



Paymentus

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FOURTH QUARTER 2023

EARNINGS CONFERENCE CALL

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DISCLAIMER

This presentation and the accompanying webcast contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All such statements, other than statements of historical facts, are forward-looking statements. Generally, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this presentation and the webcast include, but are not limited to, statements about our market opportunities, bookings and backlog, seasonality, hiring plans, our ability to continue to expand our market share or expand into new markets, the impact of inflation and disinflation and our ability to address such impacts, our ability to manage expenses, our ability to timely implement new clients, and our first quarter and full year 2024 financial guidance. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors. Some of these risks are described in greater detail under the captions “Special Note Regarding Forward-Looking Statements” and “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the “SEC”) on March 3, 2023, subsequent Quarterly Reports on Form 10-Q filed with the SEC in 2023, our Annual Report on Form 10-K for the year ended December 31, 2023, which we expect to file with the SEC shortly after the date of this presentation, and in our future filings with the SEC. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. These factors may cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by our forward-looking statements. Furthermore, our forward-looking statements may prove to be materially inaccurate. In light of the significant uncertainties in these forward-looking statements, you should not place undue reliance on them or regard them as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, forward-looking statements reflect our current beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this presentation and webcast, and although 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 a thorough inquiry into, or review of, all potentially available relevant information.

In addition to the GAAP financial measures presented in our consolidated financial statements, this presentation includes key performance indicators and non-GAAP measures that our management uses to help us evaluate our business, identify trends affecting our business, formulate business plans and make strategic decisions. There are limitations to contribution profit and margin, adjusted gross profit, non-GAAP operating expenses, non-GAAP net income, non-GAAP earnings per share, EBITDA, adjusted EBITDA and margin, and free cash flow, the non-GAAP measures included in this presentation. These 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 GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in the Appendix to this presentation.

Unless otherwise indicated, all references in this presentation to “Paymentus,” “we,” “our,” “us”, or similar terms refer to Paymentus Holdings, Inc. and its subsidiaries.

Q4 2023 FINANCIAL HIGHLIGHTS

FINANCIAL METRIC (\$ MILLIONS)	Q4 2023	YoY GROWTH %
REVENUE	\$164.8	24.7%
CONTRIBUTION PROFIT ⁽¹⁾	\$66.3	22.7%
ADJUSTED EBITDA ⁽¹⁾	\$19.9	95.4%

¹ Non-GAAP financial measures: For definitions, reconciliation to the nearest GAAP measures and additional information regarding our use of these non-GAAP measures, please refer to the Appendix.

KEY Q4 ACCOMPLISHMENTS

- Another quarter of excellent results with strong growth in revenue, contribution profit and adjusted EDITDA
- Demand remains solid with strong backlog at quarter end, providing good forward visibility into 2024
- Signed new clients in our insurance, utilities, government, real estate, retail and other verticals
- Implemented billers in multiple verticals – utilities, insurance, commercial entities, property management, government agencies and financial institutions

Q4 2023 Vs Q4 2022 PERFORMANCE

FINANCIAL METRIC (\$ Millions except EPS)	Q4 2023	Q4 2022	CHANGE	CHANGE %
TRANSACTIONS	124.8	97.2	27.6	28.4%
REVENUE	\$164.8	\$132.2	\$32.6	24.7%
CONTRIBUTION PROFIT⁽¹⁾	\$66.3	\$54.1	\$12.2	22.7%
CONTRIBUTION PROFIT %⁽¹⁾	40.3%	40.9%	-	(0.60)%
ADJUSTED GROSS PROFIT⁽¹⁾	\$54.2	\$44.6	\$9.6	21.5%
OPERATING EXPENSES⁽¹⁾	\$36.7	\$36.3	\$0.4	1.1%
NET INCOME⁽¹⁾	\$13.9	\$5.1	\$8.8	172.5%
EPS⁽¹⁾	\$0.11	\$0.04	\$0.07	175%
ADJUSTED EBITDA⁽¹⁾	\$19.9	\$10.2	\$9.7	95.4%
ADJUSTED EBITDA %⁽¹⁾	30%	18.9%	-	11.1%

¹ Non-GAAP financial measures: For definitions, reconciliation to the nearest GAAP measures and additional information regarding our use of these non-GAAP measures, please refer to the Appendix.

