03-Mar-2026

Paymentus Holdings, Inc. (PAY)

Raymond James & Associates Institutional Investors Conference

CORPORATE PARTICIPANTS

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

Sanjay Kalra
Senior Vice President & Chief Financial Officer, Paymentus Holdings, Inc.

OTHER PARTICIPANTS

Madison Suhr
Analyst, Raymond James & Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Okay. Good morning, everybody. My name is Madison Suhr. I'm the Payments and Fintech Analyst here at Raymond James. Happy to be joined by Paymentus Founder and CEO, Dushyant Sharma; and CFO, Sanjay Kalra. Great to be here, guys. Thank you.

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

Thank you for having us.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Absolutely.

QUESTION AND ANSWER SECTION

Q

So, I wanted to kick things off, you know, for those in the audience that are less familiar with Paymentus, can you just give a high-level overview of the business, what you guys do and the customers you serve?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

Sure, sure. So, we are a cloud-based bill payment service provider for non-discretionary essential household billing service providers like utilities, government entities, insurance, telecommunications and others. So, basically, you can think of all the bills you have to pay. You can go down the line. We service those companies who provide or send those bills to you. We started the company a couple of decades ago now actually. And at the time, when we were starting the business majority of the bills used to be paid from the bank sites.

So, you'll go to your bank and make the payment from the bank and the banks will send the money to the billers. And we saw a great opportunity that that is highly inefficient model. And now sitting here right now that model has been disrupted. What used to be 75% of those payments being at the bank now is happening on the biller side directly. And since we are a leading provider of the services to the billing companies, we had a lot to do with it.

So, we, as a result of the disruption we have caused in the industry, we have grown rapidly over the years. At the time of IPO, we were a $300 million company in 2020 and we have quadrupled the business in the last five years. And despite our success and doing $1.2 billion of revenue last year, we have only captured a fraction of the market share. So, it's a multi-billion dollar – multi-trillion dollar spend and we have only captured a fraction of that. So, we are very excited about the future. Our CAGR model is 20% top line growth and 20% to 30% adjusted EBITDA dollar growth and we believe this is a very attractive investment.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Okay. Yeah. And you kind of hinted on it, but the financial profile has been quite impressive here. You just wrapped up 2025 with a 37% increase in gross revenue, 46% adjusted EBITDA growth. Can you just highlight what's been driving the really strong momentum in the business and what's translated to such strong financial results?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

Sure. I think the fundamental principle behind our success is our value proposition to our clients. It is fundamentally based on two principles, how can we make the customer experience better for our clients' customers, billing company's customers and how do we do it in such a way that it is making it easier and more efficient for our clients to serve their customers at a lower cost. There are so many unwieldy and inefficient processes that exist in the process of creating bills and receiving payments and so on, and as – sorry – sorry, is it good? Okay. Thank you. So, basically lost my...

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Yeah. On the financial profile, at the moment.

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Yes. Yeah. So, basically, the value proposition, the two-fold. And as a result, customers find Paymentus platform, which is holistic, comprehensive with one integration with the Paymentus platform, we are able to serve all of your customer body, whether they are making physical payments to you or they're making digital payments to you, whether they are making vocal payments, they are calling you or doing automated systems. So, with one integration, Paymentus is able to handle it all. And we have multi thousand billing companies on our platform and we feel like we're just getting started.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay. That's great. And I wanted to transition a little bit to AI so obviously the kind of hottest topic here, not only the conference but in the market. I think you had a really interesting quote last quarter. You call it Paymentus is central nervous system for revenue collection. Can you just elaborate on that a little bit? And then, just as we – as you think about AI, what are some of the risks you are assessing, but also what are the opportunities?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Yeah. I mean, if you think about it, if you're a large billing company billing multi – sending out multi-million bills a month and you need to collect those payments, you have to assess all the payment channels you're receiving those payments from 5, 10, 15, 20 years ago, your own website, your own phone systems were very small minority.

So, the billing companies will think of that as an alternative system. The majority of the payments were and unfortunately still are coming through checks and manual payments and so on and coming from banks. What has transpired over the years is because of Paymentus platform, billing companies have been able to take a lot of the inefficiencies out and also redeploy the resources they no longer need to serve so many customer calls then they, and what used to be few percentage points of payments coming in through the digital channels is now significant portion of their payments are coming through Paymentus platform. And as a result, we are sort of the central nervous system for the billing companies and we are the – for the revenue collection.

