# Growing well by enabling good

Annual Report 2022

Pushpay

## CONTENTS



### WHY WE EXIST

Pushpay's purpose is to bring people together by strengthening community, connection and belonging. Our innovative technology solutions empower Customers to increase participation and engagement and build stronger relationships with their communities.

# Results at a glance

## US$202.8m

**Operating Revenue**
Up 13% YoY from US$179.1 million

## US$62.4m

**Underlying EBITDAF**
Up 8% YoY from US$57.8 million

## 19,039

**Total Products utilised by Customers**
Up 40% YoY from 13,552 Products

## US$33.4m

**Net Profit After Tax**
Up 7% YoY from US$31.2 million

## 14,508

**Total Customers**
Up 31% YoY from 11,099 Customers

## US$61.5m

**Operating Cash Flow**
Up 7% YoY from US$57.6 million

## US$7.6b

**Total Processing Volume**
Up 10% YoY from US$6.9 billion

## 68%

**Gross Profit Margin**
Remained consistent over the year

## US$5.8b

**Total Lifetime Value of Customer base**
Up 9% YoY from US$5.3 billion

**36.9 million**
transactions processed over the year (prior year: 35.2 million)

**2.9 million**
unique donors* as at 31 March 2022 (prior year: 2.5 million)

**US$206**
average transaction value over the year (prior year: US$199)

## >100%

**Annual Revenue Retention Rate**
on average for the last five years, including the last period

**Notes:**

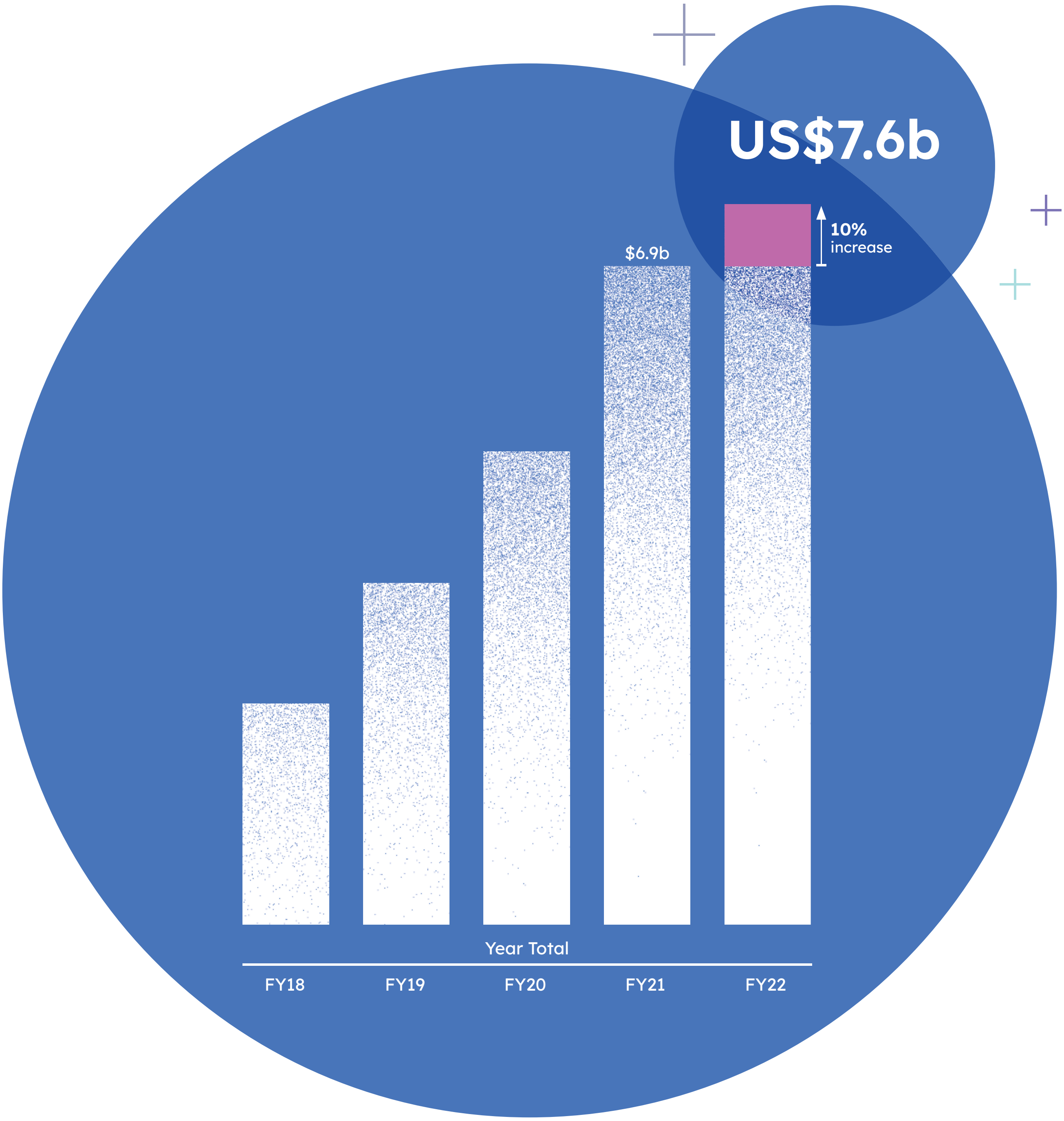
The above metrics compare Group performance over the 12 months ended, or as at, 31 March 2021 to the 12 months ended, or as at, 31 March 2022.
The above metrics include Resi Media, which was consolidated for the seven months following its acquisition.

Annual Revenue Retention Rate represents each year since 2016. Annual Revenue Retention Rate, Total Customers, Total LTV of Customer base, Total Processing Volume, Underlying EBITDAF and Gross Profit Margin are non-GAAP financial measures and are not prepared in accordance with NZ IFRS. A reconciliation of Underlying EBITDAF to EBITDAF (which is a non-GAAP financial measure) and to NPAT is provided on page 49.

For definitions of those terms, see "Key metric definitions" on page 112. The non-GAAP financial measures used in this report have not been audited. Pushpay considers the metrics above to be the key financial metrics to measure the business going forward.

* Refers to active donors who have made a payment in the last 12 months.

# Total Processing Volume

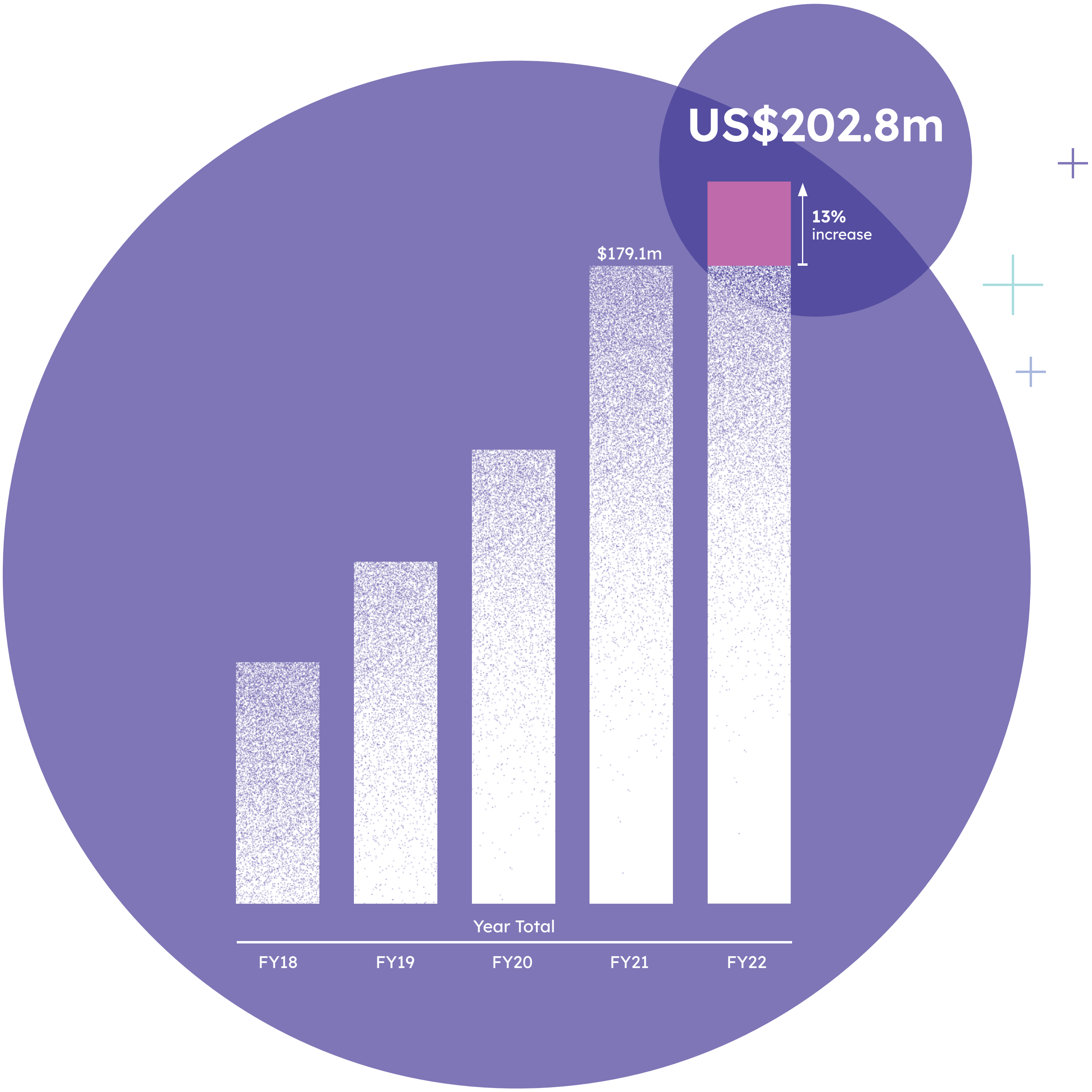


> Pushpay has been an incredible partner. Not only has Pushpay made it easy for our peple to be generous, the Pushpay team has continued to invest in improving the giving experience while providing exceptional support along the way."
>
> MARCUS HSIA, THE AUSTIN STONE

> "Our mission is reaching a city to touch a world, and none of that is possible without technology. Not everyone is going to walk through the church doors physically. For us to be able to reach folks where they're at, whether it's at home or a coffee shop, technology has been amazing with that."

ROB FERGUSON, BETHEL WORLD OUTREACH CENTER

# Operating revenue



# About Pushpay

Pushpay is a vertical Software as a Service (SaaS) payments and technology company that provides mobile-first software tools including a donor management system, a custom community app, a church management system (ChMS), and video streaming solutions to the faith sector, non-profit organisations and education providers.

Pushpay strives to see our Customers' communities supported and connected in meaningful ways through the compelling, innovative and differentiated software solutions that we provide. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Pushpay generates revenue through volume fees, which are generated from payment transaction volume, as well as subscription fees paid by Customers for our solutions. We are driven by our mission and strategic goal of being the number one provider of mission critical software to the faith sector. We have an exciting growth strategy and our progress against our strategic framework is outlined on the following pages.

Pushpay's 2022 Annual Report features inspiring stories from Customers, people and communities impacted by our dedicated team and innovative solutions.

> “Live to Give” is one of our core values at Christ Fellowship and we are committed to provide our church family with the best giving system available in order to remove as many barriers as possible from their giving journey. Pushpay has been an integral ministry partner of ours since 2015 in developing our culture of stewardship and generosity.”
>
> DAVID LONSBERRY, CHRIST FELLOWSHIP CHURCH

Resi

# Future growth pathway

| | | | | |
|---|---|---|---|---|
| **Growth drivers** | **Grow Customer numbers** | **Increase number of Products utilised** | **Expand the Product suite** | **Increase share of wallet** |
| **Strategic priorities** | Expand mid-market presence<br>Continued focus on large customers<br>Expand into the Catholic segment | Intergrate Resi Media<br>Cross-referral and integration of Pushpay Solutions<br>Church Management + Donor Management + Video Streaming | New product development<br>Enhanced features<br>Innovation<br>M&A opportunities | Increase digital adoption<br>Encourage uptake of Donor Management Product<br>Upsell Customers<br>Expand donation/ payment integrations |

Pushpay has a clear strategic pathway, focused on long-term drivers of growth. Key priorities and initiatives are being executed under each of Pushpay's growth drivers, which are expected to deliver significant growth for Pushpay and set the pathway for sustainable, long-term success.

Over the 2022 financial year, Pushpay continued to future-proof the business with diligent strategy execution and expanding our reach within our core market, the US faith sector.

# Strategic progress highlights

## Grow Customer numbers

- Total Customers increased by 31% from 11,099 to 14,508 over the year ended 31 March 2022, including the Customers acquired due to the acquisition of Resi Media, which was completed in August 2021
- Net new Customers increased by 3,409 over the year ended 31 March 2022, of which 2,858 were added at the date of acquisition of Resi Media in August 2021
- Customer numbers have increased in small, medium and large segments following half year
- Focus on growing the number of medium-sized customers which have lower acquisition and support costs as a percentage of revenue. This market segment represents a significant growth opportunity
- Go-to-market strategy refreshed in late FY22 with sales and marketing organisations optimised to target the mid-market segment
- Medium-sized customers represent a significant portion of Pushpay's current Customer base and target market
- Pushpay's ChurchStaq product is well-positioned to serve the mid-market with an all-in-one giving and engagement solution

Maintaining and building market share in the Protestant segment remains a key priority for the business. As we continue to innovate and execute on our growth strategy, we expect to attract an increased number of customers in the mid-market segment of our target market, which Pushpay considers to be customers who have between 200 - 1,099 average weekly attendees.

> In the past I had a three ring binder with everyone's address and phone numbers. If I was going to make a communion call or to visit someone I had to try to look up the number and address and then plug that into my GPS. With the LEAD app, I can bring up their name, see a picture and I can just hit a button to call them or immediately get directions to their home which has been a total game changer!"
>
> FR. CHRISTOPHER WALSH, PASTOR AT ST. RAYMOND CATHOLIC CHURCH

# Expansion into the Catholic segment

- Building on Pushpay's successful value proposition for the Protestant segment
- ParishStaq, the Catholic product brand for the Pushpay suite of solutions, was introduced to the market in September 2021 and formally launched in January 2022
- Attracted new Catholic parishes and further developed partnerships over the first year, with 173 Catholic parish Customers on the Pushpay platform as at 31 March 2022
- Completed first year of development after launch into the Catholic segment in April 2021
- Investment into product design and development headcount that began in FY22 will continue into FY23
- The current pilot with Archdiocese of Chicago represents an opportunity to reach 246 individual parishes and a Catholic population of over 2.1 million people
- FY23 focus on continuing to drive engagement and ramping up go-to-market resources for the Catholic initiative

The Catholic segment of the US faith sector is significant, with US$30 billion in giving in 2016[1] representing an estimated annual Total Addressable Market (TAM) revenue opportunity of between US$600 million and US$700 million[2]. The Catholic segment comprises 196 dioceses and archdioceses who represent an estimated 17,000 individual parishes[3].

Pushpay's long-term target is 25% share of Catholic parishes.

1. Independent assessment by global third-party consultancy. Total Addressable Market (TAM) is the overall revenue opportunity that is available to a product or service if 100% market share was achieved; also referred to as total available market.
2 Global third-party consultancy
3 Center for Applied Research in the Apostolate (CARA), Georgetown University

# Catholic Growth Strategy: Three Year Roadmap

**Commenced April 2021: First year completed – development plan on target**

| | YEAR ONE FY22 (completed) | YEAR TWO FY23 | YEAR THREE FY24 |
|---|---|---|---|
| | **Development** | **Initial sales** | **Strong uplift in sales** |
| **Investment** | ✓ Investment and expenses of US$3.2 million in year one (with US$1.1 million of this capitalised)<br>✓ Built team to 34 by year end, including 20 product and engineering team members<br>✓ Small loss at Underlying EBITDAF | • Expected investment and expenses of between US$5-7 million (with US$3-4 million of this capitalised)<br>• Continue to expand and strengthen Catholic focused teams<br>• Continue to develop product features and capabilities<br>• Breakeven at Underlying EBITDAF | • Further year of development, with capitalised expenses similar to year two<br>• Complete full product development<br>• Expand product integrations with Catholic vendors<br>• Positive Underlying EBITDAF |
| **Outcomes** | ✓ Pilot with Archdiocese of Chicago<br>✓ ParishStaq launched in January 2022<br>✓ On Approved Vendor List for 45 dioceses – strong pipeline<br>✓ 173 parishes as Customers at 31 March 2022 | • Execute go-to-market plan<br>• Increase inclusion on Approved Vendor Lists for dioceses | • Accelerate adoption and Customer growth |

# Increase number of Products utilised

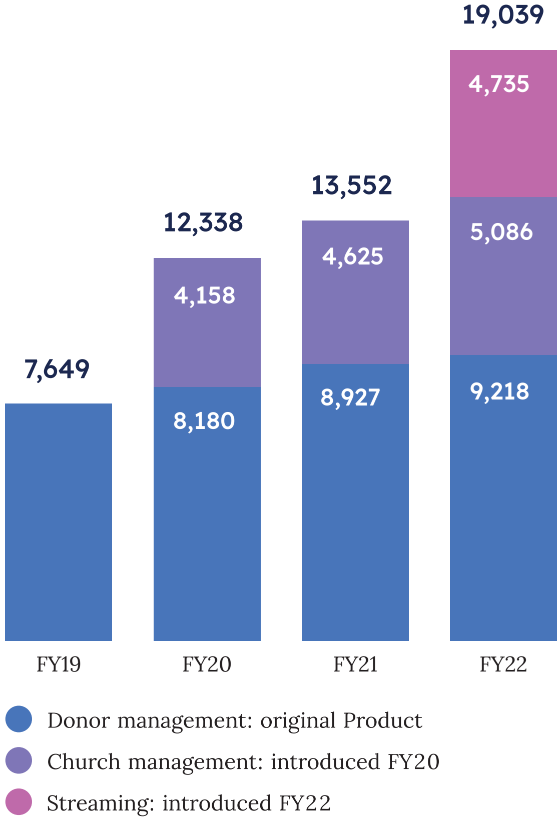
## PRODUCT INTEGRATION OPPORTUNITIES

- Pushpay offers three products, comprising its Donor Management System, Church Management System and, more recently, Streaming solutions (Resi Media)
- Pushpay delivered an increase in both total number of Products utilised and average number of Products per Customer for the year ended 31 March 2022
- The more of Pushpay's Products utilised by each of our Customers, the more valuable our integrated solution is to them, thereby increasing retention
- Customers who subscribe to multiple products deliver significantly higher revenue than a one-product Customer
- Integrated solutions help to increase the number of Products utilised by Customers and attract new Customers

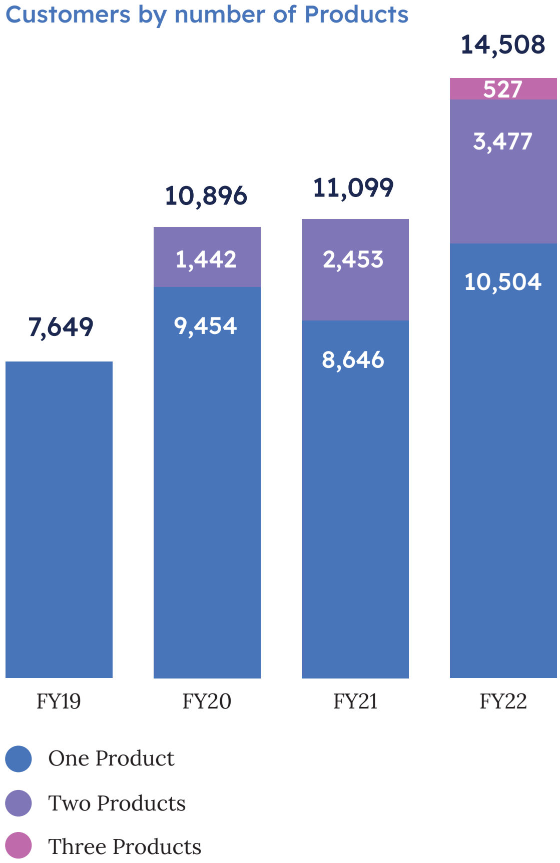
The acquisition of Resi Media expanded the range of Products available and provides new cross-referral opportunities for existing Pushpay Customers to utilise Resi Media's solutions and vice-versa.

Upon acquisition, Resi Media had a customer base of approximately 3,900 customers, including many in the top 100 largest churches, and over 70% were not existing Pushpay Customers. This has created a significant opportunity to introduce Pushpay's donor management and church management systems to these Customers.

### Total Products utilised




### Customers by number of Products




## RESI MEDIA INTEGRATION

- Pushpay completed the US$150 million strategic acquisition of Resi Media in August 2021, which included US$9 million equity issued under a restricted share agreement to the vendors
- Resi Media is a high growth SaaS business with a market leading streaming platform serving customers predominantly in the faith sector
- Resi Media's customer base was approximately 3,900 customers at acquisition; over 70% did not subscribe to an existing Pushpay Product
- Acquisition of Resi Media expands the range of Products available and ability to drive adoption of our full suite of products, inclusive of Resi Media

During the COVID-19 environment, it became clear that the churches we serve are looking for technology-enabled platforms to deliver content and engagement when and how their members look for it. The acquisition of Resi Media was part of our strategy to increase our value proposition to attract Customers across multiple segments while providing the ability to realise material synergy opportunities through product cross-referral and integration with Pushpay's sales and marketing engine.

The inclusion of Resi Media into our portfolio will allow Customers to engage with their communities and manage live-streamed and on-demand media content, apps, digital giving and more, all in one place.


# Resi Media: Three Year Roadmap

**Aquired in August 2021: Seven months of ownership**

**YEAR ONE**
**FY22** (completed)

**YEAR TWO**
**FY23**

**YEAR THREE**
**FY24**

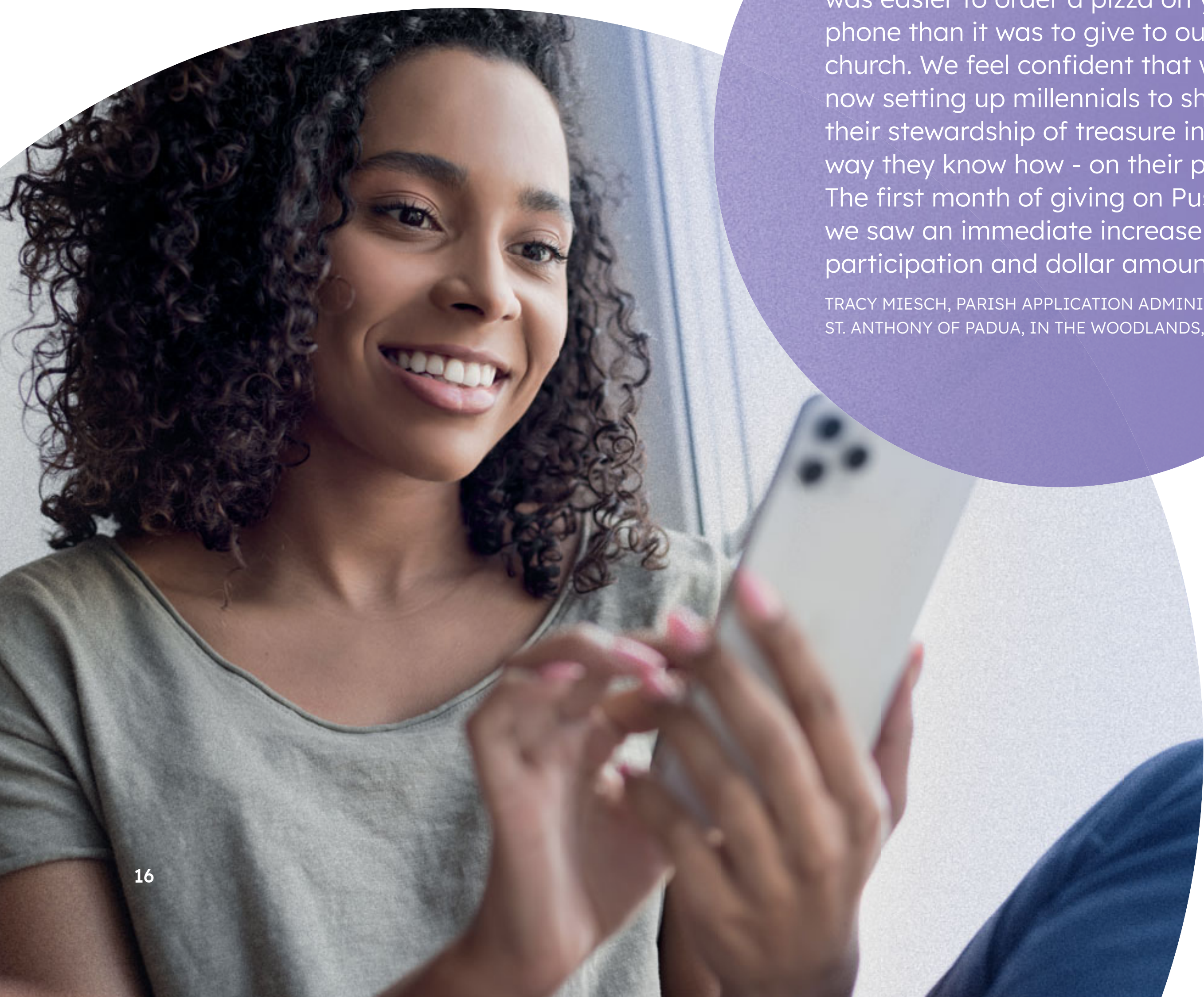
| | Intergration | Build sales | Escalating sales |
|---|---|---|---|
| **Investment** | ✓ Acquisition in August 2021<br>✓ Seven months as part of the Pushpay business<br>✓ Focus on integration into Pushpay's product suite and core business systems<br>✓ Breakeven at Underlying EBITDAF | • Integration with Pushpay's sales and marketing engine<br>• Product enhancement including content storage and video library<br>• Revenue growth greater than 20%, breakeven at Underlying EBITDAF | • Continue to develop and enhance products<br>• Expansion into adjacent verticals<br>• Revenue growth greater than 20%, positive Underlying EBITDAF |
| **Outcomes** | ✓ Resi Live Streaming now available in Pushpay's custom Apps for a seamless viewing experience<br>✓ In-stream giving button released in April 2022 | • Strong opportunity to cross-refer product to existing Resi Media and Pushpay Customer bases<br>• Attraction of new customers | • Primary focus on new customers<br>• Continued cross-referrals and product offers |

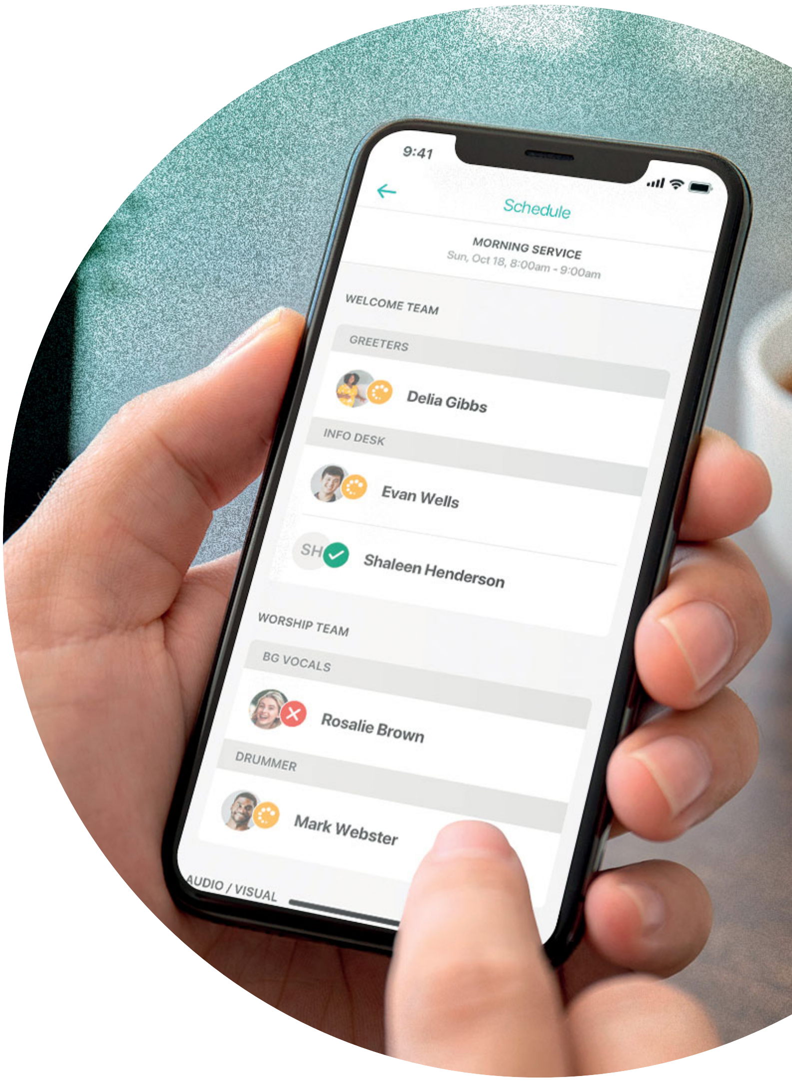
# Expand the Product suite

## Innovative, mobile-first solutions

"Before we started using Pushpay, it was easier to order a pizza on your phone than it was to give to our church. We feel confident that we are now setting up millennials to share their stewardship of treasure in the way they know how - on their phones. The first month of giving on Pushpay we saw an immediate increase in participation and dollar amount."

