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, 2023

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)**	**45-3188251** **(I.R.S. Employer Identification No.)**
11605 North Community House Road, Suite 300 **Charlotte, NC** **(Address of principal executive offices)**	**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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

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 1, 2023, the registrant had 20,207,215 shares of Class A Common Stock, $0.0001 par value per share and 103,306,842 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, 2023 ("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 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 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 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;
- 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 ability to integrate, manage and keep our information systems secure;
- our plan to expand into new channels and industry verticals across different markets;
- 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, 2022 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, 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, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 159,068	$ 147,334
Restricted cash and cash equivalents	3,400	2,351
Accounts and other receivables, net of allowance for expected credit losses of $122 and $370, respectively	67,179	67,789
Income tax receivable	2,376	1,493
Prepaid expenses and other current assets	8,998	9,994
Total current assets	241,021	228,961
Property and equipment, net	1,743	1,823
Capitalized internal-use software development costs, net	53,234	46,032
Intangible assets, net	31,274	36,017
Goodwill	131,866	131,851
Operating lease right-of-use assets	10,166	9,561
Deferred tax asset	117	116
Other long-term assets	5,965	7,178
Total assets	$ 475,386	$ 461,539
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 30,545	$ 29,232
Accrued liabilities	15,519	15,809
Current portion of operating lease liabilities	1,677	1,462
Contract liabilities	3,414	4,358
Income tax payable	106	635
Total current liabilities	51,261	51,496
Deferred tax liability	864	680
Operating lease liabilities, less current portion	8,991	8,608
Contract liabilities, less current portion	5,626	2,826
Finance leases and other finance obligations, net of current portion	200	750
Total liabilities	66,942	64,360
Stockholders' equity		
Preferred stock, $0.0001 par value per share, 5,000,000 shares authorized as of June 30, 2023 and December 31, 2022, respectively; none issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Class A common stock, $0.0001 par value per share, 883,950,000 shares authorized as of June 30, 2023 and December 31, 2022, respectively; 20,199,947 and 19,934,331 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	2	2
Class B common stock, $0.0001 par value per share, 111,050,000 shares authorized as of June 30, 2023 and December 31, 2022, respectively; 103,306,842 shares issued and outstanding as of June 30, 2023 and December 31, 2022	10	10
Additional paid-in capital	372,403	367,767
Accumulated other comprehensive income (loss)	64	(22)
Retained earnings	35,965	29,422
Total stockholders' equity	408,444	397,179
Total liabilities and stockholders' equity	$ 475,386	$ 461,539

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,	
	2023	2022	2023	2022
Revenue	$ 148,939	$ 119,969	$ 297,267	$ 236,673
Cost of revenue	103,077	84,141	211,327	165,991
Gross profit	45,862	35,828	85,940	70,682
Operating expenses				
Research and development	10,907	10,185	22,560	20,575
Sales and marketing	21,599	17,851	41,863	34,041
General and administrative	8,730	10,017	17,875	19,662
Total operating expenses	41,236	38,053	82,298	74,278
Income (loss) from operations	4,626	(2,225)	3,642	(3,596)
Other income (expense)				
Interest income, net	1,658	98	3,098	90
Foreign exchange (loss) gain	(7)	54	(15)	80
Income (loss) before income taxes	6,277	(2,073)	6,725	(3,426)
(Provision for) benefit from income taxes	(438)	(378)	(182)	2,693
Net income (loss)	$ 5,839	$ (2,451)	$ 6,543	$ (733)
Net income (loss) per share				
Basic	$ 0.05	$ (0.02)	$ 0.05	$ (0.01)
Diluted	$ 0.05	$ (0.02)	$ 0.05	$ (0.01)
Weighted-average number of shares used to compute net income per share				
Basic	123,378,128	121,637,711	123,334,277	121,269,688
Diluted	124,012,107	121,637,711	123,836,815	121,269,688
Comprehensive income				
Net income (loss)	5,839	(2,451)	6,543	(733)
Foreign currency translation adjustments, net of tax	93	(104)	86	(149)
Comprehensive income (loss)	$ 5,932	$ (2,555)	$ 6,629	$ (882)

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 Paid-In	Retained	Other Comprehensive Income (Loss)	Total Stockholders'
	Shares	Amount	Capital	Earnings		Equity
Balances at December 31, 2022	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 income (loss)	—	—	—	—	(7)	(7)
Net income	—	—	—	704	—	704
Balances at March 31, 2023	123,346,164	$ 12	369,931	$ 30,126	$ (29)	$ 400,040
Stock-based compensation	—	—	2,276	—	—	2,276
Issuance of Class A common stock for stock-based awards	160,625	—	196	—	—	196
Other comprehensive income (loss)	—	—	—	—	93	93
Net income	—	—	—	5,839	—	5,839
Balances at June 30, 2023	123,506,789	$ 12	372,403	$ 35,965	$ 64	$ 408,444

	Common Stock		Additional Paid-In	Retained	Other Comprehensive Income (Loss)	Total Stockholders'
	Shares	Amount	Capital	Earnings		Equity
Balances at December 31, 2021	120,639,161	$ 12	$ 356,017	$ 29,935	$ 168	$ 386,132
Stock-based compensation	—	—	1,276	—	—	1,276
Issuance of Class A common stock for stock-based awards	412,222	—	13	—	—	13
Other comprehensive income (loss)	—	—	—	—	(45)	(45)
Net income	—	—	—	1,718	—	1,718
Balances at March 31, 2022	121,051,383	$ 12	$ 357,306	$ 31,653	$ 123	$ 389,094
Stock-based compensation	—	—	1,344	—	—	1,344
Issuance of Class A common stock for stock-based awards	1,568,761	—	289	—	—	289
Other comprehensive income (loss)	—	—	—	—	(104)	(104)
Net loss	—	—	—	(2,451)	—	(2,451)
Balances at June 30, 2022	122,620,144	$ 12	$ 358,939	$ 29,202	$ 19	$ 388,172

