

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2022

Paymentus Holdings, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-40429
(Commission File Number)

45-3188251
(IRS Employer
Identification No.)

**18390 NE 68th St.
Redmond, Washington**
(Address of Principal Executive Offices)

98052
(Zip Code)

(888) 440-4826
Registrant's Telephone Number, Including Area Code:

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition

On May 4, 2022, Paymentus Holdings, Inc. issued a press release reporting its financial results for the three months ended March 31, 2022. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated by reference herein.

The information in Item 2.02 of this Current Report on Form 8-K, including the accompanying Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of Section 18. The information in Item 2.02 of this Current Report, including the accompanying Exhibit 99.1, shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language contained in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit Number | Description |
|---------------------------|---|
| 99.1 | Press release dated May 4, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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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: May 4, 2022

By: /s/ Matt Parson
Matt Parson
Chief Financial Officer

Paymentus

Paymentus Reports First Quarter 2022 Financial Results

First Quarter Transactions Increased 41% Year-over-Year
First Quarter Revenue Increased 27% Year-over-Year
First Quarter Gross Profit Increased 27% Year-over-Year
Contribution Profit* Increased 35% Year-over-Year

REDMOND, Wash., May 4, 2022 -- Paymentus Holdings, Inc. ("Paymentus") (NYSE: PAY), a leading provider of cloud-based bill payment technology solutions, today announced financial results for its first quarter ended March 31, 2022.

"We had a great quarter, headlined by about 50% growth in new clients signed, which we believe positions us well for 2022 and beyond," said Dushyant Sharma, Founder and CEO. "We are also very proud to have the third quarter in a row of contribution profit growth above 30%."

First Quarter 2022 Business and Financial Highlights*

- Processed 87.9 million transactions in the first quarter of 2022, an increase of 40.9% from the first quarter of 2021.
- Revenue was \$116.7 million, an increase of 26.5% from the first quarter of 2021.
- Gross profit was \$34.9 million compared to \$27.5 million for the first quarter of 2021. Adjusted gross profit was \$37.4 million compared to \$28.6 million for the first quarter of 2021.
- Contribution profit was \$47.4 million, compared to \$35.1 million for the first quarter of 2021, representing an increase of 35.0%.
- Net income was \$1.7 million and GAAP income per share was \$0.01. Non-GAAP net income was \$3.7 million and non-GAAP earnings per share was \$0.03.
- Adjusted EBITDA was \$5.4 million, representing an 11.4% adjusted EBITDA margin compared to \$9.4 million, representing a 26.8% adjusted EBITDA margin, for the first quarter of 2021.

"35% contribution profit growth and crossing a payments volume run rate of \$100 billion are two of our first quarter highlights," said Matt Parson, CFO. "As a result of this continued momentum, we are raising our contribution profit outlook. We now expect contribution profit growth of 30-31%, which is approaching the same range we achieved in 2021."

* *Descriptions of the non-GAAP financial measures contribution profit, adjusted gross profit, adjusted EBITDA, adjusted EBITDA margin, non-GAAP net income and non-GAAP earnings per share are provided below under "Use and Definitions of Non-GAAP Financial Measures," and reconciliations are provided in the tables at the end of this release.*

Updated 2022 Financial Outlook

Paymentus expects revenue for the full year 2022 to be between \$492 million and \$497 million or approximately 24.5% to 26% growth year-over-year. Contribution profit is anticipated to be between \$206 million and \$208 million or 30% and 31% growth year-over-year⁽¹⁾. Adjusted EBITDA is expected to be between \$30 million and \$33 million, resulting in an expected adjusted EBITDA margin of approximately 14.5% to 16%.

(1) Gross profit is estimated to be approximately 72% of contribution profit and other cost of revenue is estimated to be approximately 28% of contribution profit. The decrease in GAAP gross profit for 2022 is primarily driven by amortization of acquired intangibles, as such this will not impact adjusted gross profit.

Paymentus does not reconcile its forward-looking guidance for non-GAAP measures because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Refer to "Use of Forward-Looking Non-GAAP Measures" below for additional explanation.

The statements in this section are forward-looking statements. For additional information regarding the use and limitations of such statements, refer to "Forward-Looking Statements" below.

Conference Call Information

In conjunction with this announcement, Paymentus will host a conference call for investors at 2:00 p.m. PT (5:00 p.m. ET) today to discuss first quarter 2022 results and our outlook for 2022. The live webcast and replay will be available at the Investor Relations section of Paymentus' website.

