



Interim Report 2021



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About Pushpay

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, and a church management system (ChMS) to the faith sector, non-profit organisations and education providers located predominantly in the United States (US) and other jurisdictions. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Church Community Builder is a subsidiary of Pushpay Holdings Limited and is a Software as a Service (SaaS) church management system solution in the US. Church Community Builder provides a platform that churches use to connect and communicate with their community members, record member service history, track online giving and perform a range of administrative functions. Combined, Pushpay and Church Community Builder deliver a best-in-class, fully integrated ChMS, custom community app and giving solution for customers in the US faith sector.

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.

10 November 2020 (NZT)

Investor Day

12 May 2021 (NZT)

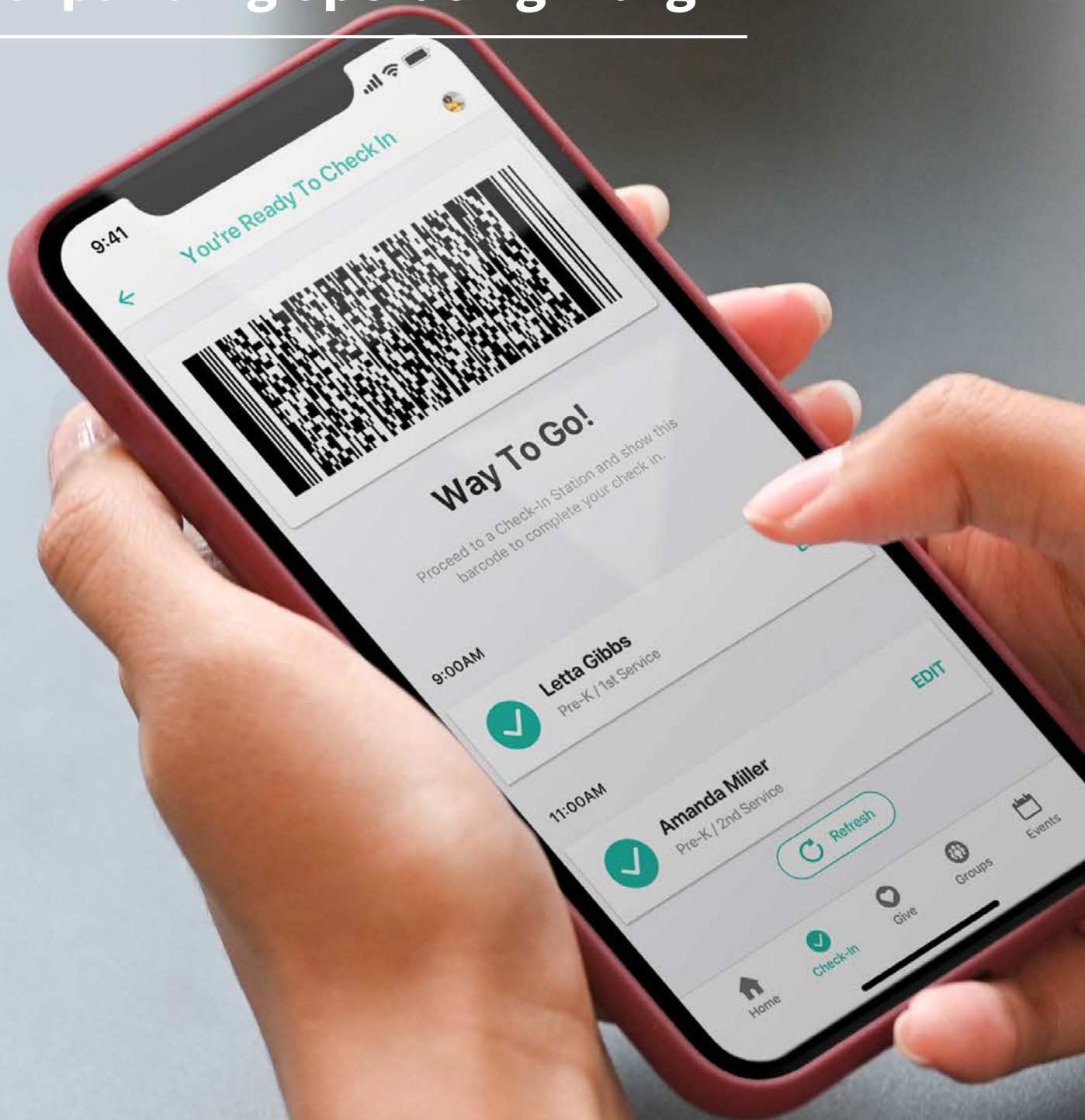
Annual Report and annual financial results release

16 June 2021 (NZT)

Annual Shareholders' Meeting

01

Strong growth,
expanding operating margin



Operating Revenue

US\$85.6 million, up from US\$56.0 million, an increase of 53%

Gross Profit Margin

68%, up from 65%, an increase of three percentage points

Profit before tax

US\$18.8 million, up from US\$8.5 million, an increase of 121%

Operating cash flow

US\$27.0 million, up from US\$8.9 million, an increase of 203%

Total Customers

10,896 Customers, up from 7,905 Customers, an increase of 38%

Total LTV of Customer base

US\$4.5 billion, up from US\$3.1 billion, an increase of 43%

Months to Recover CAC

15.4 months, down from 21.7 months, a decrease of 29%

Staff Headcount

441 staff, up from 360 staff, an increase of 23%

Total Revenue

US\$86.6 million, up from US\$57.4 million, an increase of 51%

EBITDAF

US\$26.7 million, up from US\$9.6 million, an increase of 177%

NPAT

US\$13.4 million, up from US\$6.5 million, an increase of 107%

Cash and Cash Equivalents, and Short-term Deposits

US\$23.1 million, up from US\$7.2 million, an increase of 221% over the six months to 30 September 2020

ARPC

US\$1,263 per month, down from US\$1,272 per month, a decrease of 1%

Total Processing Volume

US\$3.2 billion, up from US\$2.2 billion, an increase of 48%

Annual Revenue Retention Rate

>100%

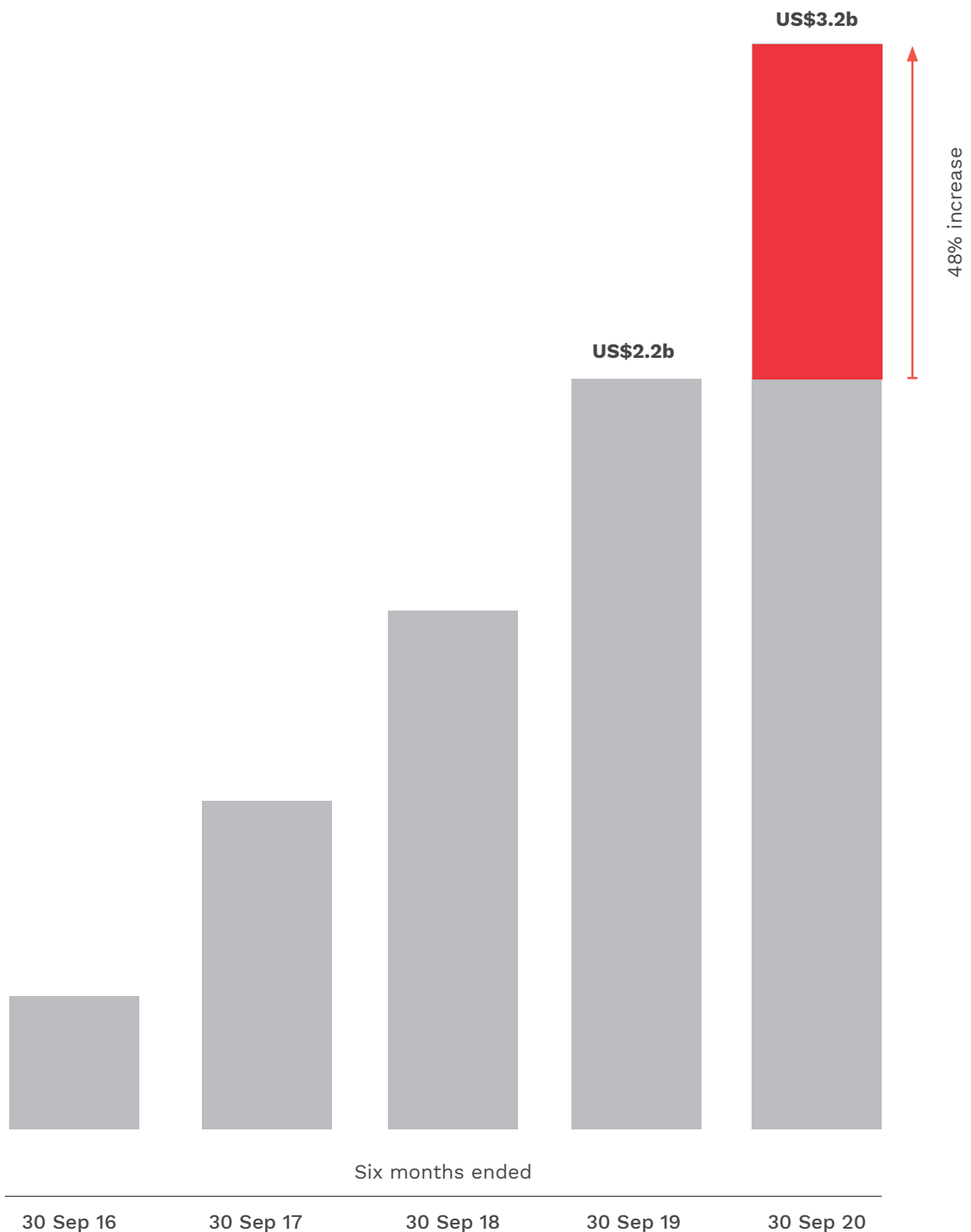
Notes: Unless otherwise stated, the above table compares the Group performance over the six months ended 30 September 2020 to the six months ended 30 September 2019.

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

The definitions of CAC and Months to Recover CAC have been amended to reflect the number of product sales rather than new Customers. The acquisition of Church Community Builder means that a material proportion of product sales are to existing Customers.

US\$3.2 billion

Total Processing Volume



“Sunday morning is no longer the main time that people give. We are starting to see people give while on vacation, on a Sunday when they’re not at church and our young people are starting to give more at different times.”

- Steve Murray, Real Life Church

Customers

Pushpay increased its Customer base by 2,991 over the 12 months ended 30 September 2020, from 7,905 to 10,896 Customers.

Over the 12 months ended 30 September 2020, Pushpay’s proportion of medium and large Customers increased from 56% to 57%.

While Pushpay’s total Customer number remained flat over the six months to 30 September 2020, the Company continued to see an increase in subscription revenue, primarily reflecting current Customers purchasing other products. Gross monthly recurring revenue (MRR) added over the six months ended 30 September 2020 was higher than the prior comparable period and we continue to expect gross MRR added over the current financial year to be higher than the previous financial year.

The ongoing effects of COVID-19 continue to impact Pushpay’s Customers, who are admirably adapting to the evolving situation with the help of our donor management and church management solutions, and working together to ensure the people in their communities are supported throughout this time.

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, and cross-selling products to existing Customers, while expanding ARPC and increasing retention.

As at 30 September 2020, 98% of Pushpay’s Customers were located in North America, which covers the US and Canada, with the remaining 2% located in other jurisdictions.

Pushpay expects gross MRR added over the current financial year to exceed the prior year, excluding the increase in MRR associated with the acquisition of the ownership interests in Church Community Builder.

