



Q2 Fiscal 2026
Investor Presentation

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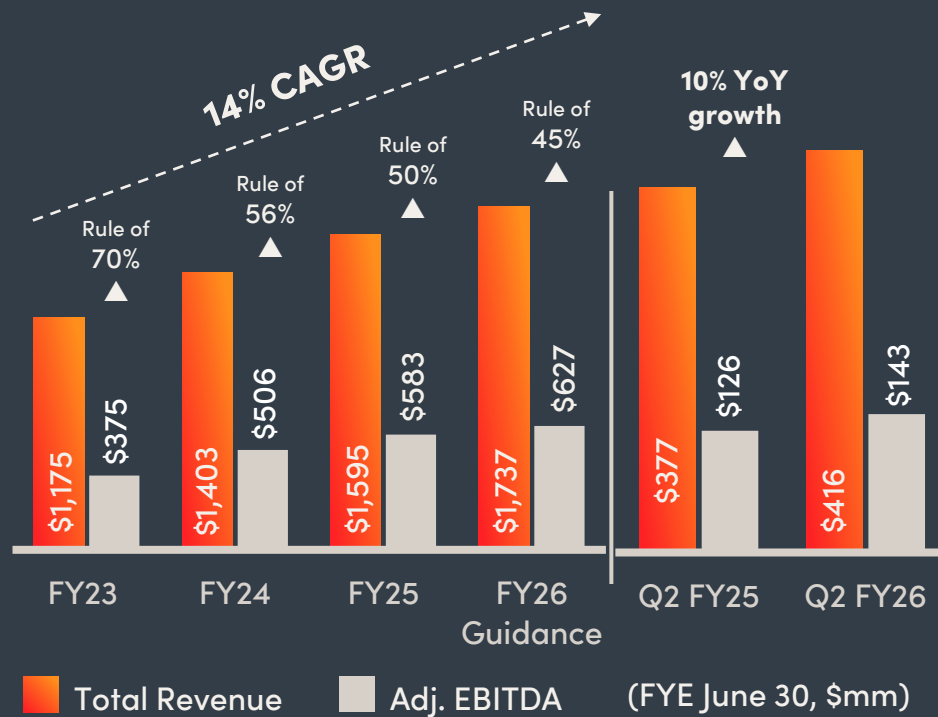
This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

Our Business

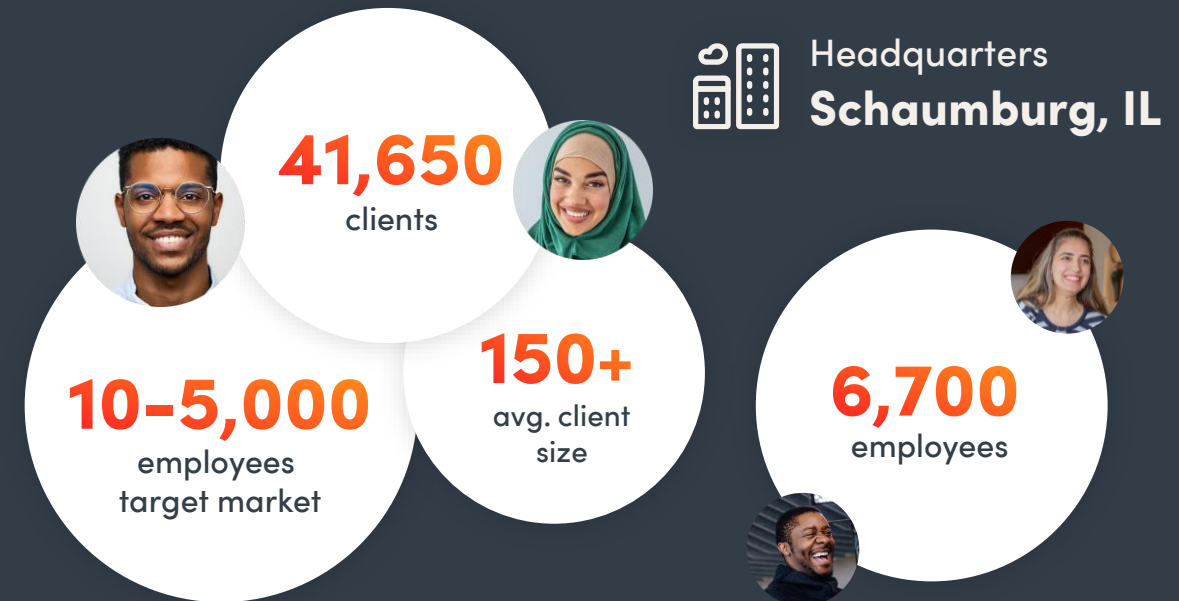


We are a leading provider of cloud-based HR, Finance, and IT solutions to a diversified set of clients across verticals & geographies

Demonstrated ability to drive strong revenue growth with increasing profitability



*Rule of % = Total Revenue Growth + Adj. EBITDA Margin



HCM Addressable Market (TAM)

We remain squarely focused on increasing our limited penetration of a large, and growing, total addressable market



