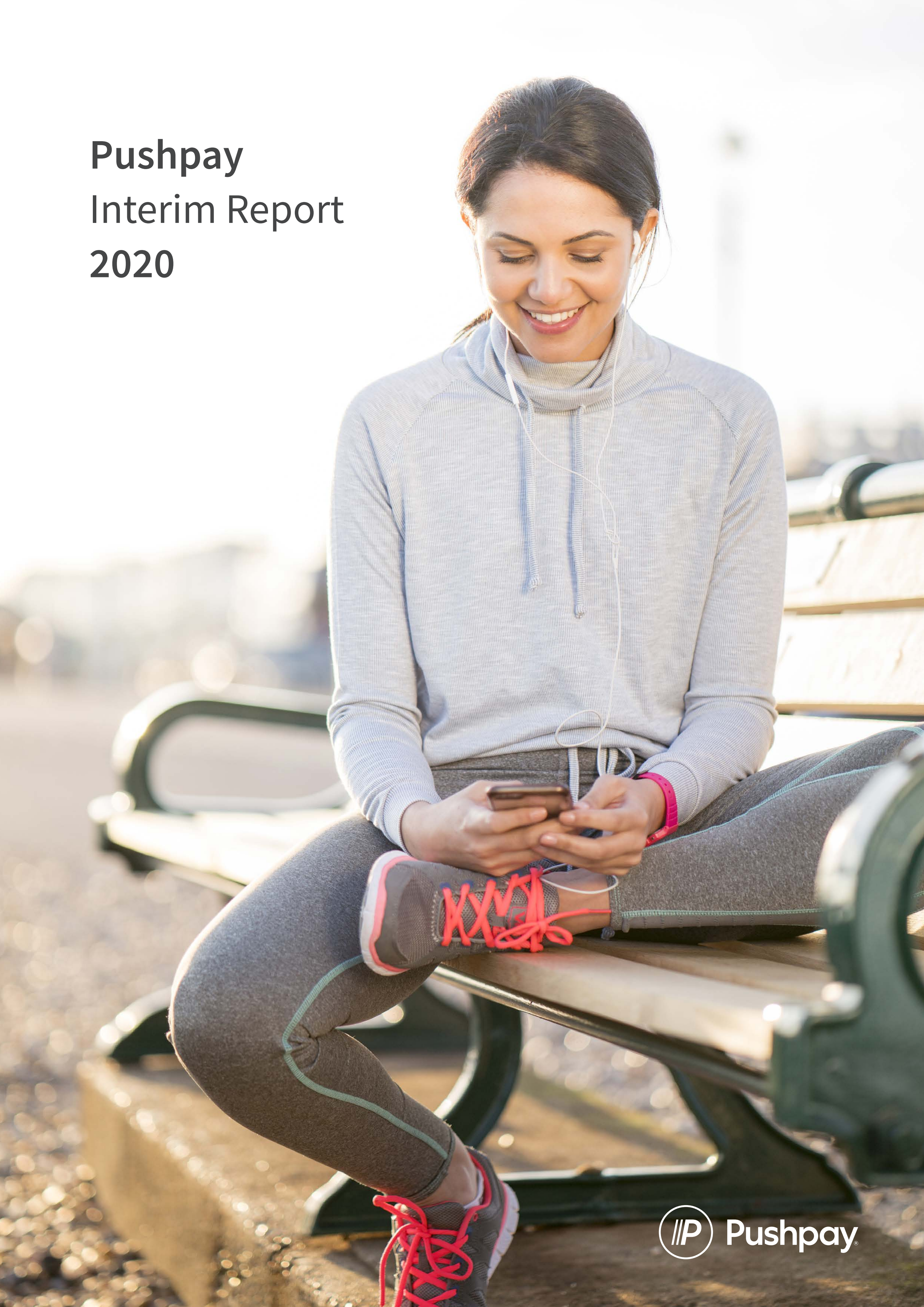
Pushpay
Interim Report
2020



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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 co-funding from Callaghan Innovation, New Zealand's innovation agency, to support innovation through research and development.

Pushpay is an award-winning company. For more information visit www.pushpay.com/investors/awards.

Investor calendar

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

6 May 2020 (NZT)

Annual Report and financial results release

18 June 2020 (NZT)

Annual Shareholders' Meeting | Auckland, New Zealand

01

Solid growth, **expanding operating margin**

Hurricane Dorian Relief, Christ Fellowship
Palm Beach Gardens, Florida, US

Operating revenue

US$56.0 million, up from US$42.8 million, an increase of 31%

Total Revenue

US$57.4 million, up from US$44.0 million, an increase of 30%

Gross Profit Margin

65%, up from 57%, an increase of eight percentage points

EBITDAF

US$9.6 million, up from a loss of US$3.1 million, an increase of 413%

NPAT

US$6.5 million, up from a loss of US$4.4 million, an increase of 247%

Operating Cash Flow

US$8.9 million, up from negative US$5.1 million, an increase of 274%

Cash and Cash Equivalents, and Short-term Deposits

US$22.9 million, up from US$13.9 million, an increase of 64% over the six months to 30 September 2019

Total Customers

7,905 Customers, up from 7,420 Customers, an increase of 7%

ARPC

US$1,272 per month, up from US$1,060 per month, an increase of 20% over the 12 months to 30 September 2019

Total LTV of Customer base

US$3.1 billion, up from US$2.2 billion, an increase of 45%

Total Processing Volume

US$2.2 billion, up from US$1.5 billion, an increase of 45%

Months to Recover CAC

21.7 months, up from 15.3 months, an increase of 6.4 months

Annual Revenue Retention Rate

>100%

Staff Headcount

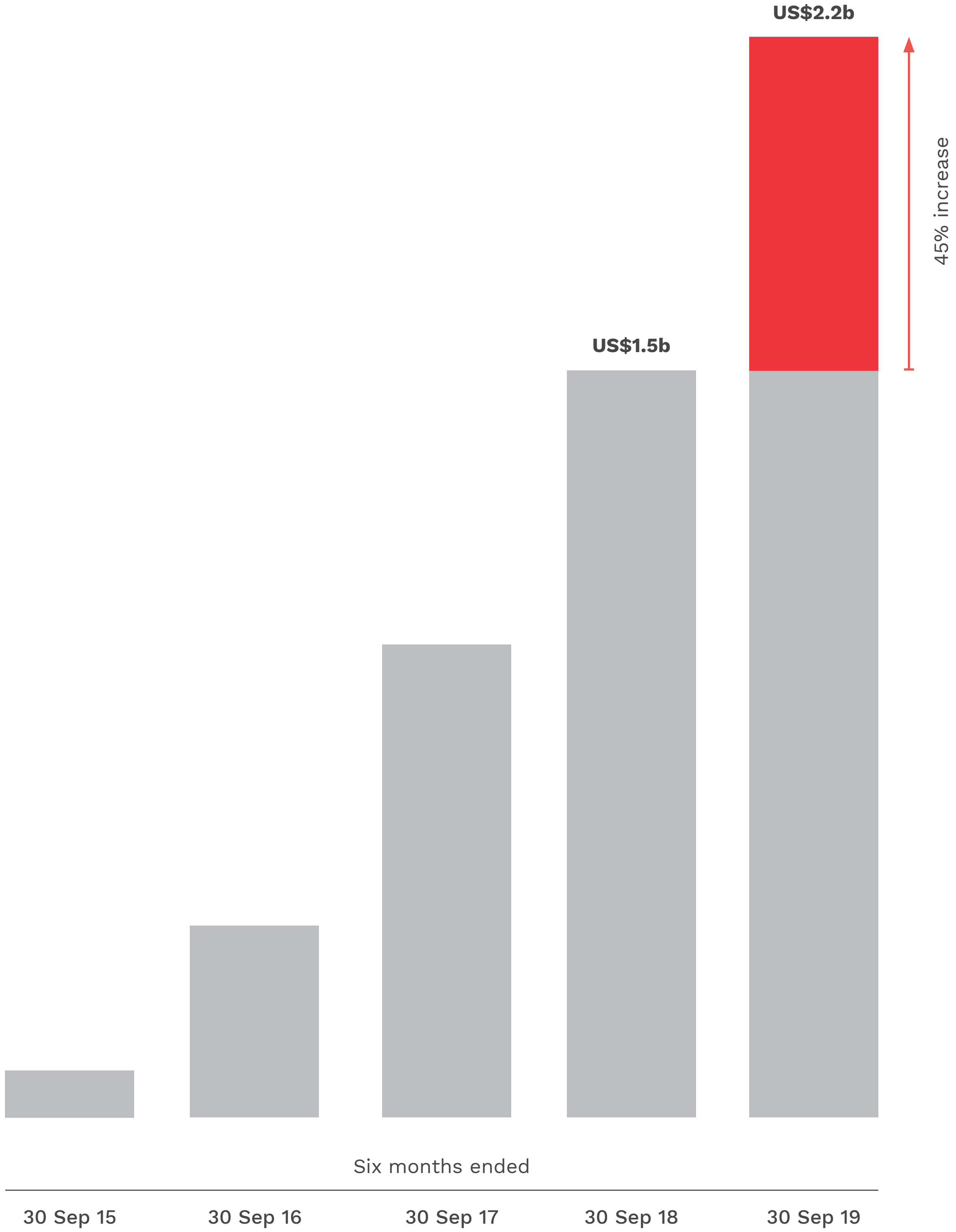
360 staff, up from 354 staff, an increase of 2%

Notes: Unless otherwise stated, the above table compares the performance over the six months ended 30 September 2019 to the six months ended 30 September 2018.

Annual Revenue Retention Rate, ARPC, EBITDAF, Months to Recover CAC, Total Customers, Total LTV of Customer base, Total Processing Volume and Staff Headcount are not GAAP financial measures and are not prepared in accordance with NZ IFRS.