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)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash flows from operating activities		
Net income (loss)	$ 6,543	$ (733)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	14,542	11,360
Deferred income taxes	187	(3,322)
Stock-based compensation	4,435	2,620
Non-cash lease expense	904	1,120
Amortization of contract asset	1,441	818
Provision for expected credit losses	(234)	187
Change in operating assets and liabilities		
Accounts and other receivables	865	(9,205)
Prepaid expenses and other current and long-term assets	797	(910)
Accounts payable	1,350	3,205
Accrued liabilities	891	2,615
Operating lease liabilities	(916)	(942)
Contract liabilities	1,857	75
Income taxes receivable, net of payable	(1,418)	204
Net cash provided by operating activities	31,244	7,092
Cash flows from investing activities		
Other intangible assets acquired	—	(123)
Purchases of property and equipment	(353)	(795)
Capitalized software development costs	(16,611)	(14,464)
Net cash used in investing activities	(16,964)	(15,382)
Cash flows from financing activities		
Proceeds from exercise of stock-based awards	201	302
Financial institution funds in-transit	—	25,882
Payments on other financing obligations	(1,709)	(1,831)
Payments on finance leases	(102)	(135)
Net cash (used in) provided by financing activities	(1,610)	24,218
Effect of exchange rate changes on Cash and cash equivalents and Restricted cash	113	(97)
Net increase in cash, cash equivalents and Restricted cash	12,783	15,831
Cash and cash equivalents and Restricted cash beginning of period	149,685	201,829
Cash and cash equivalents and Restricted cash end of period	162,468	$ 217,660
Reconciliation of Cash and cash equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	147,334	168,386
Restricted cash at beginning of period	2,351	—
Restricted funds held for financial institutions at beginning of period	—	33,443
Cash and cash equivalents and Restricted cash at beginning of period	$ 149,685	$ 201,829
Cash and cash equivalents at end of period	159,068	158,335
Restricted cash at end of period	3,400	—
Restricted funds held for financial institutions at end of period	—	59,325
Cash and cash equivalents and Restricted cash at end of period	$ 162,468	$ 217,660
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net of refunds	$ 1,269	$ 184
Property and equipment purchases in accounts payable	$ 13	$ 83
Software purchases in accounts payable	$ —	$ 48
Prepaid insurance funded through short-term borrowings	$ —	$ 1,349
Right-of-use assets obtained in exchange of operating lease obligations	$ 1,356	$ 4,151

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

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, Richmond Hill, Ontario (Canada), and Delhi and Bangalore (India). The Company is currently headquartered in Charlotte, North Carolina and continues to evaluate reestablishing its headquarters in or around the Seattle, Washington area in the future.

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, 2022 filed with the SEC on March 3, 2023 (the "2022 Form 10-K").

These unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position, results of operations, 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, 2023 and 2022 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 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, 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 $112.6 million and $353.9 million as of June 30, 2023 and December 31, 2022, respectively.

Restricted Funds Held for Financial Institutions and Financial Institution Funds In-Transit

Restricted funds held for financial institutions and the corresponding liability of financial institution funds in-transit represent the timing differences arising between the amounts the Company's sponsor bank receives from the sending financial institutions and the amounts disbursed to the recipient financial institutions. The restricted funds held for financial institutions' account is a transaction account maintained at the Company's sponsor bank for clearing payments from financial institutions (as defined by the U.S. Treasury's Financial Crimes Enforcement Network) to other financial institutions. Restricted funds held for financial institutions represent restricted cash that, based upon the Company's intent, are restricted solely for satisfying the corresponding obligations to send funds to the various financial institutions. During the fourth quarter 2022, the Company entered into an agreement with a financial institution whereby the financial institution would take over the legal ownership of these funds and operate as the custodial service provider. Once these funds were moved to custodial accounts, the Company no longer had legal ownership or control over these funds, and as such the Company no longer has Restricted Funds held for Financial Institutions and Financial Institution Funds In-Transit on the consolidated balance sheet as of June 30, 2023 and December 31, 2022.

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 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 and six months ended June 30, 2023 and 2022. As of June 30, 2023 and December 31, 2022, one customer 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 5 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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 included in the 2022 Form 10-K. There have been no significant changes to these policies during the three and six months ended June 30, 2023.

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.

ASUs 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.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"). ASU 2021-08 will require companies to apply the definition of a performance obligation under ASU 2014-09, Revenue from contracts with customers ("Topic 606") to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination. Under current U.S. GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASU Topic 606. The Company adopted this ASU on January 1, 2023, and its adoption did not have a material impact on its condensed consolidated financial statements.

3. Revenue, Performance Obligations and Contract Balances

Disaggregation of Revenue

The following table presents a disaggregation of revenue from contracts with customers (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Payment transaction processing revenue	$ 146,677	$ 118,512	$ 293,065	$ 233,474
Other	2,262	1,457	4,202	3,199
Total revenue	$ 148,939	$ 119,969	$ 297,267	$ 236,673

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
United States	$ 145,946	$ 117,473	$ 291,503	$ 231,433
Other	2,993	2,496	5,764	5,240
Total	$ 148,939	$ 119,969	$ 297,267	$ 236,673

Remaining Performance Obligations

As of June 30, 2023, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied was $9.0 million, of which the Company expects to recognize over 80% within the next two years, 16% 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, 2023, the Company has contractual rights under its commercial agreements to receive $51.5 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, 2023	December 31, 2022
Contract Assets		
Costs to fulfill (prepaid expenses and other current assets)	$ 2,862	$ 2,732
Costs to fulfill (other long-term assets)	5,712	6,929
Total contract assets	$ 8,574	$ 9,661
Contract Liabilities		
Contract liabilities	$ 3,414	$ 4,358
Contract liabilities, less current portion	5,626	2,826
Total contract liabilities	$ 9,040	$ 7,184

During the three months ended June 30, 2023 and 2022, the Company reduced revenue and the related contract assets by $0.7 million and $0.4 million, respectively. During the six months ended June 30, 2023 and 2022, the Company reduced revenue and the related contract assets by $1.4 million and $0.8 million, respectively.

Revenue recognized during the three months ended June 30, 2023 and 2022 that was included in the contract liabilities balance at the beginning of each of the periods was $0.7 million and $0.5 million, respectively. Revenue recognized during the six months ended June 30, 2023 and 2022 that was included in the contract liabilities balance at the beginning of each of the periods was $1.3 million and $0.8 million, respectively.

4. Business Combinations

PROFIT Financial, Inc.

On December 19, 2022, the Company completed its acquisition of PROFIT Financial, Inc. (“PROFIT”) by acquiring all outstanding shares of PROFIT for a total purchase price of approximately $4.3 million, net of cash acquired, comprised of $3.3 million cash of which $0.1 million is included as a short term payable at December 31, 2022 and $0.6 million is being held back by the Company for a period of 12 to 24 months following the transaction close date and is recorded in finance leases and other finance obligations, net of current portion in the consolidated balance sheets. PROFIT is a financial and accounting software company with offerings to small business. The acquisition of PROFIT is expected to increase market opportunities for the Company's existing solutions while enhancing the PROFIT platform.

The Company will record adjustments to the fair value of net assets acquired and goodwill within 12 months of the measurement period, if necessary. There were no measurement period adjustments to the purchase price allocation during the three and six months ended June 30, 2023.

The revenue and expenses of PROFIT have been included in the Company's consolidated financial results since the acquisition date. Pro forma results of operations related to the acquisition have not been presented for the three and six months ended June 30, 2022 because the effects of this acquisition were not material to the Company's overall operations.

5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	June 30, 2023	December 31, 2022
Computer equipment	$ 5,855	$ 5,476
Furniture and fixtures	1,693	1,672
Leasehold improvements	396	419
Total property and equipment	7,944	7,567
Less: Accumulated depreciation	(6,201)	(5,744)
Property and equipment, net	$ 1,743	$ 1,823

Depreciation expense recorded for property and equipment was $0.1 million and $0.3 million for the three months ended June 30, 2023 and 2022, respectively, and $0.5 million and $0.6 million for the six months ended June 30, 2023 and 2022, respectively.