Realized HCM TAM of ~\$22.0 billion

Current average
client size of

150+
employees

41,650 clients
as of June 30, 2025

Approximately
**1.3 million
businesses**

in the 10–5,000 segment of the market

On average purchase ~50%+ of suite

**73 million
employees**

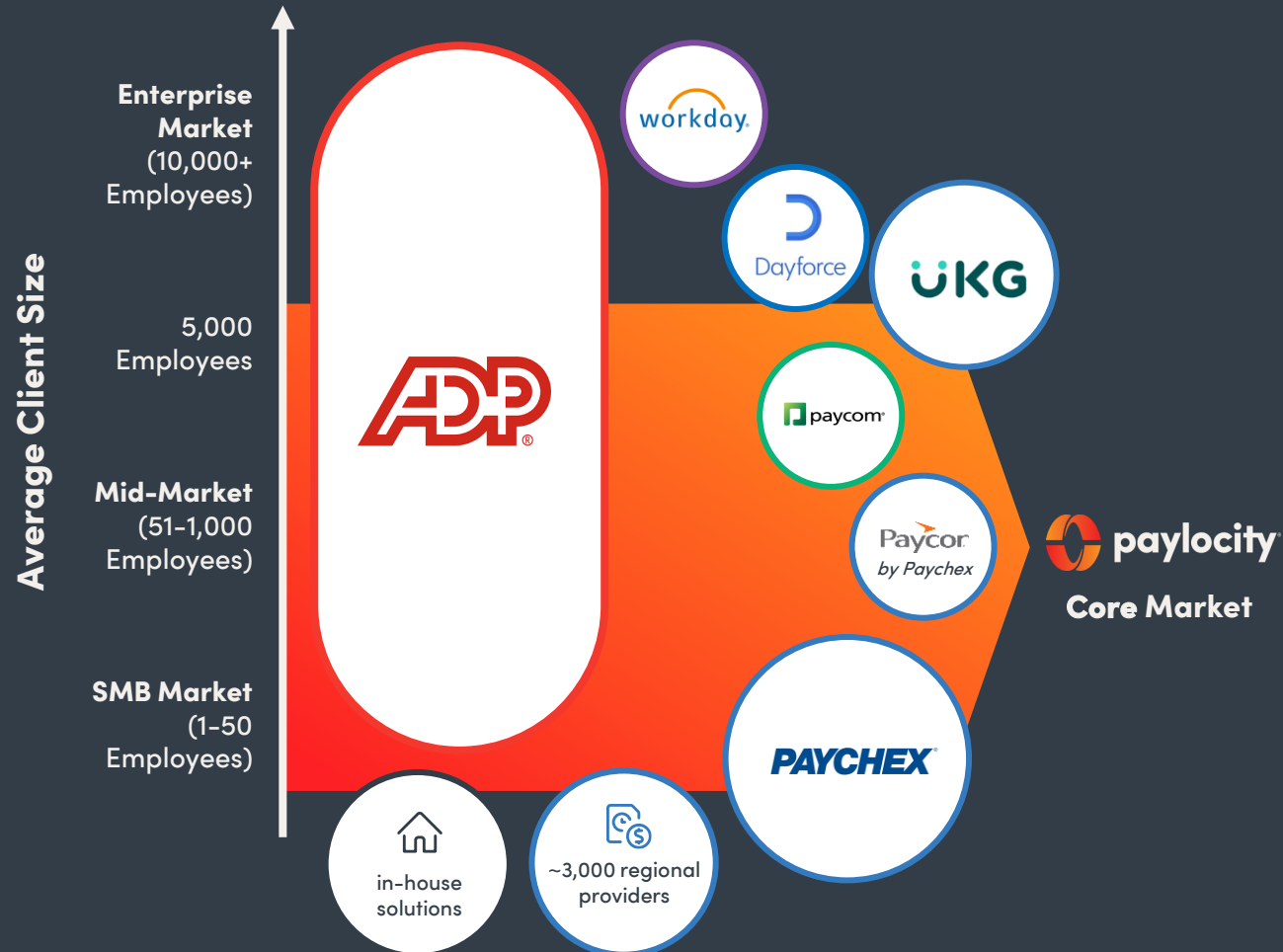
in the 10–5,000
segment of the market

~3% penetrated into addressable market



Further increasing TAM with
Finance and IT solutions

HCM Competitive Landscape



Workday

Limited overlap in target market. Enterprise solutions focused on companies with several thousand employees and up – do not see them often competitively

Ultimate Kronos Group / Dayforce

Enterprise solution focusing primarily on >1,000 employee companies – seen in deals at the higher-end of our target market

Paycom

Average client size is larger than ours, generally seen at the middle / higher-end of our target market

Paycor (by Paychex)

Average client size is smaller than ours, generally seen at the middle / lower-end of our target market

ADP / PAYX

Biggest competitors – compete throughout our target market

Regionals

Smaller to mid-part of our market

In-House

Primarily lower end of the market



Paylocity differentiates with a payroll, HCM, spend management, and IT platform built for the modern workforce + best-in-class client support