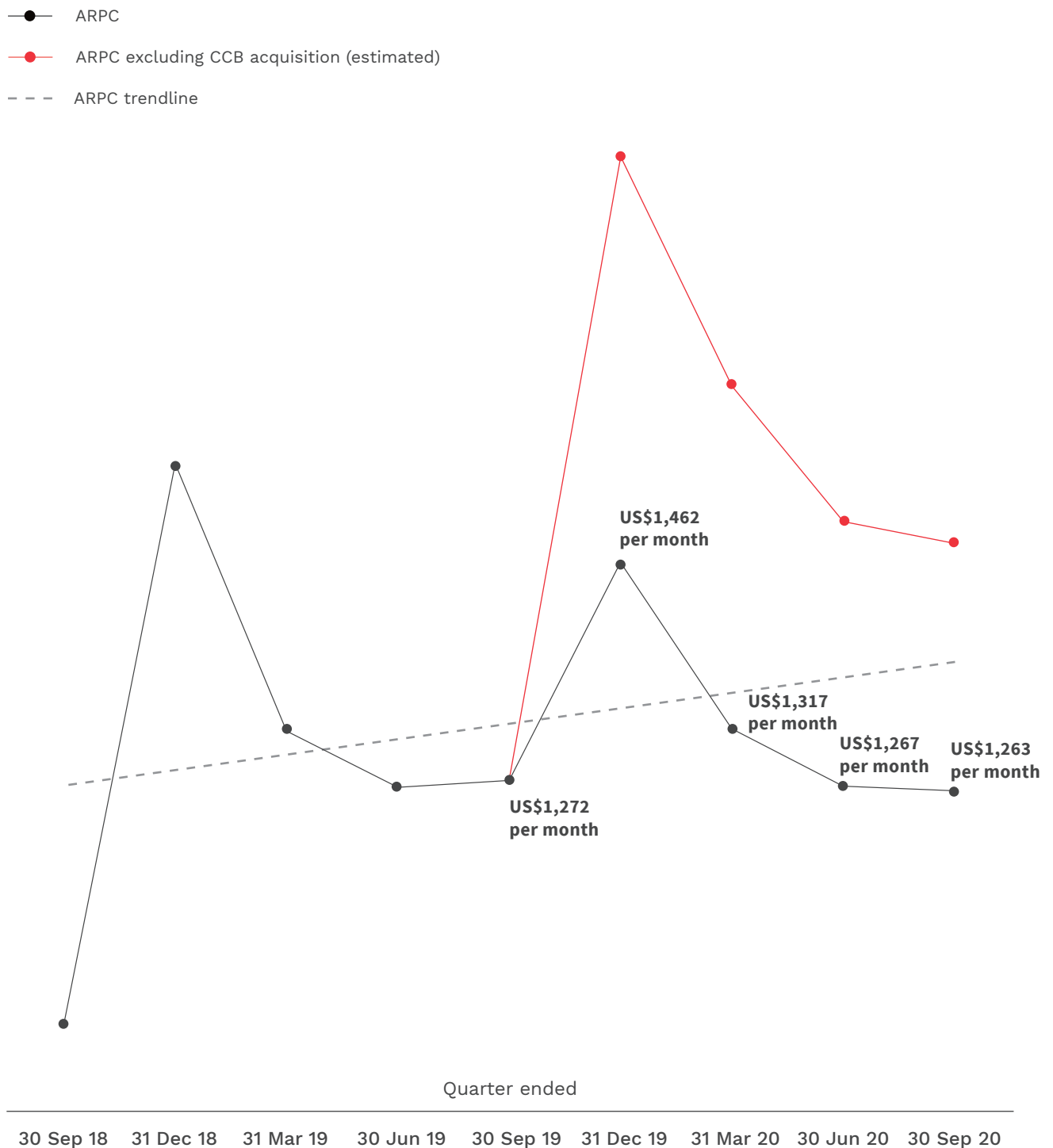
ARPC

ARPC remained largely unchanged over the 12 months to 30 September 2020, from US\$1,272 per month to US\$1,263 per month, a decrease of 1%. This is due to the acquisition of the Church Community Builder business, which has a lower ARPC when compared to the Pushpay Customer base prior to acquisition.

Excluding the acquisition of the ownership interests in Church Community Builder, Pushpay increased ARPC. There are a number of factors which contribute to an increased donor management system ARPC, these include: increased Subscription Fees from new and existing Customers; a larger proportion of medium and large Customers; further development of our product set resulting in higher Volume Fees; and increased adoption of digital giving in the US faith sector.

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.

ARPC *growth*



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 products sold over a six month period.

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

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 gross revenue required to recover the cost of each new product sale.

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.

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. This excludes payment transaction volume that is not processed through the Pushpay payment platform.

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).



02

Chairman and CEO's review

Dear Fellow Shareholder,

We are pleased to deliver a strong result for the six months ended 30 September 2020. Pushpay has delivered solid revenue growth, expanding operating margins, EBITDAF growth and operating cash flow improvements over the period.

Over the six months to 30 September 2020, the Company has made significant progress integrating the Pushpay and Church Community Builder solutions as we continue to execute against our shared vision and strategic goal of becoming the preferred provider of mission-critical software to the US faith sector. Our results are a reflection of our innovative products, the dedication of our teams in the US and New Zealand, and our culture of continuous improvement.

As COVID-19 has impacted communities and organisations across the globe, Pushpay's teams remained committed to supporting our Customers and providing innovative technology solutions that enable communities to remain connected and engaged through digital means, which is now more important than ever.

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 operating revenue by US\$29.6 million for the six months ended 30 September 2020, when compared to the prior comparable period, from US\$56.0 million to US\$85.6 million, an increase of 53%. Total revenue for the six months ended 30 September 2020 increased by US\$29.2 million, when compared to the prior comparable period, from US\$57.4 million to US\$86.6 million, an increase of 51%.

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 continues to drive pleasing results. Pushpay increased gross margin by three percentage points for the six months ended 30 September 2020, when compared to the prior comparable period, from 65% to 68%.

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.

Expanding operating leverage

While Pushpay increased operating revenue over the six months ended 30 September 2020 by 53% when compared to the prior comparable period, total operating expenses increased by 16%. As a percentage of operating revenue, total operating expenses improved by 12 percentage points, from 50% to 38%.

Operating leverage was largely driven by strong operating revenue growth, further margin improvements and disciplined cost management. 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 its EBITDAF by US\$17.1 million for the six months ended 30 September 2020, when compared to the prior comparable period, from US\$9.6 million to US\$26.7 million, an increase of 177%.

At the Company's Annual Meeting held on 18 June 2020, Pushpay updated EBITDAF guidance for the year ending 31 March 2021 to between US\$50.0 million and US\$54.0 million (previously EBITDAF of between US\$48.0 million and US\$52.0 million).

We are pleased to announce that Pushpay is increasing its EBITDAF guidance for the year ending 31 March 2021 to between US\$54.0 million and US\$58.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain.

NPAT

NPAT improved by US\$6.9 million over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$6.5 million to US\$13.4 million, an improvement of 107%.

Operating cash flow

Operating cash flow improved by US\$18.1 million over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$8.9 million to US\$27.0 million, an increase of 203%.

Pushpay's increasing positive cash flow provides flexibility, as we continue to assess further 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\$1.0 billion over the six months ended 30 September 2020, when compared to the prior comparable period, from US\$2.2 billion to US\$3.2 billion, an increase of 48%.

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, and increased adoption of digital giving.

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.

The Company has completed the reorganisation of the Pushpay and Church Community Builder teams, bringing all associates across Auckland, New Zealand, Colorado Springs, Colorado and Redmond, Washington, US under one leadership structure. The combined group remains well-positioned to deliver market-leading, complementary solutions that increase participation and enable Customers to build stronger relationships with their communities.

Board of Directors



Lorraine Witten | Independent Director

Pushpay was pleased to welcome Lorraine Witten to its Board of Directors as an Independent Director, effective 22 September 2020. Lorraine also joined as Chair of Pushpay's 'Audit and Risk Management Committee' and as a member of Pushpay's 'Nominations and Remuneration Committee'.

Lorraine has significant governance experience and is currently a Director of listed-companies, Rakon and TIL Logistics Group, where she is also Chair of the Audit and Risk Committees. She is also a Director of Horizon Energy Group and Chair of private companies, Simply Security, a company she founded in 2007, and vWork. Lorraine also has extensive commercial experience in technology, Software as a Service and Information and

Communications Technology sectors, with expertise in financial management, entrepreneurship, strategy and high-change environments.

Lorraine is a Chartered Fellow of the New Zealand Institute of Directors and has more than 25 years' experience in senior management and finance roles, including as past General Manager of Telecom Mobile from 1997 to 2001. Lorraine is also a Member of Chartered Accountants Australia and New Zealand. Lorraine lives with her family in Wellington, New Zealand.

COVID-19

While a number of organisations have temporarily closed their physical premises in response to COVID-19, Pushpay has seen a clear shift to digital whereby Customers are utilising its mobile-first technology solutions to communicate with their congregations.

Due to the restrictions around in-person gatherings, Customers have continued to emphasise live streaming, digital giving and driving connection through their apps for continued engagement with their communities.

In terms of digital giving trends, Pushpay's processing volume over the six months ended 30 September 2020 was higher than the Company expected prior to COVID-19.

Pushpay expects the increase in digital giving as a proportion of total giving resulting from COVID-19, to outweigh any potential fall in total giving to the US faith sector.

Pushpay and its subsidiaries have not taken any government relief subsidies available to companies as a result of COVID-19.

Connect product launch

In September 2020, the Company announced its largest product launch to date, which included 16 new products, features and enhancements to the Pushpay and Church Community Builder solutions. The launch unveiled the new product name of the Company's all-in-one engagement solution, ChurchStaq™.

ChurchStaq™ combines Pushpay's giving and engagement solution with Church Community Builder's ChMS functionality, delivering a holistic software solution that equips customers of all sizes with the technology they need to seamlessly connect across different ministry touch points, including giving and donor management, church management and access to Pushpay's App.

Sales

Subsequent to the acquisition of the Church Community Builder business, Pushpay has seen an increased number of Customers utilising the combined Pushpay and Church Community Builder platforms to meet their giving and engagement needs, providing a strong indication that the market values a fully integrated solution. Over the six months ended 30 September 2020, sales of the combined product offering, ChurchStaq™, outperformed internal expectations, which reinforces the hypothesis that the majority of customers prefer an integrated end-to-end solution.

Share split

The Pushpay Board of Directors has approved a four-for-one split of Pushpay's shares. This will result in Pushpay shareholders holding, after the share split, four fully paid ordinary shares for each fully paid ordinary share held by them at 5:00 pm on the record date of Friday, 27 November 2020. Following the share split, Pushpay will have a total issued share capital of 1,102,610,236 fully paid ordinary shares.

The Pushpay Board of Directors believes that the share split is likely to enhance liquidity in the market for Pushpay's ordinary shares and attract further shareholders.

Key dates (NZT) are as follows:

<i>Last date for trading on a pre-share split basis on the NZX Main Board and ASX</i>	Tuesday, 24 November 2020
<i>Last date for registration of transfers on a pre-share split basis</i>	Friday, 27 November 2020
<i>Record date</i>	5:00 pm on Friday, 27 November 2020
<i>Commencement of trading on a post-share split basis on the NZX Main Board and ASX</i>	Tuesday, 1 December 2020
<i>Updated holding statements sent to shareholders</i>	By Friday, 4 December 2020

Outlook

Pushpay expects further strong 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.