TRACY MIESCH, PARISH APPLICATION ADMINISTRATOR AT ST. ANTHONY OF PADUA, IN THE WOODLANDS, TEXAS, US






## ADDED FUNCTIONALITY TO THE PUSHPAY SOLUTION

Pushpay continues to invest in its leading solutions, enabling our Customers to increase participation, engagement and build stronger relationships with their communities. Some of our additions and enhancements to the Pushpay solutions over the last year are highlighted below.

### People Search

In April 2021, Pushpay launched a People Search capability in the church management system, which improves the user experience for church staff seeking to identify groups of people for further action. These capabilities allow ministry leaders to quickly identify groups of people with common attributes, such as individuals who are candidates to volunteer for certain ministry programs.

### Giving Statements in the App

In July 2021, Pushpay made self-access Giving Statements available in the App. Previously, individuals have had to wait to receive an email, mailed statement or requested one from church personnel. This feature simplifies the Giving Statement distribution process for churches and donor development activities and during tax seasons.

### Check-in Announcements

In August 2021, Pushpay launched its Check-in Announcement feature, which allows churches to create an informational message to share with families as they are checking in at a service or event. This feature enables a simple way to communicate, involve and engage individuals and families.

### Serving Capabilities

In August 2021, Pushpay introduced Serving Capabilities in the Custom Church App that allows individual community members to manage their volunteer schedules directly from their mobile phone. Individuals can now accept or decline serving assignments, view their upcoming schedules and plans, sign up for open positions and adjust their serving preference and available dates, all from their Church App.

### Sacrament Tracking

Sacrament tracking plays a critical role in the Catholic church to understand the faith journey of congregants. In March 2022, Pushpay's church management system was updated to allow the native tracking of the seven sacraments for parishes. Tracking, viewing and reporting sacramental data is a foundational piece of functionality for serving the Catholic market.

> “We absolutely love the new app analytics data. The ability to drill down into the metrics of items and messages is extremely helpful as we continue to learn how to best communicate with our congregation.”
>
> EMILY CIECKA, CREATIVE DIRECTOR AT THE EXPERIENCE COMMUNITY IN TENNESSEE.


## App Analytics

In March 2022, Pushpay released App Analytics, which provides deep insights into the church’s digital congregation and mobile app engagement. The feature surfaces holistic trends on how community members are interacting with app content and delivers actionable insights to support churches as they utilise mobile engagement as a key part of their communication strategy.

## Resi Media streaming in-App

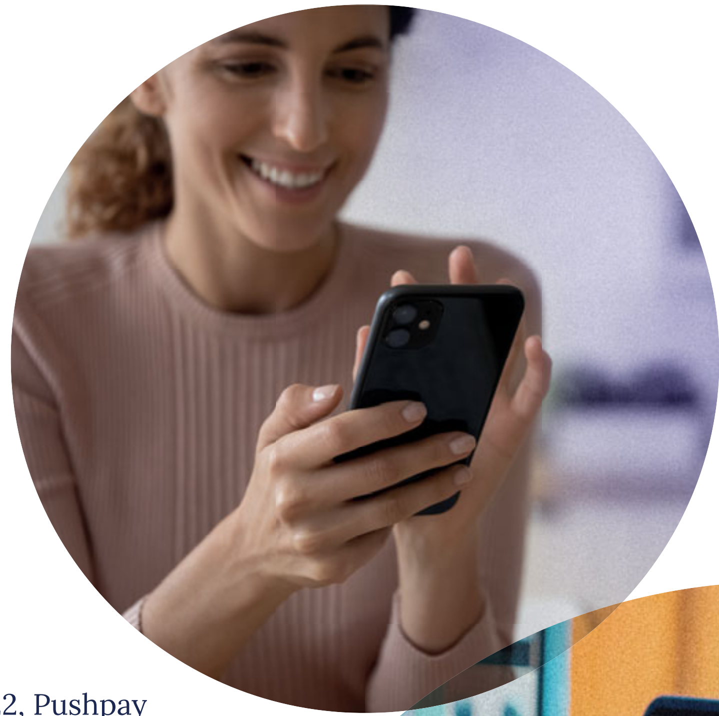
Following the acquisition of Resi Media in August 2021, Resi streaming was integrated into Pushpay’s custom church App in March 2022. Churches can now quickly and easily add and publish Resi Media streams to their app through an update to Pushpay’s Mobile App Studio tool.

## Resi Media in-stream giving button

In April 2022, a Pushpay in-stream giving button was integrated into Resi Media, enabling churches to embed a giving page or any URL directly into their stream as a call-to-action.

## Create events in-App

In March 2022, Pushpay made managing, publishing and tracking events easier by adding events integration into the custom church App. The new functionality allows volunteers and church staff to schedule events directly from the App without needing to ask church office administration for support, nor having to retreat to a desktop computer.



## Integrations and partnerships

Over the year ended 31 March 2022, Pushpay continued to invest in integrations to help support churches to use the tools that are right for them. In March 2022, Pushpay launched an enhancement to its integration with longstanding partner, Rock RMS. The new event payment feature streamlines donation and payment management and allows organisations to view transactions in one platform, providing easier reconciliation and a total view of engagement. To date, Pushpay has more than 44 integration partners, including Intuit Quickbooks Online and Sage Intacct, and offers more than 80 software integrations to help organisations seamlessly transfer information across services to increase efficiency and improve ministry management.

# Increase share of wallet

- Share of wallet is the amount of a Customer's total giving that is processed through Pushpay's platform
- The transformational shift to digital giving due to COVID-19 has been maintained and is driving benefit for Pushpay
- Digital giving has remained consistent over the past year
- It is expected that adoption and digital giving will continue to increase over time
- Pushpay is working with Customers on initiatives to both enhance giving and to increase digital adoption

### Church Disrupt 2021

Now more than ever it has been 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, we hosted our second digital conference event in May 2021, Church Disrupt, bringing together church leaders from around the globe for thought provoking keynotes, engaging breakout sessions and conversations focused on leading through change, innovation and the future of church technology (www.churchdisrupt.com/).

# Chair's review


**GRAHAM SHAW**
Independent Chairman

## DEAR SHAREHOLDERS,

I am pleased to present Pushpay's Annual Report for the 2022 financial year.

Pushpay continued its positive growth performance throughout the year, welcoming new Customers, increasing the number of Products utilised by Customers and delivering solid financial results for the year ended 31 March 2022 (FY22). The Company delivered revenue growth, net profit growth and Underlying EBITDAF growth over the period, whilst maintaining sustainable margins and underlying operating metrics.

Pushpay's software solutions enable communities to stay connected and engaged through digital means, which is now more important than ever. Our progress throughout the 2022 financial year demonstrates the adaptability of our Customers and our team despite the ongoing challenges faced worldwide from COVID-19.

Innovation remains core to what we do and the Pushpay team continues to deliver new and improved product functionality and features. This has further enhanced the value we offer for our Customers and their communities and continues to position Pushpay as a leader in the faith sector.

Today, more than 14,500 Customers partner with us and we are proud of the meaningful impact that our technology solutions have on people and communities across the globe.

### Focus on strategic growth plans

Pushpay's long-term growth strategy is focused on four growth areas - growing Customer numbers, increasing the number of Products utilised, expanding and enhancing Pushpay's suite of products, and increasing share of wallet. By focusing on each of these, we will grow our business in a sustainable and profitable manner, delivering value for our shareholders.

Significant progress has been made executing against strategic priorities in each of these areas, setting the foundation for escalating growth in future years. A key highlight during the financial year was the acquisition of a leading video streaming provider, Resi Media in August 2021, which provides significant value and growth opportunities.

Our initiatives are enabled by investment into three core focuses – Commitment to our Customers, Caring about our People and Communities, and Future Proofing our Business. These pillars also provide the framework for our environmental, social and governance (ESG) strategy as we look to have a positive impact for our customers, our people, our communities and our shareholders.

As part of our evolution into a global, sector leading and future-fit business, our focus on sustainability and ESG principles is of increasing importance. We have commenced a plan to improve our sustainability reporting and took steps in FY22 to identify the areas that are of most importance for our Company and our stakeholders. This includes Pushpay's impact on the natural environment and the climate. We intend to report on our response to climate change in alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures and we look forward to sharing more on our efforts over the year. You can read more about our sustainability plan on pages 28 to 33 of this report.

## The Pushpay Team

Attracting and retaining exceptional talent is critical to our success and we have made a deliberate decision to increase our investment in people, expanding our headcount and strengthening our leadership team. Strategic leadership appointments in FY22 include our Chief Operations Officer, Chief Growth Officer, VP of Marketing, VP of Product and Interim Chief Financial Officer. The expanded leadership team plays a vital role in executing our strategy and delivering value for our shareholders.

The last year was challenging for our people, Customers and their communities with the evolving conditions of the macroeconomic environment and the ongoing impact of the COVID-19 environment. We remained committed to supporting our Customers and their communities while continuing to future-proof our business and execute on our longer-term strategy.

On behalf of the Board, I would like to acknowledge and thank Pushpay's team who have continued to adapt and deliver high quality solutions and service over the past year.

## Board appointments

We were also pleased to welcome two new US-based directors to our Board in September 2021, Sumita Pandit as an Independent Director and John Connolly as a Non-executive Director.

Sumita is the Chief Operating Officer of dLocal, a technology-first payments platform enabling global enterprise merchants to connect with billions of consumers in emerging markets. Prior to joining dLocal, Sumita was a Managing Director and Global Head of Fintech Investment Banking for J.P. Morgan. She brings nearly two decades of experience in investment banking, advising companies across verticals in fintech including payments, financial software, neo-banks and insurtech.

John is a Senior Advisor to Sixth Street providing guidance to portfolio company CEOs and management teams on strategic and operational issues associated with growth. He brings a 30-year track record of innovation, vision and execution in creating successful growth companies.

John and Sumita will both be standing for election by shareholders at this year's Annual Shareholders Meeting.

Bruce Gordon resigned as a Non-executive Director, effective 16 June 2021. The Board and management thank Bruce for his invaluable contribution to the Board and immense support of Pushpay over the past 10 years.

## Outlook

The unique opportunity ahead for Pushpay remains significant and we see substantial room for growth.

After many years of building our business and with the recent expansion of Pushpay through two significant acquisitions, we are now focused on developing our business for the future and are investing in targeted strategic growth initiatives. This investment will continue through FY23, with escalating returns expected from FY24.

Although uncertainties and impacts surrounding COVID-19 and the broader US economic environment remain, we are confident we have a clear strategy and strong leadership in place to continue delivering value for our Customers and our shareholders.

Pushpay will continue to deliver topline revenue and Customer number growth in FY23, while investing into the business to drive growth opportunities and enable future scale. In particular, Pushpay is growing its talent pool and investing in resources and capability to drive the Catholic, Resi Media and other growth initiatives.

In FY23, the Company is expecting double digit annual operating revenue growth of between 10% and 15%, and Underlying EBITDAF of between US$56.0 million and US$61.0 million, reflecting continued investment to capture growth opportunities.

Looking ahead, our strategy positions us to generate increasing shareholder value. We expect strong growth from FY24 onwards with significant revenue growth and increasing profitability. Pushpay is expecting greater than US$10 billion of Total Processing Volume and more than 20,000 Customers for the year ending 31 March 2025.

We are focused on profitable growth and will continue to invest to build our market share in new and existing market opportunities. We expect the benefits from our FY22 and FY23 investment into talent, resources and capability, balanced with continued cost management discipline, to be seen from FY24 with Underlying EBITDAF expected to grow faster than revenue.

As previously disclosed, Pushpay has received unsolicited, non-binding and conditional expressions of interest or approaches from third parties looking to acquire the Company. The Board has appointed Goldman Sachs to assist as financial advisor. There is no certainty that these expressions of interest or approaches will result in any transaction.

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 our continued performance and growth are ultimately thanks to their support.

**Graham Shaw**
**Independent Chairman**

# CEO's review

**MOLLY MATTHEWS**
CEO

Following my first full year as CEO, I am pleased to report to shareholders more detail on a positive year of progress as we continued to strengthen our growth strategy and initiatives, and laid the groundwork for growth across the next five years.

Our team at Pushpay admirably adapted to the challenges of the last year, and continues to deliver exceptional service and world-class products that help our Customers and their communities. I have also been pleased to welcome new members to the leadership team – their support, expertise and knowledge have been of great value over the past year.

The evolving COVID-19 environment has presented opportunities as well as significant disruption to our business and Customers. Over FY22, we experienced headwinds from the wider macroeconomic environment that put pressures on our growth trends and performance drivers. As a result, while our revenue, earnings and profit continued to improve, our net new Customer growth was softer than our expectations. To address the challenges, we implemented a number of initiatives during the second half of the year to refresh and strengthen our go-to-market strategy, which you can read more about under 'execution of strategy' below. Pleasingly, we are starting to see the benefits of these actions, which will continue to build in future years. We will continue to invest in FY23 as we build a strong foundation for future growth.

## Our market

Throughout the past two years, churches have relied heavily on technology to help them reach their people and there are no signs of that changing, with 93%[1] of churches recently indicating that technology plays an important role in helping them achieve their mission. Pushpay's solutions are uniquely positioned to support our Customers to connect with their communities.

As we indicated in November, the last year presented a unique sales environment as market conditions and the impact of COVID-19 continued to evolve. Our sales team had to innovate with new ways of reaching out to customers, during a period when travel was restricted, face-to-face meetings were not possible, conferences were cancelled, and customers were redefining their strategies for ministry and staying connected to their people.

1. 2021 State of Church Technology Report

We saw a significant uplift in digital giving and online services with the onset of COVID-19 in the 2021 financial year, with these higher levels retained even as services began to return in-person in FY22. This demonstrates the value of Pushpay's solutions for our Customers and their communities. We anticipate digital adoption within our Customer base to continue to grow over time, albeit at a slower rate than before the COVID-19 driven acceleration.

## FY22 financial results

Pushpay delivered on its FY22 Underlying EBITDAF growth guidance and achieved revenue and Total Processing Volume growth, whilst maintaining sustainable margins and positive underlying operating metrics.

Key performance highlights for the year ended 31 March 2022:

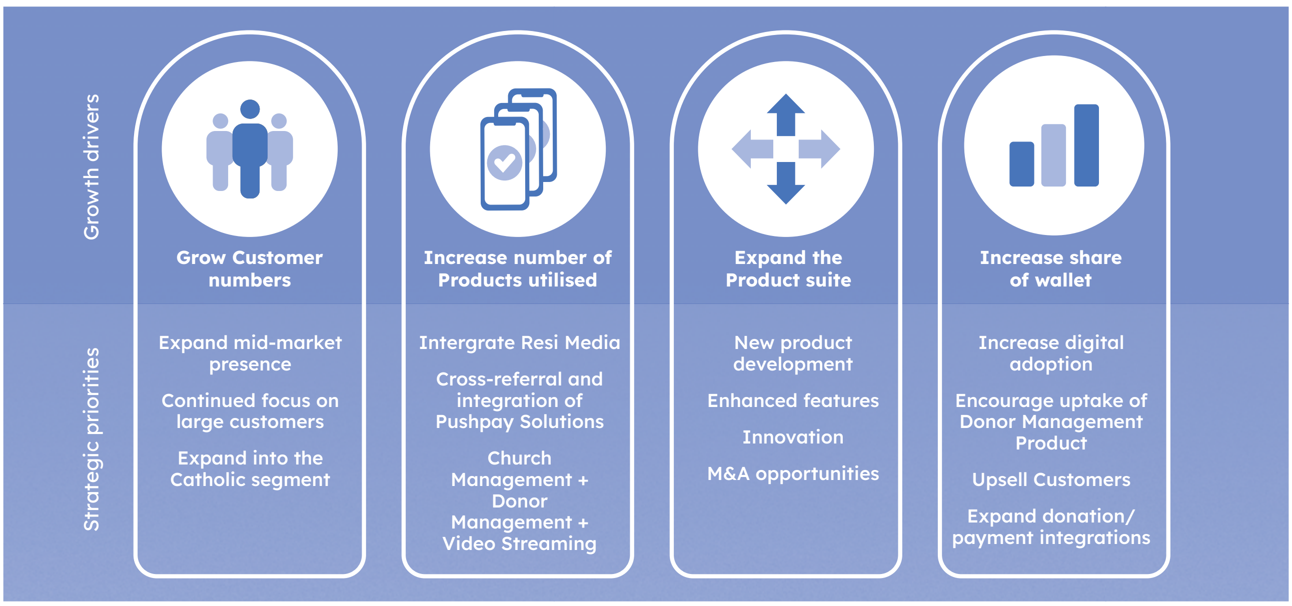
- Welcomed 3,409 net new Customers, of which 2,858 were added at the date of acquisition of Resi Media, and increased our total Customer base from 11,099 to 14,508 Customers over the year. While this represented a positive year-on-year increase, FY22 was a soft period with net new Customers and go-to-market performance lower than internal expectations.
- Total Processing Volume increased from US$6.9 billion to US$7.6 billion, an increase of 10% over the year. Positive year-on-year increases in processing volume performance were seen in each trading month of the 2022 financial year.
- Exceeded US$200 million operating revenue milestone, with operating revenue increasing by US$23.7 million to US$202.8 million, an increase of 13% over the year. Excluding Resi Media, Pushpay increased operating revenue from US$179.1 million to US$190.6 million, an increase of 6% over the year.
- Annual Revenue Retention Rate remained above 100% over the last five comparable periods ended 31 March.
- Gross margin remained constant with the previous year at 68%.
- Increase in operating expenses of 28% to US$83.4 million primarily due to the inclusion of Resi Media and increasing investment in people.
- Underlying EBITDAF increased by US$4.6 million from US$57.8 million to US$62.4 million, an increase of 8% over the year. Excluding the costs associated with the investment into the Catholic initiative, Pushpay achieved Underlying EBITDAF of US$64.5 million.
- Net profit after tax increased by US$2.2 million from US$31.2 million to US$33.4 million, an increase of 7% over the year.
- Strong positive cash flow, generating US$61.5 million in operating cash flows. Bank debt, obtained to fund the Resi Media acquisition, reduced from US$90.0 million to US$54.0 million as at 31 March 2022, resulting in net debt reducing to US$47.2 million.

## Execution of strategy

Pushpay's powerful mobile-first end-to-end software solutions are reforming how the faith sector engages simply and effectively by enabling customers to offer greater ease of interaction, increased participation and the ability to build stronger relationships with their communities.

We continue to execute toward our strategic goal of being the preferred provider of mission critical software to the faith sector. Our Company has a unique leadership position in the market and a clear strategy to drive long term success with exciting initiatives which will deliver sustainable value.

Over the 2022 financial year we made good progress executing on our strategic priorities despite ongoing challenges faced by our teams and the business. We saw the consolidation of some churches, particularly in the small segment, and slower decision making on new subscriptions.



> ParishStaq allows Catholic Churches to have an interconnected hub that supports staff to manage their parish all on one platform and allows parishioners to have a best-in-class experience when engaging with the life of their parish and connecting with fellow parishioners".
>
> JOSHUA HESTER-GORALSKI, OLD ST. PATRICK'S CHURCH, DATABASE ADMINISTRATOR

As the market continued to evolve over the 2022 financial year, we recognised the need to adapt and strengthen our go-to-market functions. We were delighted to welcome Jason Rupert as Chief Growth Officer in February 2022, and subsequently implemented a number of new initiatives to ensure our sales and marketing strategy is focused, and efficiently addressing our target market.

In particular, we initiated a review of our go-to-market organisation and performed an analysis to further strengthen our sales operations team with actionable insights to help drive an increase in conversion rates. We aligned our sales enablement and training organisations to ensure consistency and best practice. We are also reviewing our demand generation strategy and are transitioning to a more segmented and targeted approach in alignment with our strategic priorities.

As Pushpay executes toward its goals, we expect to see continued uplift in performance through growing our customer numbers; increasing the number of our Products utilised by each Customer; further expansion and enhancement of our suite of solutions; and increasing our share of wallet.

## Year-one of Catholic growth strategy

In April 2021, Pushpay launched into the Catholic segment of the market and the 2022 financial year served as a key period of initial investment as our team focused on establishing relationships and increasing engagement with key stakeholders within the Catholic segment.

Over the first year of our Catholic initiative we made significant progress executing against product development and talent plans, attracting new Catholic parishes and further developing partnerships. We invested US$3.2 million into the Catholic initiative in 2022, of which US$1.1 million was capitalised, and developed our Catholic-specific headcount to 34 people.

We introduced our new Catholic product brand for the Pushpay suite of solutions, ParishStaq, at the 2021 International Catholic Stewardship Conference and formally launched it in January 2022. As at 31 March 2022, Pushpay serves 173 Catholic parishes and we look forward to welcoming additional customers in the current financial year as we continue to execute on our longer-term expansion strategy. As we increase our presence within the Catholic segment, we are seeing the majority of Catholic Customers adopt the ParishStaq platform, further validating the market hypothesis around the efficacy of a full product solution for both Protestant and Catholic parishes.

## Resi Media acquisition

In FY22, we strengthened our value proposition by completing the strategic acquisition of 100% of Resi Media for for US$150 million in cash and Pushpay shares, which included US$9 million equity issued under a restricted share agreement to the vendors, effective 25 August 2021. Resi Media's offerings comprise live streaming services to web, social media, mobile apps and other locations, and multisite streaming which delivers video to remote locations.

The addition of Resi Media will help enable us to attract Customers across multiple segments while providing the ability to realise material synergy opportunities through product cross-referrals and integration with our sales and marketing engine. Following the acquisition, Pushpay now offers three products, being its donor management system, church management system and streaming solutions.

Since acquisition, our focus has been on building a shared roadmap to align business controls and product integration. While still in the early days, an important first priority was adding Resi Media streaming into Pushpay's custom Apps, which was released within six months following the acquisition, and in April 2022, an in-stream giving button and was integrated into Resi Media.

Over FY23, we will be focusing on further integrating Resi Media into the business and realising sales and marketing synergies to offer Resi Media's solutions to existing Pushpay Customers and vice versa.

## Talent and leadership

As we continue to execute on our strategy, attracting and retaining exceptional talent is critical to our success and has been a targeted area of investment for us this year. We are extremely proud of our purpose-driven culture, and our people who continue to adapt to the challenging circumstances of the evolving macroeconomic environment. With the acquisition of Resi Media, we were delighted to welcome 122 new colleagues based primarily in Texas and Colorado, US.

We also strengthened our leadership team with a number of strategic appointments.

On our management team, Kevin Kuck was appointed as Chief Operations Officer in August 2021 after previously serving as Senior Vice President of Operations. Kevin has spent over seven years at Pushpay, and his expertise on organisational design and process improvement has helped enable the Pushpay to quickly scale amidst years of rapid growth.

Shane Sampson resigned as CFO, effective 1 October 2021. The Board and management thank Shane for his dedication and commitment to the Company during his tenure. Richard Keys was appointed as Interim CFO, effective 6 September 2021. Richard is an experienced listed-company executive with strong strategic, governance and leadership skills, and is providing strength to the Pushpay leadership team while recruitment for a US-based CFO is underway.

Pushpay welcomed Jason Rupert to the executive team as Chief Growth Officer, effective 14 February 2022, and Angelique Rothermel as Vice President of Marketing, effective 7 March 2022. Jason is a transformational sales and marketing leader with a strategic philosophy centred on customer satisfaction, strong work culture and high-performing teams. Jason leads the go-to-market functions of the business, including the sales and marketing teams, and supports the development and execution of Pushpay's growth strategy.

Angelique is a proven marketing leader with over 20 years of experience in diverse medium to large organisations and her appointment further strengthens our go-to-market strategy execution and leadership team.

We were also delighted to welcome Natalie Burrows as Vice President of Product in February 2022. Natalie joins us with a wealth of product experience spanning industries such as retail, financial services, tourism and having led product teams for over 20 years in Australia, the UK and now New Zealand.

## Looking forward

As we look ahead, we will continue to invest in and focus on our strategic growth opportunities.

In the short to medium-term, we remain focused on integrating Resi Media into our portfolio of Products, growing the number of Products utilised by Customers and growing our share of customers within our target market.

Our medium to longer-term focus is to expand into the Catholic segment, which offers a significant and exciting opportunity for our Group. As previously stated, the Catholic initiative is our first step in investing to grow our Customer base outside of our existing core Customer base, and we have set the goal of acquiring more than 25% of the total number Catholic parishes as Customers over the next five years.

Pushpay believes this is the best way to maximise shareholder value in both the short and long-term.

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. I would like to extend my thanks to all of the Pushpay team for their efforts and support over the past year.

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.

**Molly Matthews**
**CEO**

# Sustainability

At Pushpay, we aim to conduct our business in a sustainable manner as a responsible global, corporate citizen.

Pushpay's business model is designed to generate long term sustainable value for shareholders and is founded on our commitments to our people, partners, communities and the environment in which we operate. Our strategic pillars set out earlier in the report on pages 8 - 21 lay out the pathway for a sustainable future for our business. Broadly, these pillars are focused on our commitment to our customers, caring about our people and communities and creating a future-fit business.

## DEVELOPING OUR SUSTAINABILITY FRAMEWORK

We have taken important steps in the last 12 months to further develop our Sustainability framework.

Our first step was to establish an internal, cross-functional working group to take responsibility for developing the Company's Environmental, Social and Governance (ESG) reporting programme. We then conducted a series of engagements with a range of internal and external stakeholders to identify priority topics for Pushpay in terms of importance to the business and to our stakeholders. The results of this can be seen in Pushpay's ESG Materiality Matrix.

The priority topics identified were customer experience, data protection, employee attraction, retention and development, product innovation, and sustainable financial performance. These five topics have been incorporated into the focus areas under our strategic pillars and will form an important part of our Sustainability framework and reporting going forward.

We also recognise the need to consider and incorporate climate change concerns and greenhouse gas emissions into our Sustainability framework. As our business enters its next chapter of growth, we are mindful of Pushpay's impact on the natural environment and the climate. Pushpay's direct impact on the environment is driven primarily by the physical offices we occupy in New Zealand and the US, the use of data centres to power our platform and business travel (which was limited during FY22 as a result of COVID-19). Pushpay is working towards understanding and then disclosing a more comprehensive view of the Company's environmental impacts and we will continue to evolve our approach in order to reduce our impact in this area.

