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Pushpay brings forward US$100m ACMR target to 31 Dec 17 - now processing over US$2.2b annualised

Auckland, New Zealand | Redmond, Washington, USA – 11 October 2017

Pushpay Holdings Limited (**NZSX:PPH**, **ASX:PPH**, 'Pushpay' or 'the Company') is pleased to bring forward its US$100 million Annualised Committed Monthly Revenue (ACMR) target to 31 December 2017. The Company is proud to announce that it is now serving 12 of the top 20 and 50 of the top 100 largest churches in the US[i] and is now processing over US$2.2 billion in Annualised Monthly Payment Transaction Volume.

Chris Heaslip, Pushpay's CEO and Co-founder said, "Pushpay continues to secure its market leading position in a growing sector and has subsequently brought forward its US$100 million ACMR target from 31 March 2018 to 31 December 2017. US$100 million ACMR is a significant milestone in our Company's journey and our new target date means Pushpay will be achieving this milestone within 27 months after reaching US$10 million ACMR.

"We are extremely proud to serve half of the top 100 largest churches in the US and 12 of the top 20 largest churches in the US. It has also been pleasing to see our Annualised Monthly Payment Transaction Volume exceed US$2.2 billion. US$2.2 billion of giving represents a significant amount of good being done in local communities driven through increased engagement and additional donations our Customers are receiving. In 2016, US$123 billion was given to religious organisations in the US[ii] and we process just under 2% of that.

"Our goal is to reach the milestone of US$10 billion in Annualised Monthly Payment Transaction Volume, representing less than 10% of annual giving to religious organisations in the US.

"Changes to our sales strategy are progressing as planned, better positioning Pushpay to attract a higher number of medium and large Customers. Pushpay's consistent growth in Average Revenue Per Customer (ARPC) continues to unlock operational leverage and we expect this to continue as we scale the business."

Key metrics[iii]	**Quarter ended 30 Sep 2017**	**Quarter ended 30 Sep 2016**	**% Change**
Annualised Committed Monthly Revenue (ACMR)	US$67.5m	US$34.3m	96.8%
Increase in ACMR over the year	US$33.2m	US$24.7m	34.6%
Average Revenue Per Customer (ARPC)	US$790 per month	US$540 per month	46.1%
Total Customers	7,121	5,286	34.7%
Months to Recover Customer Acquisition Cost (CAC)	<12 months	<12 months	✓
Annual Revenue Retention Rate	>95%	>95%	✓
Staff Headcount	341	280	21.8%
Cash and Available Funding Lines	US$25.5m	US$7.0m	263.3%

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Highlights for the quarter ended 30 September 2017

- ACMR increased to US$67.5 million, an increase of 96.8% over the year to 30 September 2017. Pushpay is now targeting US$100 million ACMR by 31 December 2017. See more under '*Annualised Committed Monthly Revenue (ACMR)*'.
- ARPC increased to US$790 per month, an increase of 46.1% over the year to 30 September 2017. See more under '*Average Revenue Per Customer (ARPC)*'.
- Pushpay increased its Customer base to 7,121, an increase of 34.7% over the year to 30 September 2017. As at 30 September 2017, 12 of the top 20 and 50 of the top 100 largest churches in the US have chosen to use Pushpay. See more under '*Pushpay's Customer numbers*'.
- Months to Recover CAC remained at less than 12 months.
- 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 341, an increase of 21.8% over the year to 30 September 2017. Pushpay now has 90 staff based in New Zealand and 251 staff based in the US.
- Pushpay is proud to now process over US$2.2 billion in Annualised Monthly Payment Transaction Volume. See more under '*US$2.2 billion Annualised Monthly Payment Transaction Volume*'.
- Pushpay is pleased to announce innovative new features with echurch Apps. Our team is working on a Consolidated App, which will provide a better user experience to our Customers. See more under '*echurch Apps*'.
- Pushpay has executed a strategic relationship with Stripe that supplements Pushpay's core payments platform and underwriting capabilities. Pushpay debuted its initial integration with Planning Center Online, one of the largest Church Management Software vendors in the US. See more under '*Partnerships*'.
- Pushpay will begin providing quarterly revenue targets when it releases its quarterly operational update for the 31 March 2018 quarter on 11 April 2018. From the 30 June 2018 quarter and onwards, Pushpay will release its quarterly operational updates on the first Wednesday of the second month following quarter end. Please refer to the end of this announcement for upcoming investor dates.