Pushpay also continues to evaluate additional potential strategic acquisitions that broaden the current proposition and add significant value to the current business.

Pushpay is increasing its EBITDAF guidance for the year ending 31 March 2021 to between US\$54.0 million and US\$58.0 million, although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain.

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.

Looking ahead, an exciting future awaits us as we continue to innovate and improve our software solutions to provide Customers with effective tools that strengthen connection within their communities.

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

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.

Integrated sign-in

Pushpay released an integrated sign-in for Customer administrators in April 2020. A streamlined login experience enables financial administrators to seamlessly transition between the Pushpay giving platform and Church Community Builder's ChMS solution. Administration users can easily sign-in to the Church Community Builder software with their Pushpay administration user account.

Pushpay Customer, Jon Rich, Business and Administrative Pastor at The Grove Church in Marysville, Washington said, "I'm really excited to see what the future holds for our church as Pushpay and Church Community Builder become

more closely integrated. We're already saving a lot of time by using the ChMS and digital giving solutions, and know there's so much untapped potential for innovation in the coming years. We're excited to be at the forefront of that."

Donor Development integration

Expanding on Pushpay's suite of Donor Development tools, an enhanced integration released in April 2020 now provides Customers the ability to send a list of donors or community members to a process queue within their Church Community Builder software. This enables the church to deepen engagement with community members, and provides a step-by-step path using existing processes or our newly created templates, that ultimately helps move people forward on their faith journey.

Pre-match Profiles

In April 2020, the Company released its Pre-match Profiles functionality, which allows churches using the Pushpay Transaction Import tool to preload their entire Church Community Builder giving history. As new gifts are made via Pushpay, the donations automatically sync to the correct person in the ChMS software using a seamless integration. As a result, churches have richer and more accurate insights in Pushpay's Donor Development tool, leading to a more holistic giving statement for donors.

Simplified navigation in Church Community Builder

When it comes to ministry, churches need tools that are effective and easy to use. In June 2020, Church Community Builder launched a new user experience that is simple, clear and intuitive. The new user experience features a refreshed login experience, consolidated navigation, embedded links to a Knowledge Center for real time access to help, and multiple navigation and feature enhancements.

Enhanced Check-in

Consistent with the Company's theme of simplifying church management, the Check-in user experience was enhanced in June 2020 to be simpler and faster, providing a seamless check-in experience for families. This release included enhancements to Print Hub, a feature designed to allow a church the ability to add multiple label printers to their check-in kiosks in order to shorten wait times for child check-in on busy Sunday mornings. In addition, the update featured improved reporting capabilities for children's ministry volunteers. These enhancements are designed to make the Sunday morning experience for church attendees and ministry staff easy and efficient.

Pushpay Customer, Jessica Reynolds, Communications Coordinator at Resurrection Church in Charlotte, North Carolina said, "We have several worship team members with kids who arrive on Sunday mornings an hour before service for rehearsal. The early check-in feature will alleviate stress and allow these families to have a more relaxed Sunday morning experience."

Transaction History

In July 2020, Pushpay released Transaction History in the App, to help donors stay engaged with their generosity journey. This feature enables App users to instantly view their transaction history and giving details, helping them keep track of their contributions through their App Profile. App users are also able to easily review the status of their donation. Transaction History in the App reduces the number of questions and requests sent by community members to church administrators.

The addition of Transaction History simplifies church member experience by providing essential giving information, latest content and relevant church announcements all in one App. Following the launch, the Company has seen over 46,000

App users accessing their giving information in the App and US\$2.5 million in processing volume has been generated from the Transaction History page, which thanks givers for their generosity and prompts them to give again.

Worship Planning in the Church Community Builder LEAD App

Launched in 2017, Church Community Builder's LEAD App is an industry-exclusive mobile application that provides church leaders access to key ChMS content on their mobile devices. In June 2020, the Company released Worship Planning functionality in the LEAD App, enabling church leaders to access and update service plans on their mobile phones. Building on this release, in September 2020, the Company expanded the Worship Planning capability in the LEAD App to include the ability to add songs and other items to the service. The increased functionality provides church leaders the flexibility to manage their worship services whenever and wherever they are.

Connection features in the Pushpay Church App

The Company's September 2020 product launch brought about a number of enhancements to the church Apps provided by Pushpay. The new features now take important connection experiences and make them available within the church's mobile App.

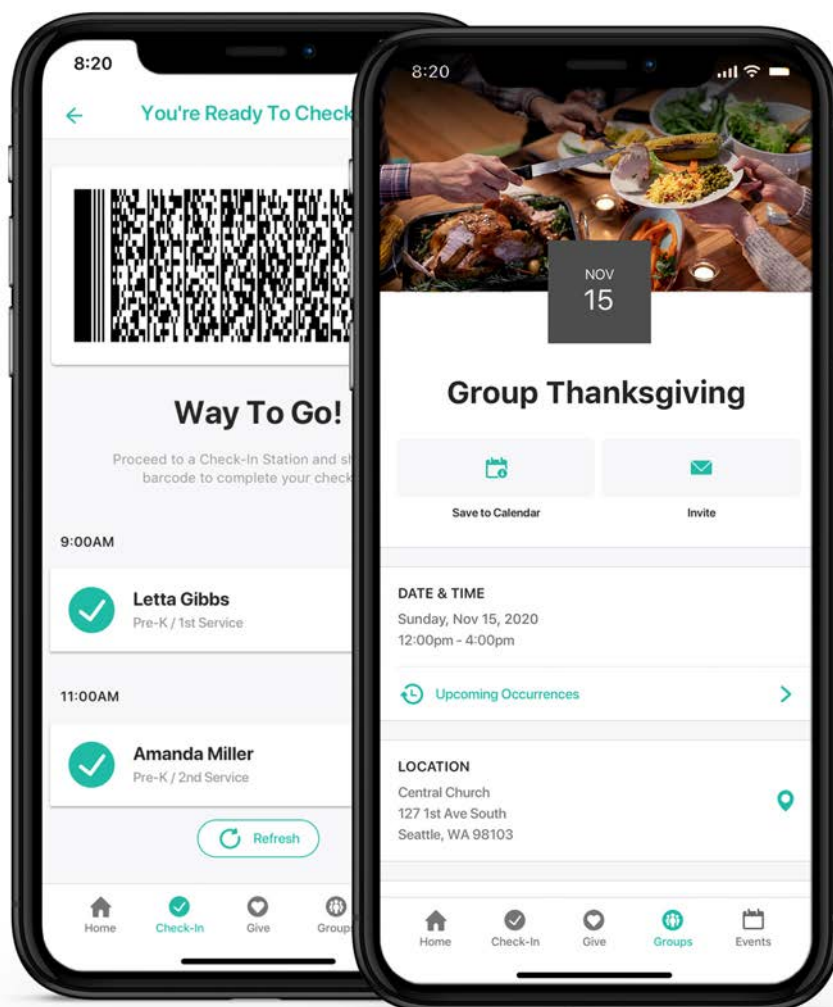
For Customers who purchase ChurchStaq™, the combined donor management software and ChMS offering, the App experience provides a complete congregant experience offering community engagement, simple and fast generosity, and church participation driven by Church Community Builder. The addition of ChMS features in the church Apps will result in new levels of engagement and participation within the church.

With a comprehensive church App, churches can increase participation and connect with congregants through a single mobile experience that combines ChMS, giving and media features in one App. For church congregants, the App delivers seamless access to church media, targeted communication, interaction with groups, calendars and events, mobile giving and early check-in.

In addition, the Company released a 'Connection Pack', which is available for Customers who solely purchase the Church Community Builder ChMS software. This package includes the My Church App from Pushpay, with functionality limited to Check-in, Groups, Events and basic ChMS profiles.

Pushpay Customer, Torina Salcedo, Associate Pastor at Kent Covenant Church in Kent, Washington said, “The timing of the app is so perfect. What started as a convenience feature,

is now a necessity to create a more contact-free experience. Not to mention, we can now check-in the entire church so we have contact tracing records - so important.”



Auto-matching logged-out form responses

Throughout COVID-19, a number of Customers have utilised form registrations to track attendance at services as certain churches reopen. As a result, there has been an increase in logged-out form responses. In September 2020, Pushpay added an enhancement to forms that allows church administrators to match logged-out form responses automatically to a user profile.

Matching form responses to profiles allow church administrators to have a holistic view of

a congregant and since the release, Customers have seen over 300,000 forms auto-match, already saving church administrators a significant amount of time.

Community Member Link and Sync

In September 2020, Pushpay released Community Member Link and Sync. Following the launch, churches using ChurchStaq™ will begin to see one unified community across all administration interfaces.

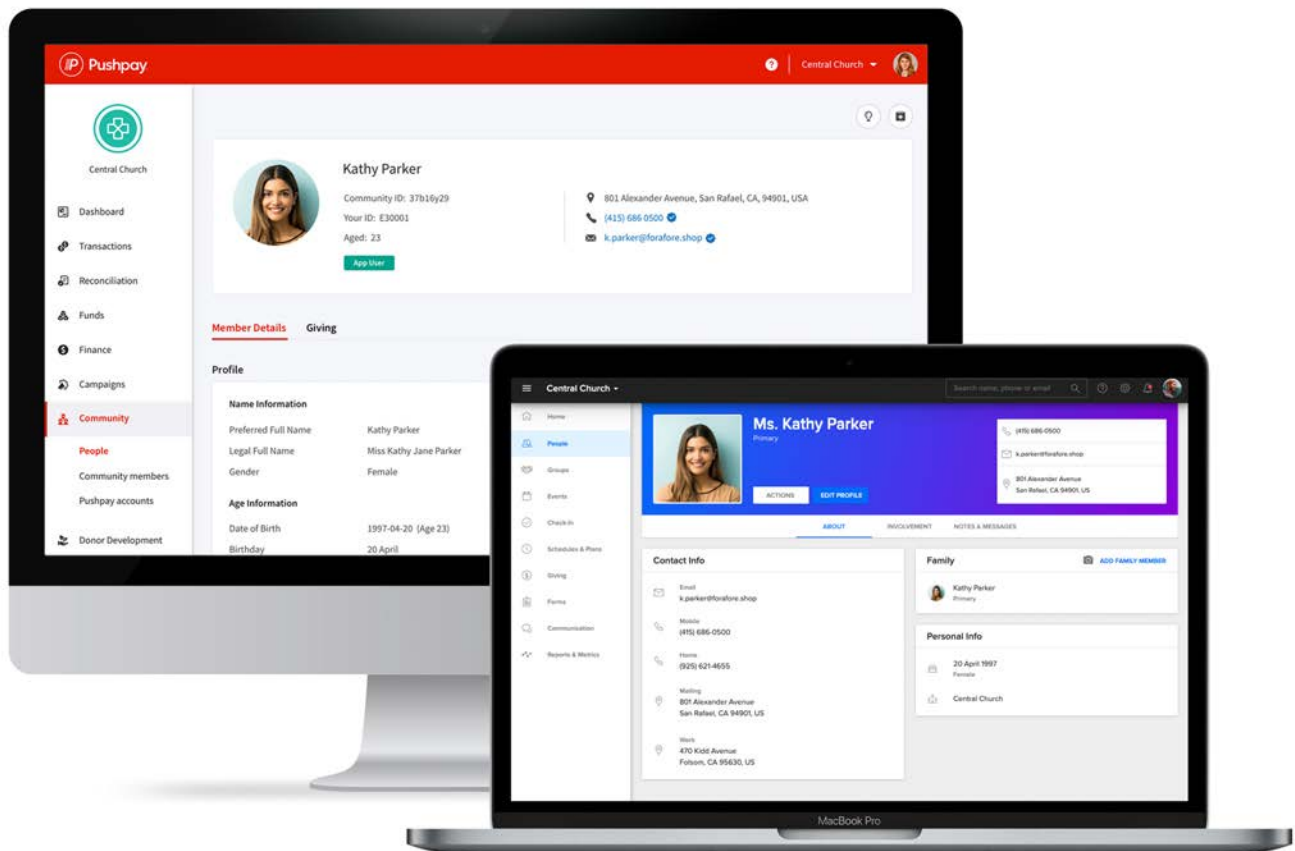
For each individual in the church's community, whether added first through an App, by giving, or added directly to the ChMS, a corresponding record will be available for all administrator views. Any changes or additions made to the profile by the user or administrator will be synced across systems in real time. Administrators will now always have access to the latest, most up-to-date contact details of their community members.