2023 Vs 2022 PERFORMANCE

FINANCIAL METRIC (\$ Millions except EPS)	2023	2022	CHANGE	CHANGE %
TRANSACTIONS	458.2	366.8	\$91.4	24.9%
REVENUE	\$614.5	\$497.0	\$117.5	23.6%
CONTRIBUTION PROFIT⁽¹⁾	\$240.9	\$201.3	\$39.6	19.7%
CONTRIBUTION PROFIT %⁽¹⁾	39.2%	40.5%	-	(1.3)%
ADJUSTED GROSS PROFIT⁽¹⁾	\$199.2	\$161.8	\$37.4	23.1%
OPERATING EXPENSES⁽¹⁾	\$150.0	\$140.4	\$9.6	6.8%
NET INCOME⁽¹⁾	\$40.1	\$14.8	\$25.3	170.6%
EPS⁽¹⁾	\$0.32	\$0.12	\$0.20	167%
ADJUSTED EBITDA⁽¹⁾	\$58.1	\$28.6	\$29.5	103.1%
ADJUSTED EBITDA %⁽¹⁾	24.1%	14.2%	-	9.9%

¹ Non-GAAP financial measures: For definitions, reconciliation to the nearest GAAP measures and additional information regarding our use of these non-GAAP measures, please refer to the Appendix.

Q4 2023 ADDITIONAL FINANCIAL DATA

FINANCIAL METRIC (\$ Millions)	Q4 2023	Q3 2023	CHANGE	CHANGE %
CASH AND CASH EQUIVALENTS	\$183.2	\$166.9	\$16.3	9.8%
FREE CASH FLOW⁽¹⁾	\$16.0	\$4.3	\$11.7	272.1%
LONG TERM DEBT	-	-	-	-
DAYS SALES OUTSTANDING	43	45	(2)	(4.4)%
WORKING CAPITAL	\$207.6	\$196.1	\$11.5	5.9%
DILUTED SHARES OUTSTANDING	126.5	125.6	0.9	0.7%

¹ Non-GAAP financial measure: For definitions, reconciliation to the nearest GAAP measures and additional information regarding our use of these non-GAAP measures, please refer to the Appendix.

Q1 2024 & FY 2024 FINANCIAL GUIDANCE

FINANCIAL METRIC (\$ MILLIONS)	Q1 2024 GUIDANCE	2024 GUIDANCE
REVENUE	\$170 - \$176	\$720 - \$744
CONTRIBUTION PROFIT⁽¹⁾	\$64 - \$66	\$274 - \$288
ADJUSTED EBITDA⁽¹⁾	\$15 - \$17	\$65 - \$75

¹Contribution profit and adjusted EBITDA are non-GAAP financial measures. 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.

PAYMENTUS Q4 2023 EARNINGS REPORT

APPENDIX

USE AND DEFINITIONS OF NON-GAAP MEASURES

In addition to disclosing financial measures in accordance with accounting principles generally accepted in the United States, or GAAP, this presentation contains certain non-GAAP financial measures set forth below. 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: We define 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 define adjusted gross profit as gross profit adjusted for non-cash items, primarily stock-based compensation and amortization.

Adjusted EBITDA: We define adjusted EBITDA 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 or %: Adjusted EBITDA margin or % is a non-GAAP financial measure defined as adjusted EBITDA as a percentage of contribution profit.

Non-GAAP operating expense: We define non-GAAP operating expense as total operating expense excluding amortization of acquisition-related intangibles and stock-based compensation. Management believes that the adjustment of acquisition-related intangibles amortization supplements the GAAP information with a measure that can be used to assess the comparability of operating performance. Although we exclude amortization from acquisition-related intangible assets from our non-GAAP expenses, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Non-GAAP net income and non-GAAP EPS: We define non-GAAP net income and non-GAAP EPS as net income and net income per share, respectively, excluding certain nonrecurring items such as discrete tax items, one-time expenses or other non-cash items, including amortization of acquisition-related intangibles. Beginning with the quarter ended June 30, 2023, we have excluded stock-based compensation from the calculation of our non-GAAP net income and non-GAAP EPS to be consistent with our non-GAAP methodology for non-GAAP operating expenses, which we believe enhances the understanding of the Company's operating performance and enables more meaningful period to period comparisons. Our non-GAAP net income and non-GAAP EPS and for the three months ended December 31, 2022 were recast to conform to the updated methodology and are reflected herein for comparison purposes.

