

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-40429

Paymentus Holdings, Inc.  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
11605 North Community House Road, Suite 300  
Charlotte, NC  
(Address of principal executive offices)

45-3188251  
(I.R.S. Employer  
Identification No.)

28277  
(Zip Code)

(888) 440-4826

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	PAY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 6, 2024, the registrant had 22,348,919 shares of Class A Common Stock, \$0.0001 par value per share and 102,127,810 shares of Class B Common Stock, \$0.0001 par value per share, outstanding.

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### **Special Note Regarding Forward-Looking Statements**

This quarterly report on Form 10-Q for the quarterly period ended June 30, 2024 (“Quarterly Report”) contains forward-looking statements within the meaning of the federal securities laws, such as those under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which statements involve substantial risks and uncertainties. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this report may include statements about:

- our ability to effectively manage our growth and expand our operations;
- our ability to further attract, retain and expand our biller, financial institutions, partner and consumer base;
- our ability to timely implement and recognize revenue from new customers;
- our expectations regarding our revenue, expenses and other operating results;
- the impact of any material cybersecurity incident on our reputation as a trusted brand or on our business, operating results and financial condition;
- our market opportunity and anticipated trends in our business and industry;
- our ability to remain competitive as we continue to scale our business;
- our ability to develop new product features and enhance our platform;
- our ability to hire and retain experienced and talented employees as we grow our business;
- general economic conditions, including inflation, and their impact on us, consumer demand, average bill amounts and interchange fees, and the impact of changes from an evolving regulatory environment;
- the impact of disruptions or instability in the financial services industry, or perceived or actual liquidity constraints at financial institutions, on our ability or the ability of our customers and vendors to meet operating expense requirements or to satisfy financial or other obligations;
- our ability to realize the anticipated benefits of past or future acquisitions or strategic investments in complementary companies, products or technologies and our ability to manage the potential business disruption and diversion of management attention caused by such acquisitions;
- our ability to maintain and enhance our brand;
- our plan to expand into new channels and industry verticals across different markets;
- the impact of widespread health issues on our operating results, liquidity and financial condition and on our employees, billers, financial institutions, partners, consumers and other key stakeholders;
- our international expansion plans and ability to expand internationally; and
- those factors described in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023 and our subsequent Quarterly Reports on Form 10-Q, and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this report.

You should not place undue reliance on our forward-looking statements as predictions of future events. We have based the forward-looking statements primarily on our current expectations and projections about future events and trends that we believe may affect our business, operating results, financial condition and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. We cannot

assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the ultimate outcome of any of these forward-looking statements. Moreover, the forward-looking statements made in this report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.

***Certain Definitions***

In this report, unless the context requires otherwise, all references to “we,” “our,” “us,” “Paymentus,” and the “Company” refer to Paymentus Holdings, Inc., and where appropriate its consolidated subsidiaries.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

PAYMENTUS HOLDINGS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)  
(Unaudited)

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 188,810	\$ 179,361
Restricted cash and cash equivalents	4,070	3,834
Accounts and other receivables, net of allowance for expected credit losses of \$449 and \$435, respectively	90,057	76,389
Income tax receivable	1,330	259
Prepaid expenses and other current assets	9,929	10,505
Total current assets	294,196	270,348
Property and equipment, net	1,439	1,558
Capitalized internal-use software development costs, net	64,112	58,787
Intangible assets, net	23,117	27,158
Goodwill	131,845	131,860
Operating lease right-of-use assets	8,887	10,027
Deferred tax asset	90	94
Other long-term assets	4,053	5,031
Total assets	\$ 527,739	\$ 504,863
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 43,145	\$ 35,182
Accrued liabilities	16,376	21,301
Current portion of operating lease liabilities	2,112	1,853
Contract liabilities	2,900	4,089
Income tax payable	87	363
Total current liabilities	64,620	62,788
Deferred tax liability	1,244	1,067
Operating lease liabilities, less current portion	7,379	8,661
Contract liabilities, less current portion	2,869	2,731
Total liabilities	76,112	75,247
Stockholders' equity		
Preferred stock, \$0.0001 par value per share, 5,000,000 shares authorized as of June 30, 2024 and December 31, 2023; none issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Class A common stock, \$0.0001 par value per share, 883,950,000 shares authorized as of June 30, 2024 and December 31, 2023; 22,346,669 and 20,758,603 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	2	2
Class B common stock, \$0.0001 par value per share, 111,050,000 shares authorized as of June 30, 2024 and December 31, 2023; 102,127,810 and 103,062,508 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	10	10
Additional paid-in capital	383,276	377,773
Accumulated other comprehensive income	5	87
Retained earnings	68,334	51,744
Total stockholders' equity	451,627	429,616
Total liabilities and stockholders' equity	\$ 527,739	\$ 504,863

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PAYMENTUS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(In thousands, except share and per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 197,422	\$ 148,939	\$ 382,297	\$ 297,267
Cost of revenue	138,671	103,077	270,821	211,327
Gross profit	58,751	45,862	111,476	85,940
Operating expenses				
Research and development	12,535	10,907	24,586	22,560
Sales and marketing	26,766	21,599	50,005	41,863
General and administrative	9,214	8,730	18,306	17,875
Total operating expenses	48,515	41,236	92,897	82,298
Income from operations	10,236	4,626	18,579	3,642
Interest income, net	2,194	1,658	4,380	3,098
Other income (expense)	39	(7)	270	(15)
Income before income taxes	12,469	6,277	23,229	6,725
Provision for income taxes	(3,105)	(438)	(6,639)	(182)
Net income	\$ 9,364	\$ 5,839	\$ 16,590	\$ 6,543
Net income per share				
Basic	\$ 0.08	\$ 0.05	\$ 0.13	\$ 0.05
Diluted	\$ 0.07	\$ 0.05	\$ 0.13	\$ 0.05
Weighted-average number of shares used to compute net income per share				
Basic	124,264,789	123,378,128	124,106,046	123,334,277
Diluted	127,252,366	124,012,107	127,074,921	123,836,815
<b>Comprehensive income</b>				
Net income	9,364	5,839	16,590	6,543
Foreign currency translation adjustments, net of tax	(40)	93	(82)	86
Comprehensive income	\$ 9,324	\$ 5,932	\$ 16,508	\$ 6,629

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PAYMENTUS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands, except share amounts)  
(Unaudited)

	Common Stock		Additional	Retained	Other	Total
	Shares	Amount	Paid-In	Earnings	Comprehensive	Stockholders'
			Capital	Capital	Income	Equity
<b>Balances at December 31, 2023</b>	123,821,111	\$ 12	\$ 377,773	\$ 51,744	\$ 87	\$ 429,616
Stock-based compensation	—	—	2,484	—	—	2,484
Issuance of Class A common stock for stock-based awards	304,865	—	100	—	—	100
Other comprehensive loss	—	—	—	—	(42)	(42)
Net income	—	—	—	7,226	—	7,226
<b>Balances at March 31, 2024</b>	<u>124,125,976</u>	<u>\$ 12</u>	<u>\$ 380,357</u>	<u>\$ 58,970</u>	<u>\$ 45</u>	<u>\$ 439,384</u>
Stock-based compensation	—	—	2,882	—	—	2,882
Issuance of Class A common stock for stock-based awards	348,503	—	37	—	—	37
Other comprehensive loss	—	—	—	—	(40)	(40)
Net income	—	—	—	9,364	—	9,364
<b>Balances at June 30, 2024</b>	<u>124,474,479</u>	<u>\$ 12</u>	<u>\$ 383,276</u>	<u>\$ 68,334</u>	<u>\$ 5</u>	<u>\$ 451,627</u>