US$2.2 billion

Total Processing Volume



> "At North Point we are always looking for ways to partner instead of pioneer. With Pushpay we found a partner who understands giving in the local church and handles it the way that we would if we were in their place."
>
> *- Rick Holliday, North Point Community Church*

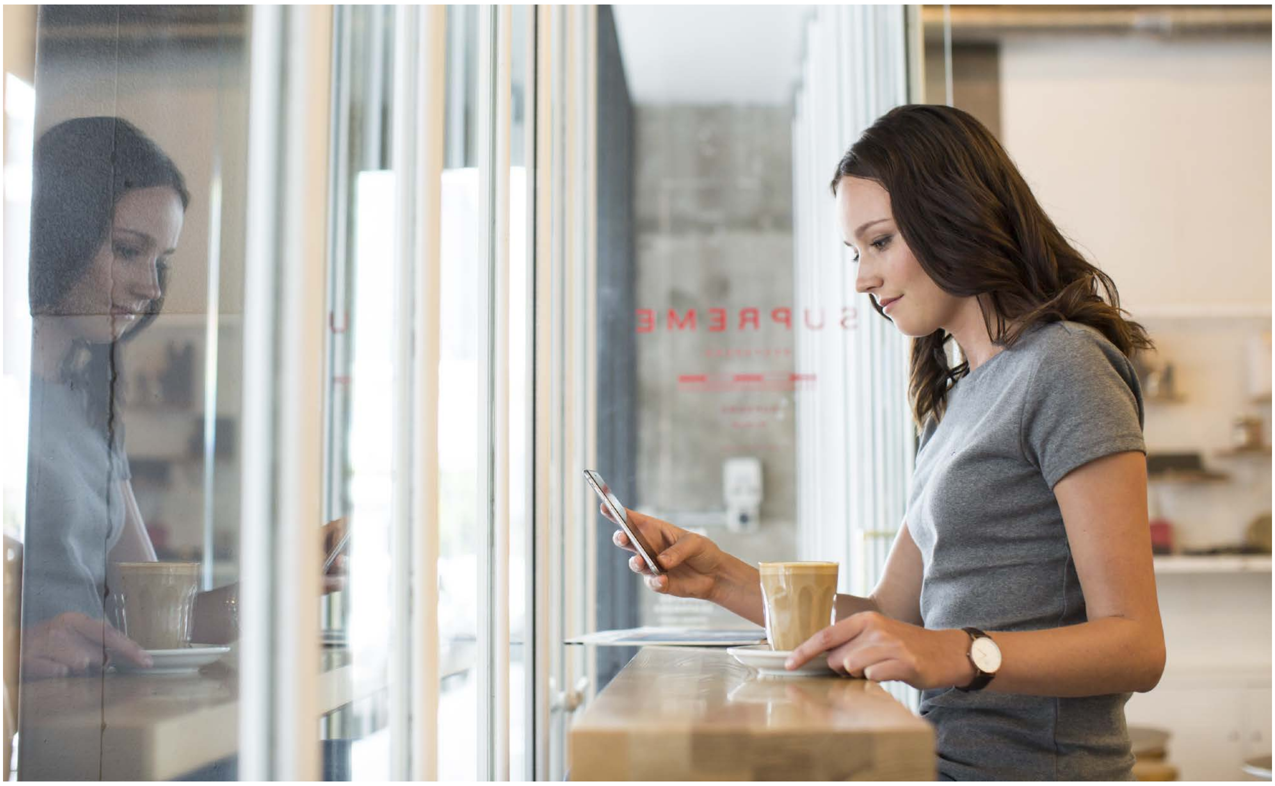
Customers

Pushpay increased its Customer base by 485 Customers over the 12 months ended 30 September 2019, from 7,420 to 7,905, an increase of 7%. Pushpay's strategy is progressing well, with modest growth in the number of new Customers and a continued increase in the proportion of new medium and large Customers.

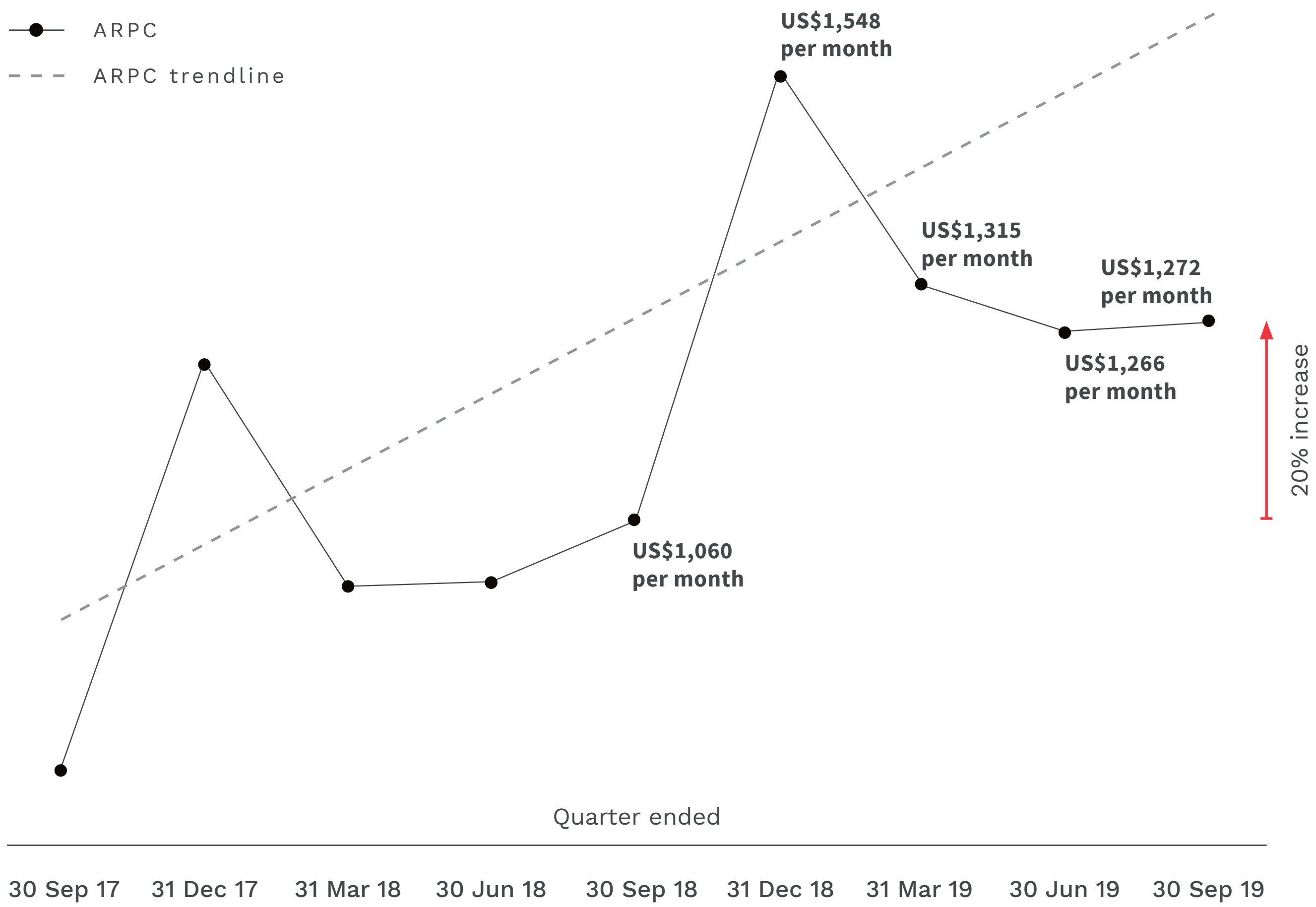
Over the 12 months to 30 September 2019, Pushpay's proportion of medium and large Customers increased from 54% to 56%. Unit churn driven by small Customers continues to decline.

As we execute on our sales strategy, the Company's primary focus is on increasing revenue by attracting a larger number of medium and large Customers, while expanding ARPC and increasing retention.

As at 30 September 2019, 98% of Pushpay's Customers were located in North America, which covers the US and Canada, with the remaining 2% located in Australasia, which covers New Zealand and Australia.



ARPC growth of 20%



ARPC

ARPC increased by US$212 per month over the 12 months to 30 September 2019, from US$1,060 per month to US$1,272 per month, an increase of 20%.

There are a number of factors which have contributed to an increased ARPC, which include: increased Subscription Fees from new and existing Customers; a larger proportion of medium and large new Customers; further development of our product set resulting in higher Volume Fees; increased adoption of digital giving in the US faith sector; and increased giving to religion in the US.

Pushpay plans to continue to grow ARPC by increasing revenue derived from existing Customers and by continuing to implement its sales strategy to attract more medium and large new Customers.

Key metric definitions

Annual Revenue Retention Rate – is revenue retained from Customers and is measured by the amount of revenue at the end of the period, over the amount of revenue from the end of the previous period for Customers who joined Pushpay prior to the end of the previous period.

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.

Cash and Cash Equivalents – is cash on hand; deposits held at call with financial institutions; and other short-term, highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

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.

Earnings before Interest, Tax, Depreciation, Amortisation and Foreign Currency (gains)/losses (EBITDAF) – is a non-GAAP financial measure calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net profit/(loss).

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 one 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.

Net Profit after Tax (NPAT) – is calculated in accordance with NZ IFRS.

Operating Revenue – is receipts received from Customers calculated in accordance with IFRS accounting standards.

Short-term Deposits – is term deposits at financial institutions which are not used for cash management purposes and typically have an initial term of more than three months but less than one year.

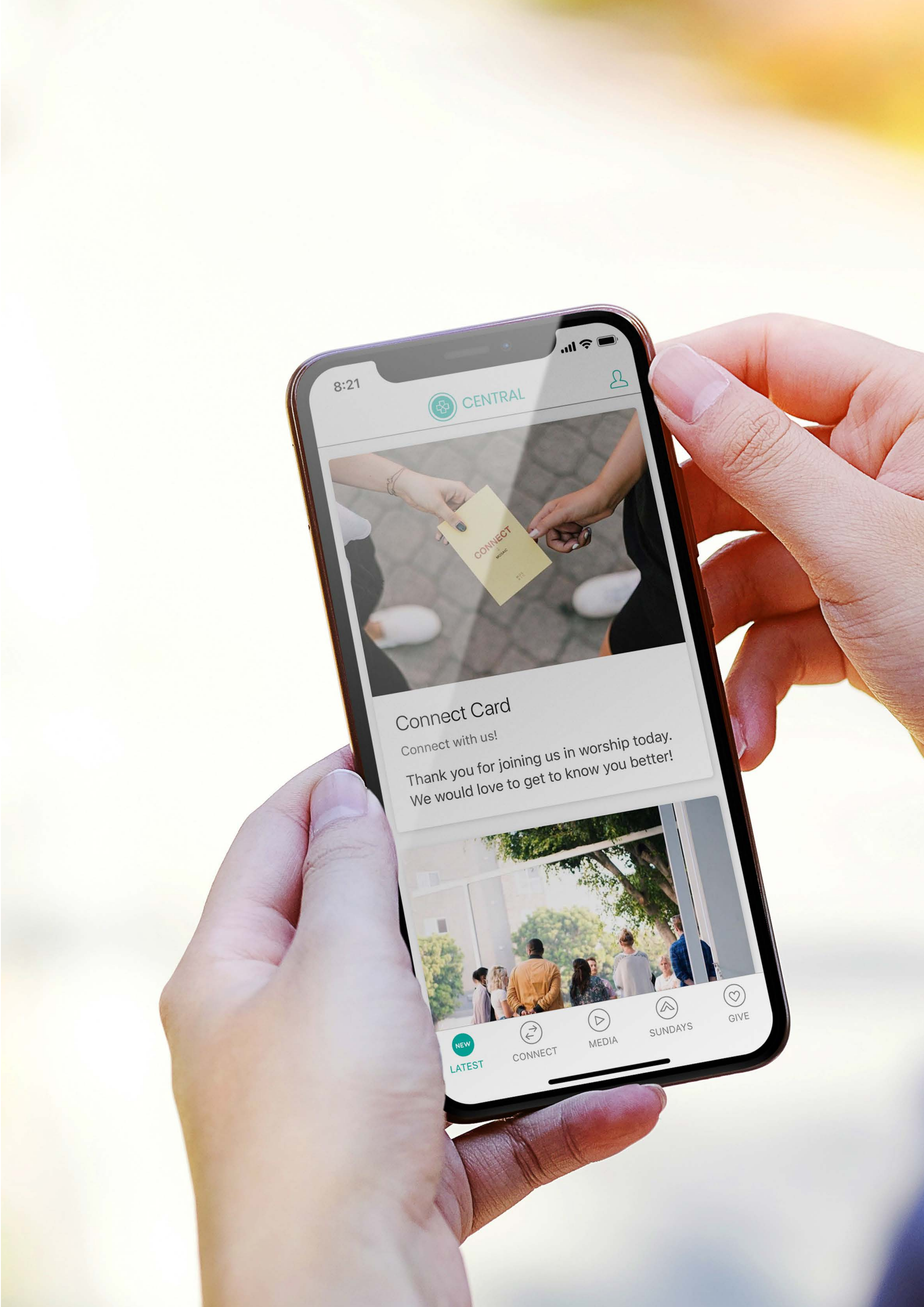
Staff Headcount – is total employees at a specific point in time.

