

2018 Annual Report



Pushpay®

Contents

A strong foundation for continued growth	1
The next chapter from our Chairman and Chief Executive	11
An innovative and evolving product	15
A talented and driven team	19
Management commentary	31
Auditor's report	38
Financial statements	41
Corporate governance	69
Directory	88

About Pushpay

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers in the US, Canada, Australia and New Zealand. Our world-class solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities. Pushpay receives funding from Callaghan Innovation to help cover the commercialisation of innovation.

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

Investor calendar

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

17 July 2018 | Annual Shareholders' Meeting

1 August 2018 | Quarterly Operational Update for the quarter ended 30 June 2018

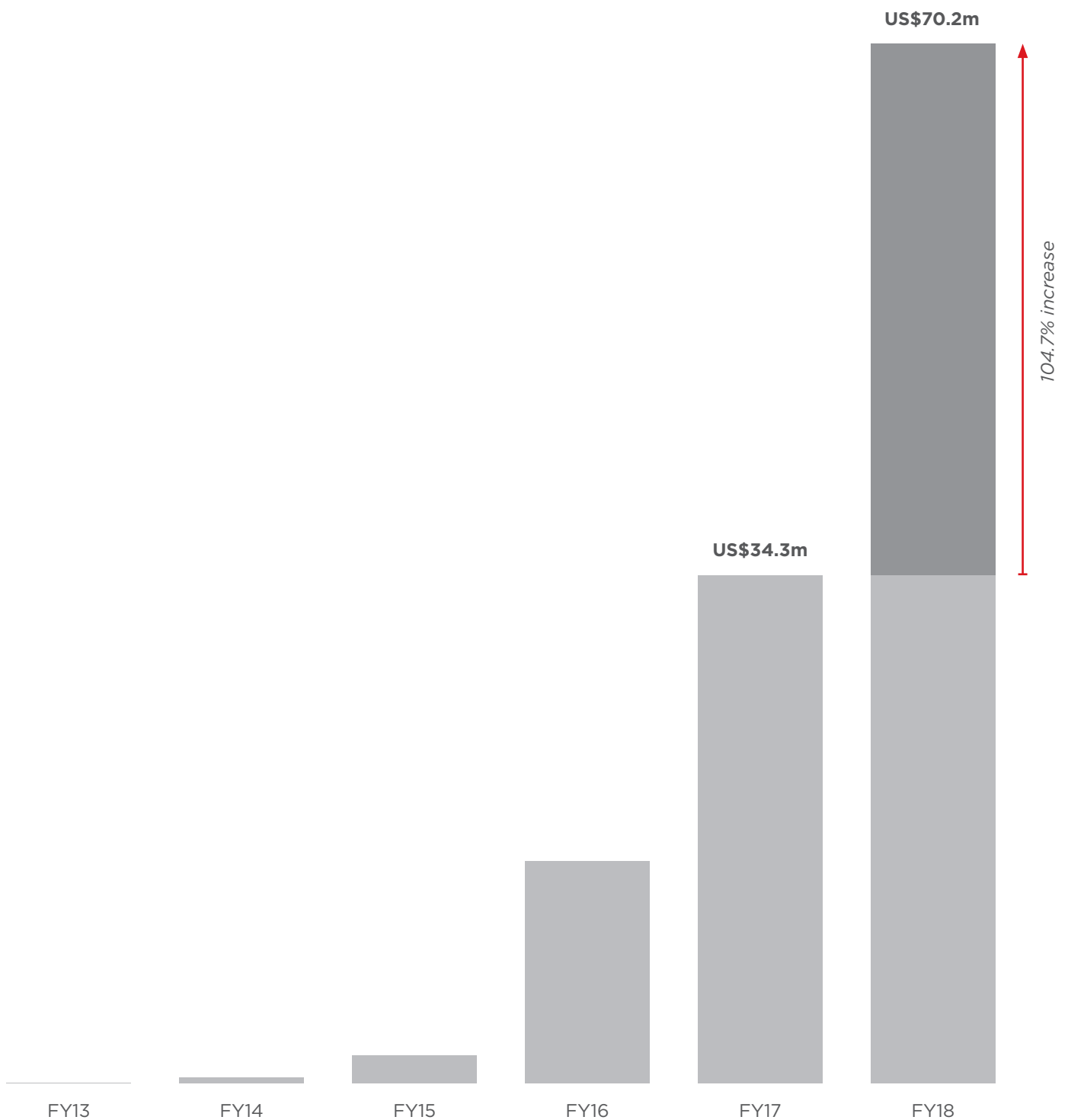
30 September 2018 | Financial half year end

7 November 2018 | Interim Report and interim financial results release

A strong foundation of
growth

104.7%

total revenue growth





Total Customers

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

ARPC

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

ACMR

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

Total LTV of Customer base

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

Months to Recover CAC

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

Annual Revenue Retention Rate

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

Staff Headcount

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

Cash and Available Funding Lines

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

We expect to continue to increase the number of top 100 largest church Customers in the US as we scale the business.

Customers

Pushpay increased its Customer base from 6,737 to 7,276, an increase of 8.0% over the year to 31 March 2018.

Over the year to 31 March 2018, Pushpay's proportion of medium and large Customers increased to 51.1%, from 45.4% a year earlier. We expect unit churn to continue to decrease and Customer numbers to steadily grow over the calendar year to 31 December 2018.

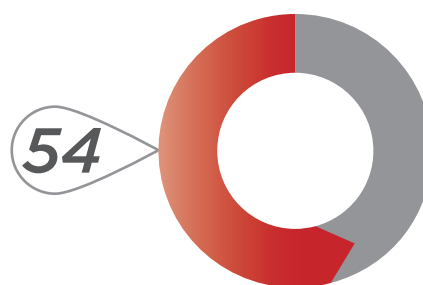
As at 31 March 2018, 13 of the top 20 and 54 of the top 100 largest churches in the US have chosen to use Pushpay. The confidence and support of

high value Customers such as these demonstrate that Pushpay's donor management system is well-understood and valued by our main target market, the US faith sector. We expect to continue to increase the number of top 100 largest church Customers in the US as we scale the business.

The Company continues to experience quarter-over-quarter growth in its field sales initiative and deal sizes continue to increase, validating the assumption that face-to-face interaction allows the Company to support a higher price point. Pushpay currently has nine field sales representatives and their efficiency continues to improve.

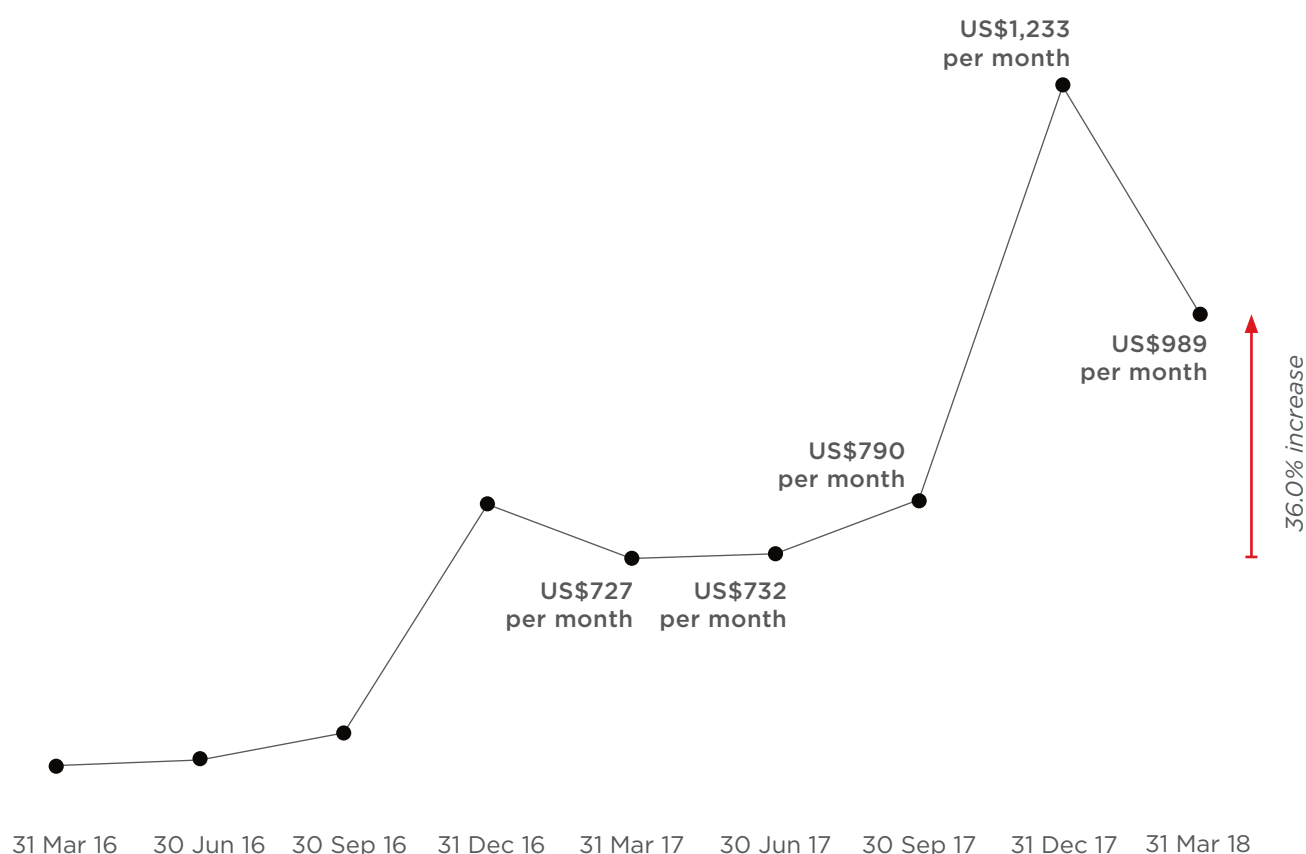


top 20 largest churches in the US



top 100 largest churches in the US

ARPC growth of 36.0%



ARPC

ARPC increased from US\$727 per month to US\$989 per month, an increase of 36.0% over the year to 31 March 2018.

ARPC as at quarter end 31 March 2018 decreased when compared to quarter end 31 December 2017, from US\$1,233 per month to US\$989 per month, a decrease of 19.8%. As advised, the December quarter is a seasonal high period due to increased giving around Christmas and leading into the US tax year end on 31 December.

Pushpay expects ARPC to steadily grow over the calendar year to 31 December 2018. Pushpay plans to grow its ARPC by increasing revenue derived from existing Customers and by continuing to implement its sales strategy to attract more medium and large new Customers.

ACMR

ACMR increased from US\$58.8 million to US\$86.4 million, an increase of 46.9% over the year to 31 March 2018.

Pushpay continues to see pleasing results from its sales strategy with the proportion of ACMR derived from medium and large Customers continuing to increase. Over the year to 31 March 2018, Pushpay's proportion of ACMR derived from medium and large Customers increased to 86.6%, from 82.4% a year earlier.

Pushpay expects ACMR to steadily grow over the calendar year to 31 December 2018. Pushpay plans to grow its ACMR by increasing revenue derived from existing Customers and based on further development of its product, direct sales, referrals strategy and through targeting customers that have existing relationships with Pushpay's strategic channel partners and other distribution partners.



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

12.3 million

transactions processed over the year

US\$192

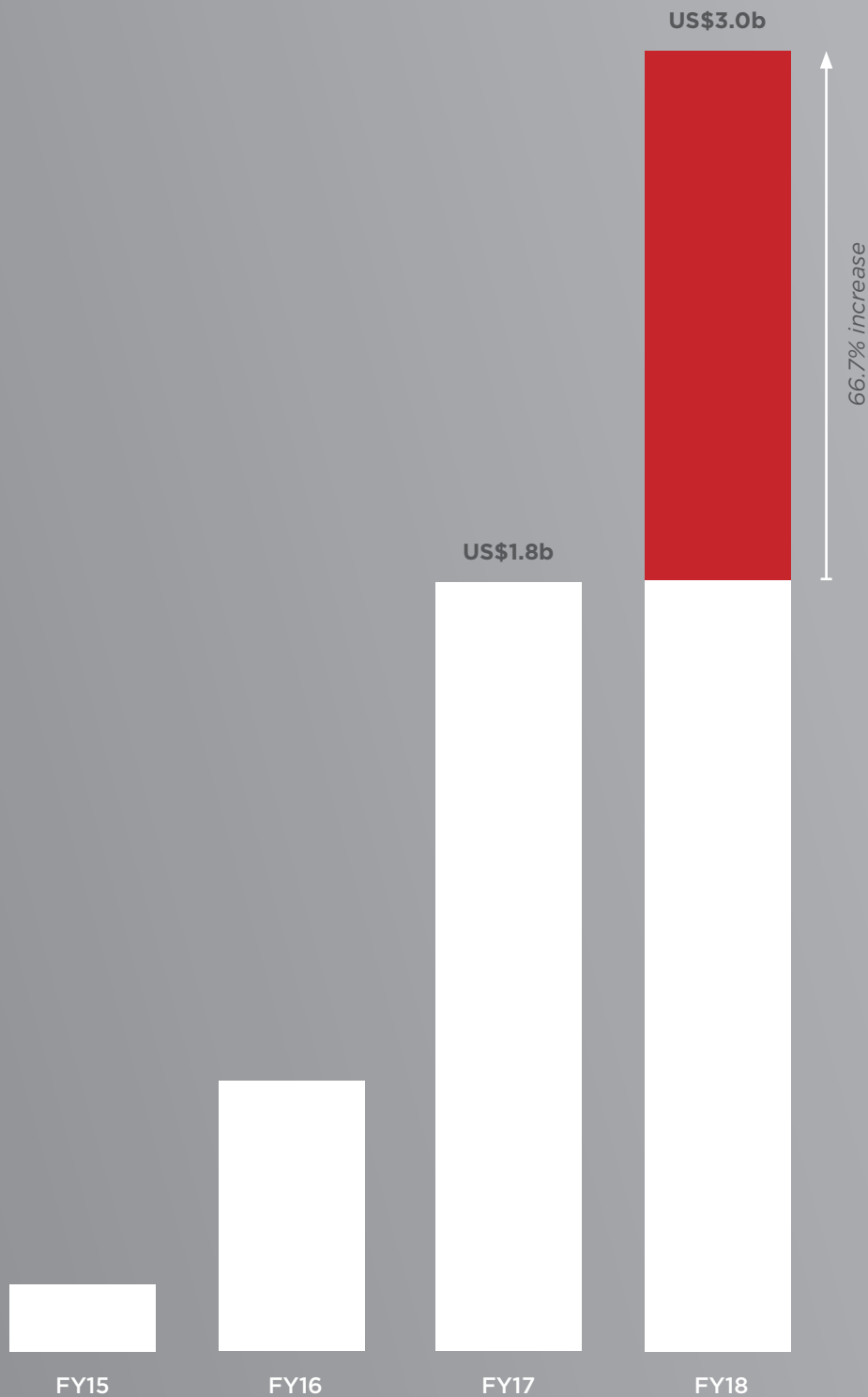
average transaction value over the year

19 countries

with supported payments

US\$3.0 billion

Annualised processing volume



Key metric definitions

Annual Revenue Retention Rate – is recurring revenue retained from Customers (for example, in the case of Customers in the faith sector, this is measured by the amount of recurring revenue at the end of the period excluding upsells into the existing Customer base, over the amount of recurring revenue from the end of the previous period).