	Common Stock		Additional	Retained	Other	Total
	Shares	Amount	Paid-In	Earnings	Comprehensive	Stockholders'
			Capital	Capital	Income	Equity
<b>Balances at December 31, 2022</b>	123,241,173	\$ 12	\$ 367,767	\$ 29,422	\$ (22)	\$ 397,179
Stock-based compensation	—	—	2,159	—	—	2,159
Issuance of Class A common stock for stock-based awards	104,991	—	5	—	—	5
Other comprehensive loss	—	—	—	—	(7)	(7)
Net income	—	—	—	704	—	704
<b>Balances at March 31, 2023</b>	<u>123,346,164</u>	<u>\$ 12</u>	<u>\$ 369,931</u>	<u>\$ 30,126</u>	<u>\$ (29)</u>	<u>\$ 400,040</u>
Stock-based compensation	—	—	2,276	—	—	2,276
Issuance of Class A common stock for stock-based awards	160,625	—	196	—	—	196
Other comprehensive income	—	—	—	—	93	93
Net income	—	—	—	5,839	—	5,839
<b>Balances at June 30, 2023</b>	<u>123,506,789</u>	<u>\$ 12</u>	<u>\$ 372,403</u>	<u>\$ 35,965</u>	<u>\$ 64</u>	<u>\$ 408,444</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**PAYMENTUS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 16,590	\$ 6,543
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	17,506	14,542
Deferred income taxes	177	187
Stock-based compensation	6,256	4,435
Non-cash lease expense	1,198	904
Amortization of contract asset	881	1,441
Provision for (benefit from) expected credit losses	158	(234)
Other non-cash adjustments	(213)	—
Change in operating assets and liabilities		
Accounts and other receivables	(13,849)	865
Prepaid expenses and other current and long-term assets	(81)	797
Accounts payable	7,950	1,350
Accrued liabilities	(4,118)	891
Operating lease liabilities	(1,073)	(916)
Contract liabilities	(1,053)	1,857
Income taxes receivable, net of payable	(1,345)	(1,418)
Net cash provided by operating activities	<u>28,984</u>	<u>31,244</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(304)	(353)
Purchase of interest-bearing deposits	(1,313)	—
Proceeds from matured interest-bearing deposits	1,190	—
Capitalized internal-use software development costs	(18,362)	(16,611)
Net cash used in investing activities	<u>(18,789)</u>	<u>(16,964)</u>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock-based awards	137	201
Settlement of holdback liability related to prior acquisitions	(506)	—
Payments on other financing obligations	—	(1,709)
Payments on finance leases	—	(102)
Net cash used in financing activities	<u>(369)</u>	<u>(1,610)</u>
Effect of exchange rate changes on Cash and cash equivalents and Restricted cash	(141)	113
Net increase in cash, cash equivalents and Restricted cash	9,685	12,783
Cash and cash equivalents and Restricted cash at the beginning of period	183,195	149,685
Cash and cash equivalents and Restricted cash at the end of period	<u>\$ 192,880</u>	<u>\$ 162,468</u>
Reconciliation of Cash and cash equivalents and Restricted Cash:		
Cash and cash equivalents at the beginning of period	179,361	147,334
Restricted cash at the beginning of period	3,834	2,351
Cash and cash equivalents and Restricted cash at the beginning of period	<u>\$ 183,195</u>	<u>\$ 149,685</u>
Cash and cash equivalents at the end of period	188,810	159,068
Restricted cash at the end of period	4,070	3,400
Cash and cash equivalents and Restricted cash at the end of period	<u>\$ 192,880</u>	<u>\$ 162,468</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes, net of refunds	\$ 7,746	\$ 1,269
Right-of-use assets obtained in exchange of operating lease obligations	\$ 96	\$ 1,356

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PAYMENTUS HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands, unless otherwise stated)**  
**(Unaudited)**

**1. Organization and Description of Business**

***Description of Business***

Paymentus Holdings, Inc. and its wholly owned subsidiaries (“Paymentus” or the “Company”) provides electronic bill presentment and payment services, enterprise customer communication and self-service revenue management to billers through a Software-as-a-Service (“SaaS”), secure, omni-channel technology platform. The platform seamlessly integrates into a biller’s core financial and operating systems to provide flexible and secure access to payment processing of credit cards, debit cards, eChecks and digital wallets across a significant number of channels including online, mobile, IVR, call center, chatbot and voice-based assistants. Paymentus was incorporated in the state of Delaware on September 2, 2011 with office locations in Charlotte, North Carolina, Dallas, Texas, Richmond Hill, Ontario (Canada), and Delhi and Bangalore (India). The Company is headquartered in Charlotte, North Carolina.

**2. Basis of Presentation and Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations of the United States Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. Therefore, these unaudited condensed consolidated financial statements and related notes should be read in conjunction with the audited consolidated financial statements and the related notes included in the Company’s Form 10-K for the year ended December 31, 2023 filed with the SEC on March 5, 2024 (the “2023 Form 10-K”).

These unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company’s financial position, results of operations and comprehensive income, changes in stockholders’ equity and cash flows for the periods presented. The results of operations for the three and six months ended June 30, 2024 and 2023 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

***Principles of Consolidation***

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and balances have been eliminated upon consolidation.

***Use of Estimates***

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates include revenue recognition, cost of revenue recognition, the allowance for credit losses, the lives of tangible and intangible assets, the valuation of acquired intangible assets and the recoverability or impairment of intangible assets, including goodwill, internal-use software development costs, valuation of stock warrants issued, stock-based compensation, and accounting for income taxes. The Company bases its estimates on historical experience and also on assumptions that management considers reasonable. The Company assesses these estimates on a regular basis; however, actual results could differ from these estimates.

***Custodial Accounts***

The Company has established a relationship with its merchant processors to act as collection and paying agents, whereby a merchant processor receives funds from customers and forwards such funds to the respective Paymentus client, based on the instructions received from the Company. These merchant processors act as custodians of the cash received, and the Company has no legal ownership rights to the funds held in such custodial accounts and does not control the use of these funds. As the Company does not take ownership of the funds, these custodial accounts are not included in the Company’s consolidated balance sheets. The balance of cash in the custodial accounts held by these merchant processors was \$483.1 million and \$510.8 million as of June 30, 2024 and December 31, 2023, respectively.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high-quality financial institutions with investment-grade ratings. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers and resellers to the extent of the amounts recorded in the consolidated balance sheets. No customer accounted for more than 10% of revenue for either of the three or six months ended June 30, 2024 and 2023. As of December 31, 2023 and June 30, 2024 one customer/reseller accounted for more than 10% of accounts receivable.

### **Segment Information**

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker ("CODM") in deciding how to make operating decisions, allocate resources and assess performance. The Company has three operating segments based on geography. The United States segment represents the vast majority of the Company's consolidated net sales and gross profit. The additional two operating segments, Canada and India, do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate. None of the operating segments qualified for aggregation. The Company's CODM is its chief executive officer. The CODM evaluates the performance of the Company's operating segments based on revenue and gross profit. The Company does not analyze discrete segment balance sheet information related to long-term assets. All other financial information is presented on a consolidated basis. For information regarding the Company's long-lived assets and revenue by geographic area, see Note 4 and Note 3, respectively.