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).

Total Processing Volume – is payment transaction volume through the Pushpay payment platform, that Pushpay derives revenue from within a period.

Total Revenue – is receipts received from Customers and other income calculated in accordance with IFRS accounting standards.

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).


8:21
CENTRAL
CONNECT
Connect Card
Connect with us!
Thank you for joining us in worship today.
We would love to get to know you better!
NEW
LATEST
CONNECT
MEDIA
SUNDAYS
GIVE

02

Chairman and CEO's **review**

Dear Fellow Shareholder,

We are pleased to present a strong result for the six months ended 30 September 2019. Pushpay has delivered solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements over the period.

Pushpay continues to focus on future-proofing the business, by refining the strategies that will allow the Company to realise its considerable potential over the long term, while maintaining prudent financial discipline. As we continue our growth journey, our relentless focus on innovation, strategy and execution will lead to continued growth and success for the business.

Revenue growth

Pushpay increased its total revenue for the six months ended 30 September 2019 by US$13.4 million when compared to the prior comparable period, from US$44.0 million to US$57.4 million, an increase of 30%. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

Pushpay reiterates operating revenue guidance for the year ending 31 March 2020 of between US$121.0 million and US$124.0 million.

As signalled earlier in the year, Pushpay's new Customer acquisition for the first half of the financial year was lighter than in the previous year. The Company has a number of initiatives in place to continue to drive new Customer acquisition throughout the remainder of the financial year.

We expect to see continued revenue growth as the business executes on its strategy, achieves increased efficiencies and gains further market share in the US faith sector.

Gross margin improvement

Pushpay's diligent approach to optimising gross margin has driven pleasing results. Pushpay increased gross margin over the six months ended 30 September 2019 by eight percentage points when compared to the prior comparable period, from 57% to 65%.

Although gross margin is typically weaker over the second half of the financial year, we now expect gross margin to stabilise around current levels over the remainder of the current financial year.

The Company reiterates gross margin guidance for the year ending 31 March 2020 of over 63%.

Operating leverage

While Pushpay increased operating revenue over the six months ended 30 September 2019 by 31% when compared to the prior comparable period, total operating expenses declined by 2%. As a percentage of operating revenue, total operating expenses improved by 18 percentage points, from 72% to 54%. Pushpay expects significant operating leverage to accrue as operating revenue continues to increase, while growth in total operating expenses remains low.

Pushpay adopted best-in-class software tools and scalable processes early in its development. Combined with strong financial discipline, these investments will allow significant operating leverage to be achieved as revenue grows.

EBITDAF

Pushpay increased EBITDAF for the six months ended 30 September 2019 by US$12.7 million when compared to the prior comparable period, from a loss of US$3.1 million to a gain of US$9.6 million, an increase of 413%.

Pushpay increased EBITDAF guidance twice over the six months to 30 September 2019. On 19 June 2019, the Company increased EBITDAF guidance, which was previously between US$17.5 million and US$19.5 million, to between US$18.5 million and US$20.5 million and on 20 September 2019, Pushpay further increased EBITDAF guidance to between US$23.0 million and US$25.0 million.

Pushpay reiterates EBITDAF guidance for the year ending 31 March 2020 of between US$23.0 million and US$25.0 million.

NPAT

NPAT improved by US$10.9 million over the six months ended 30 September 2019 when compared to the prior comparable period, from a net loss of US$4.4 million to a net profit of US$6.5 million, an improvement of 247%.

Operating cash flow

Operating cash flow improved by US$14.0 million over the six months ended 30 September 2019 when compared to the prior comparable period, from negative operating cash flow of US$5.1 million to positive operating cash flow of US$8.9 million, an increase of 274%.

Pushpay's increasing positive cash flow provides flexibility, as we assess potential strategic acquisitions that broaden Pushpay's current proposition and add significant value to the current business.

Total Processing Volume

Total Processing Volume increased by US$676.3 million over the six months ended 30 September 2019 when compared to the prior comparable period, from US$1.5 billion to US$2.2 billion, an increase of 45%.

We expect continued growth in Total Processing Volume driven by a larger proportion of new medium and large Customers, further development of our product set resulting in higher adoption and usage, increased adoption of digital giving in the US faith sector and increased giving to religion in the US.

Pushpay reiterates its Total Processing Volume guidance for the year ending 31 March 2020 of between US$4.8 billion and US$5.0 billion.

People and culture

As we continue to execute on our strategy, attracting and retaining exceptional talent is critical to our success. Our Customer-centric culture of continuous improvement focuses on achieving higher job satisfaction, increased productivity, improved employee retention, as well as increased Customer satisfaction.

Leadership at Pushpay

On 8 May 2019, the Company announced a number of changes to its leadership team. Chris Heaslip resigned from his position as Chief Executive Officer, effective 31 May 2019. Chris remains a Non-Executive Director of the Company.

Following Chris Heaslip's resignation, Pushpay's Board appointed Bruce Gordon (previously Chairman of the Board) as CEO and Executive Director, effective 1 June 2019.

Graham Shaw (previously Independent Director) assumed the role of Chairman of the Board, effective 8 May 2019.

Christopher Huljich was replaced by Peter Huljich (previously an Alternate Director to Christopher Huljich), as a Non-Executive Director, effective 8 May 2019. Subsequently, Christopher Huljich was appointed as an Alternate Director to Peter Huljich.

Daniel (Dan) Steinman resigned as a Director of Pushpay, effective 26 August 2019. The Board and management of Pushpay thank Dan for his invaluable contribution to the Board and for his continued support as a shareholder.

Justine Smyth | Independent Director

Pushpay was pleased to welcome Justine Smyth to the Board of Directors as an Independent Director, effective 26 August 2019. Justine also joined as Chair of Pushpay's 'Audit and Risk Management Committee' and as a member of the 'Nominations and Remuneration Committee'.

Justine brings strong business experience from her background in listed-company governance, financial performance, mergers and acquisitions, and taxation of large enterprises. Justine is currently the Chair of Spark New Zealand, a Director of Auckland International Airport and the Chair of The Breast Cancer Foundation New Zealand.

The Board is also actively searching for additional Directors and is considering suitably qualified candidates with diverse backgrounds and experience.

Outlook

Pushpay expects further solid revenue growth, as we continue to execute on our strategy to gain further market share in the medium-term and believes this is the best way to maximise shareholder value.

From a strong financial position, we will continue to balance expanding operating margin with opportunities to increase revenue growth. We are particularly focused on ensuring efficiency remains high, while maintaining cost discipline throughout the business.

As we continue to execute on our strategy, we are also actively evaluating potential strategic acquisitions that broaden Pushpay's current proposition and add significant value to the current business.

Pushpay reiterates its guidance for the year ending 31 March 2020:

- Operating revenue of between US$121.0 million and US$124.0 million
- Gross margin of over 63%
- EBITDAF of between US$23.0 million and US$25.0 million
- Total Processing Volume of between US$4.8 billion and US$5.0 billion

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.

Acknowledgements

Pushpay's success would not be possible without the expert direction from the Board of Directors, successful execution from management and the hard work of our dedicated colleagues.

We would like to thank you, our shareholders, for your continued support and confidence, our teams in the US and New Zealand for their hard work and all of our Customers around the world for their continued loyalty and excitement, as these results are ultimately thanks to their support.

Graham Shaw
Independent Chairman

Bruce Gordon
CEO and Executive Director


Thank you for your generosity!
Your gift of USD $100.00 towards Tithes/Offerings for Central Church was successful! We've sent a gift receipt to your email address nicola@email.com.
Give again
Thank you for your generosity and support of Central Church, Seattle! Your financial partnership is making an impact in our community and around the world.
Many thanks,
Pastor John Stewart
UPCOMING EVENT
Young Adults Camp
To see more and stay connected with us, visit the Central Church App!
Go to App

03

A leading **cloud-first solution**

Added functionality to the Pushpay solution

Pushpay continues to invest in its leading solutions, which simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Our product design and development team employs an agile approach, where our solutions evolve through collaborative effort, including ongoing Customer feedback.

Some of our more recent additions to the Pushpay solutions are highlighted below.

Non-cash and Organisational Giving

In May 2019, Pushpay launched Non-cash and Organisational Giving, which supports Customers with recording all forms of giving. It is common practice for business owners to make financial contributions through their own personal accounts and also through their businesses. Many large Customers also receive non-cash gifts including stocks, vehicles and property. Customers are required to issue tax statements to businesses and include non-cash gifts on tax statements. Supporting Non-cash and Organisational Giving is key to centralising giving on the Pushpay platform and helps Customers to streamline their gift recording and reconciliation process.

Thank You by Fund

Donor development best practice includes connecting people to the impact of their generosity. Showing impact is critical to engaging and re-engaging donors. In May 2019, Pushpay introduced a number of features to help Customers nurture their donors by connecting them to the impact of their generosity. After a successful donation, Pushpay's Thank You by Fund feature allows Customers to deliver a specific note of appreciation to donors regarding the initiative or cause that they supported. The thank you note is presented on screen at the time of the gift, when it is most relevant to the donor, and in the email receipt.

Content Cards

In 2016, Pushpay released its App Connect feature, which provides a call-to-action at the end of a giving experience, promoting the Customer's App. In May 2019, this functionality was enhanced with the release of Content Cards. Content Cards are featured at the end of Pushpay's giving experience and also in the donor's email receipt. Content Cards pull current content from a Customer's App and displays it with a call-to-action to download the App. This feature drives adoption of the App and keeps users connected to their community, particularly when they are not able to be in attendance.

Impact Cards

Pushpay released Impact Cards in May 2019. Impact Cards enable Customers to showcase stories of people and communities that have been transformed as a result of the generosity of their donors. For example, Customers can use it to surface the results of recent ministry efforts or key statistics relating to a fundraising campaign that donors have recently given to. This feature connects donors to specific initiatives they support, while also driving increased participation and engagement within Customers' communities. Customers using Impact Cards see an average 18% increase in giving in the months they use Impact Cards.

Rich Push Notifications and Related Content

Pushpay introduced a number of features in May 2019, which help drive user adoption, engagement and time spent in the App, including Rich Push Notifications and Related Content. Rich Push Notifications allow Customers to effectively capture users' attention by including photos and video content in the push notification itself. Rich Push Notifications are showing a 350% increase in open rates compared to basic push notifications.

Once in the App, the Related Content feature makes it easy for users to find content by suggesting new pieces of content that may be the next in series, playlist or events that may be of interest. Customers can now encourage App users to engage more deeply with their content, message and mission. Pushpay has seen a 55% decrease in App sessions under 40 seconds for Customers using Related Content.

Marcus Briggs, Executive Pastor at Riverpark Church said, "The church app is one of the main technology tools we leverage to connect with and nurture our community, especially outside of Sunday. We love the related content feature, it surfaces meaningful content and helps our app users to dig deeper into our church community."