Annualised Committed Monthly Revenue (ACMR)

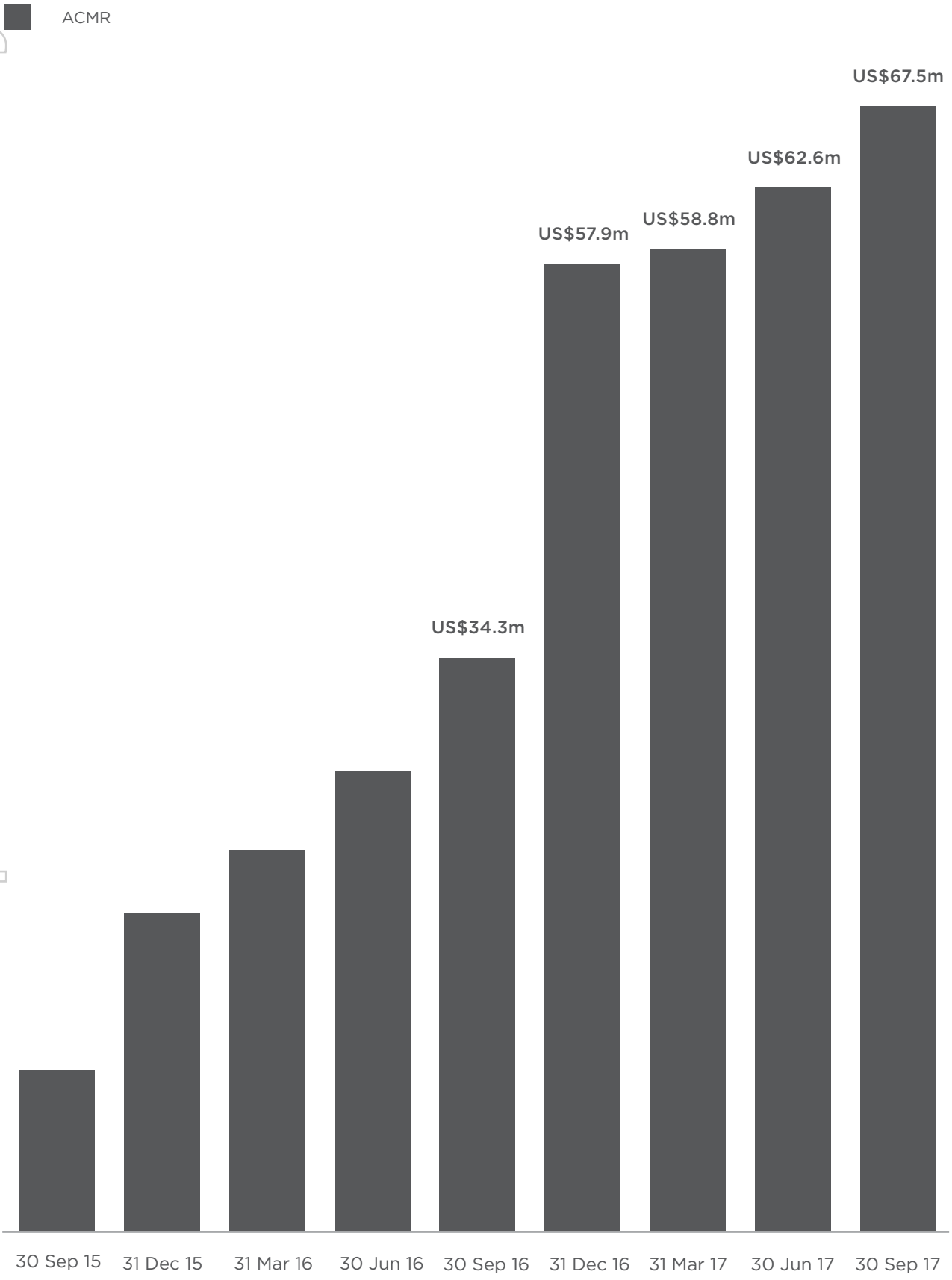
The Company increased its ACMR to US$67.5 million, an increase of 96.8% over the year to 30 September 2017. Pushpay has brought forward its US$100 million ACMR target to 31 December 2017 demonstrating the confidence that management has in the business model.

