

# Annual Shareholders' Meeting July 2018



# Important notice

This presentation is given on behalf of Pushpay Holdings Limited (Pushpay).

NZSX:PPH | ASX:PPH | New Zealand Company Number: 3481675 | ARBN: 613 314 104

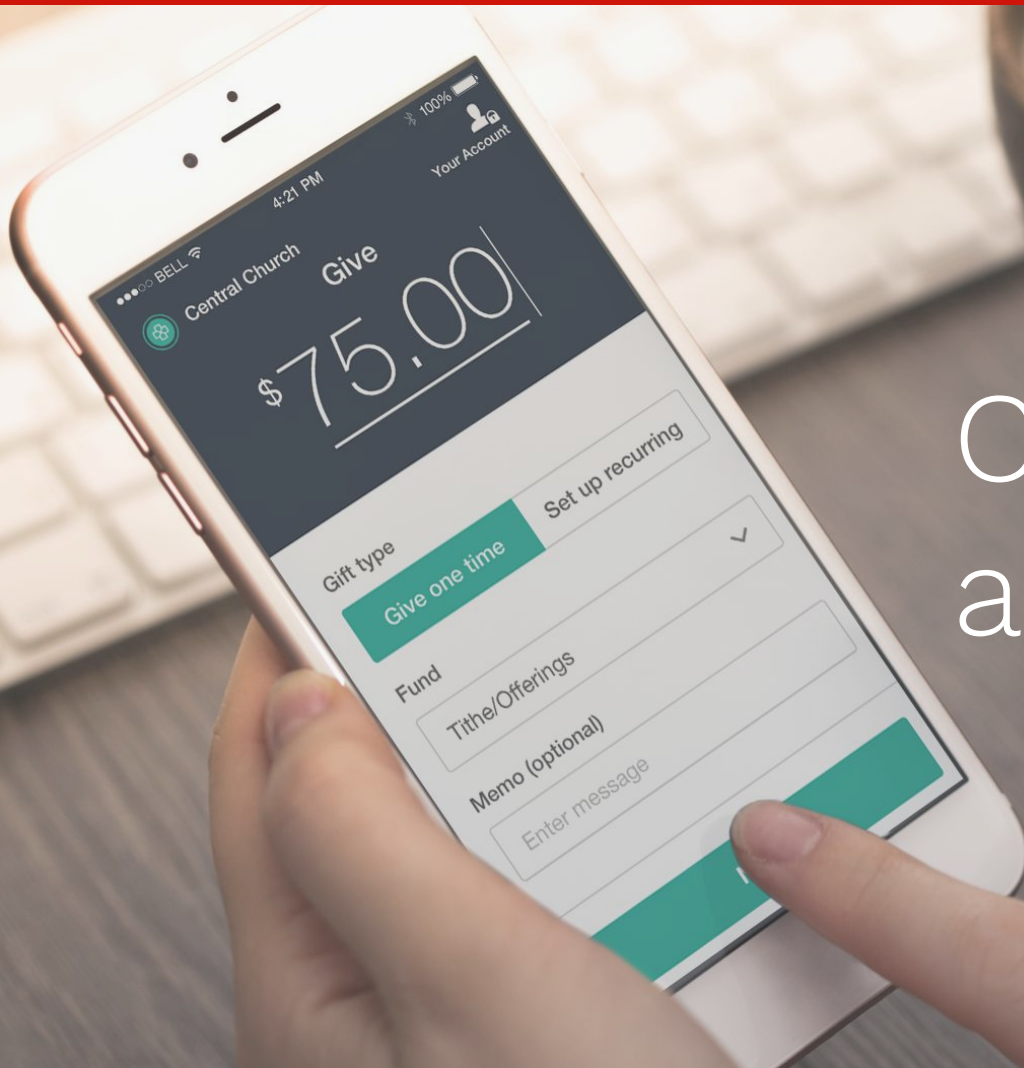
Information in this presentation:

- is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Pushpay;
- should be read in conjunction with, and is subject to, Pushpay's Interim and Annual Report, market releases, and information published on Pushpay's website [www.pushpay.com](http://www.pushpay.com);
- includes forward-looking statements about Pushpay and the environment in which Pushpay operates, which are subject to uncertainties and contingencies outside of Pushpay's control – Pushpay's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and
- may contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.