Focused on taking share in our target market of roughly 1.3 million businesses

ONE

UNIFIED PLATFORM FOR
HR, FINANCE, & IT

HR

Talent, benefits, engagement,
and compliance

Finance

Payroll, time tracking, GL integration,
and budgeting

IT

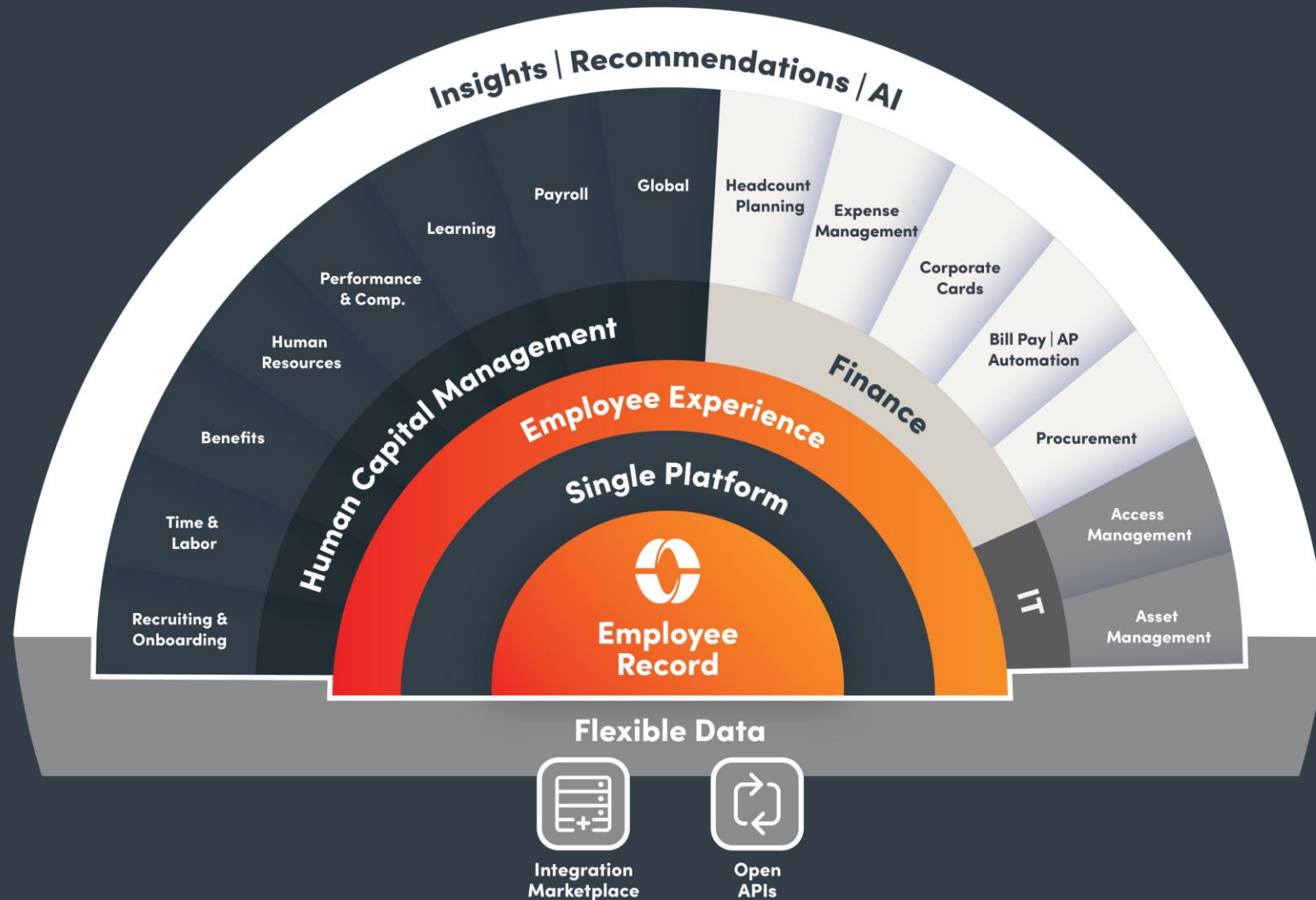
System Access and Asset Management



**A single source of truth
across the enterprise.**



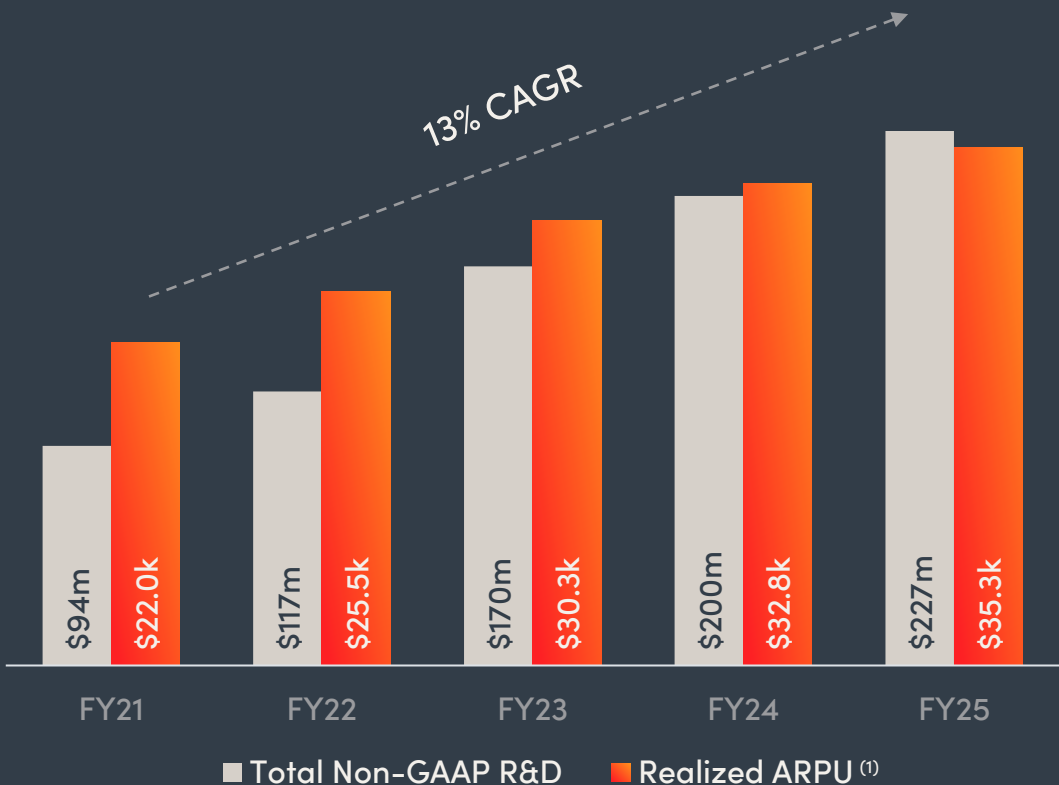
The Most Modern Platform HCM, Finance, & IT



Sustained R&D Investment Drives Product Expansion and Revenue Growth



Over 180% increase in Realized ARPU since 2014



⁽¹⁾ ARPU = Recurring & Other Revenue / # of Clients

Ongoing Product Innovation



Community



Video



Learning



Employee Voice



Market Pay

Employee Experience



Recruiting & Onboarding



Benefits



Time & Labor



Payroll



Human Resources



Performance & Compensation

HCM



Expense Management



AP Automation



Corporate Cards



Guided Procurement



Headcount Planning



Asset Management



Access Management

Finance & IT

The Most Complete HCM Platform for The Modern Workforce



HR

Supervisor To-dos

Personal Tasks

6 tasks

Urgent (1)

Pay Change HR Action Form
Due 10/20
View Workflow Task

Workplace Safety Training
Due 4/25
View Training

Due today (1)