Annualised Committed Monthly Revenue (ACMR) – is monthly Average Revenue Per Customer (ARPC) multiplied by total Customers and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue.

Annualised Processing Volume – is the annualised four week average payment transaction volume through the Pushpay payment platform.

Average Revenue Per Customer (ARPC) – is the combination of monthly Subscription Fees and Volume Fees divided by total Customers. Subscription Fees are based on the customer product holding which can vary based on the size of the Customer and Volume Fees are based on payment transaction volume. For Customers who use Pushpay's payment solution, Volume Fees are recognised on a gross basis and associated costs payable to issuing banks, processing partners and the card brands, such as Visa and MasterCard, are classified as expenses. The in-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.

Customer – is an entity that utilises one or more Pushpay products. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to set up their service.

Pushpay views Customers with 0-199 average weekly attendees as small, 200-1,099 average weekly attendees as medium and 1,100 or more average weekly attendees as large.

Customer Acquisition Cost (CAC) – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.

Lifetime Value (LTV) – is the gross margin expected from a Customer over the lifetime of that Customer. This is calculated by taking the ARPC multiplied by 12, multiplied by the gross profit percentage, multiplied by the average Customer lifetime (the average Customer lifetime is 1 divided by churn, being one minus the Annual Revenue Retention Rate). A 97.5% Annual Revenue Retention Rate is used for the purposes of the calculation. Total LTV is calculated as LTV multiplied by total Customers.

Months to Recover CAC – CAC months or months of ARPC to recover CAC is the number of months of revenue required to recover the cost of acquiring each new Customer.

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

Subscription Fees – is recurring fees based on Customer product holding, which can vary based on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance).

Volume Fees – is variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of total donations).

The next chapter
from our Chairman and CEO

Dear fellow Shareholder,

Pushpay is uniquely positioned to continue to drive social good and succeed in the next chapter of our growth journey. We have experienced another year of leading growth, with total revenue more than doubling over the year to 31 March 2018. The focus over the last year has been on future-proofing the business, by refining the strategies that will allow Pushpay to realise its considerable potential over the long-term.

Sales strategy

Pushpay previously utilised a predominantly inside sales strategy, where the sales team connected with potential customers remotely. Last year, Pushpay adopted a more relational approach with a targeted account based and field sales strategy, positioning us to attract more medium and large Customers.

We have found that larger Customers:

- invest more in implementation and are therefore more likely to implement correctly and successfully, leading to greater adoption;
- are easier to serve long term;
- are less likely to churn than smaller Customers; and
- generate increased Subscription and Volume Fees over time.

We are continuing to see pleasing results from our sales strategy, with the proportion of ACMR derived from medium and large Customers and the proportion of medium and large Customers continuing to increase.

Strong revenue growth

Pushpay has a strong track record of delivering on guidance. Since initially listing in August 2014, Pushpay is pleased to have met or exceeded all guidance provided to the market. Most recently, Pushpay delivered on its FY18 revenue guidance of US\$70.0 million, doubling total revenue to US\$70.2 million in that period. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

Operating leverage

While Pushpay increased operating revenue by 99.4% over the financial year, other operating expense growth slowed considerably to 41.2%. As a

percentage of operating revenue, other operating expenses improved by 38 percentage points, from 130.6% to 92.5%. Pushpay expects significant operating leverage to accrue as operating revenue continues to increase, while growth in other operating expenses decreases considerably.

Margin improvements

Pushpay's diligent approach to optimising gross margin has driven pleasing results. We announced in April 2018 that the margin improvement program is progressing better than expected. We now expect gross margin to grow from 55% over the year to 31 March 2018 to over 60% from October 2018 onwards. Our discipline around margin expansion has enabled us to better position the Company for future efficiency.

Board composition

In line with our strategic focus on the US, our Board of Directors welcomed Daniel (Dan) Steinman, a well-known US Customer Success expert, in July 2017. Dan brings exceptional Customer Success expertise, in addition to valuable insights from his experience in the SaaS industry. Dan's US SaaS market knowledge, extensive business strategy and development experience further strengthens the Pushpay Board, as we continue to execute on our US growth strategy.

Following Dan's appointment, we farewelled Doug Kemsley after four years' service on the Pushpay Board. Doug was the initial angel investor in Pushpay back in 2013, which allowed the Company to commercialise Pushpay's original giving solution. The Company would not be in the position it is today without Doug's support and guidance as a Director. On behalf of the Pushpay team and Board, we acknowledge Doug for his substantial contribution and for his continued support as a Pushpay shareholder.

At Pushpay, we are confident that a more diverse Board and senior management team would create better business outcomes. We are proud to have an ingrained inclusive culture, where our differences become strengths, that can be used to better serve our Customers and drive strong business performance. The Board is actively searching for an additional US-based Director and is considering suitably qualified candidates of diverse backgrounds and experience.

Private placement

In July 2017, Pushpay completed a US\$25 million private placement to further accelerate Pushpay's growth, advance its sales strategy, support product design and development, and support the Company ahead of a US market listing. The bookbuild was conducted by Deutsche Craigs Limited and Ord Minnett Limited, as joint lead managers and underwriters. The bookbuild was well supported, attracting bids from over 15 institutional investors across New Zealand and Australia. In addition, interests associated with Pushpay Chairman, Bruce Gordon, participated in the bookbuild. The capital raised has positioned Pushpay well for our next phase of sustained growth.

We would like to thank Deutsche Craigs and Ord Minnett for their assistance in bringing the process to a successful conclusion and welcome a large number of new shareholders to the Company.

US market listing

On 10 January 2018, Pushpay announced its intention to complete a US market listing this calendar year.

The Board believes that a market listing in the US will expand Pushpay's shareholder base, increase liquidity and enable the Company better access to capital, thereby increasing funding alternatives to support the Company's growth strategy. With 97% of Pushpay's Customers based in North America along with 258 staff, Pushpay considers a market listing in the US to be a logical and important step in order to take advantage of growth opportunities, further strengthen the Company's market position and increase awareness of the Company and its products globally. Any market listing would be subject to satisfactory market timing, approval by a US exchange and satisfying a number of other customary listing prerequisites.

Pushpay has strong relationships with both the NZX and the ASX. Pushpay has no plans to delist from either exchange.

Social good

Pushpay surpassed a significant milestone for the business, reaching US\$3 billion in Annualised Processing Volume as at 31 March 2018. Over US\$3

billion per year is now given to causes through Pushpay's platform, supporting local communities not only in New Zealand, Australia, Canada and the US, but all around the world.

US\$3 billion of giving represents funding towards homeless shelters, food drives, orphanages, women's refuge centers, drug rehabilitation centers and many other causes which are transforming lives around the world. Enabling social good is in our DNA and something we are very proud to be a part of.

Outlook

Pushpay is confident in its strategy to gain further market share in the medium-term and believes this is the best way to maximise shareholder value.

As Pushpay further refines its sales and marketing strategy, focusing more heavily on medium and large Customers, it expects to see a continued increase over the current year in Subscription Fees added from new Customers, with a lower average sales headcount than last year.

Given seasonality, we expect ACMR and ARPC to steadily grow over the calendar year to 31 December 2018. We also expect Customer unit churn to decrease and Customer numbers to steadily grow over the calendar year.

Pushpay remains in a position to reach its target of breakeven on a monthly cash flow basis prior to the end of calendar 2018.

In the long term, Pushpay is targeting over 50% of the medium and large church segments, an opportunity representing over US\$1 billion in annual revenue.

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 loyalty and excitement, as these results are ultimately thanks to their support.



Bruce Gordon
Chairman



Chris Heaslip
CEO, Executive Director and Co-founder



CENTRAL

Central Church - Forest Hills

Love God, Love People

\$175.00

Give one time

Set up recurring

Reference (optional)

General

Memo (optional)

Memo

Next

An innovative
and evolving product

Pushpay provides innovative solutions that our Customers love, designed and developed by a team of passionate experts predominantly in New Zealand and exported to the world.



Jul 2011

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



Aug 2012

iOS App released
Visa and MasterCard payments accepted



May 2014

Run The Red SMS gateway assets acquired



Jan 2015

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

Sep 2014

ZipZap Processing Inc commenced operations

Nov 2014

AMEX, Discover, NZ bank payments and ACH payments accepted

Nov 2012

Android App released





Sep 2015

Fastpay five second giving released
Virtual Terminal / Envelope Giving released



Jun 2016

Auto Pay released
Cash and Check Recording released

echurch
Powered by Pushpay

Apr 2017

echurch Apps 3.0 released

Jun 2017

Check Deposit released

Feb 2018

Offline Conversion released

May 2018

Dynamic Home Screen released

Jun 2015

echurch Apps released

Mar 2016

Event registration released

Nov 2016

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

Dec 2016

Annual Giving Statements released

Dec 2017

Web Giving released
Payment Assurance released

Aug 2017

Amazon Web Services (AWS) migration

Dec 2015

3D Touch capability released



Pushpay successfully completed a migration to AWS in August 2017. AWS is one of the most widely used hosting services for software development, operations and infrastructure management needs. We have worked directly with Amazon to re-architect our systems and products, which will ensure increased flexibility, speed and resilience by distributing the platform across AWS's global cloud infrastructure.

Pushpay continues to invest in making its engagement and giving solutions more intuitive, simple and secure. Our team ships updates to our solutions almost every day. It is extremely rewarding for our team to see their work live on a frequent and ongoing basis, being utilised to enable social good. Some of our more recent additions to the Pushpay solutions include Cheque (Check) Deposit, Web Giving, Payment Assurance, Offline Conversion and Dynamic Home Screen.

Cheque (Check) Deposit

Pushpay released Cheque Deposit in June 2017. As around 85% of donations to churches in the US are still made through cheques and cash¹ - offering a simple and easy solution to capture these forms of payments brings significant time-saving benefits to our Customers. Our Cheque Deposit feature allows Customers to seamlessly capture cheques via a cheque scanner and deposit donations remotely into their bank account. Cheque Deposit eliminates double entry of gifts and significantly reduces administrative workload.

Web Giving

Pushpay released Web Giving in December 2017, a redesigned generosity experience, which operates seamlessly across smartphones, tablets and desktop computers. Industry research² shows that users are more generous when a payment experience is connected to the identity of the organisation they are supporting. Leveraging this insight and combining it with our own qualitative and quantitative data, including hundreds of user testing sessions, our new experience is designed to clearly reflect our Customers' brands. Customers using Web Giving, are seeing a 10% increase in giving from desktop users, when compared to our previous giving experience.

Payment Assurance

Pushpay released Payment Assurance in December 2017. An estimated US\$145.9 billion in e-commerce sales are lost each year due to false bank declines.³ This is caused by processors, banks and their partners having transient issues processing payments. Payment Assurance automatically detects issues of this nature and allows users to submit payments, even when downstream processors are having trouble reliably performing operations. A user's intent to make a payment is recorded and the payment is processed once the issue in the payment network has been resolved. Last quarter, Payment Assurance resulted in our Customers receiving processed payments of over US\$4 million.

Offline Conversion

Pushpay released Offline Conversion in February 2018. Offline Conversion is a user journey that encourages changing giving behaviour from offline cash and cheque giving to digital giving. Data from Pushpay's platform indicates that digital givers give more regularly, are more generous in total giving and give to more causes than non-digital givers. While industry conversion rates are 0.76%⁴, Pushpay has been pleased to see a conversion rate of over 2.00% from email to account set up for Offline Conversion.

Dynamic Home Screen

Pushpay released Dynamic Home Screen in May 2018. Dynamic Home Screen delivers a dynamic feed to App users, similar to the experience from Facebook and Instagram where content is personalised to match your preferences and interests. Dynamic Home Screen simplifies the discovery of information with an intuitive experience in one centralized hub and promotes repeat, regular visits to the App.

1 Dunham + Company (2018). Percentage of Churches Offering Online Giving Has Risen Dramatically Since 2015
2 Network For Good (2013). The Digital Giving Index
3 Ethoca (2016). Solving the CNP False Decline Puzzle: Collaboration is Key
4 Experian Marketing Services (2010). The transactional email report

A talented and driven
team

Pushpay's success in the US faith sector is testament to our team of dedicated, high-quality professionals who are proud of the work that they do.



*Brianna Rogers, Marketing Program Manager and
Amy Cheek, Marketing Program Manager*

Brianna Rogers

Marketing Program Manager

"Pushpay is a fast-paced working environment and I choose to work at Pushpay to take advantage of the learning opportunities. As a Marketing Program Manager, I strive to provide transparency between Sales, Operations and Marketing. I'm responsible for planning, organizing and executing programs that generate new prospects and advance existing opportunities for the sales team within specific, targeted accounts. We use the term "level up" here at Pushpay. As a videogame nerd, this resonates with me. You can always find achievement in the work you're doing, as long as you're continually learning and leveling up."

"Bree is selfless in the way she works, and continually puts others first. I joined the Marketing team about six months ago and Bree made my onboarding experience the best it could be. She is a joy to have on the team, and consistently brings everyone together."

- Amy Cheek, Marketing Program Manager

"Bree is someone with the ability to make real change due to the ripple effect of her hard work. There is a discernment required in order to find the balance between creative and systematic thinking, but Bree navigates this tension exceptionally well, knowing when and how to take action, educate and adapt. Simply put, she is a powerhouse."

- Logan Shenkel, Marketing Events Coordinator



*Matt Strelecki, VP Customer Success and
Molly Matthews, Director of Customer Success Management*

Matt Strelecki

VP Customer Success

"I was one of Pushpay's first customers in the US. After spending years trying to make subpar products work for me as an executive pastor and seeing the same in influential churches across the globe, I can confidently say that our product is actually the best. This coupled with our commitment to Customer Success sets us apart from the rest. At first, I was inspired by the idea of seeing US\$1 billion funneled into organizations that are making a practical difference in the world. When Pushpay quickly made progress on that US\$1 billion goal, I realized the opportunity was so much more than that and did not want to miss out."

"Matt has a deep knowledge of the faith market, supported by his tenure as an executive pastor, that connects the tools we build with the organizations we serve. He is relentless in his pursuit of excellence and drives everyone around him to succeed."

- Molly Mathews, Director of Customer Success Management

"Matt is extremely passionate about helping churches and all the customers we serve to achieve their mission and vision. He always drives for the best possible outcome for our customers. As a colleague he shows generosity with his time and by sharing his knowledge and expertise. I'm proud to be able to work alongside him and his team."

- Audrey Cheng, Director of Product



*Leslie Keck, Payroll Manager and
Blair Houston, Group Financial Controller*

Blair Houston

Group Financial Controller

"I joined Pushpay because of the passion and excitement that everyone I spoke to had for Pushpay's mission, as well as the opportunity to be part of a high growth success story. Now, when I tell people that I work at Pushpay it opens the opportunity for me to speak to all the good our offering brings. I'm really proud to work at Pushpay and I think one of the reasons why, is that the concept of growth over comfort really resonates with me. I've been challenged so much in the last 13 months, but never been happier in my job."

"Blair exhibits Pushpay's values in his every action. His style of leadership empowers others to believe in their abilities and be proud of the output that they deliver. Blair is not just a manager; he is also a leader."