Pushpay has seen pleasing results in terms of the proportion of ACMR derived from large Customers, which it expects to continue to increase as it further implements its sales strategy. Over the year to 30 September 2017, Pushpay's proportion of ACMR derived from large Customers increased to 50.8%, from 43.8% a year earlier.

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.

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Pushpay's ACMR growth

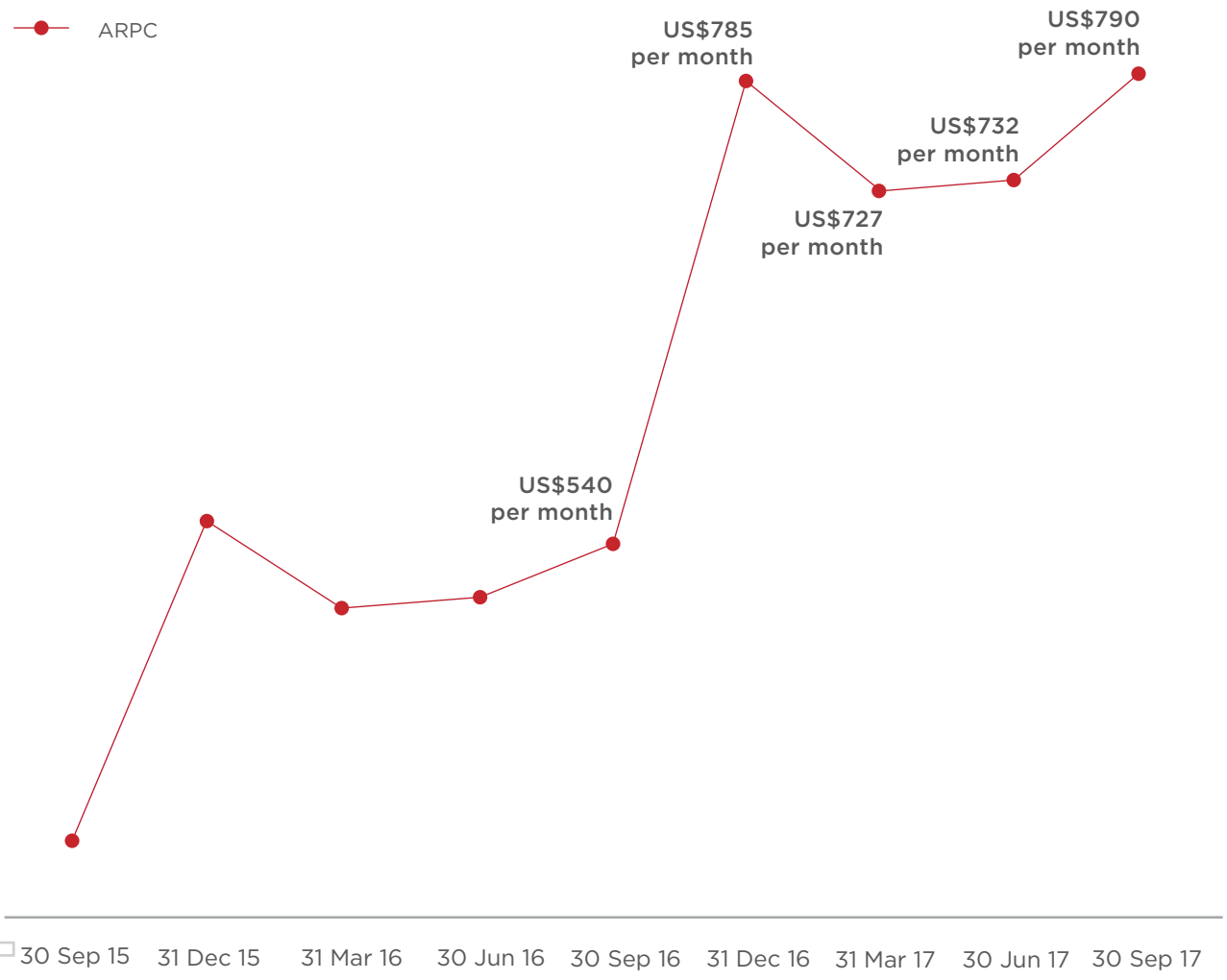


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Average Revenue Per Customer (ARPC)

ARPC increased to US$790 per month, an increase of 46.1% over the year to 30 September 2017. As Pushpay implements its sales strategy, we expect the number of new medium and large Customers to increase and ARPC to increase as we transition away from smaller Customers.

