



Q4 Fiscal 2025
Investor Presentation

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In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures for the periods presented provided in the Current Reports on Form 8-K filed with the SEC on August 5, 2025, August 1, 2024, August 3, 2023, and August 4, 2022.

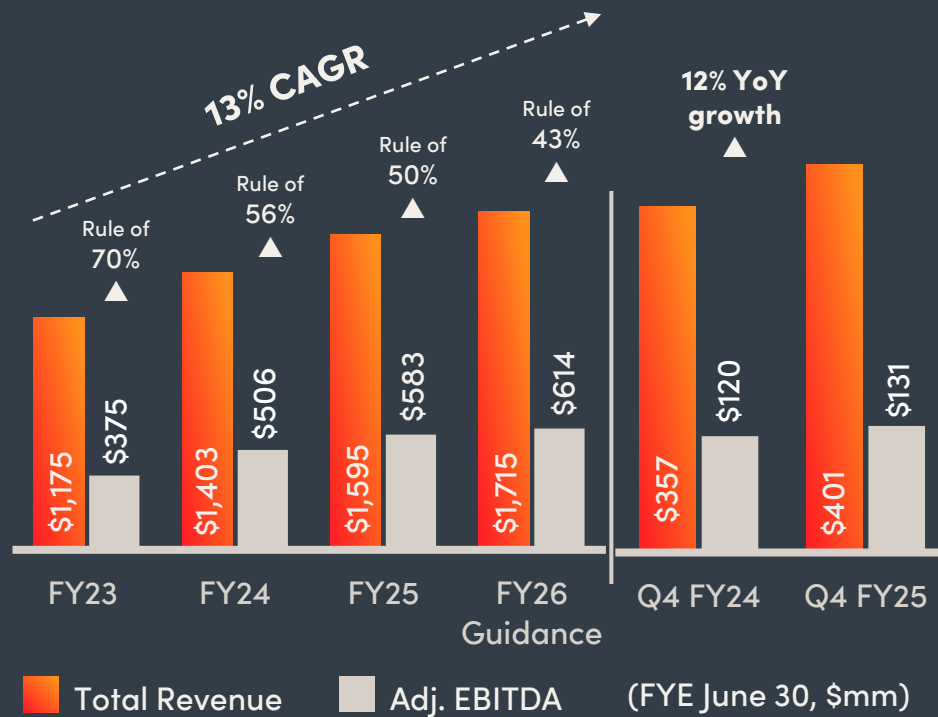
This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

Our Business

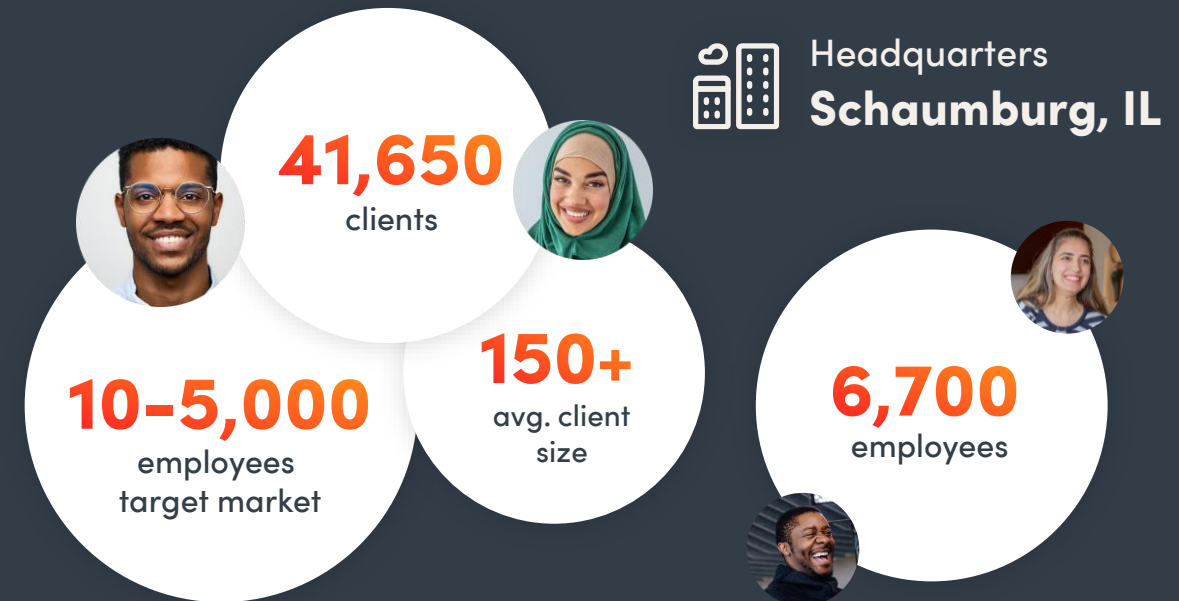


We are a leading provider of cloud-based HR, payroll, and spend management software solutions to a diversified set of clients across verticals & geographies