So, if you are sitting in that particular seat, you have opportunity to be able to serve other areas because of all the different executives you deal with on a regular basis in the company. So, we get exposed to lot of opportunities and what we are seeing is our platform, which already serves not only inbound payments but outbound payment, not only serves consumers, but also serves businesses and have B2B workflows built in, allows us to look at all of those capabilities. So, AI actually makes, makes it lot easier for us to get into all of those areas. On top of that, we believe because Paymentus has been AI-centric company for a long period of time, we have always looked at AI as a technology, which would be very helpful. So, we are already using that internally for our efficiencies, whether it is customer engagement, whether it is our engineering talent and so on, using it in a assisted [ph] sustainable (00:12:31) manner. We, we are also seeing opportunities where Paymentus could be the AI platform for the customers we serve. So, we are very excited about the future.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Okay. And then I want to transition here to kind of the market opportunity, I mean, utilities is a big part, but maybe just help investors understand kind of the breakdown of revenue by vertical. You know, utilities is largest, but what other areas [indiscernible] (00:12:56) serve?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

Well, utilities is approximately 50% of our revenue and the remaining 50% is comprised of multiple other verticals. Health care is one, insurance being one. Telecom is there, public sector there, B2B taxes government, consumer finance. So, and we are actually entering into more and more verticals which we were not present earlier. We are seeing a lot of opportunities. In fact, multiple verticals we have not even explored yet, but now we are seeing opportunities to touch them and get into it more. So, as of now, we have not distributed a split quantitatively other than utilities 50%, but I think the breadth is enormous for where the company can go.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Okay, that's great. And then, you guys have touched on it briefly, but you've taken a tremendous amount of share over the last few years. I mean, can you just touch on how your specific market share has evolved within bill pay over the last few years? And just who are you winning the share against? And how much room is there to kind of sustain that 20% CAGR top line growth you talked about?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

So, if you think about, in the – from the outset, we actually – what we believe has proven out to be a great strategy actually, in terms of our go-to market. We initially said we are going to go after mid-market, which is largely underserved, but it was also another reason for that. People is very hard to make money in a smaller customer on a per unit basis unless you have it all your, your entire act together.

So, we felt that if you can actually serve that customer community, especially in the utilities market, especially in the lower end of the market, if we can make money there, it would be very difficult for Paymentus to be displaced in the long term. We will actually build a very sustainable growth engine and that theory has been proven out over the years. So, we were able to go from utilities to then larger end of the utilities. We were able to go to the government sector, multi division governments sector, then multiple division insurance companies, large enterprises now. And as a result, what we are seeing is that the entirety of the Consumer Bill Payment segment is available to us. We can service the entire market.

The primary reason I say that is, we didn't think that in-house enterprise solutions would be replaced by Paymentus as quickly as we are doing them now. What has happened over the years is the platform itself, which is crowdsourced by our clients, is telling us exactly all the capabilities they need in our platform. The platform itself has become so powerful that no organization can actually replicate it. So, as a result, even the largest organizations which have in-house solutions and floors of programmers, it's not easy to rebuild all of the capabilities we have. And it's not about the software program and the algorithm. It's about all the capabilities, all the functional footprint we have, all the rails we have created.

So, it's, it's very large footprint. And as a result, what we are seeing is that we are able to get to a entirety of that market segment, even the larger in-house solutions. And lately, what we're seeing is that even the verticals we thought like B2B is a different segment altogether, we don't even count it in our TAM right now. But we have clients running, we have clients B2B clients running. We serve – they, they collect billions of dollars on our platform. So, it's a big opportunity for Paymentus. And we believe that, as we have done in the past, we have grown, as I shared on the public call, the last 10 years, we grew 25 times last five years, four times. I think we can sustain the momentum for our CAGR model for a long period of time.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay. And maybe touch on the competitive set. I mean, who are you typically displacing, say, a lot of those in-house solutions? And then, within different verticals, are you seeing different competitors? And has this evolved at all? Or is it generally been kind of the same competitive set over the last several years?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

What I would say is actually there are two types of – maybe three types of competitors. One is competitive solutions, if you will. One is in-house, which is we are excited about that, no question. Then the second one is legacy service providers who have date of birth older than us. So, they – these service providers, nothing wrong with them. The challenge is they have stayed the same and their platforms have become dated. And it's not easy to go ahead and tell your customers that I'm going to buy a company and I'm going to replace your solutions when they already know Paymentus is a better solution out there. So, it's a very difficult situation for them.