All information in this presentation is current at the date of this presentation, unless stated otherwise. All currency amounts are in United States Dollars (USD) unless stated otherwise. Please refer to the Appendix for definitions of key metrics used in this presentation.



# Chairman's address



Welcome



# Agenda

- Chairman's address
- Chief Executive Officer's presentation
- Eliot Crowther's address
- Shareholder questions
- Resolutions
- Please join us for refreshments in The Front Room for those attending in person

# Highlights from the past year

- 13 of the top 20 and 54 of the top 100 largest churches in the US have chosen to partner with Pushpay
- Pushpay delivered on its FY18 guidance of US\$70.0 million, more than doubling total revenue to US\$70.2 million over the year
- Annualised Processing Volume increased from US\$1.1 billion to over US\$3.0 billion over the year
- The number of transactions processed rose from 6.1 million to 12.3 million over the year

# Industry recognition



# Capital raising and market related activities

- S&P/NZX and S&P/ASX index inclusions
- US\$25 million private placement in July 2017
- NZ\$100 million bookbuild for the sell down of Eliot Crowther's stake in June 2018
- Cessation of US market listing preparations

The capital raised has positioned Pushpay well for our next phase of sustained growth.



# Governance

- Independent audit completed on 17 May 2018
- 18 board meetings conducted in the year to 31 March 2018
- All committees have met in accordance with their charters
- Eliot Crowther resigned as an Executive Director at the completion of the sell-down transaction on 21 June 2018. Eliot will resign as an employee on 31 July 2018

# Diversity initiatives

- Identifying and presenting a diverse pool of candidates, including US military and veteran organisations, to our hiring managers
- Ensuring the use of a diverse interview loop
- Diversity sourcing training for our talent acquisition team
- Initiation of Company-wide unconscious bias training