- Abhishek Lal, Group Accounting Manager

"Blair finds the perfect balance between effective financial controls without stifling the entrepreneurial edge which has made Pushpay successful, this is what has made him a top performer in the last year. All this is done under huge pressure, with grace and humour. A world-class financial controller."

- Josh Robb, VP Product

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:

- Pushpay was named PwC NZ Hi-Tech Company of the Year and IBM Innovative Company of the Year at the 2017 NZ Hi-Tech Awards. Previous winners of the PwC NZ Hi-Tech Company of the Year award include Datacom, Fisher & Paykel Healthcare, Vista Group and Xero;
- Pushpay was awarded the NZX Best Emerging Corporate Communicator award at the INFINZ Awards;
- Pushpay placed in the top 10 of Seattle Business Magazine's 'Washington's Best Companies to Work For' in the large size company category;
- Pushpay was awarded three awards at the Best in Biz Awards, including silver in the Technology Department/Team of the Year category;
- Pushpay was recognised with the inaugural TIN100 Rocket Award and placed on the EY 10 Companies to Watch 2017 list in the TIN Report;
- Pushpay placed 4th in the New Zealand Deloitte Fast 50 Index;
- Pushpay was recognised with four awards at the Stevie Awards, including three silver awards and a gold award in the Business Development Achievement of the Year - Technology Industries category;
- Pushpay was awarded the gold award for Best Investor Relations at the 2018 Bulldog PR Awards; and
- Pushpay was honored with three bronze awards at the American Business Awards in the Company of the Year, Most Innovative Tech Company of the Year and App Financial Services/Banking categories.





*Chris Heaslip, Eliot Crowther, Shane Sampson,
Steve Basden, Guy Weismantel and James Maiocco*

Senior management

Chris Heaslip and Eliot Crowther are members of our senior management team and they are also Directors. Please find their biographies under 'Board of Directors'.

Shane Sampson, Chief Financial Officer

Shane has over 24 years' experience in finance, commercial and leadership roles, most notably with NZX-listed Vector for around five years, of which two and a half he served as Acting CFO, at Spark in various positions including General Manager Finance and Commercial for Gen-i and most recently as CFO of then NZAX-listed Pulse Energy. In addition to his technical expertise Shane brings strong commercial acumen and a broad strategic outlook to Pushpay's senior management team.

Shane has a BCA and LLB (Hons) from Victoria University of Wellington and is a member of Chartered Accountants Australia and New Zealand. Shane lives with his family in Auckland.

Steve Basden, President of echurch

Steve spent 16 years with United Parcel Service in a number of operations management and industrial engineering roles before transitioning into the non-profit sector to work with Adventures In Missions (AIM). While at AIM he held Director of Operations and Director of Short Term Missions roles during which he helped scale the organization as it achieved annual growth rates in excess of 18% over 11 years.

Steve holds a BBA from Dallas Baptist University and lives with his family in Seattle.

Guy Weismantel, Chief Marketing Officer

Guy Weismantel joined Pushpay with over 20 years of experience in driving bottom-line results through differentiated branding, product messaging, product positioning and strategic customer engagement. Guy is responsible for developing and executing on marketing strategies that build on Pushpay's market leading position. Guy joined Pushpay from Marchex where he was the Executive Vice President of Marketing. Guy has held previous marketing leadership positions at global organisations including Expedia and Microsoft, as well as several start-up and high-growth SaaS businesses.

Guy holds a BBA from the University of Notre Dame and a MBA in Marketing from Northwestern University. Guy lives with his family in Seattle.

James Maiocco, Chief Business Development Officer

James is a seasoned business executive with over 20 years' experience at cutting-edge technology companies, most recently as General Manager of Business and Corporate Development at Xero for around two years. During his tenure, Xero consummated major partnerships with Apple, Google and Microsoft; further, James led a US\$110 million financing round for Xero with Accel Partners and Matrix Capital. Prior to Xero, James was a Global Director at Microsoft for over four years in the Microsoft Ventures and Microsoft Dynamics business units.

James holds both a JD and BA from the University of Washington and an MP from the University of Virginia. James lives with his family in Seattle.



*Bruce Gordon, Graham Shaw, Dan Steinman,
Christopher Huljich, Chris Heaslip and Eliot Crowther*

Board of Directors

Bruce Gordon, Independent Chairman

Bruce Gordon was appointed as the Independent Chairman of Pushpay on 20 February 2014.

Bruce has over 30 years' experience in business holding senior positions with both SMEs and corporate organisations across Asia Pacific, the UK and the US. He currently serves as Chief Executive of Eco-Products Group, which was recently acquired by Vector and has expertise in retail, banking, finance and electronic payments.

A pioneer of many of the electronic banking services that consumers now enjoy, Bruce was Chairman of Paymark, Chief Manager Electronic Banking and Payments at Bank of New Zealand and has held senior roles at Retail Financial Services (trading as Farmers Credit), National Australia Bank, ASB Bank and The Warehouse Group. He has extensive board experience, including with Vector Energy Solutions, The Warehouse Financial Services, The Merino Company of New Zealand and Bendon Group.

Bruce is a Fellow of FINSIA and holds an MBA and a PGDipBus (Information Systems) both from the University of Auckland. Bruce lives with his family in Auckland.

Graham Shaw, Independent Director

Graham Shaw was appointed as an Independent Director of Pushpay on 22 January 2015.

Graham is a chartered accountant with over 30 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 and more recently at Gentrack.

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 Member of Chartered Accountants Australia and New Zealand, a Chartered Member of the Institute of Directors in New Zealand, a Fellow of the New Zealand Institute of Management and a Companion of the Institution of Professional Engineers New Zealand. Graham lives with his family in Wellington.

Daniel (Dan) Steinman, Independent Director

Dan Steinman was appointed as an Independent Director of Pushpay on 3 July 2017.

Dan is currently the General Manager for Gainsight EMEA after having served as Chief Customer Officer and Chief Evangelist for the past five years. Dan has spent almost all of his career in Silicon Valley in customer-facing roles, so Customer Success was a natural landing place. He is a leading and sought-after expert in the field who co-authored the best-selling book "Customer Success: How Innovative Companies Are Reducing Churn and Growing Recurring Revenue".

Dan is a 30-year Silicon Valley startup veteran whose track record includes being a founding employee at E.piphany which went on to a highly successful IPO, Co-founder at NearbyNow and the first VP of Customer Success at Marketo (another IPO) before joining Gainsight as a founder in 2012.

Dan has a Computer Science degree from North Dakota State University. Dan currently lives with his family in London.

Christopher Huljich, Non-Executive Director

Christopher Huljich was appointed a Non-Executive Director of Pushpay on 1 February 2014.

Christopher was the Co-founder of Best Corporation, which floated on the NZX in 1991, and was subject to a takeover by the Danone Group in 1995.

He has over 40 years' experience in both commercial and residential property in New Zealand and Australia including large scale commercial, industrial and residential developments and has business interests in many listed and unlisted companies in New Zealand and Australia.

Christopher is the Managing Partner of Christopher & Banks and has invested in many SaaS-based companies, including the sole pre-IPO funding for Diligent Board Member Services. He is also the Co-founder of the Huljich Foundation, which aims to provide memorable experiences for children suffering from life threatening disease.

Christopher brings immense business knowledge across many industries as well as good strategic appreciation and vision. Christopher holds a BCom from the University of Auckland. Christopher lives with his family in Auckland.

Chris Heaslip, CEO, Executive Director and Co-Founder

Chris Heaslip was appointed as an Executive Director of Pushpay on 25 July 2011.

Chris is the CEO and Co-Founder of Pushpay. Along with his Co-Founder Eliot Crowther, Chris envisioned a fast, simple and secure giving solution, that could simultaneously provide a platform for increased generosity, while simplifying business processes and reducing costs.

Chris has worked in and for a number of SMEs and corporate organisations to develop effective and efficient systems and optimal accounting treatment.

He has previously served as CEO of an accounting and tax consultancy and prior to that as a tax management professional and business adviser at KPMG. Chris was also an investigator at the New Zealand Inland Revenue Department.

Chris has a BCom, DipCom and a MCom (Hons) all from the University of Auckland. Chris lives with his family in Seattle.

Eliot Crowther, Sales, Executive Director and Co-Founder

Eliot Crowther was appointed as an Executive Director of Pushpay on 25 July 2011.

Eliot is a Co-Founder of Pushpay (along with CEO, Chris Heaslip) and is a proven sales professional with several years' experience working in commercial high value sales. Eliot co-founded Pushpay after realising there was a significant opportunity to enable generosity by making donations as easy as buying a song on iTunes.

Eliot helps drive Customer growth in the large church segment and provides leadership across the sales function.

Prior to co-founding Pushpay, Eliot was a leading sales executive at HRV, the home ventilation business. His in-depth understanding of the sales process was essential in establishing Pushpay's key target market, the US faith sector.

Eliot is a former New Zealand representative in cycling and holds a DipAppSc from AUT University. Eliot lives with his family in Seattle.



Management commentary

You should read the following commentary with the 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).

Business results

	2018 US\$000	2017 US\$000	Change*
Year ended 31 March			
Operating revenue	67,697	33,956	99%
Other income	2,493	315	691%
Total revenue	70,190	34,271	105%
Third party direct costs	(30,232)	(14,869)	103%
Percentage of operating revenue	-45%	-44%	-1pp
Other operating expenses	(62,630)	(44,349)	41%
Percentage of operating revenue	-93%	-131%	38pp
Foreign exchange	8	(61)	-113%
Income tax expense	(603)	(298)	102%
Net loss	(23,267)	(25,306)	-8%
Percentage of operating revenue	-34%	-75%	41pp

* pp stands for percentage point

Total revenue more than doubled to \$70.2 million in the year ended 31 March 2018 primarily driven by both Customer growth and an increase in Average Revenue per Customer (ARPC). Total operating expenses and the net loss, as a percentage of operating revenue, decreased by 38 percentage points and 41 percentage points respectively, reflecting efficiencies being achieved as the business scales.

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

EBITDAF disclosures (which are non-GAAP financial measures) have been included, as we believe they provide useful information for readers to assist in understanding Pushpay's financial performance. EBITDAF is calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net loss.

	2018 US\$000	2017 US\$000	Change
Year ended 31 March			
Net loss	(23,267)	(25,306)	-8%
Add back: net interest income	(292)	(69)	323%
Add back: depreciation and amortisation	4,341	2,602	67%
Add back: income tax expense	603	298	102%
Add back: net foreign currency (gains)/losses	(8)	61	-113%
EBITDAF	(18,623)	(22,414)	-17%
Percentage of operating revenue	-28%	-66%	38pp

EBITDAF improved by 17% over the year ended 31 March 2018 from a \$22.4 million loss to a \$18.6 million loss. The EBITDAF loss, as a percentage of operating revenue, improved by 38 percentage points over the year ended 31 March 2018 from -66% to -28%, driven by growth in operating revenue far exceeding the growth in operating expenditure.

Operating revenue

Subscription revenue consists of recurring fees based on the Customer product holding, which can vary depending on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance). Subscription fees may be billed monthly or annually in advance. Processing revenue consists of variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of donations). Processing revenue is billed monthly in arrears.

	2018 US\$000	2017 US\$000	Change
Year ended 31 March			
Subscription revenue	19,749	10,789	83%
Processing revenue	47,948	23,167	107%
Total operating revenue	67,697	33,956	99%

Annualised Committed Monthly Revenue (ACMR, a non-GAAP financial measure) is monthly Average Revenue Per Customer (ARPC) multiplied by total Customers and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue.

As at 31 March		2018	2017 (restated)	Change
Total Customers		7,276	6,737	8%
ARPC per month	US\$	989	727	36%
ACMR	US\$ millions	86.4	58.8	47%
Increase in ACMR over the year	US\$ millions	27.6	36.0	-23%

Operating revenue increased by 99% over the year ended 31 March 2018, primarily driven by year on year Customer growth and a substantial increase in ARPC of 36% from \$727 per month to \$989 per month. This growth reflects the Company's stated strategy of focusing on the medium and large customer segments, which contribute higher ARPC, and thus revenue. Over the year to 31 March 2018 the proportion of medium and large churches, as a proportion of total customers, increased to 51.1%, up from 45.4% a year earlier. We have found that larger Customers invest more in implementation and are therefore more likely to implement correctly and successfully (leading to greater adoption), are easier to service long term, are less likely to churn than smaller Customers, and typically generate increased subscription and processing revenues over time. As at 31 March 2018, compared to 31 March 2017, ACMR increased by 47% from \$58.8 million to \$86.4 million, an increase of \$27.6 million.

A number of Customers contract to pay subscription fees annually in advance as opposed to paying monthly. The Company recognises subscription revenue as the services are delivered over the term of the contract, commencing with the date the contract is signed by the Customer and all other revenue recognition criteria are met. The billed but unearned portion is recognised in unearned revenue in the Statement of Financial Position.

Third party direct costs

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

	2018 US\$000	2017 US\$000	Change
Year ended 31 March			
Third party direct costs - processing	27,702	13,763	101%
Third party direct costs - platform hosting	1,699	619	174%
Third party direct costs - other	831	487	71%
Third party direct costs	30,232	14,869	103%
<i>Percentage of operating revenue</i>	<i>45%</i>	<i>44%</i>	<i>1pp</i>
Third party direct costs - platform hosting, as a percentage of subscription revenue	9%	6%	3pp
Third party direct costs - processing, as a percentage of processing revenue	58%	59%	-1pp

Total third party direct costs increased by 103% over the year ended 31 March 2018, primarily due to higher interchange fees associated with higher processing volumes, and thus revenues, as well as increased platform hosting costs. Total third party direct costs as a percentage of operating revenue, were stable at 45%. Platform hosting costs as a percentage of subscription revenue increased by 3 percentage points to 9% from 6% reflecting the investment made in the Company's platform in migrating to Amazon Web Services. In addition, processing costs as a percentage of processing revenue improved by 1 percentage point from 59% to 58%.

Gross profit

Gross profit disclosure (a non-GAAP financial measure) has been included, as we believe it provides useful information for readers to assist in understanding the Company's financial performance. Gross profit is calculated as operating revenue less third party direct costs.

	2018 US\$000	2017 US\$000	Change
Year ended 31 March			
Operating revenue	67,697	33,956	99%
Third party direct costs	(30,232)	(14,869)	103%
Gross profit	37,465	19,087	96%
<i>Gross margin percentage</i>	<i>55%</i>	<i>56%</i>	<i>-1pp</i>

Gross profit, as a percentage of operating revenue, has reduced by 1 percentage point over the year to 31 March 2018 from 56% to 55%, due in part to the investment made in migrating the Company's hosting platform to Amazon Web Services, as well as the increasing mix of processing revenue.

Product design and development

The Company's products have been built as a 'mobile-first' solution, rather than being adapted from a desktop environment, meaning that its iOS and Android Apps are native to those operating systems.

Product design and development costs consist primarily of personnel and related expenses (including salaries, benefits, bonuses and share-based payment expense) 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 useful life of the asset created. The amount amortised is included as a product design and development expense.

	2018 US\$000	2017 (restated)* US\$000	Change
Year ended 31 March			
Total product design and development costs (including amounts capitalised)	12,620	9,383	34%
Percentage of operating revenue	19%	28%	-9pp
Less capitalised development costs	(826)	(2,711)	-70%
Percentage of total product design and development capitalised	7%	29%	-22pp
Product design and development expense excluding amortisation of amounts capitalised	11,794	6,672	77%
Add: Amortisation of capitalised development costs	3,406	1,932	76%
Net product design and development expenses	15,200	8,604	77%
Percentage of operating revenue	22%	25%	-3pp

* Prior year comparatives have been restated in accordance with the cost allocation method deployed. Additional information provided in note 2(c) of the financial statements.