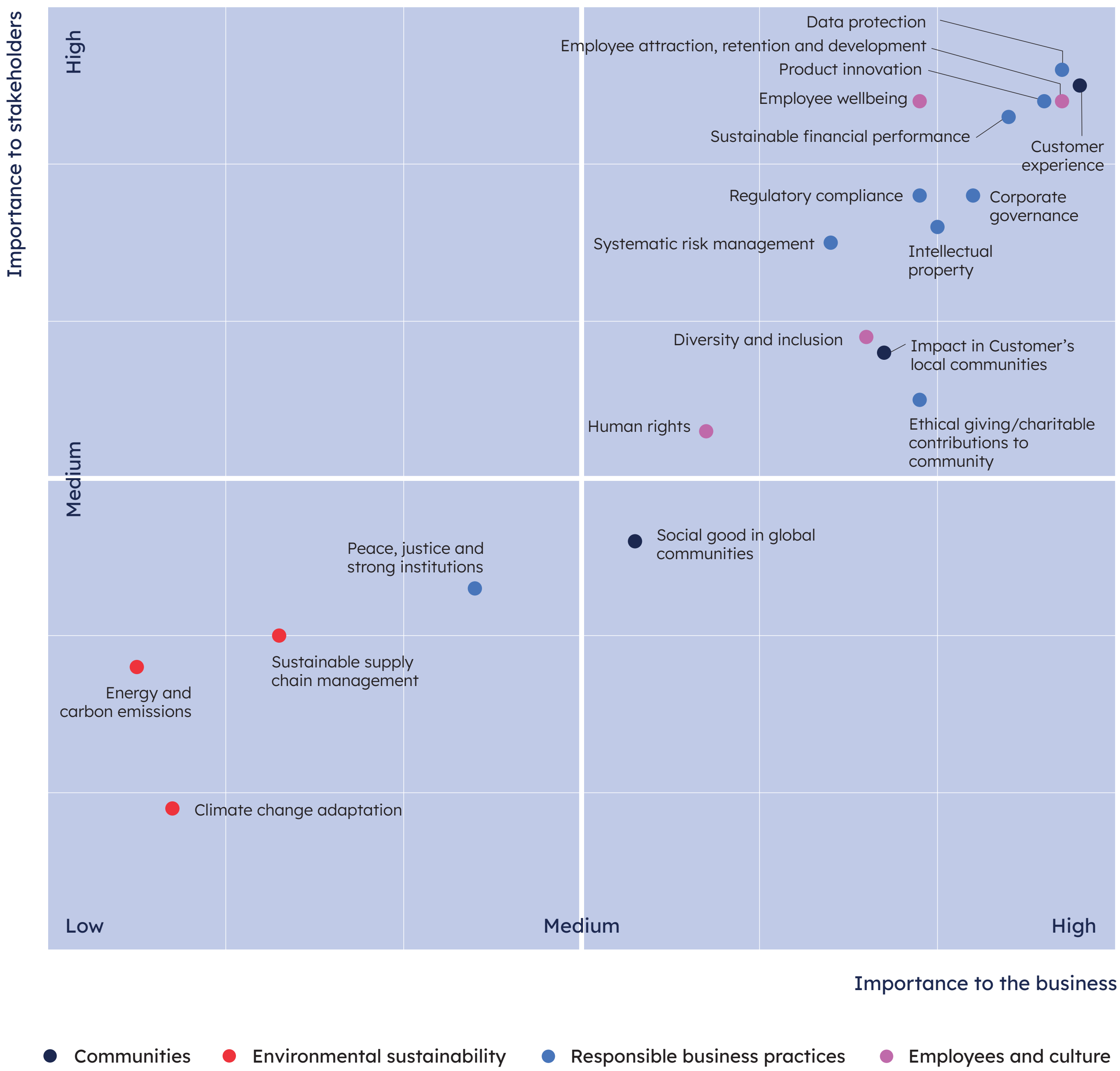
Pushpay understands the importance of its responsibility as a global citizen to the communities that we serve and the environment we operate in. As a key focus for FY23, Pushpay intends to start its programme of work to report in alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The results from our materiality assessment will provide the basis for improved disclosure to our stakeholders, in addition to providing a guide for Pushpay's ESG strategy and key topics to prioritise. We look forward to sharing more about our efforts over the year.

### Sustainability governance

Pushpay's Board oversees the Company's sustainability performance. Any sustainability or climate-related risks that are identified as critical to our business are closely monitored by management and reported to the Audit and Risk Management Committee.

In FY22, Pushpay formalised a Sustainability Policy, which can be found on the Investor Centre website, www.pushpay.com/investors/governance.

## ESG MATERIALITY MATRIX



# Our Sustainability Three Year Roadmap

## FY22 (completed)

- ✓ Established internal ESG cross-functional working group
- ✓ Conducted ESG materiality assessment with key internal and external stakeholders
- ✓ Initial reporting on Pushpay's Sustainability Strategy

## FY23

- Define approach to TCFD and develop reporting framework[1]
- Identify climate related risks and opportunities for Pushpay
- Define Scope 1 and 2 measures[2]
- Commence measuring Scope 1 emissions
- Implement external assurance process in respect of carbon emission measurements
- Establish KPIs for emissions and other material climate issues
- Enhance disclosure and reporting on Pushpay's Sustainability Strategy

## FY24

- Commence measuring Scope 2 emissions
- Integrate management of climate related risks and opportunities into risk framework
- Continue to develop disclosure and reporting under TCFD framework
- Review and dedicate investment to resources required to act on Pushpay's ESG goals

1 Taskforce on climate-related financial disclosures https://www.fsb-tcfd.org/

2 Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

## CARING ABOUT OUR PEOPLE AND COMMUNITIES

### Healthy and thriving culture

**Pushpay values**

We are proud of our Pushpay values, which illustrate why we exist, how we behave, our goals and our strategy to be successful as a collaborative team. As a Company we value continuous improvement and strive to support each other in our lives outside Pushpay. One of Pushpay's core values is to be 'People-Focused' and with that we have created a culture where employees feel supported to talk not only about what's going well but also to openly discuss when they are struggling and could use some additional support.

**Employee resource groups**

Our people are what make us great and Pushpay emphasises the value of being involved by providing numerous opportunities for employees to engage and give back to our communities. Pushpay's two employee resource groups, Women's Leadership Exploration and Development (WLEAD) and the Race and Culture Committee contribute positively to our business. These groups help to bring awareness and celebration to cultural milestones and holidays, such as Juneteenth, Women's History Month and Black History Month and drive in-depth and important conversations about gender and race through the Company's communication platforms.

- The Race and Culture Committee has a mission to bring visibility and appreciation for race and culture at Pushpay by facilitating conversation and action, resulting in an inclusive Pushpay environment.
- The most well attended WLEAD event to date, 'Culture Carriers', took place in September 2021 with over 170 attendees in attendance. The session featured a panel discussion where employees from across Pushpay shared how they build and foster positive culture.
- Pushpay also hosted its first in-person Employee Resource Group Summit where committee members across the US and New Zealand joined in-person and virtually to spend a full day celebrating FY22, building strategic roadmaps for FY23 and focusing on professional development.

### Diverse and inclusive workforce

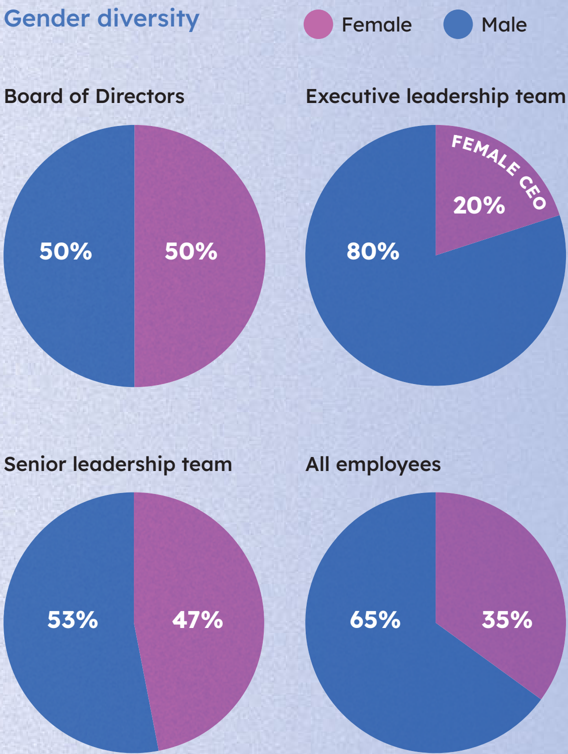
One of our core values is 'People Come First' and we are committed to fostering a diverse and inclusive workplace, which we believe is crucial to our future success.

Pushpay is proud to be an equal opportunities employer where individuals seeking employment at Pushpay are considered without regard to age, colour, gender identity, national origin, race, sex, marital status, physical or mental disability, religion, sexual orientation or veteran status.

Pushpay's Diversity, Equity and Inclusion Committee is composed of members from each Pushpay office and focuses on Company-wide initiatives, workshops and procedures to support diversity, equity and inclusion.

As part of our strategy around diversity and inclusion, we continue to identify ways in which we can positively make a difference in the countries that we operate. Additional information regarding our diversity and inclusion initiatives can be found within the Corporate Governance section of this Annual Report (see pages 98 and 99).

### Gender diversity



## Focused on staff satisfaction and wellbeing

**Caring for our team**

Pushpay continues to focus on mental health and wellness support for our team. During the 2022 financial year, we hosted several wellness challenges focused on mental health, physical health and social health, and supported employees with remote activities during COVID-19 lockdown periods.

While COVID-19 continued to significantly impact communities across the globe during the year, we continue to prioritise our people and put them first, as we know the dedication and commitment of our team is the reason for our success. As Pushpay continues its growth story, executing toward our strategic goals and entering our next chapter, our people and the culture that we uphold are critical to our success. We will continue to provide resources and support our people by listening to their direct feedback.

**Employee engagement**

With the majority of our teams continuing to work remotely over the past financial year, the blurring of personal and professional life, and lack of social connectedness presented challenges. During the financial year, we stayed close to our teams through Q&A sessions and several engagement surveys, with a special focus on remote working and support to ensure we are hearing feedback and supporting employees.

Pushpay's 2022 employee engagement survey presented a significant improvement from the previous financial year survey, with the overall engagement score, which represents the levels of enthusiasm and connection employees have with their organisation at work, increasing by 10% and Pushpay had over 93% survey participation by employees.

**Mentoring programme**

Pushpay facilitates a global mentoring programme to assist with supporting employee growth and career development, to connect employees in separate offices and to increase inclusion of remote employees. The FY22 programme saw 103 mentors and 118 mentees participate across the organisation. The programme focuses on short-term three month mentoring relationships and was offered three times during the year. Employees seek mentors to help guide their career, work style, individual skills and to help support their work and personal-life balance.

**Growing our community**

Summer of Tech is the premier IT internship programme for New Zealand, connecting employers with top local students and graduates for paid work experience and graduate jobs. Pushpay has had the privilege of being a Gold Sponsor of Summer of Tech since 2015, to help mentor and train students over their summer break.

Involvement for Pushpay has many benefits including brand awareness of the Company and leadership opportunities for our employees, while also allowing Pushpay to give back to the wider community by providing technical leadership and supporting students and graduates in the field.

Pushpay's involvement culminates in the hire of several interns for a 12-week period over the summer months, where they have the opportunity to work on a research project under the guidance of Pushpay's engineering team. Many of these interns have since become full-time employees and integral members of the Pushpay team.

## Our people helping people

**Caring for the community**

While the 2022 financial year presented communities across the world with many challenges, Pushpay continues to provide support and give back to the wider global community. At the core of what we do, Pushpay exists to enable connection, community and belonging. Through our innovative technology solutions, we continue to help empower our Customers to achieve their missions and make a difference to those who need it, especially during these challenging times.

**Pushpay Cares**

Pushpay Cares is the Company's programme that enables staff to give back to the wider community in meaningful ways through a variety of events arranged in partnership with customers and philanthropic organisations.

The Pushpay Cares committee meets regularly to plan creative opportunities and ways to give back to the communities in which we live and work, while maintaining the safety of volunteers throughout COVID-19. Pushpay Cares is employee-led, meaning we all have an opportunity to seek out volunteer opportunities and ways to make an impact in our communities.

Pushpay Cares continues to support individuals and makes a difference in local communities, an opportunity which is both humbling and rewarding for our teams. Pushpay Cares initiatives in the past financial year have included:

- In November 2021, Pushpay employees partnered with Mountain Springs Church in Colorado Springs, Colorado and collected meal bags for families in need ahead of the Thanksgiving holiday. In total, the church collected more than 300 meals for families in the Colorado Springs community.
- In December 2021, employees from Pushpay's Colorado Springs, Colorado office participated in a toy collection drive hosted by Dream Center and Mary's Home from the local Colorado Springs area to support families in need ahead of the holiday season.

**The James One 27 Initiative**

The James One 27 Initiative is a charity based in the US that exists to serve, equip and empower the lives of women and children in need all over the world. Pushpay is proud to support The James One 27 Initiative, donating US$200,004 to the initiative during the 2022 financial year, and play an active role in caring for the wider global community. The initiative has a focus on providing care for orphans, widows and vulnerable single-parent families. The initiative is committed to serving the most vulnerable and marginalised people through administrative support, financial grants and individualised coaching services. The initiative partners with 12 established unique ministry efforts who have an aligned vision, two of which are highlighted below.

**Ministry highlight: Advocates of Hope**

Advocates of Hope is a Christian-based programme that focuses on young people's character formation. Inspired by life experience and the pain caused by divorce, HIV/AIDS, and poverty, Celimpilo and Tamara Vilane are committed to training a generation of Christian leaders in Eswatini, Africa.

COVID-19 affected nations that already struggled with extreme poverty even harder and with more significant and lasting impacts; Eswatini was no different. The country struggled significantly with safety, clean water, food, and protection during the height of COVID-19. With Pushpay's generosity, Advocates of Hope had the funding to sponsor a campaign called "One Loaf, One Cabbage". This campaign allowed a delivery of one loaf of bread and one cabbage to over 300 families in the village of Nsoko. Celimpilo Vilane said, "I know what it feels like to be hungry for days, and it was a highlight for me in 2021 to serve families with food that would keep them healthy for days".

**Ministry highlight: Casa Angelina in Guatemala**

Casa Angelina was founded in Guatemala in South America in 2006, with the mission to support people living in extreme poverty, fighting daily for food and water, who were never given the opportunity for education and in unsafe housing conditions.

One example is Don Alberto. From the age of nine, Don Alberto started working in the fields with his father and wished he had been given the gift of reading and writing. Although now at the age of 70, he leaves his house daily at 5:30 am looking for work. Don was recently found living in a mud house with his youngest son, who has health issues and needs continual care. Thanks to Casa Angelina, Don and his son now live in a safe and stable home.

Today, Casa Angelina is proud to support over 100 widows and individuals like Don Alberto through the partnership with The James One 27 Initiative.

# People we are proud of

### Julie Crowner – VP of Operations

**Redmond, Washington, US**

When learning about Pushpay, I was inspired by the mission and excited to help take a startup to the next level and build the business systems to scale for growth. What excites me about Pushpay is my team. I have had the privilege to grow an amazing group of technologists in my time here and I am blown away consistently by their innovation and tenacity. The mission of my team is to support “business velocity” and to ensure our systems and processes are built to scale as we grow. Pushpay is enabling so much good in the world, which propels many of us to stay on course and further the mission our company the founders set out to achieve. We are also a diverse group of hard-working, pragmatic and all-around kind people pulling together to achieve the same mission. One thing I love about Pushpay is the culture to learn deeply and give each other the feedback we need to grow and take our performance to the next level. We are a learning organization and we set our egos and personal agendas aside at Pushpay and focus deeply on the work needed to “win” as an organization.

“I have worked with Julie for over five years and am filled with gratitude to have been so lucky. Julie is a leader in every sense of the word, she cares deeply about the people on her team, brings others together to achieve consensus and move the business forward, and approaches all her tasks with excellence and humility. We are lucky to have her!”

CAITLIN HRUSKA, DIRECTOR OF OPERATIONS

“Julie is an amazing leader that puts her people first. As a new joiner to the organization, it is easy to feel lost and unsupported. Julie has been a strong mentor and a player-coach all in one, capable of leaning into the detail to support where needed, while also enabling both the team and my personal success.”

KEN KOZAKURA, DIRECTOR OF ANALYTICS

"Hauss has been an amazing teammate. He is very friendly and quick to help teammates and customers. His deep knowledge with the ChMS database has been such a huge asset for the Customer Success team and has been a main go-to resource for any complex data related issues. We are lucky to have him!"

ROBERT MANEZ, TECHNICAL DATA SERVICES

"Hauss redefines what it means to "go the extra mile." He consistently produces stellar results with compassion, attention to detail, determination and heartfelt advocacy for the customer."

CHICEAUX LYNCH, (CHMS) PRODUCT MANAGER

### Hauss Cartwright - Technical Data Services

**Colorado Springs, Colorado, US**

When I was looking for a new job, I had never heard of church management software. A couple of positions had opened up at Church Community Builder that I was interested in. The big draw in for me to apply there was the mission behind why the software was built to help churches. This appealed to me because of the struggles I was having at the time, managing the workload at my church. What excites me the most about my role at Pushpay is that I am kind of a data nerd, my first job when I was younger was as a library assistant. I love keeping things organized so that I can find them when I'm looking for them, and at Pushpay, I get to do this for others so that they can be successful. One thing I love about Pushpay is the mission behind the company and that we all work together for the success of the customer. Many of my teammates have worked and volunteered with churches regularly and we understand the pressures that come with it. It is awesome to know that we help alleviate those pressures for others.

### MaryAnne Aberion - Video Production Specialist

**Redmond, Washington, US**

Learning about Pushpay's core values immediately drew me in. It showed me that they prioritize setting a meaningful work culture that is driven by helping and empowering people. It has always been important for me to contribute to a space like that as well as feel championed by my colleagues who want to see me succeed and grow. What excites me the most about Pushpay is having the opportunity to spend time with our customers and share their stories. My role allows me to get a glimpse into their world and see how our products have impacted their community in unique ways. Sharing that with others and using it to inspire them is the best part about what I get to do. I love that Pushpay is innovative and wants to help church communities flourish with our technology. I've seen the outcome first-hand being on the ground with our church partners who use our products which has impacted me personally because I know how difficult ministry can be without the right tools.

"MaryAnne lives and breathes our Pushpay values. She's innovative, puts people first and is driven to create meaningful content to help bring voice to the story of our customers and our company. She adds immense value to our organization, brings out the best in people, and is an all around great team player."

CHELSEA LOONEY, SENIOR CORPORATE COMMUNICATIONS MANAGER

"MaryAnne has proven herself to be a valuable member of the team, shouldering heavy tasks with positivity and professionalism. Her work, particularly behind the camera, is always fantastic. Beyond that, MaryAnne brings an infectious enthusiasm to everything she does, and she isn't afraid to ask questions or try something new, valuing the knowledge and experience she'll gain from it."

LUKE MCKOY, SENIOR DIGITAL CONTENT MARKETING MANAGER

# Industry recognition

Pushpay's many accolades reflect the quality of our people, product and processes. Our success is testament to the Pushpay team's dedication and commitment to excellence and we are extremely proud of our award-winning team. Recognition over the financial year includes the following:

- Three awards in the 2021 American Business Awards, including silver in the 'Computer Services-Large' category;
- Three awards at the 2021 Best in Biz International Awards, including a silver award in the 'Technology Department of the Year' category;
- Two 'Awards of Distinction' in the 2021 Communicator Awards in the 'General-Computer/IT' and 'General-Charitable Organizations' categories;
- Ranked number 180 as a 'Top 500 High-Growth Companies Asia-Pacific 2021' by Financial Times;
- Placed fourth on the Technology Investment Network (TIN) 'EY 10 Companies to Watch 2021' list;
- Gold award in the Globee Awards 'CEO Achievers: Business Role Model of the Year' category;
- Ranked number five in the Deloitte New Zealand 2021 'Master of Growth Index' category;
- Ranked number 24 by Seattle Business Magazine in the 'Washington's 100 Best Companies to Work For' list in the large companies category;
- Named as one of Built In Seattle's 'Best Places to Work'; and
- Four awards in the 2022 Stevie Awards, including silver in the 'National Sales Team of the Year' category.

## Brand unification and consolidation

As the Group and its software offerings continue to grow and evolve, Pushpay will continue to consolidate under the single Pushpay brand. The Company's donor management system and church management system Customers will continue to experience the same world-class software and exceptional customer service under the unified Pushpay brand. The new visual identity for the unified brand was unveiled throughout the 2022 financial year, across a number of key channels, including emails, social media posts, the Pushpay website (www.pushpay.com) and more.

# Enabling social good

## Communities we're helping

### St. John XXIII Catholic Parish

**Port Washington, Wisconsin, US**

St. John XXIII Catholic Parish is a new congregation, with its foundation in mid-2016. Although the parish is not yet six years old, it has a deep and rich history in connection with the Port Washington and Saukville communities over the past 175 years. Due primarily to the declining number of priests, St. John XXIII was created via the corporate merging of Immaculate Conception, St. Mary, and St. Peter of Alcantara parishes and Port Washington Catholic School on July 1, 2016.

The Parish has a compelling vision and corresponding ministry goals and is in the process of developing a ministry plan to see these goals come to fruition. Not only is the Parish focused on improvement and innovation, but also care is being taken to acknowledge and honour past practices and sacred traditions that parishioners commemorate, recognising these are foundational to where St. John XXIII is today. These strategic initiatives include: Establishing a New Leadership Team, Driving Collaboration Across the Parish, Enhancing the Sunday Experience & Beyond, and Enhancing & Extending Christian Outreach Efforts to All in Need.

St. John XXIII began its partnership with Pushpay in early 2021. Since then, the two teams have worked together to successfully execute an onboarding and adoption plan that, in turn, has enabled the Parish to encompass a new technology platform that well supports its improvement efforts. The parish conducted its annual Stewardship Campaign this past fall utilising Pushpay's ParishStaq platform, yielding an overall sense of satisfaction given the innovation and efficiency the software allowed in conducting the campaign. In contrast, past fundraising efforts have been largely manual, requiring postal mail and a significant amount of work for the office staff. Although there was some apprehension about moving in this direction, overall, the parishioners were pleased with the new, "higher tech" approach.

St. John XXII has joined with other ParishStaq using parishes to beta test Pushpay's efforts toward new and improved sacramental data management. Moreover, the Parish will soon be embarking on a census, using a custom designed ParishStaq form to determine with greater certainty its active families and their corresponding sacramental records. Looking ahead to 2022-2023, St. John XXIII is hoping to hire a Director of Communications & Stewardship whose job responsibility would include making even greater use of ParishStaq for the benefit of our Catholic faith community.



## Westside Family Church Leavenworth

**Leavenworth, Kansas, US**

In 2016, a community of like-minded and faith-driven people attending Westside Family Church in both Lenexa and Kansas City, Kansas launched a new location in Leavenworth County. This unique location became a mission church of Westside Family Church, and through unity and generosity, has been self-led and self-sustaining. The leaders at Westside Family Church Leavenworth (WFCLV) are intentional to keep the mission and vision of the organisation as the foundation for their ministry efforts. WFCLV has partnered with Pushpay since 2016.

Being true to its mission, WFCLV strives to make a difference by living generously. Rather than only being physically present in the community and focusing inward, WFCLV's desire is to make a meaningful difference locally as they plan and work alongside several local partner organisations. The impact of their efforts is difficult to measure, because of the notable and healthy partnerships that they have with these organisations. Not only does WFCLV provide financial resources to local partners, but they also offer serving opportunities for anyone interested in volunteering and the effect of this is exponential.

A time of year that is dear to many, even on a global scale, is the holiday season that includes the US Thanksgiving and Christmas holidays. WFCLV understands the importance of this time of year, not only financially, but both mentally and spiritually. Each year, their congregation has raised funds, with the use of the Pushpay giving platform, that are later distributed to partner organisations for less fortunate people and families in need. The church uses creative elements in how they can raise support, keeping it easy for donors to give. Some of the financial stories are shared below but do not fully capture how generous this community has been.

- In 2017 - 2021, WFCLV made financial contributions through local partners to its community. Estimated amounts were US$28,900, US$32,000, US$51,000, US$38,000 and US$41,000.
- The church is passionate about assisting to address the local hunger crisis and has provided food locally for several years. In 2018 and 2019, they gave away 2-3 tons of food each year through food drives. In 2020, they fed over 500 families through the generosity of their donors. In 2021, they partnered with the local middle and high schools to supply food for their food bank initiatives.
- During the Christmas season, the WFCLV community gathers financial donations to provide gift cards to families in the foster and adoption system. In 2021, this benefited over 300 children in the foster program, which makes the church family very proud.
- WFCLV not only supports others locally but is generous to communities in South Africa and Uganda. Efforts include training programs for pregnant teenage girls to learn to sew, food aid for the poor, financial support for the Lead Pastor in Uganda and his family, and training and equipping pastors in South Africa who have and will plant churches throughout the country.

WFCLV has provided relief to many people and families, and its reputation in the Leavenworth community is one of integrity and selflessness as it continues to support others.

## Hill City Church

**Alexandria, Virginia, US**

Hill City Church is a young, thriving congregation located in Alexandria, Virginia outside of the greater Washington D.C. area. Pastor Charlie and Nicole Dawes, along with a group of fellow believers who had been serving in ministry together, launched Hill City Church during the disruptive months of the COVID-19 pandemic. They aspire to be a city on a hill and a lamp in every home, with intentional teaching around how each of its community members has a next step in his/her walk with God.

Through the ease of technology, the leadership team created intuitive and easy ways to engage with its congregation, and consistently provides clear communication about current events in the life of the ministry. The staff team provides support for individuals during seasons of challenge or change through its Care ministry. They use digital platforms to facilitate their interests and requests. The congregants can schedule time with a pastor, enter a request for Life Care, submit a prayer request or praise report and sign up for upcoming water baptism. Hill City Church provides messaging through social media, whether words of inspiration, celebrating recent events or encouraging a call to action. Through its intentionality for authentic connection and engagement, the team has nurtured its congregation to become a unified team of people who care for one another.

Even in its early stages, Hill City Church has been generous in many ways. Below are some of the ways this generosity has made a difference to people in need:

- Thanksgiving season 2020 and 2021: They collected canned goods and non-perishable items. The food was donated to a local partner organisation, ALIVE, for distribution to families. In 2020, this equated to 833 pounds of food. In 2021, meals were provided to 250 families in partnership with Central Union Mission and 625 families impacted through partnership with ALIVE.
- Christmas Season 2020 and 2021: They collected donations for gift cards for Operation Christmas Hope and partnered with ALIVE for congregants to Adopt a Family and provide gifts for less fortunate families.
- Homeless Outreach 2021: The outreach team served homeless neighbours by providing care packages on a consistent basis that included food and hygiene products.
- Back to School Drive 2021: The church partnered together to donate backpacks and necessary school supplies to Naomi Brooks Elementary.
- At the close of 2021 Hill City Church gave over US$125,000 to local and global ministry partners. These partnerships include planting churches in difficult places in the Middle East, supporting disaster relief with Convoy of Hope and bringing the gospel to children throughout the world with One Hope. Locally, they provided additional support to food banks in Arlington as well as the Dream Center in DC.

# Board of Directors

## GRAHAM SHAW

**Independent Chairman**

**Appointed 22 January 2015, Appointed Chair 8 May 2019**

Graham is a chartered accountant with over 40 years' experience in business. He sits on a number of corporate and non-profit boards and has extensive SaaS governance experience including board representation at Xero for eight years.

He spent 10 years with KPMG working primarily as an advisor to businesses. He then joined Works Infrastructure where he held a number of finance roles before being appointed Chief Executive Officer, leading the company to substantial growth and successful expansion into Australia. Graham has also been Chief Executive Officer of Kensington Swan, one of New Zealand's national law firms.

Graham has a BCom from the University of Canterbury, is a Fellow of Chartered Accountants Australia and New Zealand, a Chartered Member of the Institute of Directors in New Zealand, a Fellow of the Institute of Managers and Leaders and a Companion Member of Engineering New Zealand. Graham lives with his family in Wellington, New Zealand.

## LOVINA MCMURCHY

**Independent Director**

**Appointed 30 March 2020**

Lovina has spent 20 years as a global technology executive with experience ranging across product development, go-to-market execution and P&L management. At Amazon she built and grew several large new subscription businesses before moving on to Alexa Shopping where she was General Manager for customer engagement and growth. Lovina held several senior leadership roles at Microsoft, including being Chief Marketing Officer for Latin America and leading sales strategy and operations for the small to mid-market sales organisation in the US.