The third set of competitor would be a service provider that has date of birth younger than us, but has a very similar model where they bought companies and they are struggling to piece them together. Platform purity was not important to them. It wasn't like how Paymentus has built the platform. We built the platform ground up with the thesis that our customers need to crowdsource the functionality and all of the capability could be serviced in one platform, one code base, is very hard to do to maintain the platform purity over the period we have done. But now, you can see we have scale the business over the last several years. We have scaled the business as well as we have, but our employee count has not changed and our cost structure has not changed proportional to that.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay. And then, you've hinted at it a little bit here on Enterprise. It's been an area you guys have seen a lot of strength. You've called it out several quarters as driving upside relative to what you guys thought. What's enabling such strong success in this move up market for you guys?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

I think it's frankly, the platform and the ecosystem we have created which allows the organizations to take a look at. Well, previously what used to happen is the CIO, CTOs and CISOs of the large enterprises would be sitting on the other side of the table. Now, they're sitting on the same side of the table with us because they have plenty of other issues to deal with which is happening through disruption in their own markets. And if they can get the platform Paymentus has created, which used to be viewed as outsourced third-party service provider, is now more like because of the capabilities we have built, you have all the control. It's not like you're giving the control up by outsource your payment capabilities and your customer engagement capabilities to Paymentus. You actually have more capabilities, more control than you have from your own internal IT teams and you are able to do that more cost effectively.

I think it's a no brainer in most cases. So, we are very excited about that opportunity and that's what is driving the success. We are sitting on the same side of the table with the technology executives of these large organizations.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Okay. And is there any big differences in the financial aspects, whether you're signing a smaller type customer versus moving up to enterprise? Anything investors should keep in mind as that mix shift kind of continues to shift to enterprise?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

Well, it varies customer-by-customer, I would say, definitely, as you would expect, the larger the customer, they would expect better pricing. But at the same time, the company is growing at the pace that the scale we have achieved, we've got a lot of operating leverage.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Yeah.

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

So, we take the right advantage of it and we calibrate our business well. We want to make sure whichever new customer we are acquiring and getting them launched, that would be financially accretive to the company.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Yeah.

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

Not only the top line, definitely the bottom line because of the operating leverage. So, we calibrate and we see what makes sense for the longer term.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Q

Okay. And then, we touched on it about moving into different verticals. You mentioned utilities is 50% roughly of revenue. But as we think about a lot of those other verticals, is there one or two that really excites you where you feel like you can go in and capture a lot of incremental share here?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

A

I think, frankly, we did this analysis recently. All of our verticals are doing well, including our core utilities and insurance and so on. So, all of the verticals are doing well. And the way we are organized, each of the team, which is working on a given vertical, their performance is measured based on the success of that particular vertical, not anything else. So, I think the way it is set up is, is conducive to all verticals doing well.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay. And then I did want to ask on B2B. It can mean a lot of different things to different people. It's obviously a huge category here. And you've seen success there as well. You called out some sign-ins and ramps that are maybe going a little bit quicker than you thought? Can you just help investors understand what exactly you're doing within B2B and why you see it as such an attractive market?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Yeah, I think, so we are tackling B2B in a very similar way we tackled all of the other verticals. So, in our minds, we take a look at where the inefficiencies are and where the biggest cost structure is. A lot of these B2B legacy providers, they have a lot of manual processes, even though they are selling technology services no different than what the banks were doing. Banks were selling to the customers way back when, when we were starting out that you are making digital payment. But in the back they were writing checks, sending checks. They had – their service providers would have a scores of CSRs who are asking for where is my payment and they still do.

The B2B is very similar. It appears to the customer that they are signing with a B2B company, they are taking care of all the technology and so on, but there are still a lot of manual processes, check processes and so on. We, we, we are coming at it from a totally different world where we are on a per bill basis, let's say, if your utility bill is $100 and you are having $5 million bills you are sending out, we just don't have opportunity to have a lot of manual processes in the way. We just can't make money that way.