About Paymentus

Paymentus is a leading provider of cloud-based bill payment technology and solutions for more than 1,700 billers and financial institutions across North America. Our omni-channel platform provides consumers with easy-to-use, flexible and secure electronic bill payment experiences through their preferred payment channel and type. Paymentus' proprietary Instant Payment Network™, or IPN, extends our reach by connecting our IPN partners' platforms and tens of thousands of billers to our integrated billing, payment, and reconciliation capabilities. For more information, please visit www.paymentus.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this press release are forward-looking statements, including but not limited to statements regarding our future financial performance and our updated 2022 financial outlook. Forward-looking statements include statements containing words such as "expect," "anticipate," "believe," "project," "will" and similar expressions intended to identify forward-looking statements.

These forward-looking statements are based on our current expectations. Forward-looking statements involve risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to our ability to effectively manage our growth and expand our operations, including into new channels and industry verticals across different markets; our ability to expand and retain our biller, financial institution, partner and consumer base; the continued impact of the COVID-19 pandemic on our operating results, liquidity and financial condition and on our employees, billers, financial institutions, partners, consumers and other key stakeholders; our ability to remain competitive; our ability to develop new product features and enhance our platform and brand; our future acquisitions and strategic investments; our ability to hire and retain experienced and talented employees; and other risks and uncertainties included under the caption "Risk Factors" and elsewhere in our filings with the Securities and Exchange Commission, or SEC, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 3, 2022 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, which we expect to file with the SEC in early May 2022. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

All forward-looking statements are qualified in their entirety by this cautionary statement, and we undertake no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

Use of Forward-Looking Non-GAAP Measures

Paymentus does not meaningfully reconcile guidance for adjusted EBITDA and adjusted EBITDA margin, because Paymentus cannot provide guidance for the more significant reconciling items between net income and adjusted EBITDA without unreasonable effort. This is due to the fact that future period non-GAAP guidance includes adjustments for items not indicative of our core operations, which may include, without limitation, items included in the supplemental financial information for reconciliation of reported GAAP results to non-GAAP results. Such items include acquisition related amortization expense for acquired intangibles, foreign exchange gains and losses, adjustments to its income tax provision and certain other items Paymentus believes to be non-indicative of its ongoing operations. Such adjustments may be affected by changes in ongoing assumptions, judgements, as well as nonrecurring, unusual or unanticipated charges, expenses or gains/losses or other items that may not directly correlate to the underlying performance of our business operations. The exact amount of these adjustments is not currently determinable but may be significant.

Use and Definitions of Non-GAAP Financial Measures

In addition to disclosing financial measures in accordance with accounting principles generally accepted in the United States, or GAAP, this press release and the accompanying tables contain certain non-GAAP financial measures, including contribution profit, adjusted gross profit, adjusted EBITDA, adjusted EBITDA margin, free cash flow, non-GAAP net income and non-GAAP earnings per share, or EPS. 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.

Contribution profit is defined 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 is defined as gross profit adjusted for non-cash items, primarily stock-based compensation and amortization.

Adjusted EBITDA is defined as net income before other income (expense) (which consists of interest income (expense), net and foreign exchange gain (loss)), depreciation and amortization and income taxes, adjusted to exclude the effects of stock-based compensation expense and certain nonrecurring expenses that management believes are not indicative of ongoing operations, consisting primarily of professional fees and other indirect charges associated with our initial public offering.

Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of contribution profit.

Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures and capitalized internal-use software development costs.

Non-GAAP net income and **non-GAAP EPS** are defined as net income excluding certain nonrecurring items such as discrete tax items, one-time expenses or other non-cash items, including amortization of acquisition-related intangibles.

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 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.

We use these non-GAAP measures in conjunction with GAAP measures as part of our overall assessment of our performance and liquidity, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance and liquidity. There are limitations to the use of the non-GAAP measures presented in this press release. 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 encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure, and to view our non-GAAP measures in conjunction with GAAP financial measures. For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables for the reconciliation of GAAP to non-GAAP results included at the end of this release.

Contacts

Investor Relations

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

| | Three Months Ended March 31, | |
|---|------------------------------|-------------|
| | 2022 | 2021 |
| Revenue | \$ 116,704 | \$ 92,222 |
| Cost of revenue | 81,850 | 64,675 |
| Gross profit | 34,854 | 27,547 |
| Operating expenses | | |
| Research and development | 10,390 | 7,730 |
| Sales and marketing | 16,190 | 8,222 |
| General and administrative | 9,645 | 6,742 |
| Total operating expenses | 36,225 | 22,694 |
| (Loss) income from operations | (1,371) | 4,853 |
| Other income (loss) | | |
| Interest expense, net | (8) | (3) |
| Foreign exchange gain | 26 | 9 |
| (Loss) income before income taxes | (1,353) | 4,859 |
| Benefit from (provision for) income taxes | 3,071 | (1,221) |
| Net income | \$ 1,718 | \$ 3,638 |
| Undeclared dividends on Series A preferred stock | — | (1,360) |
| Net income attributable to common stock | \$ 1,718 | \$ 2,278 |
| Net income per share attributable to common stock | | |
| Basic | \$ 0.01 | \$ 0.02 |
| Diluted | \$ 0.01 | \$ 0.02 |
| Weighted-average number of shares used to compute net income per share attributable to common stock | | |
| Basic | 120,897,576 | 103,479,239 |
| Diluted | 125,986,510 | 106,303,894 |

