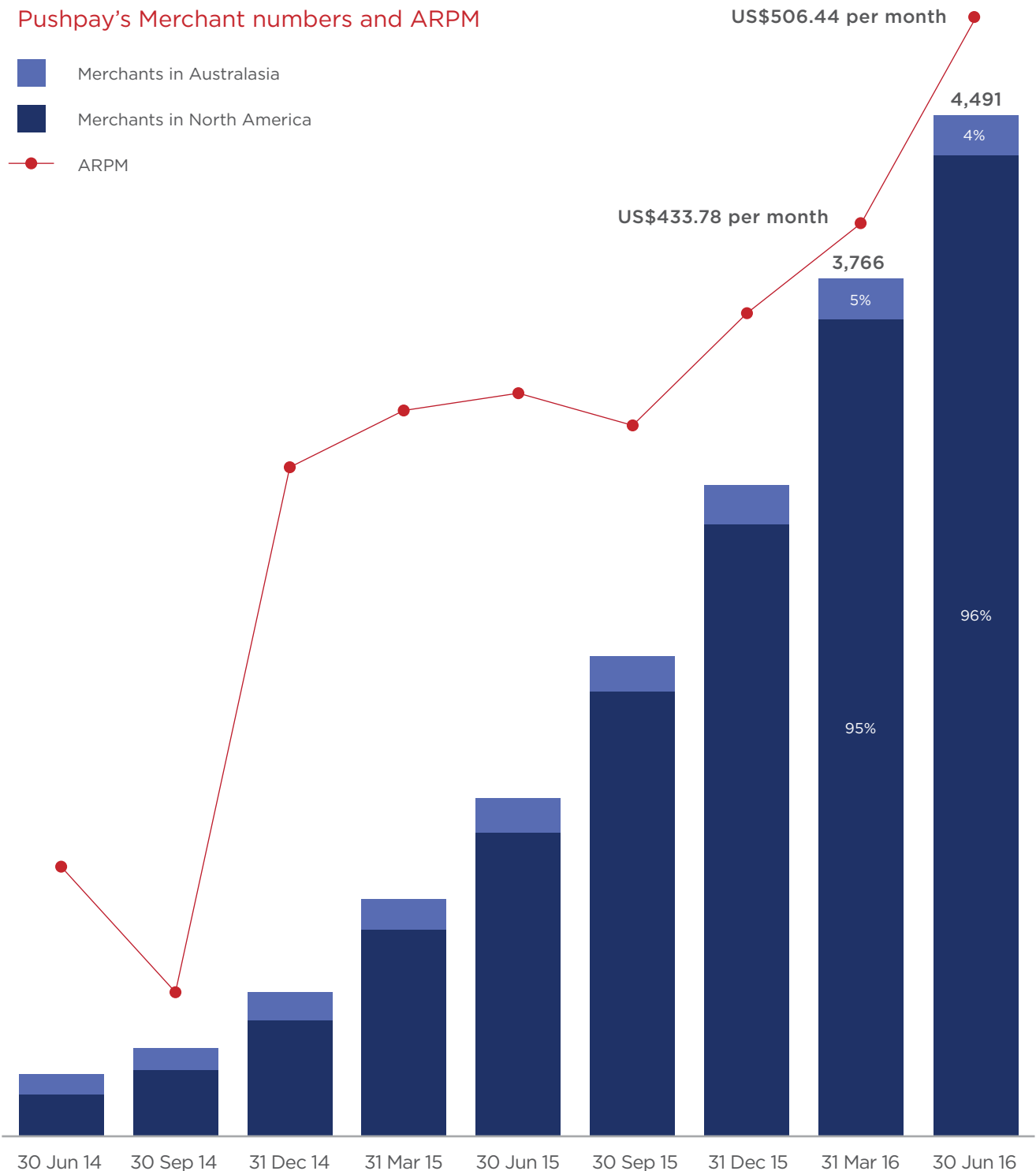
<50 Merchants
  50-250 Merchants
  >250 Merchants



## Average Revenue Per Merchant (ARPM)

ARPM increased by US\$72.66 per month to US\$506.44 per month, an increase of 16.75% over the quarter to 30 June 2016. This substantial increase in ARPM over a quarter indicates that Pushpay is delivering on its strategy to attract larger merchants. There are a number of factors which have contributed to our increased ARPM, which includes larger deal sizes and upgrading Merchants from our back book who are on legacy plans. As the graph below indicates, Pushpay is successfully increasing the amount of revenue derived from each Merchant as it continues to gain market share in the USA faith sector.

### Pushpay's Merchant numbers and ARPM



## Competitive Landscape

Pushpay views its competition in three categories; other church giving providers, church management platforms that offer giving alongside other functions, and the potential for large well-funded churches to “do it themselves”. The Company is pleased to report that it is competing well in all three areas. Pushpay believes that there is no well-funded, innovative giving provider in the USA faith sector that rivals Pushpay’s payment solutions.

We have noticed that a number of our direct competitors have started comparing their offerings directly to the Pushpay solution as a way to combat lost deals and customer churn. This suggests that Pushpay is on the right track and is competing aggressively in this space. We’re also finding that our proposition is replacing the giving functionality within legacy church management platforms. This is driven by the enterprise grade platform we have developed to manage a critical element of a church’s health with innovative, intuitive, and effective solutions where church management platforms are not innovating at the pace or scale of Pushpay. This is reinforced by the success Pushpay has had in recruiting some of the largest churches in the USA who have all moved off integrated giving offerings to Pushpay due to dissatisfaction with their legacy provider.