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

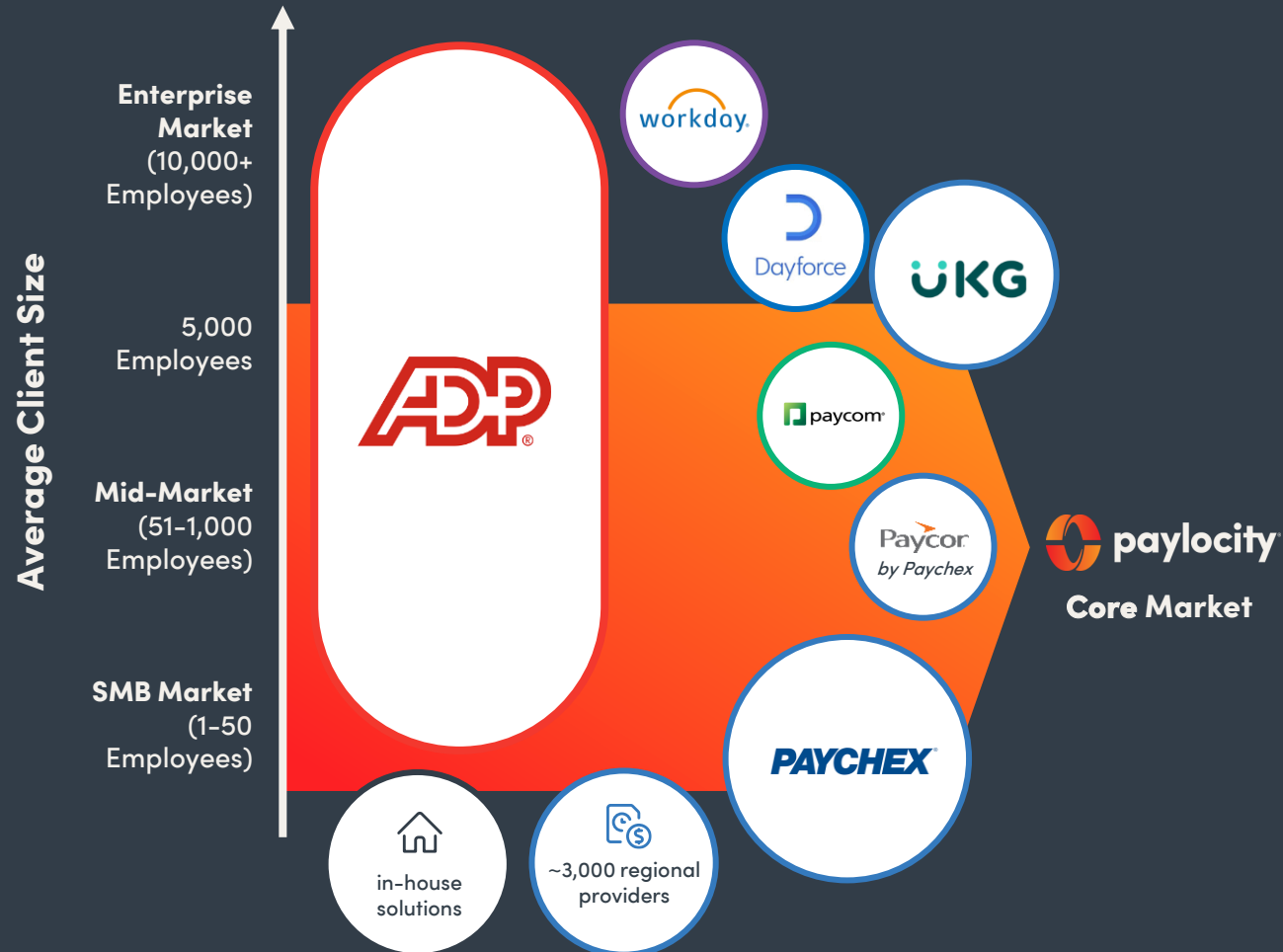
in the 10–5,000
segment of the market

~3% penetrated into addressable market



Further increasing TAM with
Finance 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, and spend management 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 AND FINANCE