So, as a result, we – when, when we are approaching customers who are billing thousands of dollars or tens of thousands of dollars, our model doesn't change because our focus is the same of efficiencies. And we didn't, we didn't have the luxury of being inefficient. So, that's why we believe that we will be successful. Having said that, B2B is just another vertical. It's not like we are saying to our investors, well, who will take our EBITDA, we'll lower it and we are going to invest in B2B and we'll tell you few years later, how did it work out. That's not the way we are operating the business.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay, great. Before we get into more of the financial questions, I did want to ask on IPN briefly, can you just give an overview of what IPN is and then just how that business is performing?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Sure. So, IPN is Instant Payment Network. We believe that in the old adage, that regardless of how good you are, you're not going to get them all, meaning, regardless of how good the Paymentus platform is, not, not every customer is going to make a payment coming to the website of the billing company, regardless of how good the customer experience is. They may still go with their coffee in their hands and go to the utilities office and have the conversation and then make the payment. They may still, are shopping at a retail store and make a payment there.

We felt that for Paymentus to be long term, successful service provider to our clients, billing clients, we need to offer them an ability with one integration, all channels, all access points, all customer cohorts are covered, regardless of what the technology knowhow is. And that's what we have created, what we call is Instant Payment Network. It is so ingrained, it's part of our system at this point that lot of the billing companies, they look at that and say, well, regardless of how many years we spend, we won't be able to build that level on the platform. That's why Paymentus is the choice.

But if you now put the counters of the bank side of it, the old legacy model I described, now banks themselves can now have access to real-time payments to the thousands of billing companies we have already built using IPN. So, we become a very attractive solution to the banks who are consistently losing market share to somehow stabilize, giving Paymentus in the process an opportunity to have economies on both sides of the transaction. So, we are very, very excited about that.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Great. And then moving on to some of the financial stuff here, you guys have a target out there for roughly 20% gross revenue CAGR model. I mean, can you just help investors unpack that, that growth algorithm to get to that 20%? How much is NRR versus new signings? And within NRR, is it expansion with existing customers pricing? Just what are the kind of key components to get in there?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Yeah. We haven't quantified that breakup, but at the same time, we've shared the sequence from order of priority, if I say, you know, the biggest growth vector we have is the new implementations which happen every year given our bookings are very strong and our pipeline is very big and we are seeing a lot of good traction in getting more and more clients, especially more enterprise clients, more recently. We are seeing the new implementations is number one growth vector. And the second would be the same store sales, which is existing billers, how they are ramping up and how their subscribers are ramping up. If they are being successful, we inherently are being successful.

So, at the same time, the tailwinds which are coming, converting lot of manual invoicing to digital, I think that's also happening. So, that's the second. And third and fourth, there are like IPN, we discussed IPN is by – IPN is not actually a separate segment for us on a separate vector. It's ingrained into our entire business now. So, IPN is also helping overall. And then, yes, pricing and other things do become a part of the business and they also contribute.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay. And then, with the existing customers, I think you guys have talked about, you could essentially double the size of the business just with your existing customers. So, can you just double click on that? And how do you continue to improve your wallet share with your existing customers over time here?

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

I think since we are the digital service provider for the billing companies we serve, majority of the growth would be, by converting lot of the payments which are happening through paper means converting them to digital. And that's, that's what we are doing. And we have actually set up a CAS Team, what we call as, Customer Adoption Success Team, which is focused on delivering more from our existing customers.

We are pleased with what we are seeing in that, but there's a more to come, more to come there, but it's a big focus of ours. The reason we could make that statement is for investors to know that this is a phenomenal business. And I say that not because I started or I'm running the company right now and so on. I say it because we look at so many different companies, with our success and we get hit with almost every single book you can imagine. And it's not easy to find a company like Paymentus. It's very tough to. And if I may take a little segue there, if you think about our guidance philosophy, which Sanjay will – can describe even more in detail, where we are saying we can sign, we can deliver the top end of the guidance without signing any new clients. Why do we do that?

The reason we do that is, I actually, if I may say, little bit more plainly, I feel bad for the investors in the public markets because you're chasing every single trend, every single story. And I see that if you basically didn't have the sell button and you only had buy button, you might make more money in the long term. And how – what can I tell as an operator to the investor – investment community that, hey, your investment is generally okay with Paymentus because to the extent I can control it from the operational aspect of it, that I can deliver this kind of revenue without signing any new client.

So, having better sleep on – from Paymentus point of view, you might have other investments and so on, but that's the primary reason for it. It doesn't mean that's all we will do as our CAGR model has been higher over the years.