Lovina is a General Partner for Movac, a New Zealand based venture capital fund. She is also a member of the Institute of Directors and serves on several private company boards in the technology space. Lovina has a Masters in Statistics from the University of Auckland and an MBA from Harvard Business School. Lovina lives with her family in Auckland, New Zealand.

## LORRAINE WITTEN

**Independent Director**

**Appointed 22 September 2020**

Lorraine has significant governance experience and is currently Independent Director and Chair of listed-companies, Rakon and MOVE Logistics Group. She is also a Director of private companies VWork, and Horizon Energy Group where she is Chair of the Audit and Risk Committee, and Chair of Simply Security, a company she founded in 2007. Lorraine has extensive executive and commercial experience in technology, Software as a Service and ICT 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 a Fellow of Chartered Accountants Australia & New Zealand. She has more than 25 years' experience in senior management and finance roles, including as past General Manager of Telecom (now Spark) Mobile. She holds a Bachelor of Management Studies (Hons) from Waikato University. Lorraine lives with her family in Auckland, New Zealand.

## SUMITA PANDIT

**Independent Director**

**Appointed 27 September 2021**

Sumita is the Chief Operating Officer of dLocal, a technology-first payments platform enabling global enterprise merchants to connect with billions of consumers in emerging markets. Prior to joining dLocal, Sumita was a Managing Director and Global Head of Fintech Investment Banking for J.P. Morgan. Sumita brings nearly two decades of experience in investment banking, advising companies across verticals in fintech including payments, financial software, neo-banks and insurtech. Previously, she worked at Goldman Sachs. Sumita received her MBA from The Wharton School at the University of Pennsylvania. Sumita lives with her family in Los Altos, California.

## CHRISTOPHER (CHRIS) FOWLER

**Visionary and Executive Director**

**Appointed 13 December 2019**

Chris started working on what became Church Community Builder for his local church in 1999, recognising a need for an internet-based solution to help people and their church connect with each other and to make sure people were not falling through the cracks, when their desire was to find connection and community. As an entrepreneur with a passion for the local church, Chris imagined something beyond the outdated back office tools of the time, which ultimately resulted in the church management system that Church Community Builder now provides the church.

As the child of a worship pastor and grandchild of a senior pastor, Chris has been involved in the church his entire life, including serving on the elder board of two churches including the mega-church he currently attends, New Life Church, in Colorado Springs, Colorado, US (a Customer of both Pushpay and Church Community Builder).

Chris previously served as the CEO of Church Community Builder. Chris also played a key role in the formation of Outreach, Inc (www.outreach.com) and prior to that led and grew the Audio Books division of Ingram Entertainment.

Chris brings key industry knowledge and 26 years of business experience to the Pushpay Board of Directors. Chris holds a BBA from Belmont University. Chris lives with his family in Colorado Springs, Colorado.

## JOHN CONNOLLY

**Non-executive Director**

**Appointed 27 September 2021**

John is a Senior Advisor to Sixth Street providing guidance to portfolio company CEOs and management teams on strategic and operational issues associated with growth. John has served as chairman, non-executive chairman or director on over 35 boards, including A Cloud Guru, Paycor and Regulatory DataCorp (RDC) where he served alongside Michael McGinn, Co-Head of Sixth Street's Growth business. Add John lives with his family in Boston, Massachusetts.

# Executive Leadership Team

## MOLLY MATTHEWS

**Chief Executive Officer**

Molly has been with Pushpay for over five years and has been instrumental in helping to develop and maintain a smooth customer experience throughout this time. Molly commenced with Pushpay as a Senior Implementation Manager, rapidly rising through Customer Success leading Pushpay's multi-award winning team as Director of Customer Success, VP of Customer Success and most recently was Chief Customer Officer. She considers the Customer at the heart of every decision and is responsible for creating seamless touch points across the Customer journey.

As a member of Pushpay's Executive Leadership Team since July 2019, Molly has been instrumental in the successful combination of the Pushpay and Church Community Builder businesses and culture during the first 12 months.

Prior to Pushpay, Molly spent over 15 years leading in non-profit organisations and companies of varying size. She was the director of K-12 Education for the Confederated Tribes of Grand Ronde in Oregon, US for seven years, where she was responsible for leading successful programs for Native American youth and families. Molly also owned her own change management consulting business for more than four years where she focused on helping businesses navigate change and accelerate growth.

Molly has been a volunteer and advocate for youth and families in various organisations for more than twenty years and has led in many capacities, including as a board member, coach, youth leader and more. She holds a BS from the University of Oregon. Molly lives with her family in Seattle, Washington.

## RICHARD KEYS

**Interim Chief Financial Officer**

Richard has significant experience in a broad range of entities under many different ownership models including public and private companies, partnerships, joint ventures, predominantly in medical and healthcare. He has held a number of executive and non-executive roles, including Chief Executive Officer at Abano Healthcare Group Limited from 2015 - 2021, where he was instrumental in the growth of the firm from two small New Zealand-based sectors to four distinct healthcare sectors, operating across five countries. He also held the positions of Chief Operating Officer (2011-2015) and Chief Financial Officer (2003-2011) during his tenure at Abano Healthcare Group Limited. Richard is a member of the New Zealand Markets Disciplinary Tribunal, a Fellow of the Chartered Accountants Australia and New Zealand, and a Chartered Member of the Institute of Directors in New Zealand. He holds a Bachelor of Commerce from the University of Auckland. Richard lives with his family in Auckland, New Zealand.

### KEVIN KUCK

**Chief Operating Officer**

Kevin has over 15 years' experience leading sales and operations teams in the US and New Zealand. Prior to joining Pushpay, Kevin led sales operations for Catch Software, an award winning Auckland based technology company. Kevin is responsible for Pushpay's business systems infrastructure, business process design and organisational alignment, human resource, processing, business intelligence and information technology. Kevin holds a BA from Bucknell University and lives in Seattle, Washington.

### AARON SENNEFF

**Chief Technology Officer**

Aaron developed considerable experience in the delivery of software in his prior 20 year career with John Deere. He progressed through many levels of leadership, ultimately leading global teams in the US, Europe, South America and India through a hyper-growth period during a landmark digital transformation in agriculture. In 2018, Aaron joined Church Community Builder out of his desire to work at the intersection of technology and faith. He joined Pushpay's leadership team via the acquisition of Church Community Builder in 2019 and assumed the role of Chief Technology Officer. Aaron holds a BS from Iowa State University and an MBA from the University of Iowa. Aaron lives with his family in Colorado Springs, Colorado.

### JASON RUPERT

**Chief Growth Officer**

Jason Rupert is a transformational sales and marketing leader with a strategic philosophy centered on customer satisfaction, strong work culture and high-performing teams. A veteran software executive, Jason has held numerous senior global sales and operations roles where most previously he was the Chief Revenue Officer at symplr, a SaaS-based healthcare operations provider. Jason has also held previous executive positions at Worldpay/FIS, NCR Corporation, Digital Insight and Intuit. At Worldpay/FIS Global, Jason served as the Senior Vice President and General Manager of the Global SaaS business providing B2B and payments solutions to global enterprise and small and medium size businesses. His areas of expertise also include leading marketing, professional services and go-to-market teams through change to achieve top-line revenue growth. Jason places high value on client and prospect relationships throughout the sales lifecycle and beyond. Jason holds a Bachelor's degree in Electrical Engineering and a Master's degree in Industrial Engineering from the University of Arkansas. Jason lives with his family in Rogers, Arkansas.


Welcome
$1,500.00

# Management commentary

# Management commentary

You should read the following commentary with the audited 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. 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). Underlying EBITDAF (a non-GAAP financial measure) excludes one-off changes as well as costs and IFRS accounting relating to acquisitions. The business results table below provides a reconciliation of EBITDAF to net profit.

## BUSINESS RESULTS

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Operating revenue | 202,841 | 179,052 | 13% |
| Other revenue | 23 | 1,979 | -99% |
| **Total revenue excluding finance income** | **202,864** | **181,031** | **12%** |
| Third party direct costs | (64,482) | (57,178) | 13% |
| *Percentage of operating revenue* | 32% | 32% | 0 pp |
| Operating expenses | (83,373) | (64,945) | 28% |
| *Percentage of operating revenue* | 41% | 36% | 5 pp |
| **Earnings before interest, tax, depreciation, amortisation and foreign currency gains/(losses) (EBITDAF)** | **55,009** | **58,908** | **-7%** |
| *Percentage of operating revenue* | 27% | 33% | -6 pp |
| Finance expenses, net | (1,535) | (1,610) | -5% |
| Depreciation and amortisation | (10,013) | (7,119) | 41% |
| Net foreign exchange gains/(losses) | 466 | (5,816) | -108% |
| **Net profit before income tax** | **43,927** | **44,363** | **-1%** |
| Income tax expense | (10,524) | (13,181) | -20% |
| **Net profit** | **33,403** | **31,182** | **7%** |
| *Percentage of operating revenue* | 16% | 17% | -1 pp |

** Includes seven months of revenue and expenses from Resi Media*
*** pp stands for percentage point*

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| **Earnings before interest, tax, depreciation, amortisation and foreign currency gains/(losses) (EBITDAF)** | **55,009** | **58,908** | **-7%** |
| *Percentage of operating revenue* | 27% | 33% | -6 pp |
| *Adjustments to EBITDAF for non-recurring items* | | | |
| Transactions costs | 2,262 | – | 100% |
| Fair value discount on unearned revenue acquired | 1,209 | 834 | 45% |
| Government grants (research and development) | – | (1,921) | -100% |
| Impact of vendor restricted shares on employee benefits | 3,938 | – | 100% |
| **Underlying Earnings before interest, tax, depreciation, amortisation, foreign currency gains/(losses) (Underlying EBITDAF)** | **62,418** | **57,821** | **8%** |
| *Percentage of operating revenue* | 31% | 32% | -1 pp |

** Includes seven months of revenue and expenses from Resi Media*
*** pp stands for percentage point*

Resi Media was acquired on 25 August 2021 and therefore the business results includes seven months of earnings and expenses from Resi Media. This increased operating revenue by $12.2 million and expenses by $16.8 million (including IFRS accounting adjustments). There will be a full 12 months of earnings contribution from Resi Media in the next financial year. Excluding IFRS accounting adjustments, Resi Media increased operating revenue by $13.4 million and expenses by $12.8 million.

The increase in operating revenue was driven by the growth in Products and Customers, achieved both organically and from the Resi Media acquisition (effective 25 August 2021). Other revenue decreased by 99%, reflecting the Callaghan Innovation growth grant received in the 2021 financial year being replaced by the Research and Development Tax Incentive in the 2022 financial year. This incentive will be recognised as a credit against income tax expense as opposed to other revenue under the Callaghan Grant. The impact of this change is expected to be net profit and cash neutral.

Operating expenses increased by 28% over the year primarily due to the inclusion of Resi Media operating expenses as well as non-recurring items such transaction costs and the impact of vendor restricted shares on employee benefits listed in the table above. Excluding these, operating expenses increased by $2.4 million which was an improvement of 1% to 35% of underlying operating revenue.

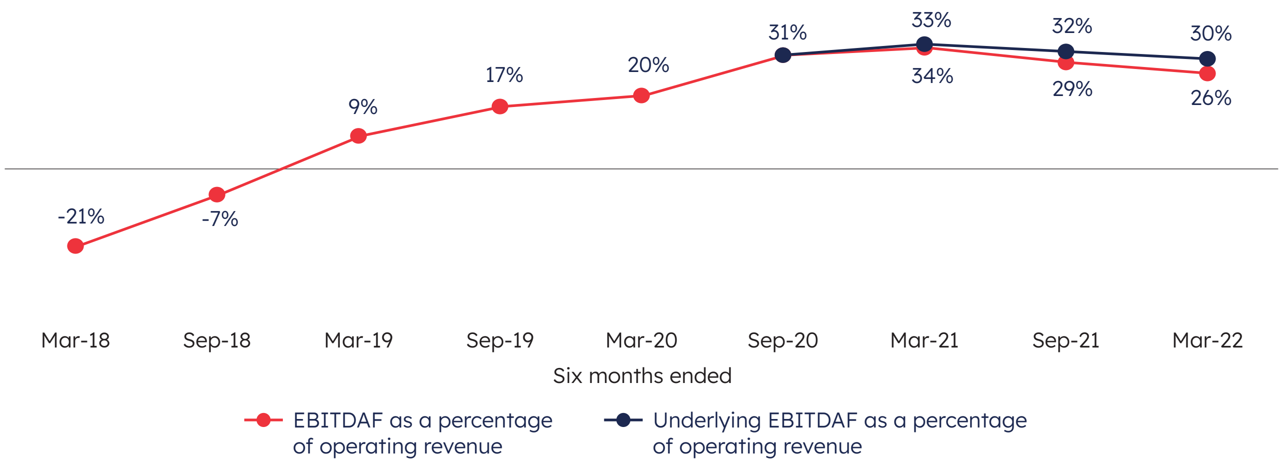
Net finance expenses improved 5% due to the timing of the repayment of the borrowings related to the Church Community Builder acquisition in the second half of the 2021 financial year and subsequent borrowing to fund the acquisition of Resi Media late in the first half of the 2022 financial year on 25 August 2021.

Depreciation and amortisation increased by 41% due to the amortisation of Resi Media intangible assets. Net foreign exchange gains primarily relate to non-cash accounting adjustments arising from the New Zealand legal entities that have a New Zealand dollar functional currency.

In addition to reporting results under IFRS, which include one-off changes in the government grants as well as one-off transaction costs and IFRS accounting adjustments associated with the Resi Media acquisition, the Group also provides a reconciliation of the Group's performance without these non-recurring items, Underlying EBITDAF. The Group believes that this measure provides a more appropriate representation of the Group's performance.

Including the non-recurring items mentioned above, EBITDAF decreased by 7% when compared to prior year. Excluding these one-off transaction costs and other accounting adjustments associated with the acquisition of Resi Media, the Underlying EBITDAF increased by 8% from $57.8 million to $62.4 million during the year.

EBITDAF as a percentage of operating revenue




## OPERATING REVENUE

Subscription revenue consists of recurring fees based on the Products to which a Customer subscribes to 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 mainly of the sale of hardware and also includes data integration, training and other implementation fees billed to the Customer. This revenue is recognised at the point of delivery.

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Subscription revenue | 61,161 | 49,299 | 24% |
| Processing revenue | 137,658 | 128,921 | 7% |
| Other operating revenue | 4,022 | 832 | 383% |
| **Total operating revenue** | **202,841** | **179,052** | **13%** |

| As at 31 March | 2022 | 2021 | Change |
|---|---|---|---|
| Total Products | 19,039 | 13,552 | 40% |
| *Comprising* | | | |
| Donor Management System | 9,218 | 8,927 | 3% |
| Church Management System | 5,086 | 4,625 | 10% |
| Streaming | 4,735 | – | 100% |
| Total Customers | 14,508 | 11,099 | 31% |
| ARPC per month (US$) | 1,233 | 1,475 | -16% |
| ARPC per month excluding Resi Media acquisition (US$) | 1,471 | 1,475 | 0% |

** Includes seven months of operating revenue from Resi Media*
*** pp stands for percentage point*

Operating revenue grew by 13% exceeding $200 million for the first time.

The increase in subscription revenue was driven by the growth in Products and Customers. The total Products increased by 40%, from new Customers, existing Customers increasing the number of Products utilised and as a result of the Resi Media acquisition.

Increase in processing revenue was driven by a 10% increase in Total Processing Volume. Total Processing Volume increased across all payment methods however Total Processing Volume that originated from card, as a percentage of Total Processing Volume, decreased by approximately 1% to approximately 61%.

Group ARPC, which includes Customers acquired as part of the Resi Media acquisition, decreased by 16% to $1,233 per month, reflecting the lower ARPC of the Resi Media Customers. Excluding Resi Media, ARPC decreased marginally to $1,471 per month when compared to the prior year (2021: $1,475 per month), with ARPC growth across all of our customer segments.

Continued work on bundling Products utilised by our Customers has resulted in Customers with two or more products increasing from 22% of Customers in March 2021 to now more than 28% of our Customers having two or more Products. This demonstrates that there is significant potential within our existing Customer base to grow the number of Products and offer bundled solutions.

The proportion of medium and large Customers, as a proportion of total Customers, increased to 58.9%, up from 56.3% in the prior year due, in part, to the inclusion of Resi Media. Overall churn rates decreased by 1% to 8% with improvements across large and medium customers while churn rates for small customers remained flat.

## 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 paid to third parties, such as Visa and MasterCard for interchange services. Other costs include payments to third party suppliers for hardware such as decoders, encoders and streaming kits sold by Resi Media.

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Processing costs | 57,701 | 53,389 | 8% |
| Platform hosting costs | 4,887 | 3,785 | 29% |
| Other third party direct costs | 1,894 | 4 | Large |
| **Total third party direct costs** | **64,482** | **57,178** | **13%** |
| *Percentage of operating revenue* | 32% | 32% | 0 pp |
| Processing costs, as a percentage of processing revenue | 42% | 41% | 1 pp |
| Platform hosting costs, as a percentage of operating revenue | 2% | 2% | 0 pp |

** Includes seven months of third party direct costs from Resi Media*
*** pp stands for percentage point*

Total third party direct costs increased by 13% due to higher processing volumes and the third party direct costs associated with Resi Media's streaming solution and hardware sales. Excluding Resi Media, total third party direct costs increased by 7% when compared to the prior year.

Processing costs increased by 8% in line with the increase in Total Processing Volume that originated from card and ACH.

Platform hosting costs increased by 29% when compared to prior year but remained flat at 2% of operating revenue. The increase was due to the costs associated with the streaming solution offered by Resi Media, contributing $0.9 million to the total platform hosting costs. Other third party direct costs increased due to the cost of sales related to the sale of hardware such as decoders, encoders and streaming kits sold by Resi Media.

## GROSS PROFIT

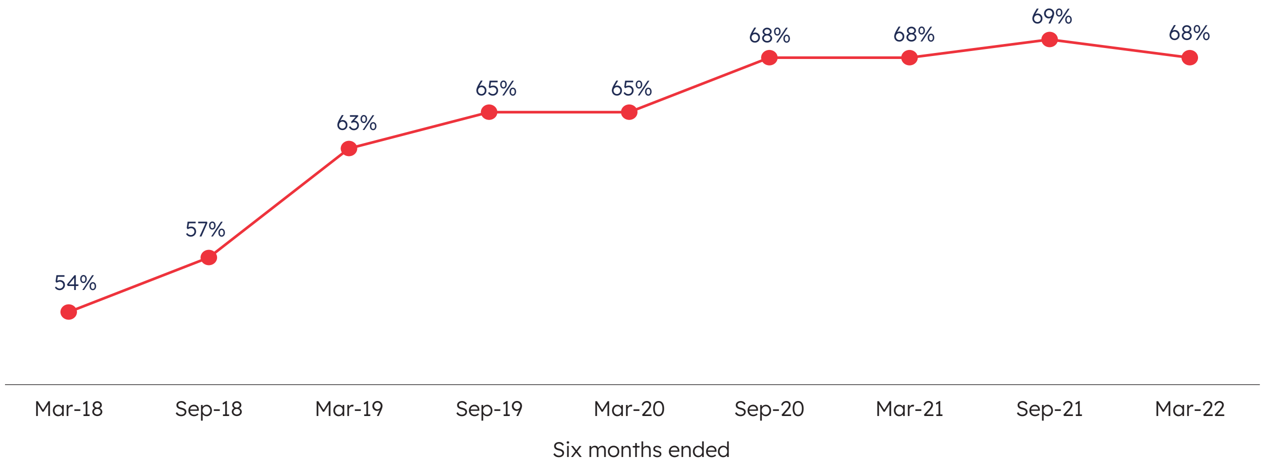
Gross profit (a non-GAAP financial measure) is calculated as operating revenue less third party direct costs.

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Operating revenue | 202,841 | 179,052 | 13% |
| Third party direct costs | (64,482) | (57,178) | 13% |
| Gross profit | 138,359 | 121,874 | 14% |
| *Gross margin percentage* | 68% | 68% | 0 pp |

** Includes seven months of gross profit from Resi Media*
*** pp stands for percentage point*

Gross margin as a percentage of operating revenue remained unchanged at 68%.

Gross margin percentage




## OPERATING EXPENSES

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

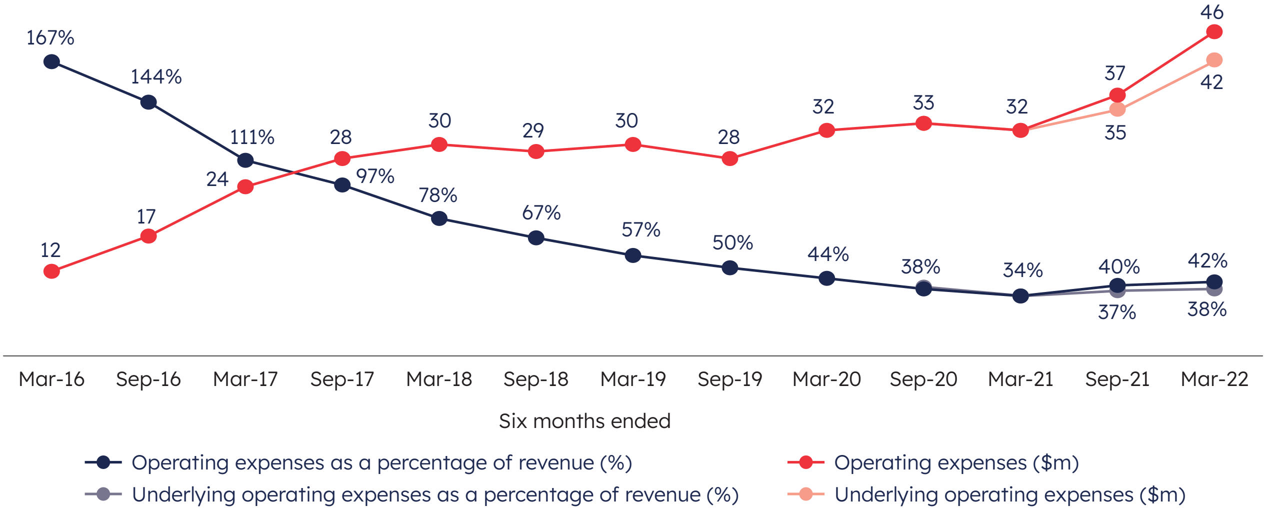
| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Product design and development | 24,666 | 16,721 | 48% |
| Sales and marketing | 28,833 | 25,235 | 14% |
| Customer success | 9,749 | 8,428 | 16% |
| General and administration | 20,125 | 14,561 | 38% |
| **Total operating expenses** | **83,373** | **64,945** | **28%** |
| *Percentage of operating revenue* | 41% | 36% | 5 pp |

** Includes seven months of operating expenses from Resi Media*
*** pp stands for percentage point*

Operating expenses increased due to the inclusion of Resi Media operating expenses ($13.7 million total operating expenses including the impact from vendor restricted shares on employee benefits) and transaction costs ($2.3 million). Product design and development costs had the largest growth at 48% increase compared to the prior year due to higher headcount associated with the Resi Media acquisition and increased investment in development headcount to support the Catholic growth strategy.

Excluding the Resi Media operating expenditure and non-recurring items, underlying operating expenses increased by 4% to $67.4 million and improved by 1% to 35% of underlying operating revenue. This was due to increased investment in external marketing and promotional campaigns and higher recruitment costs resulting from the increase in headcount during the year.

Operating expenses




## 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.

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Total product design and development costs (including amounts capitalised) | 25,802 | 16,721 | 54% |
| *Percentage of operating revenue* | 13% | 9% | 4pp |
| Less capitalised development costs | (1,136) | – | -100% |
| *Percentage of total product design and development costs* | 4% | – | 4 pp |
| **Net product design and development expense** | **24,666** | **16,721** | **48%** |
| *Percentage of operating revenue* | 12% | 9% | 3 pp |

** Includes seven months of operating expenses from Resi Media*
*** pp stands for percentage point*

Product design and development costs increased due to the higher headcount associated with the Resi Media acquisition and increased investment in development headcount to support the Catholic growth strategy. Capitalised development costs, associated with the Catholic growth strategy, amounted to 4% of total product design and development costs.

Excluding Resi Media, net product design and development costs increased by 10% to $18.4 million and amounted to 10% of operating revenue.

## 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).

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| Sales and marketing | 28,833 | 25,235 | 14% |
| Customer success | 9,749 | 8,428 | 16% |
| **Total sales and marketing, and customer success costs** | **38,582** | **33,663** | **15%** |
| *Percentage of operating revenue* | 19% | 19% | 0 pp |
| *Months to recover CAC* | 24 | 14 | 71% |
| *Annual Revenue Retention Rate* | >100% | >100% | NC |

** Includes seven months of operating expenses from Resi Media*
*** pp stands for percentage point*

Sales and marketing costs increased during the year due to increased investment in external marketing and promotional campaigns as well as increases in headcount driven by the Resi Media acquisition. Excluding Resi Media, sales and marketing costs increased by 5% to $26.5 million when compared to the prior year. Months to recover CAC increased from 14 to 24 months reflecting the higher marketing spend as well as a higher proportion of sales to smaller customers in the year. Customer success costs increased due to an increase in headcount driven by the Resi Media acquisition. Excluding Resi Media, customer success costs increased by 7% to $9.0 million when compared to the prior year.

## 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.

| Year ended 31 March | 2022* US$000 | 2021 US$000 | Change** |
|---|---|---|---|
| General and administration | 20,125 | 14,561 | 38% |
| *Percentage of operating revenue* | 10% | 8% | 2 pp |

** Includes seven months of operating expenses from Resi Media*
*** pp stands for percentage point*

The increase in general and administration expenses was primarily driven by transaction costs of $2.3 million and increased headcount from 83 to 103, both of which primarily relate to the acquisition and inclusion of Resi Media. Excluding Resi Media, general and administation costs increased by 8% to $15.8m when compared to the prior year and remained consistent at 8% of operating revenue.

## EMPLOYEES

| As at 31 March | 2022 | 2021 | Change |
|---|---|---|---|
| Product design and development | 194 | 111 | 75% |
| Sales and marketing | 155 | 130 | 19% |
| Customer success | 112 | 81 | 38% |
| General and administration | 103 | 83 | 24% |
| **Total Group** | **564** | **405** | **39%** |

Staff headcount increased by 39% over the year to 564 as at 31 March 2022, with 98 staff based in NZ and 466 based in the US. The annualised Employee Benefits of the 564 staff, based on their remuneration as at 31 March 2022, is approximately $71 million.

The increase in headcount was largely due to the acquisition of Resi Media, which had 127 employees as at 31 March 2022. Excluding the Resi Media employees, headcount increased by 32 when compared to the previous financial year and increased by 13 when compared to 30 September 2021. The overall growth in headcount was the highest in product design and development, with a 75% increase in total of which Resi Media contributed 54%, reflecting the continued investment in product and innovation to drive future growth.

# Independent Auditor's report

Deloitte.

# Independent Auditor's report

### TO THE SHAREHOLDERS OF PUSHPAY HOLDINGS LIMITED

**Opinion**

We have audited the consolidated financial statements of Pushpay Holdings Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 62 to 92, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor (2021: auditor and the provision of other assurance services), we have no relationship with or interests in the Company or any of its subsidiaries, except that partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries.