### **Summary of Significant Accounting Policies**

The Company's significant accounting policies are discussed in Note 2, "Basis of Presentation and Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 included in the 2023 Form 10-K. There have been no significant changes to these policies during the three and six months ended June 30, 2024.

### **Recently Adopted Accounting Standards**

The Company is provided the option to adopt new or revised accounting guidance as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 either (1) within the same periods as those otherwise applicable to public business entities, or (2) within the same time periods as non-public business entities, including early adoption when permissible. With the exception of standards the Company elected to early adopt, when permissible, the Company has elected to adopt new or revised accounting guidance within the same time period as non-public business entities, as indicated below.

Accounting Standards Updates ("ASU") not listed below were assessed and determined to be either not applicable or are not expected to have a material impact on the consolidated financial statements.

### **Accounting Pronouncements Not Yet Adopted**

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments in ASU 2023-07 are effective for public companies for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the potential impact of adopting this new guidance on our condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09 "Income Tax Disclosures", which makes changes to annual disclosures of income taxes paid for all entities and requires entities to disclose the amount of income taxes paid, net of refunds received, disaggregated by federal, state and foreign jurisdiction. Additionally, entities are required to disclose income taxes paid, net of refunds received, for individual jurisdictions that comprise 5% or more of total income taxes paid. The 5% threshold is evaluated using the absolute value of the net refund or net payment in each jurisdiction compared to the absolute value of the total income taxes paid (net of refunds received). ASU 2023-09 requires all entities to disclose disaggregated domestic and foreign pre-tax income (or loss) from continuing operations along with disaggregated income tax expense (or benefit) by federal, state and foreign components. Such disaggregation by jurisdiction should classify taxes by jurisdiction based on the jurisdiction imposing the taxes. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024 for public companies. Early adoption is permitted. We are currently evaluating the potential impact of adopting this new guidance on our condensed consolidated financial statements and related disclosures.

### 3. Revenue, Performance Obligations and Contract Balances

#### Disaggregation of Revenue

The following table presents a disaggregation of revenue from contracts with customers:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Payment transaction processing revenue	\$ 193,564	\$ 146,677	\$ 376,316	\$ 293,065
Other	3,858	2,262	5,981	4,202
<b>Total revenue</b>	<b>\$ 197,422</b>	<b>\$ 148,939</b>	<b>\$ 382,297</b>	<b>\$ 297,267</b>

Revenue by geographic area, based on the location of the Company's users, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
United States	\$ 193,483	\$ 145,946	\$ 374,784	\$ 291,503
Other	3,939	2,993	7,513	5,764
<b>Total</b>	<b>\$ 197,422</b>	<b>\$ 148,939</b>	<b>\$ 382,297</b>	<b>\$ 297,267</b>

#### Remaining Performance Obligations

As of June 30, 2024, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied was \$5.8 million, of which the Company expects to recognize over 70% within the next two years, 23% between two to four years and the remainder thereafter. The timing of revenue recognition within the next four years is largely dependent upon the go-live dates of the Company's customers under the Company's contracts.

As of June 30, 2024, the Company has contractual rights under its commercial agreements with customers and resellers to receive \$44.2 million of fixed consideration related to the future minimum guarantees through 2026. As permitted, the Company has elected to exclude from this disclosure any variable consideration that meets specified criteria. Accordingly, the total unsatisfied or partially unsatisfied performance obligations related to processing services is significantly higher than the amount disclosed.

#### Contract Balances

Contract balances consist of the following:

	June 30, 2024	December 31, 2023
	(in thousands)	
Contract Assets included under:		
Prepaid expenses and other current assets	\$ 2,893	\$ 2,893
Other long-term assets	3,808	4,783
<b>Total contract assets</b>	<b>\$ 6,701</b>	<b>\$ 7,676</b>
Contract Liabilities:		
Current	\$ 2,900	\$ 4,089
Non-current	2,869	2,731
<b>Total contract liabilities</b>	<b>\$ 5,769</b>	<b>\$ 6,820</b>

The amortization of related contract assets included in the condensed consolidated statements of operations and comprehensive income was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue	\$ 153	\$ 629	\$ 306	\$ 1,253
Sales and marketing	782	115	1,528	187
Total amortization of contact assets	\$ 935	\$ 744	\$ 1,834	\$ 1,440

Revenue recognized during the three months ended June 30, 2024 and 2023 that was included in the contract liabilities balance at the beginning of each of the periods was \$2.1 million and \$0.7 million, respectively. Revenue recognized during the six months ended June 30, 2024 and 2023 that was included in the contract liabilities balance at the beginning of each of the periods was \$2.9 million and \$1.3 million, respectively.

#### 4. Property and Equipment, net

Property and equipment, net consisted of the following:

	June 30,	December 31,
	2024	2023
	(in thousands)	
Computer equipment	\$ 6,183	\$ 6,059
Furniture and fixtures	1,780	1,715
Leasehold improvements	387	396
Total property and equipment	8,350	8,170
Less: Accumulated depreciation	(6,911)	(6,612)
Property and equipment, net	\$ 1,439	\$ 1,558

Depreciation expense recorded for property and equipment was \$0.2 million and \$0.1 million for the three months ended June 30, 2024 and 2023, respectively, and \$0.4 million and \$0.5 million for the six months ended June 30, 2024 and 2023, respectively.

The geographic locations of the Company's long-lived assets, comprising property and equipment, based on physical location of the assets were as follows:

	June 30,	December 31,
	2024	2023
	(in thousands)	
United States	\$ 564	\$ 558
Other	875	1,000
Total	\$ 1,439	\$ 1,558

#### 5. Goodwill, Internal-use Software Development Costs and Intangible Assets

##### Goodwill

The changes in the carrying amount of goodwill by reporting unit were as follows (in thousands):

	United States	Other	Total
Balance as of December 31, 2023	\$ 131,028	\$ 832	\$ 131,860
Foreign currency translation adjustments	—	(15)	(15)
Balance as of June 30, 2024	\$ 131,028	\$ 817	\$ 131,845

##### Internal-use Software Development Costs

During the three months ended June 30, 2024 and 2023, the Company capitalized \$9.1 million and \$8.4 million in software development and implementation costs, respectively, and during the six months ended June 30, 2024 and 2023, the Company capitalized \$18.4 million and \$16.6 million in software development and implementation costs, respectively.

During the three months ended June 30, 2024 and 2023, the Company recorded \$4.4 million and \$3.2 million of amortization expense in cost of revenue, respectively, and \$2.4 million and \$1.9 million of amortization expense in operating expenses, respectively. During the six months ended June 30, 2024 and 2023, the Company recorded \$8.4 million and \$6.0

million of amortization expense in cost of revenue, respectively, and \$4.7 million and \$3.8 million of amortization expense in operating expenses, respectively.

