

Pushpay delivers on revenue guidance, 52.6% increase year-on-year

Auckland, New Zealand | Redmond, Washington, USA - 1 August 2018

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') the leading payments and engagement provider to the US faith sector, is pleased to announce that it has delivered on its revenue guidance of between US\$20.5 million and US\$22.0 million for the quarter ended 30 June 2018. Total revenue increased from US\$14.0 million for the previous corresponding period, to US\$21.4 million, an increase of 52.6%.

Chris Heaslip, Pushpay's CEO and Co-founder said, "Pushpay is pleased to deliver a strong first quarter of the financial year, increasing total revenue to US\$21.4 million, an increase of 52.6% on the previous corresponding period. The Company continues to build on its market leading position in the US faith sector and is well positioned for future growth.

"Pushpay exceeded budgeted sales targets, leading to a record sales quarter. 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 better communicate the value of our solutions to support a higher price point. We continue to focus on scaling the business in the US faith sector in order to maximise shareholder value over the long term.

"Pushpay has seen rapid growth at a global standard over the past four years. As we continue to execute on our growth strategy, Pushpay has attracted a leading team that we are extremely proud of. We are pleased to announce executive changes that strengthen Pushpay's senior management team and positions the Company for further growth. The elevation of exceptional leaders like Josh Robb and Kevin Kuck better positions us to execute on our growth strategy.

"I would like to thank James Maiocco for his contribution over the last two years, in particular his work in strengthening our partnership capabilities and support around the Bluebridge acquisition. James leaves with our best wishes for the future and our thanks for the contribution he made during his time at Pushpay.

"Pushpay remains in a position to reach its target of breakeven on a monthly cash flow basis prior to the end of calendar year 2018."

Key metrics ¹	Quarter ended 30 June 2018	Quarter ended 30 June 2017	% Change
Total revenue	US\$21.4m	US\$14.0m	52.6%
Average Revenue Per Customer (ARPC)	US\$994 per month	US\$732 per month	35.7%
Annualised Committed Monthly Revenue (ACMR)	US\$87.7m	US\$62.6m	40.0%
Increase in ACMR over the year	US\$25.0m	US\$35.1m	-28.6%
Total Customers	7,352	7,128	3.1%
Months to Recover Customer Acquisition Cost (CAC)	<18 months	<18 months	✓
Annual Revenue Retention Rate	>100%	>100%	✓
Annualised Processing Volume	US\$3.0b	US\$1.9b	56.5%
Staff Headcount	350	384	-8.9%
Cash and Available Funding Lines	US\$14.9m	US\$6.2m	139.2%