This supersedes the previous integration that provided a limited set of updates to people records tied only to donations. The linking and synchronisation of people records enables the use of advanced ChMS features in the My Church App or custom community Apps.

Sage Intacct integration

With the September 2020 product launch, Pushpay announced a new integration with Sage Intacct, a leading provider of accounting and financial management software. From multi-campus churches and global mission trips to schools and seminaries, churches of all denominations need strong financial management as they pursue their missions.

Customers are now able to save money, automate processes, strengthen management controls and improve transparency with Pushpay's integration with Sage Intacct. The integration automatically reconciles records between Pushpay and Sage Intacct, matching settlements and batches, which, for churches that use both systems, will save significant hours of manual data entry between the two systems.



Church Disrupt

Throughout COVID-19 it has become increasingly important for Customers and prospective customers to discover new ways to engage with their congregations through modern digital experiences. As an extension of Pushpay's high-touch 'Thought Leader' series, the Company hosted its inaugural digital conference event in May 2020, Church Disrupt, showcasing over four hours of robust content led by church and business leaders. Church Disrupt hosted 21 speakers, including:

- Carey Nieuwhof - Founding Pastor of Connexus Church in Barrie, Ontario and best-selling author, podcaster and thought leader
- Horst Shultze - Former President, COO and Vice Chairman of The Ritz Carlton Hotel Company, and Chairman and CEO of The Capella Hotel Group
- Jenni Catron - Founder and CEO of The 4Sight Group
- Louie Giglio - Founder and Lead Pastor of Passion City Church, Atlanta, Georgia and best-selling author
- Nona Jones - Faith-based Partnerships Leader of Facebook

Total registered attendants for the online event was over 21,000. This result further validates Pushpay's position as a thought leader in giving and engagement in the US faith sector and highlights the need for fluid, relevant content and providing a platform for sharing digital best practices.

Pushpay University

Pushpay University (www.pushpayuniversity.com) is an exclusive website for Customers to learn from leading experts in leadership, communication and technology, while also deepening their Pushpay product knowledge. The Pushpay University on-demand learning platform helps to equip leaders with the skills to overcome the current and future challenges facing their organisations.

Pushpay University now serves over 6,300 students with 67 video courses designed to deepen industry knowledge and product expertise. Thus far, these students have enrolled in over 13,000 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.

In September 2020, the Company's implementation teams launched an on-demand Pushpay University onboarding curriculum for each of the Pushpay product offerings. New Customers can learn how best to implement and launch their chosen suite of products at their convenience, decreasing the workload of the implementation teams and increasing the volume of Customers that can be supported through self-service.

Pushpay Cares

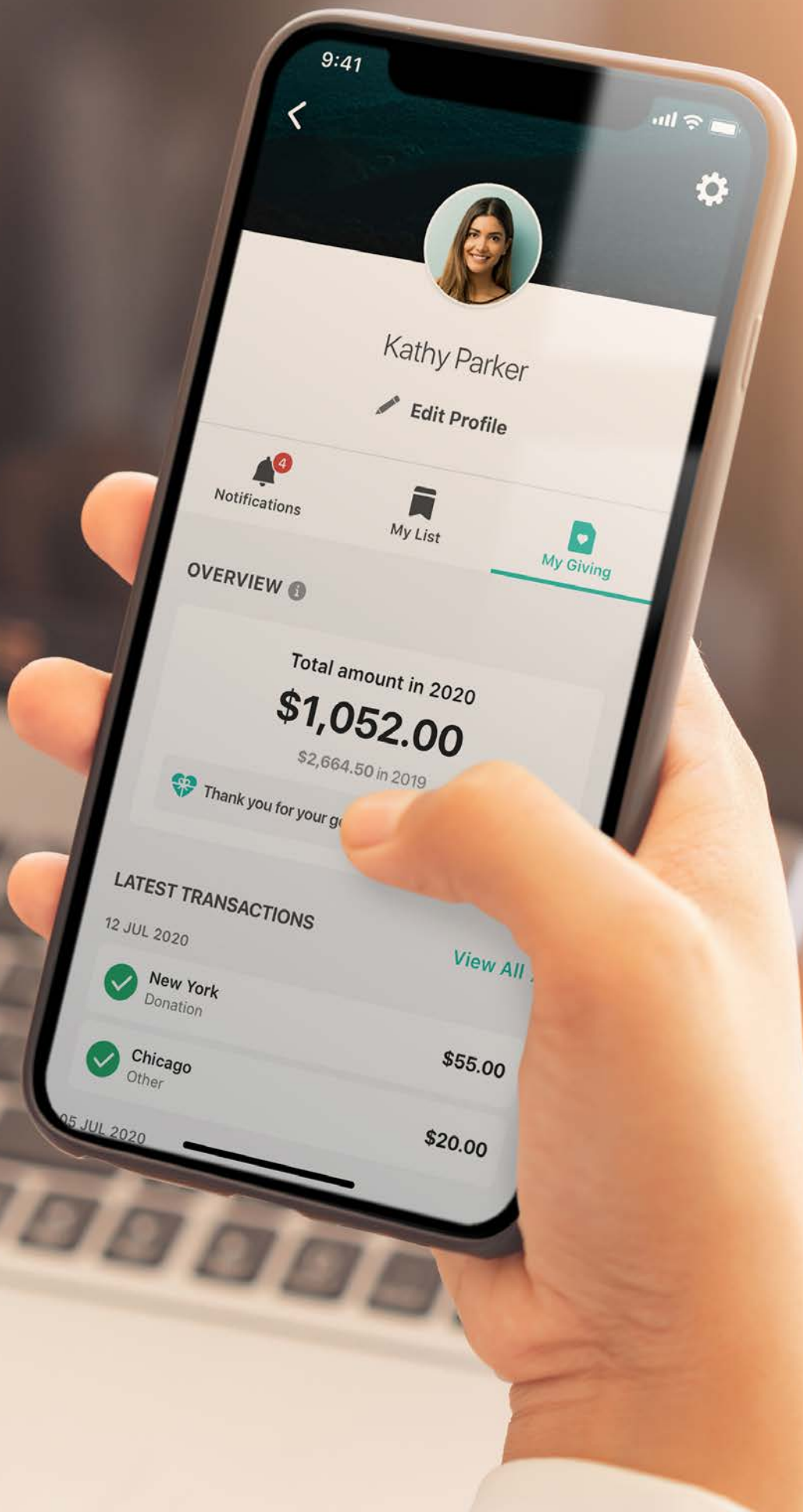
In April 2020, Pushpay relaunched its employee-led Pushpay Cares program for the current financial year with quarterly themes, opportunity guidelines and a new committee with representatives across the Company's US and New Zealand offices. Pushpay Cares enables staff to give back to the wider community in meaningful ways through a variety of events arranged in partnership with key Customers and philanthropic organisations.

The Pushpay Cares committee meets regularly to plan creative opportunities while maintaining the safety of volunteers throughout COVID-19. With the relaunch, Pushpay Cares has focused on key issues such as child hunger and environmental sustainability. In August 2020, Pushpay employees partnered with Eastside Academy in Redmond, Washington and delivered groceries to families in need. Pushpay employees also partnered with Care and Share Food Bank to sort and pack food for families in need in the Colorado Springs, Colorado area.

In September 2020, in alignment with World Cleanup Day and National Public Lands Day, Pushpay Cares challenged all employees to go outdoors to pick up litter or donate items to a shelter or other donation center. Pushpay Cares continues to support individuals and makes a difference in local communities, an opportunity which is both humbling and rewarding for our teams.

Race and Culture group

In addition to the long-standing WLEAD group (women-lead), Pushpay launched its employee-led Race and Culture group in January 2020. The Race and Culture group has a mission to bring visibility and appreciation for race and culture at Pushpay by facilitating conversation and action, resulting in an inclusive environment. The Race and Culture group is successfully driving employee engagement by creating a more inclusive environment through an appreciation for race and culture.



04

Enabling social good



COVID-19 Response

Zion Church

Washington D.C., US

Zion Church is a thriving joint Pushpay and Church Community Builder Customer in the Greater Washington, D.C. area. The church has a weekly attendance of 6,000 members across four physical locations in Maryland, US and a thriving digital campus. They see themselves as a movement, helping people engage with the community and empowering their congregation to serve.

Zion Church embraces technology to maximise their reach and have maintained a significant online presence for years via the 'Zion Anywhere iCampus'. When COVID-19 began, they were prepared to easily make the shift to virtual-only services for all campuses. Through their App, they have been able to stay in contact with their church members, offering additional resources

and services geared toward the 'church at home' experience. Pushpay's user-friendly giving tools have continued to drive generosity, helping Zion Church continue to be an impact-focused organisation.

In June 2020, Zion Church was able to assist several other churches in the local area that were in financial need by donating over US\$100,000 towards their missions. In addition, they provided 5,000 KN95 masks to COVID-19 first responders and front-line workers.

Zion Church looks forward to continuing their work, supporting other churches, people and organisations in their area. Their partnership with Pushpay and Church Community Builder has equipped them to engage and strengthen their community.



Community Outreach

Dare to Imagine Church

Philadelphia, Pennsylvania, US

Dare to Imagine is a Christian church located on the north side of Philadelphia, Pennsylvania that has a passion for serving its city. The members of Dare to Imagine embrace an understanding that the church should not be about what you have, but instead should be about what is on the inside. It is with this spirit that they encourage parishioners to come as they are and over the last five years this organisation has grown from 20 people to over 800 regular attendees. While this growth alone is a success story, Dare to Imagine makes even greater impacts within their surrounding community.

Partnering with the Urban League of Philadelphia; whose mission is to empower African-Americans and other underserved people to secure economic self-reliance, parity, power and civil rights, Dare to Imagine has contributed towards providing 500,000 summer meals to food-insecure students in their city, and also towards efforts that assist small businesses in need of aid.

Perpetually looking for opportunities to serve their neighbours, Dare to Imagine offered their parking

lot to the Delaware Valley Community Health Center as a COVID-19 testing site and participated in city cleanup efforts following events in response to the death of George Floyd.