Summer product release

Pushpay's August 2019 product release included a number of enhancements to existing features focused on making giving information easier to access for donors. Pushpay now allows donors to access their own giving statements within our donor portal. Donors can also view their progress towards pledges and giving campaigns. We also released a new live polling feature called Attitude Polls, which allows Customers to measure the sentiment of a group of people via a live poll within the App.

Pushpay University

In May 2019, Pushpay launched its on-demand learning environment, Pushpay University (www.pushpayuniversity.com). Pushpay University is an exclusive website for Customers to learn from leading experts in leadership, communication and technology, while also deepening their Pushpay product knowledge. Course instructors include:

- Cheryl Bachelder - former CEO of Popeyes
- Erwin McManus - best-selling author, Mosaic Church in Los Angeles, CA
- Nona Jones - Facebook Faith-based Partnerships Leader, www.facebook.com
- Patrick Lencioni - best-selling author, Founder and President of The Table Group, www.thetablegroup.com
- Scott Harrison - Founder and CEO of charity:water, www.charitywater.org

Following the launch of Pushpay University, over 1,000 users have created student accounts. Thus far, these students have enrolled in over 800 courses and have spent over 475 hours in the digital classroom, which has over 27 exclusive video courses. New courses are added to Pushpay University every month, offering students new opportunities to learn and grow, while further establishing Pushpay as a thought leader in the US faith sector.

Website enhancements

The Company has made significant enhancements to its homepage website, www.pushpay.com, to better reflect Pushpay's solutions and commitment to serving Customers in the faith sector. The new homepage welcomes visitors with new imagery, easy-to-navigate product descriptions and access to Pushpay's customer success representatives. Following the launch in July 2019, visitors to Pushpay's enhanced homepage are spending on average 4% more time on the page. In addition, a new testimonials page, www.pushpay.com/testimonials/, houses Customer stories, which further demonstrate the impact that is enabled by Pushpay's solutions.

Pushpay Cares

Pushpay launched its employee-led Pushpay Cares program in August 2019. Pushpay Cares enables staff to give back to the wider community in meaningful ways through a variety of events arranged in partnership with key Customers and philanthropic organisations.

The Company's first Pushpay Cares event was held in Seattle, Washington, US. Pushpay employees partnered with our Customer, Churchome, to deliver materials, food and services to many of Seattle's transient and homeless residents. This event was followed by clothing drives, a community event partnering with one of Pushpay's newest Customers to serve the people of Snoqualmie Valley, Washington, US and a beach clean-up project in Auckland, New Zealand.

With Pushpay Cares, Pushpay has taken an additional step to support individuals in need and make a difference in our local communities, an opportunity which is both humbling and rewarding for our teams.


8:20
CENTRAL
Thank you for your generosity!
Our Haiti School Campaign was a huge success!
READ MORE
$40K
Project Goal
$106K
Total Raised
1,877
Students Served
UPCOMING EVENT
NEW
LATEST
CONNECT
MEDIA
SUNDAYS
GIVE

04

Enabling **social good**

God Behind Bars, Red Rocks Church
Littleton, Colorado, US

God Behind Bars
Red Rocks Church

Littleton, Colorado, US

Red Rocks Church partners with God Behind Bars (GBB) to stream the weekend messages and worship experience into two partnering prisons, Denver Women's Correctional Facility and Colorado Territorial Correctional Facility. Wardens at the prisons participating in the GBB campuses say that most of the inmates who attend the services, do so each week and that the very culture of the prisons is changing for the better because of this program.

Red Rocks Church GBB campuses offer dynamic live worship experiences, opportunities for recovery from addiction, resources for re-entry into society and ongoing support after release.

Shawn Johnson from Red Rock Church said, "God Behind Bars has allowed us to take the gospel to people we could have never reached otherwise, and lives are being changed because of it. Our church still cheers every weekend when we mention our GBB campuses. Focusing on people outside our church walls in this way has been a huge blessing to our church".

Red Rocks Church uses Pushpay's text engagement feature, making it easy for donors to give to this cause any time it is highlighted from the stage, funding the program through the power of mobile giving.

Angelus Temple
Los Angeles, California, US

Angelus Temple

Los Angeles, California, US

The Dream Center is a faith-based non-profit organisation located in Echo Park, dedicated to transforming underserved people and communities in the city of Los Angeles. By offering residential and outreach programs to individuals, families and communities in the areas of homelessness, hunger, poverty, addiction, domestic violence, education and human trafficking, the Dream Center is committed to enabling immediate and long-term transformation. The Dream Center welcomes those in need into their community completely free-of-charge with the resources, training and support they need, regardless of their personal circumstances.

In 2001, the Dream Center merged with an existing church, Angelus Temple. Bordering Echo Park in East Los Angeles, this growing church brings a message of hope by serving the inner city's physical, spiritual and many other needs. Angelus Temple church members are encouraged to volunteer at the Dream Center, while all Dream Center residents participate in Angelus Temple church services. Combined, these two ministries reach more than 50,000 people weekly. Through Pushpay, Angelus Temple has donated over US$400,000 to Dream Center initiatives.

The impact of Angelus Temple dates back almost a century. In 1918, evangelist and social advocate Aimee Semple McPherson felt called to travel West and lead a church in the heart of booming Los Angeles. Just five years later, she founded Angelus Temple. Amidst extreme poverty and social upheaval, McPherson passionately preached hope and healing, leading countless city-wide initiatives to care for the hungry, homeless and broken. Continuing this legacy of service, Angelus Temple will celebrate its 100-year anniversary in 2023.

Hurricane Dorian Relief, Christ Fellowship
Palm Beach Gardens, Florida, US

Hurricane Dorian Relief Christ Fellowship

Palm Beach Gardens, Florida, US

Hurricane Dorian was the most devastating tropical cyclone on record to strike the Bahamas and is regarded as the worst natural disaster in the country's history. The resultant damage to these islands was catastrophic: most structures were flattened or swept out to sea; and at least 70,000 people were left homeless.

Christ Fellowship has dedicated considerable time and resources to aid the Bahamas in the relief effort following the hurricane. As well as running a Pushpay giving campaign, Christ Fellowship quickly sent mission teams to the affected areas. A total of 30 supply airplanes representing 50,000 supplies were put directly into the hands of those who needed it most.

After giving to the relief fund, Pushpay's 'Thank You by Fund' feature has allowed Christ Fellowship to give direct updates regarding the progress being made. A sample of one of the notifications sent out to donors is as follows:

"Thanks to your generosity, we have been able to bring relief to the people in the Bahamas in the wake of Hurricane Dorian. Here are some of the ways we've been able to help so far:

- Last week our team helped restore four houses resulting in the salvation of a family member who worked alongside our team.
- We are continuing to support over 250 evacuees in our region.
- There has been a team on the ground each week since the storm.
- We are continuing to send resources and supplies through our partners, including Convoy of Hope."

Christ Fellowship continues to meet with the governing leadership of the Bahamas, offering assistance towards the complete restoration of the country.

05

People we are **proud of**

Angela Milton, Senior Manager of Customer Success Operations

Angela Milton

Senior Manager of Customer Success Operations

"At Pushpay we have a huge vision for what we want to accomplish and how that impacts the communities we serve. The people who work at Pushpay are extremely talented, driven and are very passionate about serving and equipping our customers. One of my favourite memories at Pushpay so far, was being able to attend the Stevies Awards for Sales and Customer Service – seeing, first hand, how we're nationally recognised for our customer support by our peers and industry experts. I have grown more personally and professionally at Pushpay than in any other place or period in my life. We move fast and you have to grow to aid in our continued success."

"Angela is an integral leader at Pushpay. There are very few people who have as much domain and vertical knowledge as Angela does, making her highly valuable across the entire company. She exemplifies excellence by consistently raising the bar for both our internal teams and our customers. Angela's passion for improvement and commitment to growth has created the incredible Customer Success department we have today."

– Molly Matthews, VP of Customer Success

"Angela has been instrumental in the development of our Customer Success function that provides world-class service on a daily basis. I can say with confidence that she always makes decisions with our customers' success in mind, she consistently lives out our core value of generosity and everyone will tell you that she has one of the most recognisable laughs in the company."

– Jeremy Kelderman, Customer Success Manager

Max Moiseyev, Implementation Manager

Max Moiseyev

Implementation Manager

"Once I heard about the purpose, vision and mission of Pushpay, I knew this was the place where I wanted to advance my career. The culture is contagious and the growth opportunities are inspiring. I love coming to work and being a trusted advisor to our customers. Each customer is unique in their own way and it's very rewarding working alongside them to maximise the impact of our solutions on their mission. Pushpay is successful because we operate and treat our customers with excellence and respect. We work in a market that has been underserved for so long, so when they partner with us, they truly see what world-class looks like."

"Max is an excellent example of Pushpay's 'People Come First' mindset. Whether it is investing his time in the team around him or going over and above to ensure our customers have an excellent experience, Max is one of the most hard working and generous people that I've had the pleasure of working with."

– Kevin Kuck, Senior VP of Operations

"Max's optimism gives him freedom to make decisions that lead to growth for himself and others. He is keenly gifted at identifying people's strengths and he encourages others by pointing out the potential that he sees in them, even when they don't see it in themselves."

– Brianna Sharpless, Operations Business Analyst

Kent Woodyard - Director of Business Development

Kent Woodyard

Director of Business Development

“What excites me about Pushpay is that we have a challenging and ever-changing environment with an opportunity to run hard toward goals and outcomes that will actually make the world a better place. Working for Pushpay has encouraged me to be a more generous person in other areas of my life. We serve so many amazing customers who have an incredible impact on the world. We spend all day talking about generosity and we hold that up as one of our core values, so I want to make sure I’m modelling it outside of work, as much as I am at work. My time at Pushpay has made me a stronger leader, a clearer communicator, a better multi-tasker and a more well-rounded individual.”

“I’ve been honored to work with Kent over the last two years and am continually impressed with the vast impact he’s had on the business through working with our partners. He levels up the team by setting a high bar for professionalism and quality of work, while being one of the most approachable and enjoyable people to work with.”

- Amy Cheek, CEO Program and Support Manager

“Kent is passionate about building a strong partner community. He understands the value that can be created for the customers we serve through partnerships in the technology ecosystem. The enthusiasm and energy Kent brings to work everyday truly represents the celebration culture that we have here at Pushpay.”

- Audrey Cheng, VP of Product

06

Management **commentary**

The following commentary should be read with the unaudited interim financial statements and the related notes in this report. Some parts of this commentary include information regarding the plans and strategy for the business, and include forward-looking statements that involve risks and uncertainties. Actual results and the timing of certain events may differ materially from future results expressed or implied by the forward-looking statements contained in the following commentary. Unless otherwise stated, the following commentary discusses the performance over the six months ended 30 September 2019 compared to the six months ended 30 September 2018, also referred to as the prior comparable period (PCP). All amounts are presented in United States Dollars (USD), except where indicated.

