

# Pushpay expands leading engagement solution with app acquisition

Auckland, New Zealand | Redmond, Washington, USA – 23 November 2016

Pushpay Holdings Limited (NZSX:PPH, ASX:PPH, 'Pushpay' or 'the Company') announces that it has entered into an agreement to acquire a church app business from Bluebridge Digital, Inc (Bluebridge) for the consideration of up to US\$3.1 million.

## Key highlights

- Pushpay Holdings Limited is to acquire a church app business from Bluebridge Digital, Inc for up to US\$3.1 million
- The transaction remains subject to a number of customary conditions and adjustments. It is anticipated that, subject to satisfaction of these conditions, the acquisition will be completed on or by the end of November 2016
- Bluebridge is one of the leading providers of church apps in the world
- This acquisition is fully cash funded from the proceeds of Pushpay's AU\$40 million private placement in October 2016
- Pushpay continues to perform well and remains on track to reach US\$72 million (NZ\$100 million) in Annualised Committed Monthly Revenue and breakeven on a monthly cash flow basis prior to the end of calendar 2017

Pushpay is acquiring Bluebridge's church app related business which includes over 200 customers and around US\$1 million in ACMR. Bluebridge's technology is world class in the faith sector and the acquisition allows Pushpay greater control over product development moving forward.

Bluebridge's church apps provide churches with a unique solution that combines high quality mobile apps, a scalable platform, intuitive content management system and mobile expertise. Bluebridge's church apps help churches increase giving, support multiple locations, quickly communicate, gather instant feedback, provide a dedicated customer success manager, increase church attendance, provide a centralised tool and reduce overhead costs.

The acquisition remains subject to a number of conditions and adjustments which are customary for a transaction of this nature. At this stage, Pushpay expects the transaction to settle by the end of November 2016.

Chris Heaslip, Pushpay's CEO and Co-founder said, "The acquisition of Bluebridge Digital, Inc's church app business represents a significant strategic step for Pushpay. The acquisition enables us to better serve our Customers through offering high quality church apps in addition to our intuitive and secure, world-class payments solution. There are over 340,000 churches in the USA and Pushpay currently serves over 5,000 of them. Our experience has taught us that our customers need high quality engagement tools to complement our payments solution. The church app offers a welcomed enhancement to the Pushpay solution and provides Pushpay with a head start in developing a world class engagement solution for churches.

"Pushpay continues to remain on track to reach US\$72 million (NZ\$100 million) in Annualised Committed Monthly Revenue and breakeven on a monthly cash flow basis prior to the end of calendar year 2017."

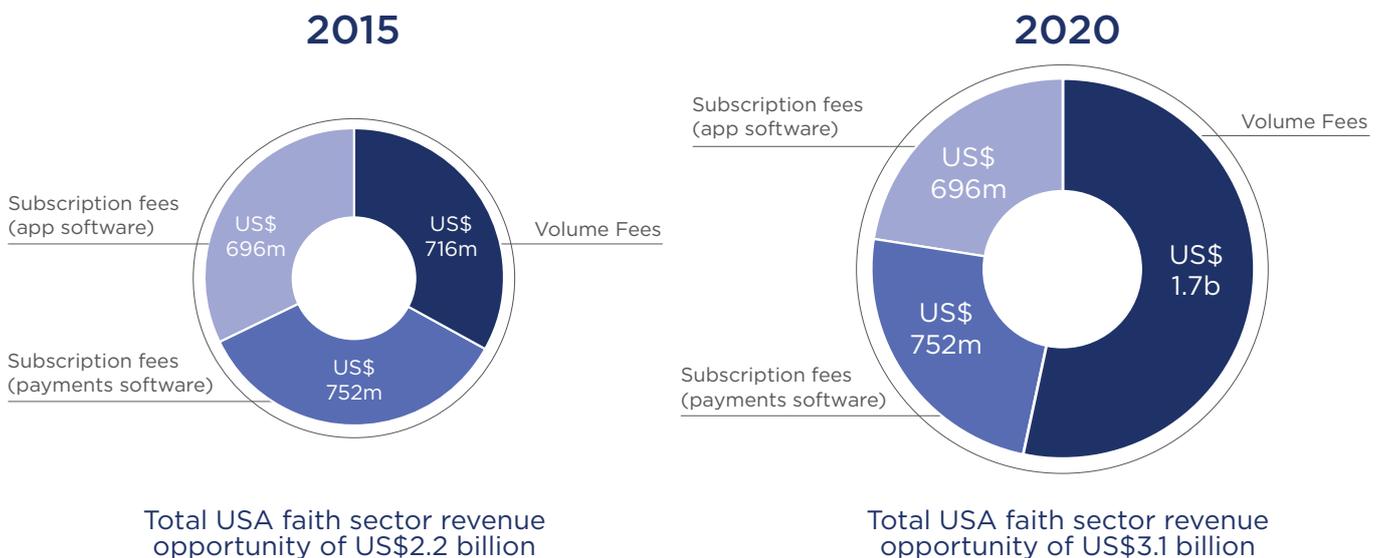
Santiago Jaramillo, Bluebridge's CEO and Founder said, "I cannot think of a better home for Bluebridge Church's customers than Pushpay. Not only are their mobile giving solutions complementary to our mobile app engagement strategy, their core values and dedication to member engagement are perfectly aligned to the goals and values of Bluebridge customers. We are excited for what the future holds and confident that Pushpay will continue to provide the highest level of customer service."