Madison Suhr Q
Analyst, Raymond James & Associates, Inc.

Yeah, that's helpful color. I think that, that philosophy has really served you guys well. I did want to transition to the 2026 guidance, you know, obviously could provide some color on your guidance philosophy as well. But I would say if there was one thing investors are maybe picking out a little bit after last quarter, it's the gross revenue outlook. You know, 17%, obviously very strong, but a little bit below that 20% CAGR model. Just any color on kind of why you're starting out slightly below and obviously, can also touch on the guidance philosophy as well.

Sanjay Kalra A
Senior Vice President & Chief Financial Officer, Paymentus Holdings, Inc.

Sure. Sure. No, I understand. I'll start by saying that as we're capturing our market share and actually disrupting the market and the pace at which we are disrupting is very good. We could experience some periods where you will see this kind of a growth rate. It might appear that they are coming from 37% growth and now we're going to 17%. So, hey, is this revenue slowing down. It could be a perception, looking at the math and the numbers. However, first of all, I'll start by saying that CAGR model, which we have of 20%, that by – that inherently incorporates situations like this. CAGR model means at times you could be less than 20, at times, you could be more. If you look at past periods over trends, we are far ahead of 20. But let me elaborate more. We are entering enterprise customers and launching them and implementing them and they are all not getting launched on January 1.

Okay. They are getting launched intra year. And those, they are so massive because the growth is so massive, doing a comparison for a full year when some of them are launched in Q3, some launched in Q2, some [indiscernible] (00:31:32) it may throw us into a situation that the volatility appears little, little tough the way it's appearing right now.

However, at the same time, where Dushyant just mentioned the top end of the guidance does not incorporate any new customers which could be win and go like that further amplifies this math, especially at the beginning of the year. So, I think as time passes by and as the customers go live and as the same-store sales go up, and as we see this progress, I think over time these things should dissipate. And overall, you'll see a very good CAGR.

In, quarter-to-quarter, things could definitely change. At the beginning of the year, things could look little different. But overall, I think if you look at the history and the trends, we've executed really well. And I will end this question by actually saying that, at the end of 2025, the momentum is no different than the way we ended 2024. Backlog is very strong. Backlog is too much, much diverse actually than before. And as we are saying, we are entering into more verticals, the pipeline is also very strong. But we always have a prudent view. We don't count the eggs before they hatch. And we want to be successful rather than being chasing for numbers.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

Okay, that's very helpful. And I know we're getting close.

Dushyant Sharma
Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.
A

Yeah. I may actually just add one quick point to that, that looking at the year philosophy, I was mentioning to Sanjay actually last night, that – in a lighter moment that it would be great for a retail store, that how many customers showed up this morning, how many people, how many this month, is the company going up or down, in a situation like where we are signing multi-year contracts with customers, which are going to be growing over a period of time, you just can't look at annual calendar as the way because if the number would have been – that some of the customers instead of going live sooner as they did, they went a little bit later, our eyes will make us feel that company actually has a relatively stable growth rate versus now it looks like going down. Your eyes are deceiving you in that way.

Madison Suhr
Analyst, Raymond James & Associates, Inc.
Q

And then I did want to touch briefly just on capital allocation here, very strong balance sheet. You have about $320 million of cash, no debt generating ample free cash flow. I mean, how are you guys thinking about capital allocation?

Sanjay Kalra
Senior Vice President & Chief Financial Officer, Paymentus Holdings, Inc.
A

Well, we remain committed to the growth organically, and we've got a huge dam, a huge pipeline, and we want to chase that and convert that to bookings and enjoy our own success at this point in time. So, we want to keep ample cash for spending in sales and marketing, ample cash for using in working capital if needed. And I would say as a secondary objective, we could also look for alternatives which are available in the market like M&A. But there's definitely not on top of the mind. If something comes across the table which makes sense and has a good ROI, we could use that for that as well.

Madison Suhr
Analyst, Raymond James & Associates, Inc.

Okay. Sounds good. We'll leave it there. Thank you so much for being here.

Sanjay Kalra
Senior Vice President & Chief Financial Officer, Paymentus Holdings, Inc.

Thank you.

Dushyant Sharma

Founder, Chairman, President & Chief Executive Officer, Paymentus Holdings, Inc.

Thank you so much for having us here. Thank you.