Non-Generally Accepted Accounting Principles (Non-GAAP) measures have been included, as we believe they provide useful information for readers to assist in understanding Pushpay's financial performance. Non-GAAP financial measures should not be viewed in isolation, nor considered as substitutes for measures reported in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Business results

Unaudited	*2019 US$000*	*2018 US$000*	*Change**
Six months ended 30 September			
Operating revenue	56,044	42,755	31%
Other income	1,337	1,257	6%
Total revenue	**57,381**	**44,012**	**30%**
Third party direct costs	(19,588)	(18,302)	7%
Percentage of operating revenue	*-35%*	*-43%*	*8pp*
Other operating expenses	(30,167)	(30,670)	-2%
Percentage of operating revenue	*-54%*	*-72%*	*18pp*
Net foreign exchange gains	875	840	4%
Income tax expense	(2,020)	(280)	621%
Net profit/(loss)	**6,481**	**(4,400)**	**247%†**
Percentage of operating revenue	*12%*	*-10%*	*22pp*

* pp stands for percentage point

† Improved percentage variance

Total revenue increased by 30% to $57.4 million due to continued Customer growth and an increase in Average Revenue per Customer (ARPC). Third party direct costs increased by 7%, and as a percentage of operating revenue improved by 8 percentage points from 43% to 35% as the Group realised benefits from its margin improvement programme. Other operating expenses were 2% lower and as a percentage of operating revenue improved by 18 percentage points from 72% to 54%.

Earnings before interest, tax, depreciation, amortisation and foreign currency (gains)/losses (EBITDAF)

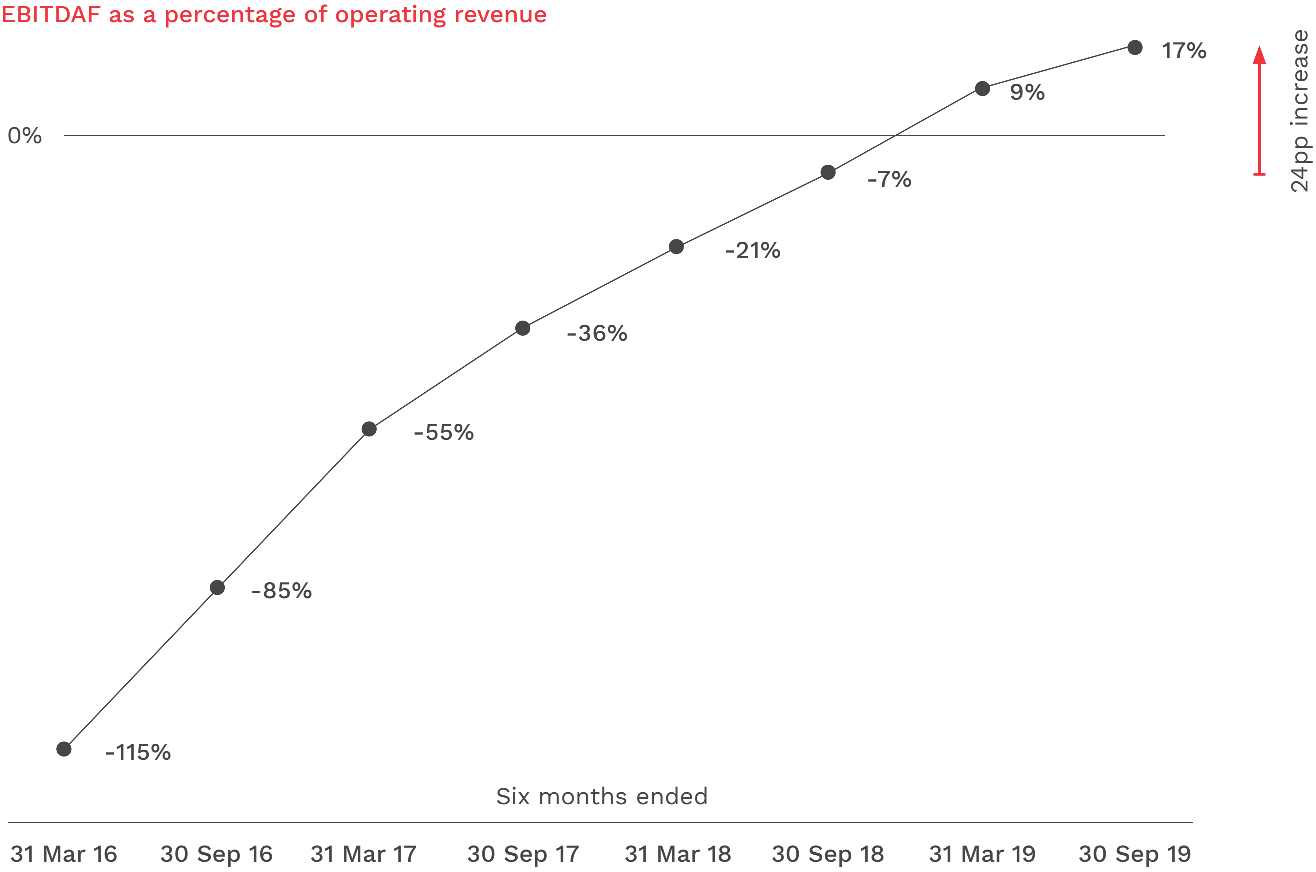
EBITDAF (a non-GAAP financial measure) is calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net profit/(loss).

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Net profit/(loss)	6,481	(4,400)	247%†
Add back: interest income	(124)	(98)	27%
Add back: interest on lease liability	127	-	100%
Add back: depreciation and amortisation	2,017	1,972	2%
Add back: income tax expense	2,020	280	621%
Add back: net foreign exchange gains	(875)	(840)	4%
EBITDAF	**9,646**	**(3,086)**	**413%†**
Percentage of operating revenue	*17%*	*-7%*	*24pp*

EBITDAF improved by $12.7 million from a $3.1 million loss to a $9.6 million profit. EBITDAF, as a percentage of operating revenue, improved by 24 percentage points from -7% to 17%. Operating leverage was largely driven by solid operating revenue growth, improved gross margins and disciplined cost management.

The adoption of NZ IFRS 16 'Leases' has resulted in lease costs being included within depreciation and interest expense from 1 April 2019. There have been no restatements made for this in the management commentary. As a result, the EBITDAF loss in the six months to 30 September 2018 is $0.6 million greater, on a comparable basis. Please refer to note 3 'changes in accounting policies and disclosures' of the interim financial statements for further information on the impact of NZ IFRS 16 'Leases'.

EBITDAF as a percentage of operating revenue



Operating revenue

Subscription revenue consists of recurring fees based on the Customer product holding, which can vary depending on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance). Customers are invoiced monthly or annually in advance. Revenue is recognised as the services are delivered to Customers over the term of the contract, commencing with the date the contract is signed by the Customer. Unearned revenue represents amounts billed to Customers in advance of the provision of services and is recognised in the statement of financial position as unearned revenue in current liabilities. Processing revenue consists of variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of donations). Processing revenue is billed monthly in arrears.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Subscription revenue	15,269	12,543	22%
Processing revenue	40,775	30,212	35%
Total operating revenue	**56,044**	**42,755**	**31%**

As at 30 September	*2019*	*2018*	*Change*
Total Customers	7,905	7,420	7%
ARPC per month (US$)	1,272	1,060	20%

Total operating revenue increased by 31% primarily due to continued Customer growth and a 20% increase in ARPC from $1,060 per month to $1,272 per month. This growth reflects the continuation of the Group's stated strategy of focusing on the medium and large customer segments, which contribute higher ARPC, and thus revenue. The Group is continuing to invest in helping Customers better utilise our solutions, and help drive engagement and generosity, which in turn leads to higher processing volumes. Over the 12 months to 30 September 2019 the proportion of medium and large church Customers, as a proportion of total Customers, increased to 56.0%, up from 53.8% a year earlier.

Third party direct costs

Third party direct costs consist of volume related processing costs, platform hosting and other related costs payable to third parties. Processing costs include interchange fees, which are paid to third parties, such as Visa and MasterCard. Other costs include payments to third party distributors.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Processing costs	17,603	16,737	5%
Platform hosting costs	1,254	1,205	4%
Other third party direct costs	731	360	103%
Total third party direct costs	**19,588**	**18,302**	**7%**
Percentage of operating revenue	*35%*	*43%*	*-8pp*
Processing costs, as a percentage of processing revenue	43%	55%	-12pp
Platform hosting costs, as a percentage of operating revenue	2%	3%	-1pp

Total third party direct costs increased by 7% over the year primarily due to higher interchange fees associated with higher processing volumes, and thus revenues. The Group realised benefits from its margin improvement programme, with total third party direct costs, as a percentage of operating revenue, improving 8 percentage points from 43% to 35%. This improvement was largely driven by processing costs which, as a percentage of processing revenue, improved by 12 percentage points from 55% to 43%. Platform hosting costs as a percentage of operating revenue improved 1 percentage point from 3% to 2%.

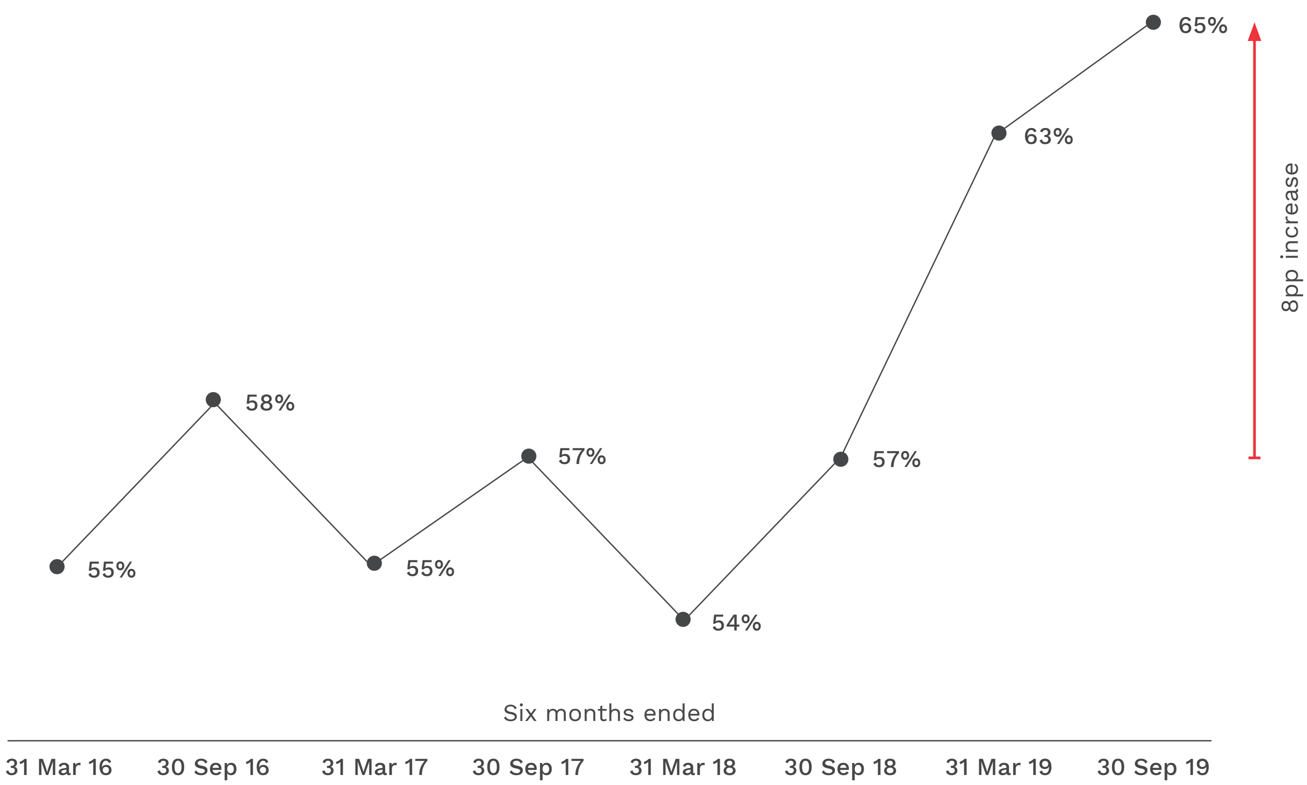
Gross profit

Gross profit (a non-GAAP financial measure) is calculated as operating revenue less third party direct costs.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Operating revenue	56,044	42,755	31%
Third party direct costs	(19,588)	(18,302)	7%
Gross profit	**36,456**	**24,453**	**49%**
Gross margin percentage	*65%*	*57%*	*8pp*

Gross profit, as a percentage of operating revenue, increased by 8 percentage points over the year from 57% to 65%, due to the success of the Group's margin improvement programme driving enhanced processing margins.