### Intangible Assets

Intangible assets, net consisted of the following (in thousands):

	June 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	\$ 21,826	\$ (16,817)	\$ 5,009
Customer relationship	31,982	(15,090)	16,892
Software and license	2,929	(2,906)	23
Trademark	4,038	(2,845)	1,193
<b>Total</b>	<b>\$ 60,775</b>	<b>\$ (37,658)</b>	<b>\$ 23,117</b>

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	\$ 21,845	\$ (14,951)	\$ 6,894
Customer relationship	32,006	(13,480)	18,526
Software and license	3,019	(2,979)	40
Trademark	4,038	(2,340)	1,698
<b>Total</b>	<b>\$ 60,908</b>	<b>\$ (33,750)</b>	<b>\$ 27,158</b>

Amortization expense of intangible assets was \$2.0 million and \$2.0 million for the three months ended June 30, 2024 and 2023, respectively, and \$4.0 million and \$4.3 million for the six months ended June 30, 2024 and 2023, respectively.

As of June 30, 2024, future expected amortization expense is as follows (in thousands):

Years Ending December 31,		
2024 (remaining 6 months)		4,042
2025		6,620
2026		3,737
2027		3,269
2028		3,269
Thereafter		2,180
Total future amortization expense		<b>\$ 23,117</b>

There were no impairments of goodwill, internal-use software development costs or intangible assets in the three or six months ended June 30, 2024 and 2023.

## 6. Accrued Liabilities

The composition of accrued liabilities is as follows:

	June 30, 2024	December 31, 2023
	(in thousands)	
Payroll and employee-related expenses	\$ 10,436	\$ 15,455
Other accrued liabilities	5,940	5,846
<b>Total</b>	<b>\$ 16,376</b>	<b>\$ 21,301</b>

## 7. Commitments and Contingencies

### Other Commitments

The Company has entered into certain non-cancellable agreements for software and marketing services that specify all significant terms, including fixed or minimum services to be used, pricing provisions and the approximate timing of the transaction. Obligations under contracts that are cancellable or with remaining terms of 12 months or less are not included.

There have been no material changes to the Company's contractual obligations or commitments outside of the ordinary course of business as compared to those described in the 2023 Form 10-K.

### **Legal Matters**

The Company is involved from time to time in various claims and legal proceedings arising in the ordinary course of business. From time to time as appropriate, the Company accrues liabilities related to legal claims in its financial statements. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that, as of June 30, 2024, no current claims and legal proceedings will have a material adverse effect on its financial position, results of operations, or cash flows.

### **Indemnification**

The Company enters into indemnification provisions under agreements with other parties in the ordinary course of business, including business partners, investors, contractors, customers, and the Company's officers, directors, and certain employees. The Company has agreed to indemnify and defend the indemnified party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party claims due to the Company's activities or non-compliance with obligations or representations made by the Company. The Company seeks to limit, or cap, its indemnification exposure in its commercial and other contracts. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision.

## **8. Equity**

### **Warrant**

On May 13, 2021, the Company entered into a warrant agreement with JPMC Strategic Investments I Corporation ("JPMC"), an affiliate of J.P. Morgan Securities LLC, an underwriter in our 2021 initial public offering ("IPO"), pursuant to which the Company agreed to issue a warrant to JPMC for up to 509,370 shares of Class A common stock upon completion of the IPO at an exercise price of \$18.38 per share (the "May 2021 warrant agreement"). Upon completion of the IPO, 382,027 of the warrant shares vested and were exercisable. The vesting of the remaining 127,343 shares of Class A common stock underlying the warrant will be subject to the achievement of certain commercial milestones through December 31, 2025 pursuant to a related commercial agreement with JPMorgan Chase Bank, National Association ("JPM Chase"), an affiliate of JPMC. As discussed below, this commercial agreement was amended in August 2022, and the achievement of certain commercial milestones was extended through December 31, 2026 and minimum revenue commitments were set for each of the calendar years through 2026. As of June 30, 2024, 448,880 warrant shares were vested and exercisable under the May 2021 warrant agreement.

On August 29, 2022, the Company entered into a second warrant agreement with JPMC, in connection with an amendment to the Company's existing commercial agreement with JPM Chase discussed above, pursuant to which the Company issued a warrant to JPMC for up to 684,510 shares of Class A common stock at an exercise price of \$10.10 per share (the "August 2022 warrant agreement"). Upon signing the August 2022 warrant agreement, 171,128 of the warrant shares vested and were exercisable. The vesting of the remaining 513,382 shares of Class A common stock underlying the warrant will be subject to the achievement of certain commercial milestones through December 31, 2026 pursuant to the commercial agreement, as amended. As of June 30, 2024 there were no additional warrant shares vested under the August 2022 warrant agreement.

As of June 30, 2024, an aggregate of 620,008 warrants had vested and were exercisable under the outstanding warrant agreements.

The Company accounts for the consideration payable in the form of warrants to its vendor as share based compensation expense. The warrant fair value was determined using the Black-Scholes pricing model in accordance with ASC 718, *Compensation-Stock Compensation*.

## **9. Stock-Based Compensation**

In May 2021, the Company's board of directors (the "Board") adopted, and its stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan"), which became effective in connection with the IPO. The 2021 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code ("IRC"), to the Company's employees and any of its parent or subsidiary corporations' employees, and for the grant of non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, and performance awards to the Company's employees, directors and consultants and any of its parent or subsidiary corporations' employees and consultants. A total of approximately 10.5 million shares of the Company's Class A common stock have been reserved for issuance under the 2021 Plan in addition to (i) an annual increase of 4% of the outstanding shares of the Company's common stock, with Class

A and Class B common stock taken together, on the first day of each fiscal year, subject to the Compensation Committee of the Board exercising discretion to increase or decrease such amount (the “Evergreen Addition”), and (ii) upon the expiration, forfeiture, cancellation, or reacquisition of any shares of Class B common stock underlying outstanding stock awards granted under the 2012 Equity Incentive Plan, an equal number of shares of Class A common stock, such number of shares not to exceed 7.6 million shares. On January 1, 2024, pursuant to the Evergreen Addition, approximately 5 million shares of Class A common stock were added to the 2021 Plan issuance reserve. At June 30, 2024, there were approximately 21.8 million remaining shares available for the Company to grant under the 2021 Plan.

### Stock Options

A summary of the Company’s option activity during the six months ended June 30, 2024 was as follows (in thousands, except for share and per share amount):

	Options Outstanding	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	3,849,350	\$ 7.87	5.06	\$ 38,505
Options exercised	(183,521)	0.74		
Options forfeited	(2,333)	8.66		
Outstanding at June 30, 2024	3,663,496	\$ 8.23	4.68	\$ 39,468
Exercisable at June 30, 2024	3,627,571	\$ 8.22	4.67	\$ 39,106

No options were granted or expired during the six months ended June 30, 2024. Aggregate intrinsic value represents the difference between the exercise price of the options and the fair value of the Company’s common stock.

### Restricted Stock Units (“RSUs”)

A summary of the Company’s RSU activity during the six months ended June 30, 2024 was as follows:

	Number of RSUs Outstanding	Weighted- Average Grant Date Fair Value
Awarded and unvested at December 31, 2023	1,946,006	\$ 12.74
Awards granted	1,036,729	19.22
Awards vested	(468,347)	12.09
Awards forfeited	(154,827)	11.23
Awarded and unvested at June 30, 2024	2,359,561	\$ 15.81

The fair value of RSU grants is determined based upon the market closing price of the Company’s Class A common stock on the date of grant. RSUs vest over the requisite service period, which generally ranges between four years and five years from the date of grant for employees and one to three years for directors, subject to continued employment for employees and provision of services for non-employees.