Long-lived assets include property and equipment, net. The geographic locations of the Company’s long-lived assets, net, based on physical location of the assets were as follows (in thousands):

	June 30, 2023	December 31, 2022
United States	$ 628	$ 706
Other	1,115	1,117
Total	$ 1,743	$ 1,823

6. 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, 2022	$ 131,028	$ 823	$ 131,851
Foreign currency translation adjustments	—	15	15
Balance as of June 30, 2023	$ 131,028	$ 838	$ 131,866

Internal-use Software Development Costs

During the three months ended June 30, 2023 and 2022, the Company capitalized $8.4 million and $7.7 million in software development and implementation costs, respectively, and during the six months ended June 30, 2023 and 2022, the Company capitalized $16.6 million and $14.5 million in software development and implementation costs, respectively.

During the three months ended June 30, 2023 and 2022, the Company recorded $3.2 million and $2.1 million of amortization expense in cost of revenue, respectively, and $1.9 million and $1.4 million of amortization expense in operating expenses, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded $6.0 million and $3.7 million of amortization expense in cost of revenue, respectively, and $3.8 million and $2.9 million of amortization expense in operating expenses, respectively.

Intangible Assets

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

	June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	$ 21,844	$ (13,065)	$ 8,779
License	2,568	(2,568)	—
Customer relationship	32,006	(11,771)	20,235
Software	455	(398)	57
Trademark	4,038	(1,835)	2,203
Total	$ 60,911	$ (29,637)	$ 31,274

	December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology	$ 22,631	$ (11,965)	$ 10,666
License	2,503	(2,503)	—
Customer relationship	33,788	(11,695)	22,093
Software	1,212	(661)	551
Trademark	4,238	(1,531)	2,707
Total	$ 64,372	$ (28,355)	$ 36,017

Amortization expense of intangible assets was $2.0 million and $2.1 million for the three months ended June 30, 2023 and 2022, respectively, and $4.3 million and $4.2 million for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, future expected amortization expense is as follows (in thousands):

Years Ending December 31,		
2023 (remaining six months)	$	4,116
2024		8,082
2025		6,620
2026		3,738
2027		3,269
Thereafter		5,449
Total future amortization expense	$	31,274

There were no impairments of goodwill, internal-use software development costs or intangible assets in the three or six months ended June 30, 2023 and 2022.

7. Accrued Liabilities

The composition of accrued liabilities is as follows (in thousands):

		June 30, 2023		**December 31, 2022**
Payroll and employee-related expenses	$	10,102	$	9,214
Finance leases and other financing obligations		—		1,813
Other accrued liabilities		5,417		4,782
Total	$	15,519	$	15,809

As of December 31, 2022, finance leases and other financing obligations included the then current portion of finance leases related to the acquisition of computer equipment and short-term insurance premium financing arrangements. As of June 30, 2023 the Company no longer had any finance leases or insurance premium financing arrangements.

8. 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 2022 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. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that, as of June 30, 2023, none of its 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.

9. Stock-Based Compensation

In May 2021, the Company's board of directors 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, 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 10,459,000 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 7,563,990. On January 1, 2023, pursuant to the Evergreen Addition, 4,929,646 shares of Class A common stock were added to the 2021 Plan issuance reserve. At June 30, 2023, there were 17,831,302 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, 2023 was as follows (in thousands, except share and per share amounts):

	Options Outstanding	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life *(years)*	Aggregate Intrinsic Value
Outstanding at December 31, 2022	4,155,640	$ 7.52	5.87	$ 4,420
Options granted	—	—		
Options exercised	(90,333)	2.53		
Options forfeited	(32,501)	8.70		
Options expired	(84,660)	0.03		
Outstanding at June 30, 2023	3,948,146	$ 7.79	5.54	$ 10,948
Exercisable at June 30, 2023	3,468,334	$ 7.66	5.48	$ 10,049

There were no options granted during the three and six months ended June 30, 2023 and 2022. 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, 2023 was as follows:

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value
Awarded and unvested at December 31, 2022	1,362,420	$ 18.03
Awards granted	1,136,613	9.20
Awards vested	(182,551)	18.85
Awards forfeited	(140,758)	20.01
Awarded and unvested at June 30, 2023	2,175,724	$ 13.21

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 nonemployees.

Stock-based compensation expense included in the condensed consolidated statements of operations was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of revenue	$ 29	$ —	$ 74	$ —
Operating expenses				
Research and development	462	288	1,009	573
Sales and marketing	691	227	1,406	450
General and administrative	1,094	829	1,946	1,597
Total stock-based compensation	$ 2,276	$ 1,344	$ 4,435	$ 2,620

At June 30, 2023, there was $1.3 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 0.9 years.

At June 30, 2023, there was $26.3 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 3.3 years.

10. Income Taxes

The Company computes its tax provision for the quarter ended June 30, 2023 by applying the year-to-date actual effective tax rate from recurring operations as the best estimate of its annual effective tax rate. 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 near break-even operations and prior year significant tax deductions for stock-based compensation.

The Company's effective tax rate 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% was primarily the result of the full valuation allowance recorded against the Company's net U.S., deferred tax assets. The Company's effective tax rate for the three and six months ended June 30, 2022 was (17.5)% and 78.7%, respectively. In 2022, the difference between the Company's effective tax rate and the U.S. federal statutory rate of 21% was primarily the result of tax benefits from stock-based compensation, and the initial recording of the full valuation allowance in the second quarter of 2022.

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 share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income (loss)	$ 5,839	$ (2,451)	$ 6,543	$ (733)
Denominator:				
Weighted-average shares of common stock — basic	**123,378,128**	**121,637,711**	**123,334,277**	**121,269,688**
Dilutive effect of stock options to purchase common stock	521,818	—	445,183	—
Dilutive effect of RSUs	112,161	—	57,355	—
Weighted-average shares of common stock — diluted	**124,012,107**	**121,637,711**	**123,836,815**	**121,269,688**
Net income (loss) per share				
Basic	$ 0.05	$ (0.02)	$ 0.05	$ (0.01)
Diluted	$ 0.05	$ (0.02)	$ 0.05	$ (0.01)

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,	
	2023	2022	2023	2022
Stock options to purchase common stock	211,922	5,819,439	3,578,915	6,195,625
RSUs	1,260,566	624,260	1,285,901	588,426
Warrants	588,173	397,944	588,173	397,944

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 1,900 biller business and financial institution clients. Our platform was used by approximately 27 million consumers and businesses in North America in December 2022 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 and healthcare. 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 omni-channel 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,		
	2023	2022	% Growth	2023	2022	% Growth
	(in millions)			(in millions)		
Transactions processed	109.5	89.5	22.3%	218.0	177.4	22.9%

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 number of transactions processed during the three and six months ended June 30, 2023 increased approximately 22.3% and 22.9%, respectively, as compared to the same periods in 2022. The increase 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, 2022 or the “2022 Form 10-K” and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 or the “March 2023 Form 10-Q”.