**Audit materiality**

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be US$3,000,000.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Recognition of subscription revenue (Note 3, Note 14)**<br><br>Subscription revenue was US$61.2 million (2021: US$49.3 million) for the financial year. Unearned subscription revenue at 31 March 2022 is US$17.0 million (2021: US$14.1 million).<br><br>Subscription revenue is recognised in the accounting period(s) in which the services are rendered. This requires the Group to identify the individual services being provided, allocate the revenue across those services, and record the revenue in profit or loss in the period(s) in which the services are delivered to customers.<br><br>We have included the recognition of subscription revenue as a key audit matter due to the significance of revenue to the performance of the Group and the level of judgement required in determining the periods over which the services are delivered. | We performed the following audit procedures:<br>• Evaluated the systems, processes and controls in place over customer contract information and recognition of subscription revenue;<br>• Understood the IT environment for key applications, including the flow of transactions, used by the Group in determining the amount and timing of revenue recognised in the financial statements;<br>• For a sample of new customer contracts and variations to existing contracts:<br>– Agreed the details per the approved new or varied contract to the details recorded in IT systems;<br>– Evaluated the Group's allocation of revenue to the various services provided under the contract and the determination of the timing of revenue recognition for each service; and<br>• Using data analytics, recalculated the unearned revenue recorded in the financial statements. |
| **Purchase price allocation following the acquisition of Resi Media LLC (Note 8, Note 24)**<br><br>As disclosed in note 24, Pushpay acquired 100% of Resi Media LLC for $141million, including $110million of cash and $31 million of shares, in August 2021.<br><br>The Group recorded the identifiable tangible and intangible assets acquired and liabilities assumed at their fair values at acquisition date. Goodwill was recorded as the excess of the consideration paid over the fair values of the net assets acquired.<br><br>Management identified intangible assets of US$23.1million and Goodwill of $118.4million<br><br>The Group identified two Cash Generating Units (CGUs) that would benefit from the synergies from the acquisition for the purposes of goodwill allocation. However, the Group has determined that it was not possible to allocate the goodwill between the CGUs on a reasonable basis and therefore, goodwill has been allocated to the group of CGUs. The two CGUs combined equate to the Group's sole operating segment.<br><br>We have included the purchase price allocation as a key audit matter because significant judgment and estimates are involved in identifying and determining the fair value of the assets and liabilities acquired and also the allocation of the goodwill. | We performed the following audit procedures:<br>• Read the sales & purchase agreement to obtain an understanding of the transaction;<br>• Met with Pushpay and Resi management to obtain an understanding of the business process undertaken to identify and value the assets acquired and liabilities assumed;<br>• Considered whether the identification and recognition of the intangible assets was consistent with the requirements of NZ IFRS 3 'Business Combinations' and NZ IAS 38 'Intangible Assets';<br>• Engaged our internal valuations specialists to challenge the intangible assets identified, the valuation methodology applied and the assumptions used in the intangible asset valuations;<br>• Evaluated the Group's methods for determining the CGUs that will benefit from the acquisition and the basis for allocating goodwill across them against the requirements of NZ IAS 36 "Impairment of Assets' and our knowledge of the Group's processes for monitoring and reporting on their CGUs; and<br>• Considered the adequacy of the business acquisition disclosures in the financial statements. |

**Other information**

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

**Directors' responsibilities for the consolidated financial statements**

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

**Restriction on use**

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Jason Stachurski
Partner
for Deloitte Limited
Auckland, New Zealand

11 May 2022

# Financial Statements

For the year ended 31 March 2022

# Financial Statements

## INCOME STATEMENT

| | Notes | Year ended 31 March 2022 US$000 | 2021 US$000 |
|---|---|---|---|
| **Operating revenue** | 3 | 202,841 | 179,052 |
| **Other revenue** | 3 | 23 | 1,979 |
| Third party direct costs | | (64,482) | (57,178) |
| Product design and development | | (24,666) | (16,721) |
| Sales and marketing | | (28,833) | (25,235) |
| Customer success | | (9,749) | (8,428) |
| General and administration | | (20,125) | (14,561) |
| **Total expenses** | 4 | **(147,855)** | **(122,123)** |
| **Earnings before interest, tax, depreciation, amortisation and foreign currency gains/(losses) (EBITDAF)*** | | **55,009** | **58,908** |
| Finance expenses, net | 5 | (1,535) | (1,610) |
| Depreciation and amortisation | | (10,013) | (7,119) |
| Net foreign exchange gains/(losses) | | 466 | (5,816) |
| **Net profit before income tax** | | **43,927** | **44,363** |
| Income tax expense | 6 | (10,524) | (13,181) |
| **Net profit for the year** | | **33,403** | **31,182** |
| **Profit per share** | | | |
| Basic profit per share (cents) | 20 | 2.97 | 2.83 |
| Diluted profit per share (cents) | 20 | 2.96 | 2.81 |

** EBITDAF is a non-GAAP financial measure.*

## STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Year ended 31 March 2022 US$000 | 2021 US$000 |
|---|---|---|---|
| **Net profit for the year** | | **33,403** | **31,182** |
| **Other comprehensive income*** | | | |
| Exchange differences on translation of foreign operations | | (463) | 8,106 |
| Fair value gains recognised in the cash flow hedge reserve, net of tax | 22 | (191) | 24 |
| **Other comprehensive profit** | | **(654)** | **8,130** |
| **Total comprehensive profit for the year** | | **32,749** | **39,312** |

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

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

## STATEMENT OF CHANGES IN EQUITY

| | Notes | Share capital US$000 | Vendor restricted share reserve US$000 | Accumulated profits/ (losses) US$000 | Share-based payment reserve US$000 | Foreign currency translation reserve US$000 | Cash flow hedge reserve US$000 | Total equity US$000 |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | | **94,609** | **-** | **(34,684)** | **1,401** | **(8,553)** | **167** | **52,940** |
| Net profit | | - | - | 31,182 | - | - | - | 31,182 |
| Other comprehensive profit | | - | - | - | - | 8,106 | 24 | 8,130 |
| **Total comprehensive profit** | | **-** | **-** | **31,182** | **-** | **8,106** | **24** | **39,312** |
| *Transactions with owners:* | | | | | | | | |
| Issue of shares | 18 | 1,309 | - | - | - | - | - | 1,309 |
| Share-based payments | | - | - | - | 357 | - | - | 357 |
| **Balance as at 31 March 2021** | | **95,918** | **-** | **(3,502)** | **1,758** | **(447)** | **191** | **93,918** |
| **Balance as at 1 April 2021** | | **95,918** | **-** | **(3,502)** | **1,758** | **(447)** | **191** | **93,918** |
| Net profit | | - | - | 33,403 | - | - | - | 33,403 |
| Other comprehensive profit | | - | - | - | - | (463) | (191) | (654) |
| **Total comprehensive profit** | | **-** | **-** | **33,403** | **-** | **(463)** | **(191)** | **32,749** |
| *Transactions with owners:* | | | | | | | | |
| Issue of shares | 18 | 32,150 | - | - | - | - | - | 32,150 |
| Issue of vendor restricted shares | 22 | 9,000 | (9,000) | - | - | - | - | - |
| Amortisation of vendor restricted share reserve* | 19 | - | 3,938 | - | - | - | - | 3,938 |
| Share-based payments | | - | - | - | (510) | - | - | (510) |
| **Balance as at 31 March 2022** | | **137,068** | **(5,062)** | **29,901** | **1,248** | **(910)** | **-** | **162,245** |

** Vendor restricted share reserve will be amortised to the Employee Benefits in the Income Statement mainly in the year ended 31 March 2023.*

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

## STATEMENT OF FINANCIAL POSITION

| | Notes | As at 31 March 2022 US$000 | 2021 US$000 |
|---|---|---|---|
| **Assets** | | | |
| *Current assets* | | | |
| Cash and cash equivalents | 10 | 6,755 | 4,843 |
| Trade and other receivables | 11 | 21,471 | 19,043 |
| Derivative financial asset | 27 | – | 407 |
| Deferred acquisition costs | 9 | 1,020 | 1,747 |
| Inventory | 12 | 543 | – |
| Income tax receivable | 6 | – | 1,172 |
| **Total current assets** | | **29,789** | **27,212** |
| *Non-current assets* | | | |
| Property, plant and equipment | 7 | 7,712 | 2,778 |
| Intangible assets | 8 | 218,929 | 83,955 |
| Deferred acquisition costs | 9 | 268 | 651 |
| Restricted cash balances | 10 | 200 | 538 |
| Deferred tax asset | 6 | 3,188 | 1,845 |
| Other receivables | 11 | 1,252 | 77 |
| **Total non-current assets** | | **231,549** | **89,844** |
| **Total assets** | | **261,338** | **117,056** |
| **Liabilities** | | | |
| *Current liabilities* | | | |
| Trade and other payables | 13 | 7,305 | 3,534 |
| Unearned revenue | 14 | 16,974 | 14,059 |
| Employee entitlements | 15 | 3,017 | 3,010 |
| Lease liability | 16 | 1,638 | 1,831 |
| Income tax payable | 6 | 10,460 | – |
| **Total current liabilities** | | **39,394** | **22,434** |
| *Non-current liabilities* | | | |
| Lease liability | 16 | 5,699 | 704 |
| Borrowings | 17 | 54,000 | – |
| **Total non-current liabilities** | | **59,699** | **704** |
| **Total liabilities** | | **99,093** | **23,138** |
| **Net assets** | | **162,245** | **93,918** |

## STATEMENT OF FINANCIAL POSITION CONTINUED

| | | As at 31 March | |
|---|---|---|---|
| | Notes | 2022 US$000 | 2021 US$000 |
| **Equity** | | | |
| Share capital | 18 | 137,068 | 95,918 |
| Vendor restricted share reserve | 22 | (5,062) | – |
| Accumulated profits/(losses) | | 29,901 | (3,502) |
| Share-based payment reserve | | 1,248 | 1,758 |
| Cash flow hedge reserve | 22 | – | 191 |
| Foreign currency translation reserve | | (910) | (447) |
| **Total equity** | | **162,245** | **93,918** |

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

For and on behalf of the Board, 11 May 2022:

**Graham Shaw**
Independent Chairman

**Lorraine Witten**
Independent Director

## STATEMENT OF CASH FLOWS

| | Notes | Year ended 31 March<br>2022<br>US$000 | 2021<br>US$000 |
|---|---|---|---|
| **Operating activities** | | | |
| Receipts from Customers | | 140,482 | 121,467 |
| Other income | | 3,732 | 2,318 |
| Interest received | | 27 | 20 |
| Payments to suppliers and employees | | (82,570) | (65,917) |
| Income tax paid | | (219) | (286) |
| **Net cash flows from operating activities** | 28 | **61,452** | **57,602** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | (410) | (386) |
| Acquisition of Resi Media, net of cash acquired | 24 | (110,000) | – |
| Receipts from finance lease | | 49 | 100 |
| Restricted cash balances | | 337 | 606 |
| **Net cash flows from investing activities** | | **(110,024)** | **320** |
| **Financing activities** | | | |
| Proceeds from borrowings | 17 | 90,000 | – |
| Repayment of borrowings | | (36,000) | (56,944) |
| Payment of lease liability | | (1,671) | (1,733) |
| Interest on borrowings | | (895) | (906) |
| Financing cost | | (970) | – |
| Share issue costs | | (87) | – |
| **Net cash flows from financing activities** | | **50,377** | **(59,583)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,805** | **(1,661)** |
| Foreign currency translation adjustment | | 107 | (699) |
| **Cash and cash equivalents as at the beginning of the year** | | **4,843** | **7,203** |
| **Cash and cash equivalents as at the end of the year** | 10 | **6,755** | **4,843** |

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

# Notes to the 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 financial statements presented are for Pushpay and its subsidiaries (together, the 'Group') for the year ended 31 March 2022.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 11 May 2022.

The Group's principal activity is to provide donor management system, church management system and streaming solutions, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The consolidated financial statements for the year ended 31 March 2022 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'), Part 7 of the FMCA and the NZX Listing Rules. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements comply with International Financial Reporting Standards ('IFRS').

Assets, liabilities, revenues and expenses are stated exclusive of regional sales taxes where recoverable, with the exception of receivables and payables, which include regional sales taxes.

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

### (b) Critical, accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. These are areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

Judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined in the notes to the financial statements.

Key sources of estimation, uncertainty and judgement include:

**Recognition of subscription revenue**

Identification of performance obligations contained within the sales contract and timing for recognition of revenue is on the basis of the completion of the performance obligation throughout the contract term. Refer to 'Note 3: Revenue'.

**Purchase price allocation following the acquisition of Resi Media LLC (Resi Media)**

The Group acquired 100% of the ownership interests in Resi Media for a total purchase consideration of $141.0 million (excluding $9.0 million equity issued under a restricted share agreement to the vendors), effective 25 August 2021. The purchase price included identifiable tangible and intangible assets acquired and liabilities assumed. The Group engaged a third party expert to assist in a process to identify and determine the fair value of the intangible assets acquired. Identified intangible assets and goodwill of $23.1 million and $118.4 million, respectively, have been recognised in the statement of financial position. The identification and determination of the fair value of the tangible and intangible assets acquired, and liabilities assumed, is based to a considerable extent on management's judgement. Refer to 'Note 24: Business Combinations'.

The amount of goodwill initially recognised is a function of the allocated purchase price to the fair value of the identifiable net assets acquired. The determination of the net assets' fair value, particularly intangible assets, is to a considerable extent based on judgement. The Group identified two Cash Generating Units (CGUs) - donor and church management systems and streaming solutions, that would benefit from the synergies from the Resi Media acquisition for the purposes of goodwill allocation. However, the Group has determined that it was not possible to allocate the goodwill between the CGUs on a reasonable basis and Goodwill has therefore been allocated to the group of CGUs. The two CGUs combined equate to the Group's sole operating segment. Refer to 'Note 8: Intangible assets'.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (c) Changes in accounting policies and disclosures

In April 2021, the IFRS Interpretations Committee concluded that configuration and customisation costs incurred in implementing SaaS arrangements should be expensed in the Income Statement. The Group has not previously capitalised such costs and has determined that the conclusion reached by the IFRS Interpretations Committee does not require any change in accounting policies or disclosures.

There have been no changes in accounting policies and disclosures.

### (d) Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date the Company obtains control. They are de-consolidated from the date that control is lost. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured as the fair value of the assets transferred to the Group, equity instruments issued, and liabilities incurred or assumed, by the Group at the date of exchange. Costs directly attributable to the acquisition are recognised in the income statement.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### (e) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which it operates. The Group financial statements are presented in US Dollars, which is the Group's presentation currency. The Company's functional currency is New Zealand (NZ) Dollars.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

#### (iii) Foreign operations

The results and financial position of all foreign operations that have a functional currency different from US Dollars are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each profit or loss component of the income statement are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as other comprehensive income and accumulated in the foreign currency translation reserve.

### (f) Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents includes: 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 change in value.

The statement of cash flows is prepared exclusive of regional sales taxes, which is consistent with the method used in the income statement.

Definition of terms used in the statement of cash flows:

(i) Operating activities include all transactions and other events that are not investing or financing activities.

(ii) Investing activities are those activities relating to the acquisition and disposal of current and non-current investments, and any other non-current assets.

(iii) Financing activities are those activities relating to changes in the equity and debt capital structure of the Group, and those activities relating to the cost of servicing the Group's equity and debt.

## 3. REVENUE

**Operating revenue** comprises subscription revenue, processing revenue and other operating revenue from contracts with Customers and is the fair value of the consideration received or receivable for the provision of services, excluding rebates and discounts.

**Subscription revenue** comprises recurring monthly and annual fees for donor and church management systems and streaming solutions provided to Customers, forming the Group's sole performance obligation. The performance obligation is satisfied as and when the services are delivered to the Customer, resulting in revenue to be recognised 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, either monthly or annually, of the provision of services and is recognised in the statement of financial position as unearned revenue in current liabilities.

**Processing revenue** consists of volume fees that are primarily based on a percentage of the total dollar value of payments processed. Revenues from volume fees are recognised on a gross basis when the Customer has an obligation to pay transaction fees on the related through-put, via the interchange merchant. Associated costs payable to processing parties are classified as third party direct costs.

**Other operating revenue** consists of data integration, training, sale of hardware and other implementation costs. These revenues are recognised upon completion of services and, for sale of hardware, upon delivery of the hardware.

**Grants from the Government** are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

| | Year ended 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| **Operating revenue** | | |
| Subscription revenue | 61,161 | 49,299 |
| Processing revenue | 137,658 | 128,921 |
| Other operating revenue | 4,022 | 832 |
| **Total operating revenue** | **202,841** | **179,052** |
| **Other revenue** | | |
| Government grants | – | 1,921 |
| Other income | 23 | 58 |
| **Total other revenue** | **23** | **1,979** |

## 4. EXPENSES

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Advertising and marketing | 4,791 | 3,460 |
| Auditor's remuneration | 192 | 144 |
| Capitalised development costs | (1,136) | – |
| Directors fees | 585 | 329 |
| Employee benefits | 61,084 | 51,103 |
| Employee benefits - capitalised commissions | (1,011) | (1,985) |
| IT and communications | 3,719 | 3,460 |
| Occupancy costs | 391 | 401 |
| Other professional services | 3,200 | 2,331 |
| Share-based payments | 6,138 | 2,768 |
| Third party direct costs | 64,482 | 57,178 |
| Transactions costs | 2,262 | – |
| Travel-related costs | 331 | 60 |
| Write-off of impaired receivables | – | 241 |
| Other operating expenses | 2,827 | 2,633 |
| **Total expenses** | **147,855** | **122,123** |

| | | |
|---|---|---|
| **Auditor's remuneration** | | |
| Audit of financial statements | 192 | 139 |
| Other assurance services | – | 5 |
| **Total auditor's remuneration** | **192** | **144** |

Other assurance services, in the prior period, were related to a limited review of the Group's compliance with Callaghan Innovation Grant requirements.

| | | |
|---|---|---|
| **Transactions costs** | | |
| Acquisition of Resi Media | 1,926 | – |
| Intercompany sale of intellectual property | 336 | – |
| **Total transaction costs** | **2,262** | **–** |

## 5. FINANCE EXPENSES, NET

**Interest income** is accrued on a time basis by reference to the principal outstanding and using the effective interest rate method.

**Interest income from finance leases** is recognised at a constant periodic rate of return on the net investment in the lease. Payments received by the Group in relation to finance leases are allocated between interest income and a reduction in finance lease receivables.

| | Year ended 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| **Finance income** | | |
| Interest income | 23 | 5 |
| Interest income from finance leases | 5 | 16 |
| **Total finance income** | **28** | **21** |
| **Finance expenses** | | |
| Interest on lease liability | (178) | (200) |
| Interest on borrowings | (1,058) | (906) |
| Establishment and facility fees | (327) | (525) |
| **Total finance expenses** | **(1,563)** | **(1,631)** |
| **Finance expenses, net** | **(1,535)** | **(1,610)** |

## 6. TAXATION

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss component of the income statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefits will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity, or different entities, where there is an intention to settle the balance on a net basis.

### (a) Income statement:

| | Year ended 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| Current income tax (expense) | (11,776) | 42 |
| Adjustment for prior years | 140 | (151) |
| Deferred tax expense | 1,112 | (13,072) |
| **Income tax expense** | **(10,524)** | **(13,181)** |

### (b) Reconciliation of income tax expense

| | Year ended 31 March 2022 US$000 | Year ended 31 March 2021 US$000 |
|---|---|---|
| Net profit before income tax | 43,927 | 44,363 |
| **At the New Zealand statutory income tax rate of 28%** | **(12,300)** | **(12,422)** |
| Non-deductible expenses | 9 | 500 |
| Taxation rate variances on subsidiaries | (237) | 24 |
| Adjustment for prior years | 140 | (151) |
| Deferred tax adjustment | 94 | (1,132) |
| Research and development tax incentive | 1,770 | – |
| **Income tax expense** | **(10,524)** | **(13,181)** |

### (c) Current tax assets and liabilities

| | As at 31 March 2022 US$000 | As at 31 March 2021 US$000 |
|---|---|---|
| Income tax receivable/(payable) | (10,460) | 1,172 |

### (d) Deferred tax balances

| | Deferred research and development expenditure US$000 | Tax losses US$000 | Goodwill US$000 | Other timing differences US$000 | Net US$000 |
|---|---|---|---|---|---|
| As at 1 April 2020 | 10,235 | 1,926 | (331) | 1,425 | 13,255 |
| Charged to income statement | (11,789) | (1,424) | (1,015) | 1,005 | (13,223) |
| Foreign exchange variation | 1,554 | 147 | – | 112 | 1,813 |
| **As at 31 March 2021** | **–** | **649** | **(1,346)** | **2,542** | **1,845** |
| **As at 1 April 2021** | **–** | **649** | **(1,346)** | **2,542** | **1,845** |
| Charged to income statement | – | 944 | (1,767) | 2,075 | 1,252 |
| Foreign exchange variation | – | – | – | 91 | 91 |
| **As at 31 March 2022** | **–** | **1,593** | **(3,113)** | **4,708** | **3,188** |

In the current year, the Group fully utilised NZ deferred research and development expenditure, and NZ tax losses that were carried from the prior year (2021: US$2.3 million was available to be carried forward).

### (e) Imputation credits

| | Year ended 31 March 2022 US$000 | Year ended 31 March 2021 US$000 |
|---|---|---|
| Imputation credits | – | 78 |

## 7. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis so as to write off the differences between the cost and the estimated residual values of the assets over their expected useful lives, as follows:

| Category | Estimated useful life |
|---|---|
| Computer equipment | 3 years |
| Office equipment | 5 years |
| Fixtures and fittings | 5-7 years |
| Right of use assets | 1-6 years |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in the income statement.

| | Computer equipment US$000 | Office equipment US$000 | Fixture and fittings US$000 | Right of use assets* US$000 | Total US$000 |
|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | | | | | |
| Cost | 2,535 | 1,008 | 631 | 4,500 | 8,674 |
| Accumulated depreciation | (1,864) | (793) | (392) | (1,182) | (4,231) |
| **Net book value as at 1 April 2020** | **671** | **215** | **239** | **3,318** | **4,443** |
| Cost | | | | | |
| Balance as at 1 April 2020 | 2,535 | 1,008 | 631 | 4,500 | 8,674 |
| Additions | 281 | 14 | 8 | – | 303 |
| Disposals | (9) | (7) | – | – | (16) |
| Foreign exchange variation | 135 | 15 | 39 | 167 | 356 |
| **Balance as at 31 March 2021** | **2,942** | **1,030** | **678** | **4,667** | **9,317** |
| *Accumulated depreciation* | | | | | |
| Balance as at 1 April 2020 | (1,864) | (793) | (392) | (1,182) | (4,231) |
| Depreciation | (412) | (151) | (84) | (1,460) | (2,107) |
| Disposals | 9 | 7 | – | – | 16 |
| Foreign exchange variation | (95) | (12) | (35) | (75) | (217) |
| **Balance as at 31 March 2021** | **(2,362)** | **(949)** | **(511)** | **(2,717)** | **(6,539)** |
| **Net book value as at 31 March 2021** | **580** | **81** | **167** | **1,950** | **2,778** |

| *Continued* | Computer equipment US$000 | Office equipment US$000 | Fixture and fittings US$000 | Right of use assets* US$000 | Total US$000 |
|---|---|---|---|---|---|
| **Balance as at 1 April 2021** | | | | | |
| Cost | 2,942 | 1,030 | 678 | 4,667 | 9,317 |
| Accumulated depreciation | (2,362) | (949) | (511) | (2,717) | (6,539) |
| **Net book value as at 1 April 2021** | **580** | **81** | **167** | **1,950** | **2,778** |
| Cost | | | | | |
| Balance as at 1 April 2021 | 2,942 | 1,030 | 678 | 4,667 | 9,317 |
| Acquisitions through a business combination | – | – | – | 746 | 746 |
| Additions | 651 | 1 | – | 5,893 | 6,545 |
| Disposals | (238) | – | – | – | (238) |
| Foreign exchange variation | (11) | (1) | (2) | (20) | (34) |
| **Balance as at 31 March 2022** | **3,344** | **1,030** | **676** | **11,286** | **16,336** |
| *Accumulated depreciation* | | | | | |
| Balance as at 1 April 2021 | (2,362) | (949) | (511) | (2,717) | (6,539) |
| Depreciation | (445) | (37) | (79) | (1,764) | (2,325) |
| Disposals | 237 | – | – | – | 237 |
| Foreign exchange variation | (7) | 1 | 2 | 7 | 3 |
| **Balance as at 31 March 2022** | **(2,577)** | **(985)** | **(588)** | **(4,474)** | **(8,624)** |
| **Net book value as at 31 March 2022** | **767** | **45** | **88** | **6,812** | **7,712** |

** Right of use assets relate primarily to building leases.*

## 8. INTANGIBLE ASSETS

Intangible assets consist of both internally generated intangible assets such as capitalised expenditure for software development, and externally generated intangible assets such as trademarks, software licences and Customer databases, and goodwill upon acquisition.

Costs that are directly associated with the development of the software products controlled by the Group are recognised as intangible assets only if all of the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Software assets relate to the continued development of the Group's donor and church management systems and streaming solutions. The Group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs that directly relate to the software development project. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Goodwill represents the excess of purchase consideration over the fair value of the net assets acquired in business combinations. The goodwill recognised reflects the technology and technical expertise of Church Community Builder and Resi Media as well as the synergies expected to be achieved from integrating Church Community Builder and Resi Media into the Group's existing business.

Other development expenditures that do not meet the above criteria are recognised as expenses as they are incurred. This includes research costs and costs associated with maintaining internal computer software programs.

Intangible assets acquired in a business combination are measured at fair value, while other intangible assets acquired are initially measured at cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement in the year in which the expenditure is incurred. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Intangible assets are amortised over their useful lives on a straight-line basis, except goodwill which has an indefinite useful life, and are tested for impairment annually. Amortisation is recognised as an expense in the income statement. The estimated useful lives are as follows:

| Category | Estimated useful life |
|---|---|
| Customer contracts and brands | 3-5 years |
| Software assets | 3-5 years |
| Patents and trademarks | 10 years |

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the income statement when the asset is derecognised.

| | Customer contracts and brands US$000 | Software assets US$000 | Software assets under development US$000 | Patents and trademarks US$000 | Goodwill US$000 | Total US$000 |
|---|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | | | | | | |
| Cost | 9,219 | 23,339 | – | 276 | 66,805 | 99,639 |
| Accumulated amortisation | (1,717) | (8,831) | – | (157) | – | (10,705) |
| **Net book value as at 1 April 2020** | **7,502** | **14,508** | **–** | **119** | **66,805** | **88,934** |
| Cost | | | | | | |
| Balance as at 1 April 2020 | 9,219 | 23,339 | – | 276 | 66,805 | 99,639 |
| Foreign exchange variation | 192 | 1,322 | – | 84 | – | 1,598 |
| **Balance as at 31 March 2021** | **9,411** | **24,661** | **–** | **360** | **66,805** | **101,237** |
| *Accumulated amortisation* | | | | | | |
| Balance as at 1 April 2020 | (1,717) | (8,831) | – | (157) | – | (10,705) |
| Amortisation | (1,793) | (3,183) | – | (36) | – | (5,012) |
| Foreign exchange variation | (192) | (1,346) | – | (27) | – | (1,565) |
| **Balance as at 31 March 2021** | **(3,702)** | **(13,360)** | **–** | **(220)** | **–** | **(17,282)** |
| **Net book value as at 31 March 2021** | **5,709** | **11,301** | **–** | **140** | **66,805** | **83,955** |
| **Balance as at 1 April 2021** | | | | | | |
| Cost | 9,411 | 24,661 | – | 360 | 66,805 | 101,237 |
| Accumulated amortisation | (3,702) | (13,360) | – | (220) | – | (17,282) |
| **Net book value as at 1 April 2021** | **5,709** | **11,301** | **–** | **140** | **66,805** | **83,955** |
| Cost | | | | | | |
| Balance as at 1 April 2021 | 9,411 | 24,661 | - | 360 | 66,805 | 101,237 |
| Acquisitions through a business combination | 9,900 | 13,200 | - | - | 118,423 | 141,523 |
| Capitalised development costs | - | - | 1,136 | - | - | 1,136 |
| Foreign exchange variation | - | (6) | 9 | - | - | 3 |
| **Balance as at 31 March 2022** | **19,311** | **37,855** | **1,145** | **360** | **185,228** | **243,899** |
| *Accumulated amortisation* | | | | | | |
| Balance as at 1 April 2021 | (3,702) | (13,360) | - | (220) | - | (17,282) |
| Amortisation | (2,981) | (4,671) | - | (36) | - | (7,688) |
| Foreign exchange variation | 1 | - | - | (1) | - | - |
| **Balance as at 31 March 2022** | **(6,682)** | **(18,031)** | **-** | **(257)** | **-** | **(24,970)** |
| **Net book value as at 31 March 2022** | **12,629** | **19,824** | **1,145** | **103** | **185,228** | **218,929** |

### Impairment considerations

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the greater of Fair Value less Costs of Disposal or the asset's Value In Use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, with the exception of goodwill, are reviewed for possible reversal of the impairment loss at each reporting date. Impairment losses on goodwill are not reversed.