Stock-based compensation expense included in the condensed consolidated statements of operations and comprehensive income was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Cost of revenue	\$ 66	\$ 29	\$ 117	\$ 74
Research and development	846	462	1,454	1,009
Sales and marketing	1,494	691	2,804	1,406
General and administrative	917	1,094	1,881	1,946
Total stock-based compensation	\$ 3,323	\$ 2,276	\$ 6,256	\$ 4,435

At June 30, 2024, there was \$0.1 million of total unrecognized compensation cost related to unvested stock options granted under the 2012 Equity Incentive Plan, which is expected to be recognized over a remaining weighted-average period of 1.3 years.

At June 30, 2024, there was \$35.1 million of total unrecognized compensation cost related to unvested RSUs granted under the 2021 Plan, which is expected to be recognized over a remaining weighted-average period of 3.6 years.

## 10. Income Taxes

The Company computes its tax provision for the three and six months ended June 30, 2024 by applying the estimated annual effective tax rate to year-to-date income from recurring operations and adjusting for discrete items arising in that quarter. The Company continues to record a valuation allowance against its net deferred tax assets ("DTA") in the U.S. as it is not more likely than not to be realized given the significant tax deductions for stock-based compensation recognized in previous years that have created cumulative losses in recent years.

The Company's effective tax rate for the three and six months ended June 30, 2024 was 24.9% and 28.6%, respectively, and for the three and six months ended June 30, 2023 was 7.0% and 2.7%, respectively. The difference between the Company's effective tax rate and the U.S. federal statutory rate of 21% in the above periods was primarily the result of permanent differences for disallowed stock-based compensation pursuant to IRC Section 162(m), state taxes and the impact of the full valuation allowance. In 2023, it was primarily the result of near break-even pre-tax income from operations, state taxes and the impact of the full valuation allowance and other permanent adjustments in addition to a return to provision benefit recorded in connection with a change in estimate of costs required to be capitalized under IRC Section 174.

## 11. Net Income per Share Attributable to Common Stock

Basic net income per share attributable to common stock is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period.

Diluted net income per share attributable to common stock is computed by giving effect to all potentially dilutive common stock equivalents to the extent they are dilutive. The dilutive effect of outstanding options, RSUs and warrants is reflected in diluted net income per share attributable to common stock by application of the treasury stock method. The calculation of diluted net income per share attributable to common stock excludes all anti-dilutive common shares.

The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net income per share attributable to common stockholders are, therefore, the same for both Class A and Class B common stock on both an individual and combined basis.

The following table sets forth the computation of basic and diluted net income per share attributable to common stock (in thousands, except for share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income	\$ 9,364	\$ 5,839	\$ 16,590	\$ 6,543
<b>Denominator:</b>				
<b>Weighted-average shares of common stock — basic</b>	<b>124,264,789</b>	<b>123,378,128</b>	<b>124,106,046</b>	<b>123,334,277</b>
Dilutive effect of stock options to purchase common stock	2,167,559	521,818	2,157,147	445,183
Dilutive effect of RSUs	709,580	112,161	721,860	57,355
Dilutive effect of warrants	110,438	—	89,868	—
<b>Weighted-average shares of common stock — diluted</b>	<b>127,252,366</b>	<b>124,012,107</b>	<b>127,074,921</b>	<b>123,836,815</b>
<b>Net income per share</b>				
Basic	\$ 0.08	\$ 0.05	\$ 0.13	\$ 0.05
Diluted	\$ 0.07	\$ 0.05	\$ 0.13	\$ 0.05

The following table summarizes the weighted average securities that were excluded from the computation of diluted net income per share attributable to common stock as their inclusion would have been antidilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options to purchase common stock	—	211,922	—	3,578,915
RSUs	206,514	1,260,566	205,176	1,285,901
Warrants	—	588,173	—	588,173

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

We are a leading provider of cloud-based bill payment technology and solutions. We deliver our next-generation product suite through a modern technology stack to more than 2,200 biller business and financial institution clients. Our platform was used by approximately 34 million consumers and businesses in North America in December 2023 to pay their bills, make money movements and engage with our clients. We serve billers of all sizes that primarily provide non-discretionary services across a variety of industry verticals, including utilities, financial services, insurance, government, telecommunications, real estate management, healthcare and education. We also serve financial institutions by providing them with a modern platform that their customers use for bill payment, account-to-account transfers and person-to-person transfers. By powering this comprehensive network of billers and financial institutions, each with their own set of bill payment requirements, we believe we have created an enviable feedback loop that enables us to continuously drive innovation, grow our business and uniquely improve the electronic bill payment experience for participants in the bill payment ecosystem.

Our platform provides our clients with easy-to-use, flexible and secure electronic bill payment experiences powered by an omnichannel payment infrastructure that allows consumers to pay their bills using their preferred payment type and channel. Because our biller platform is developed on a single code base and leverages a SaaS infrastructure, we can rapidly deploy new features and tools to our entire biller base simultaneously. Through a single point of integration to our billers' core financial and operating systems, our mission-critical solutions provide our billers with a payments operating system that helps them collect revenue faster and more profitably and empower their consumers with the information and transparency needed to control their finances.

### Transactions Processed

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	% Growth	2024	2023	% Growth
	(in millions)			(in millions)		
Transactions processed	140.4	109.5	28.2%	275.7	218.0	26.5%

We define transactions processed as the number of revenue generating payment transactions, such as checks, credit card and debit card transactions, automated clearing house, or ACH, items and emerging payment types, which are initiated and generally processed through our platform during a period. The number of transactions also includes account-to-account and person-to-person transfers. The increase in the number of transactions processed during the three and six months ended June 30, 2024 as compared to the same periods in 2023 was primarily driven by the addition of new billers and financial institutions and increased transactions from our existing billers and financial institutions.

### Other Key Factors and Trends Affecting Our Operating Results

The discussion below includes a number of forward-looking statements regarding our future performance. For a discussion of important factors, including the continuing development of our business and other factors which could cause actual results to differ materially from matters referred to below, see the discussions under "Risk Factors" and "Special Note Regarding Forward-Looking Statements" herein and in our Form 10-K for the year ended December 31, 2023 or, the "2023 Form 10-K".

#### *Impact of Economic and Inflationary Trends*

Inflationary pressures continue to be volatile, and although we have experienced a general overall improvement and more normalized inflation in comparison to the trailing annual trends, the economic uncertainty and inflationary conditions continue to remain high and could have an adverse impact on our performance during the remainder of 2024. Inflationary pressure is resulting in higher average bills, particularly in the utility sector, and increased interchange fees. Where appropriate, we seek to adjust our prices to address the inflationary pressures, however our ability to do so typically lags behind the impact of inflation on our clients. While we made several price adjustments as a result of the inflationary impacts on our business, we will continue to monitor and manage the economic environment for the remainder of 2024 by working closely with clients on implementations and further price adjustments as necessary.

### Non-GAAP Measures

We use supplemental measures of our performance that are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP. These supplemental non-GAAP measures include contribution profit, adjusted gross profit, adjusted EBITDA and free cash flow.

### Contribution Profit

We calculate contribution profit as gross profit plus other cost of revenue. Other cost of revenue equals cost of revenue less interchange and assessment fees paid by us to our payment processors.

### Adjusted Gross Profit

We calculate adjusted gross profit as gross profit adjusted for non-cash items, primarily stock-based compensation and amortization of acquisition-related intangible assets and capitalized software development costs.