Impact of Economic and Inflationary Trends

In 2022 and continuing into 2023, the United States economy has experienced inflationary conditions, increased interest rates and consecutive quarters of decreased gross domestic product. While we believe our business is resilient and can generally weather unusual levels of inflation, the economic uncertainty and continuing inflationary pressures, which have been particularly acute in the utility sector, impacted our fiscal 2022 and first half of 2023 financial performance and are expected to impact our 2023 financial performance. Inflationary pressure is resulting in higher average bills, particularly in the utility sector, and increased interchange fees. While we are seeking to adjust our prices to address the inflationary pressures, our ability to do so typically lags behind the impact of inflation on our clients, the increase in average bill amounts and increased interchange fees. We intend to continue to manage through this uncertain economic environment by working closely with clients on implementations and price adjustments.

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 and foreign exchange gain (loss)), depreciation and amortization of acquisition-related intangible assets and capitalized software development costs, 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.

Free Cash Flow

We calculate free cash flow as net cash provided by (used in) operating activities less capital expenditures and software 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 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,	
	2023	2022	2023	2022
	(in thousands)			
Gross Profit	$ 45,862	$ 35,828	$ 85,940	$ 70,682
Plus: other cost of revenue	13,728	12,896	27,181	25,427
Contribution Profit	$ 59,590	$ 48,724	$ 113,121	$ 96,109

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, 2023 increased approximately 22.3% and 18.0%, respectively, as compared to the same periods in 2022. 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 improvements resulting from disinflation in the utility sector on a year over year basis, pricing improvements from customers related to our inflation management and implementing certain cost improvement measures.

Adjusted Gross Profit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Gross profit	$ 45,862	$ 35,828	$ 85,940	$ 70,682
Stock-based compensation	29	—	74	—
Amortization of capitalized software development costs	3,241	2,050	5,980	3,732
Amortization of acquisition-related intangibles	829	829	1,657	1,657
Adjusted gross profit	$ 49,961	$ 38,707	$ 93,651	$ 76,071

Adjusted gross profit for the three and six months ended June 30, 2023 increased 29.1% and 23.1%, respectively, as compared to the same periods in 2022. Adjusted gross profit improved in line with Contribution Profit. Adjusted gross profit as a percentage improved as a result of economies of scale. Adjusted gross profit is driven primarily by the same factors that impact gross profit with the exception of excluding the amortization 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,	
	2023	2022	2023	2022
	(in thousands)			
Net income (loss) — GAAP	$ 5,839	$ (2,451)	$ 6,543	$ (733)
Interest income, net	(1,658)	(98)	(3,098)	(90)
Provision for (benefit from) income taxes	438	378	182	(2,693)
Amortization of capitalized software development costs	5,120	3,520	9,813	6,626
Amortization of acquisition-related intangibles	2,040	2,031	4,264	4,062
Depreciation	143	335	465	672
EBITDA	$ 11,922	$ 3,715	$ 18,169	$ 7,844
Adjustments				
Foreign exchange loss (gain)	7	(54)	15	(80)
Stock-based compensation	2,276	1,344	4,435	2,620
Adjusted EBITDA	**$ 14,205**	**$ 5,005**	**$ 22,619**	**$ 10,384**

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 183.8% and 117.8% in the three and six months ended June 30, 2023 as compared to the same periods in 2022. 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 improvements resulting from disinflation in the utility sector on a year over year basis, pricing improvements from customers related to our inflation management and implementing certain cost improvement measures.

Free Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Net cash provided by operating activities	$ 26,481	$ 3,844	$ 31,244	$ 7,092
Purchases of property and equipment and software	(286)	(265)	(353)	(795)
Other intangible assets acquired	—	(100)	—	(123)
Capitalized software development costs	(8,392)	(7,733)	(16,611)	(14,464)
Free cash flow	**$ 17,803**	**$ (4,254)**	**$ 14,280**	**$ (8,290)**
Net cash used in investing activities	$ (8,678)	$ (8,098)	$ (16,964)	$ (15,382)
Net cash (used in) provided by financing activities	$ (488)	$ 21,855	$ (1,610)	$ 24,218

The increase in free cash flow for the three and six months ended June 30, 2023 was driven by higher cash provided by operating activities.

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	
	2023	2022	$	%	2023	2022	$	%
	(Dollars in thousands)							
Revenue	$ 148,939	$ 119,969	$ 28,970	24.1%	$ 297,267	$ 236,673	$ 60,594	25.6%
Cost of revenue	103,077	84,141	18,936	22.5%	211,327	165,991	45,336	27.3%
Gross profit	45,862	35,828	10,034	28.0%	85,940	70,682	15,258	21.6%
Gross margin [(1)]	*30.8%*	*29.9%*			*28.9%*	*29.9%*		
Operating expenses								
Research and development	10,907	10,185	722	7.1%	22,560	20,575	1,985	9.6%
Sales and marketing	21,599	17,851	3,748	21.0%	41,863	34,041	7,822	23.0%
General and administrative	8,730	10,017	(1,287)	-12.8%	17,875	19,662	(1,787)	-9.1%
Total operating expenses	41,236	38,053	3,183	8.4%	82,298	74,278	8,020	10.8%
Income (loss) from operations	4,626	(2,225)	6,851	n/m	3,642	(3,596)	7,238	n/m
Other income (expense)								
Interest income, net	1,658	98	1,560	n/m	3,098	90	3,008	n/m
Foreign exchange (loss) gain	(7)	54	(61)	-113.0%	(15)	80	(95)	-118.8%
Income (loss) before income taxes	6,277	(2,073)	8,350	n/m	6,725	(3,426)	10,151	n/m
Benefit from (provision for) income taxes	(438)	(378)	(60)	15.9%	(182)	2,693	(2,875)	-106.8%
Net income (loss)	$ 5,839	$ (2,451)	$ 8,290	n/m	$ 6,543	$ (733)	$ 7,276	n/m

n/m - not meaningful

(1) Gross margin is calculated as gross profit divided by revenue.

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,	
	2023	2022	2023	2022
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	69.2%	70.1%	71.1%	70.1%
Gross profit	30.8%	29.9%	28.9%	29.9%
Operating expenses				
Research and development	7.3%	8.5%	7.6%	8.7%
Sales and marketing	14.5%	14.9%	14.1%	14.4%
General and administrative	5.9%	8.4%	6.0%	8.3%
Total operating expenses	27.7%	31.8%	27.7%	31.4%
Income (loss) from operations	3.1%	-1.9%	1.2%	-1.5%
Other income (expense)				
Interest income, net	1.1%	0.1%	1.0%	0.1%
Foreign exchange (loss) gain	0.0%	0.1%	0.1%	0.0%
Income (loss) before income taxes	4.2%	-1.7%	2.3%	-1.4%
Benefit from (provision for) income taxes	-0.3%	-0.3%	-0.1%	1.1%
Net income (loss)	3.9%	-2.0%	2.2%	-0.3%

Comparison of the Three Months Ended June 30, 2023 and 2022

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, and by an increase in revenue we received per transaction on a blended basis. Revenue increase was also driven by pricing improvements from customers related to our inflation management.