Gross margin percentage



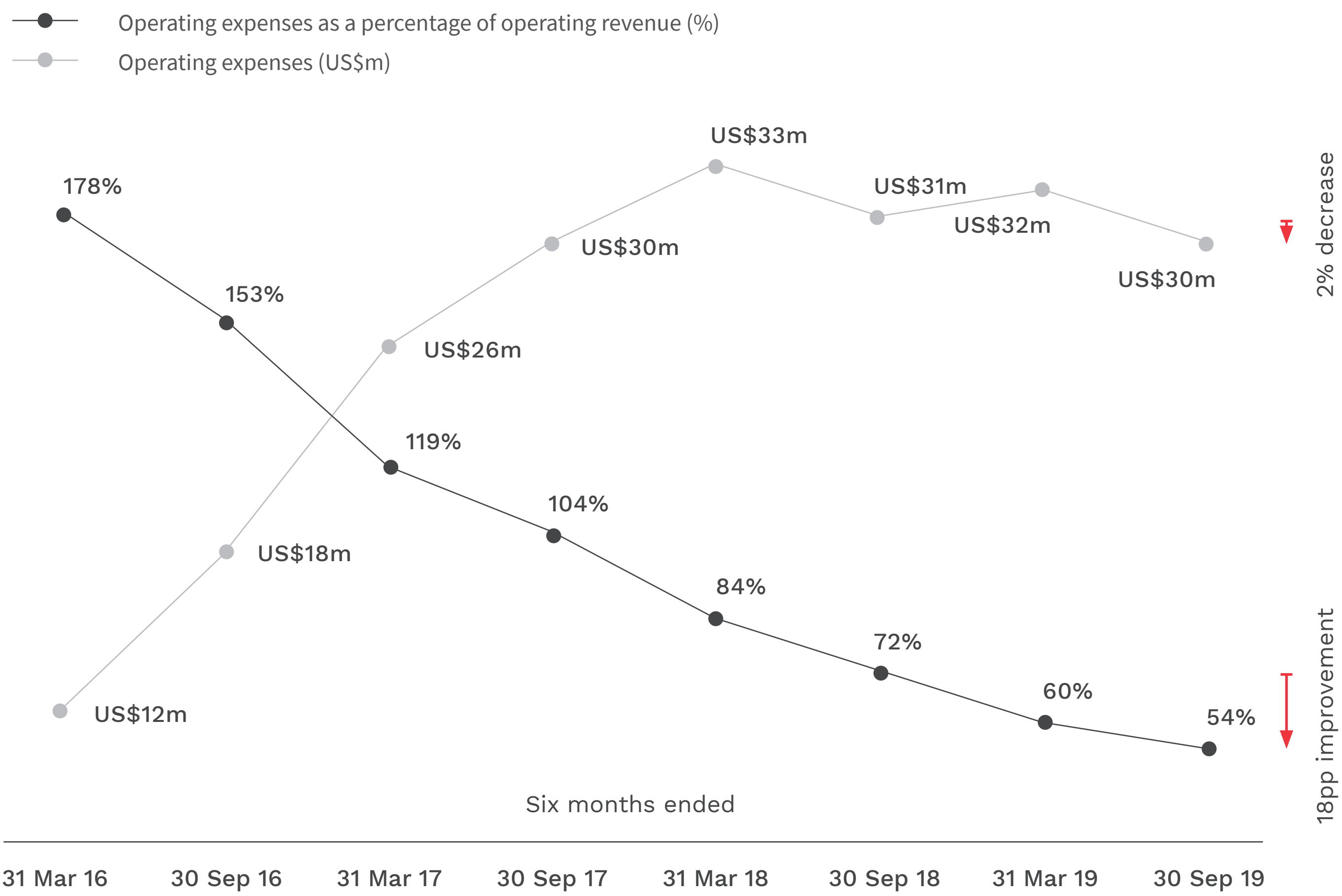
Operating expenses

Operating expenses comprise product design and development, sales and marketing, customer success, and general and administration costs.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Product design and development	7,759	8,362	-7%
Sales and marketing	13,840	14,062	-2%
Customer success	3,221	2,728	18%
General and administration	5,347	5,518	-3%
Total operating expenses	**30,167**	**30,670**	**-2%**
Percentage of operating revenue	*54%*	*72%*	*-18pp*

Operating expenses were 2% lower, with increased investment in the customer success function more than offset by lower costs across all other functions. As a percentage of operating revenue, operating expenses improved by 18 percentage points from 72% to 54%. The Group's investment in scalable tools and processes, along with disciplined cost management has contributed to increased operating leverage.

Operating expenses



Product design and development

Product design and development costs consist primarily of personnel and related expenses (including salaries, benefits, bonuses and share based payments) directly associated with product design and development employees. Under NZ IFRS, the portion of product design and development expenses that create a benefit in future years is capitalisable as an intangible asset and is then amortised to the income statement over the estimated life of the asset created. The amount amortised is included as a product design and development expense.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Product design and development costs	6,671	6,858	-3%
Amortisation of intangible assets	1,088	1,504	-28%
Less capitalised development costs	*-*	*-*	*0%*
Total product design and development costs	**7,759**	**8,362**	**-7%**
Percentage of operating revenue	*14%*	*20%*	*-6pp*

Product design and development expenses decreased by 3% over the year from $6.9 million to $6.7 million. Amortisation of intangible assets of $1.1 million was also included as an expense in the income statement, giving a total expense for the six months ended 30 September 2019 of $7.8 million. No product design and development costs were capitalised during the period. Total product design and development costs, as a percentage of operating revenue, improved by 6 percentage points from 20% to 14%.

The decrease in total product design and development costs were driven by a higher average headcount over the period which was more than offset by the impact of the falling New Zealand (NZ) Dollar. A significant proportion of product design and development costs are incurred in NZ dollars, and thus a weakening NZ dollar has a favourable impact when translated to US dollars for reporting. Amortisation has also reduced as intangible assets have completed their amortisation cycle, and also benefitted from the weakened NZ dollar.

Sales and marketing, and customer success

Sales and marketing expenses consist of personnel and related expenses (including salaries, benefits, bonuses, commissions and share based payments) directly associated with the sales and marketing employees (which include account management employees), external advertising costs and marketing costs (including promotional events, corporate communications, brand building and product marketing activities such as online lead generation).

Customer success expenses consist primarily of personnel and related expenses (including salaries, benefits, bonuses and share based payments) directly associated with customer success employees. Customer success facilitates onboarding and ongoing support of Customers, ensuring they maximise the benefit from Pushpay's solutions. The portion of customer success costs relating to onboarding new Customers is treated as part of Customer Acquisition Cost (CAC).

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Sales and marketing	13,840	14,062	-2%
Customer success	3,221	2,728	18%
Total sales and marketing, and customer success costs	**17,061**	**16,790**	**2%**
Percentage of operating revenue	*30%*	*39%*	*-9pp*
Months to recover CAC	*21.7*	*15.3*	*6.4*
Annual Revenue Retention Rate	*>100%*	*>100%*	*NC*

Total sales and marketing, and customer success costs increased by 2% from $16.8 million to $17.1 million. Sales and marketing, and customer success costs, as a percentage of operating revenue, improved by 9 percentage points from 39% to 30%. The Group continues to focus on acquiring medium and large customers and has grown the account management team to also help Customers better utilise our solutions, to help drive engagement and generosity, which in turn leads to higher processing volumes. Sales and marketing costs reduced by 2% from $14.1 million to $13.8 million, whilst headcount increased by 3% from 134 to 138. The Months to Recover CAC increased by 6.4 months to 21.7 months due to softer new Customer acquisition. The Annual Revenue Retention Rate remained at over 100% for the year.

Customer success costs increased by 18% from $2.7 million to $3.2 million, with recent investment increasing total headcount by 15% from 59 to 68.

General and administration

General and administration expenses consist of personnel and related expenses (including salaries, benefits, bonuses and share based payments) for executive, finance, human resources and administrative employees. It also includes legal, accounting and other professional services fees, stock exchange listing expenses and other corporate expenses.

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
General and administration	5,347	5,518	-3%
Percentage of operating revenue	*10%*	*13%*	*-3pp*

General and administration costs reduced by 3% from $5.5 million to $5.3 million and as a percentage of operating revenue improved by 3 percentage points from 13% to 10%.

Employees

As at 30 September	*2019*	*2018*	*Change*
Product design and development	94	96	-2%
Sales and marketing	138	134	3%
Customer success	68	59	15%
General and administration	60	65	-8%
Total Group	360	354	2%

Staff headcount increased by 2% from 354 to 360, with 97 staff based in NZ and 263 based in the US.