Pushpay's ARPC



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Pushpay's Customer numbers

Pushpay increased its Customer base to 7,121 total Customers, an increase of 34.7% over the year to 30 September 2017. During the quarter, Pushpay executed on its previously announced strategy of focusing more heavily on medium and large Customers by reducing headcount dedicated to small Customer sales with an associated reduction in the number of small Customers acquired. Customer numbers have consolidated when compared to the previous quarter ending 30 June 2017, with smaller Customer unit churn offset by new medium and large Customers.

As at 30 September 2017, 12 of the top 20 and 50 of the top 100 largest churches in the US have chosen to use Pushpay. The confidence and support of large 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.

As at 30 September 2017, 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. As shown by the map below, Pushpay has Customers across the US and Canada. Customer numbers are particularly high in the state of Washington where Pushpay has been able to visit Customers in person due to its office being located in Redmond, Washington. This provides Pushpay with additional confidence in the targeted account based and field sales strategy that it continues to implement across the US.

Location of Pushpay's Customers in North America[iv]



The Company's primary focus is on increasing revenue by attracting a higher number of new medium and large Customers, while increasing retention and decreasing CAC. Pushpay's targeted account based and field sales strategy is progressing as planned, attracting a significantly higher number of new medium and large Customers over the quarter.

Pushpay is seeing a shift in favour of larger Subscription Fees and multi-year contracts with new Customers. In the last quarter, Pushpay also saw the largest average deal size in the Company's history, in terms of Subscription Fees.

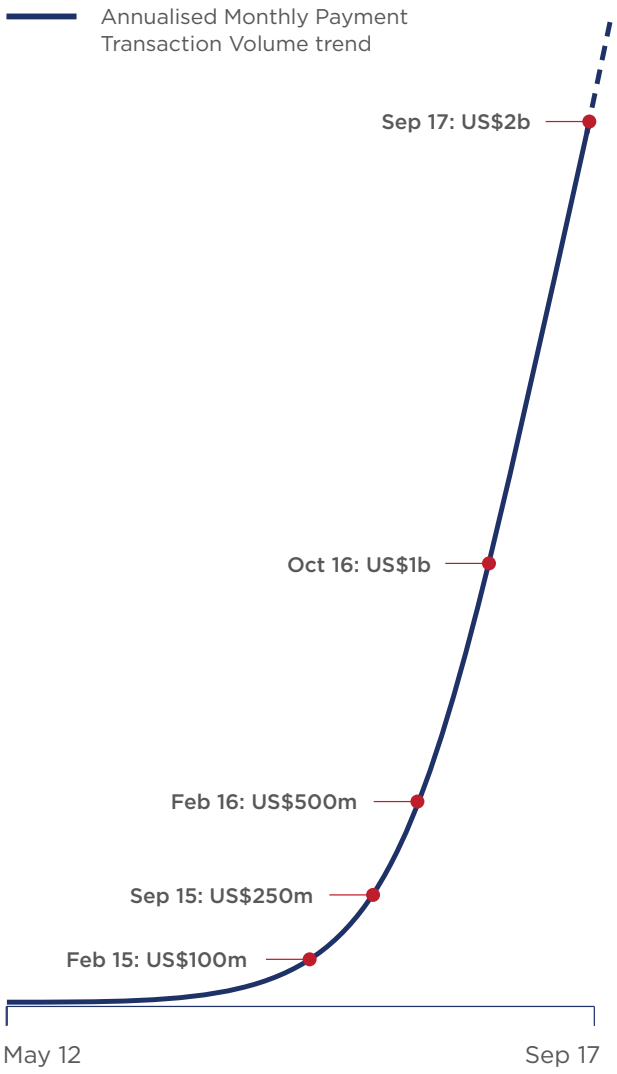
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US$2.2 billion Annualised Monthly Payment Transaction Volume

Pushpay is proud to now process over US$2.2 billion in Annualised Monthly Payment Transaction Volume as at 9 October 2017. From October 2016 to September 2017, Pushpay doubled its Annualised Monthly Payment Transaction Volume from US$1 billion to US$2 billion, an increase of 100% within 11 months. Pushpay initially grew its Annualised Monthly Payment Transaction Volume to US$1 billion over four and a half years.