Highlights for the quarter ended 30 June 2018

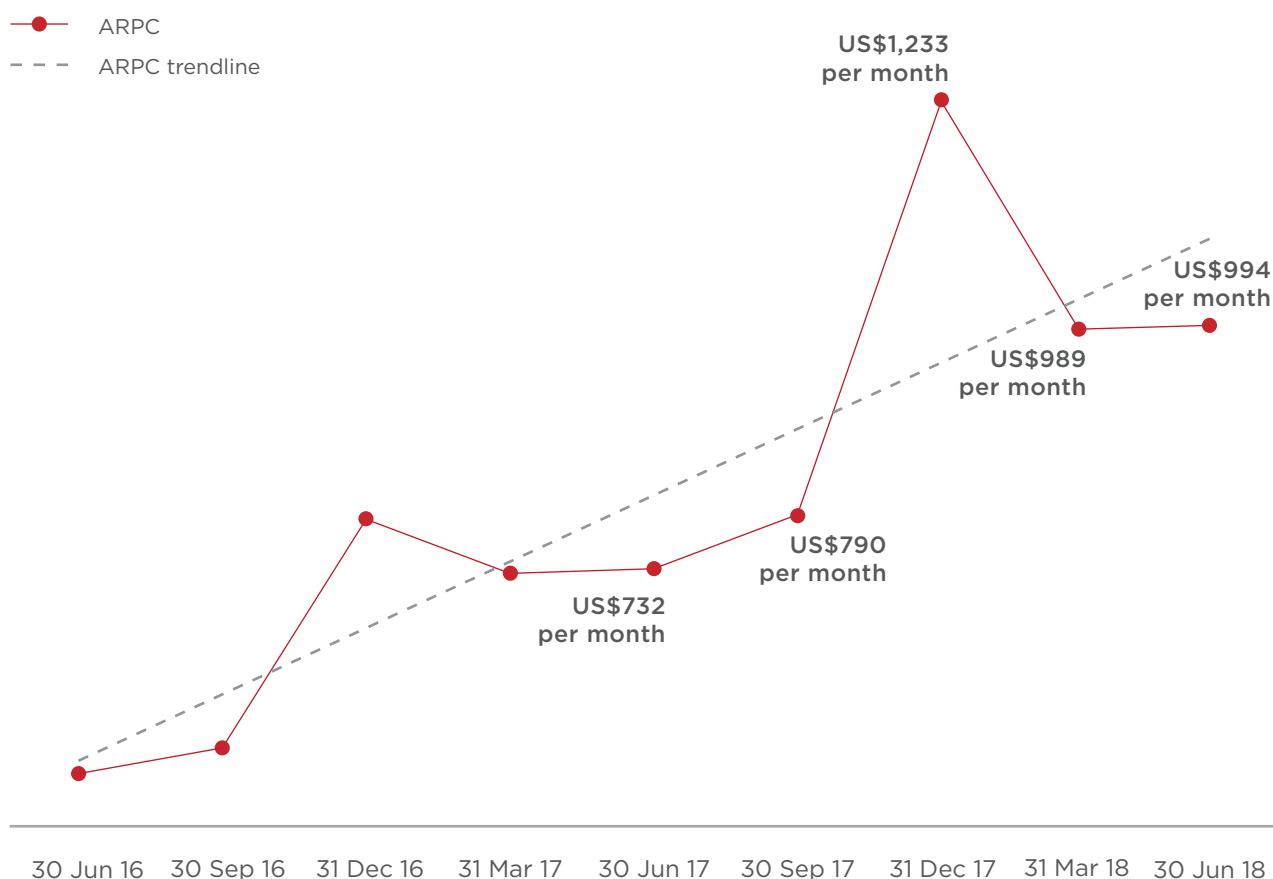
- Pushpay delivered on its revenue guidance of between US\$20.5 million and US\$22.0 million for the quarter ended 30 June 2018, increasing total revenue to US\$21.4 million for the period. Pushpay is providing total revenue guidance of between US\$21.8 million and US\$23.3 million for the quarter ending 30 September 2018. This represents an increase of at least 38.7% over the previous corresponding period.
- ARPC increased to US\$994 per month, an increase of 35.7% over the year to 30 June 2018. See more under '*Average Revenue Per Customer (ARPC)*'.
- ACMR increased to US\$87.7 million, an increase of 40.0% over the year to 30 June 2018. See more under '*Annualised Committed Monthly Revenue (ACMR)*'.
- Pushpay increased its Customer base to 7,352, an increase of 3.1% over the year to 30 June 2018. As at 30 June 2018, 14 of the top 20 and 55 of the top 100 largest churches in the US have chosen to partner with 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 increased to US\$3.0 billion, an increase of 56.5% over the year to 30 June 2018.
- Staff headcountⁱⁱⁱ decreased to 350, a decrease of 8.9% over the year to 30 June 2018. Pushpay now has 97 staff based in New Zealand and 253 staff based in the US.
- Pushpay launched an integration with QuickBooks[®] Online in April 2018, which automates the sharing of financial information from Pushpay to QuickBooks[®] Online and provides an end-to-end solution for our Customers' finance teams. See more under '*QuickBooks[®] Online*'.
- The Company will consolidate its brands under the Pushpay brand by the end of September 2018, with preparations well underway for the launch. See more under '*Rebrand*'.
- Pushpay welcomes Josh Robb and Kevin Kuck to its senior management team. See more under '*Senior management team*'.
- Pushpay benefits from distinct competitive advantages in the US faith sector which have enabled its substantial growth to date and its leading position in the market. See more under '*Competitive advantages*'.
- The NZ\$100 million bookbuild for the sale of shares held by Eliot Crowther's associated interests was successfully completed on 19 June 2018, with all shares sold at the clearing price of NZ\$4.04 per share. The book was oversubscribed with all bids subject to scaling. The bookbuild was conducted by Deutsche Craigs Limited^{iv}, as manager and underwriter. The bookbuild was well supported, attracting bids from 19 institutional investors across New Zealand, Australia and the US. Eliot resigned from his positions as an Executive Director on 21 June 2018 and as a Sales Representative on 31 July 2018.
- As announced on 18 June 2018, the board considers the primary objectives of the previously proposed US market listing have been largely achieved and has decided to cease preparations for a US market listing at this time.