### Adjusted EBITDA

We calculate adjusted EBITDA as net income before other income (expense) (which consists of interest income (expense), net, other non-recurring income), depreciation and amortization of acquisition-related intangible assets and capitalized software development costs, and income taxes, adjusted to exclude the effects of net and foreign exchange gain (loss), stock-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations.

### Free Cash Flow

We calculate free cash flow as net cash provided by (used in) operating activities less capital expenditures, other intangible assets acquired, and capitalized internal-use software development costs.

### How we use Non-GAAP Measures

We use non-GAAP measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management and our board of directors to more fully understand our consolidated financial performance from period to period and helps management project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP measures provide our investors with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period-to-period comparisons. In particular, we exclude interchange and assessment fees in the presentation of contribution profit because we believe inclusion is less directly reflective of our operating performance as we do not control the payment product or channel used by consumers, which is the primary determinant of the amount of interchange and assessment fees. We use contribution profit to measure the amount available to fund our operations after interchange and assessment fees, which are directly linked to the number of transactions we process and thus our revenue and gross profit. There are limitations to the use of the non-GAAP measures presented in this report. Our non-GAAP measures may not be comparable to similarly titled measures of other companies; other companies, including companies in our industry, may calculate non-GAAP measures differently than we do, limiting the usefulness of those measures for comparative purposes. These non-GAAP measures should not be considered in isolation from or as a substitute for financial measures prepared in accordance with GAAP.

We also urge you to review the reconciliation of these non-GAAP financial measures included below. To properly and prudently evaluate our business, we encourage you to review the condensed consolidated financial statements and related notes included elsewhere in this report and to not rely on any single financial measure to evaluate our business.

### Contribution Profit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Gross profit	\$ 58,751	\$ 45,862	\$ 111,476	\$ 85,940
Plus: other cost of revenue	17,730	13,728	34,372	27,181
<b>Contribution profit</b>	<b>\$ 76,481</b>	<b>\$ 59,590</b>	<b>\$ 145,848</b>	<b>\$ 113,121</b>

In general, contribution profit is driven by the number of transactions we process offset by network fees associated with processing those transactions. The amount of contribution profit per transaction may vary due to a variety of factors substantially outside of our control, including client size, type and industry as well as whether the client is a biller, financial institution or other partner. Contribution profit for the three and six months ended June 30, 2024 increased approximately 28.3%, and 28.9%, respectively, as compared to the same periods in 2023. The increase was primarily driven by growth in transaction count and volume driven by the addition of new billers and financial institutions and increased transactions from our existing billers and financial institutions, together with pricing improvements from customers related to our inflation management and the implementation of certain cost improvement measures.

### Adjusted Gross Profit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
<b>Gross profit</b>	\$ 58,751	\$ 45,862	\$ 111,476	\$ 85,940
Stock-based compensation	66	29	117	74
Amortization of capitalized software development costs	4,366	3,241	8,395	5,980
Amortization of acquisition-related intangibles	828	829	1,657	1,657
<b>Adjusted gross profit</b>	<b>\$ 64,011</b>	<b>\$ 49,961</b>	<b>\$ 121,645</b>	<b>\$ 93,651</b>

Adjusted gross profit for the three and six months ended June 30, 2024 increased 28.1% and 29.9%, respectively, as compared to the same periods in 2023. Adjusted gross profit improved in line with contribution profit. Adjusted gross profit as a percentage of contribution profit was stable for the three months ended June 30, 2024 and as a result of economies of scale, improved for the six months ended June 30, 2024. Adjusted gross profit is driven primarily by the same factors that impact gross profit with the exception of excluding the amortization and stock-based compensation recorded in cost of revenue. The increase in amortization was driven by additional capitalization of software costs.

### Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Net income — GAAP	\$ 9,364	\$ 5,839	16,590	\$ 6,543
Interest income, net	(2,194)	(1,658)	(4,380)	(3,098)
Other income <sup>(1)</sup>	—	—	(213)	—
Provision for income taxes	3,105	438	6,639	182
Amortization of capitalized software development costs	6,739	5,120	13,050	9,813
Amortization of acquisition-related intangibles	2,020	2,040	4,041	4,264
Depreciation	210	143	415	465
<b>EBITDA</b>	<b>\$ 19,244</b>	<b>\$ 11,922</b>	<b>\$ 36,142</b>	<b>\$ 18,169</b>
<b>Adjustments</b>				
Foreign exchange (gain) loss	(39)	7	(57)	15
Stock-based compensation	3,323	2,276	6,256	4,435
<b>Adjusted EBITDA</b>	<b>\$ 22,528</b>	<b>\$ 14,205</b>	<b>\$ 42,341</b>	<b>\$ 22,619</b>

<sup>(1)</sup> Other income consists of a remeasurement adjustment relating to the purchase price of a prior acquisition.

Adjusted EBITDA is a measure of profitability and generally is expected to move in line with revenue, contribution profit, gross profit and adjusted gross profit. Adjusted EBITDA increased 58.6% and 87.2% in the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increase was primarily driven by growth in transaction count and volume driven by the addition of new billers and financial institutions and increased transactions from our existing billers and financial institutions, together with pricing improvements from customers related to our inflation management and the implementation of certain cost improvement measures.

### Free Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Net cash provided by operating activities	\$ 18,030	\$ 26,481	\$ 28,984	\$ 31,244
Purchases of property and equipment and software	(188)	(286)	(304)	(353)
Capitalized software development costs	(9,086)	(8,392)	(18,362)	(16,611)
<b>Free cash flow</b>	<b>\$ 8,756</b>	<b>\$ 17,803</b>	<b>\$ 10,318</b>	<b>\$ 14,280</b>
Net cash used in investing activities	\$ (9,276)	\$ (8,678)	\$ (18,789)	\$ (16,964)
Net cash provided by (used) in financing activities	\$ 37	\$ (488)	\$ (369)	\$ (1,610)

The decrease in free cash flow for the three and six months ended June 30, 2024, as compared to the same periods in 2023, was primarily as a result of decreases in cash generated from operations.

## Results of Operations

The following table sets forth our condensed consolidated statements of operations for the periods presented:

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(in thousands)				(in thousands)			
Revenue	\$ 197,422	\$ 148,939	\$ 48,483	32.6 %	\$ 382,297	\$ 297,267	\$ 85,030	28.6 %
Cost of revenue	138,671	103,077	35,594	34.5 %	270,821	211,327	59,494	28.2 %
Gross profit	58,751	45,862	12,889	28.1 %	111,476	85,940	25,536	29.7 %
Gross margin <sup>(1)</sup>	29.8 %	30.8 %			29.2 %	28.9 %		
Operating expenses								
Research and development	12,535	10,907	1,628	14.9 %	24,586	22,560	2,026	9.0 %
Sales and marketing	26,766	21,599	5,167	23.9 %	50,005	41,863	8,142	19.4 %
General and administrative	9,214	8,730	484	5.5 %	18,306	17,875	431	2.4 %
Total operating expenses	48,515	41,236	7,279	17.7 %	92,897	82,298	10,599	12.9 %
Income from operations	10,236	4,626	5,610	n/m	18,579	3,642	14,937	n/m
Interest income, net	2,194	1,658	536	32.3 %	4,380	3,098	1,282	41.4 %
Other income (expense) <sup>(2)</sup>	39	(7)	46	n/m	270	(15)	285	n/m
Income before income taxes	12,469	6,277	6,192	98.6 %	23,229	6,725	16,504	n/m
Provision for income taxes	(3,105)	(438)	(2,667)	n/m	(6,639)	(182)	(6,457)	n/m
Net income	\$ 9,364	\$ 5,839	\$ 3,525	60.4 %	\$ 16,590	\$ 6,543	\$ 10,047	n/m

n/m - not meaningful

<sup>(1)</sup> Gross margin is calculated as gross profit divided by revenue.