# Chief Executive Officer's presentation



# A strong foundation of growth

## Total Revenue

**\$70.2 million** up from \$34.3 million, an increase of 104.7% over the year to 31 March 2018

## Total Customers

**7,276** up from 6,737, an increase of 8.0% over the year to 31 March 2018

## ACMR

**\$86.4 million** up from \$58.8 million, an increase of 46.9% over the year to 31 March 2018

## Months to Recover CAC

**<18 months** remaining stable over the year to 31 March 2018

## Staff Headcount

**350** down from 376, a decrease of 6.9% over the year to 31 March 2018

## Annualised Processing Volume

**\$3.0 billion** up from \$1.8 billion, an increase of 66.7% over the year to 31 March 2018

## ARPC

**\$989 per month** up from \$727 per month, an increase of 36.0% over the year to 31 March 2018

## Total LTV of Customer base

**\$1.9 billion** up from \$1.3 billion, an increase of 44.6% over the year to 31 March 2018

## Annual Revenue Retention Rate

**>100%** remaining stable over the year to 31 March 2018

## Cash

**\$17.9 million** up from \$13.4 million, an increase of 33.6% over the year to 31 March 2018

# 12.3 million

*transactions processed over the year*

# US\$192

*average transaction value over the year*

# 19 countries

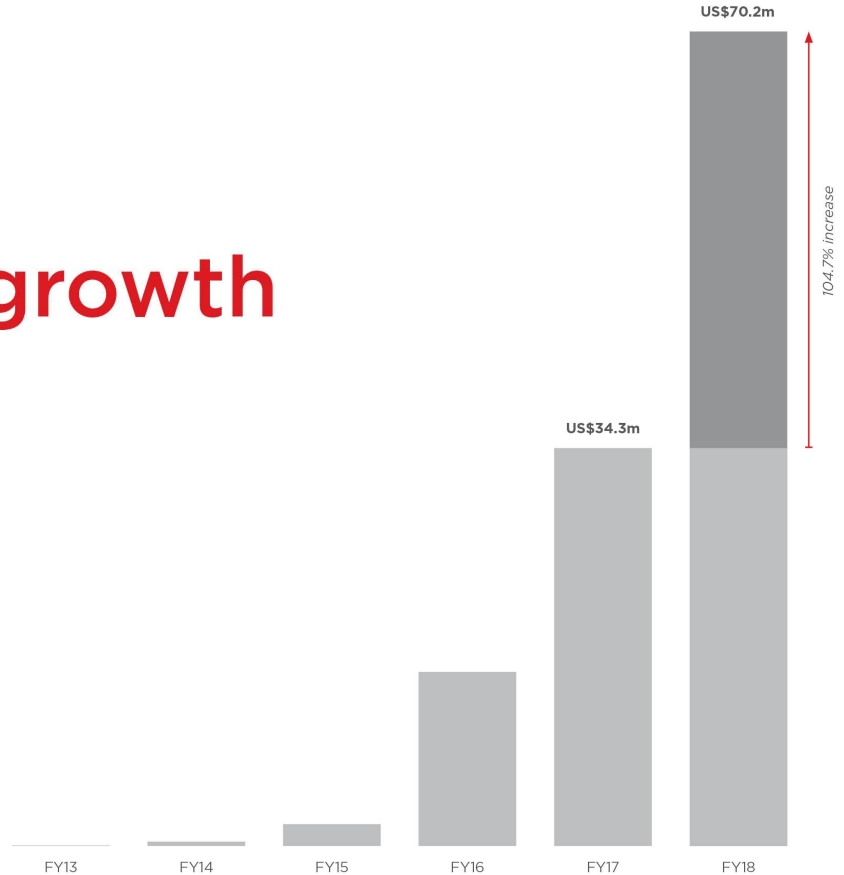
*with supported payments*



# 104.7%

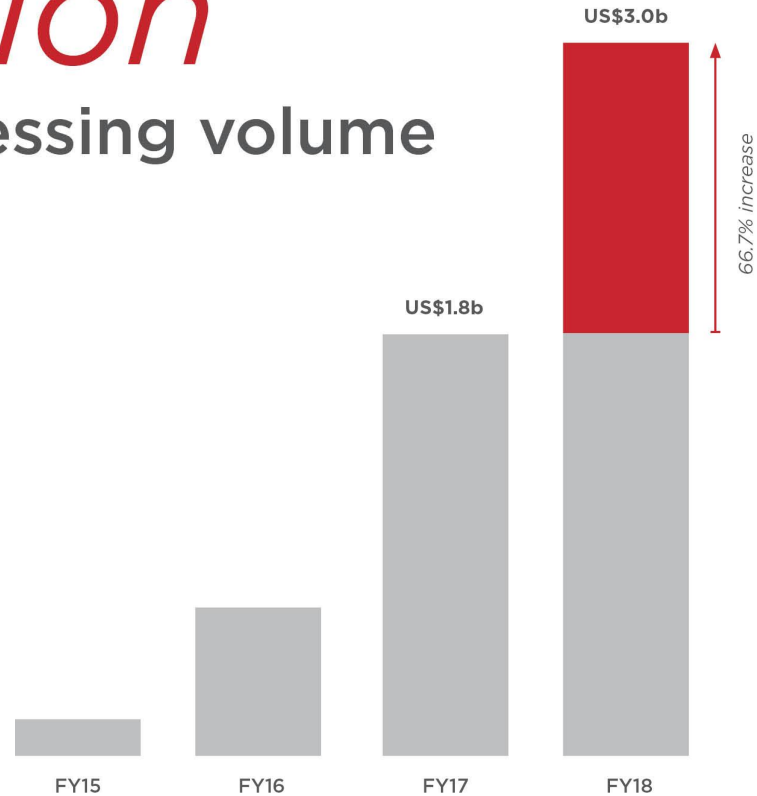
## total revenue growth

Total revenue guidance for the quarter ended 30 June 2018 has been met, with total revenue for the quarter above the midpoint of the guidance range of \$20.5-22.0 million.