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, driven by higher average bill amounts due primarily to inflation, as well as other direct costs associated with making our platform available to our billers. These higher costs were partially offset by cost improvements resulting from disinflation in the utility sector and certain cost improvement initiatives.

Gross margin improved for the three months ended June 30, 2023 due to adjusted pricing for certain existing customers.

Research and Development Expenses

The increase in research and development expenses was primarily due to an increase in employee-related costs, including benefits due to an increase in headcount as we continued to invest in developing and adding additional features and functionality to our platform. Additionally, we incurred increased stock-based compensation expense associated with routine and new hire grants.

Sales and Marketing Expenses

The increase in sales and marketing expenses was primarily due to an increase in employee-related costs, including benefits, as we continued to expand our sales and marketing efforts with additional headcount in order to continue to drive our growth. In addition, we incurred increased stock-based compensation associated with routine and new hire grants.

General and Administrative Expenses

The decrease in general and administrative expenses was primarily due to slower hiring, lower costs for our directors and officers insurance and corporate premiums, a reduction in lease costs and lower legal expenses.

Other Income (Expense)

The changes in other income (expense) was primarily due to the increase in interest income, net as a result of increases in the Federal Reserve rates which increased interest income on our government issued securities, which are included in cash and cash equivalents on the balance sheet.

Income Taxes

The change in provision for income taxes for the three months ended June 30, 2023 as compared to the same period in the prior year, was primarily due to the change in the pre-tax earnings and the impact of the full valuation allowance.

Comparison of the Six Months Ended June 30, 2023 and 2022

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, and by an increase in revenue we received per transaction on a blended basis. Revenue increase was also driven by pricing improvements from customers related to our inflation management.

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, driven by higher average bill amounts due primarily to inflation, as well as other direct costs associated with making our platform available to our billers. These higher costs were partially offset by cost improvements resulting from disinflation in the utility sector and certain cost improvement initiatives.

Gross margin decreased for the six months ended June 30, 2023 due to increases in cost of revenues for other direct costs associated with making our platform available to our billers.

Research and Development Expenses

The increase in research and development expenses was primarily due to an increase in employee-related costs, including benefits due to an increase in headcount as we continued to invest in developing and adding additional features and functionality to our platform. Additionally, we incurred increased stock-based compensation expense associated with routine and new hire grants.

Sales and Marketing Expenses

The increase in sales and marketing expenses was primarily due to an increase in employee-related costs, including benefits, as we continued to expand our sales and marketing efforts with additional headcount in order to continue to drive our growth. In addition, we incurred stock-based compensation associated with routine and new hire grants.

General and Administrative Expenses

The decrease in general and administrative expenses was primarily due to slower hiring, lower costs for our directors and officers insurance and corporate premiums, a reduction in lease costs and lower legal expenses.

Other Income (Expense)

The changes in other income (expense) was primarily due to the increase in interest income, net as a result of increases in the Federal Reserve rates which increased interest income on our government issued securities, which are included in cash and cash equivalents on the balance sheet.

Income Taxes

The change in provision for income taxes for the six months ended June 30, 2023 as compared to the same period in the prior year, was primarily due to the change in the pre-tax earnings and the impact of the full valuation allowance.

Liquidity and Capital Resources

Sources and Uses of Funds

As of June 30, 2023, we had $159.1 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.

	Six Months Ended June 30, 2023	2022
	(in thousands)	
Net cash provided by (used in)		
Operating activities	$ 31,244	$ 7,092
Investing activities	(16,964)	(15,382)
Financing activities	(1,610)	24,218
Effects of foreign exchange on cash	113	(97)
Net increase in cash, cash equivalents and restricted cash	$ 12,783	$ 15,831

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, 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 operating activities. This was increased by net cash inflows of $3.4 million provided by changes in our operating assets and liabilities.

Net cash provided by operating activities for the six months ended June 30, 2022 was $7.1 million. Net loss was $0.7 million, adjusted for non-cash charges of $12.8 million consisting primarily of depreciation and amortization, stock-based compensation, and non-cash lease expense, which contributed positively to operating activities. This was offset by net cash outflows of $4.9 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, 2023 consisted of $16.6 million of capitalized software development costs and $0.4 million of purchases of property and equipment.

Net cash used in investing activities for the six months ended June 30, 2022 consisted of $14.5 million of capitalized software development costs and $0.8 million for purchases of property and equipment.

Net Cash (Used in) Provided by Financing Activities

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.

Net cash provided by financing activities for the six months ended June 30, 2022 consisted of an increase in financial institution funds in-transit of $25.9 million and proceeds from stock option exercises of $0.3 million, offset by $1.9 million of payments on finance leases and other financing obligations.

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 2022 Form 10-K. There have been no material changes in our critical accounting policies and estimates since December 31, 2022.

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, 2022. 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 2022 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, 2023, 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, 2023, 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 information technology, or 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.

Remediation Plan

We believe we have made significant progress toward remediation of the material weaknesses described above. We have completed the following remediation measures:

- 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.

Additional remediation measures are ongoing and include the following:

- implementing controls to review activities, which may materially affect our financial statements, for those users who have privileged access; and
- continuing to hire additional personnel with public company experience for our accounting and finance function.

While we believe these efforts will remediate the material weaknesses, these material weaknesses cannot be considered fully remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

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, 2023 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 2022 Form 10-K and our March 2023 Form 10-Q.

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.

During the quarter ended June 30, 2023, 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.

Item 6. Exhibits.

(a) Exhibits

Exhibit Number	Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1.1	Amended and Restated Certificate of Incorporation of Paymentus Holdings, Inc.	8-K	001-40429	3.1	May 28, 2021	
3.1.2	Amendment to Amended and Restated Certificate of Incorporation of Paymentus Holdings, Inc.					X
3.2	Amended and Restated Bylaws of Paymentus Holdings, Inc.	8-K	001-40429	3.2	November 14, 2022	
19.1	Paymentus Holdings, Inc. Insider Trading Policy					X
31.1	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.					X
31.2	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.					X
32.1*	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.					X
32.2*	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.					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 7, 2023	By: /s/ Dushyant Sharma **Dushyant Sharma** **Chairman, President and Chief Executive Officer** **(Principal Executive Officer)**
Date: August 7, 2023	By: /s/ Sanjay Kalra **Sanjay Kalra** **Senior Vice President and Chief Financial Officer** **(Principal Financial and Accounting Officer)**

CERTIFICATE OF AMENDMENT TO

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF

PAYMENTUS HOLDINGS, INC.