<sup>(2)</sup> Other income (expense) includes of a remeasurement adjustment relating to the purchase price of a prior acquisition.

The following table presents the components of our condensed consolidated statements of operations for the periods presented as a percentage of revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	70.2 %	69.2 %	70.8 %	71.1 %
Gross profit	29.8 %	30.8 %	29.2 %	28.9 %
Operating expenses				
Research and development	6.3 %	7.3 %	6.4 %	7.6 %
Sales and marketing	13.6 %	14.5 %	13.1 %	14.1 %
General and administrative	4.7 %	5.9 %	4.8 %	6.0 %
Total operating expenses	24.6 %	27.7 %	24.3 %	27.7 %
Income from operations	5.2 %	3.1 %	4.9 %	1.2 %
Interest income, net	1.1 %	1.1 %	1.1 %	1.0 %
Other income (expense)	0.0 %	0.0 %	0.1 %	0.1 %
Income before income taxes	6.3 %	4.2 %	6.1 %	2.3 %
Provision for income taxes	(1.6) %	(0.3) %	(1.7) %	(0.1) %
Net income	4.7 %	3.9 %	4.4 %	2.2 %

### **Comparison of the Three Months Ended June 30, 2024 and 2023**

#### *Revenue*

The increase in revenue was primarily driven by an increase in the number of transactions processed, which was driven by the implementation of new billers, increased transactions from our existing billers and pricing improvements implemented throughout the year.

#### *Cost of Revenue, Gross Profit and Gross Margin*

The increase in cost of revenue was driven by the increase in revenue and transactions processed, as it consists primarily of interchange fees and processor costs, as well as other direct costs associated with making our platform available to our billers.

Gross margin decreased due to the addition of large high volume enterprise billers to our customer base.

#### *Research and Development Expenses*

The increase in research and development expenses was primarily due to increased amortization of capitalized internal-use software development costs and an increase in employee-related costs, including an increase in stock-based compensation expenses.

#### *Sales and Marketing Expenses*

The increase in sales and marketing expenses was primarily due to increased employee-related costs as a result of increased hiring, including higher stock-based compensation expenses, reseller commissions including amortization of warrants and increased activity for go to market events and trade shows.

#### *General and Administrative Expenses*

The marginal increase in general and administrative expenses was primarily due to increases in employee-related costs, legal fees and professional fees, which were offset by lower cost of insurance premiums for our directors and officers and commercial and general liability insurance premiums.

#### *Interest Income, net*

The increase in interest income, net was a result of higher cash balances held with banks for the three months ended June 30, 2024 compared to the same period in 2023, together with increases in the Federal Reserve rates.

#### *Income Taxes*

The change in provision for income taxes as well as the increase in the Company's effective tax rate, which was 24.9% for the three months ended June 30, 2024 as compared to 7.0% for the same period in the prior year, was primarily due to an increase in income before income taxes as well as the results of permanent differences for disallowed stock-based compensation pursuant to IRC Section 162(m), state taxes and the impact of the full valuation allowance. In 2023, it was primarily the result of near break-even pre-tax income from operations, state taxes and the impact of the full valuation allowance and other permanent adjustments in addition to a return to provision benefit recorded in connection with a change in estimate of costs required to be capitalized under IRC Section 174.

### **Comparison of the Six Months Ended June 30, 2024 and 2023**

#### *Revenue*

The increase in revenue was primarily driven by an increase in the number of transactions processed, which was driven by the implementation of new billers and increased transactions from our existing billers. Revenue increase was also driven by pricing improvements.

#### *Cost of Revenue, Gross Profit and Gross Margin*

The increase in cost of revenue was driven by the increase in revenue and transactions processed, as it consists primarily of interchange fees and processor costs, as well as other direct costs associated with making our platform available to our billers.

Gross margin slightly increased due to lower cost of revenues for other direct costs associated with making our platform available to our billers by certain cost improvement initiatives and economies of scale, offset to some extent by a reduced margins due to the addition of large high volume enterprise billers to our customer base.

### *Research and Development Expenses*

The increase in research and development expenses was primarily due to increased amortization of capitalized internal-use software development costs and an increase in employee-related costs, including an increase in stock-based compensation.

### *Sales and Marketing Expenses*

The increase in sales and marketing expenses was primarily due to increased employee-related costs as a result of increased hiring, including higher stock-based compensation expenses, reseller commissions including amortization of warrants and increased activity for go to market events and trade shows.

### *General and Administrative Expenses*

The marginal increase in general and administrative expenses was primarily due to professional fees, legal fees and lease expenses, which were offset by lower cost of insurance premiums for our directors and officers and commercial and general liability insurance premiums.

### *Interest income, net*

The increase in interest income, net was a result of higher cash balances held with banks for the six months ended June 30, 2024 compared to the same period in 2023, together with increases in the Federal Reserve rates.

### *Income Taxes*

The change in provision for income taxes as well as the increase in the Company's effective tax rate, which was 28.6% for the six months ended June 30, 2024 as compared to 2.7% for the same period in the prior year, was primarily due to an increase in income before income taxes as well as the results of permanent differences for disallowed stock-based compensation pursuant to IRC Section 162(m), state taxes and the impact of the full valuation allowance. In 2023, it was primarily the result of near break-even pre-tax income from operations, state taxes and the impact of the full valuation allowance and other permanent adjustments in addition to a return to provision benefit recorded in connection with a change in estimate of costs required to be capitalized under IRC Section 174.

## **Liquidity and Capital Resources**

### **Sources and Uses of Funds**

As of June 30, 2024, we had \$188.8 million of unrestricted cash and cash equivalents. We believe that existing unrestricted cash and cash equivalents will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. Since inception, we have financed operations primarily through the sale of equity securities and revenue from payment transaction fees and subscriptions. Our principal uses of cash are funding operations and capital expenditures.

From time to time, we may explore additional financing sources and means to lower our cost of capital, which could include equity, equity-linked and debt financing. We cannot assure you that any additional financing will be available to us on acceptable terms, or at all. The inability to raise capital would adversely affect our ability to achieve our business objectives. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of indebtedness, we may be subject to increased fixed payment obligations and could be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business or execute our growth strategy. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors.

### **Historical Cash Flows**

The following table summarizes our condensed consolidated cash flows.

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>	
Net cash provided by (used in):		
Operating activities	\$ 28,984	\$ 31,244
Investing activities	(18,789)	(16,964)
Financing activities	(369)	(1,610)
Effects of foreign exchange on cash	(141)	113
Net increase in cash, cash equivalents and Restricted cash	<u>\$ 9,685</u>	<u>\$ 12,783</u>

### *Net Cash Provided by Operating Activities*

Our primary source of operating cash is revenue from payment transaction fees. Our primary uses of operating cash are personnel-related costs, payments to third parties to fulfill our payment transactions and payments to sales and marketing partners. Net cash provided by operating activities for the six months ended June 30, 2024 was \$29.0 million. Net income was \$16.6 million, adjusted for non-cash charges of \$26.0 million consisting primarily of depreciation and amortization, stock-based compensation, amortization of contract assets and non-cash lease expense, which contributed positively to cash provided from operating activities. This was decreased by net cash outflows of \$13.6 million used by changes in our operating assets and liabilities.