Average Revenue Per Customer (ARPC)

ARPC increased from US\$732 per month to US\$994 per month, an increase of 35.7% over the year to 30 June 2018.

Pushpay expects ARPC to steadily grow over the current quarter ending 30 September 2018, following which ARPC will be significantly higher given the quarter ending 31 December 2018 is our seasonal high period. 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



Annualised Committed Monthly Revenue (ACMR)

ACMR increased from US\$62.6 million to US\$87.7 million, an increase of 40.0% over the year to 30 June 2018.

Pushpay continues to see pleasing results from its sales strategy with the proportion of ACMR derived from medium and large Customers continuing to increase. Pushpay's proportion of ACMR derived from medium and large Customers increased from 82.8% to 87.2% over the year to 30 June 2018.

Pushpay expects ACMR to steadily grow over the current quarter ending 30 September 2018, following which ACMR will be significantly higher given the quarter ending 31 December 2018 is our seasonal high period. 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.

Pushpay's Customer numbers

Pushpay increased its Customer base from 7,128 to 7,352, an increase of 3.1% over the year to 30 June 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 us to better communicate the value of our solutions to support a higher price point. Pushpay currently has nine field sales representatives and their efficiency continues to improve.

Pushpay's proportion of medium and large Customers increased from 45.0% to 52.4% over the year to 30 June 2018. We expect Customer numbers to steadily grow over the financial year to 31 March 2019 (FY19).

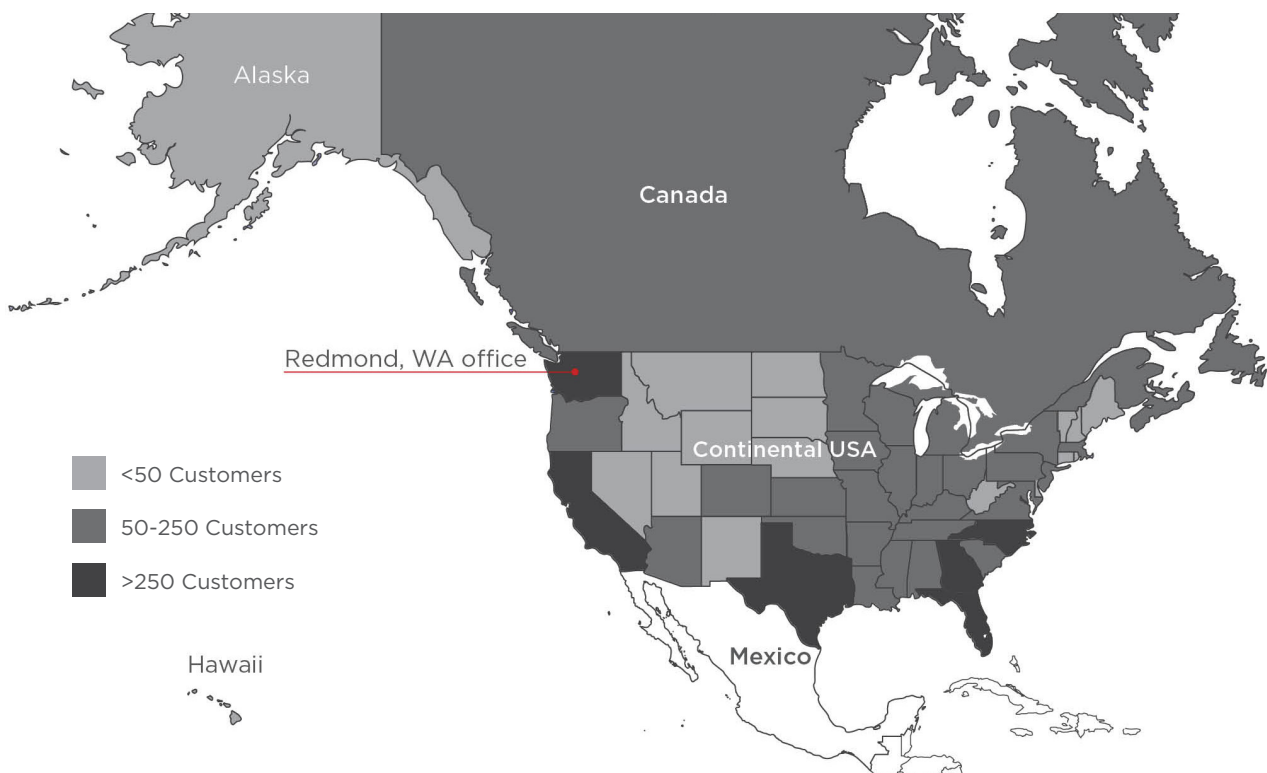
The quarter ended 30 June 2018 was Pushpay's most successful quarter in terms of average Subscription Fees added from new Customers, driven by Pushpay continuing to implement its sales strategy to attract more medium and large Customers. As Pushpay further refines its sales strategy, it expects to see a continued increase in Subscription Fees added from new Customers over FY19, with a lower sales headcount than in FY18.