Total product design and development expenses increased by 34% over the year ended 31 March 2018 from \$9.4 million to \$12.6 million. Total product design and development costs (including amounts capitalised) as a percentage of operating revenue improved by 9 percentage points over the year ended 31 March 2018 from 28% to 19%. Of the \$12.6 million, \$0.8 million was capitalised, with the balance of \$11.8 million included as an expense in the Income Statement.

The amortisation of capitalised product design and development expenditure of \$3.4 million was also included as an expense in the Income Statement, giving a total net expense for the year ended 31 March 2018 of \$15.2 million.

The higher expense in the Income Statement was primarily driven by the increased volume of product design and development expenditure, which was predominantly headcount driven (30% higher average headcount over the year to 31 March 2018 when compared to the prior year) as well as a reduction in the percentage of total product design and development costs capitalised during the year ended 31 March 2018 to 7%, a significant reduction from the 29% in the prior year ended 31 March 2017.

Sales and marketing, and customer success

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

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

	2018 US\$000	2017 (restated) US\$000	Change
Year ended 31 March			
Sales and marketing	29,056	22,024	32%
Customer success	6,237	4,123	51%
Total sales and marketing, and customer success costs	35,293	26,147	35%
Percentage of operating revenue	52%	77%	-25pp
Months to recover CAC	<18	<18	

Total sales and marketing, and customer success costs increased by 35% over the year ended 31 March 2018 from \$26.1 million to \$35.3 million. Sales and marketing, and customer success costs as a percentage of operating revenue improved by 25 percentage points over the year ended 31 March 2018 from 77% to 52%. Despite closing headcount decreasing during the year ended 31 March 2018, average headcount was higher in the year than it was throughout the prior year. During the year, the Company moved to a focus on acquiring medium and large Customers, with an associated change in the mix and number of sales staff away from small church focused sales staff to account based sales staff focused on medium and large Customers. The Months to Recover CAC remained at less than 18 months at 31 March 2018.

The increase in customer success costs was largely driven by higher average headcount over the year ended 31 March 2018 and support, and implementation of, the increasing mix of medium and large Customers. Effective implementation delivers more value to the Customer, as well as greater processing revenue for the Company, and reduces Customer churn.

General and administration

General and administration expenses consist of personnel and related expenses (including salaries, benefits, bonuses and share-based payment expense) 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.

	2018 US\$000	2017 (restated) US\$000	Change
Year ended 31 March			
General and administration	12,137	9,598	26%
Percentage of operating revenue	18%	28%	-10pp

General and administration costs increased by 26% over the year ended 31 March 2018 from \$9.6 million to \$12.1 million. General and administration costs improved as a percentage of operating revenue by 10 percentage points from 28% to 18%.

Drivers of the increase in general and administration costs included, increased personnel related expenses as a result of headcount growth to support the growth in other business functions, as well as the vesting of senior management share incentives. During the year certain overhead costs were allocated to other business functions. The prior year has been restated accordingly as set out in notes to the Financial Statements.

Employees

As at 31 March	2018	2017	Change
Product design and development	89	94	-5%
Sales and marketing	138	161	-14%
Customer success	56	58	-3%
General and administration	67	63	6%
Total group	350	376	-7%

Staff headcount decreased by 7% over the year ended 31 March 2018 from 376 to 350. Reduced sales and marketing headcount was largely driven by the strategic focus on medium and large Customers, which lead to a number of small Customer sales representatives leaving the business during the year. As at 31 March 2018, 92 staff were based in New Zealand and 258 staff were based in the USA.

Cash flows

	2018 US\$000	2017 US\$000	Change
Year ended 31 March			
Receipts from Customers	38,781	20,572	89%
Other operating cash flows	(55,917)	(39,166)	43%
Total cash flows from operating activities	(17,136)	(18,594)	-8%
Investing cash flows	(2,532)	(5,577)	-55%
Total operating and investing cash flows	(19,668)	(24,171)	-19%
Financing activities	24,599	29,510	-17%
Foreign currency translation adjustment	(451)	(353)	28%
Net movement in cash and cash equivalents	4,480	4,986	-10%

Receipts from Customers increased by 89% over the year ended 31 March 2018 from \$20.6 million to \$38.8 million. Receipts from Customers relating to processing revenue are shown net of the processing costs reflecting the physical cash inflows.

Net investing cash flows decreased by 55% over the year ended 31 March 2018 from \$5.6 million to \$2.5 million, of which \$1.0 million related to the final settlement payment for the Bluebridge assets acquired. The remainder of the reduction related to lower levels of capitalised software.



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 2018, 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 42 to 68, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, 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 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as 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 consolidated 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.

Based on our professional judgement, we determined the quantitative materiality for our audit of the Group's consolidated financial statements as a whole to be US\$769,000 (2017: US\$400,000).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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
<p>Recognition of subscription revenue (Note 3, Note 12)</p> <p>Subscription revenue was US\$19.7 million (2017: US\$10.8 million) for the financial year. Unearned revenue at 31 March 2018 is US\$6.9 million (2017: US\$5.6 million).</p> <p>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.</p> <p>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.</p>	<p>We have evaluated the Group's systems, processes and controls to determine the amount and timing of subscription revenue recorded in the financial statements.</p> <p>For a sample of customer contracts, we:</p> <ul style="list-style-type: none"> • Agreed client contract information in IT systems to approved client contracts; • 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; • Compared the period over which revenue is being recognised against the contractual terms; and • Reperformed the calculation for unearned revenue at balance date based on the contract price, payments made to date, and the period in which the services being delivered under the contract are provided as recorded in the IT systems.
<p>Going concern (Note 2b)</p> <p>For the year ended 31 March 2018, the Group has recorded a net loss of US\$23.3 million (2017: \$25.3 million). As at that date, the net assets of the Group are US\$21.7 million (2017: US\$18.8 million) and the Group had cash balances of US\$17.9 million (2017: US\$13.4 million).</p> <p>The Group has prepared a forecast which demonstrates that there will be sufficient funding to operate for a period that is not less than twelve months beyond the date these financial statements are approved. The forecast takes into account the available cash on hand at year-end, combined with the forecast cash flows from operations.</p> <p>Given the judgement involved in determining the forecast cash flows from operations, we have included the going concern assumption as a key audit matter.</p>	<p>We have evaluated the Group's latest cash flow forecast for a period that is not less than 12 months beyond the date that the financial statements are approved.</p> <p>We have considered whether there are indicators that the Group may face a liquidity shortfall and assessed the resulting implications by:</p> <ul style="list-style-type: none"> • Understanding and challenging the reasonableness of key assumptions used by the Group in their cash flow forecast for a period that is not less than 12 months beyond the date of these financial statements are approved; • Applying statistical analytics tools to determine whether the Group's forecast is within a reasonable range based on historical performance; • Performing a retrospective review of the prior year cash flow forecast to assess the Group's historical accuracy in preparing cash flow forecasts; • Performing sensitivity analysis to determine the robustness of the cash flow forecast and the impact of changing key assumptions; and • Assessing the adequacy of the going concern disclosure included 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 financial statements and the audit report.

Our opinion on the 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 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 financial statements The directors are responsible on behalf of the Group for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://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

17 May 2018

Financial *statements*

Income Statement

		<i>Year ended 31 March</i>	
		<i>2018</i>	<i>2017 (restated)*</i>
	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>
Revenue	3	70,190	34,271
Expenses			
Third party direct costs		(30,232)	(14,869)
Product design and development		(15,200)	(8,604)
Sales and marketing		(29,056)	(22,024)
Customer success		(6,237)	(4,123)
General and administration		(12,137)	(9,598)
Net foreign exchange gains/(losses)		8	(61)
Total expenses	4	(92,854)	(59,279)
Net loss before income tax		(22,664)	(25,008)
Income tax (expense)	5	(603)	(298)
Net loss for the year		(23,267)	(25,306)
Loss per share			
Basic and diluted (loss) per share (cents)	16	(8.71)	(10.53)

* Prior year comparatives have been restated in accordance with the cost allocation method deployed. Additional information provided in note 2 (c).

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

Statement of Comprehensive Income

	<i>Year ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Net loss for the year	(23,267)	(25,306)
Other comprehensive income*		
Exchange differences on translation of foreign operations	(130)	90
Total comprehensive loss for the year	(23,397)	(25,216)

* Items of other comprehensive income will be reclassified to the Income Statement.

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

Statement of Changes in Equity

		<i>Share capital</i>	<i>Foreign currency translation reserve</i>	<i>Shared based payment reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Balance at 1 April 2016		36,991	(2,306)	208	(20,939)	13,954
Net loss		-	-	-	(25,306)	(25,306)
Currency translation movements		-	90	-	-	90
Total comprehensive loss		-	90	-	(25,306)	(25,216)
<i>Transactions with owners:</i>						
Issue of shares	14	31,278	-	-	-	31,278
Share issue costs	14	(1,768)	-	-	-	(1,768)
Share based payments		-	-	557	-	557
Balance at 31 March 2017		66,501	(2,216)	765	(46,245)	18,805
Balance at 1 April 2017		66,501	(2,216)	765	(46,245)	18,805
Net loss		-	-	-	(23,267)	(23,267)
Currency translation movements		-	(130)	-	-	(130)
Total comprehensive loss		-	(130)	-	(23,267)	(23,397)
<i>Transactions with owners:</i>						
Issue of shares	14	27,342	-	-	-	27,342
Share issue costs	14	(1,531)	-	-	-	(1,531)
Share based payments		-	-	469	-	469
Balance at 31 March 2018		92,312	(2,346)	1,234	(69,512)	21,688

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

Statement of Financial Position

		<i>As at 31 March</i>	
		2018	2017
<i>Assets</i>	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>
<i>Current assets</i>			
Cash and cash equivalents	9	17,886	13,406
Trade and other receivables	10	7,342	4,523
Deferred acquisition costs	8	1,478	1,190
Total current assets		26,706	19,119
<i>Non-current assets</i>			
Property, plant and equipment	6	1,806	2,306
Intangible assets	7	4,872	7,252
Restricted cash balances	9	1,256	1,425
Total non-current assets		7,934	10,983
Total assets		34,640	30,102
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	11	3,508	4,044
Unearned revenue	12	7,206	6,094
Employee entitlements	13	1,759	1,014
Income tax payable	5	479	145
Total current liabilities		12,952	11,297
Total liabilities		12,952	11,297
Net assets		21,688	18,805
Equity			
Share capital	14	92,312	66,501
Accumulated losses		(69,512)	(46,245)
Share based payment reserve		1,234	765
Foreign currency translation reserve		(2,346)	(2,216)
Total equity		21,688	18,805

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

For and on behalf of the Board, 17 May 2018:



Bruce Gordon
Chairman



Chris Heaslip
CEO, Executive Director and Co-founder

Statement of Cash Flows

		<i>Year ended 31 March</i>	
		<i>2018</i>	<i>2017</i>
	<i>Notes</i>	<i>US\$000</i>	<i>US\$000</i>
Operating activities			
Receipts from customers		38,781	20,572
Other income		1,437	246
Interest received		272	69
Payments to suppliers and employees		(57,385)	(39,380)
Income tax paid		(241)	(101)
Net cash flows from operating activities	22	(17,136)	(18,594)
Investing activities			
Purchase of property, plant and equipment		(792)	(1,074)
Capitalised development costs and intangible assets		(909)	(2,740)
Acquisition of software licence and customer contracts	7	(1,000)	(2,100)
Disposal of business - Run The Red		-	301
Restricted cash balances		169	36
Net cash flows from investing activities		(2,532)	(5,577)
Financing activities			
Issue of shares (net of costs)		24,599	29,510
Net cash flows from financing activities		24,599	29,510
Net increase/(decrease) in cash and cash equivalents		4,931	5,339
Foreign currency translation adjustment		(451)	(353)
Cash and cash equivalents at the beginning of the year		13,406	8,420
Cash and cash equivalents at the end of the year	9	17,886	13,406

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 2018.

Pushpay is designated as a profit oriented entity and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the New Zealand Stock Exchange (“NZX”) and the Australian Securities Exchange (“ASX”).

These financial statements were authorised for issue in accordance with a resolution of the Directors on 17 May 2018.

The Group’s principal activity is to provide engagement solutions that enable meaningful connections and mobile commerce tools that facilitate fast, secure and easy non-point of sale payments. The Group provides convenient, personalised and intuitive engagement and payment solutions to the faith sector, not-for-profit organisations and education providers.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements for the year ended 31 March 2018 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit entities (“NZ IFRS”). The financial statements comply with International Financial Reporting Standards (“IFRS”).

The financial statements are presented in thousands of United States (US) dollars.

(b) Critical, accounting estimates and judgements

The preparation of financial statements requires management to make judgments, 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 judgment or complexity or areas where assumptions and estimates are significant to the financial statements.

Judgments, 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 judgment include:

The application of the going concern assumption

The financial statements have been prepared using the going concern assumption.

The Group has recorded a net loss of \$23.3m for the year ended 31 March 2018 (2017: net loss of \$25.3m), and as at balance date is in a net asset position of \$21.7m (2017: net asset position of \$18.8m). The Group has no debt and at balance date had available cash of \$17.9m (2017: \$13.4m).

The Group has been focused on a market growth strategy and historically has required additional capital to fund execution of the growth strategy and maximise shareholder value. As the Group’s revenues grow it expects to transition to funding the growth strategy from business cash flows. The Group’s forecast is based on the recurring revenue streams of the business, anticipated new customer additions, the historic growth trend in processing revenue, anticipated improvements in processing gross margins and planned costs. The forecast shows the Group achieving breakeven on a monthly cash flow basis by the end of calendar 2018 and having adequate cash on hand at the point of achieving cash flow breakeven.

The Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financial statements are approved and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

Recognition of subscription revenue

Identification of subscription services provided and allocation of the revenue across the periods on the basis of the periods over which the subscription services are delivered (see Note 3).

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

(c) Changes in accounting policies and disclosures

Apart from the changes noted below, the accounting policies adopted are consistent with those of the previous year.

Restatements

Cost allocation

The presentation of the Income Statement by function requires certain overhead costs to be allocated to the other business functions. Costs such as facilities, technology costs and depreciation have been allocated to each function on a headcount basis. Recruitment costs have been allocated according to the number of employees hired in each function during the period. The table below summarises the impact of the cost allocation on the costs disclosed for the year ended 31 March 2017 to ensure consistency with classification in current year income statement.

	2017 Reported	Allocation	2017 Restated
Year ended 31 March	US\$000	US\$000	US\$000
Product design and development	7,042	1,562	8,604
Sales and marketing	19,206	2,818	22,024
Customer success	3,000	1,123	4,123
General and administration	15,101	(5,503)	9,598
Total	44,349	-	44,349

(d) Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Group. 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 acquired by 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 United States (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 a monthly exchange rate set at the start of each month as an estimate of the exchange rate prevailing at the dates 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 flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

The statement of cash flow is prepared exclusive of Goods and Services Tax (GST), 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.