### Goodwill and goodwill impairment testing

The amount of goodwill initially recognised is a function of the allocated purchase price to the fair value of the identifiable net assets acquired. The determination of the net assets' fair value, particularly intangible assets, is to a considerable extent based on judgement.

Goodwill is monitored internally at a Group level. The Group identified two cash generating units (CGUs) - donor and church management systems and streaming solutions, that would benefit from the synergies from the Resi Media acquisition for the purposes of goodwill allocation. However, the Group has determined that it was not possible to allocate the goodwill between the CGUs on a reasonable basis given the nature of the synergies, the functional structure of the Group and the expectation that the two CGUs will become increasingly interdependent over time. Goodwill has therefore been allocated to the group of CGUs. The two CGUs combined equate to the Group's sole operating segment.

Goodwill is not amortised and is tested for impairment at least annually irrespective of whether there is any indication of impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

An impairment loss is recorded if the recoverable amount of an asset is less than its carrying amount. The recoverable amount of an asset is the greater of its Value in Use or Fair Value less Costs of Disposal. For the purposes of assessing impairment, the Group determines Fair Value less Cost of Disposal only if using Value in Use would result in an impairment loss.

In assessing Value in Use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The discount rate is determined using the Capital Asset Pricing Model (CAPM) methodology of determining the weighted average cost of capital (WACC), using market specific inputs. A pre-tax WACC of 12.5% (2021: 12.1%) was used, equivalent to a post-tax WACC of 10.4% (2021: 9.7%), for the impairment test as at 31 March 2022.

Future cash flows are forecast based on a five year business model for the operating segment, which included the budget for the year to 31 March 2023. The forecast financial information is based on both past experience and future expectations of operating segment performance and requires judgements to be made as to revenue growth, operating cost projections and the market environment. Actual results may be substantially different. The terminal growth rate assumed is 2% (2021: 2%) which reflects the assumed long term growth rate for the markets in which the segment operates.

The Group applied judgement in determining that a reasonably possible change in the key assumptions would not result in impairment. The headroom in the impairment test is significant and even extreme assumptions, such as no growth in the revenue of the CGU, would not result in impairment.

As at 31 March 2022, the Group has determined that the Value in Use for the CGU significantly exceeds the carrying amount, including goodwill, and there is no impairment.

## 9. DEFERRED ACQUISITION COSTS

Deferred acquisition costs comprise capitalised costs of Customer acquisitions, such as commissions paid to employees. These costs are amortised in equal instalments over the duration of the associated revenue contract, from the date of Customer acquisition.

| | 2022<br>US$000 | 2021<br>US$000 |
|---|---|---|
| **Balance as at 1 April** | **2,398** | **2,928** |
| Additions | 1,011 | 1,985 |
| Amortisation | (2,121) | (2,515) |
| **Balance as at 31 March** | **1,288** | **2,398** |
| Current | 1,020 | 1,747 |
| Non-current | 268 | 651 |
| **Total deferred acquisition costs** | **1,288** | **2,398** |

## 10. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH BALANCES

Cash and cash equivalents includes: 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.

| | As at 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| Cash and cash equivalents | 6,755 | 4,843 |
| **Amounts held by currency were as follows:** | | |
| United States Dollars | 5,774 | 2,964 |
| New Zealand Dollars | 480 | 1,763 |
| Canadian Dollars | 457 | 66 |
| Australian Dollars | 44 | 50 |
| **Total cash and cash equivalents** | **6,755** | **4,843** |

| | As at 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| Restricted cash balances | 200 | 538 |

Restricted cash balances represents bonds, processing reserve and lease arrangements that the Group has entered into.

## 11. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at the fair value of the amounts to be received.

The Group has recognised expected credit losses in the income statement by applying the simplified impairment approach, whereby upon initial measurement of the trade and other receivables, the Group considers all credit losses that are expected to occur during the lifetime of the receivable. The Group has reviewed the historical aging analysis of gross trade receivables, by geographic region, to determine the expected credit loss rate. This rate is applied to outstanding gross trade receivables as at 31 March 2022 to calculate the allowance for expected credit losses. The Group has determined that the expected credit risk on other receivables is minimal.

Additionally the Group recognises an allowance for individual receivables if there is objective evidence of credit impairment.

| | As at 31 March | | | |
|---|---|---|---|---|
| | 2022 Current US$000 | 2022 Non-current US$000 | 2021 Current US$000 | 2021 Non-current US$000 |
| Gross trade receivables | 6,129 | – | 4,481 | – |
| Allowance for expected credit losses | (454) | – | (147) | – |
| **Net trade receivables** | **5,675** | **–** | **4,334** | **–** |
| **Other receivables** | | | | |
| Prepayments | 2,289 | 1,209 | 2,378 | 11 |
| Accrued revenue | 9,296 | – | 10,354 | – |
| Finance lease receivable | – | – | 107 | 66 |
| Other receivables | 4,211 | 43 | 1,870 | – |
| **Trade and other receivables** | **21,471** | **1,252** | **19,043** | **77** |

### Trade receivables

Trade receivables primarily relate to subscription charges. Subscriptions are generally charged monthly or annually in advance and are predominantly electronically collected.

### Aging analysis

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| 1-60 days | 5,464 | 4,254 |
| 61-90 days | 100 | 14 |
| 91+ days | 565 | 213 |
| **Gross trade receivables** | **6,129** | **4,481** |

### Movement in allowance for expected credit loss on trade receivables

| | 2022 US$000 | 2021 US$000 |
|---|---|---|
| Balance as at 1 April | 147 | 130 |
| Provision for expected credit losses | 307 | 258 |
| Written-off during the year | – | (241) |
| **Balance as at 31 March** | **454** | **147** |

### Finance lease receivable

The Group sub-leased an office premises in Redmond, Washington, US as an intermediate lessor. As the sub-lease was for the whole of the remaining non-cancellable term of the head lease, the lease was classified as a finance lease. This sub-lease terminated in August 2021.

The profile of finance lease net receipts is set out below:

| | As at 31 March | | | |
|---|---|---|---|---|
| | 2022 Undiscounted US$000 | 2022 Discounted US$000 | 2021 Undiscounted US$000 | 2021 Discounted US$000 |
| < 1 year | – | – | 121 | 107 |
| 1-5 years | – | – | 72 | 66 |
| **Finance lease receivable** | **–** | **–** | **193** | **173** |
| Less unearned finance income | – | – | (20) | – |
| **Present value of finance lease receivable** | **–** | **–** | **173** | **173** |

## 12. INVENTORY

Inventory consists of finished goods in the form of hardware and is stated at the lower of cost or net realisable value on a first-in first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of inventories recognised as an expense totals $1.8 million (2021: nil). During the year, no provision for obsolescence was required.

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Hardware | 543 | – |
| **Balance as at 31 March** | **543** | **–** |

## 13. TRADE AND OTHER PAYABLES

Trade and other payables are unsecured, non-interest bearing and usually paid within 45 days of recognition. Therefore, the carrying value of creditors and other payables approximates their fair value.

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Trade payables | 1,569 | 326 |
| Accrued expenses | 5,219 | 2,742 |
| Other payables | 517 | 466 |
| **Balance as at 31 March** | **7,305** | **3,534** |

## 14. UNEARNED REVENUE

Unearned subscription revenue is a proportion of revenue that is invoiced in advance and yet to be recognised as revenue in the income statement, based upon the period over which the service is delivered to the Customer.

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Unearned subscription revenue | 16,974 | 14,059 |
| **Balance as at 31 March** | **16,974** | **14,059** |

## 15. EMPLOYEE ENTITLEMENTS

Accruals are made for benefits accruing to employees in respect of wages and salaries, commissions payable and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Liability for annual leave | 1,276 | 1,328 |
| Commissions payable | 341 | 577 |
| Other employee entitlements | 1,400 | 1,105 |
| **Balance as at 31 March** | **3,017** | **3,010** |

## 16. LEASE LIABILITY

The lease liability is initially measured at the present value of the remaining lease payments, less any incentives received, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. 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.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase or extension option.

| | 2022 US$000 | 2021 US$000 |
|---|---|---|
| **Balance as at 1 April** | **2,535** | **4,143** |
| Additions arising from the acquisition of Resi Media | 746 | – |
| Other additions | 5,759 | – |
| Repayment of lease liability | (1,700) | (1,732) |
| Foreign exchange variation | (3) | 124 |
| **Balance as at 31 March** | **7,337** | **2,535** |
| The maturity of lease liabilities is as follows: | | |
| < 1 year | 1,638 | 1,831 |
| 1-5 years | 5,699 | 704 |
| **Total lease liabilities** | **7,337** | **2,535** |

## 17. BORROWINGS

The Group acquired Resi Media for a total purchase consideration of $141.0 million, effective 25 August 2021. Of this consideration, $90.0 million was funded through a syndicated lending facility from Bank of New Zealand ('BNZ') and JP Morgan Chase Bank that matures on 23 February 2024. Refer to the table below for outstanding borrowings as at 31 March 2022 (refer to 'Note 24: Business combinations').

The syndicated lending facility contains banking covenants which monitor interest cover and net leverage ratios. The Group has been fully compliant with these covenants since their establishment on 23 August 2021.

There was a $0.9 million establishment fee paid to BNZ in relation to the facility.

| | As at 31 March | |
|---|---|---|
| | 2022<br>US$000 | 2021<br>US$000 |
| Non-current | 54,000 | – |
| **Total borrowings** | **54,000** | **–** |

## 18. SHARE CAPITAL

| | Number of shares | |
|---|---|---|
| | 000's | US$000 |
| Balance as at 1 April 2020 | 275,646 | 94,609 |
| 4:1 Share-split | 1,102,584 | |
| **Movements during the year** | | |
| Issue of shares - Restricted share units converted to shares | 2,010 | 1,229 |
| Cancellation of shares acquired from Pushpay Trustees Limited | (502) | – |
| Capital raised on employee share scheme allotment | – | 80 |
| **Balance as at 31 March 2021** | **1,104,092** | **95,918** |
| **Balance as at 1 April 2021** | **1,104,092** | **95,918** |
| **Movements during the year** | | |
| Issue of shares - Restricted share units converted to shares | 1,484 | 1,237 |
| Issue of shares - Consideration for Resi Media | 27,327 | 31,000 |
| Issue of shares - Vendor restricted shares for Resi Media | 7,934 | 9,000 |
| Cancellation of shares acquired from Pushpay Trustees Limited | (138) | – |
| Share issue costs | – | (87) |
| **Balance as at 31 March 2022** | **1,140,699** | **137,068** |

The paid up capital comprises ordinary shares. On 26 November 2020 the Company undertook a 4:1 share split whereby shareholders received four ordinary shares for every one ordinary share held. The total number of shares on issue is 1,140,699,323 (2021: 1,104,092,489). All shares have been issued, are fully paid and have no par value.

On 31 March 2022, 138,336 shares were acquired from Pushpay Trustees Limited (the Trustee) and immediately cancelled (2021: 502,240). As at 31 March 2022, the Trustee held no shares (2021: 138,336).

## 19. SHARE-BASED PAYMENTS

The Group operates equity-settled share-based compensation plans under which employees, and others providing similar services, can acquire non-transferable restricted share units (RSUs) or restricted shares. The value of the share-based compensation plans is measured at the fair value of the equity instruments at the grant date and is expensed on a straight-line basis over the vesting period.

### Employee share incentive scheme (SIS)

The SIS was for full-time and contract employees and executives of the Group but has been superseded by the Restricted Share Unit (RSU) plan. There were no new shares granted under the SIS during the year. Under the SIS, ordinary shares in the Company were issued to the Trustee and allocated to participants, on grant date, using funds lent to them by the Company. The shares are beneficially owned by the participants. The length of the retention period before the shares vest was typically between one and three years.

If the individual was still employed by the Group at the end of this specific period, the employee was given a bonus that was used to repay the loan, and shares were then transferred to the employee. No shares were vested during the year (2021: grant date fair value of $0.1 million). The Group has no legal or constructive obligation to repurchase the shares or settle the SIS for cash.

On 31 March 2022, the Group wound up the SIS and all shares held by the Trustee were bought back and cancelled. Consequently, as at 31 March 2022, the Trustee held no shares (2021: 138,336).

The number and exercise price is as follows:

| | Weighted average exercise price US$ | Number of shares |
|---|---|---|
| Unvested shares as at 1 April 2020 | | 188,936 |
| 4:1 Share-split | | 755,744 |
| Granted | – | – |
| Vested | 0.70 | (115,168) |
| Repurchased from the Trustee | | (502,240) |
| **Total as at 31 March 2021, of which** | | **138,336** |
| Forfeited shares not yet reallocated - held by the Trustee | | 124,688 |
| Unvested shares as at 31 March 2021 - allocated to employees | | 13,648 |

| | Weighted average exercise price US$ | Number of shares |
|---|---|---|
| Total as at 1 April 2021 | | 138,336 |
| Granted | – | – |
| Vested | – | – |
| Repurchased from the Trustee | – | (138,336) |
| **Total as at 31 March 2022, of which** | | **–** |
| Forfeited shares not yet reallocated - held by the Trustee | | – |
| Unvested shares as at 31 March 2022 - allocated to employees | | – |

| Aging of unvested shares | 2022 | 2021 |
|---|---|---|
| Balance of shares to vest within one year | – | 6,824 |
| Balance of shares to vest after one year | – | 6,824 |
| **Total unvested shares as at 31 March** | **–** | **13,648** |

### Operating expenses

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Share-based payment expense | – | 98 |

### Restricted Share Units (RSUs) with service condition

The RSU plan is for full-time employees and executives of the Group. The RSUs typically vest over a period of one to four years (the vesting period), and are generally exercisable annually in equal amounts, on the condition that the employee is still employed by the Group. No cash consideration is required to be paid to exercise the RSUs. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the income statement over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

The fair value of RSUs granted in the year ended 31 March 2022 was $3.7 million, (2021: $3.3 million) as determined by the market value of the shares on grant date.

| | Year ended 31 March | |
|---|---|---|
| | 2022 Number of RSUs | 2021 Number of RSUs |
| **Total as at 1 April** | **4,470,204** | **1,351,011** |
| Share-split | – | 5,404,044 |
| Granted during the year | 4,255,405 | 2,590,008 |
| Forfeited during the year | (1,178,767) | (646,465) |
| Converted to shares | (1,484,423) | (2,010,345) |
| Surrendered to pay payroll tax | (674,093) | (867,038) |
| **Total as at 31 March** | **5,388,326** | **4,470,204** |

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Share-based payment expense | 2,192 | 2,670 |

### Restricted Share Units (RSUs) with performance condition

During the current financial year, the Group incorporated a performance based measure to the existing RSU plan for some RSU's. The performance based RSUs reward executives to the extent of the Group's achievement against certain market-based performance conditions. The RSUs are exercisable after the performance conditions are met. No cash consideration is required to be paid to exercise the RSUs. The RSUs are forfeited if the executives leave the Group before the RSUs vest.

The fair value of the performance based RSUs granted is estimated by an independent valuer and measured using a Binomial valuation model. The inputs into the Binomial valuation are summarised below:

| | 2022 | 2021 |
|---|---|---|
| Weighted average share price (US$) | 0.67 | – |
| Expected volatility | 40% | – |
| Expected life | 5 Years | – |
| Risk-free rate | 3.00% | – |
| Expected dividend yields | 0% | – |

Expected volatility was determined by an independent valuer based on the implied volatility of the Company's daily share price returns over the last five years prior to the issue date. The expected life used in the model has been adjusted, based on best estimate, for the effects of non-transferability, exercise restrictions and average tenure for US based executives.

| | Year ended 31 March | |
|---|---|---|
| | 2022 Number of RSUs | 2021 Number of RSUs |
| **Total as at 1 April** | | |
| Granted during the year | 2,681,073 | – |
| **Total as at 31 March** | **2,681,073** | **–** |

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Share-based payment expense | 8 | – |

### Restricted Shares Plan

As part of the Resi Media acquisition, ordinary shares in the Company were issued to the vendors of Resi Media (the participants) under a restricted share plan. The shares are beneficially owned by the participants and have the same voting rights as ordinary shares however the Company has the ability to buy back the shares from the participants for $0.001 per share should the participants leave before the end of the retention period, which is up to two years from the acquisition date. Prior to the end of retention period, the restricted shares are not able to be sold or encumbered by the participants.

The weighted average grant date fair value of restricted shares granted during the year was $9.0 million (2021: nil). The Group has no legal obligation to settle the payroll tax liability for the restricted shares. No cash consideration is required to be paid for the restricted shares.

| | Year ended 31 March | |
|---|---|---|
| | 2022 Number of Restricted Shares | 2021 Number of Restricted Shares |
| Total as at 1 April 2021 | – | – |
| Granted during the year | 7,933,668 | – |
| **Total as at 31 March 2022** | **7,933,668** | **–** |

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Share-based payment expense | 3,938 | – |

### 20. 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 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 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 $33.4 million (2021: $31.2 million) represented a profit per share shown below based on weighted average ordinary shares on issue during the year.

| | Year ended 31 March | |
|---|---|---|
| | **2022 000's** | **2021 000's** |
| Number of issued ordinary shares | 1,140,699 | 1,104,092 |
| Weighted average ordinary shares outstanding | 1,125,789 | 1,102,828 |
| **Basic profit per share (cents)** | **2.97** | **2.83** |
| Weighted average ordinary shares outstanding | 1,125,789 | 1,102,828 |
| Weighted average dilutive potential ordinary shares | 4,311 | 5,104 |
| Weighted average potential and ordinary shares outstanding | 1,130,100 | 1,107,932 |
| **Diluted profit per share (cents)** | **2.96** | **2.81** |

No anti-dilutive employee share options were excluded from the weighted average number of dilutive potential ordinary shares for the year ended 31 March 2022 (2021: nil).

### 21. 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 on issue at the end of the year. 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, deferred acquisition costs and the deferred tax assets as disclosed on the Statement of Financial Position. Given the borrowings used to fund the acquisition of Resi Media, net tangible assets were a negative number as at 31 March 2022. 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.

| | As at 31 March | |
|---|---|---|
| | **2022 000's** | **2021 000's** |
| Net tangible assets | (62,517) | 3,671 |
| Number of issued ordinary shares | 1,140,699 | 1,104,092 |
| **Net tangible assets per share (cents)** | **(5.48)** | **0.33** |

## 22. RESERVES

### Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's Companies into US Dollars are recorded in other comprehensive income and accumulated in the foreign currency translation reserve.

### Share-based payment reserve

This reserve is used to record the value of share-based payments provided to employees, including key management personnel as part of their remuneration.

### Vendor Restricted Share Reserve

This reserve is used to record the $9.0 million equity that was issued to the vendors of Resi Media under the restricted share agreement as part of the Resi Media acquisition. Refer to 'Note 24: Business Combinations'. The reserve balance is amortised, on a straight-line basis over the period of restriction of each tranche (restriction periods ending on 25 August 2022 and 25 August 2023), to the Employee Benefits expense in the Income Statement.

At 31 March 2022, the remaining unamortised balance is $5.1 million (2021: nil). Refer to 'Note 19: Share-based payments'.

### Cash flow hedge reserve

The Group entered into forward exchange contracts to hedge certain forecast foreign currency transactions. The related cash flows were recognised in the income statement and other comprehensive income over the period. The cash flow hedge reserve represented the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. As at 31 March 2022, the Group had no outstanding forward exchange contracts.

A reconciliation of movements in the cash flow hedge reserve is outlined below:

| | 2022 US$000 | 2021 US$000 |
|---|---|---|
| Balance as at 1 April | 191 | 167 |
| Hedging gains and losses recognised in other comprehensive income | – | 24 |
| Cash flow hedges - reclassified to income statement | (191) | – |
| **Balance as at 31 March** | **–** | **191** |

## 23. 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 Board (who are 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'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 forms a single operating segment. The segment result is reflected in the financial statements.

### Geographical information

The Group operated principally in the US for the year ended 31 March 2022, from which over 99% (2021: 99%) of its revenue from operations is generated.

## 24. BUSINESS COMBINATIONS

The Group acquired 100% of the ownership interests in Resi Media for a total purchase consideration of $141.0 million, effective 25 August 2021. Acquisition related costs (included in general and administration costs in the income statement and other professional services in 'Note 4: Expenses') amounted to $1.9 million.

Resi Media's leading product and engineering-led streaming system is highly complementary to the Group's donor management and church management systems. By combining the two businesses, there will be a greater range of capabilities and resources to invest in product enhancement and developing the next range of solutions for Customers.

The Group's result includes a fair value discount recognised on unearned revenue balances and amortisation in relation to intangible assets recognised upon the acquisition of Resi Media. Adjusting for these amounts, Resi Media would have contributed revenue of $12.2 million and a net loss after tax of $5.9 million in the period from 25 August 2021 to 31 March 2022. Excluding the adjustments above, Resi Media has contributed revenue of $13.4 million and a net profit after tax of $0.4 million in the period from 25 August 2021 to 31 March 2022.

If the acquisition had occurred on 1 April 2021, the revenue and net profit after tax for the twelve months ended 31 March 2022 for the Group would have been $210.6 million and $29.8 million, respectively.

The purchase consideration was allocated to the acquired assets and liabilities based on their estimated fair values as at the date of acquisition, with the excess consideration recorded to goodwill as shown below.

| Purchase consideration | US$000 |
|---|---|
| Cash paid to the vendor | 104,516 |
| Debt repaid by the Group on behalf of Resi Media | 2,633 |
| Transaction costs paid by the Group on behalf of Resi Media | 3,365 |
| Equity issued to the vendor (unrestricted) | 31,000 |
| Working capital and other adjustments | (514) |
| **Total purchase consideration** | **141,000** |
| **Fair Value of net assets acquired on 25 August 2021** | |
| Cash | 867 |
| Trade and other receivables | 1,265 |
| Inventory | 772 |
| Intangible assets | 23,100 |
| Right of use asset | 746 |
| Trade and other payables | (445) |
| Unearned revenue | (2,646) |
| Employee entitlements | (336) |
| Lease liability | (746) |
| **Net assets** | **22,577** |
| Total purchase consideration | 141,000 |
| Net assets | (22,577) |
| **Goodwill recognised** | **118,423** |

The fair value of acquired receivables is $1.2 million. The gross contractual value for trade receivables due is $1.7 million, with a loss allowance of $0.5 million recognised on acquisition.

The goodwill recognised as a result of the acquisitions reflects the technology and technical expertise of Resi Media and the synergies expected to be achieved from integrating Resi Media into the Group's existing business. Goodwill is expected to be deductible for US income tax purposes. Intangible assets consists of fair values assessed for Customer contracts, software, and patents and brand.

## 25. SUBSIDIARIES

| Name | Country of Incorporation | Interest 2022 (%) | Interest 2021 (%) |
|---|---|---|---|
| Bluebridge Churches LLC | United States | 100 | 100 |
| Church Community Builder LLC | United States | 100 | 100 |
| NPO Apps Incorporated (not trading) | United States | 100 | 100 |
| Pushpay Incorporated | United States | 100 | 100 |
| Pushpay IP Limited | New Zealand | 100 | 100 |
| Pushpay Limited | New Zealand | 100 | 100 |
| Pushpay New Zealand Limited | New Zealand | 100 | 100 |
| Pushpay Processing Incorporated | United States | 100 | 100 |
| Pushpay Pty Limited | Australia | 100 | 100 |
| Pushpay Trustees Limited | New Zealand | 100 | 100 |
| Pushpay USA Incorporated | United States | 100 | 100 |
| Resi Media LLC | United States | 100 | 0 |

All companies have a 31 March balance date.

## 26. RELATED PARTIES

The Group has a related party relationship with its key management personnel, which includes the Directors.

### Remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Directors, the Chief Executive Officer and members of the executive leadership team.

The following table summarises remuneration paid to key management personnel:

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Directors' fees | 585 | 329 |
| Employee short-term benefits (cash payments) | 2,025 | 3,355 |
| Employee share-based payments | 920 | 1,284 |

### Other related party transactions

In the year ended 31 March 2022 the Group donated $200k (2021: $219k) to the James One27 Initiative, a charity that Christopher Fowler is a director of. In the prior period the Group donated $41k to Schwab Charitable, a charity that Donald Harms (former key management personnel) contributed to. In the prior period Bruce Gordon provided consultancy service, separate to his directors fees totalling $5k, this amount was outstanding as at 31 March 2021.

## 27. FINANCIAL RISK MANAGEMENT

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. Specific risk management objectives and policies are set out below:

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity.

The capital structure of the Group consists of equity, comprising issued capital and retained profits, and debt. The Group reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concerns.

### Interest rate risk

The Group's interest rate risk arises from its cash and cash equivalents, and from its borrowings. These are subject to variable interest rates that expose the Group to cash flow interest rate risk.

The Group does not enter into interest rate hedges. The Group's management regularly reviews its banking arrangements to ensure the best outcome on its cash and cash equivalents, and its borrowings.

The following table demonstrates the sensitivity of the Group's net profit before tax, to a change in floating interest rates of 100 basis points, with all other variables held constant.

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| **Cash and cash equivalents** | | |
| Increase in interest rates of 100 basis points | 27 | 21 |
| Decrease in interest rates of 100 basis points | (27) | (21) |
| **Borrowings** | | |
| Increase in interest rates of 100 basis points | (475) | (366) |
| Decrease in interest rates of 100 basis points | 475 | 366 |

### Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash, trade and other receivables. The Group monitors and manages the exposure to credit risk by ensuring Customers have an appropriate credit history, with the majority of Customer subscription fees recovered via Automated Clearing House draw (direct debit).

The maximum exposures to credit risk as at the balance date are:

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Cash and cash equivalents and restricted cash balances | 6,955 | 5,381 |
| Gross trade receivables | 6,129 | 4,481 |
| Accrued revenue | 9,296 | 10,354 |
| Other receivables | 4,211 | 1,870 |
| Finance lease receivable | – | 193 |
| Derivative financial assets | – | 407 |

The Group does not require any collateral or security to support financial instruments. The majority of the cash and cash equivalents are held with the Group's bankers, the Bank of New Zealand and JP Morgan Chase & Co.

### Liquidity risk management

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. The Group regularly reviews its liquidity position by examining future cash requirements.

The Group has sufficient cash to meet its requirements for the foreseeable future. All bank covenants have been met for the year ended 31 March 2022.

The following table provides a maturity analysis of the Group's remaining contractual cash flows relating to financial liabilities. Contractual cash flows include contractual undiscounted principal and interest payments.

| Non-derivative financial liabilities | Carrying amount US$000 | Contractual cash flows US$000 | Payable 0-6 months US$000 | Payable 6-12 months US$000 | Payable 1-2 years US$000 | Payable 2-5 years US$000 | Payable 5+ years US$000 |
|---|---|---|---|---|---|---|---|
| **As at 31 March 2021** | | | | | | | |
| Trade and other payables | 3,534 | 3,534 | 3,534 | – | – | – | – |
| Lease liabilities | 2,536 | 2,656 | 981 | 913 | 762 | – | – |
| **Total** | **6,070** | **6,190** | **4,515** | **913** | **762** | **–** | **–** |
| **As at 31 March 2022** | | | | | | | |
| Trade and other payables | 7,305 | 7,305 | 7,305 | – | – | – | – |
| Lease liabilities | 7,337 | 7,873 | 1,021 | 643 | 1,606 | 3,573 | 1,030 |
| Borrowings | 54,000 | 59,152 | 923 | 1,356 | 56,873 | – | – |
| **Total** | **68,642** | **74,330** | **9,249** | **1,999** | **58,479** | **3,573** | **1,030** |

### 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 following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. As at 31 March 2022, had the NZ Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and loss and equity would have been affected as follows:

| | As at 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| **Increase in value of NZ Dollar of 10 percent** | | |
| Impact on profit | (239) | 67 |
| Impact on equity | (239) | 319 |
| **Decrease in value of NZ Dollar of 10 percent** | | |
| Impact on profit | 239 | (67) |
| Impact on equity | 239 | (319) |

The sensitivity analysis was calculated by taking the spot rate as at balance date of 0.6935 (2021: 0.6996) for NZ Dollars and moving this spot rate by the reasonably possible movements of plus and minus 10 percent and then re-converting the foreign currency into US Dollars with the 'new spot rate'. This methodology reflects the translation methodology undertaken by the Group.