As at 30 June 2018, 14 of the top 20 and 55 of the top 100 largest churches in the US have chosen to partner with 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 increase the number of top 100 largest church Customers in the US as we continue to scale the business.

Although Pushpay is already well-represented in the top 100 largest churches in the US, its focus on the medium and large church segments provides a significant revenue opportunity, given the Company's penetration is less than 3% of total giving in the US.


As at 30 June 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^v












QuickBooks® Online


Pushpay launched an integration with QuickBooks® Online, an Intuit^{vi} product, in April 2018. Intuit is the dominant US accounting software provider, with over 2.2 million US subscribers. Pushpay research revealed that over 70% of our Customers use some version of QuickBooks® as their primary accounting software. The integration automates the sharing of financial information from Pushpay to QuickBooks® Online and provides an end-to-end solution for Pushpay Customers' finance teams. Pushpay's QuickBooks® Online integration allows finance teams to perform common tasks, such as bank reconciliation, in less time and with lower risk of error. As a result of the integration, Pushpay's Customers typically have seen administrative time savings of between 25% and 40%.

Central Church
My account
Deborah Smith 



Central Church


-  Dashboard
-  Transactions
-  Reconciliation
-  Funds
-  Community
-  Recurring
-  Gift Entry
-  Giving statements
-  Resource center


 **Settings**

- General
- Service time
- Notifications
- Check Scanners

Integrations


- API settings
- Giving Summary


 **Help Center**

 Ask a question

QuickBooks Online Integration SETUP NOT COMPLETE ↔ Disable integration

Connect with QuickBooks Online to have your batches automatically created as journal entries.

Dismiss 



This integration will send your Pushpay batches through to QuickBooks Online as journal entries. These journal entries will be automatically itemized into QuickBooks Accounts according to the fund mappings you set. Before you get started, make sure you've [read our overview](#) of the QuickBooks Online integration.

1

Match bank accounts

2

Match listings & locations

3

Match funds

1. Match bank accounts	Edit
2. Match listings and locations	Edit
3. Match funds	

In order to ensure giving is assigned correctly in QuickBooks Online, please match your Pushpay funds to your QuickBooks Accounts. Optionally, Funds may also be mapped to QuickBooks Classes and Locations if applicable. If you need to create or edit funds, you can do that from the [Manage Funds](#) page.

Pushpay funds	Match to QuickBooks Accounts	Match to QuickBooks Classes (Optional) ⓘ
Tithe/Offerings (1010) <small>Close fund</small>	General Income <input type="text"/>	General Offerings <input type="text"/>
Youth Fund (189) <small>Close fund</small>	General Income <input type="text"/>	Events Funds <input type="text"/>
Earthquake Appeal (E1902) <small>Close fund</small>	General Income <input type="text"/>	General Offerings <input type="text"/>
Women's Conference (23012) <small>Close fund</small>	Conference and Other Expen... <input type="text"/>	Events Funds <input type="text"/>
Seattle Campus Building Fund (7890) <small>Close fund</small>	General Income <input type="text"/>	Church Plant <input type="text"/>
Support for Iraqi Christians and Minorities (Help 7112) <small>Close fund</small>	Event Expenses <input type="text"/>	Events Funds <input type="text"/>

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Rebrand

The Company previously operated with a series of brands, including Pushpay, echurch, Bluebridge and ZipZap. In April 2018, the Company announced to the market that it would consolidate its echurch, Bluebridge and ZipZap brands under the Pushpay brand by the end of September 2018. The brand consolidation is well underway, with numerous workflows in progress, including the migration of key contracts and legal entities, a www.pushpay.com website refresh, a new brand style guide and the re-design of hundreds of pieces of collateral. The Company considers that this brand consolidation will provide economic benefits, a reduction in complexity, increased efficiencies in advertising and will ultimately help to strengthen the Company's market position over time.

Senior management team

Pushpay is pleased to announce executive changes to further strengthen our senior management team.