(g) New and revised standards, amendments and interpretations

In the current year, a number of amendments to NZ IFRS became mandatorily effective. The application of these amendments to NZ IFRS did not materially impact the financial statements during the year.

New standards, amendments and interpretations have been published that are not yet effective and have not been early adopted by the Group. Those which may be relevant to the Group are explained below:

- NZ IFRS 2 Amendments 'Classification and Measurement of Share-based Payment Transactions'. The amendments will be effective for the year ended 31 March 2019 and provide requirements on the accounting for:
 - The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
 - Share-based payment transactions with a net settlement feature for withholding tax obligations;
 - A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group does not expect any material changes arising from adopting the amendment for the year commencing 1 April 2018.

- NZ IFRS 9 'Financial Instruments – Classification and Measurement'. This standard addresses the classification, measurement and derecognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting. The Group does not expect any material changes arising from adopting the standard for the year commencing 1 April 2018.

- NZ IFRS 15 'Revenue from contracts with customers' establishes a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard will supersede the current revenue recognition guidance contained in NZ IAS 18, NZ IAS 11 and other relevant interpretations when it becomes effective on 1 April 2018 for the Group.

The core principle of the standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in a manner that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has identified subscription and processing revenue as the two key revenue streams that fall within the scope of the standard. Refer to "Note 3: Revenue and other income" for detailed descriptions of these revenue streams.

A key difference between the standard and NZ IAS 18 relates to the identification, measurement and recognition of distinct performance obligations contained within customer contracts and an assessment of the timing and recognition of revenue from each performance obligation. The standard also requires an entity to determine if the nature of its promise is to provide the service itself (i.e., as a Principal) or to arrange for a third party to provide the services (i.e., as an Agent). The Agent versus Principal determination dictates whether the entity recognises revenue on a gross or net basis.

Performance obligations

While the current revenue recognition policies are not dissimilar to the treatment under NZ IFRS 15, NZ IFRS 15 does require the Group to identify performance obligations, whether explicit or implicit, in their sales contracts with customers and assess timing for recognition of the revenue from each performance obligation. Upon review of the current contracts with customers and service packages available to new customers, we have concluded that the service packages can not be sold independently and are not capable of being distinct and therefore do not create separate performance obligations.

Agent versus principal determination

Upon review of the contracts between the Group and third party service providers, we have established that, not only does the Group control the service before it is provided to the customer, the Group is also ultimately responsible for the accurate and timely transfer of the donations made. The Group also has complete discretion over processing margin applied to each donation made. In consideration of these factors, the Group has concluded that it is the Principal party in its relationship with third party service providers. The current practice of recording the processing revenue on a gross basis is not only appropriate, but also in accordance with NZ IFRS 15.

The Group does not expect any material changes arising from adopting the standard for the year commencing 1 April 2018.

- NZ IFRS 16 'Leases'. This standard requires a lessee to recognise a lease liability reflecting the future lease payments and a 'right-of-use asset' for substantively all lease contracts and will be effective for the year ended 31 March 2020. A full assessment has not yet been performed.

3. Revenue and other income

Revenue comprises the fair value of the consideration received or receivable for the provision of services, excluding Goods and Services Tax, Value Added Tax, rebates and discounts.

Subscription revenue comprises recurring monthly and annual fees for engagement and giving solutions provided to customers. 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. Revenue in advance 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 volume fees that are primarily based on a percentage of the total dollar value of payments processed, predominantly within the USA faith sector. 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 banks are classified as third party direct costs.

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. Government grants (i.e. Callaghan Innovation) whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognised as unearned revenue in the Statement of Financial Position and transferred to the income statement on a systematic and rational basis over the useful lives of the related assets.

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

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Operating revenue:		
Subscription revenue	19,749	10,789
Processing revenue	47,948	23,167
Total operating revenue	67,697	33,956
Government grants:		
Callaghan Innovation project grant	227	246
Callaghan Innovation growth grant	1,879	-
Total government grants	2,106	246
Other income:		
Interest received	292	69
Other income	95	-
Total other income	387	69
Total revenue	70,190	34,271

4. Expenses

Assets, liabilities, revenues and expenses are stated exclusive of GST, with the exception of receivables and payables, which include GST. Included in the expenses are the following items:

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Advertising and marketing	6,709	6,416
Auditor's remuneration	89	90
Bad debts	307	98
Directors fees	204	177
Employee benefits - defined contribution expense	675	363
Employee benefits/entitlements	40,856	30,741
Employee benefits/entitlements - capitalised	(3,335)	(4,958)
Foreign exchange variations	(8)	61
IT and communications	2,546	1,863
Impairment of intangibles	76	-
Loss on disposal of property, plant and equipment	40	10
Occupancy costs	1,640	1,192
Share based payment	2,543	857
Third party direct costs	30,232	14,869
Travel-related costs	1,034	935
Other operating expenses	4,905	3,963
Total cost of revenue and operating expenses excl. depreciation and amortisation	88,513	56,677

<i>Year ended 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Depreciation and amortisation		
<i>Relating to:</i>		
Amortisation of development costs	2,107	1,475
Amortisation of other intangible assets	1,299	457
Depreciation of property, plant and equipment	935	670
Total depreciation and amortisation	4,341	2,602
Total expenses	92,854	59,279

Depreciation and amortisation included in function expenses as follows:

Product design and development	3,634	2,088
Sales and marketing	362	281
Customer success	164	118
General and administration	181	115
Total depreciation and amortisation	4,341	2,602

Auditor's remuneration

<i>Year ended 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Audit of financial statements	80	67
Assurance services related to the Prospectus and ASX listing	-	23
Other assurance services	9	-
Total auditor's remuneration	89	90

Other assurance services relates to a limited review of the Group's compliance with Callaghan Innovation grant requirements.

5. 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 (and laws) that have been enacted or substantively enacted by 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

The analysis of income tax expense is as follows:

<i>Year ended 31 March</i>	<i>2018 US\$000</i>	<i>2017 US\$000</i>
Current income tax expense	(480)	(298)
Adjustment for prior years	(123)	-
Income tax (expense)	(603)	(298)

(b) Reconciliation of income tax expense to prima facie tax expense

<i>Year ended 31 March</i>	<i>2018 US\$000</i>	<i>2017 US\$000</i>
Loss before tax	(22,664)	(25,008)
At the New Zealand statutory income tax rate of 28%	6,346	7,002
Non-deductible expenses	41	(59)
Taxation rate variances on subsidiaries	(67)	(71)
Adjustment for prior years	(123)	-
Future benefit of tax losses not recognised	(6,800)	(7,170)
Income tax (expense)	(603)	(298)

(c) Current tax assets and liabilities

<i>At 31 March</i>	<i>2018 US\$000</i>	<i>2017 US\$000</i>
Income tax payable	479	145

(d) Deferred tax balances

	<i>Employee benefits</i>	<i>Depreciation and amortisation</i>	<i>Capitalised commissions</i>	<i>Other timing differences</i>	<i>Tax losses</i>	<i>Identifiable intangible assets</i>	<i>Net</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
At 1 April 2016	77	(33)	(206)	(55)	217	-	-
Charged to income statement	71	(11)	(127)	15	50	-	(2)
Foreign exchange variation	2	-	-	-	-	-	2
At 31 March 2017	150	(44)	(333)	(40)	267	-	-
At 1 April 2017	150	(44)	(333)	(40)	267	-	-
Charged to income statement	191	(79)	(414)	137	165	-	-
At 31 March 2018	341	(123)	(747)	97	432	-	-

The Group also has an unrecognised deferred tax asset arising from tax losses of USD \$18.5 million (2017: USD \$11.7 million). These are subject to confirmation by the Inland Revenue and subject to meeting the requirements of the Income Tax Act 2007.

The Group had estimated New Zealand tax losses of USD \$66.9 million (2017: USD \$41.8 million) available to carry forward, subject to shareholder continuity being maintained as required by New Zealand tax legislation.

(e) Imputation credit account balances

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Balance at the end of the financial year	16	16

6. 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
Office equipment	5 years
Computer equipment	3 years
Fixtures and Fittings	5-7 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.

	<i>Fixture and fittings</i> <i>US\$000</i>	<i>Office equipment</i> <i>US\$000</i>	<i>Computer equipment</i> <i>US\$000</i>	<i>Total</i> <i>US\$000</i>
Balance at 1 April 2016				
Cost	468	888	864	2,220
Accumulated depreciation	(4)	(95)	(207)	(306)
Net book value at 1 April 2016	464	793	657	1,914
<i>Cost</i>				
Balance at 1 April 2016	468	888	864	2,220
Additions	26	25	843	894
Disposals	(20)	(4)	(3)	(27)
Foreign exchange variation	32	(20)	(17)	(5)
Balance at 31 March 2017	506	889	1,687	3,082
<i>Accumulated depreciation</i>				
Balance at 1 April 2016	(4)	(95)	(207)	(306)
Depreciation	(87)	(181)	(402)	(670)
Disposals	9	1	-	10
Foreign exchange variation	(15)	21	4	10
Balance at 31 March 2017	(97)	(254)	(605)	(956)
Net book value at 31 March 2017	409	635	1,082	2,126
Capital work in progress	180	-	-	180
Total as at 31 March 2017	589	635	1,082	2,306
Balance at 1 April 2017				
Cost	506	889	1,687	3,082
Capital work in progress	180	-	-	180
Accumulated depreciation	(97)	(254)	(605)	(956)
Net book value at 1 April 2017	589	635	1,082	2,306
<i>Cost</i>				
Balance at 1 April 2017	506	889	1,687	3,082
Transfer from capital work in progress	180	-	-	180
Additions	26	78	508	612
Disposals	(144)	-	(8)	(152)
Foreign exchange variation	-	(12)	(20)	(32)
Balance at 31 March 2018	568	955	2,167	3,690
<i>Accumulated depreciation</i>				
Balance at 1 April 2017	(97)	(254)	(605)	(956)
Depreciation	(101)	(182)	(652)	(935)
Foreign exchange variation	(2)	4	5	7
Balance at 31 March 2018	(200)	(432)	(1,252)	(1,884)
Net book value at 31 March 2018	368	523	915	1,806

As at 31 March 2018, the Group has no capital work in progress (2017: \$179,664). In the prior year this related to undeployed lease improvements for the US and NZ offices.

7. 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, customer databases.

Costs that are directly associated with the development of the software products controlled by the Group are recognised as intangible assets only if all 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 development relates to the continued development of the Group's mobile commerce and engagement software. The Group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs that directly relate to software development. Computer software development costs recognised as assets are amortised over their estimated useful lives.

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

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.

The useful lives of the Group's intangible assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are:

Trademarks/patents	10 years
Software development costs	3-5 years
Customer contracts and brands	3 years
Software licences	3 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 at 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.

	<i>Customer contracts and brands</i>	<i>Software development</i>	<i>Patents and trademarks</i>	<i>Software licence</i>	<i>Total</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Balance at 1 April 2016					
Cost	-	3,469	268	-	3,737
Accumulated amortisation	-	(831)	(50)	-	(881)
Net book value at 1 April 2016	-	2,638	218	-	2,856
<i>Cost</i>					
Balance at 1 April 2016	-	3,469	268	-	3,737
Additions	1,310	2,711	29	2,290	6,340
Foreign exchange variation	-	(34)	3	-	(31)
Balance at 31 March 2017	1,310	6,146	300	2,290	10,046
<i>Accumulated amortisation</i>					
Balance at 1 April 2016	-	(831)	(50)	-	(881)
Amortisation	(155)	(1,475)	(30)	(272)	(1,932)
Foreign exchange variation	-	18	1	-	19
Balance at 31 March 2017	(155)	(2,288)	(79)	(272)	(2,794)
Net book value at 31 March 2017	1,155	3,858	221	2,018	7,252
Balance at 1 April 2017					
Cost	1,310	6,146	300	2,290	10,046
Accumulated amortisation	(155)	(2,288)	(79)	(272)	(2,794)
Net book value at 1 April 2017	1,155	3,858	221	2,018	7,252
<i>Cost</i>					
Balance at 1 April 2017	1,310	6,146	300	2,290	10,046
Additions	-	826	83	-	909
Impairment	-	-	(83)	-	(83)
Foreign exchange variation	-	237	10	-	247
Balance at 31 March 2018	1,310	7,209	310	2,290	11,119
<i>Accumulated amortisation</i>					
Balance at 1 April 2017	(155)	(2,288)	(79)	(272)	(2,794)
Amortisation	(437)	(2,161)	(45)	(763)	(3,406)
Impairment	-	-	7	-	7
Foreign exchange variation	-	(54)	-	-	(54)
Balance at 31 March 2018	(592)	(4,503)	(117)	(1,035)	(6,247)
Net book value at 31 March 2018	718	2,706	193	1,255	4,872

Bluebridge software licence and customer contracts.

In November 2016, the Group acquired a source code licence, customer contracts and the related liabilities from Bluebridge Digital Inc. for USD \$3.1m. The allocation of the purchase price is as follows:

	<i>US\$000</i>
Customer contracts	1,310
Software licence	2,290
Unearned revenue	(500)
	3,100

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 to sell 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 other than goodwill that suffered an impairment loss are reviewed for possible reversal of the impairment loss at each reporting date.

One trademark asset was determined to be impaired and has been written down to its recoverable amount. As at 31 March 2018, the Group has concluded that the recoverable amounts exceed the carrying values for all other intangible assets, and therefore no other impairment has been recognised.

8. Deferred acquisition costs

Deferred acquisition costs are comprised of 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.

	<i>Capitalised commissions US\$000</i>
Balance at 1 April 2016	716
Additions	2,349
Amortisation	(1,875)
Net book value 31 March 2017	1,190
Net book value 1 April 2017	1,190
Additions	2,507
Amortisation	(2,219)
Balance at 31 March 2018	1,478

9. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

<i>At 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Cash and cash equivalents	17,886	13,406

<i>At 31 March the amounts held by currency were as follows:</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
United States dollars	16,045	1,467
New Zealand dollars	1,752	11,904
Australian dollars	26	16
Canadian dollars	63	19
Total cash balance	17,886	13,406

<i>At 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Restricted cash balances	1,256	1,425

Restricted cash balances primarily represent tenant security deposits relating to property lease arrangements that the Group has entered into.

10. Trade and other receivables

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any).

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The Group has recognised a provision for impairment of receivables of 100% against all trade receivables that are past due beyond 90 days as the majority of Customer collections are primarily recovered via Automated Clearing House draw (direct debit).

<i>At 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Gross trade receivables	2,886	2,025
Provision for impairment of receivables	(375)	(91)
Net trade receivables	2,511	1,934
Prepayments	1,786	1,294
Accrued revenue	2,855	1,275
Other receivables	190	20
Current trade and other receivables	7,342	4,523

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

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
1-60 days	2,466	1,907
61-90 days	45	20
91+ days	375	98
Gross trade receivables	2,886	2,025

Past due but not impaired trade receivables

Included in the trade receivables balance are debtors amounting to \$200k (2017: \$27k) which are past due but not impaired at balance date.

Movement in provision for impairment of receivables

	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Balance at 1 April	91	-
Impaired receivables recognised	293	91
Written-off during the year	(9)	-
Balance at 31 March	375	91

11. 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.

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Trade payables	571	627
Other payables and accrued expenses	2,190	1,509
Operating lease liability	747	908
Deferred payment from asset acquisition	-	1,000
	3,508	4,044

12. Unearned revenue

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

Unamortised grant is the amount yet to be amortised to revenue based on the estimated life of the software development to which the grant relates.