Employee Engagement Survey
Due 4/25
Take Survey

Due within 1 week (2)

Employee Engagement Survey
Due 4/25
Take Survey

Payroll

12/1 Bi-Weekly

Enter Review Submit

Nice work! Payroll is ready to submit.

Current Payroll Audit Passed Batch Approved

Batch Totals

Filters apply to batch totals and reports

Reports

Auto Pay

Recruiting

Think Co. News

Senior Corporate Communications Manager

Corporate Development & Marketing

Step 1 of 4

Information

Time & Labor

Schedules - Garden Center

Week 05/28 - 06/03

Position: Parklift Driver

Manager: BDN / BDN

Summer Garden Associate

Totals Hours

Benefits

Benefits Decision Support

We've run our recommendation based on your expected needs and ranked the plans available to you!

Continue with this plan

Plan details

Process Payroll in a few Clicks

Submit payroll through a simple navigation flow reducing manual data entry and minimizing errors

Simplify Tasks for HR and Employees

Save time and money with intuitive scheduling and time tracking, bringing your team into the future of work

Find and Retain Top Talent

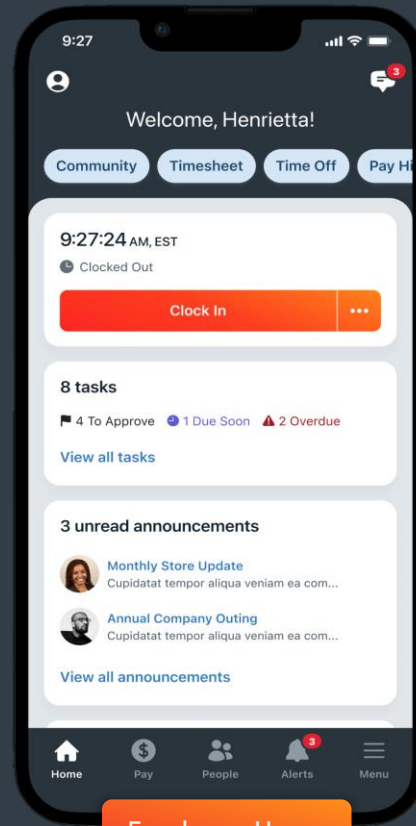
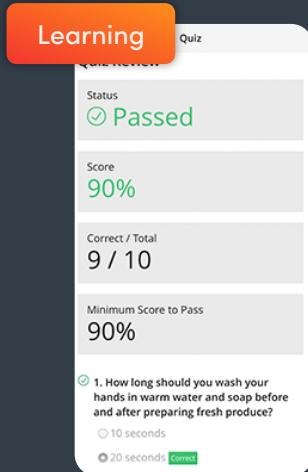
Get top candidates in the door quickly and keep them on the path to success to drive satisfaction and growth