Pushpay has an emphasis on retaining exceptional talent, choosing to promote from within where possible. Longstanding members of Pushpay's team, Josh Robb, VP of Product and Engineering and Kevin Kuck, VP of Operations, have been appointed to the senior management team effective 1 August 2018 (PT). Pushpay bids farewell to James Maiocco, Chief Business Development Officer, who has advised the Board of his resignation effective 1 August 2018 (PT). The Company has decided a replacement is not required and thanks James for his contribution to Pushpay.



Josh Robb | VP of Product and Engineering

Josh has over 20 years' experience leading technical teams and building software products in Australasia, Italy and the UK. Since 2002 he has been focused on building SaaS products while working in verticals including eLearning, Advertising, HR and mobile commerce.

Josh joined Pushpay in January 2014. During his time at Pushpay, he has been instrumental in building a high performance engineering culture and leading the technical evolution of Pushpay's solutions. Josh lives with his family in Auckland, New Zealand.



Kevin Kuck | VP of Operations

Kevin has 15 years' experience leading sales and operations teams in New Zealand and the US. Prior to joining Pushpay, Kevin led sales operations for an award winning Auckland-based technology company. Kevin's team delivered solutions to Fortune 500 and Global 2000 customers including Intel, eBay, Orange (French Telecom), Paypal and the US Military.

Kevin joined Pushpay in September 2014 as the first dedicated operations hire. During his time at Pushpay, Kevin has grown a leading team of specialists to support Pushpay's operational needs.

Kevin relocated from Auckland, New Zealand to Redmond, WA in the US in February 2017 to lead Pushpay's operations team.

Competitive advantages

Pushpay benefits from distinct competitive advantages, which have enabled its substantial growth and its leading position in the US faith sector.

The cornerstone of our key competitive advantages is our leading engagement, payment and administration solutions for donor management. Pushpay offers enterprise-grade software with an emphasis on superior user experience, functionality and a view to constantly innovate. With over 90 people in our product design and development team, Pushpay has the ability to drive constant innovation to its mobile-centric solutions.

Pushpay's passion is to drive better outcomes for our Customers, enabling them to support local communities not only in New Zealand, Australia, Canada and the US, but all around the world. Enabling social good is in our DNA and something we are very proud to be a part of. Pushpay's team authentically connects with potential and current Customers, an alignment that cannot be easily replicated.

Pushpay partners with church management systems as the majority of its Customers utilise a church management system in addition to Pushpay's solutions. Today, Pushpay integrates with 20 of the leading church management systems in the US faith sector.

Pushpay is confident that its clear competitive advantages will continue to distance its solutions from alternatives in the market.

Outlook

Chris Heaslip, Pushpay's CEO and Co-founder, said, "Pushpay is confident in its strategy to gain further market share in the medium-term and believes 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 in Subscription Fees added from new Customers over FY19, with a lower sales headcount than in FY18.

"Given seasonality, we expect ARPC and ACMR to steadily grow over the current quarter ending 30 September 2018, following which ARPC and ACMR will be significantly higher given the quarter ending 31 December 2018 is our seasonal high period. We also expect Customer numbers to steadily grow over the current financial year.

"Pushpay is providing total revenue guidance of between US\$21.8 million and US\$23.3 million for the quarter ending 30 September 2018. Pushpay reiterates its target to reach breakeven on a monthly cash flow basis prior to the end of calendar year 2018.

"In the medium term, our goal is to reach the milestone of US\$10 billion in Annualised Processing Volume, representing less than 10% of annual giving to religious organisations in the US.

"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."

Investor Briefing

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

Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 319024

Playback details

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

New Zealand: 0800 122 135

All countries: +64 9 950 7088

Replay Pin: 7362#

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 - 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:

<i>Department</i>	<i>30 June 2018</i>	<i>30 June 2017</i>
General & administration	32	29
Product design and development	93	91
Operations	33	33
Sales	101	133
Marketing	31	22
Customer success	57	68
Business development	3	8
Total	350	384

- iv Deutsche Craigs Limited is a wholly owned subsidiary of Craigs Investment Partners Limited (“CIP”).
- v Includes locations in North America of Customers which have been added to the Pushpay platform as at 30 June 2018.
- vi Intuit and QuickBooks are registered trademarks of Intuit Inc. Used with permission.

Investor Calendar

Pushpay releases 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 Main Board Listing Rules and applicable laws) are subject to change at Pushpay’s discretion.

30 September 2018	Financial half year end
7 November 2018	Interim Report and financial results release
7 February 2019	Quarterly Operational Update for the quarter ended 31 December 2018
31 March 2019	Financial 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 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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