As a church who also values their power to come alongside other Christian congregations, Dare to Imagine contributed towards the reconstruction of Greater Bible Way Temple after a fire in August 2019 destroyed their church. The Dare to Imagine team understands the importance of leveraging technology to deliver services during the COVID-19 pandemic and recently created technology grants for New Mt. Zion Church in Roxboro, North Carolina and Trinity Lutheran Church of Havertown, Pennsylvania, so that these churches could begin streaming services during the COVID-19 lockdown.

Dare to Imagine represents strong vision and commitment to growth, supported by the powerful technology of Pushpay and Church Community Builder, to make a lasting impact on the community.

GREENFIELD COMM



Mobilize MKE, The Ridge Community Church
Greenfield, Wisconsin, US

Mobilize MKE

The Ridge Community Church

Greenfield, Wisconsin, US

The Ridge Community Church based in Greenfield, Wisconsin recently launched an initiative called Mobilize MKE; partnering with 18 churches in the Milwaukee area to collect pantry items for families in the community who need support throughout COVID-19. The participating churches were not affiliated and not of any particular denomination, however they joined forces for the collective benefit of the community. Together, the churches collected enough food to feed 135,000 neighbors around the Milwaukee, Wisconsin area and make cash contributions to local food banks.

Following the food drive, these churches decided to continue Mobilize MKE, with a rotating initiative every few months. Mobilize MKE recently held a

workshop to help out-of-work individuals sharpen their skills. They lined up several professionals throughout the week to assist with resumes, interview skills, LinkedIn profiles and conducted one-on-one practice interview sessions. These workshops drew in approximately 100 community members.

Mobilize MKE is now working to make areas within their church campuses available to students attending virtual classes, as many parents are unable to be at home during this time. The Mobilize MKE program will help to ensure students have supervised access to the internet and proper equipment so that they can attend their virtual classes.

05

People we are
proud of



Jana Grube
Senior Director of Customer Marketing

Jana Grube

Senior Director of Customer Marketing
Redmond, Washington, US

“When I was considering a role at Pushpay, meeting the team and seeing just how many talented and driven people there were really got me excited. I was eager to hear about projects in flight and what the team was working on – and what would be possible. As a marketer, you always have projects that you ‘hope to get to’ one day, and with this team, a lot of these projects are made possible. One of the many reasons I think Pushpay is successful is the obsessive focus on our customers. The company, and every team continually learns from our customers and improves our prioritisation, processes and product through these learnings. Being customer-focused and striving to delight our customers is what helps us continue to win and see ongoing success.”

“Jana is such an asset to the Pushpay team. Not only is she one of the most well-rounded marketing leaders I have worked with, she is a continuous learner and problem solver. In an ever-changing technology landscape, Jana always jumps in with two feet to try new approaches and empowers her team to push the envelope and innovate; which can be seen across our website, in customer email communications, prospect campaigns and more. She is one of the most hard-working and genuine people on our team.”

Chelsea Looney – Senior Marketing
Communications Manager

“Jana’s expertise and leadership have helped the marketing team achieve some of its best performance. She cares immensely about the company, her team and her responsibilities, and that is apparent in the quality of her work. Jana has an incredibly deep mastery of lead generation and she does extremely well to pair that with a sense of open-mindedness. This enables her to deliver both excellence and simplicity in how we build and communicate to our pipeline.”

Steve Johnson – Director of Brand Marketing



Mary Kim
Implementation Specialist

Mary Kim

Implementation Specialist Redmond, Washington, US

"I was drawn to Pushpay because of their well-documented status of being one of the top places to work in the greater Seattle area. One of the reasons I enjoy working at Pushpay is because I feel valued as an employee and can see my professional contribution making an impact through organizations who serve the world. Not many can say they have an impact like the one we make at Pushpay. I love the people that make Pushpay what it is. I can say with complete confidence that I will never meet a more genuinely kind group of colleagues who are focused day-in and day-out on lifting each other up. Working at Pushpay has also given me more appreciation for my own church - realising there is so much that happens behind the scenes to make me and my family feel connected has been a lesson I will never forget."

"Mary is one of the bright and shining stars in our customer success department at Pushpay. She consistently demonstrates our core values of 'Excellence' and 'Innovation' in all that she does. Over the last year, Mary has been instrumental in leading, developing and innovating in several areas of Implementation, including helping to develop a robust, user-driven tech touch implementation for our smaller churches. At that same time, she has been working to develop a specific implementation strategy for our large Catholic customers. Pushpay's implementation teams would not be where they are today without the knowledge, insight and growth that Mary has provided our teams."

Jon Plotner - Implementation Team Lead

"Mary is someone that has an incredible attitude and is always willing to help. She is someone that is a true professional with her colleagues and our customers. Our team continues to benefit from her expertise, attitude, laughter and willingness to jump into any project. She is incredibly innovative, coming up with new ideas to make our roles more efficient. Mary displays a degree of poise and grace that has proven to make her irreplaceable to our team and Pushpay as a whole."

Robyn Corcoran - Implementation Specialist



Tim White
Implementation Coach

Tim White

Implementation Coach

Colorado Springs, Colorado, US

“Working at Church Community Builder has allowed me to sharpen my leadership skills and my ability to communicate in the business world. Prior to joining Church Community Builder, I was in full-time ministry as a Pastor and church planter. Living out the Founder’s vision of raising up more disciples for the Kingdom and the ability my role has to cause change for good are the reasons I enjoy doing what I do. My department is crucial to our success, because if people know how to use their software well they are more likely to keep on using it. Coaching gives me the opportunity to equip churches to be more efficient and thus more effective in their work. One of the reasons I think that Church Community Builder has been so successful is because we all have a love for the church which goes way beyond just getting a job done.”

“Tim’s passion and love for ministry leaders shines through in everything he does to guide and support our customers. Tim brings a wealth of direct ministry experience, and our customers regularly benefit from his expertise and real-world relatability. Tim has a gift for identifying possibilities and he pursues opportunities with excellence.”

Valerie Mathieu - Implementation Manager

“Tim is an amazing colleague. He deeply cares about everyone he comes in contact with and consistently pushes all of us to be better people and associates. It is clear that he has a heart for the church and fights to create amazing experiences for our customers.”

Jon Sandeen - Implementation Coach

06

Management commentary

You should read the following commentary 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 2020 compared to the six months ended 30 September 2019, 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). EBITDAF (a non-GAAP financial measure) is calculated by adding back net finance expenses, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net profit/(loss). The business results table below provides a reconciliation of EBITDAF to net profit.

Business results

Unaudited	2020 US\$000	2019 (restated)* US\$000	Change**
Six months ended 30 September			
Operating revenue	85,558	56,044	53%
Other revenue	985	1,213	-19%
Total revenue excluding finance income	86,543	57,257	51%
Third party direct costs	(27,191)	(19,588)	39%
Percentage of operating revenue	-32%	-35%	3pp
Other operating expenses	(32,645)	(28,023)	16%
Percentage of operating revenue	-38%	-50%	12pp
Earnings before interest, tax, depreciation, amortisation and foreign currency (gains)/losses (EBITDAF)	26,707	9,646	177%
Percentage of operating revenue	31%	17%	14pp
Finance expenses, net	(907)	(3)	Large
Depreciation and amortisation	(3,606)	(2,017)	79%
Net foreign exchange gains/(losses)	(3,413)	875	-490%
Net profit before income tax	18,781	8,501	121%
Income tax expense	(5,381)	(2,020)	166%

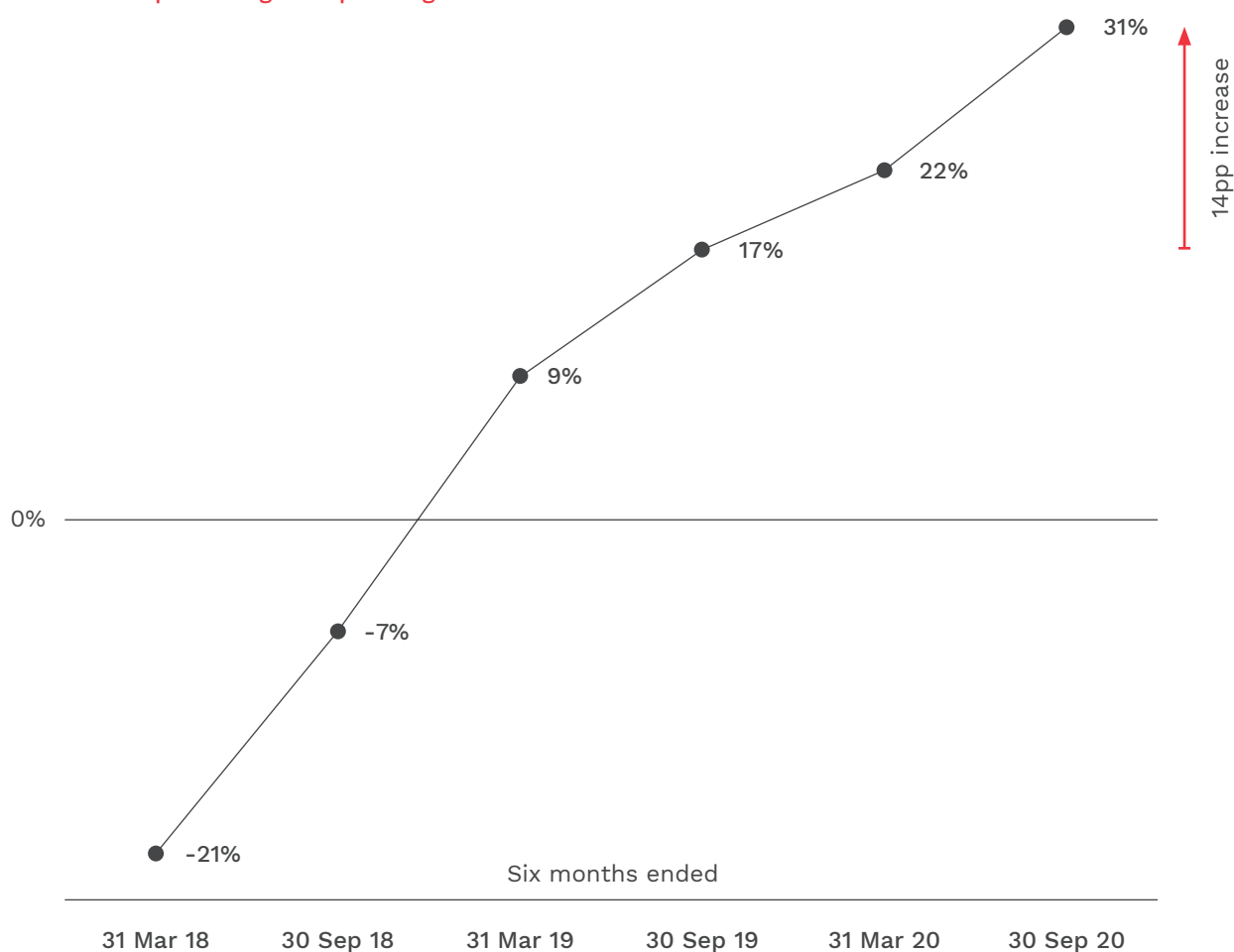
Continued			
Unaudited	2020 US\$000	2019 (restated)* US\$000	Change**
Net profit	13,400	6,481	107%
Percentage of operating revenue	16%	12%	4pp

* Other operating expenses for the prior period have been restated to separate out items below the EBITDAF line such as depreciation and amortisation. Refer to 'Note 3: Changes in accounting policies and disclosures' of the financial statements.
 ** pp stands for percentage point

Operating revenue increased by 53% to \$85.6 million in the period driven by Customer growth and the acquisition of the Church Community Builder business, (effective 1 December 2019). Third party direct costs increased by 39%, however as a percentage of operating revenue improved by three percentage points to 32% as the Group realised further benefits from its margin improvement programme. Total other operating expenses increased over the period primarily due to the acquisition of the Church Community Builder business. As a percentage of operating revenue, operating expenses improved by 12 percentage points to 38%. Net finance expenses increased to \$0.9m due to interest and establishment fees from borrowing entered into to fund the Church Community Builder acquisition. Depreciation and amortisation increased by 79% due to the amortisation of Church Community Builder intangible assets, partly offset by reduced amortisation of existing intangible assets that were fully amortised. Net foreign exchange losses primarily relate to non-cash accounting adjustments arising from the New Zealand legal entities that have a New Zealand dollar functional currency.