Exceeding US$2.2 billion in Annualised Monthly Payment Transaction Volume is an outstanding achievement for the Company and Pushpay expects Annualised Monthly Payment Transaction Volume to continue to grow at a rapid pace as it executes on its US growth strategy.

Annualised Monthly Payment Transaction Volume trend



echurch Apps

Apple has released new Apple Store Review Guidelines, spurring further Pushpay innovation that is strengthening our competitive position. The new guidelines include Rule 4.2.6: "Apps created from a commercialized template or app generation service will be rejected."

Pushpay is responding to these new guidelines by creating a Consolidated App with a highly improved user interface that will provide Pushpay Customers with a custom App-branded experience. All new Pushpay Customers will debut on the Consolidated App, and legacy Customers will eventually migrate to the Consolidated App.

As one of Apple's Top 5 App publishers globally, Pushpay has a strong relationship with Apple and has been granted an exemption to allow the Company to continue publishing and updating Pushpay custom Apps on the Apple App Store for the next few months, mitigating impacts on Customers in the near term.

Partnerships

Pushpay has executed a strategic relationship with Stripe that supplements Pushpay's core payments platform and underwriting capabilities, enabling Pushpay to expand its services and geographic markets. The Stripe partnership will enable Pushpay to onboard more diverse Customers and capture revenue from all Customers.

Pushpay debuted its initial integration with Planning Center Online, one of the largest Church Management Software vendors in the US. Mutual Customers can now synchronise people records maintained in Planning Center Online and Pushpay, making it easier for church administrators to keep individual profiles and details up-to-date.

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Revenue guidance

Pushpay will begin providing quarterly revenue targets when it releases its quarterly operational update for the 31 March 2018 quarter on 11 April 2018. From the 30 June 2018 quarter and onwards, Pushpay will release its quarterly operational updates on the first Wednesday of the second month following quarter end. Please refer to the end of this announcement for upcoming investor dates.

Outlook

"Pushpay is confident in its strategy to gain further market share in the medium-term for the long-term benefit of the Company. The Company continues to implement our targeted account based and field sales strategy, focusing more heavily on medium and large Customers.

"Pushpay is pleased to move its US$100 million ACMR target forward to 31 December 2017. Pushpay remains in a position to reach its targets of FY18 NZ GAAP revenue guidance of US$70 million and breakeven on a monthly cash flow basis prior to the end of 2018," said Chris Heaslip.

Investor Briefing

Pushpay will hold an Investor Briefing today at 11:00 am (NZT) to discuss its operational results for the quarter ended 30 September 2017.

Dial-in details

New Zealand: 0800 122 360

All countries: +64 9 950 5335

Conference ID (required for dial-in): 419227

Playback details

Replay of the Quarterly 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: 1379#

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i Outreach Magazine (2017). Outreach 100 Annual Report

ii Giving USA (2017). The Annual Report on Philanthropy for the year 2016

iii 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.

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 attendees as small, 200-1,099 attendees as medium and 1,100 or more attendees as large.

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

Lifetime Value (LTV) – is the gross margin expected from a Customer over the lifetime of that Customer. This is calculated as ARPC multiplied by 12, multiplied by the gross profit percentage, multiplied by the average Customer lifetime (the average Customer lifetime is 1 divided by churn, being one minus the Annual Revenue Retention Rate). Total LTV is calculated as LTV multiplied by total Customers.

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).

iv Includes locations in North America of Customers which have been added to the Pushpay platform as at 30 September 2017, excluding Customers derived from the Bluebridge acquisition.

Investor Calendar

Pushpay will begin providing quarterly revenue targets when it releases its quarterly operational update for the 31 March 2018 quarter on 11 April 2018. From the 30 June 2018 quarter and onwards, Pushpay will release its quarterly operational updates on the first Wednesday of the second month following quarter end.

The following dates are indicative only and (subject to the NZX Listing Rules and applicable laws) are subject to change at Pushpay's discretion.

16 November 2017	Interim Report and financial results release
10 January 2018	Quarterly Operational Update for the quarter ended 31 December 2017
11 April 2018	Quarterly Operational Update for the quarter ended 31 March 2018
17 May 2018	Annual Report and financial results release
17 July 2018	Annual Shareholders' Meeting

Contact

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www.pushpay.com

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 provides convenient, personalised and intuitive engagement and payment solutions to the faith sector, not-for-profit organisations and education providers.

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.

To download the Pushpay App, visit the iTunes App Store or Google Play and search for "Pushpay".

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