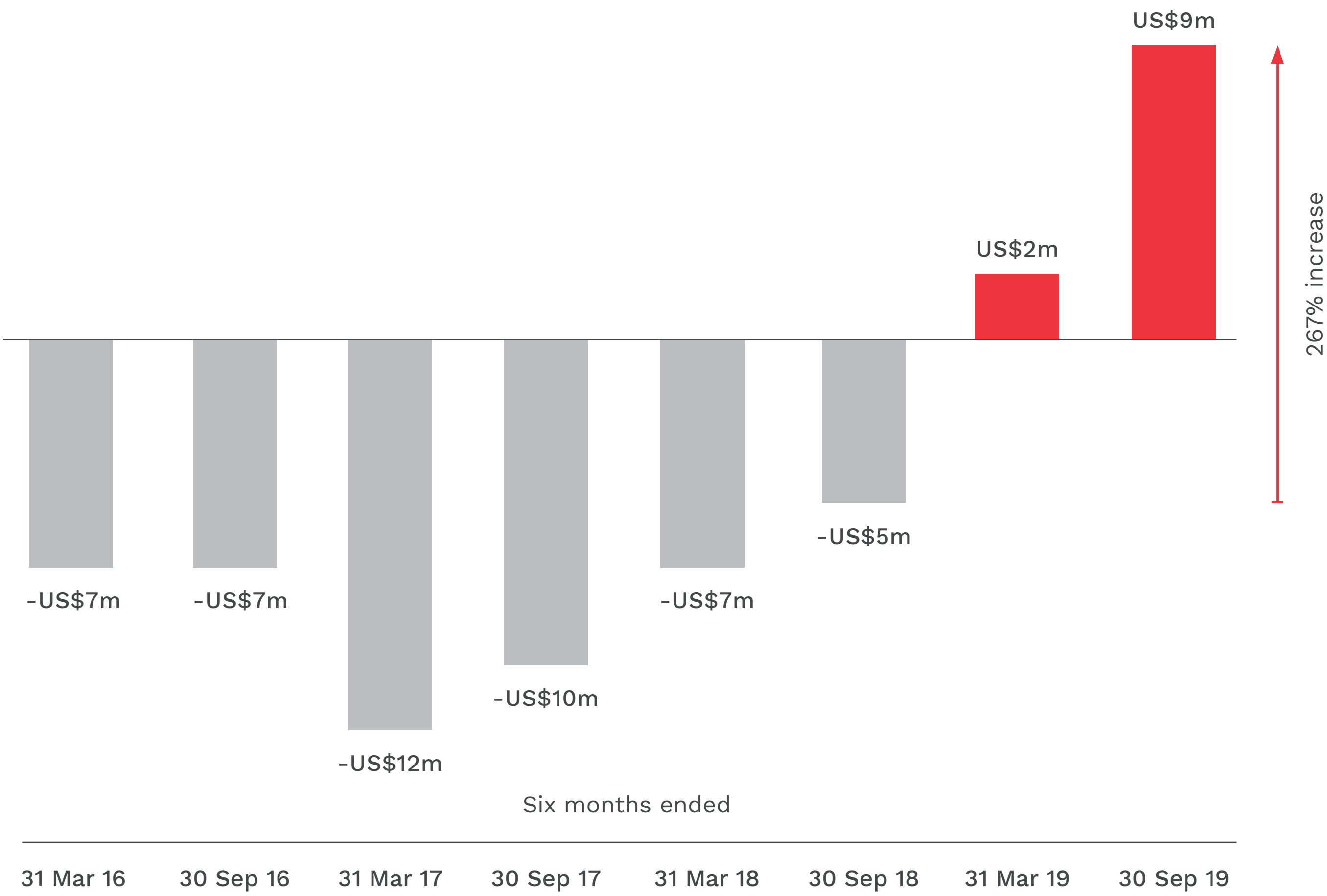
Cash flows

Unaudited	*2019 US$000*	*2018 US$000*	*Change*
Six months ended 30 September			
Receipts from Customers	38,054	25,665	48%
Other operating cash flows	(29,146)	(30,772)	-5%
Total cash flows from operating activities	**8,908**	**(5,107)**	**274%†**
Investing cash flows	(212)	(115)	84%
Total operating and investing cash flows	**8,696**	**(5,222)**	**267%†**
Payment of lease liabilities	(567)	-	100%
Payment for short-term deposits	(13,000)	-	100%
Foreign currency translation adjustment	830	(131)	734%†
Net movement in cash and cash equivalents	**(4,041)**	**(5,353)**	**-25%**

Receipts from Customers increased by 48% from $25.7 million to $38.1 million. Receipts from Customers relating to processing revenue are shown net of the processing costs reflecting the physical cash inflows.

Revenue growth, improved gross margin and a stable level of operating expenses has led to $8.9m in positive operating cash flows compared to total operating cash out flows of $5.1m in the prior period.

Total operating cash flows



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Financial **statements**

Income Statement

		Six months ended 30 September	
		2019	*2018*
		Unaudited	*Unaudited*
	Notes	*US$000*	*US$000*
Revenue	4	57,381	44,012
Expenses			
Third party direct costs		(19,588)	(18,302)
Product design and development		(7,759)	(8,362)
Sales and marketing		(13,840)	(14,062)
Customer success		(3,221)	(2,728)
General and administration		(5,347)	(5,518)
Net foreign exchange gains		875	840
Total expenses	5	**(48,880)**	**(48,132)**
Net profit/(loss) before income tax		**8,501**	**(4,120)**
Income tax expense		(2,020)	(280)
Net profit/(loss) for the period		**6,481**	**(4,400)**
Profit/(loss) per share (cents)			
Basic profit/(loss) per share	7	2.35	(1.60)
Diluted profit/(loss) per share	7	2.34	(1.60)

The accompanying notes form an integral part of these unaudited interim financial statements.

Statement of Comprehensive Income

	Six months ended 30 September	
	2019	*2018*
	Unaudited	*Unaudited*
	US$000	*US$000*
Net profit/(loss) for the period	**6,481**	**(4,400)**
Other comprehensive income*		
Exchange differences on translation of foreign operations	(2,780)	(1,353)
Total comprehensive profit/(loss) for the year	**3,701**	**(5,753)**

* Items of other comprehensive income will be subsequently reclassified to the income statement.

The accompanying notes form an integral part of these unaudited interim financial statements.

Statement of Changes in Equity

Unaudited	*Notes*	*Share capital US$000*	*Accumulated losses US$000*	*Share based payment reserve US$000*	*Foreign currency translation reserve US$000*	*Total equity US$000*
Balance at 1 April 2018		**92,312**	**(69,512)**	**1,234**	**(2,346)**	**21,688**
Net loss		-	(4,400)	-	-	(4,400)
Currency translation movements		-	-	-	(1,353)	(1,353)
Total comprehensive profit/(loss)		**-**	**(4,400)**	**-**	**(1,353)**	**(5,753)**
Transactions with owners:						
Issue of shares	6	228	-	-	-	228
Share based payments		-	-	551	-	551
Balance at 30 September 2018		**92,540**	**(73,912)**	**1,785**	**(3,699)**	**16,714**
Balance at 1 April 2019		**93,666**	**(50,685)**	**1,337**	**(3,524)**	**40,794**
Net profit		-	6,481	-	-	6,481
Currency translation movements		-	-	-	(2,780)	(2,780)
Total comprehensive profit/(loss)		**-**	**6,481**	**-**	**(2,780)**	**3,701**
Transactions with owners:						
Issue of shares	6	146	-	-	-	146
Share based payments		-	-	412	-	412
Balance at 30 September 2019		**93,812**	**(44,204)**	**1,749**	**(6,304)**	**45,053**

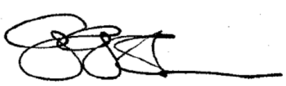
The accompanying notes form an integral part of these unaudited interim financial statements.

Statement of Financial Position

		As at	
		30 September 2019	*31 March 2019*
		Unaudited	*Audited*
Assets	*Notes*	*US$000*	*US$000*
Current assets			
Cash and cash equivalents		9,885	13,926
Short-term deposits		13,000	-
Trade and other receivables		11,854	11,869
Deferred acquisition costs		1,455	1,300
Total current assets		**36,194**	**27,095**
Non-current assets			
Property, plant and equipment		4,034	1,221
Intangible assets		688	1,876
Deferred acquisition costs		1,264	1,464
Restricted cash balances		1,124	1,139
Deferred tax asset		18,125	20,930
Total non-current assets		**25,235**	**26,630**
Total assets		**61,429**	**53,725**
Liabilities			
Current liabilities			
Trade and other payables		2,733	3,752
Unearned revenue		7,830	7,097
Employee entitlements		2,214	2,057
Lease liability	3	1,351	-
Income tax payable		-	25
Total current liabilities		**14,128**	**12,931**
Non-current liabilities			
Lease liability	3	2,248	-
Total non-current liabilities		**2,248**	**-**
Total liabilities		**16,376**	**12,931**
Net assets		**45,053**	**40,794**
Equity			
Share capital	6	93,812	93,666
Accumulated losses		(44,204)	(50,685)
Share based payment reserve		1,749	1,337
Foreign currency translation reserve		(6,304)	(3,524)
Total equity		**45,053**	**40,794**

The accompanying notes form an integral part of these unaudited interim financial statements.

For and on behalf of the Board, 6 November 2019:



Graham Shaw
Independent Chairman

Bruce Gordon
CEO and Executive Director

Statement of Cash Flows

		Six months ended 30 September	
		2019	*2018*
		Unaudited	*Unaudited*
	Notes	*US$000*	*US$000*
Operating activities			
Receipts from Customers		38,054	25,665
Other income		1,400	992
Interest received		34	62
Payments to suppliers and employees		(29,809)	(30,921)
Income tax paid		(771)	(905)
Net cash flows from operating activities	10	**8,908**	**(5,107)**
Investing activities			
Purchase of property, plant and equipment		(212)	(162)
Restricted cash balances		-	47
Net cash flows from investing activities		**(212)**	**(115)**
Financing activities			
Payment of lease liabilities		(567)	-
Payment for short-term deposits		(13,000)	-
Net cash flows from financing activities		**(13,567)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(4,871)**	**(5,222)**
Foreign currency translation adjustment		830	(131)
Cash and cash equivalents at the beginning of the period		**13,926**	**17,886**
Cash and cash equivalents at the end of the period		**9,885**	**12,533**

The accompanying notes form an integral part of these unaudited interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. Corporate information

Pushpay Holdings Limited (the 'Company' or 'Pushpay') is a limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993.

The unaudited interim financial statements presented are for Pushpay and its subsidiaries (together, the 'Group') for the six months ended 30 September 2019.

These unaudited consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 6 November 2019.

The Group's principal activity is to provide 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 is designated as a for-profit entity and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 ('FMCA') and the Financial Reporting Act 2013 and is listed on the New Zealand Stock Exchange ('NZX') and the Australian Securities Exchange ('ASX').

2. Basis of preparation

These unaudited interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'), NZX Main Board Listing Rules and NZ IAS 34 Interim Financial Reporting. These unaudited interim financial statements also comply with IAS 34 interim financial reporting.

These unaudited consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019, which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of the Group for the year ended 31 March 2019, other than as disclosed in Note 3 below.

The unaudited interim financial statements have been prepared using the going concern assumption and are presented in thousands of United States ('US') Dollars.

3. Changes in accounting policies and disclosures

Apart from the changes noted below, the unaudited interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's annual report for the financial year ended 31 March 2019.

Application of new and revised standards, amendments and interpretations

The Group has applied NZ IFRS 16 'Leases' from 1 April 2019. The standard requires a lessee to recognise a right of use asset and a lease liability at inception for all applicable lease contracts. The expense that was previously recorded in relation to these leases changes from being included in operating expenses, to being included in depreciation and interest expenses. The cash payments that were previously recorded in operating activities within the statement of cash flows are now split into the principal portion (presented within financing activities) and interest portion (presented within operating activities).

In determining applicable leases, the Group has excluded leases where either the underlying asset is considered low value or the lease term is less than 12 months from commencement date by exercising the exemptions provided in the standard. Lease payments associated with excluded leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

In accordance with the assessment disclosed in the Group's annual report for the financial year ended 31 March 2019, the Group has recognised a right of use asset and a lease liability on all applicable leases in effect at the date of adoption. These leases would have previously been classified as 'operating leases' under the principles of NZ IAS 17. The Group has applied the modified retrospective transitional approach and is not required to restate comparative figures.

The overall impact on the income statement is as follows:

Unaudited	*2019* *US$000*	*2018* *US$000*
Six months ended 30 September		
Occupancy costs	-	621
Depreciation on right of use asset	556	-
Interest on lease liability	127	-
Total	**683**	**621**
Total by function:		
Product design and development	182	166
Sales and marketing	266	235
Customer success	125	102
General and administration	110	118
Total	**683**	**621**

The overall impact on the statement of financial position is as follows:

Right of use asset*

In accordance with the modified retrospective transitional approach, the Group has recognised a right of use asset, at inception, at an amount equal to the lease liability adjusted for the existing deferred lease incentive that was recognised under the NZ IAS 17.