EBITDAF improved by \$17.1 million from \$9.6 million to \$26.7 million. EBITDAF, as a percentage of operating revenue, improved by 14 percentage points from 17% to 31%. Operating leverage was largely driven by solid operating revenue growth, improved gross margins and disciplined cost management.

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 total donations). Processing revenue is billed monthly in arrears. Other operating revenue consists of data integration, training and other implementation fees billed to the Customer. This revenue is recognised at the point of delivery.

<i>Unaudited</i>	<i>2020</i> <i>US\$000</i>	<i>2019</i> <i>US\$000</i>	<i>Change</i>
Six months ended 30 September			
Subscription revenue	23,913	15,269	57%
Processing revenue	61,242	40,775	50%
Other operating revenue	403	-	N/A
Total operating revenue	85,558	56,044	53%
As at 30 September	2020	2019	Change
Total Customers	10,896	7,905	38%
ARPC per month (US\$)	1,263	1,272	-1%

Total operating revenue increased by 53% over the period due to Customer growth and the acquisition of the Church Community Builder business. Group ARPC, which includes Customers acquired as part of the Church Community Builder acquisition, decreased by 1% to \$1,263 per month, as increased donor management system ARPC was offset by the inclusion of church management system ARPC. The Group is continuing to invest in helping Customers better utilise our solutions, to help drive engagement and giving, which in turn leads to higher processing volumes. The proportion of medium and large Customers, as a proportion of total Customers, increased to 57.1%, up from 56.0% 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.

<i>Unaudited</i>	<i>2020</i> <i>US\$000</i>	<i>2019</i> <i>US\$000</i>	<i>Change</i>
Six months ended 30 September			
Processing costs	25,339	17,603	44%
Platform hosting costs	1,855	1,254	48%
Other third party direct costs	(3)	731	-100%
Total third party direct costs	27,191	19,588	39%
<i>Percentage of operating revenue</i>	<i>32%</i>	<i>35%</i>	<i>-3pp</i>
Processing costs, as a percentage of processing revenue	41%	43%	-2pp
Platform hosting costs, as a percentage of operating revenue	2%	2%	0pp

Total third party direct costs increased by 39% over the period primarily due to higher interchange fees associated with higher processing volumes, and thus revenues. The Group continued to realise further benefits from its margin improvement programme, with total third party direct costs, as a percentage of operating revenue, improved by three percentage points from 35% to 32%. This improvement was largely driven by processing costs which, as a percentage of processing revenue, improved to 41% from 43%. Platform hosting costs as a percentage of operating revenue remained unchanged at 2%. Improved other third party direct costs was primarily due to changes in the provisions relating to customer contracts.

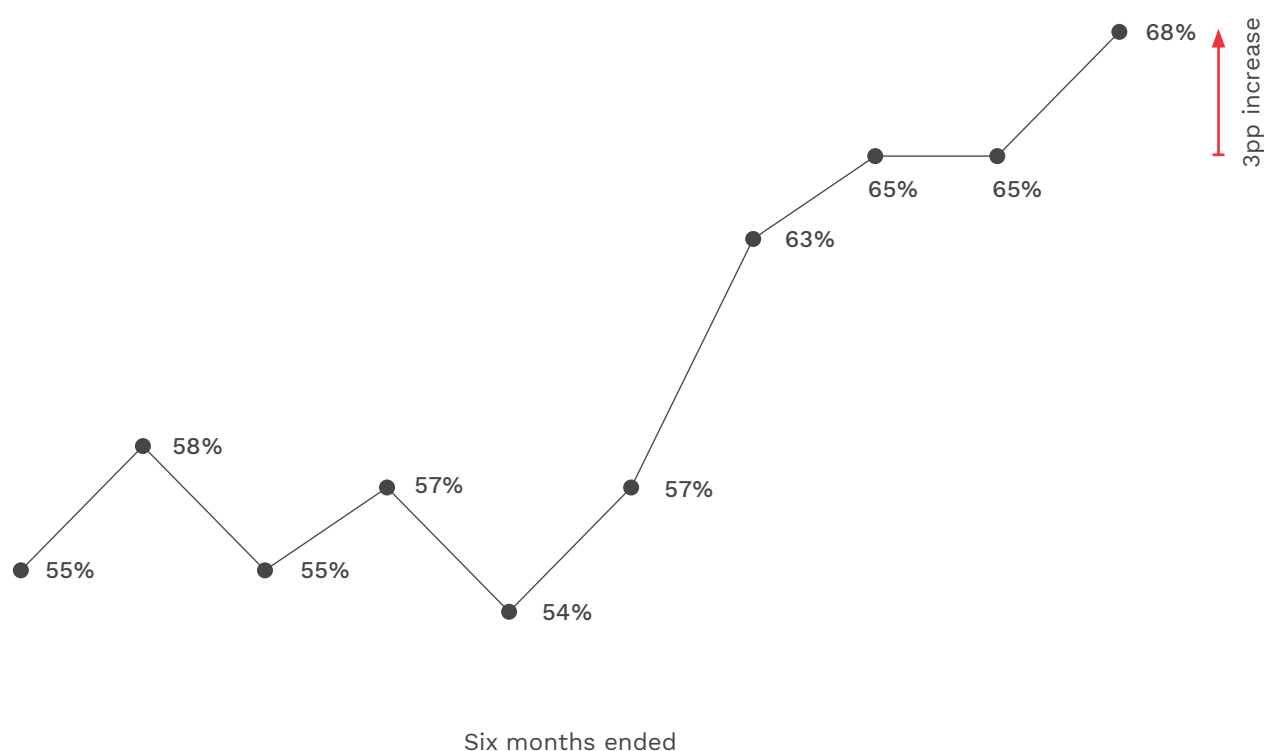
Gross profit

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

<i>Unaudited</i>	2020 US\$000	2019 US\$000	Change
Six months ended 30 September			
Operating revenue	85,558	56,044	53%
Third party direct costs	(27,191)	(19,588)	39%
Gross profit	58,367	36,456	60%
<i>Gross margin percentage</i>	68%	65%	3pp

Gross profit, as a percentage of operating revenue, increased by three percentage points over the period from 65% to 68%, due to the success of the Group's margin improvement programme driving enhanced processing margins and the higher gross margin associated with the Church Community Builder business.

Gross margin percentage



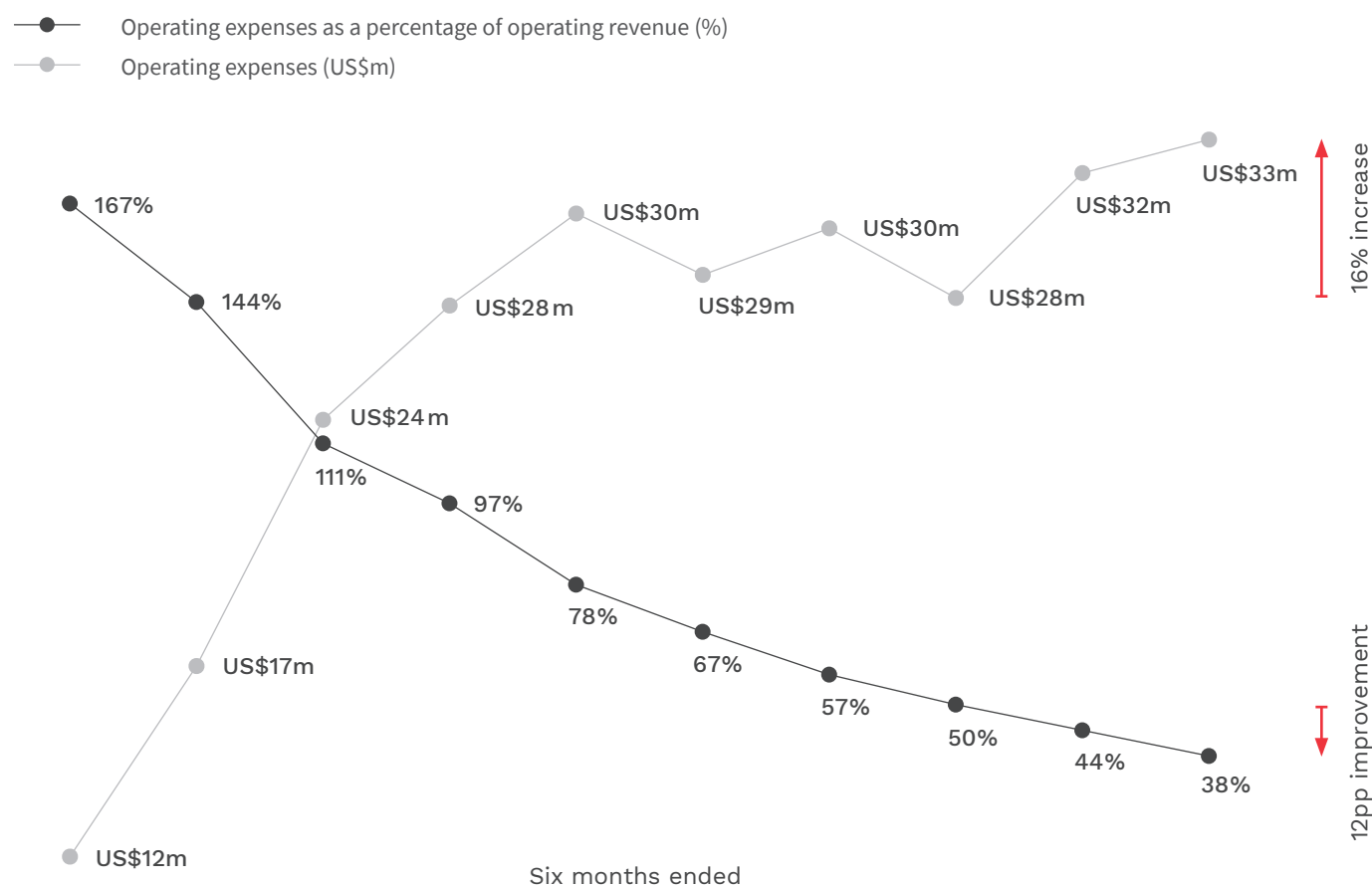
Operating expenses

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

Unaudited	2020 US\$000	2019 (restated) US\$000	Change
Six months ended 30 September			
Product design and development	8,557	6,391	34%
Sales and marketing	12,172	13,431	-9%
Customer success	4,317	3,027	43%
General and administration	7,599	5,174	47%
Total operating expenses	32,645	28,023	16%
Percentage of operating revenue	38%	50%	-12pp

Operating expenses increased over the period largely due to the inclusion of operating expenses associated with the Church Community Builder business. The Group's investment in scalable tools and processes, along with disciplined cost management has contributed to increased operating leverage.