# *US\$3.0 billion*

## Annualised processing volume



# Customers

7,276  
total customers

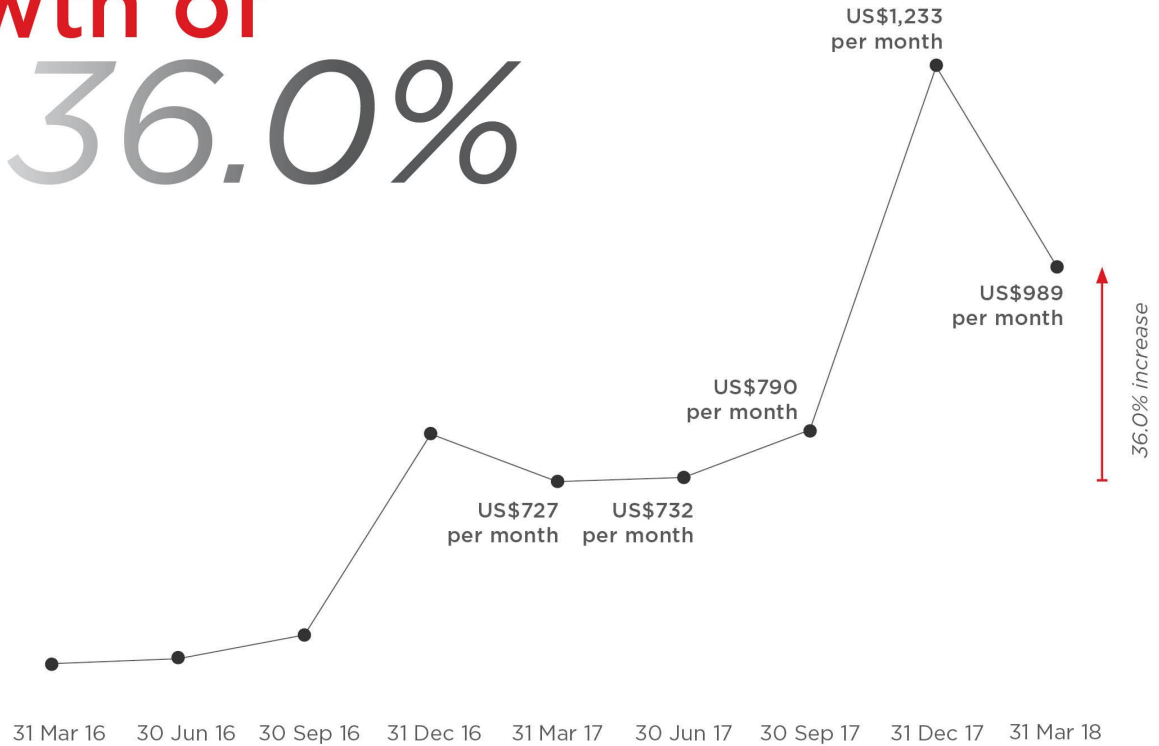


*top 20 largest  
churches in the US*



*top 100 largest  
churches in the US*

# ARPC growth of 36.0%





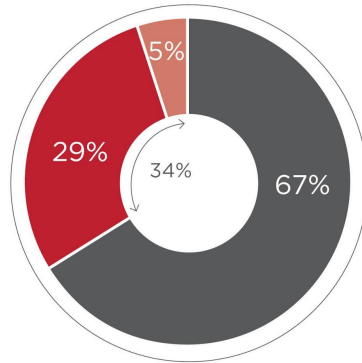
# Operating leverage and margin improvement

- Pushpay increased operating revenue by 99.4% over the year, while other operating expense growth slowed considerably to 41.2%
- As a percentage of operating revenue, other operating expenses improved from 130.6% to 92.5%, an improvement of 38 percentage points
- Pushpay expects significant operating leverage to accrue as operating revenue continues to increase, while growth in other operating expenses decreases considerably
- Pushpay now expects gross margin to grow from 55% over the year to 31 March 2018 to over 60% from October 2018 onwards