Free Cash Flow: We define free cash flow as net cash provided by (used in) operating activities less capital expenditures and software and capitalized internal-use software development costs.

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 below for the reconciliation of GAAP to non-GAAP results included in this presentation.

Use of Forward-Looking Non-GAAP Measures. We do not meaningfully reconcile guidance for non-GAAP measures, because we cannot provide guidance for the more significant reconciling items 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 or items beyond our control. Such items include acquisition related amortization expense for acquired intangibles, foreign exchange gains and losses, adjustments to our income tax provision and certain other items we believe to be non-indicative of our ongoing operations. Such adjustments may be affected by changes in ongoing assumptions, judgments, 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.

CONTRIBUTION PROFIT

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Gross profit	\$ 49,492	\$ 41,139	\$ 182,342	\$ 149,678
Plus: other cost of revenue	16,842	12,918	58,606	51,622
Contribution profit	\$ 66,334	\$ 54,057	\$ 240,948	\$ 201,300

ADJUSTED GROSS PROFIT

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Gross profit	\$ 49,492	\$ 41,139	\$ 182,342	\$ 149,678
Stock-based compensation	46	—	156	—
Amortization of capitalized software development costs	3,868	2,673	13,341	8,763
Amortization of acquisition-related intangibles	828	829	3,314	3,314
Adjusted gross profit	\$ 54,234	\$ 44,641	\$ 199,153	\$ 161,755

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Net income (loss) — GAAP	\$ 9,402	\$ 957	\$ 22,322	\$ (513)
Interest income, net	(2,016)	(1,069)	(7,019)	(1,663)
Provision for (benefit from) income taxes	1,798	1,602	2,802	(795)
Amortization of capitalized software development costs	6,063	4,185	21,349	14,619
Amortization of acquisition-related intangibles	2,021	2,015	8,380	8,092
Depreciation	202	345	871	1,352
EBITDA	\$ 17,470	\$ 8,035	\$ 48,705	\$ 21,092
<i>Adjustments</i>				
Foreign exchange loss (gain)	(44)	47	(12)	(5)
Stock-based compensation	2,499	2,114	9,390	6,736
Adjusted EBITDA	\$ 19,925	\$ 10,196	\$ 58,083	\$ 28,592
Adjusted EBITDA margin	30.0%	18.9%	24.1%	14.2%

NON-GAAP NET INCOME AND NON GAAP EPS

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Net income (loss) — GAAP	\$ 9,402	\$ 957	\$ 22,322	\$ (513)
Stock-based compensation	2,499	2,114	9,390	6,736
Amortization of acquisition-related intangibles	2,021	2,007	8,380	8,028
Non-GAAP net income	\$ 13,922	\$ 5,078	\$ 40,092	\$ 14,816
Weighted-average shares of common stock — diluted	126,502,771	124,395,447	125,071,829	125,134,317
Non-GAAP earnings per share — diluted	\$ 0.11	\$ 0.04	\$ 0.32	\$ 0.12

NON-GAAP OPERATING EXPENSE

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Operating expenses - GAAP	\$ 40,352	\$ 39,602	\$ 164,249	\$ 152,654
Stock-based compensation	(2,453)	(2,114)	(9,234)	(6,736)
Amortization of acquisition-related intangibles	(1,192)	(1,186)	(5,065)	(4,778)
Non-GAAP operating expense	\$ 36,707	\$ 36,302	\$ 149,950	\$ 140,371

FREE CASH FLOW

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Net cash (used in) provided by operating activities	\$ 24,441	\$ 14,724	\$ 68,828	\$ 19,867
Purchases of property and equipment and software	(89)	(94)	(600)	(1,257)
Other intangible assets acquired	—	(32)	—	(280)
Capitalized software development costs	(8,360)	(7,506)	(33,699)	(29,763)
Free cash flow	\$ 15,992	\$ 7,092	\$ 34,529	\$ (11,433)
Net cash used in investing activities	\$ (8,449)	\$ (10,892)	\$ (34,299)	\$ (34,560)
Net cash (used in) provided by financing activities	\$ 181	\$ (80,223)	\$ (1,195)	\$ (37,283)

THANK YOU.

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