Setup Frictionless Benefits

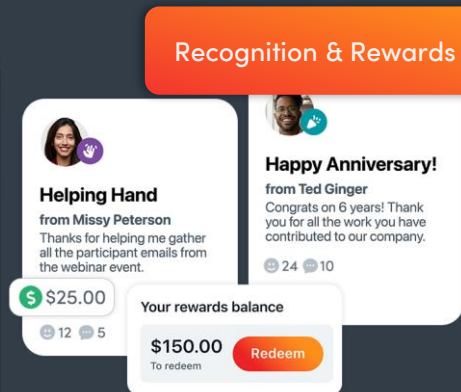
Easily set up enrollment, navigate compliance and automate processes



Providing HR the tools to better engage with their employees



Employee Home



Feeling heard & valued

Create engagement with opportunities for feedback & recognition

Flexibility & wellbeing

Empower employees to manage their shifts & pay schedule without HR overhead

Connection across the org

Foster transparency and a sense of belonging with open communication

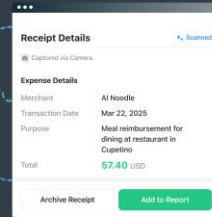
Mobile & on-demand

Everything employees need at their fingertips on any device



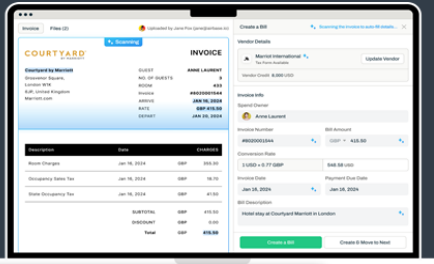


Finance & spend management software that puts CFOs in control

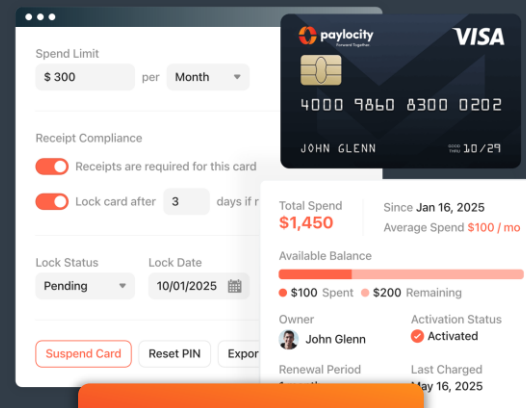


Expense Management

Guided Procurement



AP Automation



Corporate Cards

All Spend on a Single Platform

Enables real-time visibility, faster close, seamless adoption for every part of the organization

A Singular Employee Record

A single source of truth for Finance and HR processes for increased synergy, greater efficiencies, and better decision making

A Unified, Differentiated Experience

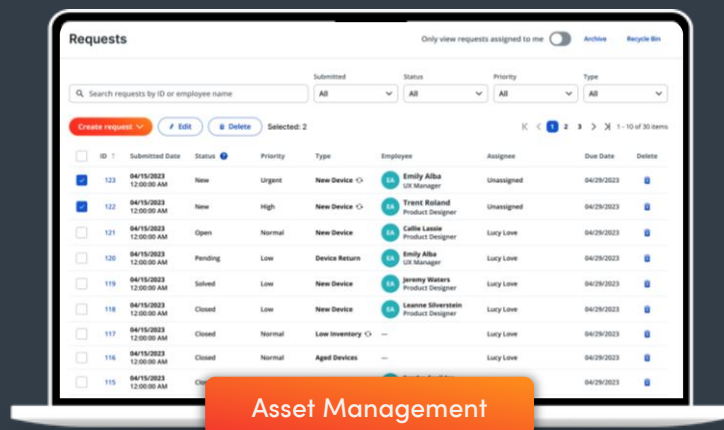
Enhances employee satisfaction and increases efficiencies across HR- and spend-related processes

Significant TAM Expansion

Opportunity to move into high-growth Office of the CFO category



Complete control over IT identity and hardware management

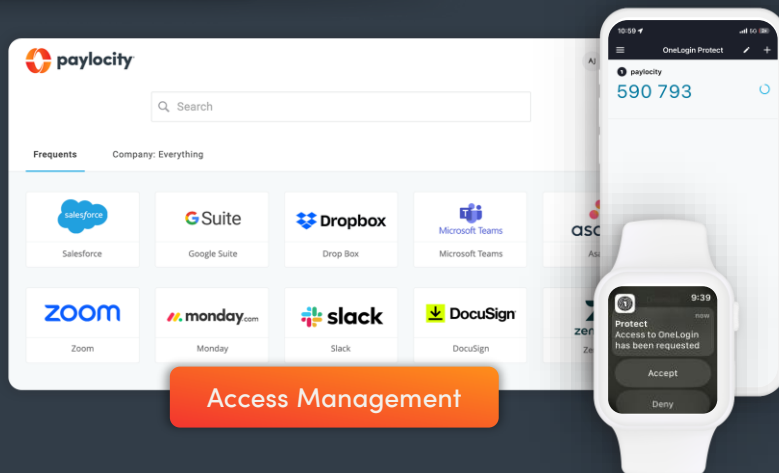


Automated Access Management

Provision and deprovision accounts automatically using employee lifecycle data for a single source of truth between HR and IT