The Group hedged a portion of its estimated exposure in respect of the forecast revenue over the financial year to March 2022 and used forward exchange contracts (FECs) to hedge its NZD/USD foreign exchange risk. These contracts were designated cash flow hedges. Gains and losses deferred in the cash flow hedge reserve were reclassified to the income statement as the contracts matured. There were no outstanding forward exchange contracts as at 31 March 2022.

The Group designated the FECs to hedge its NZD/USD foreign exchange risk and applied a hedge ratio of 1:1.

The Group determined the existence of an economic relationship between the hedging instrument and hedged item based on the currency, notional amount and timing of their respective cash flows.

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:

| Forward foreign exchange contracts | Maturing in 1-6 months US$000 | Maturing in 6-12 months US$000 |
|---|---|---|
| **As at 31 March 2021** | | |
| Hedged exposure | 1,053 | 1,053 |
| Average US Dollars: NZ Dollar forward contract rate | 0.585 | 0.585 |
| **As at 31 March 2022** | | |
| Hedged exposure | – | – |
| Average US Dollars: NZ Dollar forward contract rate | – | – |

| Forward foreign exchange contracts | Statement of financial position line item | Notional amount of the hedging instrument US$000 | Carrying amount of the hedging instrument US$000 | Recognised in other comprehensive income US$000 |
|---|---|---|---|---|
| **As at 31 March 2021** | Derivative financial asset | 2,106 | 407 | 407 |
| Current | | | 407 | |
| Non-current | | | – | |
| **Total** | | | **407** | |
| **As at 31 March 2022** | Derivative financial asset | – | – | – |
| Current | | | – | |
| Non-current | | | – | |
| **Total** | | | **–** | |

### Fair value of financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments recognised in the statement of financial position include cash and cash equivalents, trade receivables, trade payables and accruals, borrowings and derivative financial assets.

The carrying value of financial assets and financial liabilities, with the exception of borrowings, are assumed to approximate their fair values due to the short term maturity of these assets and liabilities. Borrowings have floating interest rates and the fair value is estimated using the discounted cash flow model based on the current market interest rate for a similar product, therefore the carrying value approximates their fair value. Both financial assets and financial liabilities are carried at amortised cost with the exception of derivative financial assets which are held at fair value through other comprehensive income.

## 28. RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES

| | Year ended 31 March | |
|---|---|---|
| | 2022 US$000 | 2021 US$000 |
| Net profit for the year | 33,403 | 31,182 |
| *Adjustment for non-cash items* | | |
| Depreciation and amortisation | 10,013 | 7,119 |
| Share-based payment expense | 6,138 | 2,768 |
| Deferred tax (benefit)/expense | (1,343) | 13,181 |
| Net foreign exchange (gains)/losses | (466) | 5,816 |
| Capitalised development costs | (1,136) | – |
| Other non-cash items | 89 | 152 |
| | 46,698 | 60,218 |
| *Movements in working capital* | | |
| Trade and other receivables | (2,428) | (3,181) |
| Deferred acquisition costs | 1,110 | 530 |
| Inventory | (543) | – |
| Trade and other payables | 3,771 | (1,019) |
| Unearned revenue | 2,915 | (246) |
| Employee entitlements | 7 | 856 |
| Income tax (receivable)/payable | 11,632 | 444 |
| Working capital acquired through business combination | (1,710) | – |
| | 14,754 | (2,616) |
| Net cash flows from operating activities | 61,452 | 57,602 |

## 29. CONTINGENT LIABILITIES

Prior to acquisition, Resi Media became a defendant in a litigation alleging patent infringement. The litigation is currently ongoing. As part of the acquisition, the vendors of Resi Media escrowed a portion of the purchase price and indemnified the Group for up to the full amount of the purchase price for any losses or damages relating to the litigation. The Directors, upon consultation with external legal counsel, are of the opinion that the claim can be successfully defended or resolved by the Group for less than the escrow amount. As a result, it is deemed that no present obligation exists and the contingent liability is not recognised on the acquisition. The Directors are unaware of the existence of any other claims or contingencies that would have a material impact on the operations of the Group or are not accrued. (2021: nil).

## 30. CAPITAL COMMITMENTS

As at the balance date there were no material capital commitments (2021: nil).

## 31. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events between the balance sheet date and the date these financial statements were authorised for issue.

# Corporate governance

# Corporate governance

The Board and management of Pushpay ('the Company') are committed to ensuring that Pushpay meets best practice governance principles and adheres to high ethical standards in the best interests of the Company and stakeholders. The Board regularly reviews Pushpay's governance framework and processes to identify opportunities for enhancement and ensure they are consistent with best practice.

Pushpay is listed on the NZX Main Board and is dual listed as a foreign exempt entity on the ASX. This statement provides an overview of Pushpay's governance framework and processes and is structured to follow the NZX Corporate Governance Code (NZX Code).

The Board's view is that, as at 31 March 2022, Pushpay's governance practices were in compliance with the NZX Code's recommendations. The Company also complies with the corporate governance requirements of the NZX Main Board Listing Rules (NZX Listing Rules) and with our obligations as a foreign-exempt issuer on the ASX (ASX Listing Rules).

The Board considers that, as at 31 March 2022, the Company complied with the recommendations set by the NZX Corporate Governance Code 2020, except as set out below.

| Reference | Recommendation | Alternative Governance Practice and Reason for the Practice | Period of non-compliance |
|---|---|---|---|
| **Recommendation 4.3** | Financial reporting should be balanced, clear and objective.<br><br>An issuer should provide non-financial disclosure at least annually, including<br><br>considering environmental, economic and sustainability factors and practices. It should explain how operational or non-financial targets are measured. | Pushpay has historically not provided detailed reporting on environmental, economic and sustainability risks because it is in the early stages of reporting on non-financial information.<br><br>Pushpay has reviewed the disclosure recommendations and has provided a preliminary sustainability disclosure within this 2022 Annual Report, including a materiality matrix outlining the Company's key environmental, social and governance factors. Pushpay anticipates providing more detailed non-financial reporting in the following financial years. | 1 April 2021 - 31 March 2022 |
| **Recommendation 5.2** | An issuer should have a remuneration policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria. | Pushpay's remuneration policy does not specify relative weightings of remuneration components or specify performance criteria as the Board has concluded that the relative weightings between remuneration components, as well as the performance criteria used to determine performance-based payments, will be determined on a case-by-case basis, having regard to the nature of the executive's role and other relevant factors. | 1 April 2021 - 31 March 2022 |

The alternative governance practices described in the above table have been approved by the Board.

The full content of the Company's Corporate Governance Code and related Appendices can be found on the Company's website.

Easy access to information about the Company, including financial and operational information and key corporate governance policies and charters, is available through the Company's website at https://pushpay.com/investors/governance.

## 1. CODE OF ETHICAL BEHAVIOUR

*"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."*

We expect our Directors and staff to act with integrity and professionalism, and undertake their duties in the best interests of the Company, taking into account the interest of shareholders and other stakeholders.

The Pushpay Code of Ethics is fundamental to the way that Pushpay does business. The purpose of the Code is to ensure high standards of ethical conduct. The Code aims to achieve this purpose by the use of principles that provide guidance on appropriate standards and conduct. As the Code and the principles set out in it cannot capture every situation that might arise, Pushpay personnel are expected to assess actions and decisions against the backdrop of the principles and spirit of the Code and always seek to act consistently with that.

The Code has been approved by the Board and all of Pushpay's personnel are expected to be familiar with it. Furthermore, all of Pushpay's personnel (including employees, contractors and other representatives of Pushpay from time to time) must comply with the letter and spirit of the Code. This is especially true of Directors and senior management. Breaches of the Code will result in appropriate disciplinary and/or legal action.

The Code covers:

- conflicts of interest;
- receipt and use of Company information;
- receipt and use of Company assets and property;
- Directors' attention to the matters before them;
- acting honestly and in the best interest of the Company;
- valuing personnel;
- giving and receiving gifts; and
- reporting and managing breaches of the Code.

A copy of the Code can be found on the Company's website (see Appendix A of the Company's Corporate Governance Code).

We encourage employees to speak out if they have concerns. Pushpay has established procedures for confidential, anonymous submission of concerns by employees of the Company, including a whistle blowing scheme.

Pushpay does not donate to political parties.

### Interests register

The Board is aware of its obligations to ensure that Directors avoid conflicts of interest between their duties to the Company and any personal interests. The Company's Corporate Governance Code and Code of Ethics outline policies for dealing with conflicts (real and perceived).

Pushpay maintains a Directors' interests register where relevant disclosures of interest and related party transactions are recorded. The interests register is available for inspection at Pushpay's registered office. When a Director has declared an interest in a particular entity, as a shareholder, director or otherwise, the declaration serves as notice that the Director may benefit from any transaction between the Company and the disclosed entity.

While there is no formal requirement to do so, a majority of Directors hold shares in the Company either directly or through affiliates. Details of Directors' share dealings are set out on page 108 of this report.

### Financial Products Dealing Policy

The Board has adopted a Financial Products Dealing Policy for all Directors, officers, employees and contractors of Pushpay and its subsidiaries which applies to trading in the Company's quoted financial products. Compliance with this Policy is actively managed. The Policy covers insider trading laws and various policy requirements, including the monitoring of trading.

A copy of the Financial Products Dealing Policy can be found on the Company's website (see Appendix B of the Company's Corporate Governance Code).

## 2. BOARD COMPOSITION AND PERFORMANCE

*"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."*

Pushpay's Board is responsible for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles. The Board's primary objective is to enhance shareholder value and protect the interests of other stakeholders by improving corporate performance and accountability.

Pushpay's Corporate Governance Code defines the Board's specific roles and responsibilities. These include:

a) overall governance and strategic leadership;

b) overseeing the development, adoption and communication of a clear strategy for the Company (including overseeing the implementation of the Company's strategy by management);

c) overseeing accounting and reporting systems (including the external audit)and the issuer's compliance with its continuous disclosure obligations;

d) adopting and reviewing a risk management framework;

e) the appointment of the chair and the CEO;

f) approval of the issuer's operating budgets/major capital expenditure; and

g) adoption of the issuer's remuneration policy and other corporate governance documents.

The Corporate Governance Code is reviewed periodically and is available on the Company's website.

The Board has delegated a number of its responsibilities to three standing Board Committees: Audit and Risk Management Committee, Nomination and Remuneration Committee and Technology, Innovation and Intellectual Property (IP) Committee. The role of each Committee is described in section 3 below. The Board determines the strategic direction and goals, whereas day to day management of the Company is delegated to the senior management team under the leadership of the CEO, with specified financial and non-financial limits.

### Board composition

The NZX Listing Rules state that the Company must have at least three Directors, of which at least two must be resident in New Zealand and at least two must be Independent Directors. As at 31 March 2022 the Board comprised six Directors:

| New Zealand | United States |
|---|---|
| Graham Shaw - Independent Chairman | Sumita Pandit - Independent Director |
| Lovina McMurchy - Independent Director | John Connolly - Non-executive Director |
| Lorraine Witten - Independent Director | Christopher Fowler - Executive Director and Visionary |

Bruce Gordon resigned as a Non-executive Director, effective 16 June 2021. Sumita Pandit joined the Board as an Independent Director and John Connolly joined the Board as a Non-executive Director on 27 September 2021. Both directors will stand for election by shareholders at the 2022 Annual Shareholders' Meeting.

The Chairman of the Board is elected by the Board. The Board supports the separation of roles of the Chairman and CEO. The Board has determined that the Chairman, Graham Shaw, is an Independent Director. The role of the Chairman is outlined in Pushpay's Corporate Governance Code.

A biography of each Director is available earlier in this Report and on Pushpay's website. Directors' interests are disclosed on page 109 of the Annual Report.

The Company has written agreements with each Director, outlining the terms of their appointment and Board expectations. New Directors are given a copy of the Company's Corporate Governance Code and other relevant Company information and appropriate induction training. The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and has the competencies to ensure the effective functioning of the Board.

All Directors have access to senior management to discuss issues or obtain information in specific areas in relation to items to be considered at Board meetings or any other areas considered appropriate. Each Director has the right to seek independent legal and other professional advice (with approval of the Chairman) at the Company's expense to assist them to carry out their responsibilities.

Pushpay has insured and indemnified all its Directors against liabilities to other parties that may arise from acts or omissions in their capacity as Directors.

### Director independence

Consideration is given to significant shareholders or shareholder groups being represented on the Board. In addition, as required by the NZX Listing Rules, the Board also has Independent Directors to ensure that the interests of all shareholders are represented. The Board takes into account the NZX Listing Rules in determining the independence of the Directors and will review any determination it makes, on becoming aware of any information that may impact any Director's independence.

As at 31 March 2022 and the date of this Report, the Board has determined that Graham Shaw, Lovina McMurchy, Lorraine Witten and Sumita Pandit are Independent Directors and the remaining Directors (John Connolly and Christopher Fowler) are not Independent Directors.

### Board Performance

All Directors are responsible for ensuring they remain current in understanding their obligations and duties. The Board undertakes regular internal and external reviews of performance and the performance of Directors and each Committee to ensure the Board's composition has the appropriate skills, qualifications, experience and background to monitor the Company's performance in the interests of the shareholders.

### Company Secretary

The role of Company Secretary is held by the Head of Investor Relations. The Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. In all secretarial matters, the Board ensures that the Secretary's reports are objective and that the Secretary has unfettered access to the Chair and the Audit and Risk Committee, without reference to the CEO.

### Appointment and Retirement

Directors are subject to the retirement by rotation requirements as set out in the NZX Listing Rules and in the Company's Constitution. In broad terms, a Director must not hold office without re-election past the longer of the third annual meeting following the Director's last appointment or election and three years. Key information is provided to shareholders when a Director stands for election or re-election.

The Nominations and Remuneration Committee has delegated responsibility from the Board to make recommendations on Board composition and nominations, subject to the Company's Constitution. A Director appointed since the previous Annual Shareholders' Meeting holds office only until the next Annual Shareholders' Meeting but is eligible for election at that meeting. The Board asks for Director nominations each year prior to the Annual Shareholders' Meeting, in accordance with the Company Constitution and the NZX Listing Rules. Key information is provided to shareholders when a Director stands for election or re-election.

The Committee reviews the composition of the Board annually to ensure the Board maintains an appropriate balance of skills, experience and expertise. The Board has developed a skills matrix and takes into account a number of factors including qualifications, experience and skills. The Board believes that the current Directors offer valuable and complementary skill sets.

### Board Skills Matrix

| Industry Knowledge/Experience | Highly skilled | Moderately skilled |
|---|---|---|
| Industry and Sector Knowledge | ●● | ○○○○ |
| Technology/Digital | ●●●●●● | |
| Financial Acumen | ●●●●● | ○ |
| Commercial | ●●●●●● | |
| People, Culture and Employee Relations | ●●●● | ○○ |
| Sales, Marketing and Brand | ●●●● | ○○ |
| Governance | ●●●● | ○○ |
| Risk Management | ●●●● | ○ |
| Capital Markets | ●●●●● | |
| ESG | ●●● | ○○○ |

## Diversity

Pushpay has a Diversity Policy as the Board acknowledges the importance of treating others with dignity, respect and fairness, and taking into consideration cultural sensitivities, as well as ensuring freedom from unlawful discrimination. Pushpay is committed to creating and maintaining an inclusive and collaborative workplace culture by recognising the values of a diverse and skilled workforce. This commitment extends to all areas of its business.

Pushpay will support the ongoing enhancement of diversity and inclusion of initiatives, which may include:

- promotion of a discrimination, harassment and victimisation-free working environment, with a focus on respect and inclusion;
- raising employee awareness of workplace diversity by designing, delivering and measuring the efficacy of gender equality and workforce diversity programmes, including employee resource groups focusing on women and under-represented minorities;
- diversity support and education;
- promotion of a culture of empowerment that rewards employees to act in accordance with the policy, for both current employees and our hiring processes; and
- striving to ensure that all employees receive equal treatment in all aspects of Pushpay's employment policies and practices.

As at 31 March 2022 the gender balance of Directors, officers and employees/contractors was as follows (with the table also showing comparative numbers as at 31 March 2021):

| | As at 31 March 2022 | | | | | | As at 31 March 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Directors | % | Executive leadership team | % | Employees/ Contractors | % | Directors | % | Executive leadership team | % | Employees/ Contractors | % |
| Female | 3 | 50 | 1 | 20 | 196 | 35 | 2 | 40 | 2 | 29 | 138 | 35 |
| Male | 3 | 50 | 4 | 80 | 371 | 65 | 3 | 60 | 5 | 71 | 261 | 65 |
| **Total** | 6 | 100 | 5 | 100 | 567 | 100 | 5 | 100 | 7 | 100 | 399 | 100 |

Pushpay is proud to have an ingrained inclusive culture, where differences become strengths that can be used to better serve the Company's Customers and drive strong business performance. Pushpay values creating equal opportunities for each of its people to progress within the Company. When assessing remuneration, Pushpay's focus is on the performance and merits of each individual relative to market benchmarks. Explicit consideration is made as part of the annual remuneration review process as to whether any differences in remuneration between individuals with similar roles is justified given the risk of unconscious bias.

Pushpay has made progress over the last financial year by putting in place processes and increasing awareness through education to create a stronger focus in the area of diversity and inclusion in order to prepare the business for growth long-term. Pushpay continues to develop an inclusive culture, which creates a better experience for its Customers, staff and candidates. This is a key focus for Pushpay's strategic pathway – Caring about our people and our communities. Below is an update of steps the Company has taken in this area over the year ended 31 March 2022:

- The Board appointed an additional highly experienced and qualified female Independent Director, further adding to the Board's breadth of talent and diversity;
- To ensure more internal representation and to create a culture of diversity and inclusion, Pushpay sponsored two employee resource groups (ERGs) focused on education, awareness and development of women, and under-represented minorities;
- Pushpay sponsored an in-person ERG summit, focused on bringing ERG committee members together to plan strategic priorities for the upcoming financial year. With participation from executive sponsors, it was an opportunity for the ERGs to spend time focusing solely on inclusion and to partner with the leadership team on strategy and delivery;
- Pushpay expanded the diversity of the leadership team significantly by adding several women to key leadership roles. The percentage of women in management positions increased over the last 12 months and this internal representation of women in leadership roles is critical to creating a culture that can attract and retain top diverse talent;
- Pushpay hosted its global mentoring programme to assist in supporting employee growth and career development, to connect employees in separate offices and to increase inclusion of remote employees. The programme focuses on short-term three month mentoring relationships and was offered three times during the year, with 103 mentors and 118 mentees participating in the programme. Employees seek mentors through this programme to help guide their career, work style, individual skills and to help support their work and personal-life balance;

- To ensure Pushpay eliminates bias during the interview process, the Company trains all hiring managers on hiring practices, including awareness and avoidance of bias and establishes the importance of diversity;
- In order to ensure there is a clear understanding of inclusive and appropriate behaviour, all Pushpay employees have participated in annual anti-harassment training; and
- Pushpay included the observation of Juneteenth as a paid Company holiday beginning in 2022. Juneteenth commemorates the emancipation of African-American slaves in the US.

## 3. BOARD COMMITTEES

*"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."*

The Board has established several standing committees, each of which has a Board approved written charter summarising the role, responsibilities, delegations and membership requirements.

Board committees assist the Board by focussing on specific responsibilities in greater detail than is possible in Board meetings. However, the Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

The Board appoints the members and chair of each committee, with the committee chair reporting committee recommendations to the Board. Management attendance at committee meetings is by invitation only.

The Board regularly reviews the charters of each Board committee, the committees' performance against those charters and membership of each committee. The Board believes that committee charters, committee membership and roles of committee members comply with recommendations in the NZX Code.

Committee charters and details on the role and processes of each Committee are available in the Appendices to Pushpay's Corporate Governance Code.

Current membership of each of the Board committees is set out below.

| | | |
|---|---|---|
| Audit and Risk Management Committee | Assist the Board in oversight of the integrity of financial reporting, financial management and controls, external audit quality and independence, and the risk management framework | Lorraine Witten (Chair), Graham Shaw and Sumita Pandit<br><br>All Independent Directors |
| Nominations and Remuneration Committee | Assist the Board in ensuring appropriate Board performance and composition and in appointing directors; as well as assist the Board to establish and maintain a strong governance framework overseeing the management of the Company's people, remuneration and diversity policies | John Connolly (Chair), Lovina McMurchy and Lorraine Witten<br><br>Majority Independent Directors |
| Technology, Innovation and Intellectual Property (IP) Committee | Advisory role in relation to the Company's material technology, innovation and intellectual property related matters | Lovina McMurchy (Chair), Christopher Fowler and Sumita Pandit |

### Other Committees

The Board may, from time to time, establish ad-hoc committees to deal with specific issues or circumstances. As these committees are established on an ad-hoc basis, they will not have written charters. However, when appointing an ad-hoc committee the Board intends to minute, or otherwise record in writing, the terms of appointment of the committee.

A special committee of independent directors has been formed to consider the recent expressions of interest received in relation to the acquisition of the Company. The committee operates under written terms approved by the Board.

### Board and Committee meeting attendance

Board and Committee meetings are held in person and/or by teleconference throughout the year, with other meetings to deal with certain matters arising from time to time being held when necessary. The table below shows Director attendance at these meetings during the year ended 31 March 2022:

| | Board | Audit and Risk Management Committee | Nominations and Remuneration Committee | Technology, Innovation and IP Committee |
|---|---|---|---|---|
| Total meetings | 10 | 5 | 2 | 5 |
| Graham Shaw | 10 | 5 | 2 | 5 |
| Lovina McMurchy | 10 | 4** | 2 | 5 |
| Lorraine Witten | 10 | 5 | 2 | 4*** |
| Sumita Pandit[1] | 5 | 1 | 0 | 3**** |
| John Connolly[2] | 4 | 0 | 1* | 1* |
| Christopher Fowler | 10 | 1* | 1* | 4 |
| Bruce Gordon[3] | 3 | 1 | 1 | 2 |

* Non-member attending Committee meeting.

** Lovina McMurchy was a non-Committee member for one of the attended meetings.

*** Lorraine Witten was a non-Committee member for three of the attended meetings.

**** Sumita Pandit was a non-Committee member for two of the attended meetings.

1 Sumita Pandit joined the Board as an Independent Director on 27 September 2021.

2 John Connolly joined the Board as a Non-executive Director on 27 September 2021.

3 Bruce Gordon resigned as a Director on 16 June 2021.

## 4. REPORTING AND DISCLOSURE

### Market disclosure

Pushpay is committed to ensuring that all of its shareholders have timely access to full and accurate material information about the Company. Equally, the Directors comply with full and timely disclosure to the market of material information.

Pushpay's Disclosure and Communications Policy, a copy of which can be found on the Company's website (see Appendix C of the Company's Corporate Governance Code):

- records the Company's commitment to its continuous disclosure obligations under the NZX Listing Rules and the Financial Markets Conduct Act 2013;
- sets out the processes to be followed by the Company to ensure compliance with those obligations; and
- addresses the Company's general approach to communicating with shareholders and other external parties, with a view to ensuring such communications are effective, consistent and accurate.

### Financial Reporting

For the financial year ended 31 March 2022, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Audit and Risk Management Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness and timeliness of financial statements. It reviews Pushpay's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed, and for which the Committee has responsibility, were addressed during the reporting period.

The CEO and Interim Chief Financial Officer have confirmed in writing that Pushpay's external financial reports are presented fairly in all material aspects.

### Non-financial reporting

Pushpay has a commitment to ensuring that the Company acts in a way that will have a positive impact for shareholders, staff and the communities the Company operates in, as well as reducing the environmental impact of the Group's activities.

Over the last year the Company has commenced formalising its approach to environmental, social and governance (ESG) principles which the Company believes will enhance Pushpay and support its growth. Pushpay has reported on its ESG progress, on pages 28 to 30 of this report.

During FY22, Pushpay established an internal, cross-functional working group to develop the Company's ESG reporting program. A series of engagements were conducted with a range of internal and external stakeholders to identify priority topics in terms of importance to Pushpay and our stakeholders. The results of this can be seen on page 29 of this report. The Board also adopted a new Sustainability Policy.

## 5. REMUNERATION

*"The remuneration of Directors and Executives should be transparent, fair and reasonable."*

Remuneration of Directors and senior executives is the key responsibility of the Nominations and Remuneration Committee. The Company has a framework for the determination and payment of Directors' and senior executives' remuneration. External advice is sought on a regular basis to ensure remuneration is benchmarked to the market for senior management positions, Directors and Board Committee positions.

Pushpay's policy is to offer competitive Director fees to attract, and retain high quality, appropriately skilled Directors, who will best add value to the Company and its growth strategy. Board policy is that no additional amounts are paid to a Director upon retirement or cessation of office. Non-executive Director remuneration is approved by shareholders.

The remuneration packages of the employees and contractors of the Group, which consist of base salary and incentive schemes (including performance-related bonuses), are reviewed with due regard to performance and other relevant factors.

Details of Director and Executive remuneration in FY22 are provided on pages 104 to 107.

## 6. RISK MANAGEMENT

*"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."*

Pushpay's ability to deliver appropriate returns to its shareholders requires successful execution of business strategy and the elimination, reduction and mitigation of associated risks.

Pushpay has established a system of risk oversight and management. Senior management maintains a risk register and this is reviewed at each meeting of the Audit and Risk Management Committee. Further information regarding the responsibilities of the Board and Audit and Risk Management Committee in respect of risk management, is set out in Pushpay's Corporate Governance Code, which can be found on the Company's website.

In summary, the Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for overseeing and monitoring significant business risks and overseeing Management's processes to mitigate the identified risks. Management regularly reports to the Board on significant business risks and treatments for those risks.

Pushpay is exposed to risks from a number of sources, including operational, strategic, economic and financial risks. The Group is committed to the identification, monitoring and management of material financial and nonfinancial risks associated with our business activities. The Board ultimately has responsibility for internal compliance and control. It recognises that a sound culture is fundamental to an effective risk management framework.

Pushpay's Risk Management framework incorporates policies, procedures and appropriate internal controls to identify, assess and manage areas of significant business and financial risks. The Group applies effective risk management principles across its business units to ensure risk is identified, assessed, categorised and ranked to allow the business to understand its risks. Pushpay maintains insurance policies that it considers adequate and practicable to meet its insurable risks.

### Key Risks

Key risks are assessed on a risk profile identifying the likelihood of occurrence and potential severity of impact. Key risks are managed with a focus on decreasing the risk likelihood and minimising the risk impact should it occur. Pushpay has key risk areas and adopts a different risk appetite for each identifiable risk within these areas.

The risk areas include:

- Operational risk e.g. cyber security, data and systems, recruitment and retention
- Strategic risk e.g. execution of strategic initiatives, competitive environment
- Economic risk e.g. market risk, sector risk
- Financial risk e.g. business performance

### Risk Appetite

Pushpay's risk appetite is set by the Board alongside the executive team to provide guidance to employees, contractors and partners. This risk appetite sets out the amount and type of risk that Pushpay is willing to accept to meet our strategic objectives and create value for our customers and stakeholders.

Pushpay remains committed to innovation and has a high-risk appetite for this, alongside learning and knowledge, growth and partnerships, and acquisitions.

### Health and safety

Pushpay has a Health and Safety Policy, which sets out the Company's commitments and expectations in respect of the health, safety and welfare of employees and contractors in the workplace.

Pushpay's Health and Safety Policy was established, and is maintained and continually improved for effectiveness, in accordance with the requirements of applicable health and safety laws, including where applicable the Health and Safety at Work Act 2015, including as a Person Conducting a Business or Undertaking.

The Health and Safety Policy is subject to review by the Board of Directors as required, and at least every two years, to ensure that the policy remains consistent with Pushpay's objectives and responsibilities. A report on the performance against the policy, policy initiatives and incident reports is regularly provided by management to the Board.

### Insurance of Directors

For the purposes of section 162 of the Companies Act 1993, Directors disclosed insurance effected for Directors and Officers in relation to certain acts or omissions in their capacity as Directors and Officers of the Company.