Paymentus Holdings, Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Company**"), does hereby certify as follows:

FIRST: This Certificate of Amendment to Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors and the stockholders of the Company in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code.

SECOND: The text of Section 1 of Article X of the Amended and Restated Certificate of Incorporation of the Company is hereby amended to read in its entirety as follows:

Section 1.To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended from time to time, a director or officer of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer of the Company shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to Amended and Restated Certificate of Incorporation to be executed this 5th day of June, 2023.

By: /s/ Andrew A. Gerber

Title: General Counsel and Secretary

Name: Andrew A. Gerber

PAYMENTUS HOLDINGS, INC.

INSIDER TRADING POLICY

A.POLICY OVERVIEW

Paymentus Holdings, Inc. (together with any subsidiaries, collectively the “**Company**”) has adopted this Insider Trading Policy (the “**Policy**”) to help you comply with the federal and state securities laws and regulations that govern trading in securities and to help the Company minimize its own legal and reputational risk.

It is your responsibility to understand and follow this Policy. Insider trading is illegal and a violation of this Policy. In addition to your own liability for insider trading, the Company, as well as individual directors, officers and other supervisory personnel, could face liability. Even the appearance of insider trading can lead to government investigations or lawsuits that are time-consuming, expensive and can lead to criminal and civil liability, including damages and fines, imprisonment and bars on serving as an officer or director of a public company, not to mention irreparable damage to both your and the Company’s reputation.

For purposes of this Policy, the Company’s General Counsel serves as the Compliance Officer. The Compliance Officer may designate others, from time to time, to assist with the execution of his or her duties under this Policy.

B.POLICY STATEMENT

1.No Trading on Material Nonpublic Information. It is illegal for anyone to trade in securities on the basis of material nonpublic information. If you are in possession of material nonpublic information about the Company, you are prohibited from:

a.using it to transact in securities of the Company;

b.disclosing it to other directors, officers, employees, consultants, contractors or advisors whose roles do not require them to have the information;

c.disclosing it to anyone outside of the Company, including family, friends, business associates, investors or consulting firms, without prior written authorization from the Compliance Officer; or

d.using it to express an opinion or make a recommendation about trading in the Company’s securities.

In addition, material nonpublic information about another company that you learn through your service with the Company is subject to these same restrictions around disclosure and trading, and you cannot use that information to trade securities. Any such action will be deemed a violation of this Policy.

2.No Disclosure of Confidential Information. You may not at any time disclose material nonpublic information about the Company or about another company that you obtained in connection with your service with the Company to friends, family members or any other person or entity that the Company has not authorized to know such information. In addition, you must handle the confidential information of others in accordance with any related non-disclosure agreements and other obligations that the Company has with them and limit your use of the confidential information to the purpose for which it was disclosed.

If you receive an inquiry for information from someone outside of the Company, such as a stock analyst, investor or the media, or a request for sensitive information outside the ordinary course of business from someone outside of the Company, such as a business partner, vendor, supplier or salesperson, then you should refer the inquiry to the Chief Financial Officer or Investor Relations, as applicable. Responding to a request yourself may violate this Policy and, in some circumstances, the law. Please consult the Company's External Communications Policy for more details.

3.Definition of Material Nonpublic Information. "**Material information**" means information that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities of the Company or view as significantly altering the total mix of information available in the marketplace about the Company as an issuer of the securities. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Either positive or negative information may be material.

It is not possible to define all categories of "material" information. However, some examples of information that could be regarded as material include, but are not limited to:

e.financial results, key metrics, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with the Company's guidance or the expectations of the investment community;

f.restatements of financial results, or material impairments, write-offs or restructurings;

g.changes in independent auditors, or notification that the Company may no longer rely on an audit report;

h.business plans or budgets;

i.creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;

j.impending bankruptcy or financial liquidity problems;

k.significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;

l.significant information relating to the operation of product or service, such as new products or services, major modifications or performance issues, defects or recalls, significant pricing changes or other announcements of a significant nature;

m.significant developments in research and development or relating to intellectual property;

n.significant legal or regulatory developments, whether positive or negative, actual or threatened, including litigation or resolving litigation;

o. major events involving the Company’s securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, changes in dividend policies, public or private securities offerings, modification to the rights of security holders or notice of delisting;

p. significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the Company;

q. major personnel changes, such as changes in senior management or employee layoffs;

r. data breaches or other cybersecurity events;

s. updates regarding any prior material disclosure that has materially changed; and

t. the existence of a special blackout period.

“**Material nonpublic information**” means material information that is not generally known or made available to the public. Even if information is widely known throughout the Company, it may still be nonpublic. Generally, in order for information to be considered public, it must be made generally available through media outlets or SEC filings.

After the release of information, a reasonable period of time must elapse in order to provide the public an opportunity to absorb and evaluate the information provided. As a general rule, at least one full trading day must pass after the dissemination of information before such information is considered public.

As a rule of thumb, if you think something might be material nonpublic information, it probably is. You can always reach out to the Compliance Officer if you have questions.

C. PERSONS COVERED BY THIS POLICY

This Policy applies to you if you are a director, officer, employee, consultant, contractor or advisor of the Company, both inside and outside of the United States. To the extent applicable to you, this Policy also covers your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control; provided, however, that the Policy shall not apply to any such entity that engages in the investment of securities in the ordinary course of its business (*e.g.*, an investment fund or partnership) if such entity has established its own insider trading controls and procedures in compliance with applicable securities laws. You are responsible for making sure that these other individuals and entities comply with this Policy.

This Policy continues to apply even if you leave the Company or are otherwise no longer affiliated with or providing services to the Company, for as long as you remain in possession of material nonpublic information. In addition, if you are subject to a trading blackout under this Policy at the time you leave the Company, you must abide by the applicable trading restrictions until at least the end of the relevant blackout period.

D. TRADING COVERED BY THIS POLICY

Except as discussed in Section H (*Exceptions to Trading Restrictions*), this Policy applies to all transactions involving the Company’s securities or other companies’ securities for which you possess material nonpublic information obtained in connection with your service with the Company. This Policy therefore applies to:

4.any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, restricted stock units, warrants and preferred stock) and debt securities (including debentures, bonds and notes) of the Company and such other companies, whether direct or indirect (including transactions made on your behalf by money managers), and any offer to engage in the foregoing transactions;

5.any disposition in the form of a gift of any securities of the Company;

6.any distribution to holders of interests in an entity if the entity is subject to this Policy; and

7.any other arrangement that generates gains or losses from or based on changes in the prices of such securities including derivative securities (for example, exchange-traded put or call options, swaps, caps and collars), hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans, and any offer to engage in the foregoing transactions.

There are no exceptions from insider trading laws or this Policy based on the size of the transaction or the type of consideration received.