# Sales strategy

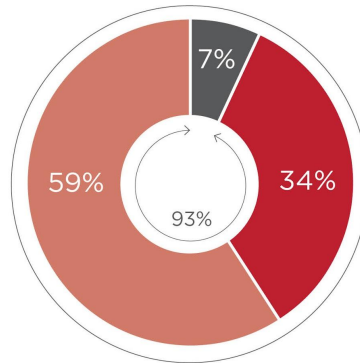


Estimated number of churches by size



Total: >340,000

Estimated annual revenue potential by church size



Total Available Market:  
>US\$1.7billion

- Moving focus to the 93% of annual revenue potential in the medium and large church segments
- Medium and large Customers have lower CAC, implement more effectively, churn less and have higher revenue growth
- Continuing to experience quarter-over-quarter growth in our field sales initiative and deal sizes continue to increase
- Record June 2018 quarter for the business, exceeding budgeted sales targets

# Track record of success

- ✓ 31 December 2014 targets achieved
  - ✓ 31 March 2015 target exceeded
  - ✓ 30 September 2015 target exceeded
  - ✓ 31 March 2016 target exceeded
  - ✓ 31 December 2017 target exceeded
  - ✓ 31 March 2018 target achieved
  - ✓ Total revenue guidance of between US\$20.5 million and US\$22.0 million for the quarter ending 30 June 2018 achieved
- ✓ Reiterating guidance of breakeven on a monthly cash flow basis by the end of calendar 2018

# Product



**Jul 2011**  
Pushpay founded in Auckland, New Zealand by Chris Heaslip and Eliot Crowther

iOS

**Aug 2012**  
iOS App released  
Visa and MasterCard payments accepted



**May 2014**  
Run The Red SMS gateway assets acquired



**Jan 2015**  
Touch ID payments on iOS released  
Card entry by camera on iOS and Android released



**Sep 2015**  
Fastpay five second giving released  
Virtual Terminal / Envelope Giving released



**Jun 2016**  
Auto Pay released  
Cash and Check Recording released

**echurch**  
Powered by Pushpay

**Apr 2017**  
echurch Apps 3.0 released

**Jun 2017**  
Check Deposit released

**Feb 2018**  
Offline Conversion released

**May 2018**  
Dynamic Home Screen released

**Sep 2014**  
ZipZap Processing Inc commenced operations

**Jun 2015**  
echurch Apps released

**Mar 2016**  
Event registration released

**Nov 2016**  
Text Giving released  
Bluebridge Digital, Inc's church app business acquired

**Dec 2016**  
Annual Giving Statements released

**Dec 2017**  
Web Giving released  
Payment Assurance released

**Aug 2017**  
Amazon Web Services (AWS) migration

**Nov 2012**  
Android App released

android

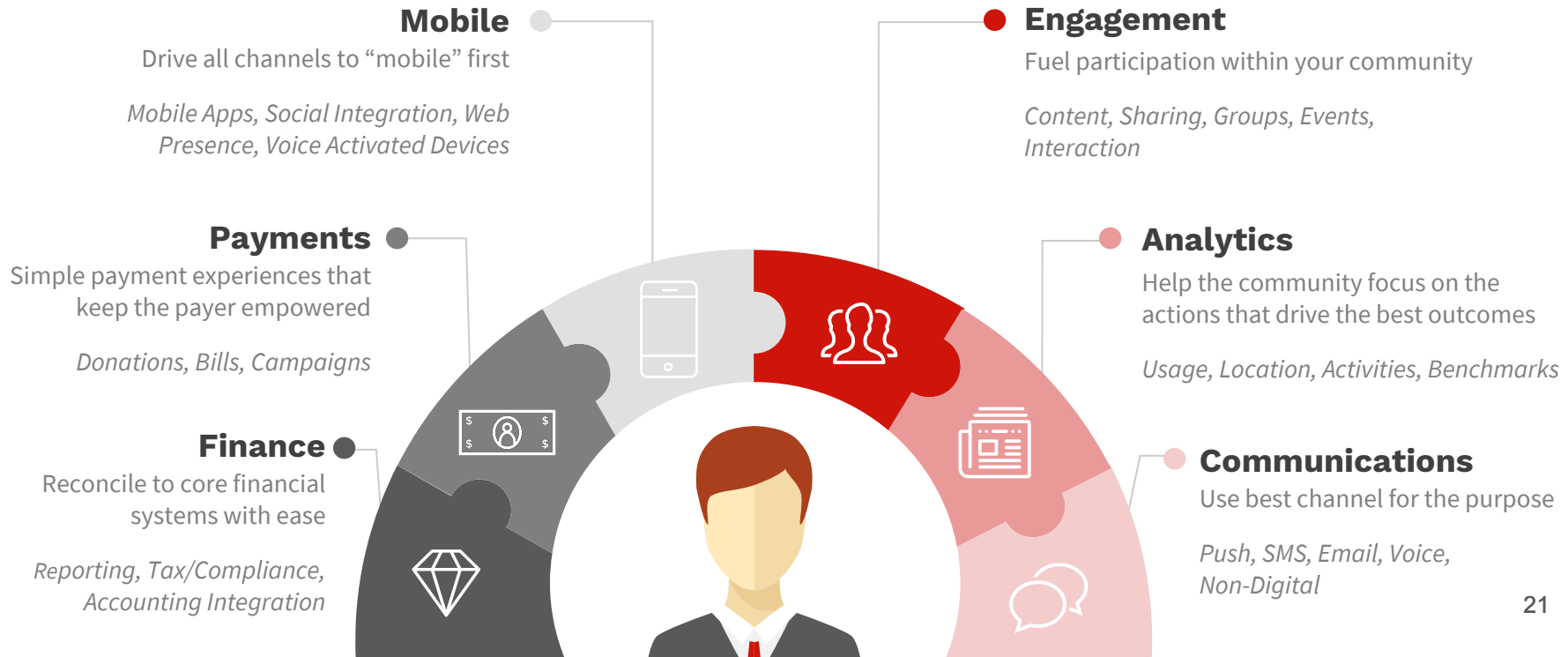
**Nov 2014**  
AMEX, Discover, NZ bank payments and ACH payments accepted