Smarter Asset Management

Track, order, assign, and update employee hardware from a unified platform to stay organized across all employee devices



Fewer Manual Touchpoints

Leverage employee data to drive system access, reducing risk and IT workload while freeing up hours of IT and HR time for strategic work

HCM Competitive Landscape

Where Our Clients Come From



Go-To-Market Strategy



We hire experienced sales professionals

- Most have prior HCM platform, HR technology, spend management, IT or B2B sales experience
- All sales are direct through our salesforce
- Our reps are focused on deals with 10-5,000 employees with our largest opportunities supported by our most experienced teams

952

reps in fiscal 2026

▲ 8%

From 885 reps in
fiscal 2025

**All major U.S. geographies covered, but
room to add reps in every state**

**Our client base is well diversified across
all industry verticals and geographies**



Strong Referral Channel



Channel Value Proposition

Paylocity is the most complete platform for the modern workforce which helps our channel partners reach employees in new ways



We do not compete with our channel partners

We do not sell insurance or benefits; other major payroll / HCM competitors compete with brokers and financial advisors for insurance business



Flexible platform

Integrations and open APIs for insurance, 401k and other providers. We continue to invest in integrations to add value for the broker community



Partner Portal

Providing visibility to brokers and helping drive change at their clients by providing unique data insights



25%+ of our new client revenue comes from referrals from channels

Continued Client Service Investments Support Strong Revenue Retention

Over **92%+** net revenue retention as a public company



■ Retention ■ Churn⁽¹⁾



Providing the most modern platform



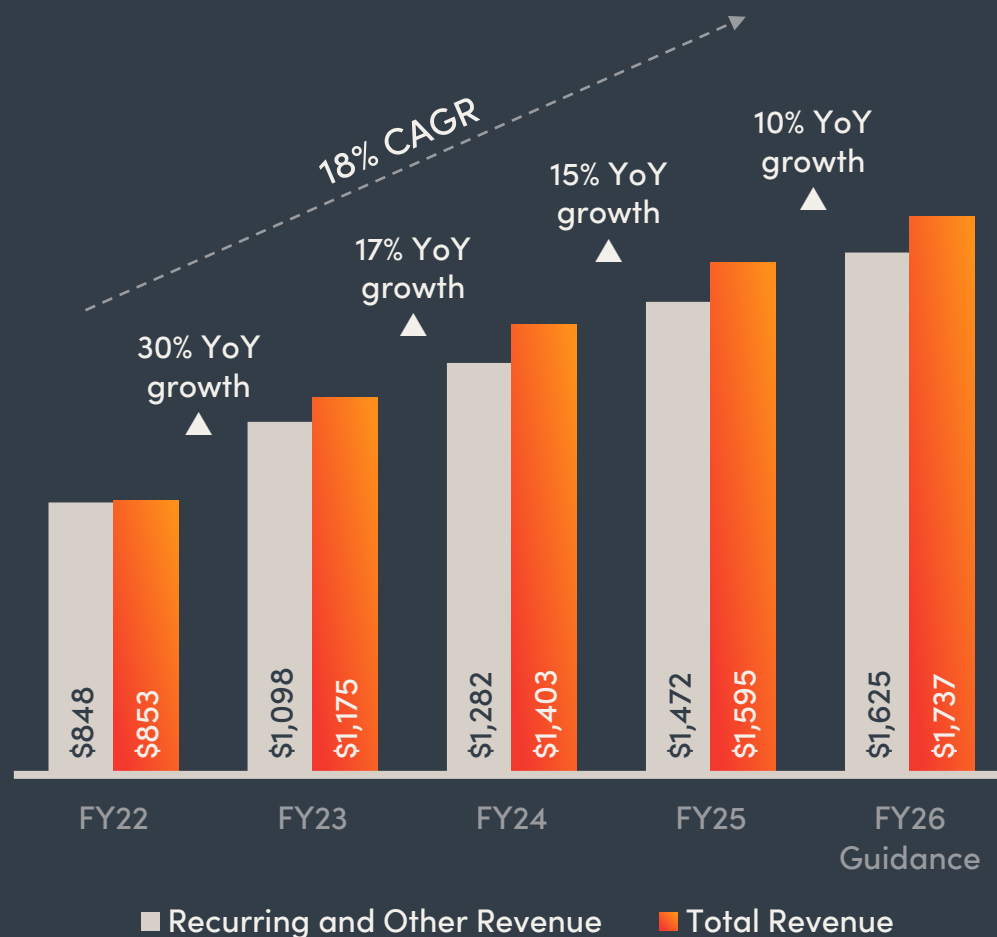
Delivering world class service

*Net Revenue Retention = total revenue for the preceding 12 months, less the annualized value of revenue lost during the preceding 12 months, divided by our total revenue for the preceding 12 months. We calculate the annualized value of revenue lost by summing the recurring fees paid by lost clients over the previous twelve months prior to their termination if they have been a client for a minimum of twelve months. For those lost clients who became clients within the last twelve months, we sum the recurring fees for the period that they have been a client and then annualize the amount. We exclude interest income on funds held for clients from the revenue retention calculation. ⁽¹⁾Includes controllable and uncontrollable churn