## 7. AUDITORS

The Audit and Risk Management Committee monitors both the external and internal audit functions at Pushpay.

### External Audit

Pushpay has adopted an External Audit Policy, which can be found on the Company's website (see the Corporate Governance Code). This outlines Pushpay's commitment to ensuring audit independence, both in fact and appearance, so that Pushpay's external financial reporting is viewed as being highly objective and without bias.

The Policy requires, among other matters the Board to facilitate full and frank dialogue among the Audit and Risk Management Committee, the auditor and senior management; and rotation of the lead and engagement audit partner after a maximum of five years.

For the year ended 31 March 2022, Deloitte Limited was the external auditor for Pushpay. Partner rotation last occurred in 2017. The external auditors attend the Annual Shareholders' Meeting each year.

The Audit and Risk Management Committee monitors the ongoing independence, quality and performance of the external auditors, reviews the nature and scope of the audit and reviews the audit delivery plan, and monitors audit partner rotation. The Committee pre-approves any non-audit work undertaken by Deloitte Limited. There were no non-audit services provided by Deloitte Limited.

The amounts payable by the Group to the auditor of the Company as audit fees and fees payable by the Group for other services provided by the auditor are set out in the financial statements contained in this Report.

### Internal audit

Although Pushpay does not currently have an internal audit function, it does have the following processes for evaluating and improving the effectiveness of its risk management and internal processes:

- the Board is responsible for determining the nature and extent of the material risks it is willing to take to achieve its strategic objectives and for ensuring that the Company maintains a risk management framework, which identifies:
  - material risks to the Company and its business;
  - the likelihood and impact of each risk to the Company's business; and
  - how those risks are being managed or mitigated.

The Board also ensures that it receives and reviews regular reports on the risk management framework; and

- the Audit and Risk Management Committee is responsible for (amongst other things):
  - regularly reviewing the Company's internal controls and systems;
  - monitoring and regularly reviewing the authorities, delegations and procedures under which the Company may be committed; and
  - establishing procedures for receipt, retention and treatment of concerns received by the Company regarding accounting, internal accounting controls and auditing matters.

### 8. SHAREHOLDER RIGHTS AND RELATIONS

*"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."*

Pushpay is committed to open and regular dialogue and engagement with shareholders. Easy access to information about the performance of Pushpay is available through the Investor Centre on the Company's website.

Pushpay's investor relations programme includes semi-annual post-results briefings with investors, analysts and investor meetings, and earnings announcements. The programme is designed to provide shareholders and other market participants the opportunity to obtain information, express views and ask questions.

Shareholders are encouraged to communicate with the Company and its share registry electronically.

In addition to shareholders, Pushpay has a wide range of stakeholders and maintains open channels of communication for relevant audiences, including brokers and the investing community, as well as its staff, suppliers and customers.

The Company endeavours to ensure that the notice of the Annual Shareholders' Meeting is announced on the NZX and ASX, sent to shareholders and posted on to the Company's website at least 20 working days prior to the meeting each year. Shareholders are able to ask questions of and express their views to the Board, management and the external auditors at Annual Shareholders' Meetings. The Board considers that shareholders should be entitled to vote on decisions that would change the essential nature of Pushpay's business. The Board adopts the one share, one vote principle, conducting voting at shareholder meetings by poll. Shareholders are also able to vote by proxy ahead of meetings without having to physically attend those meetings.

# Remuneration

## DIRECTOR REMUNERATION

### Non-executive Director Remuneration

The total remuneration available to be paid to Non-executive Directors each financial year is fixed by shareholders. The annual Directors' fee pool limit as at 31 March 2022 was US$650,000. The Board has determined that differentiation between fees for New Zealand resident Directors and other Directors is appropriate.

The current standard allocation of Non-executive Directors remuneration is:

| | NZ$* | US$ |
|---|---|---|
| **New Zealand Non-executive Directors** | | |
| Board Chairman | 190,000 | 133,000 |
| Non-executive Director | 95,000 | 66,500 |
| Chair of Audit and Risk Management Committee | 20,000 | 14,000 |
| Other committee Chair | 20,000 | 14,000 |
| Committee Member | 10,000 | 7,000 |
| **United States Non-executive Directors** | | |
| Non-executive Director | N/A | 240,000 |

* NZD has been converted into USD using the 12-month average foreign exchange rates from the Reserve Bank of New Zealand for all New Zealand resident directors.

In addition, the Board may determine from time to time that it is necessary to pay higher fees to attract specific Non-executive Directors, as long as the total remuneration paid to Non-executive Directors does not exceed the amount fixed by shareholders.

Directors are also entitled to be paid for all reasonable travel, accommodation and other expenses incurred by them in connection with the Company's business.

### Executive Director remuneration

The total salaries and other remuneration paid to Executive Directors for the period ended 31 March 2022 are paid in United States Dollars (USD) and are stated in the table below.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Executive Director | Salary US$000 | Other remuneration US$000 | Salary US$000 | Other remuneration US$000 |
| Bruce Gordon* | 33 | – | 355 | 1,419 |
| Christopher Fowler | 77 | – | 77 | – |
| **Total** | 110 | – | 432 | 1,419 |

* Brue Gordon resigned as a Director on 16 June 2021.

Christopher Fowler was appointed as an Executive Director on 13 December 2019. He receives remuneration from the Company in the form of a salary. He does not participate in the Company's Share Incentive Scheme or receive Restricted Share Units (RSUs) in the Company. He does not receive any other remuneration in his capacity as a Director.

Bruce Gordon also received fees as a Non-executive Director for part of the year (being the period following his resignation as CEO), which are included in the director remuneration table below.

### Total Director remuneration

Directors may receive additional fees for their work on any such ad-hoc committees and attendance at their meetings.

The total Director fees and other remuneration received by the Directors for the period ended 31 March 2022 are stated in the table below in New Zealand Dollars (NZD). Remuneration for Directors outside New Zealand have been converted into NZD using the 12-month average foreign exchange rates from the Reserve Bank of New Zealand.

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fees | | Other remuneration | | Fees | | Other remuneration | |
| Director | NZ$000 | US$000 | NZ$000 | US$000 | NZ$000 | US$000 | NZ$000 | US$000 |
| Graham Shaw | 217 | 151 | – | – | 188 | 126 | – | – |
| Lovina McMurchy | 123 | 86 | – | – | 106 | 71 | – | – |
| Lorraine Witten | 125 | 87 | – | – | 49 | 33 | – | – |
| Sumita Pandit[1] | 180 | 126 | – | – | – | – | – | – |
| John Connolly[2] | 178 | 124 | – | – | – | – | – | – |
| Christopher Fowler | – | – | 111 | 77 | – | – | 115 | 77 |
| Bruce Gordon[3] | 24 | 17 | 23 | 16 | 8 | 5 | 2,705 | 1,774 |
| Peter Huljich[4] | – | – | – | – | 73 | 49 | – | – |
| Justine Smyth[5] | – | – | – | – | 55 | 37 | – | – |
| Total[4] | 847 | 591[5] | 134 | 93 | 479 | 321 | 2,820 | 1,851 |

1 Sumita Pandit joined the Board as an Independent Director on 27 September 2021.
2 John Connolly joined the Board as a Non-executive Director on 27 September 2021.
3 Bruce Gordon resigned as a Director on 16 June 2021.
4 Peter Huljich resigned as Director on 31 December 2020.
5 Justine Smyth resigned as a Director on 20 July 2020.
6 Director fees include fees for participation on ad hoc committees and at extra board meetings from time to time.
7 Using the 12-month average foreign exchange rates from the Reserve Bank of New Zealand, the NZ$847,000 converts to US$591,000, falling within the US$650,000 remuneration cap.

No Director or employee of the Group received remuneration in their capacity as director of any subsidiary of the Group.

Except as set out above, no fees or benefits were received by any Director for any other services provided to the Group.

## EXECUTIVE REMUNERATION

Pushpay's remuneration practices are designed to attract, retain and motivate high calibre people at all levels of Pushpay.

The CEO and executives, together with a limited number of non-executive senior managers, have the potential to earn a Short Term Incentive (STI) each year. Pushpay's STI is based on performance targets and is designed to differentiate performance and to reward delivery. STI targets for the CEO and executives are generally set as a percentage of base salary based on the scale, complexity and performance expectations of each individual STI participant's role and other forms of compensation which make up their total compensation.

The CEO and executives, together with a limited number of non-executive managers, also have the potential to earn a Long Term Incentive (LTI). Pushpay's LTI is designed to incentivise and retain key personnel, align the interests of executives and shareholders and encourage long-term decision-making. LTI values for the CEO and executives are set in RSUs.

STI performance targets reflect a combination of delivery objectives appropriate for the position held by the individual STI participant. Performance under the STI plan is assessed each year in June, following the end of each financial year, and pay-outs are processed annually in the months following the close of the financial year.

The STI and LTI are both variable components of remuneration, with selected employees invited to participate each year as approved by the Board. STI are only paid if individual and Company performance targets are met, and LTI can be time or performance based.

### CEO remuneration

Molly Matthews has been CEO since 1 March 2021 and receives remuneration from the Company in the form of a salary, an STI with a target of 50% of base salary and a LTI of US$600,000 of RSUs, of which US$300,000 vested in March 2022 and US$300,000 is to occur in March 2023.

For the financial year to 31 March 2022, the CEO's STI performance criteria were based on annual Company key performance indicators (KPIs), as approved by the Board. The KPIs included the Company achieving operating revenue growth, customer and retention growth, as well as EBITDAF and culture targets, all of which contribute to shareholder value.

The tables below set out CEO target remuneration and actual remuneration received by Molly Matthews, in her role as CEO, during FY22.

### Target Remuneration

| US$ | Fixed remuneration | Target STI | Target LTI | Total target remuneration |
|---|---|---|---|---|
| FY22 | 360,500 | 180,250 | 300,000 | 840,750 |

### Actual remuneration received

| US$ | Fixed Remuneration[1] | STI payment for prior period | STI% achieved[2] | Vesting of LTI | Total Remuneration |
|---|---|---|---|---|---|
| FY22 | 360,500 | 15,021[3] | 100% | 300,000[4] | 675,521 |

1. Fixed remuneration is equivalent to base salary.
2. The percentage of the target STI payable is determined by the Board based on achievements of KPIs in the financial year and any pay-out is processed annually in the months following the close of the financial year.
3. In FY22, Molly received a pro-rata 100% STI payment of US$15,021 reflecting one month in the CEO role in FY21. In addition, Molly received an STI payment of US$28,243 in relation to her prior role as Chief Customer Officer (CCO) of Pushpay.
4. In addition to the RSUs included in the CEO's remuneration, during the financial year to 31 March 2022, Molly also vested additional RSU tranches worth a total of US$49,668, which were awarded to her when she was in the role of CCO. Molly's final remaining tranche from her CCO role, worth US$50,000, is scheduled to vest in December 2022.

## EMPLOYEE REMUNERATION

The table to the right shows the number of employees and former employees (including Executive Directors) in the Group receiving remuneration and other benefits in their capacity as employees, the value of which was equal to or exceeded NZ$100,000 for the year ended 31 March 2022. Remuneration for those outside New Zealand has been converted into NZD using the 12-month average foreign exchange rates from the Reserve Bank of New Zealand. No Director of a subsidiary receives or retains any remuneration or other benefits from Pushpay for acting as such.

| Employee remuneration range NZ$ | 2022<br>Number of employees | 2021<br>Number of employees |
|---|---|---|
| $100,001-$110,000 | 37 | 32 |
| $110,001-$120,000 | 36 | 40 |
| $120,001-$130,000 | 40 | 31 |
| $130,001-$140,000 | 27 | 21 |
| $140,001-$150,000 | 31 | 22 |
| $150,001-$160,000 | 20 | 13 |
| $160,001-$170,000 | 10 | 17 |
| $170,001-$180,000 | 13 | 6 |
| $180,001-$190,000 | 6 | 5 |
| $190,001-$200,000 | 8 | 10 |
| $200,001-$210,000 | 10 | 10 |
| $210,001-$220,000 | 5 | 7 |
| $220,001-$230,000 | 2 | 7 |
| $230,001-$240,000 | 3 | 3 |
| $240,001-$250,000 | 5 | 3 |
| $250,001-$260,000 | 1 | 2 |
| $260,001-$270,000 | 7 | 2 |
| $270,001-$280,000 | 2 | 2 |
| $280,001-$290,000 | 4 | 2 |
| $290,001-$300,000 | - | 2 |
| $300,001-$310,000 | 1 | 1 |
| $310,001-$320,000 | 1 | 1 |
| $320,001-$330,000 | 1 | 1 |
| $340,001-$350,000 | 2 | 1 |
| $350,001-$360,000 | - | 1 |
| $360,001-$370,000 | - | 2 |
| $370,001-$380,000 | - | 1 |
| $380,001-$390,000 | 1 | - |
| $390,001-$400,000 | - | 2 |
| $400,001-$410,000 | - | 1 |
| $410,001-$420,000 | - | 1 |
| $440,001-$450,000 | - | 2 |
| $460,001-$470,000 | 2 | 1 |
| $470,001-$480,000 | - | 1 |
| $490,001-$500,000 | 1 | - |
| $510,001-$520,000 | - | 2 |
| $560,001-$570,000 | 1 | - |
| $580,001-$590,000 | 1 | - |
| $620,001-$630,000 | 1 | - |
| $680,001-$690,000 | 1 | - |
| $840,001-$850,000 | - | 1 |
| $1,080,001-$1,090,000 | 1 | - |
| $2,700,001-$2,710,000 | - | 1 |
| | 281 | 257 |

## DISCLOSURES

### Waivers

Pushpay did not apply for any waivers from NZ RegCo (previously NZX Regulation) during the year ended 31 March 2022.

### Directors' shareholdings

Details of Directors' shareholdings and holdings of other financial products issued by the Company as at 31 March 2022 are set out below:

| Director | Class of share | Held by Director or associated entities |
|---|---|---|
| Graham Shaw | Fully paid ordinary | 11,560,840 |
| Lovina McMurchy | Fully paid ordinary | 85,000 |
| Lorraine Witten | Fully paid ordinary | 48,420 |
| Christopher Fowler | Fully paid ordinary | 13,011,428 |
| Sumita Pandit[1] | – | – |
| John M. Connolly[2] | – | – |
| Bruce Gordon[3] | Fully paid ordinary | 386,837 |

1 Sumita Pandit joined the Board as an Independent Director, effective 27 September 2021.

2 John Connolly joined the Board as a Non-Executive Director, effective 27 September 2021.

3 Bruce Gordon resigned as a Non-executive Director, effective 16 June 2021.

### Director share dealing

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and Part 5 of the Financial Markets Conduct Act 2013, the following acquisitions and disposals of relevant interests in Pushpay shares during the financial year ended 31 March 2022. These transactions took place in accordance with Pushpay's Financial Products Dealing Policy.

| Director | Date of transaction | Registered Holder/ Associated Entity | Class of financial product | Number of Securities | Nature of Transaction | Consideration NZ$ |
|---|---|---|---|---|---|---|
| Bruce Patrick Gordon | 30 Jun 2021 | Geelong Investments Limited | Fully paid ordinary shares | 2,387,645 | On-market disposal | $4,276,264.67 |
| | 1 Jul 2022 | Geelong Investments Limited | Fully paid ordinary shares | 970,818 | On-market disposal | $1,738,727.53 |
| | 14 Jul 2021 | Geelong Investments Limited | Fully paid ordinary shares | 1,200,000 | On-market disposal | $2,149,192.50 |
| | 20 Aug 2021 | Bruce Patrick Gordon and Geelong Investments Limited | Fully paid ordinary shares | 1,170,745 | On-market disposal | $1,922,063.10 |
| Lovina Anne McMurchy | 13 May 2021 | Lovina Anne McMurchy | Fully paid ordinary shares | 61,728 | On-market acquisition | $100,616.64 |
| | 22 Dec 2021 | Lovina Anne McMurchy | Fully paid ordinary shares | 61,728 | On-market disposal | $80,246.40 |
| | 16 Feb 2022 | Lovina Anne McMurchy | Fully paid ordinary shares | 85,000 | On-market acquisition | $85,178.50 |

## Interests register disclosure

### General disclosure

The Company maintains an interests register in accordance with the Companies Act 1993. Directors of the Company have disclosed interests in the following entities both prior to and during the year ended 31 March 2022, in addition to those disclosed elsewhere in this Report:

| Name | Position | Entity |
|---|---|---|
| Graham Shaw | Trustee | 3inCommon Trust |
| | Director | Beep Limited |
| | Trustee | Benevolo Trust |
| | Chair | Christian Savings Limited |
| | Director / Shareholder | Corporate Concern Limited |
| | Director / Shareholder | RightWay Limited |
| | Chair / Shareholder | Solvam Corporation Limited |
| | Director / Shareholder | Spotlight Reporting Limited |
| | Treasurer | Wellington Central Baptist Church |
| | Director / Shareholder | Zed Holdings Limited |
| Lovina McMurchy | Director | Alimetry Limited |
| | Director | Ara Ake (resigned 31 August 2021) |
| | Director | Auror Limited |
| | Advisor | Ayannah Business Solutions Incorporated |
| | Director | Movac Fund 5 Custodial Limited |
| | Director / Shareholder | Movac Fund 5 General Partner Limited |
| | Director | Movac Myia Investment Limited |
| | Director | Movac Open Investment Limited |
| | Director | Movac Solve Investment Limited |
| | Director | Pacific Advisors Limited |
| | Director | UneeQ Limited (resigned 31 August 2021) |
| Lorraine Witten | Director | Horizon Energy Group Limited |
| | Trustee / Beneficiary | Lorraine Witten Income Trust |
| | Director / Shareholder | Rakon Limited |
| | Chair / Shareholder | Simply Security Limited |
| | Chair / Shareholder | MOVe Logistics Limited (formerly TIL Logistics Limited) |
| | Director / Shareholder | vWork Limited |
| Sumita Pandit | Officer / Shareholder | DLocal Limited |
| John Connolly | Advisor | AVALT LLC |
| | Advisor / Shareholder | Bain Capital Ventures |
| | Founder / Managing Director | Eaglehead Capital |
| | Director / Shareholder | Ecosense Lighting Incorporated |
| | Director | Gloucester Marine Genomics Institute |
| | Advisor / Shareholder | Goldman Sachs Growth Group |
| | Director / Shareholder | iBoss Incorporated |
| | Director / Shareholder | LiquidX Incorporated |
| | Director / Shareholder | SIMON Markets LLC |
| | Advisor | Sixth Street Advisers LLC |
| | Director | Skillable |
| | Director / Shareholder | TokenEx LLC |
| | Director | TrueBlue Car Wash LLC |
| Christopher Fowler | Director | The James One27 Initiative |
| | Elder | New Life Church, Colorado Springs |
| | Trustee / Beneficiary | The Fowler Family Trust dated 12/12/2016 |

### Use of company information

The Board received no notice during the year from Directors requesting to use the Company or Group information received in their capacity as Directors, which would not have been otherwise available to them.

### Substantial product holders

The substantial product holders in Pushpay on 31 March 2022 were as follows:*

| Substantial product holder | Number of ordinary shares at 31 March 2022** | % of ordinary shares at 31 March 2022** |
|---|---|---|
| Sixth Street Advisers, LLC | 196,161,787 | 17.77% |
| Consdorf Adjacent Holdco S.à r.l.*** | 58,350,422 | 5.29% |
| Lead Edge Capital Management, LLC (LECM), Lead Edge Capital III, LP; Lead Edge Capital VI, LP; Lead Edge Capital V, LP; and Lead Edge Public Fund, LP (together referred to as LEC) | 57,677,272 | 5.06% |
| Accident Compensation Corporation (ACC) | 57,419,975 | 5.03% |
| Brown Capital Management, LLC | 57,315,260 | 5.03% |

* The numbers of shares and percentage holdings represent the substantial product holders' relevant interest in Pushpay ordinary shares, and not necessarily their registered shareholdings. As at 31 March 2022, Pushpay's issued share capital was 1,140,699,323 ordinary shares (being the only class of quoted voting products issued by Pushpay).

** A number of the substantial product holder disclosures filed by substantial product holders before 31 March 2022 do not accurately reflect the substantial product holder's relevant interests as at 31 March 2022. Accordingly, the information provided in this table is based on disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

*** Consdorf Adjacent Holdco S.à r.l. is an affiliate of Sixth Street Advisers, LLC. The Consdorf Adjacent Holdco S.à r.l. relevant interest is included within the total relevant interests in Pushpay ordinary shares held by Sixth Street Advisers, LLC.

### Top 20 holders

The 20 largest holders of Pushpay ordinary shares as at 31 March 2022 are listed below:

| | Holder* | Number of shares held | % of issued capital |
|---|---|---|---|
| 1 | HSBC Nominees (New Zealand) Limited* | 298,433,433 | 26.16% |
| 2 | HSBC Nominees (New Zealand) Limited* | 157,391,806 | 13.18% |
| 3 | Accident Compensation Corporation* | 57,283,983 | 5.02% |
| 4 | HSBC Custody Nominees (Australia) Limited* | 48,904,654 | 4.29% |
| 5 | Citibank Nominees (NZ) Ltd* | 39,988,336 | 3.51% |
| 6 | New Zealand Superannuation Fund Nominees Limited* | 35,147,914 | 3.08% |
| 7 | FNZ Custodians Limited | 29,575,853 | 2.59% |
| 8 | Custodial Services Limited | 29,339,579 | 2.57% |
| 9 | Bnp Paribas Nominees Nz Limited BPSS40* | 28,654,775 | 2.51% |
| 10 | Tea Custodians Limited* | 28,069,903 | 2.46% |
| 11 | J P Morgan Nominees Australia Pty Limited | 26,899,384 | 2.36% |
| 12 | JPMorgan Chase Bank* | 24,925,419 | 2.19% |
| 13 | Asynchronous Holdings LLC | 23,084,348 | 2.02% |
| 14 | Premier Nominees Limited* | 20,527,814 | 1.80% |
| 15 | New Zealand Depository Nominee | 18,058,011 | 1.58% |
| 16 | Custodial Services Limited | 13,246,438 | 1.16% |
| 17 | Citicorp Nominees Pty Limited | 12,718,873 | 1.11% |
| 18 | Cogent Nominees Limited* | 12,443,700 | 1.09% |
| 19 | Graham John Shaw & Delwyn Joy Shaw | 10,935,276 | 0.96% |
| 20 | Public Trust* | 6,941,181 | 0.61% |
| | Top 20 holders (total) | 922,570,680 | 80.87% |
| | Other shareholders (balance on register) | 218,128,643 | 19.13% |
| | Grand total | 1,140,699,323 | 100.00% |

* Shares held in New Zealand Central Securities Depository Limited (NZCSDL)

### Spread of security holders

The spread of holders of Pushpay ordinary shares as at 31 March 2022 are listed below:

| | Shareholders | | Issued capital | |
|---|---|---|---|---|
| **Range** | **Number** | **%** | **Number** | **%** |
| 1-1,000 | 5,578 | 36.31 | 2,996,546 | 0.26 |
| 1,001-5,000 | 5,448 | 35.46 | 13,994,368 | 1.23 |
| 5,001-10,000 | 1,864 | 12.13 | 13,705,601 | 1.20 |
| 10,001-50,000 | 2,018 | 13.13 | 43,307,400 | 3.80 |
| 50,001-100,000 | 249 | 1.62 | 17,998,068 | 1.58 |
| 100,001 and over | 208 | 1.35 | 1,048,697,340 | 91.93 |
| Total | 15,365 | 100.00 | 1,140,699,323 | 100.00 |

### Donations

During the year ended 31 March 2022 the Group made donations totaling US$201,606 (2021: US$265,454). Additional information about entities that Pushpay makes donations to can be found in the Sustainability section of the Annual Report on pages 28-33.

| Entity | US$ |
|---|---|
| The James One 27 Initiative | $200,004 |
| Convoy of Hope | $1,602 |
| Total | $201,606 |

### Credit rating

Pushpay has no credit rating.

### Subsidiaries*

As at 31 March 2022, the Company had 12 wholly-owned subsidiaries and the following people held office as Directors (or equivalent) of those subsidiaries:

Bluebridge Churches LLC – Molly Matthews

Church Community Builder LLC – Molly Matthews

NPO Apps Incorporated – Molly Matthews, Kevin Kuck

Pushpay (New Zealand) Limited – Graham Shaw, Lorraine Witten

Pushpay Incorporated – Molly Matthews, Kevin Kuck

Pushpay IP Limited – Graham Shaw, Lorraine Witten

Pushpay Limited – Graham Shaw, Lorraine Witten

Pushpay Processing Incorporated – Molly Matthews, Kevin Kuck

Pushpay Pty Limited – Graham Shaw, Michael Eefting

Pushpay Trustees Limited – Richard Keys, Abhishek Lal

Pushpay USA Incorporated – Molly Matthews, Kevin Kuck

Resi Media LLC – Molly Matthews

* Note 25 of the financial statements enclosed in this Annual Report provides further detail including the jurisdictions of incorporation of subsidiaries.

# Key metric definitions

| | |
|---|---|
| **Annual Revenue Retention Rate** | is revenue retained from Customers (subscription revenue and processing revenue) in the year, compared to the amount of subscription and processing revenue earned in the previous year, for Customers who joined Pushpay prior to the beginning of the comparative 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 Products that Customers purchase, 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 accounting standards. |
| **Operating Revenue** | is receipts received from Customers calculated in accordance with NZ IFRS accounting standards. |
| **Products** | is the total number of Pushpay products utilised by Customers. An individual Customer may use one or more Products. Pushpay currently offers three products, including a Donor Management System, Church Management System and Streaming. A Customer purchasing ChurchStaq™ currently has two Products, being a Donor Management System and a Church Management System. |
| **Subscription Fees** | is recurring fees based on the Products that Customers purchase, 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 Addressable Market (TAM)** | is the overall revenue opportunity that is available to a product or service if 100% market share was achieved; also referred to as total available market. |
| **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. |
| **Underlying Earnings before Interest, Tax, Depreciation, Amortisation and Foreign currency gains/(losses) (Underlying EBITDAF)** | is a non-GAAP financial measure calculated as EBITDAF excluding one-off changes as well as costs and IFRS accounting adjustments relating to acquisitions. This includes cash and non-cash expenses such as transaction costs, expensing of the restricted shares provided to the vendors as part of any transaction and fair valuing of unearned revenue acquired on acquisition. The Group believes that this measure provides a more appropriate representation of the Group's performance. Underlying EBITDAF is consistent with the previous definition of Underlying EBITDAFI which has been updated to remove Impairment from the definition. As there has been no historical impairment, this does not change the previously reported numbers. |
| **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). |

# Directory

### Registered office
Level 6, Building D
167 Victoria Street West
Auckland 1010
New Zealand
Phone: +64 9 377 7720

### Postal address
PO Box 90383
Victoria Street West
Auckland 1142
New Zealand

### Company numbers
New Zealand 3481675

ARBN 613 314 104

### Website
www.pushpay.com

### Investor Relations
Gabrielle Wilson
*Head of Investor Relations*

investors@pushpay.com

### Directors
Graham Shaw
*Independent Chairman*

Lovina McMurchy
*Independent Director*

Lorraine Witten
*Independent Director*

Sumita Pandit
*Independent Director*

John Connolly
*Non-executive Director*

Christopher Fowler
*Visionary and Executive Director*

### Senior Management
Molly Matthews
*Chief Executive Officer*

Richard Keys
*Interim Chief Financial Officer*

### Legal advisors
Harmos Horton Lusk
*New Zealand*

Corrs Chambers Westgarth
*Australia*

Wilson Sonsini Goodrich & Rosati
*United States*

Davis Wright Tremaine
*United States*

Shearman & Sterling
*United States*

### Auditor
Deloitte New Zealand

### Stock exchanges
NZX Main Board
ASX

### Share registrar
Link Market Services
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand

Phone: +64 9 375 5998

Link Market Services
Level 12, 680 George Street
Sydney, NSW 2000
Australia

Phone: +61 1300 554 474

### 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.

**16 June 2022 (NZT)**

2022 Annual Shareholders' Meeting

**9 November 2022 (NZT)**

2023 Interim Report and interim financial results release www.pushpay.com

Pushpay