**Dec 2015**  
3D Touch capability released



# Participation focus



# Outlook





Pushpay is uniquely positioned to continue to drive social good and succeed in the next chapter of our growth journey.

A close-up photograph of a group of people, primarily a man and a woman, looking intently at a smartphone held by the man. They are both smiling, suggesting a positive or collaborative interaction. The background is softly blurred, showing other people in a social setting. The overall tone is warm and professional.

# Eliot Crowther's address



A group of people, likely business professionals, are sitting together in a meeting or conference. They are engaged with various devices: some are looking at smartphones, one is using a tablet, and another is working on a laptop. The scene is brightly lit, and the overall atmosphere is professional and collaborative. The text 'Shareholder questions' is overlaid in a clean, white, sans-serif font across the center of the image.

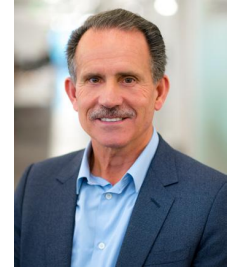
# Shareholder questions

# Resolutions



# Resolutions

- **Resolution 1:** That Mr Christopher Huljich, retiring from office as a Director of Pushpay by rotation and being eligible for re-election, be re-elected as a Director of Pushpay.
- **Resolution 2:** That Mr Bruce Gordon, retiring from office as a Director of Pushpay by rotation and being eligible for re-election, be re-elected as a Director of Pushpay.
- **Resolution 3:** That the Board be authorised to fix the fees and expenses of Deloitte as auditor.