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

| | March 31, 2022 | December 31, 2021 |
|--|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 163,384 | \$ 168,386 |
| Restricted funds held for financial institutions | 36,782 | 33,443 |
| Accounts and other receivables, net of allowance of \$192 and \$102 | 51,913 | 43,935 |
| Income tax receivable | 8,583 | 2,488 |
| Prepaid expenses and other current assets | 7,366 | 8,184 |
| Total current assets | 268,028 | 256,436 |
| Property and equipment, net of accumulated depreciation and amortization of \$5,147 and \$4,791 | 2,155 | 2,044 |
| Capitalized internal-use software development costs, net | 34,513 | 30,888 |
| Intangible assets, net | 40,039 | 42,088 |
| Goodwill | 129,417 | 129,413 |
| Operating lease right-of-use assets | 7,702 | 7,703 |
| Deferred tax asset | 1,052 | 163 |
| Other long-term assets | 4,707 | 4,207 |
| Total assets | \$ 487,613 | \$ 472,942 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 29,527 | \$ 24,748 |
| Accrued liabilities | 12,503 | 12,491 |
| Financial institution funds in-transit | 36,782 | 33,443 |
| Operating lease liabilities | 1,356 | 1,456 |
| Contract liabilities | 1,253 | 2,173 |
| Income tax payable | 1,579 | 122 |
| Total current liabilities | 83,000 | 74,433 |
| Deferred tax liability | 5,600 | 3,318 |
| Operating leases, net of current portion | 6,552 | 6,463 |
| Contract liabilities, net of current portion | 2,581 | 1,713 |
| Finance leases and other finance obligations, net of current portion | 786 | 883 |
| Total liabilities | 98,519 | 86,810 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity | | |
| Preferred stock, \$0.0001 par value per share, 5,000,000 authorized at March 31, 2022 and December 31, 2021, respectively, none issued and outstanding at March 31, 2022 and December 31, 2021, respectively | — | — |
| Class A common stock, \$0.0001 par value per share, 883,950,000 shares authorized as of March 31, 2022 and December 31, 2021, respectively; 17,715,046 and 17,251,079 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively | 2 | 1 |
| Class B common stock, \$0.0001 par value per share, 111,050,000 shares authorized as of March 31, 2022 and December 31, 2021, respectively; 103,336,337 and 103,388,082 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively | 10 | 11 |
| Additional paid-in capital | 357,306 | 356,017 |
| Accumulated other comprehensive income | 123 | 168 |
| Retained earnings | 31,653 | 29,935 |
| Total stockholders' equity | 389,094 | 386,132 |
| Total liabilities and stockholders' equity | \$ 487,613 | \$ 472,942 |

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

| | Three Months Ended March 31, | |
|--|------------------------------|------------------|
| | 2022 | 2021 |
| Cash flows from operating activities | | |
| Net income | \$ 1,718 | \$ 3,638 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 5,474 | 2,392 |
| Deferred income taxes | 1,406 | 757 |
| Stock-based compensation | 1,276 | 563 |
| Non-cash lease expense | 755 | 791 |
| Amortization of contract asset | 467 | — |
| Provision for credit losses | 95 | — |
| Change in operating assets and liabilities | | |
| Accounts and other receivables | (8,082) | (5,596) |
| Prepaid expenses and other current and long-term assets | (161) | (77) |
| Accounts payable | 4,916 | 4,770 |
| Accrued liabilities | 862 | (67) |
| Operating lease liabilities | (770) | (725) |
| Contract liabilities | (57) | 883 |
| Income taxes receivable, net of payable | (4,651) | (152) |
| Net cash provided by operating activities | <u>3,248</u> | <u>7,177</u> |
| Cash flows from investing activities | | |
| Other intangible assets acquired | (23) | — |
| Purchases of property and equipment | (530) | (156) |
| Capitalized internal-use software development costs | (6,731) | (4,256) |
| Net cash used in investing activities | <u>(7,284)</u> | <u>(4,412)</u> |
| Cash flows from financing activities | | |
| Proceeds from repayment of related party loan | — | 813 |
| Proceeds from exercise of stock options | 13 | — |
| Financial institution funds in-transit | 3,339 | — |
| Payments of deferred offering costs | — | (457) |
| Payments on other financing obligations | (915) | (383) |
| Payments on finance leases | (74) | (68) |
| Net cash provided by (used in) financing activities | <u>2,363</u> | <u>(95)</u> |
| Foreign currency effect on cash, cash equivalents and restricted cash | 10 | 33 |
| Net (decrease) increase in cash, cash equivalents and restricted cash | <u>(1,663)</u> | <u>2,703</u> |
| Cash, cash equivalents and restricted cash | | |
| Beginning of period | 201,829 | 46,666 |
| End of period | <u>\$ 200,166</u> | <u>\$ 49,369</u> |