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Unearned subscription revenue	6,946	5,621
Unamortised grant	260	473
	7,206	6,094

13. Employee entitlements

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

<i>At 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Liability for annual leave	680	537
Commissions payable	497	358
Share incentive scheme bonus accrual	536	88
Liability for retirement fund	40	31
Other employee entitlements	6	-
	1,759	1,014

14. Share capital

	<i>Number of shares 000's</i>	<i>US\$000</i>
Balance as at 1 April 2016	231,166	36,991
Movements during the year		
Issue of shares	19,139	30,383
Issue of shares to Pushpay Trustees Limited	245	-
Capital raised on employee share scheme allotment	-	895
Share issue costs	-	(1,768)
Balance at 31 March 2017	250,550	66,501
Movements during the year		
Issue of shares	23,843	26,920
Issue of shares to Pushpay Trustees Limited	156	-
Capital raised on employee share scheme allotment	-	422
Share issue costs	-	(1,531)
Balance at 31 March 2018	274,549	92,312

The paid up capital comprises ordinary shares. The total number of shares on issue is 274,549,033 (2017: 250,550,483). All shares have been issued, are fully paid and have no par value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

As at 31 March 2018, these include 463,334 shares (2017: 1,368,177) issued to Pushpay Trustees, a subsidiary established for the purpose of the employee share scheme.

On 19 July 2017, US \$26.13m of new capital was raised, before costs of the issuance, by way of a private placement of 23,322,458 new shares. The shares were issued at NZ \$1.51 per share for a total of NZ \$18.94m and AU \$15.42m, which translated to US \$25.48m on the day of the book build, being 12 July 2017. Fluctuations in the underlying NZ and AU exchange rates, relative to the US resulted in the final amount of capital raised being US \$26.13m on the date of the issue of the shares on 19 July 2017. The foreign currency impact had no dilutive effect on any of the shares on issue.

15. Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period. 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.

Employee share incentive scheme (SIS)

The SIS is for employees and executives of the Group. Under the SIS, ordinary shares in Pushpay Holdings Limited are issued to a trustee, Pushpay Trustees Limited, a wholly owned subsidiary, 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 is typically between one and three years.

If the individual is still employed by the Group at the end of this specific period, the employee is given a bonus that must be used to repay the loan, and shares are then transferred to the employee. The weighted average grant date fair value of restricted shares issued during the year was \$1.76 (2017: \$1.48) and was determined by the share price on grant date. Shares with a grant date fair value of \$420,413 were vested during the year (2017: \$703,354). The Group has no legal or constructive obligation to repurchase the shares or settle the SIS for cash.

The Trustee holds 463,334 shares (2017: 1,368,177). All of these shares are held on behalf of employees and subject to repayment of employee loans. Loans are not recognised as they are limited recourse and accounted for as options. The fair value of services received in return for the shares granted is based on the fair value of shares granted measured using a Black Scholes option pricing model. The volatility used in the option pricing model is the standard deviation based on a statistical analysis of the daily share price of the Company over the last 12 months. For shares issued during the year the volatility used was 55% (2017: 55%).

The number and exercise price is as follows

	<i>Weighted average exercise price US\$</i>	<i>Number of shares</i>
Unvested shares at 1 April 2016		4,731,580
Granted	1.48	116,799
Vested	0.19	(3,480,202)
Total at 31 March 2017, of which		1,368,177
Forfeited shares not yet reallocated - held by Trustee		169,278
Unvested shares at 31 March 2017 - allocated to employees		1,198,899
Total at 31 March 2017		1,368,177
Granted	1.76	155,586
Vested	0.40	(1,060,429)
Total at 31 March 2018, of which		463,334
Forfeited shares not yet reallocated - held by Trustee		65,137
Unvested shares at 31 March 2018 - allocated to employees		398,197
Aging of unvested shares	2018	2017
Balance of shares to vest within one year	214,232	921,991
Balance of shares to vest after one year	249,102	446,186
Total unvested shares at 31 March	463,334	1,368,177

Operating expenses

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Share based payment expense	755	135

Restricted Stock Units (RSUs)

The RSU plan is for full time and contract employees and executives of the Group. No cash consideration is required to be paid to exercise the RSUs. The fair value of RSUs granted in the year ended 31 March 2018 was \$2.75 million (2017: \$2.5 million) as determined by the market value of the shares on grant date. The RSUs vest over a period of three years (the vesting period), and are typically exercisable annually in equal amounts, on the condition that the employees are still employed by the Company.

	<i>Weighted average exercise price US\$</i>	<i>Number of RSUs</i>
Total at 1 April 2016		-
Granted during the year	1.46	1,721,046
Forfeited during the year		-
Converted to shares	0.96	(128,848)
Surrendered to pay payroll tax	0.96	(51,765)
Total 31 March 2017		1,540,433
Total at 1 April 2017		1,540,433
Granted during the year	2.17	1,703,321
Forfeited during the year		(552,190)
Converted to shares	2.66	(520,506)
Surrendered to pay payroll tax	2.66	(168,843)
Total 31 March 2018		2,002,215

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
	<i>US\$000</i>	<i>US\$000</i>
Share based payment expense	1,788	722

16. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares:

Basic EPS is calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

The loss of \$23.3 million (2017: \$25.3 million) represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
Number of issued ordinary shares	274,549,033	250,550,483
Weighted average ordinary shares outstanding	267,069,366	240,217,634
Basic and diluted loss per share (cents)	(8.71)	(10.53)

Diluted loss per share is the same as basic loss per share. There are no instruments that could potentially dilute basic earnings per share.

Net tangible assets per share

Net tangible assets per share is determined by dividing the net asset value of the Group, adjusted by the intangible assets, and the number of shares issued at the end of the year.

<i>Year ended 31 March</i>	<i>2018</i>	<i>2017</i>
Net tangible assets	14,934,590	11,550,377
Number of issued ordinary shares	274,549,033	250,550,483
Net tangible assets per share (cents)	5.44	4.61

17. 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.

18. Segment reporting

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

The Group's Chief Operating Decision Makers have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of mobile payment solutions. The segment result is reflected in the financial statements.

a) Geographical information

The Group operated principally in the USA for the year ended 31 March 2018, of which over 97% of its revenue from operations is generated.

19. Subsidiaries

<i>Name</i>	<i>Country of Incorporation</i>	<i>Interest 2018 (%)</i>	<i>Interest 2017 (%)</i>
Bluebridge Churches LLC	United States	100	100
eChurch Inc.	United States	100	100
NPO Apps Inc. (not trading)	United States	100	100
Pushpay Inc.	United States	100	100
Pushpay IP Limited	New Zealand	100	100
Pushpay Limited (not trading)	New Zealand	100	100
Pushpay New Zealand Limited (formerly Run The Red Limited)	New Zealand	100	100
Pushpay Pty Limited	Australia	100	100
Pushpay Trustees Limited	New Zealand	100	100
ZipZap Processing Incorporated	United States	100	100

All companies have a 31 March balance date.

20. 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 senior managers.

The following table summarises remuneration paid to key management personnel:

<i>Year ended 31 March</i>	<i>2018 US\$000</i>	<i>2017 US\$000</i>
Directors' fees	204	177
Short term employee benefits	1,569	1,565
Share based payments	442	271

21. Financial risk management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. 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 maximizing the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of shares, comprising issued capital and retained losses. The Group's board of directors reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concerns. The Group is not subject to externally imposed capital requirements.

Interest rate risk

The Group's interest rate risk arises from its cash balances. These are placed on deposit at variable rates that expose the Group to cash flow interest rate risk. The Group does not enter into forward rate agreements.

The Group's management regularly reviews its banking arrangements to ensure the best returns on funds.

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Variable rate instruments		
Financial assets - cash and cash equivalents	17,886	13,406
Financial assets - restricted cash balances	1,256	1,425
	19,142	14,831

Cash at the Bank is subject to floating interest rate risk. During the year interest rates ranged from 0-3.5% (2017: 0.5%-3.2%). As at 31 March 2018 if interest rates had been 1% higher/lower with all other variables held constant, the impact on interest income and net loss of the Group would have been \$109k higher/lower (2017: \$56k).

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 and accounts receivable. The Group's board of directors monitors and manages the exposure to credit risk by ensuring the customers have an appropriate credit history, with majority of customer fees recovered via Automated Clearing House draw (direct debit).

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

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Accounts receivable	2,511	1,934
Cash and cash equivalents and restricted cash balances	19,142	14,831

The Group does not require any collateral or security to support financial instruments. The Groups' bank accounts are held with ASB Bank, Commonwealth Bank of Australia, City National Bank, Wells Fargo Bank and Royal Bank of Canada, which are banks of good credit ratings.

Liquidity risk management

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. During the year the Company raised US \$25.48m, by way of a private placement of new shares on 19 July 2017. These shares were issued for a total of NZ \$18.94m and AU \$15.42m, which translated to US \$25.48m on the day of the book build. Following fluctuations in the NZ and AU exchange rates relative to the US, resulted in the final amount of capital being raised US \$26.13m on the day of issue. The Group's board of directors regularly reviews its liquidity position by examining future cash requirements.

All financial liabilities of the Group for 31 March 2018 and 31 March 2017 are non-interest bearing and mature within 3 months of balance sheet date.

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 NZ Dollar rates.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. As at 31 March 2018, 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:

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Increase in value of NZD of 10 percent		
Impact on profit or (loss)	(3,046)	(1,469)
Impact on equity	(3,046)	(1,469)
Decrease in value of NZD of 10 percent		
Impact on profit or (loss)	3,046	1,469
Impact on equity	3,046	1,469

The sensitivity analysis was calculated by taking the spot rate as at balance date of 0.7235 (2017: 0.6991) 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.

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.

The carrying value of financial assets and financial liabilities are assumed to approximate their fair values due to the short term maturity of these assets and liabilities. Both financial assets and financial liabilities are carried at amortised cost.

22. Reconciliation of net loss with cash flows from operating activities

<i>Year ended 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Net loss for the period	(23,267)	(25,306)
<i>Adjustment for non-cash items:</i>		
Depreciation	935	670
Loss on disposal, property, plant and equipment	40	10
Impairment of intangibles	76	-
Amortisation of development costs and intangibles	3,406	1,932
Share based payment expense	2,088	857
Bad debts provision	307	98
Unrealised loss/(gain) on foreign exchange	(8)	61
Other non-cash items	(261)	-
	(16,684)	(21,678)
<i>Movements in working capital</i>		
Trade and other receivables	(2,819)	(3,308)
Deferred acquisition costs	(288)	(475)
Trade and other payables	464	1,815
Unearned revenue	1,112	4,793
Employee entitlements	745	200
Income tax payable	334	59
	(452)	3,084
Net cash flows from operating activities	(17,136)	(18,594)

Receipts related to processing revenue are shown net of the third party direct costs - processing reflecting the physical cash in-flows.

23. Contingent liabilities

As at the balance date there were no material contingent liabilities (2017: nil).

24. Capital commitments and operating lease commitments

Capital commitments

As at the balance date there were no material capital commitments (2017: nil).

Operating lease commitments

Operating leases are recognised on a straight-line basis over the lease term. In the event that lease incentives are received, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Non-cancellable operating lease commitments where the Group is a lessee in relation to leases of office space are:

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Less than one year	2,017	2,778
After one year but not more than five years	5,736	10,785
More than 5 years	398	710
	8,151	14,273

Non-cancellable operating lease receivables where the Group is a lessor in relation to sub-leases of office space are:

<i>At 31 March</i>	<i>2018</i> <i>US\$000</i>	<i>2017</i> <i>US\$000</i>
Less than one year	212	265
After one year but not more than five years	107	386
	319	651

25. Events after the balance sheet date

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

Corporate governance

The objective of the Board is to enhance shareholder value. The Board and management of Pushpay are committed to ensuring that Pushpay ('the Company') meets best practice governance principles and adheres to high ethical standards.

Pushpay commenced trading on the NZX Alternative Market ("NZAX") on 14 August 2014. The Company ceased quotation of its shares on the NZAX at 5:00 pm on 8 June 2015 and commenced quotation of its shares on the NZX Main Board on 9 June 2015. The Company commenced quotation on the Australian Securities Exchange ("ASX") in a foreign exempt listing on 12 October 2016. Pursuant to ASX Listing Rule 1.15.3, the Company confirms that it continues to comply with the NZX Main Board Listing Rules.

The Board considers that, as at 31 March 2018, the Company complied with the recommendations set by the NZX Corporate Governance Code 2017, except as set out below.

<i>Reference</i>	<i>Recommendation</i>	<i>Alternative Governance Practice and Reason for the Practice</i>	<i>Applicable Period</i>
Recommendation 3.5	All Board committees should operate under written charters.	<p>The Board has three standing committees, the Audit and Risk Management Committee, the Nominations and Remuneration Committee and the Technology, Innovation and Intellectual Property Committee. The written charters for these committees are Appendices to the Company's Corporate Governance Code.</p> <p>The Board may, from time to time, establish ad-hoc committees to deal with specific issues or circumstances.</p> <p>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.</p>	At all relevant times
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.	<p>The Board has adopted a remuneration policy (see paragraph 11 of the Company's Corporate Governance Code), which addresses remuneration components (fixed, performance-based and equity-based) and confirms that executive remuneration should include an element of performance-based pay.</p> <p>The remuneration policy does not specify relative weightings of remuneration components or specify performance criteria. This is because 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.</p>	At all relevant times

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 (see <https://pushpay.com/investors/governance>).

Board of Directors

Role of the Board

Pushpay's Board is responsible for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles.

The main functions of the Board are to:

- a) provide overall governance and strategic leadership;
- b) oversee the development, adoption and communication of a clear strategy for the Company (including overseeing the implementation of the Company's strategy by senior management);
- c) be well-informed, impartial and critically engaged in the Company's affairs;
- d) apply that manner of engagement when assessing strategic, business and financial plans prepared by senior management;
- e) bring an independent mind when deciding the viability of plans to be adopted;
- f) regularly assess and monitor the Company's performance against those plans, carefully considering the CEO's management of the Company against them;
- g) select and replace the CEO, determine conditions of employment, and monitor performance against agreed objectives;
- h) appoint a chairperson of the Board and, if considered by the Board to be appropriate or necessary, a deputy chairperson of the Board, and monitor performance against agreed objectives;
- i) approve senior management appointments, remuneration (including performance remuneration) and monitor performance against agreed objectives;
- j) assess whether appropriate training has been received by Directors on how best to perform their duties;
- k) review development and succession plans for senior management;
- l) ensure that the Company has adequate management and resources to achieve its objectives and to support the Board;
- m) ensure effective and timely reporting to shareholders;
- n) review and approve the Company's operating budgets and major capital expenditure;
- o) set delegated authority levels for the CEO and senior management;
- p) review and approve individual investment and divestment decisions which the Board has determined should be referred to it before implementation;
- q) review and approve material transactions not in the ordinary course of the Company's business;
- r) ensure effective accounting, reporting, audit, risk management and compliance systems are in place and monitored to protect the Company's assets and to minimise the possibility of actions beyond legal and regulatory requirements or beyond acceptable risk parameters being undertaken;
- s) ensure that the Company maintains a risk management framework which identifies:
 - i) material risks to the Company and its business;
 - ii) the likelihood and impact of each risk to the Company's business; and
 - iii) how those risks are being managed or mitigated;
- t) ensure that regular reports on the risk management framework are provided to, and reviewed by, the Board;
- u) determine the nature and extent of the material risks it is willing to take to achieve its strategic objectives and how it will manage them;
- v) ensure ethical behaviour by the Company, the Board and senior management;
- w) ensure compliance with the Company's Constitution, its continuous disclosure obligations, and the

relevant laws, listing rules and regulations and relevant auditing and accounting principles;

- x) adopt and from time to time review the Company's remuneration policy and other corporate governance documents;
- y) implement and from time to time review the Company's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those Directors, managers or other employees who engage in unethical behaviours;
- z) ensure the quality and independence of the Company's external audit process; and
- aa) assess from time to time its own effectiveness in carrying out these functions and the other responsibilities of the Board.