### Opportunity

With the addition of Bluebridge's church app business, Pushpay's current Total Available Market (TAM) increases significantly by US\$0.7 billion from US\$1.5 billion in potential annual revenue to US\$2.2 billion.

US\$119.3 billion was given to religious organisations in the USA in 2015 (Giving USA (2016). Giving USA 2016: Annual Report). Using that figure, and assuming digital giving of 30%, Pushpay assesses the potential annual revenue opportunity in the USA faith sector (i.e. in terms of Subscription (payments and app software) Fees and Volume Fees earned from digital payments) to be US\$2.2 billion in 2015. If total religious giving in the USA 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 USA faith sector grows to US\$3.1 billion in 2020. Pushpay has calculated these revenue opportunity figures on the basis of its current Subscription (payments and app software) Fee and Volume Fee pricing, on an assumption that there are over 340,000 churches in the USA faith sector<sup>1</sup> and on the basis of assumed church sizes<sup>2</sup>.

#### USA faith sector revenue opportunity



From 1 November 2016 for certain segments, Customers have been able to purchase a church app (engagement solution) separately from Pushpay's core payments solution. As some entities will solely utilise Pushpay's church app solution, the term 'Merchant' will be replaced with 'Customer' moving forward<sup>3</sup>. The definition of a Customer is an entity that utilises one or more Pushpay solutions. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to setup their service.

On closing, Bluebridge's church app customers who are not already utilising Pushpay's payments solution will transition to become Pushpay Customers. Pushpay will offer each of these Customers the opportunity to leverage the full suite of Pushpay's payments solution.

Pushpay will continue to integrate Bluebridge's church app business through the remainder of our fiscal year.

### Consideration and Financing

The acquisition is for a total consideration of up to US\$3.1 million, on a cash free and debt free basis. The transaction remains subject to a number of customary conditions and adjustments. It is anticipated that, subject to satisfaction of these conditions, the acquisition will be completed by the end of November 2016.

Pushpay will use part of the AU\$40 million raised in its private placement in October 2016 as cash payment for the acquisition.

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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 Pushpay Customers. Pushpay targets Customers 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 is an award-winning company, team and product. For more information visit [www.pushpay.com/investors/awards](http://www.pushpay.com/investors/awards).

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 Customers and consumers to “never miss the moment”.

## About Bluebridge

Bluebridge is one of the most respected app publishers in the USA. The company was founded in 2011 and is based out of Indiana. Bluebridge has developed a proprietary platform that provides apps to organisations that are updated on a continuous basis so that the latest technology is always utilised. Bluebridge now supplies apps for employee engagement and tourism.

- 1 Including Catholic Churches, Mormon Churches and Orthodox Churches according to Hartford Institute (2010). Religious Congregations Membership Study.
- 2 Pushpay has estimated assumed church sizes on the basis of Hartford Institute (2010). Religious Congregations Membership Study and other demographic data.
- 3 Pushpay’s key metric definitions have been updated and will be referred to as below moving forward.  
  
Annualised Committed Monthly Revenue (ACMR) – is 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.  
  
Average Revenue Per Customer (ARPC, previously ARPM) – is the combination of 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 processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on Volume Fees the last 12-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.  
  
Customer (previously Merchant) – 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 setup their service.  
  
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).

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