Operating expenses (restated)*



31 Mar 16 30 Sep 16 31 Mar 17 30 Sep 17 31 Mar 18 30 Sep 18 31 Mar 19 30 Sep 19 31 Mar 20 30 Sep 20

* Other operating expenses for the prior periods have been restated to separate out items below the EBITDAF line such as depreciation and amortisation. Refer to 'Note 3: Changes in accounting policies and disclosures' of the financial statements.

Product design and development

Product design and development costs consist primarily of personnel and related expenses 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.

<i>Unaudited</i>	<i>2020 US\$000</i>	<i>2019 (restated) US\$000</i>	<i>Change</i>
Six months ended 30 September			
Product design and development costs	8,557	6,391	34%
Percentage of operating revenue	10%	11%	-1pp

Product design and development costs increased by 34% over the period from \$6.4 million to \$8.6 million. Total product design and development costs, as a percentage of operating revenue, improved by one percentage point from 11% to 10%.

The Group increased product design and development headcount by 35% from 94 to 127, due to increased headcount associated with the acquisition of the Church Community Builder business, this was the primary driver for increased product design and development costs in the period. This will allow a greater range of capabilities and resources to invest in product enhancement and developing the next range of solutions for Customers.

Sales and marketing, and customer success

Sales and marketing expenses consist of personnel and related expenses directly associated with the sales and marketing 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 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).

<i>Unaudited</i>	<i>2020 US\$000</i>	<i>2019 (restated) US\$000</i>	<i>Change</i>
Six months ended 30 September			
Sales and marketing	12,172	13,431	-9%
Customer success	4,317	3,027	43%
Total sales and marketing, and customer success costs	16,489	16,458	0%
Percentage of operating revenue	19%	29%	-10pp
Months to recover CAC	15.4	21.7	-6.3
Annual Revenue Retention Rate	>100%	>100%	NC

Total sales and marketing, and customer success costs were largely unchanged at \$16.5 million. Sales and marketing, and customer success costs, as a percentage of operating revenue, improved by ten percentage points from 29% to 19%. The Group continues to focus on acquiring medium and large Customers and has invested in the account management team to help Customers better utilise our solutions, to help drive engagement and giving, which in turn leads to higher processing volumes.

Sales and marketing costs reduced by 9% over the period from \$13.4 million to \$12.2 million, whilst headcount was relatively stable at 139, efficiencies in external vendor spend have driven reduced costs. CAC Months improved from 21.7 to 15.4 reflecting increased sales efficiency as a larger number of product

sales were made at a higher ARPC. The key drivers were increased sales of donor management to ChMS customers and the sale of bundles to new customers at a higher ARPC. Customer success costs increased by 43% over the period from \$3.0 million to \$4.3 million, due to an increase in headcount from 68 to 93 driven by the acquisition of the Church Community Builder business.

General and administration

General and administration expenses consist of personnel and related expenses 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.

<i>Unaudited</i>	<i>2020 US\$000</i>	<i>2019 (restated) US\$000</i>	<i>Change</i>
Six months ended 30 September			
General and administration	7,599	5,174	47%
<i>Percentage of operating revenue</i>	<i>9%</i>	<i>9%</i>	<i>0pp</i>

General and administration costs increased by 47% over the period from \$5.2 million to \$7.6 million, while remaining stable as a percentage of operating revenue. Headcount grew by 37% from 60 to 82.

The increase in general and administration expenses was primarily driven by increased headcount, which relates to the acquisition of the Church Community Builder business.

Employees

<i>As at 30 September</i>	<i>2020</i>	<i>2019</i>	<i>Change</i>
Product design and development	127	94	35%
Sales and marketing	139	138	1%
Customer success	93	68	37%
General and administration	82	60	37%
Total Group	441	360	23%

Staff headcount increased by 23% over the period from 360 to 441, primarily driven by the acquisition of Church Community Builder, with 101 staff based in NZ and 340 based in the US.

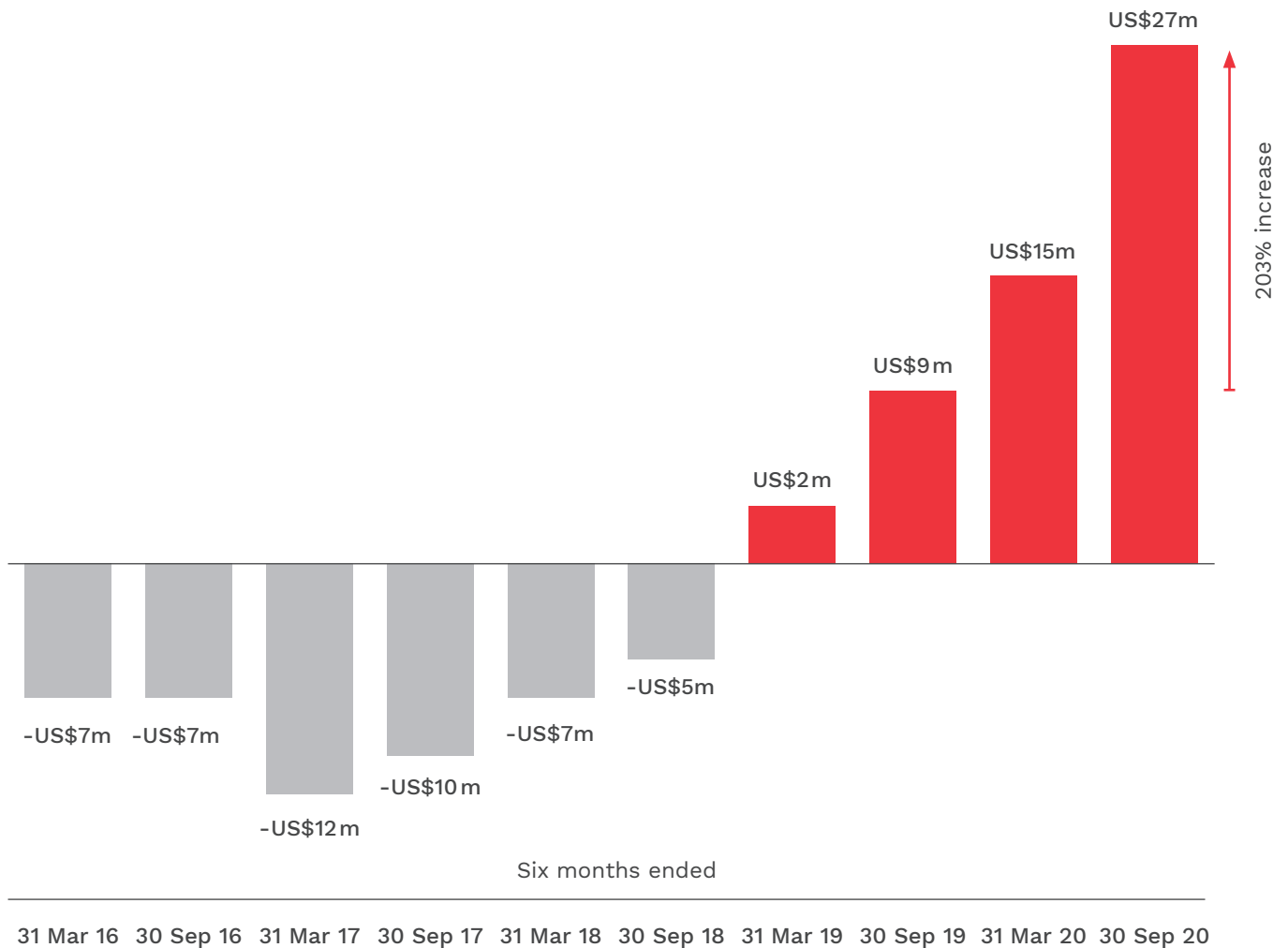
Cash flows

<i>Unaudited</i>	<i>2020 US\$000</i>	<i>2019 US\$000</i>	<i>Change</i>
Six months ended 30 September			
Receipts from Customers	60,410	38,054	59%
Other operating cash flows	(33,421)	(29,146)	15%
Total cash flows from operating activities	26,989	8,908	203%
Investing cash flows	(240)	(212)	13%
Total operating and investing cash flows	26,749	8,696	208%
Repayment of borrowings	(9,325)	-	N/A
Payment of lease liabilities	(833)	(567)	47%
Payment for short-term deposits	-	(13,000)	-100%
Interest on borrowings	(611)	-	N/A
Foreign currency translation adjustment	(72)	830	-109%
Net movement in cash and cash equivalents	15,908	(4,041)	-494%

Receipts from Customers increased by 59% over the period from \$38.1 million to \$60.4 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, partly offset by an increase in operating expenses has led to \$27.0 million in positive operating cash flows compared to total operating cash flows of \$8.9 million in the prior period.

Total operating cash flows



07

Financial statements

Income Statement

		<i>Six months ended 30 September</i>	
		<i>2020</i>	<i>2019 (restated)*</i>
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>
Operating revenue	4	85,558	56,044
Other revenue	4	985	1,213
Third party direct costs		(27,191)	(19,588)
Product design and development		(8,557)	(6,391)
Sales and marketing		(12,172)	(13,431)
Customer success		(4,317)	(3,027)
General and administration		(7,599)	(5,174)
Total expenses	5	(59,836)	(47,611)
Earnings before interest, tax, depreciation, amortisation and foreign currency (gains)/losses (EBITDAF)		26,707	9,646
Finance expenses, net	6	(907)	(3)
Depreciation and amortisation		(3,606)	(2,017)
Net foreign exchange gains/(losses)		(3,413)	875
Net profit before income tax		18,781	8,501
Income tax expense		(5,381)	(2,020)
Net profit for the period		13,400	6,481
Profit per share (cents)			
Basic profit per share	8	4.86	2.35
Diluted profit per share	8	4.84	2.34

* Refer to 'Note 3: Changes in accounting policies and disclosures' for detail on the prior period restatement to the functional operating expenses.