Finally, the success Pushpay has had with these larger churches implies that our proposition is well placed to dissuade larger merchants from building their own solution as they recognise that Pushpay brings a level of excellence and stability that would not be guaranteed with an internally built solution. Pushpay remains well positioned to continue to build on our nearly 1.5% market share in the USA faith sector.

## Product updates

**Auto Pay** - Based on feedback from our Enterprise pilot customers and payers, Pushpay released an ‘Auto Pay’ feature that allows bill pay users to automatically pay their bill on the due date using either their bank account or debit/credit card. Uptake of this feature within our pilot groups has been encouraging, which demonstrates the trust that users have with the Pushpay platform. Enterprises benefit from this feature by knowing ahead of time the likelihood and certainty of payment.

**Cash and Check Recording** - During the last quarter, Pushpay released the ability for a church to record their cash and check receipts within Pushpay. While this doesn’t contribute to platform volume as we do not process these payments, it allows Pushpay to build a full view of a Merchant’s giving. This positions Pushpay as the key information source for generosity in the church and allows us to deliver critical payment insights to each Merchant.

## Outlook

The board believes that it is preferable to focus on and invest in growth as the best means to achieve overall value in its business.

“Pushpay continues to deliver impressive results as we execute on our USA growth strategy and gain market share in the USA faith sector. The hard work, dedication and expertise of Pushpay’s people, coupled with our innovative and intuitive payment solutions, has resulted in significant increases across all of our key metrics over the quarter. Pushpay increased its Average Revenue Per Merchant (ARPM) by over 16% while also increasing its Merchant numbers by over 19%, suggesting that our strategy to attract larger Merchants is proving fruitful.

“Pushpay is confident in reaching its target of NZ\$100 million ACMR prior to the end of February 2018. Further, our current business plan continues to indicate the business reaching breakeven on a monthly cash flow basis in calendar year 2017. Our capital raising activities in the USA are progressing very well and we look forward to updating the market in due course.” said Chris Heaslip.

## Investor Calendar

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

<b>14 July 2016</b>	Annual Shareholders' Meeting
<b>12 October 2016</b>	Quarterly Operational Update
<b>23 November 2016</b>	Interim Report release
<b>11 January 2017</b>	Quarterly Operational Update

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## About Pushpay

Pushpay provides mobile commerce tools that facilitate fast, secure and easy non point of sale payments between consumers and merchants. Pushpay targets merchants 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 was presented a Silver Award at the World 2016 App Design Awards and was awarded four Stevie Awards in 2016 including a Silver Award in the Customer Service Department of the Year category. Pushpay is ranked 1st on the TIN100 ASB Ten Hot Emerging Companies List and Pushpay's co-founders Chris Heaslip and Eliot Crowther are the EY Entrepreneur Of The Year 2015 New Zealand Young category winners.

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".

- i Outreach Magazine (2015). The Largest Churches 2015
- ii Outreach Magazine (2015). The Largest Churches 2015
- iii As Pushpay now reports in USD, last quarter's key metrics have been provided in USD and NZD for ease of comparison, and our graphs have been converted to USD where applicable. The following NZD/USD FX rates were obtained from Oanda and applied to the ACMR and ARPM conversions:

Quarter ended	NZD/USD FX Rate Used
30 Jun 2014	\$0.8632
30 Sep 2014	\$0.8141
31 Dec 2014	\$0.7760
31 Mar 2015	\$0.7470
30 Jun 2015	\$0.6982
30 Sep 2015	\$0.6341
31 Dec 2015	\$0.6752
31 Mar 2016	\$0.6742
30 Jun 2016	\$0.7040

The following NZD/USD FX rates were obtained from the Reserve Bank of New Zealand and applied to the Cash and Available Funding Lines conversions:

Quarter ended	NZD/USD FX Rate Used
31 Mar 2016	\$0.6913
30 Jun 2016	\$0.7100

- iv Please see below for further information relating to how our key metrics are calculated.

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

**Annualised Committed Monthly Revenue (ACMR)** – ACMR is Average Revenue Per Merchant (ARPM) multiplied by its Merchants and annualised, a 'Merchant' is a business or organisation that utilises Pushpay's payment platform to process electronic transactions. ACMR is a key metric to track how a SaaS business is acquiring revenue.

**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 include interchange fees, which are collected by the Company on behalf of third parties, such as Visa or MasterCard. 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.

**Cash and Available Funding Lines** – This includes the standby funding facility of up to \$10 million provided on 30 June 2016 to the Company by Christopher & Banks.

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

**Months to Recover CAC** – CAC months or months of ARPM to recover CAC represents the number of months of revenue required to recover the cost of acquiring each new Merchant.

**Staff Headcount** – Pushpay's employees at a specific point in time. The Staff Headcount as at 31 March 2016 does not include the six Run The Red employees who transferred their employment to Modica Group on 31 March 2016.

**Total Merchants** – Pushpay reports Merchants that have entered into an agreement and completed the paperwork necessary to setup their facility. A 'Merchant' is a business or organisation that utilises Pushpay's payment platform to process electronic transactions.

- v Outreach Magazine (2015). The Largest Churches 2015
- vi Includes locations in North America of Merchants which have been added to the Pushpay platform as at 30 June 2016.

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