Net cash provided by operating activities for the six months ended June 30, 2023 was \$31.2 million. Net income was \$6.5 million, adjusted for non-cash charges of \$21.3 million consisting primarily of depreciation and amortization, stock-based compensation, amortization of contract assets and non-cash lease expense, which contributed positively to cash provided from operating activities. This was increased by net cash inflows of \$3.4 million provided by changes in our operating assets and liabilities.

### *Net Cash Used in Investing Activities*

Net cash used in investing activities for the six months ended June 30, 2024 consisted of \$18.4 million of capitalized software development costs and \$0.3 million of purchases of property and equipment, which was offset by \$0.1 million of net change in interest-bearing deposits.

Net cash used in investing activities for the six months ended June 30, 2023 consisted of \$16.6 million of capitalized internal-use software development costs and \$0.4 million of purchases of property and equipment.

### *Net Cash Used in Financing Activities*

Net cash used in financing activities for the six months ended June 30, 2024 consisted of \$0.5 million of settlement of holdback liability relating to a prior acquisition, which was offset by \$0.1 million of proceeds from exercise of stock-based awards by employees.

Net cash used in financing activities for the six months ended June 30, 2023 consisted of \$1.7 million of payments on other financing obligations and \$0.1 million of payments on finance leases.

### **Early Warning of Possible Valuation Allowance Reversal in Future Periods**

We recorded a valuation allowance against all of our US deferred tax assets as of June 30, 2024, and December 31, 2023. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our significant accounting policies are described in Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" to our consolidated financial statements included in our 2023 Form 10-K. There have been no material changes in our critical accounting policies and estimates since December 31, 2023.

### **Recent Accounting Pronouncements**

See Note 2 "Basis of Presentation and Summary of Significant Accounting Policies" in the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for a full description of recent accounting pronouncements, including the respective dates of adoption or expected adoption and effects on our condensed consolidated financial statements contained in Item 1 of this Quarterly Report.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

There have been no material changes in our exposures to market risk since December 31, 2023. For details on the Company's interest rate, foreign currency exchange, and inflation risks, see Part I, Item 7A. "Quantitative and Qualitative Information About Market Risk" in our 2023 Form 10-K.

## **Item 4. Controls and Procedures**

### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Based on that evaluation, and as a result of the material weaknesses in internal control over financial reporting described below, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the unaudited condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

### ***Material Weaknesses in Internal Control over Financial Reporting***

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. As of June 30, 2024, our material weaknesses were as follows:

- We lacked a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters, including accounting for capitalized internal-use software development costs, identification of reporting units, translation of foreign currency in consolidation, accounting for deferred compensation, calculation of earnings per share and classification of accounts in the financial statements. Additionally, we did not design and maintain effective controls over verifying the appropriate review and approval of journal entries.
- We did not design and maintain effective controls relevant to the preparation of our financial statements with respect to certain IT general controls for information systems. Specifically, we did not design and maintain (1) program change management controls to ensure that IT program and data changes affecting certain IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (2) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs and data to appropriate company personnel.

### ***Status of Remediation Plan***

We believe we have made significant progress towards remediation of the material weaknesses described above. As previously disclosed, we have completed the following remediation measures:

- onboarded experienced finance and accounting professionals at various senior roles;
- updated the design of our general ledger accounting system to allow for effective restricted access and segregation of duties to govern the preparation and review of journal entries;
- implemented management review controls over journal entries and the identification and review of complex transactions;
- secured the general ledger accounting system by implementing single sign-on (SSO); and
- implemented additional change management and access controls for our relevant IT applications to further restrict privileged access and implemented controls to review activities, which may materially affect our financial statements, for those users who have privileged access.

In addition to the aforementioned actions that have been completed to-date, during the second quarter, we continued to enhance the design and implementation of certain IT general controls for information systems. While we believe that these actions will remediate the material weaknesses, the material weaknesses will not be considered remediated until the applicable controls have operated for a sufficient period of time, and management has concluded, through testing, that these controls are designed and operating effectively.

### ***Changes in Internal Control over Financial Reporting***

Other than continuing to make progress on the ongoing remediation efforts described above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Inherent Limitations on Effectiveness of Controls***

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we may be involved in claims, regulatory examinations or investigations and legal proceedings arising in the ordinary course of our business. The outcome of any such claims or proceedings, regardless of the merits, and the Company's ultimate liability, if any, is inherently uncertain. Furthermore, we may become subject to stockholder inspection demands under Delaware law and derivative or other similar litigation. We are not currently party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

### Item 1A. Risk Factors.

There have been no material changes in the risk factors previously disclosed in Item 1A. of our 2023 Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not Applicable.

### Item 5. Other Information.

Except as set forth below, during the quarter ended June 30, 2024, none of the Company's directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

On June 13, 2024, Sanjay Kalra, the Company's Chief Financial Officer, adopted a trading arrangement for the sale of the Company's Class A common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c). Mr. Kalra's Rule 10b5-1 Trading Plan, which expires June 14, 2025, provides for the sale of up to 50,000 shares of common stock pursuant to the terms of the plan.

Item 6. Exhibits.

(a) Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1.1	<a href="#">Amended and Restated Certificate of Incorporation of Paymentus Holdings, Inc.</a>	8-K	001-40429	3.1	May 28, 2021	
3.1.2	<a href="#">Amendment to Amended and Restated Certificate of Incorporation of Paymentus Holdings, Inc.</a>	10-Q	001-40429	3.1	August 7, 2023	
3.2	<a href="#">Amended and Restated Bylaws of Paymentus Holdings, Inc.</a>	8-K	001-40429	3.2	November 14, 2022	
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					

\* The certifications attached as Exhibit 32.1 and 32.2 that accompany this report are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Paymentus Holdings, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this report, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**PAYMENTUS HOLDINGS, INC.**

Date: August 8, 2024

By: /s/ Dushyant Sharma

**Dushyant Sharma**  
**Chairman, President and Chief Executive Officer**  
**(Principal Executive Officer)**

Date: August 8, 2024

By: /s/ Sanjay Kalra

**Sanjay Kalra**  
**Senior Vice President and Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Dushyant Sharma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paymentus Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: IsI Dushyant Sharma  
**Dushyant Sharma**  
**Chairman, President and Chief Executive Officer**  
**(Principal Executive Officer)**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sanjay Kalra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Paymentus Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024

By: \_\_\_\_\_  
*/s/ Sanjay Kalra*  
**Sanjay Kalra**  
**Senior Vice President and Chief Financial Officer**  
*(Principal Financial Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Paymentus Holdings, Inc. (the "Company") for the three and six months period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

Date: August 8, 2024

By: Isi Dushyant Sharma  
**Dushyant Sharma**  
**Chairman, President and,**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Paymentus Holdings, Inc. (the "Company") for the three and six months period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

Date: August 8, 2024

By: \_\_\_\_\_ /s/ Sanjay Kalra  
**Sanjay Kalra**  
**Senior Vice President and Chief Financial Officer**  
**(Principal Financial Officer)**

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