Financials

Recurring and Other Revenue

\$ millions



Long-Term Financial Targets

Increased profitability targets reflect commitment to driving greater operational efficiency over time

	Current
Total Revenue	\$3Bn
Adjusted Gross Profit	80%+
Non-GAAP total R&D	10% - 15%
Non-GAAP Sales & Marketing	15% - 20%
Non-GAAP General & Administrative	5% - 7%
Adjusted EBITDA	40% - 45%
Free Cash Flow	25% - 30%
Stock-Based Compensation	5%

Note: Financial targets based on percentage of total revenue

Squarely focused on **revenue growth** while demonstrating **meaningful leverage** in our business model

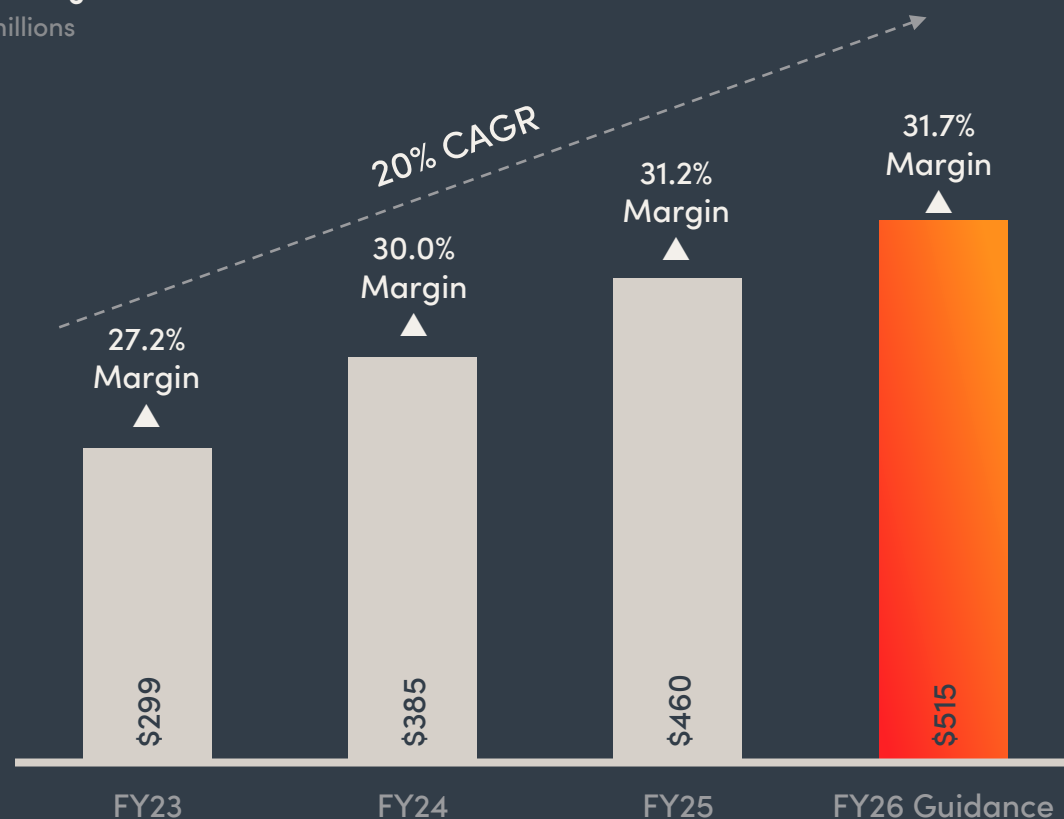
Financials (cont.)

Driving continued **margin expansion** on an annual basis

Adjusted EBITDA

excluding interest income on funds held for clients

\$ millions



Driving greater leverage over time

- Successfully driven ~450bps of Adj. EBITDA margin leverage excl. interest income on funds held for clients since FY23
- Intend to drive leverage primarily through cost of sales and G&A on a go forward basis