Unaudited	*2019* *US$000*
Balance as at 1 April 2019	-
Additions due to first-time adoption of NZ IFRS 16	4,266
Deferred lease incentive previously recognised under NZ IAS 17	(628)
Depreciation expense**	(556)
Foreign exchange variation	(101)
Balance as at 30 September 2019	**2,981**

* Right of use asset is included in property, plant and equipment in the statement of financial position.

** Depreciation of right of use asset is included within depreciation of property, plant and equipment.

Lease liability

The lease liability is measured at the present value of the remaining leases payments, discounted at the Group's weighted average incremental borrowing rate of 6.4% at 1 April 2019. As the Group doesn't have any borrowings, the borrowing rate is determined by using an appropriate reference rate, plus a credit margin based on indicative borrowing rates. The amortisation of the discount applied on recognition of the lease liability is recognised as interest expense in the income statement.

Unaudited	*2019* *US$000*
Balance as at 1 April 2019	-
Additions due to first-time adoption of NZ IFRS 16	4,266
Repayment of lease liability	(566)
Foreign exchange variation	(101)
Balance as at 30 September 2019	**3,599**

The maturity of lease liabilities is as follows:	
Less than one year	1,351
One to five years	2,248
Total lease liabilities	**3,599**

The following table provides a reconciliation of the lease liability recognised at 1 April 2019 and the operating lease commitments disclosed under NZ IAS 17 at 31 March 2019:

Unaudited	*2019* *US$000*
Operating lease commitments as at 31 March 2019	5,032
Discounted using the Group's Incremental borrowing rate at 1 April 2019	(766)
Total lease liabilities as at 1 April 2019	**4,266**

4. Revenue

Unaudited	*2019* *US$000*	*2018* *US$000*
Six months ended 30 September		
Operating revenue*		
Subscription revenue	15,269	12,543
Processing revenue	40,775	30,212
Total operating revenue	**56,044**	**42,755**
Government grants		
Callaghan Innovation Project Grant	44	103
Callaghan Innovation Growth Grant	1,058	1,015
Total Government grants	**1,102**	**1,118**
Other income		
Interest received	124	98
Other income	111	41
Total other income	**235**	**139**
Total revenue	**57,381**	**44,012**

* Operating revenue is comprised of revenue from contracts with Customers.

5. Expenses

Unaudited	*2019 US$000*	*2018 US$000*
Six months ended 30 September		
Advertising and marketing	2,973	2,978
Auditor's remuneration	51	53
Depreciation and amortisation	2,017	1,972
Directors fees	139	115
Employee benefits - defined contribution expense	343	262
Employee benefits/entitlements	20,137	20,726
Employee benefits/entitlements - capitalised commissions	(742)	(1,531)
Net foreign exchange gains	(875)	(840)
IT and communications	1,471	1,295
Share based payments	773	1,040
Occupancy costs	-	621
Third party direct costs	19,588	18,302
Travel-related costs	424	491
Write-off of impaired receivables	37	78
Other operating expenses	2,544	2,570
Total expenses	**48,880**	**48,132**

Depreciation and amortisation		
Relating to:		
Amortisation of development costs	509	899
Amortisation of other intangible assets	579	605
Depreciation of property, plant and equipment	929	468
Total depreciation and amortisation	**2,017**	**1,972**

Depreciation and amortisation included in function expenses as follows:		
Product design and development	1,339	1,630
Sales and marketing	362	178
Customer success	167	75
General and administration	149	89
Total depreciation and amortisation	**2,017**	**1,972**

Depreciation has been allocated to each function on a headcount basis and amortisation is entirely allocated to product design and development.

6. Share capital

Unaudited	*Number of shares 000's*	*US$000*
Balance as at 1 April 2018	**274,549**	**92,312**
Movements during the period		
Issue of shares	30	49
Issue of shares to Pushpay Trustees Limited	142	-
Capital raised on employee share scheme allotment	-	179
Balance at 30 September 2018	**274,721**	**92,540**
Balance as at 1 April 2019	**275,262**	**93,666**
Movements during the period		
Capital raised on employee share scheme allotment	-	146
Balance at 30 September 2019	**275,262**	**93,812**

The paid up capital comprises ordinary shares. The total number of shares on issue is 275,261,739 (2018: 274,721,167). All shares that have been issued, are fully paid and have no par value.

As at 30 September 2019, these include 237,563 shares (2018: 429,765) issued to Pushpay Trustees Limited (the Trustee), a wholly owned subsidiary established for the purpose of the employee share scheme.

7. Earnings per share ('EPS')

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS is determined by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 September 2019. Diluted EPS is determined by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding, accounting for the effects of any dilutive potential ordinary shares.

The profit of $6.5 million (2018: loss of $4.4 million) represented a profit (2018: loss) per share shown below based on weighted average ordinary shares on issue during the six months ended 30 September 2019.

Unaudited	*2019 000's*	*2018 000's*
Six months ended 30 September		
Number of issued ordinary shares	275,262	274,721
Weighted average ordinary shares outstanding	275,262	274,431
Basic profit/(loss) per share (cents)	**2.35**	**(1.60)**
Weighted average ordinary shares outstanding	275,262	274,431
Weighted average dilutive potential ordinary shares*	1,778	-
Weighted average potential ordinary shares outstanding	277,040	274,431
Diluted profit/(loss) per share (cents)	**2.34**	**(1.60)**

* Potential ordinary shares comprise restricted stock units. For the six months ended 30 September 2018 there was a weighted average of 1,792,331 restricted stock units. These were excluded from the calculation as the Group was loss making during that period.

8. Net tangible assets per share

Net tangible assets per share is determined by dividing the net asset value of the Group (adjusted by the intangible assets, deferred acquisition costs and deferred tax) and the number of ordinary shares issued at 30 September 2019.

As at	*30 September 2019 Unaudited 000's*	*31 March 2019 Audited 000's*
Net tangible assets	21,179	13,709
Number of issued ordinary shares	275,262	275,262
Net tangible assets per share (cents)	**7.69**	**4.98**

9. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Chief Executive Officer and Chief Financial Officer (who are the Group's chief operating decision makers) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's chief operating decision makers have determined that, based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment. The segment result is reflected in the unaudited interim financial statements.

Geographical information

The Group operated principally in the US for the six months ended 30 September 2019, from which over 98% of its revenue from operations is generated.

10. Reconciliation of net profit/(loss) with cash flows from operating activities

Unaudited	*2019 US$000*	*2018 US$000*
Six months ended 30 September		
Net profit/(loss) for the period	6,481	(4,400)
Adjustment for non-cash items:		
Depreciation	929	468
Amortisation	1,088	1,504
Share based payment expense	773	1,040
Deferred tax benefit net of foreign exchange movements	1,188	-
Net foreign exchange movements	(1,373)	(840)
Other non-cash items	(84)	(267)
	9,002	**(2,495)**

Unaudited	*2019* *US$000*	*2018* *US$000*
Movements in working capital		
Trade and other receivables	15	(733)
Deferred acquisition costs	45	(827)
Trade and other payables	(1,019)	(537)
Unearned revenue	733	(340)
Employee entitlements	157	304
Income tax payable	(25)	(479)
	(94)	(2,612)
Net cash flows from operating activities	**8,908**	**(5,107)**

11. Events after the balance sheet date

There were no significant events between 30 September 2019 and the date these unaudited interim financial statements were authorised for issue.

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Christopher Huljich
Alternate Director to Peter Huljich

Senior Management

Bruce Gordon
Chief Executive Officer and Executive Director

Shane Sampson
Chief Financial Officer

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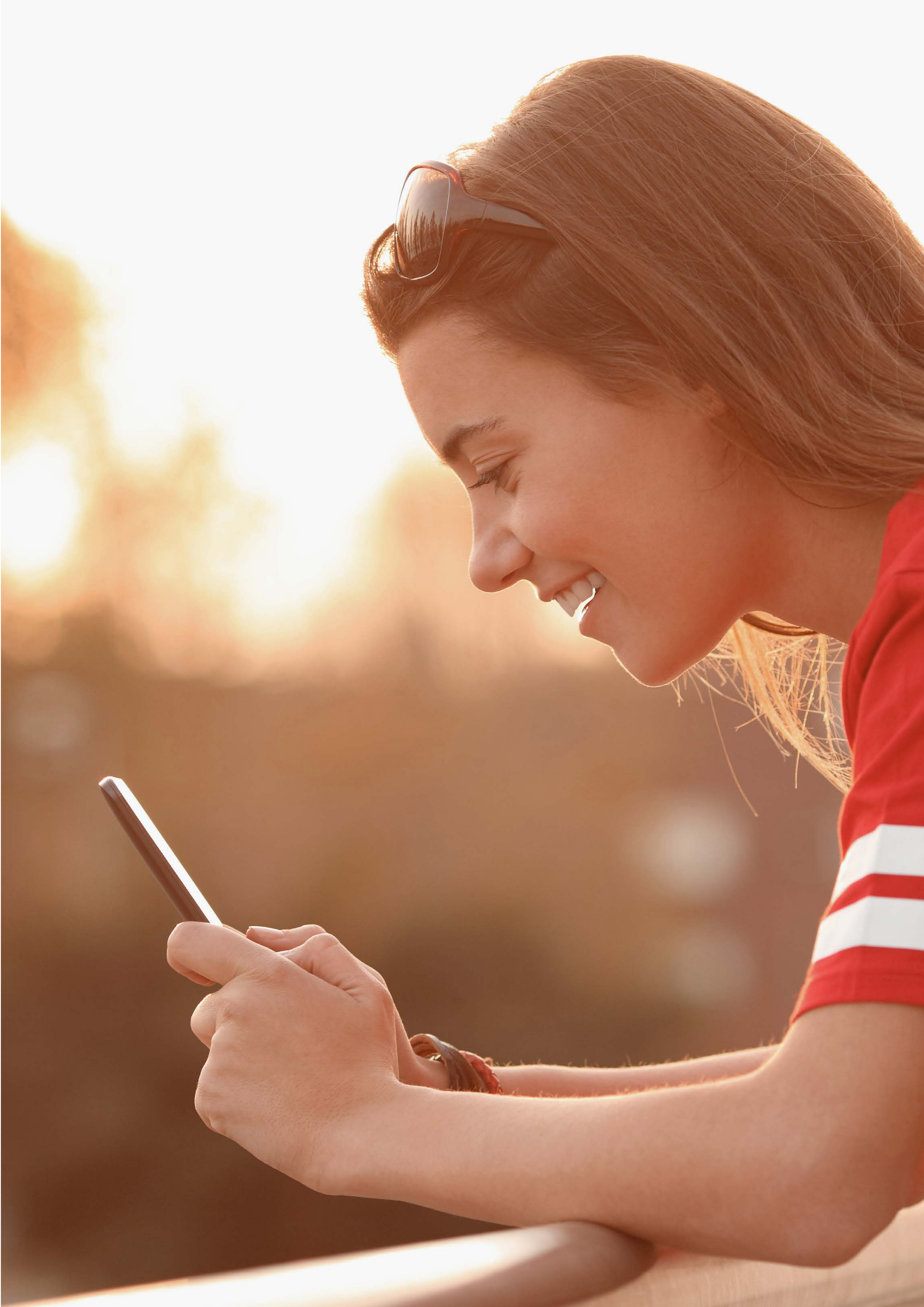

Pushpay

www.pushpay.com