E.TRADING RESTRICTIONS

Subject to the exceptions set forth below, this Policy restricts trading during certain periods and by certain people as follows:

8.Quarterly Blackout Periods. Except as discussed in Section H (*Exceptions to Trading Restrictions*), all directors, officers and employees of the Company must refrain from conducting transactions involving the Company's securities during quarterly blackout periods. Individuals subject to quarterly blackout periods will be informed by the Compliance Officer that they are listed on the covered persons list maintained by the Compliance Officer (the "**Covered Persons List**"). To the extent applicable to you, quarterly blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents, and any entity whose transactions in securities you influence, direct or control. Even if you are not specifically identified as being subject to quarterly blackout periods, you should exercise caution when engaging in transactions during quarterly blackout periods because of the heightened risk of insider trading exposure.

Quarterly blackout periods will start at the end of the fifteenth day of the third month of each fiscal quarter (*i.e.*, March 15, June 15, September 15 and December 15) and will end at the start of the second full trading day following the Company's earnings release.

The prohibition against trading during the blackout period also means that brokers cannot fulfill open orders on your behalf or on behalf of your immediate family members, persons with whom you share a household, persons who are your economic dependents, or any entity whose transactions in securities you influence, direct or control, during the blackout period, including "limit orders" to buy or sell stock at a specific price or better and "stop orders" to buy or sell stock once the price of the stock reaches a specified price. If you are subject to blackout periods or pre-clearance requirements, you should so inform any broker with whom such an open order is placed at the time it is placed.

From time to time, the Company may identify other persons who should be subject to quarterly blackout periods, and the Compliance Officer may update and revise the Covered Persons List as appropriate.

9.Special Blackout Periods. The Company always retains the right to impose additional or longer trading blackout periods at any time on any or all of its directors, officers, employees, consultants, contractors and advisors. The Compliance Officer will notify you in writing (or by e-mail) if you are subject to a special blackout period. If you are notified that you are subject to a special blackout period, you may not engage in any transaction involving the Company's securities until the special blackout period has ended other than the transactions that are covered by the exceptions below. You also may not disclose to anyone else that the Company has imposed a special blackout period. To the extent applicable to you, special blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents, and any entity whose transactions in securities you influence, direct or control.

10.Regulation BTR Blackouts. Directors and officers may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under U.S. federal securities laws. In general, Regulation BTR prohibits any director or officer from engaging in certain transactions involving Company securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

F.PROHIBITED TRANSACTIONS

You may not engage in any of the following types of transactions other than as noted below, regardless of whether you have material nonpublic information or not.

11.Short Sales. You may not engage in short sales (meaning the sale of a security that must be borrowed to make delivery) or "sell short against the box" (meaning the sale of a security with a delayed delivery) if such sales involve the Company's securities.

12.Derivative Securities and Hedging Transactions. You may not, directly or indirectly, (a) trade in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities (other than stock options, restricted stock units and other compensatory awards issued to you by the Company) or (b) purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company equity securities either (i) granted to you by the Company as part of your compensation or (ii) held, directly or indirectly, by you.

13.Pledging Transactions. If you are required to comply with the blackout periods or pre-clearance requirements under this Policy, you may not pledge the Company's securities as collateral for any loan or as part of any other pledging transaction.

14.Margin Accounts. You may not hold the Company's common stock in margin accounts.

G.PRE-CLEARANCE OF TRADES

The Company's directors, executive officers and certain employees identified on the Covered Persons List must obtain pre-clearance prior to trading the Company's securities. If you are subject to pre-clearance requirements, you must submit a pre-clearance request to the Compliance Officer at least two business days prior to your desired trade date. The pre-clearance request must be made on the form provided by the Compliance Officer. The person requesting pre-clearance will be asked to certify that he or she is not in possession of material nonpublic information about the Company. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction.

If the Compliance Officer is the requester, then the Company's Chief Executive Officer, Chief Financial Officer or their delegate must pre-clear or deny any trade. All trades must be executed within two business days of any pre-clearance.

Even after pre-clearance, a person may not trade the Company's securities if they become subject to a blackout period or aware of material nonpublic information prior to the trade being executed.

From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Compliance Officer may update and revise the Covered Persons List as appropriate.

H.EXCEPTIONS TO TRADING RESTRICTIONS

There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by the Company under this Policy:

15.Transactions made pursuant to a valid 10b5-1 trading plan approved by the Company. These plans allow for individuals to enter into a prearranged trading plan as long as the plan is not established or modified during a blackout period or when the individual is otherwise in possession of material nonpublic information.

16.Stock option exercises where the exercise price of such stock options is paid in cash and there is no other associated market activity.

17.Receipt and vesting of stock options, restricted stock units, restricted stock or other equity compensation awards from the Company.

18.Purchases pursuant to the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares.

19.Net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (x) as required by either the Company's Board of Directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information.

20.Sell-to-cover transactions where shares are sold on your behalf upon vesting of equity awards to satisfy tax withholding requirements. Persons included on the Covered Persons List will be deemed to have elected sell-to-cover transactions upon vesting of equity awards unless they make a prior irrevocable election otherwise for that calendar year, so long as such election is made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information.

21.Distributions to limited partners by limited partnerships subject to this Policy.

22.Purchases of the Company's stock in the 401(k) plan resulting from periodic contributions to the plan based on your payroll contribution election; provided, however, that the blackout period restrictions and pre-clearance requirements do apply to elections you make under the 401(k) plan to (a) increase or decrease the amount of your contributions under the 401(k) plan if such increase or decrease will increase or decrease the amount of your contributions that will be allocated to a Company stock fund, (b) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (c) move balances into or out of a Company stock fund, (d) borrow money against your 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance, and (e) prepay a plan loan if the pre-payment will result in the allocation of loan proceeds to a Company stock fund.

23.Transfers by will or the laws of descent and distribution and, provided that prior written notice is provided to the Compliance Officer, distributions or transfers (such as certain tax planning or estate planning transfers) that effect only a change in the form of beneficial interest without changing your pecuniary interest in the Company's securities.

24.Changes in the number of the Company's securities you hold due to a stock split or a stock dividend that applies equally to all securities of a class, or similar transactions.

Unless an exception is granted in writing by the Compliance Officer, the chairperson of the Audit Committee or the Company's Chief Executive Officer, certain persons identified on the Covered Persons List are not permitted to trade in the Company's securities outside of a valid 10b5-1 trading plan approved by the Company. In addition, the Company permits other employees to adopt written 10b5-1 trading plans in order to mitigate the risk of trading on material nonpublic information. To be approved by the Company and qualify for the exception to this Policy, any 10b5-1 trading plan adopted by a director, officer or employee must be submitted to the Compliance Officer for approval and comply with the requirements set forth in the *Requirements for Trading Plans* attached as Exhibit A. If the Compliance Officer is the requester, then the Company's Chief Executive Officer, Chief Financial Officer, or their delegate, must approve the 10b5-1 trading plan.

If there is a Regulation BTR blackout (and no quarterly or special blackout period), then the limited exceptions set forth in Regulation BTR will apply.

Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. Any other Policy exceptions must be approved by the Compliance Officer, in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

I.SECTION 16 COMPLIANCE

All of the Company's directors, executive officers and greater than 10% stockholders are required to comply with Section 16 of the Securities and Exchange Act of 1934 and related rules and regulations which set forth reporting obligations, limitations on "short swing" transactions, which are certain matching purchases and sales of the Company's securities within a six-month period, and limitations on short sales.

To ensure transactions subject to Section 16 requirements are reported on time, each person subject to these requirements must provide the Company with detailed information (for example, trade date, number of shares, exact price, *etc.*) about his or her transactions involving the Company's securities.

The Company is available to assist in filing Section 16 reports, but the obligation to comply with Section 16 is personal. If you have any questions, you should check with the Compliance Officer.

J.VIOLATIONS OF THIS POLICY

Company directors, officers, employees, consultants, contractors and advisors who violate this Policy will be subject to disciplinary action by the Company, including ineligibility for future Company equity or incentive programs or termination of employment or an ongoing relationship with the Company. The Company has full discretion to determine whether this Policy has been violated based on the information available.

There are also serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. You may also be liable for improper securities trading by any person (commonly referred to as a "tippee") to whom you have disclosed material nonpublic information that you have learned through your position at the Company or made recommendations or expressed opinions about securities trading on the basis of such information.

Please consult with your personal legal and financial advisors as needed. Note that the Company's legal counsel, both internal and external, represent the Company and not you personally. There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy or under securities laws. If you were aware of the material nonpublic information at the time of the trade, it is not a defense that you did not "use" the information for the trade. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse your failure to comply with this Policy. In addition, a blackout or trading-restricted period will not extend the term of your options. As a consequence, you may be prevented from exercising your options by this Policy or as a result of a blackout or other restriction on your trading, and as a result your options may expire by their term. It is your responsibility to manage your economic interests and to consider potential trading restrictions when determining whether to exercise your options. In such instances, the Company cannot extend the term of your options and has no obligation or liability to replace the economic value or lost benefit to you.

K.PROTECTED ACTIVITY NOT PROHIBITED

Nothing in this Policy, or any related guidelines or other documents or information provided in connection with this Policy, shall in any way limit or prohibit you from engaging in any of the protected activities set forth in the Company's Whistleblower Policy, as amended from time to time.

L.REPORTING

If you believe someone is violating this Policy or otherwise using material nonpublic information that they learned through their position at the Company to trade securities, you should report it to the Compliance Officer, or if the Compliance Officer is implicated in your report, then you should report it in accordance with the Company's Whistleblower Policy.

M.AMENDMENTS

The Company reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules and regulations, and with or without notice, although it will attempt to provide notice in advance of any change. Unless otherwise permitted by this Policy, any amendments must be approved by the Board of Directors of the Company.

(Adopted on May 15, 2021; effective May 25, 2021; amended February 3, 2022, April 18, 2022 and February 13, 2023)

EXHIBIT A

REQUIREMENTS FOR TRADING PLANS

For transactions under a trading plan to be exempt from (A) the prohibitions in the Company's Insider Trading Policy (the "**Policy**") of Paymentus Holdings, Inc. (together with any subsidiaries, collectively the "**Company**") with respect to transactions made while aware of material nonpublic information and (B) the pre-clearance procedures and blackout periods established under the Policy, the trading plan must comply with the affirmative defense set forth in Exchange Act Rule 10b5-1 and must meet the following requirements:

1. The trading plan must be in writing and signed by the person adopting the trading plan.

2. The trading plan must be adopted at a time when:

   a. the person adopting the trading plan is not aware of any material nonpublic information; and

   b. there is no quarterly, special or other trading blackout in effect with respect to the person adopting the plan.

3. The trading plan must be entered in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the person adopting the trading plan must act in good faith with respect to the trading plan.

4. The trading plan must include representations that, on the date of adoption of the trading plan, the person adopting the trading plan:

   - is not aware of material nonpublic information about the securities or the Company; and

   - is adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.

5. The person adopting the trading plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the trading plan and must agree not to enter into any such transaction while the trading plan is in effect.

6. The first trade under the trading plan for directors and officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) may not occur until after the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by the Company of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan). The first trade under the trading plan for all other persons may not occur until after 30 calendar days after adoption of the trading plan.

7. The trading plan must have a minimum term of one year (starting from the date of adoption of the trading plan).

8. All transactions during the term of the trading plan (except for the "*Exceptions to Trading Restrictions*" identified in the Policy and *bona fide* gifts) must be conducted through the trading plan. In addition, the person adopting the trading plan may not have an outstanding trading plan (and may not subsequently enter into any additional trading plan) except as permitted by Rule 10b5-1.

9.Any modification or change to the amount, price or timing of transactions under the trading plan is deemed the termination of the trading plan, and the adoption of a new trading plan (“**Modification**”). Therefore, a Modification is subject to the same conditions as a new trading plan as set forth in Sections 1 through 8 herein.

10.Within the one year preceding the adoption or a Modification of a trading plan, a person may not have otherwise adopted or done a Modification to a plan more than once.

11.A person may adopt a trading plan designed to cover a single trade only once in any consecutive 12-month period except as permitted by Rule 10b5-1.

12.If the person that adopted the trading plan terminates the plan prior to its stated duration, he or she may not trade in the Company’s securities until after the expiration of 30 calendar days following termination, and then only in accordance with the Policy.

13.The Company must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.

14.The Company must have authority to require the suspension or cancellation of the trading plan at any time.

15.If the trading plan grants discretion to a stockbroker or other person with respect to the execution of trades under the trading plan:

a.trades made under the trading plan must be executed by someone other than the stockbroker or other person that executes trades in other securities for the person adopting the trading plan;

b.the person adopting the trading plan may not confer with the person administering the trading plan regarding the Company or its securities; and

c.the person administering the trading plan must provide prompt notice to the Company of the execution of a transaction pursuant to the plan.

16.All transactions under the trading plan must be in accordance with applicable law.

17.The trading plan (including any Modification) must meet such other requirements as the Compliance Officer may determine.

18.Any trading plans adopted or modified prior to February 27, 2023 (the “**Effective Date**”) are permitted to continue in place until all trades are executed thereunder or they expire by their terms (“**Grandfathered Plans**”). If the person undertakes a Modification of a Grandfathered Plan on or after the Effective Date, then the Modification must meet all of the requirements set forth herein.

Exhibit 31.1

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 7, 2023	By:	/s/ *Dushyant Sharma* **Dushyant Sharma** **Chairman, President and Chief Executive Officer** ***(Principal Executive Officer)***

Exhibit 31.2

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 7, 2023

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

Exhibit 32.1

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 period ended June 30, 2023 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 7, 2023	By:	/s/ *Dushyant Sharma* **Dushyant Sharma** **Chairman, President and,** **Chief Executive Officer** ***(Principal Executive Officer)***

Exhibit 32.2

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 period ended June 30, 2023 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 7, 2023

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