The Board has delegated a number of its responsibilities to three 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 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.

Board composition

The NZX Main Board Listing Rules state that the Company must have at least three Directors, of which at least two must be resident in New Zealand.

As at 31 March 2018 the Board comprised six Directors:

Bruce Gordon - Independent Chairman
Graham Shaw - Independent Director
Daniel Steinman - Independent Director
Christopher Huljich - Non-executive Director
Christopher Heaslip - Executive Director, CEO and Co-founder
Eliot Crowther - Executive Director, Sales and Co-founder

On 18 July 2017, Douglas Kennedy resigned as a Non-executive Director.

A short biography of each Director is available earlier in this Report and on Pushpay's website at <https://pushpay.com/investors/board>.

Chairman

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, Bruce Gordon, is an Independent Director.

The Chairman is responsible for coordinating the activities and work streams of the Board and has the following specific responsibilities:

- a) lead the Board, facilitate effective contribution by all Directors and promote constructive and respectful relations between Directors and between the Board and senior management;
- b) conduct meetings of the Board and of shareholders;
- c) schedule Board meetings in a manner that enables the Board and its Committees to effectively perform their duties while minimally interfering with the Company's business;
- d) prepare, in consultation with the CEO, other Directors and Committee chairpersons and the Board Secretary, the agendas for the Board and committee meetings, and ensure that adequate time is available for discussing agenda items (particularly strategic issues);
- e) define the quality, quantity and timeliness of the flow of information between senior management and the Board;
- f) ensure that issues raised, or information requested, by any Director are responded to promptly and as fully as possible;

- g) approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- h) foster a constructive governance culture and assist the Board and senior management in assuring compliance with, recommended revisions to, and implementation of this Code;
- i) promote and maintain the independence of the Board from senior management;
- j) participate in the Non-executive Directors' evaluation of the CEO's performance and to meet with the CEO to discuss the Board's requirements and expectations and the evaluation of the CEO's performance by the Board; and
- k) to ensure that processes for annually evaluating the performance of the Board, Board committees and individual Directors are in place and lead these processes in conjunction with the Board.

Conflict of interests

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 outlines the policy where conflicts exist (real and perceived). Pushpay maintains a Directors' interests register where relevant disclosures of interest and related party transactions are recorded.

Director independence

Consideration is given to significant shareholders or shareholder groups being represented on the Board. In addition, as required by the NZX Main Board 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 Main Board 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 2018 and the date of this Report, the Board determined that Bruce Gordon, Graham Shaw and Daniel Steinman were Independent Directors and the remaining Directors (Christopher Huljich, Christopher Heaslip and Eliot Crowther) were not Independent Directors.

Retirement and re-election

Directors are subject to the retirement by rotation requirements as set out in the NZX Main Board Listing Rules and in the Company's constitution. In broad terms, one third (or the whole number nearest one third) of the Directors must retire by rotation at each annual meeting. The Directors to retire are those who have been longest in office since the last election. Directors retiring by rotation may, if eligible, stand for re-election. A Director appointed by the Board since the previous annual meeting holds office only until the next annual meeting but is eligible for re-election at that annual meeting.

Director training

All Directors are responsible for ensuring they remain current in understanding their obligations and duties. New Directors are given a copy of the Company's Corporate Governance Code and other relevant Company information, appropriate induction training and a letter of appointment covering the role of the Board, expectations and any particular terms of the appointment.

Company information

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.

Directors and officers insurance

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.

Board evaluation

The Board undertakes regular reviews of its own 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.

Board Committees

Audit and Risk Management Committee

The current members of the Audit and Risk Management Committee are Graham Shaw (Chairman), Bruce Gordon and Daniel Steinman. All members of the Audit and Risk Committee are Independent Directors.

The Board is committed to a transparent system for auditing and reporting the Group's financial performance. The Audit and Risk Management Committee's principal functions are:

- to assist the Board in fulfilling its responsibilities in producing accurate financial statements in compliance with all applicable legal requirements and accounting and reporting standards;
- to assist the Board in ensuring the quality and independence of the Company's external audit process; and
- to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of, appropriate accounting policies, financial management, internal control systems and risk management framework.

The Audit and Risk Management Committee provides a forum for effective communication between the Board and external auditors. The Committee reviews the annual and interim financial statements prior to their approval by the Board, the effectiveness of internal control and management information systems and the efficiency and effectiveness of the audit function.

The Committee generally invites the Company's Chief Financial Officer and the auditors to attend Committee meetings. The Committee also meets with and receives reports from the auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

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.

Pushpay has established procedures for confidential, anonymous submission of concerns by employees of the Company, including a whistle blowing scheme.

A copy of the Audit and Risk Management Committee Charter can be found on the Company's website (see Appendix D of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

Nominations and Remuneration Committee

The current members of the Nominations and Remuneration Committee are Bruce Gordon (Chairman), Graham Shaw and Christopher Huljich, a majority of which, the Board has determined, are Independent Directors.

The Committee reviews the remuneration packages of all Directors and the senior management team. The Non-executive Directors approve the employee remuneration of Christopher Heaslip and Eliot Crowther who are also Executive Directors. Christopher Heaslip and Eliot Crowther do not receive any remuneration solely in their capacity as Directors.

The 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.

The Committee reviews the composition of the Board annually to ensure the Board maintains an appropriate balance of skills, experience and expertise.

The terms and conditions of the appointment of Directors are set out in a formal letter of appointment, that typically deals with the following matters:

- duration of appointment; role of the Board; timing and location of board meetings and expected time commitment; remuneration, including timing of reviews; Committee involvement; Board and individual evaluation processes;
- outside interests including other directorships;
- dealing in Company shares; and

- induction and development processes; access to independent professional advice; availability of liability insurance and the confidentiality of Group information.

A copy of the Nominations and Remuneration Committee Charter can be found on the Company's website (see Appendix E of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

Technology Innovation and Intellectual Property (IP) Committee

The current members of the Technology, Innovation and IP Committee are: Bruce Gordon (Chairman), Daniel Steinman, Christopher Huljich and Christopher Heaslip.

The purpose of this Committee is to perform an advisory role in relation to the Company's material technology, innovation and intellectual property related matters through:

- reviewing and providing advice and recommendations to the Board on all material decisions regarding the development of the Company's technology;
- assisting the Board to determine enhancements in functionality that would be desirable to make to Pushpay's products and material investments, research and development; and
- developing intellectual property policy and strategy.

A copy of the Technology, Innovation and Intellectual Property (IP) Committee Charter can be found on the Company's website (see Appendix F of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

Board and Committee meeting attendance

Board and Committee meetings are held in person and/or by teleconference. The table below shows Director attendance at these meetings during the year ended 31 March 2018:

	<i>Board</i>	<i>Audit and Risk Management Committee</i>	<i>Nominations and Remuneration Committee</i>	<i>Technology, Innovation and IP Committee</i>
Total meetings	18	4	2	4
Bruce Gordon	18	4	2	4
Christopher Heaslip	18	3*	2*	4
Christopher Huljich	17	2*	2	3
Daniel Steinman**	10	2	1	2
Douglas Kemsley**	7	1	1	1
Eliot Crowther	16	-	-	-
Graham Shaw	17	4	2	2*

* Non-member attending Committee meeting.

** Daniel Steinman joined the Board on 3 July 2017 and Douglas Kemsley resigned as a Director at the end of the Annual Shareholders' Meeting on 18 July 2017.

Code of Ethics

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; and
- reporting breaches of the Code.

A copy of the Code can be found on the Company's website (see Appendix A of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

Interests' register

An interests' register is maintained for Pushpay in which the particulars of certain transactions and matters involving the Directors must be 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 or Director, the declaration serves as notice that the Director may benefit from any transaction between the Company and identified entity.

Securities Trading Policy

The Board has adopted a Securities Trading Policy for all Directors, officers, employees and contractors of Pushpay and its subsidiaries for 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.

Before trading Pushpay's quoted financial products, at any time, all Directors, officers, employees, contractors and advisers of Pushpay and its subsidiaries must, in writing:

- notify the Company Head of Investor Relations of their intention to trade in Pushpay's quoted financial products, seek consent to do so and receive a signed copy of the consent to trade;
- confirm that they do not hold material information; and
- confirm that there is no known reason to prohibit trading.

A copy of the Securities Trading Policy can be found on the Company's website (see Appendix B of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

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;

- diversity support and education;
- promotion of a culture of empowerment that rewards employees to act in accordance with the policy; and
- striving to ensure that all employees receive equal treatment in all aspects of Pushpay's employment policies and practices.

As at 31 March 2018 the gender balance of Directors, officers and employees/contractors was as follows (with the table also showing comparative numbers as at 31 March 2017):

	<i>As at 31 March 2018</i>				<i>As at 31 March 2017</i>		
	<i>Directors</i>	<i>Officers</i>	<i>Employees/ Contractors</i>		<i>Directors</i>	<i>Officers</i>	<i>Employees/ Contractors</i>
Female	0	0	103	Female	0	0	110
Male	6	6	251	Male	6	5	269
Total	6	6	354	Total	6	5	379

At Pushpay, we are proud to have an ingrained inclusive culture, where our differences become strengths that can be used to better serve our Customers and drive strong business performance. We value creating equal opportunities for each of our people to progress within the Company. When assessing remuneration, our 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.

The Board recognises the benefits of a more diverse workforce and while it considers that the Company is upholding the Diversity Policy, Pushpay has taken further steps to future-proof the business through having a stronger focus in this area. Pushpay welcomed a diversity expert to its team, Leilani Lutali Director of Talent Acquisition, who has made significant progress in this area. We believe a more diverse pool of candidates when hiring is essential. Some steps Pushpay is taking to improve in this area include:

- identifying and presenting a diverse pool of candidates to our hiring managers;
- ensuring the use of a diverse interview loop;
- working closely with US military and veteran organisations to attract more diverse candidates;
- diversity sourcing training for our talent acquisition team; and
- initiation of Company-wide unconscious bias training.

The Board is actively searching for an additional US-based Director and is considering suitably qualified candidates of diverse backgrounds and experience.

Internal audit

Although Pushpay does not currently have an internal audit function, it does have 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.

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 (see the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

Auditors

Pushpay has adopted an External Audit Independence Policy, which can be found on the Company's website (see the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>).

The Policy requires, among other matters:

- the Board to facilitate full and frank dialogue among the Audit and Risk Committee, the auditor and senior management; and
- rotation of lead and engagement audit partners after a maximum of five years.

The Audit and Risk Management Committee Charter (a copy of which can be found on the Company's website (see Appendix D of the Corporate Governance Code, located at the date of this Report at <https://pushpay.com/investors/governance>) requires the Committee to, among other matters:

- facilitate continued independence of the external auditor;
- assess the external auditor's independence and qualifications, and monitoring performance; and
- review the nature and scope of the audit and review the audit delivery plan.

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

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.

Non-executive Director remuneration

The total remuneration available to be paid to Non-executive Directors is fixed by shareholders. The current annual fee pool limit is US\$450,000. The Board has determined that differentiation between fees for New Zealand resident Directors and other Directors is appropriate. The current allocation of Non-executive Directors remuneration is:

<i>New Zealand Non-executive Directors</i>	<i>NZ\$*</i>	<i>US\$</i>
Board Chairman	60,000	42,000
Non-executive Director	45,000	31,500
Chair of Audit and Risk Committee	10,000	7,000
Other Committee Chair	9,000	6,300
Committee Member	6,000	4,200
<i>United States Non-executive Directors</i>		
Non-executive Director	N/A	47,250
Committee Member	N/A	6,300

* An assumed exchange rate of \$0.70 USD:NZD is used to convert the USD rate to NZD for New Zealand resident directors.

In addition, Directors are 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

Christopher Heaslip and Eliot Crowther are Executive Directors as at 31 March 2018. They did not receive any remuneration in their capacity as Directors, but were remunerated as Officers.

Christopher Heaslip is an Executive Director and receives remuneration from the Company in the form of a salary and a Short Term Incentive (STI). He does not participate in the Share Incentive Scheme or receive Restricted Stock Units and does not receive any remuneration in his capacity as a Director. His remuneration, as CEO, is paid in United States Dollars (USD) and was US\$331,000 in the twelve months to 31 March 2018 (2017: US\$244,000), comprising base salary of US\$244,000 (2017: US\$244,000) and an STI related payment of US\$87,000 (2017: Nil). For the year to 31 March 2018 the CEO's STI performance criteria were based on achieving revenue, subscription ACMR, overall ACMR, cash burn and EBITDA targets with a performance hurdle requiring overall achievement of 80% or greater to be eligible for the STI. For the year to 31 March 2018 the CEO's target STI amount was 50% of base salary (2017: 50% of base salary).

Director remuneration

The total Director fees and other remuneration received by the Directors for the period ended 31 March 2018 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.

Director	2018		2017	
	Fees	Other remuneration	Fees	Other remuneration
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Bruce Gordon	84	-	80	-
Christopher Heaslip*	-	463	-	344
Christopher Huljich	57	-	53	-
Daniel Steinman**	63	83	-	28
Douglas Kemsley	21	-	59	-
Eliot Crowther*	-	360	-	416
Graham Shaw	61	-	57	-
Total	286	906	249	788

* Remuneration received in capacity as Officer (rather than Director).

** Daniel Steinman has been providing consultancy services for Pushpay since 1 September 2016 as an expert in Customer Success. In relation to his consultancy services, Daniel is reimbursed for some travel expenses and was paid by way of the issue to him of 111,310 Restricted Stock Units (RSUs) on 18 November 2016 (i.e. before Daniel was appointed as a Director) at an issue price of NZ\$2.24. The RSUs vest over a three year period on a pro-rata basis based on the period of consultancy services provided, with vesting occurring in December of each year. The value of RSUs is included in Daniel's remuneration in this Report and has been assessed based on the issue price and number of RSUs vesting in the relevant financial year.

The table below 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 2018. Remuneration for those outside New Zealand have 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.