**Christopher Huljich**  
*Non-Executive Director*



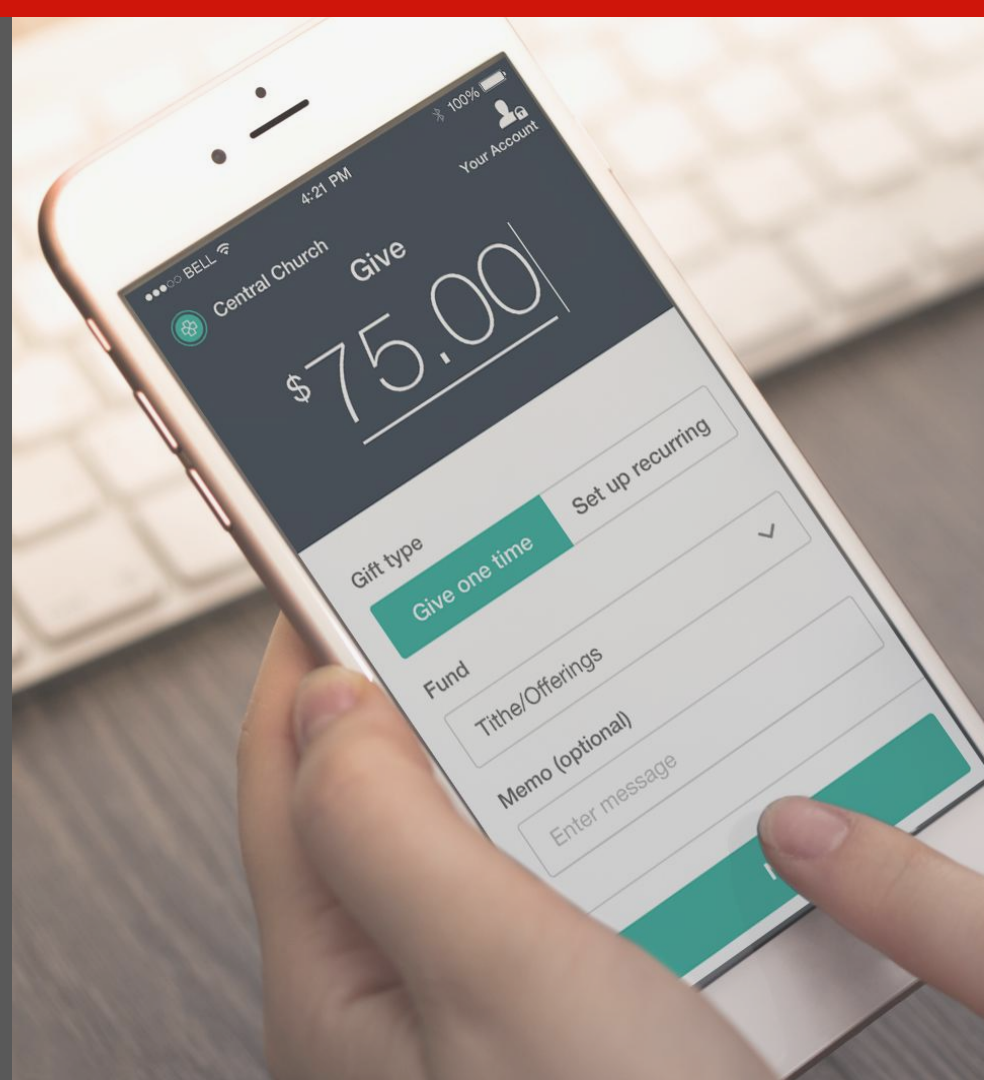
**Bruce Gordon**  
*Independent Chairman*

# Thank you.

Please join us for refreshments in The Front Room for those attending in person.



# Appendix



# Key metric definitions

**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.

**Lifetime Value (LTV)** – is the gross margin expected from a Customer over the lifetime of that Customer. This is calculated by taking the 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). A 97.5% Annual Revenue Retention Rate is used for the purposes of the calculation. 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).

# Relevant workings and sources

**Churches TAM Growing from 2016 to 2021:** US\$122.94 billion was given to religious organisations in the US in 2016. Using that figure, and assuming digital giving of 30%, Pushpay assesses the potential digital payment revenue opportunity in the US faith sector (i.e. in terms of subscription and transaction fees which could be earned from digital payments) to be US\$1.7 billion. If total religious giving in the US was to grow by 3.13% per annum and if total giving through digital payments was to increase by 6% per annum, the potential digital payment revenue opportunity in the US faith sector grows to US\$2.8 billion in 2021. Pushpay has calculated these revenue opportunity figures on an assumption that there are over 340,000 churches in the US faith sector (including Catholic Churches, Mormon Churches and Orthodox Churches) and on the basis of assumed church sizes (which Pushpay has estimated on the basis of demographic data). The TAM has been calculated on the basis of Pushpay's current subscription and transaction fee pricing.

## Sources:

- *Giving USA (2017). The Annual Report on Philanthropy for the year 2016*
- *Hartford Institute (2010). Religious Congregations Membership Study and other demographic data*



**Pushpay**<sup>®</sup>