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

Statement of Comprehensive Income

		<i>Six months ended 30 September</i>	
		<i>2020</i>	<i>2019</i>
		<i>Unaudited</i>	<i>Unaudited</i>
	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>
Net profit for the period		13,400	6,481
Other comprehensive income*			
Exchange differences on translation of foreign operations		5,039	(2,780)
Fair value gains recognised in the cash flow hedge reserve	11	286	-
Other comprehensive income/(loss)		5,325	(2,780)
Total comprehensive profit for the period		18,725	3,701

* Items of other comprehensive income may 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

		Share capital	Accumulated losses	Share-based payment reserve	Foreign currency translation reserve	Cash flow hedge reserve	Total equity
<i>Unaudited</i>	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Balance at 1 April 2019		93,666	(50,685)	1,337	(3,524)	-	40,794
Net Profit		-	6,481	-	-	-	6,481
Other comprehensive profit/(loss)		-	-	-	(2,780)	-	(2,780)
Total comprehensive profit/(loss)		-	6,481	-	(2,780)	-	3,701
<i>Transactions with owners:</i>							
Issue of shares	7	146	-	-	-	-	146
Share-based payments		-	-	412	-	-	412
Balance at 30 September 2019		93,812	(44,204)	1,749	(6,304)	-	45,053
Balance at 1 April 2020		94,609	(34,684)	1,401	(8,553)	167	52,940
Net profit		-	13,400	-	-	-	13,400
Other comprehensive profit/(loss)		-	-	-	5,039	286	5,325
Total comprehensive profit/(loss)		-	13,400	-	5,039	286	18,725
<i>Transactions with owners:</i>							
Issue of shares	7	308	-	-	-	-	308
Share-based payments		-	-	247	-	-	247
Balance at 30 September 2020		94,917	(21,284)	1,648	(3,514)	453	72,220

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

Statement of Financial Position

		As at	
		30 September 2020 Unaudited US\$000	31 March 2020 Audited US\$000
Assets	Notes		
<i>Current assets</i>			
Cash and cash equivalents		23,111	7,203
Trade and other receivables		16,064	15,862
Derivative financial asset	11	400	117
Deferred acquisition costs		1,805	1,816
Income tax receivable		20	728
Total current assets		41,400	25,726
<i>Non-current assets</i>			
Property, plant and equipment		3,675	4,443
Intangible assets		86,416	88,934
Deferred acquisition costs		863	1,112
Restricted cash balances		1,134	1,117
Derivative financial asset	11	134	50
Deferred tax asset		9,915	13,255
Other receivables		284	402
Total non-current assets		102,421	109,313
Total assets		143,821	135,039
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		2,692	4,553
Unearned revenue		14,881	14,305
Employee entitlements		3,063	2,154
Lease liability		1,862	1,805
Borrowings		28,571	23,611
Total current liabilities		51,069	46,428
<i>Non-current liabilities</i>			
Lease liability		1,484	2,338
Borrowings		19,048	33,333
Total non-current liabilities		20,532	35,671
Total liabilities		71,601	82,099
Net assets		72,220	52,940
Equity			
Share capital	7	94,917	94,609
Accumulated losses		(21,284)	(34,684)
Share-based payment reserve		1,648	1,401
Cash flow hedge reserve		453	167
Foreign currency translation reserve		(3,514)	(8,553)
Total equity		72,220	52,940

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

For and on behalf of the Board, 4 November 2020:



Graham Shaw
Independent Chairman



Bruce Gordon
CEO and Executive Director

Statement of Cash Flows

	<i>Notes</i>	<i>Six months ended 30 September</i>	
		<i>2020</i>	<i>2019</i>
		<i>Unaudited</i> <i>US\$000</i>	<i>Unaudited</i> <i>US\$000</i>
Operating activities			
Receipts from Customers		60,410	38,054
Other income		874	1,400
Interest received		9	34
Payments to suppliers and employees		(34,236)	(29,809)
Income tax paid		(68)	(771)
Net cash flows from operating activities	12	26,989	8,908
Investing activities			
Purchase of property, plant and equipment		(297)	(212)
Receipts from finance lease		67	-
Capitalised development costs and other intangible assets		(10)	-
Net cash flows from investing activities		(240)	(212)
Financing activities			
Repayment of borrowings		(9,325)	-
Payment of lease liabilities		(833)	(567)
Interest on borrowings		(611)	-
Payment for short-term deposits		-	(13,000)
Net cash flows from financing activities		(10,769)	(13,567)
Net increase/(decrease) in cash and cash equivalents		15,980	(4,871)
Foreign currency translation adjustment		(72)	830
Cash and cash equivalents at the beginning of the period		7,203	13,926
Cash and cash equivalents at the end of the period		23,111	9,885

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 2020.

These unaudited consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 4 November 2020.

The Group's principal activity is to provide donor and church management systems, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers located primarily in the United States (US) and other jurisdictions. 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 2020 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 2020, 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 2020, 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 2020.

Presentation of the income statement:

In the prior year, depreciation, amortisation and finance charges related to lease accounting were included within the expenses for the four functional areas disclosed in the income statement. In the current year these expenses have been excluded from the functional expenses and are now disclosed separately in the income statement. Separating depreciation, amortisation and finance charges better aligns with how the group measures performance internally and is considered more consistent with how most investors assess the Group's financial performance.

The table below summarises the impact of the change on the functional operating expenses disclosed for the six months ending 30 September 2019.

<i>Unaudited</i>	<i>2019 Originally published US\$000</i>	<i>2019 Finance expenses US\$000</i>	<i>2019 Depreciation and Amortisation US\$000</i>	<i>2019 Restated US\$000</i>
Six months ended 30 September				
Product design and development	(7,759)	29	1,339	(6,391)
Sales and marketing	(13,840)	47	362	(13,431)
Customer success	(3,221)	27	167	(3,027)
General and administration	(5,347)	24	149	(5,174)
Total	(30,167)	127	2,017	(28,023)

4. Revenue

<i>Unaudited</i>	<i>Six months ended 30 September</i>	
	<i>2020 US\$000</i>	<i>2019 US\$000</i>
Operating revenue*		
Subscription revenue	23,913	15,269
Processing revenue	61,242	40,775
Other operating revenue	403	-
Total operating revenue	85,558	56,044
Other revenue		
Government grants	960	1,102
Other income	25	111
Total other revenue	985	1,213

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

5. Expenses

<i>Unaudited</i>	<i>Six months ended 30 September</i>	
	<i>2020 US\$000</i>	<i>2019 US\$000</i>
Advertising and marketing	1,728	2,973
Auditor's remuneration	67	51
Directors fees	167	139
Employee benefits - defined contribution expense	463	343
Employee benefits/entitlements	25,359	20,137
Employee benefits/entitlements - capitalised commissions	(965)	(742)
IT and communications	1,807	1,471
Occupancy costs*	203	195

<i>Continued</i>		
	<i>Six months ended 30 September</i>	
<i>Unaudited</i>	<i>2020</i> <i>US\$000</i>	<i>2019</i> <i>US\$000</i>
Other professional services*	1,323	1,050
Share-based payments	1,043	773
Third party direct costs	27,191	19,588
Travel-related costs	32	424
Write-off of impaired receivables	10	37
Other operating expenses	1,408	1,172
Total expenses	59,836	47,611

* These items were previously included within other operating expenses.

6. Finance expenses, net

	<i>Six months ended 30 September</i>	
<i>Unaudited</i>	<i>2020</i> <i>US\$000</i>	<i>2019</i> <i>US\$000</i>
Finance income		
Interest income	-	124
Interest income from finance leases	9	-
Total finance income	9	124
Finance expenses		
Interest on lease liability	(113)	(127)
Interest on borrowings	(612)	-
Establishment fees	(191)	-
Total finance expenses	(916)	(127)
Finance expense, net	(907)	(3)

7. Share capital

	<i>Number of shares</i>	
<i>Unaudited</i>	<i>000's</i>	<i>US\$000</i>
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
Balance as at 1 April 2020	275,646	94,609
Movements during the period		
Issue of shares	133	279
Cancellation of shares acquired from Pushpay Trustees Limited	(126)	-
Capital raised on employee share scheme allotment	-	29
Balance at 30 September 2020	275,653	94,917

The paid up capital comprises ordinary shares. The total number of shares on issue is 275,652,559 (2019: 275,261,739). All shares that have been issued, are fully paid and have no par value.

As at 30 September 2020, the total number of shares on issue include 1,691 shares (2019: 237,563) issued to Pushpay Trustees Limited (the Trustee), a wholly owned subsidiary established for the purpose of the employee share scheme. On 30 June 2020 125,560 shares were acquired from the Trustee and immediately cancelled.

8. 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 period. 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 net profit of \$13.4 million (2019: \$6.5 million) represented a profit per share shown below based on weighted average ordinary shares on issue during the period.

	<i>Six months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>
<i>Unaudited</i>	<i>000's</i>	<i>000's</i>
Number of issued ordinary shares	275,653	275,262
Weighted average ordinary shares outstanding	275,653	275,262
Basic profit per share (cents)	4.86	2.35
Weighted average ordinary shares outstanding	275,653	275,262
Weighted average dilutive potential ordinary shares	1,267	1,778
Weighted average potential ordinary shares outstanding	276,920	277,040
Diluted profit per share (cents)	4.84	2.34

9. Net tangible assets per share

Net tangible assets per share is calculated by dividing the net tangible assets of the Group by the number of ordinary shares issued at 30 September 2020. Net tangible assets is calculated by subtracting the intangible assets from the net assets of the Group. Intangible assets for this purpose include the intangible assets disclosed on the Statement of Financial Position, deferred acquisitions costs and the deferred tax assets. Given the borrowings used to fund the acquisition of Church Community Builder, net tangible assets are a negative number as at 30 September 2020. As a software business the economic value of the Group is primarily represented by intangible assets which are specifically excluded from the net tangible assets per share calculation.

<i>As at</i>	<i>30 September 2020</i>	<i>31 March 2020</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>000's</i>	<i>000's</i>
Net tangible assets	(28,779)	(54,222)
Number of issued ordinary shares	275,653	275,646
Net tangible assets per share (cents)	(10.44)	(19.67)

10. 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 (who is the Group's chief operating decision maker) 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 had a single operating segment as at 31 March 2020. The Group's chief operating decision maker has determined that, based on the information they use for the purposes of allocating resources and assessing performance, the Group itself continues to form 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 2020, from which over 99% of its revenue from operations is generated.

11. Foreign currency risk

The Group, through its subsidiaries, is exposed to foreign currency movements against the US Dollar as it has significant expenditure in New Zealand. As a result, the financial statements can be affected by movements in the NZ Dollar.

The Group has hedged a portion of its estimated exposure in respect of forecast revenue over the period to March 2022 and uses forward exchange contracts (FECs) to hedge its NZD/USD foreign exchange risks. These contracts are designated cash flow hedges. Gains or losses deferred in the cash flow hedge reserve will be reclassified to the income statement and other comprehensive income as the contracts mature.

The effect of the Group's hedge accounting policies in managing foreign exchange risk related to some of its revenue denominated in foreign currency is presented in the table below:

		Maturing in 1-6 months US\$000	Maturing in 6-12 months US\$000	Maturing in more than a year US\$000
<i>As at 30 September 2020</i>				
<i>Forward foreign exchange contracts</i>				
Hedged exposure		2,106	1,053	1,053
Average US Dollars: NZ Dollar forward contract rate		0.585	0.585	0.585
	Statement of financial position line item	Notional amount of the hedging instrument US\$000	Recognised in other comprehensive income US\$000	Carrying amount of the hedging instrument US\$000
<i>As at 30 September 2020</i>				
Forward foreign exchange contracts	Derivative financial asset	4,212	286	534
Current				400
Non-current				134

12. Reconciliation of net profit with cash flows from operating activities

	<i>Six months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>
<i>Unaudited</i>	<i>000's</i>	<i>000's</i>
Net profit for the period	13,400	6,481
Adjustment for non-cash items:		
Depreciation and amortisation	3,606	2,017
Share-based payment expense	645	773
Deferred tax benefit	5,537	1,188
Net foreign exchange (gains)	3,413	(1,373)
Other non-cash items	(2)	(84)
	26,599	9,002
<i>Movements in working capital</i>		
Trade and other receivables	(202)	15
Deferred acquisition costs	260	45
Trade and other payables	(1,861)	(1,019)
Unearned revenue	576	733
Employee entitlements	909	157
Income tax receivable	708	(25)
	390	(94)
Net cash flows from operating activities	26,989	8,908

13. Events after the balance sheet date

On 30 October 2020 the Group made a voluntary partial repayment of its lending facility with the Bank of New Zealand totaling \$12 million.

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Christopher Fowler
Visionary and Executive Director

Christopher Huljich
Alternate Director to Peter Huljich

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