<i>Employee remuneration range NZ\$</i>	<i>2018 Number of employees</i>	<i>2017 Number of employees</i>
\$100,000-\$110,000	24	11
\$110,001-\$120,000	24	12
\$120,001-\$130,000	9	10
\$130,001-\$140,000	15	15
\$140,001-\$150,000	18	5
\$150,001-\$160,000	10	6
\$160,001-\$170,000	6	4
\$170,001-\$180,000	10	4
\$180,001-\$190,000	6	5
\$190,001-\$200,000	9	3
\$200,001-\$210,000	2	1
\$210,001-\$220,000	3	4
\$220,001-\$230,000	1	1
\$230,001-\$240,000	2	2
\$240,001-\$250,000	3	-
\$250,001-\$260,000	-	1
\$260,001-\$270,000	2	-
\$290,000-\$300,000	-	3
\$300,001-\$310,000	3	-
\$310,001-\$320,000	1	-
\$320,001-\$330,000	1	2
\$340,000-\$350,000	-	1
\$360,000-\$370,000	1	-
\$380,000-\$390,000	-	2
\$390,001-\$400,000	-	1
\$400,001-\$410,000	1	-
\$410,001-\$420,000	-	1
\$420,001-\$430,000	1	-
\$430,001-\$440,000	1	-
\$450,000-\$460,000	-	1
\$460,001-\$470,000	1	-
\$470,001-\$480,000	-	1
\$490,000-\$500,000	1	-
\$500,001-\$510,000	1	-
\$660,000-\$670,000	1	-
\$880,000-\$890,000	1	-
	158	96

Waivers

There were no waivers granted to Pushpay by NZX or ASX during the 12 months ended 31 March 2018 and there were no waivers granted to Pushpay by NZX or ASX either during or before the 12 months ended 31 March 2018 that were relied upon in the 12 months ended 31 March 2018.

Directors' shareholdings

Details of Director shareholdings and holdings of other securities issued by the Company as at 31 March 2018 are set out below:

<i>Director</i>	<i>Class of share</i>	<i>Held by Director or associated entities</i>
Bruce Gordon	Fully paid ordinary	2,767,895
Christopher Heaslip	Fully paid ordinary	29,712,148
Christopher Huljich	Fully paid ordinary	68,255,040
Daniel Steinman	Fully paid ordinary	45,433
	Restricted Stock Units (RSUs)	61,839
Douglas Kemsley*	Fully paid ordinary	12,000,000
Eliot Crowther	Fully paid ordinary	24,793,798
Graham Shaw	Fully paid ordinary	2,733,819

* Douglas Kemsley is a former Director having ceased to hold office on 18 July 2017.

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 year ended 31 March 2018:

<i>Date</i>	<i>Director</i>	<i>Registered holder / Associated entity</i>	<i>Class of security</i>	<i>Acquired/ (Sold)</i>	<i>Consideration \$</i>	<i>Notes</i>
27 April 2017	Bruce Gordon	Geelong Investments Limited	Fully paid ordinary shares	1,534,172	Nil	On 27 April 2017, Bruce Gordon became a trustee and beneficiary of the East Street Trust. 98% of the shares in Geelong Investments Limited are held by the East Street Trust. As a trustee of the East Street Trust, Bruce Gordon, jointly with the other trustee, has the power to control the exercise of voting rights attaching to and the power to control the disposition of the shares in Pushpay Holdings Limited held by Geelong Investments Limited.
27 April 2017	Bruce Gordon	Emma Jane Gordon & Bruce Patrick Gordon	Fully paid ordinary shares	1,084,716	Nil	
3 July 2017	Daniel Steinman	Dan Steinman	Fully paid ordinary shares	8,330	Nil	Daniel Steinman joined Pushpay as a Director on 3 July 2017. On that date, Daniel held 8,330 Pushpay shares and 98,942 RSUs.
3 July 2017	Daniel Steinman	Dan Steinman	Restricted Stock Units (RSUs)	98,942	Nil	
12 July 2017	Eliot Crowther	Eliot Barry Crowther & Crowther Trustee Limited	Fully paid ordinary shares	(1,324,503)	NZ\$2,000,000.00	On 12 July 2017, Eliot Crowther & Crowther Trustee Limited agreed to sell 1,324,503 shares to Graham Shaw and Delwyn Shaw. This transaction was completed on 13 July 2017.
12 July 2017	Graham Shaw	Graham John Shaw & Delwyn Joy Shaw	Fully paid ordinary shares	1,324,503	NZ\$2,000,000.00	
19 July 2017	Bruce Gordon	Emma Jane Gordon & Bruce Patrick Gordon	Fully paid ordinary shares	149,007	NZ\$225,000.57	On 12 July 2017, Pushpay Holdings Limited completed a private placement of new shares at NZ\$1.51 per share. On 19 July 2017, Pushpay Holdings Limited allotted 149,007 new shares to Emma Jane Gordon & Bruce Patrick Gordon on completion of the placement.
29 September 2017	Graham Shaw	Graham John Shaw & Delwyn Joy Shaw	Fully paid ordinary shares	95,584	Nil	Transfer of legal ownership of shares from Graham John Shaw to Graham John Shaw & Delwyn Joy Shaw for nil consideration.
6 October 2017	Douglas Kemsley	Douglas David Kemsley & Linda Tanu Kemsley & Michael John Roberts	Fully paid ordinary shares	(1,500,000)	NZ\$3,780,000.00	Douglas Kemsley is a former Director having ceased to hold office on 18 July 2017. On 5 October 2017, Douglas David Kemsley & Linda Tanu Kemsley & Michael John Roberts sold 1,500,000 shares through on-market transactions for an aggregate price of NZ\$3,780,000.00 (being an average price of NZ\$2.52 per share).

Continued

<i>Date</i>	<i>Director</i>	<i>Registered holder / Associated entity</i>	<i>Class of security</i>	<i>Acquired/ (Sold)</i>	<i>Consideration \$</i>	<i>Notes</i>
13 October 2017	Eliot Crowther	Eliot Barry Crowther & Crowther Trustee Limited	Fully paid ordinary shares	(8,000,000)	Nil	On 13 October 2017, Eliot Crowther & Crowther Trustee Limited transferred 8,000,000 shares to FNZ Custodians Limited in connection with loan and security arrangements with Bank of New Zealand. FNZ Custodians Limited holds those shares as custodian for Eliot Crowther & Crowther Trustee Limited (subject to a security interest in favour of Bank of New Zealand).
15 December 2017	Eliot Crowther	Eliot Barry Crowther & Crowther Trustee Limited	Fully paid ordinary shares	(1,800,675)	NZ\$7,268,964.84	On 15 December 2017, Eliot Barry Crowther & Crowther Trustee Limited sold 1,800,675 shares through on-market transactions for an aggregate price of \$7,268,964.84 (being an average price of \$4.04 per Share).
17 December 2017	Eliot Crowther	Eliot Barry Crowther & Crowther Trustee Limited	Fully paid ordinary shares	(235,000)	Nil	On 17 December 2017, Eliot Barry Crowther & Crowther Trustee Limited gifted 235,000 shares for nil consideration to the MSix20 Foundation, a not for profit corporation formed on the laws of Washington, USA. Eliot Barry Crowther is the president of the MSix20 Foundation and has the power to control the disposition of and the voting rights attaching to the shares held by the MSix20 Foundation.
29 December 2017	Daniel Steinman	Dan Steinman	RSUs	(37,103)	Nil	37,103 shares were issued to Daniel Steinman upon vesting of 37,103 RSUs granted under the RSU Plan as part of the remuneration of Daniel Steinman. No cash consideration was required to be paid for the RSUs to vest.
29 December 2017	Daniel Steinman	Dan Steinman	Fully paid ordinary shares	37,103	Nil	

Interests register disclosure

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.

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 2018, in addition to those disclosed elsewhere in this Report:

<i>Name</i>	<i>Position</i>	<i>Entity</i>
Bruce Gordon	Director	Cristal Air International Limited
	Trustee	East Street Trust
	Director	E-Co Products Group Limited
	Director	Energy Efficient Solutions Limited NZ (2016) Limited
	Director	Geelong Investments Limited
	Director	HRV Clean Water Limited
	Director	HRV Filters Limited
	Director	HRV Home Solutions Limited
	Director	HRV Marketing Limited
	Director	HVAC Hero 2016 Limited
	Director	Jude Limited
	Director	PowerSmart NZ Limited
	Director	Safe Filters Limited
	Director	Safe Windows Limited
	Director	Solpho Limited
	Director	Vector Contracting Services Limited
	Director	Vector Energy Solutions Limited
	Director	Ventilation Australia Pty Limited
Christopher Huljich	Director	Best Investments Limited
	Director	Christopher & Banks Limited
	Director	Christopher & Banks I Limited
	Director	Christopher & Banks II Limited
	Director	Christopher & Banks III Limited
	Director	Christopher & Banks IV Limited
	Director	Christopher & Banks V Limited
	Director	Huljich Family Trust Nominees Limited
	Director	Hulfam Investments Limited
	Trustee / beneficiary	The CPH Trust
	Trustee	TRSSH Birnie Settlement Trust
Christopher Heaslip	Director	Bitcoinica Consultancy Limited
	Director	Chris and Sarah Heaslip Foundation

(Christopher Heaslip is a Director of Bitcoinica Consultancy Limited, which entered into liquidation on 10 January 2013)

	Trustee / beneficiary	Chris and Sarah Heaslip Trust
	Beneficiary	Dorchester Trust
Eliot Crowther	Trustee / beneficiary	Crowther Family Trust
	President	MSix20 Foundation
Daniel Steinman	Officer	Gainsight, Inc.
	Advisor	HgCapital LLP
Graham Shaw	Trustee	3inCommon Trust
	Director	Beep Limited
	Trustee	Benevolo Trust
	Chairman	Christian Savings Limited (RBNZ licensed non-bank deposit taker)
	Director	Corporate Concern Limited
	Director	Gentrack Group Limited
	Director	RightWay Limited
	Director	Solvam Corporation Limited
	Director	Spotlight Reporting Limited
	Director	Zed Holdings Limited

Use of company information

On 23 June 2017, in order to assist Eliot Crowther to comply with certain US obligations in relation to a personal matter, the Board authorised Eliot Crowther to disclose certain Company information to a person who entered into a non-disclosure agreement before receiving that information. The Board was satisfied that the disclosure did not, and was not likely to, prejudice the Company. Except for that disclosure 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 2018 were as follows:*

Substantial product holder	Number of ordinary shares at 31 March 2018**	% of ordinary shares at 31 March 2018**
Christopher Heaslip	29,712,148	10.8%
Christopher & Banks V Limited	54,694,040	20.0%
DDS Trustee Services Limited	29,712,148	10.8%
Christopher Peter Huljich	68,255,040	24.9%
Peter Karl Christopher Huljich	68,147,900	24.9%
Eliot Barry Crowther	24,793,798	9.0%

* The numbers of shares and percentage holdings, represent the substantial product holder's relevant interest in shares, and not necessarily registered shareholdings. As at 31 March 2018, Pushpay's issued share capital was 274,059,033 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 2018 do not accurately reflect the substantial product holder's relevant interests as at 31 March 2018, including due to a 4:1 share split undertaken on 9 February 2016 and various share issuances undertaken by Pushpay since the date of the relevant disclosures. Accordingly, the information provided in this table is based primarily on Pushpay's internal records.

Twenty largest equity security holders

The 20 largest holders of Pushpay ordinary shares as at 30 April 2018 are listed below:

<i>Rank</i>	<i>Equity security holder</i>	<i>Number of shares</i>	<i>% of issued capital</i>
1.	Christopher & Banks V Limited	54,694,040	19.92
2.	New Zealand Central Securities Depository Limited	32,169,416	11.72
3.	DDS Trustee Services Limited	26,712,148	9.73
4.	Eliot Barry Crowther & Crowther Trustee Limited	16,558,798	6.03
5.	J P Morgan Nominees Australia Limited	13,761,943	5.01
6.	FNZ Custodians Limited	12,571,349	4.58
7.	Douglas David Kemsley & Linda Tanu Kemsley & Michael John Roberts	12,000,000	4.37
8.	Christopher Peter Huljich & Colin Gordon Powell	8,371,924	3.05
9.	HSBC Custody Nominees (Australia) Limited	6,764,232	2.46
10.	Forsyth Barr Custodians Limited	6,307,777	2.30
11.	BNP Paribas Nominees Pty Limited	6,052,302	2.20
12.	National Nominees Limited	4,471,425	1.63
13.	Christopher Peter Huljich & Constance Maria Huljich & Elizabeth Anne Ferguson	3,999,812	1.46
14.	Graham John Shaw & Delwyn Joy Shaw	2,733,819	0.96
15.	Geelong Investments Limited	1,534,172	0.56
16.	Citicorp Nominees Pty Limited	1,525,866	0.56
17.	Pat Redpath O'Connor & Kay O'Connor & Robert Norman Burnes	1,382,400	0.50
18.	Perry Savill Trustees Limited & George Savill & Phillida Perry	1,313,316	0.48
19.	New Zealand Depository Nominee Limited	1,282,868	0.47
20.	Emma Jane Gordon & Bruce Patrick Gordon	1,233,723	0.45

Spread of security holders

The spread of security holders of ordinary issued shares as at 30 April 2018 are listed below:

<i>Range</i>	<i>Shareholders</i>		<i>Issued capital</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
1-1,000	1,421	25.38	785,151	0.29
1,001-5,000	2,503	44.70	6,681,272	2.43
5,001-10,000	810	14.46	6,108,009	2.22
10,001-50,000	683	12.20	14,910,034	5.43
50,001-100,000	76	1.36	5,463,968	1.99
100,001 and over	107	1.91	240,648,789	87.64
Total	5,600	100.00	274,597,223	100.00

Donations

No donations were made by the Group during the year ended 31 March 2018 (2017: Nil).

Credit rating

Pushpay has no credit rating.

Subsidiaries

As at 31 March 2018, the Company had 10 wholly owned subsidiaries, as set out below. As at 31 March 2018, the following people held office as Directors of those subsidiaries:

Bluebridge Churches LLC – Christopher Heaslip, Shane Sampson

eChurch Inc. – Christopher Heaslip, Shane Sampson

NPO Apps Inc. – Christopher Heaslip, Shane Sampson

Pushpay Inc. – Christopher Heaslip, Shane Sampson

Pushpay IP Limited – Bruce Gordon, Christopher Heaslip, Shane Sampson

Pushpay Limited – Bruce Gordon, Christopher Heaslip, Shane Sampson

Pushpay Pty Limited – Christopher Heaslip, Eliot Crowther, Jeremy Everett

Pushpay Trustees Limited – Bruce Gordon, Christopher Heaslip

Pushpay (New Zealand) Limited – Bruce Gordon, Christopher Heaslip, Shane Sampson

ZipZap Processing Inc. – Christopher Heaslip, Shane Sampson

Directory

Registered office

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Phone: +64 9 377 7720

Postal address

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New Zealand

Company number

New Zealand 3481675

ARBN 613 314 104

Website

www.pushpay.com

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Sarah Elder

Gabrielle Wilson

Yesha Sharma

investors@pushpay.com

Directors

Bruce Gordon
Chairman

Graham Shaw

Daniel Steinman

Christopher Huljich

Christopher Heaslip

Eliot Crowther

Leadership team

Christopher Heaslip
*CEO, Executive Director
and Co-founder*

Eliot Crowther
*Sales, Executive Director
and Co-founder*

Shane Sampson
CFO

Steve Basden
President of echurch

Guy Weismantel
Chief Marketing Officer

James Maiocco
*Chief Business
Development Officer*

Legal advisors

Harmos Horton Lusk
New Zealand

Corrs Chambers
Westgarth
Australia

Wilson Sonsini Goodrich
& Rosati
United States

Nixon Peabody
United States

Auditor

Deloitte New Zealand

Stock Exchanges

NZX Main Board

ASX

Share Registrar

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