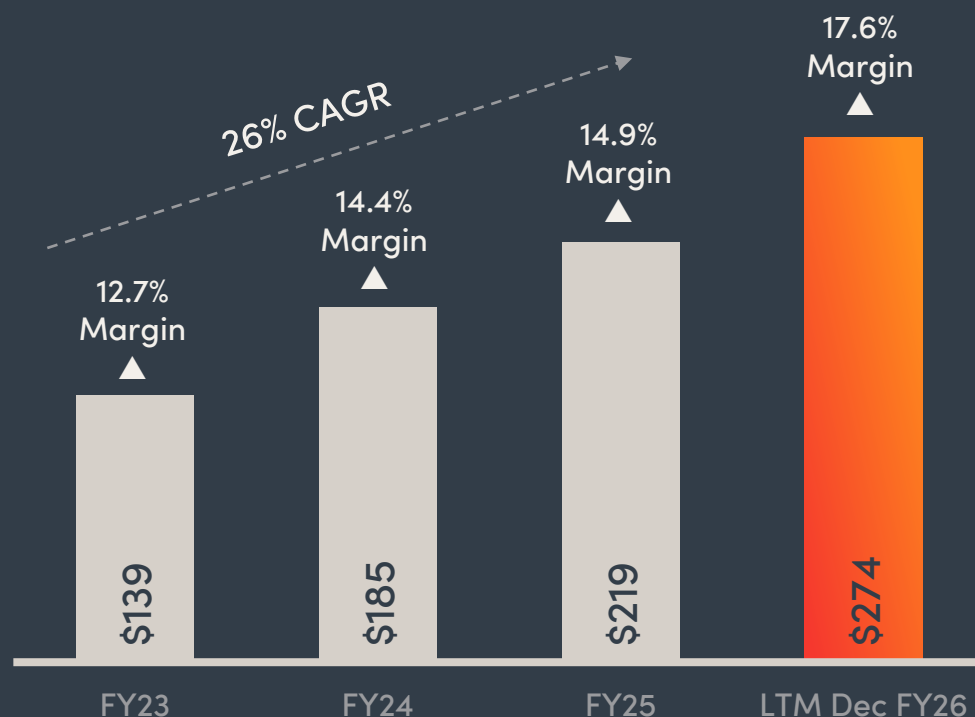
Financials (cont.)

Driving continued **margin expansion** on an annual basis

Free Cash Flow

excluding interest income on funds held for clients

\$ millions



Demonstrating meaningful FCF leverage

- Successfully driven 450bps+ of FCF margin leverage excl. interest income on funds held for clients since FY23
- **Repurchased** ~3.7m shares of common stock at an average price of \$162.88 per share for \$600m in aggregate since May 2024
- Have ~\$400m remaining under current repurchase program

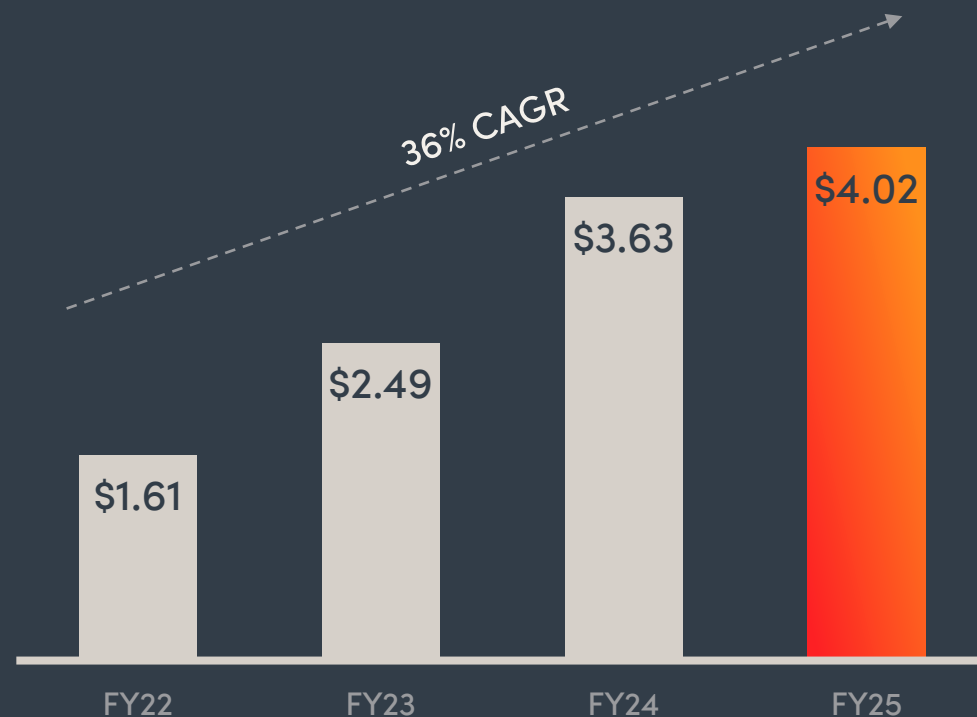
Strong Balance Sheet - \$162m Cash & Cash Equivalents as of 12/31/25

Financials (cont.)

Driving consistent growth in **Earnings per Share** on an annual basis

Earnings per Share

Based on Diluted share count



Driving consistent EPS growth through:

- Margin leverage – through a combination of economies of scale and operating expense management, primarily in gross margin and G&A
- Stock-based compensation – reduced by ~350bps as a % of revenue from FY23 to FY25
- Share repurchases of ~\$600m in aggregate since May 2024, reducing weighted average shares outstanding by over 2%

External Recognition





Positioned for Long-Term Growth & Margin Expansion

- Creating the most modern HCM, Finance, and IT platform
- Increasing average revenue per client
- Growing client base
- Strong client retention





www.paylocity.com