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

The below table reconciles cash, cash equivalents and restricted cash in the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows:

Cash and cash equivalents

Restricted funds held for financial institutions

Total cash, cash equivalents and restricted cash as shown in the condensed consolidated statements of cash flows

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| | \$ 163,384 | \$ 49,369 |
| | <u>36,782</u> | <u>—</u> |
| | <u>\$ 200,166</u> | <u>\$ 49,369</u> |

The following tables set forth our non-GAAP financial measures with reconciliations to the most directly comparable GAAP financial measures:

Contribution Profit

| | Three Months Ended March 31, | |
|-----------------------------|------------------------------|------------------|
| | 2022 | 2021 |
| | (in thousands) | |
| Gross profit | \$ 34,854 | \$ 27,547 |
| Plus: other cost of revenue | 12,531 | 7,562 |
| Contribution profit | <u>\$ 47,385</u> | <u>\$ 35,109</u> |

Adjusted Gross Profit

| | Three Months Ended March 31, | |
|--------------------------|------------------------------|------------------|
| | 2022 | 2021 |
| | (in thousands) | |
| Gross profit | \$ 34,854 | \$ 27,547 |
| Stock-based compensation | — | — |
| Amortization | 2,510 | 1,048 |
| Adjusted gross profit | <u>\$ 37,364</u> | <u>\$ 28,595</u> |

Adjusted EBITDA and Adjusted EBITDA Margin

| | Three Months Ended March 31, | |
|--|------------------------------|-----------------|
| | 2022 | 2021 |
| | (in thousands) | |
| Net income | \$ 1,718 | \$ 3,638 |
| Excluding | | |
| Interest expense, net | 8 | 3 |
| (Benefit from) provision for income taxes | (3,071) | 1,221 |
| Depreciation and amortization | 5,474 | 2,392 |
| Foreign exchange gain | (26) | (9) |
| Stock-based compensation | 1,276 | 563 |
| Other nonrecurring expenses ⁽¹⁾ | — | 1,596 |
| Adjusted EBITDA | <u>\$ 5,379</u> | <u>\$ 9,404</u> |
| Adjusted EBITDA margin | 11.4 % | 26.8 % |

(1) Other nonrecurring expenses consist of indirect costs incurred associated with our IPO.

Free Cash Flow

| | Three Months Ended March 31, | |
|---|------------------------------|-----------------|
| | 2022 | 2021 |
| | (in thousands) | |
| Net cash provided by operating activities | \$ 3,248 | \$ 7,177 |
| Purchases of property and equipment | (530) | (156) |
| Capitalized internal-use software development costs | (6,731) | (4,256) |
| Free cash flow | <u>\$ (4,013)</u> | <u>\$ 2,765</u> |
| Net cash used in investing activities | \$ (7,284) | \$ (4,412) |
| Net cash provided by (used in) financing activities | \$ 2,363 | \$ (95) |

Non-GAAP Net Income

| | Three Months Ended March 31, | |
|---|------------------------------|-----------------|
| | 2022 | 2021 |
| | (in thousands) | |
| Net income | \$ 1,718 | \$ 3,638 |
| Excluding amortization of acquisition-related intangibles | 2,007 | — |
| Non-GAAP net income | <u>\$ 3,725</u> | <u>\$ 3,638</u> |

Non-GAAP EPS

| | 2022 | 2021 |
|--|---|-----------------|
| | (in thousands, except share and per share data) | |
| Net income attributable to common shareholders | \$ 1,718 | \$ 2,278 |
| Excluding amortization of acquisition-related intangibles | 2,007 | — |
| Excluding undeclared dividends on Series A preferred stock | — | 1,360 |
| Numerator for Non-GAAP EPS - basic | <u>\$ 3,725</u> | <u>\$ 3,638</u> |
| Weighted-average shares of common stock - basic | 120,897,576 | 103,479,239 |
| Non-GAAP EPS - basic | \$ 0.03 | \$ 0.04 |