HR

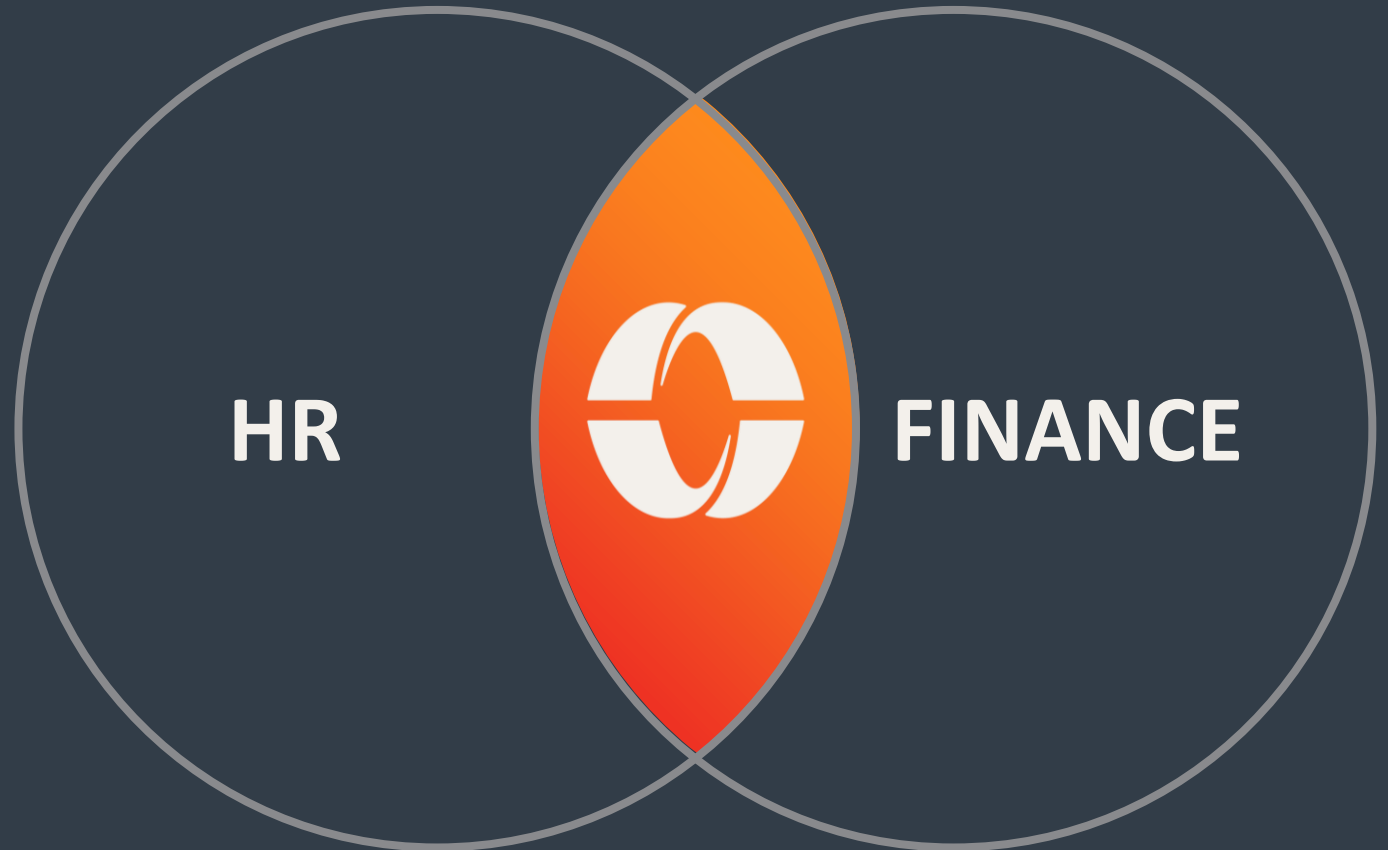
Talent, benefits, engagement,
and compliance

Finance

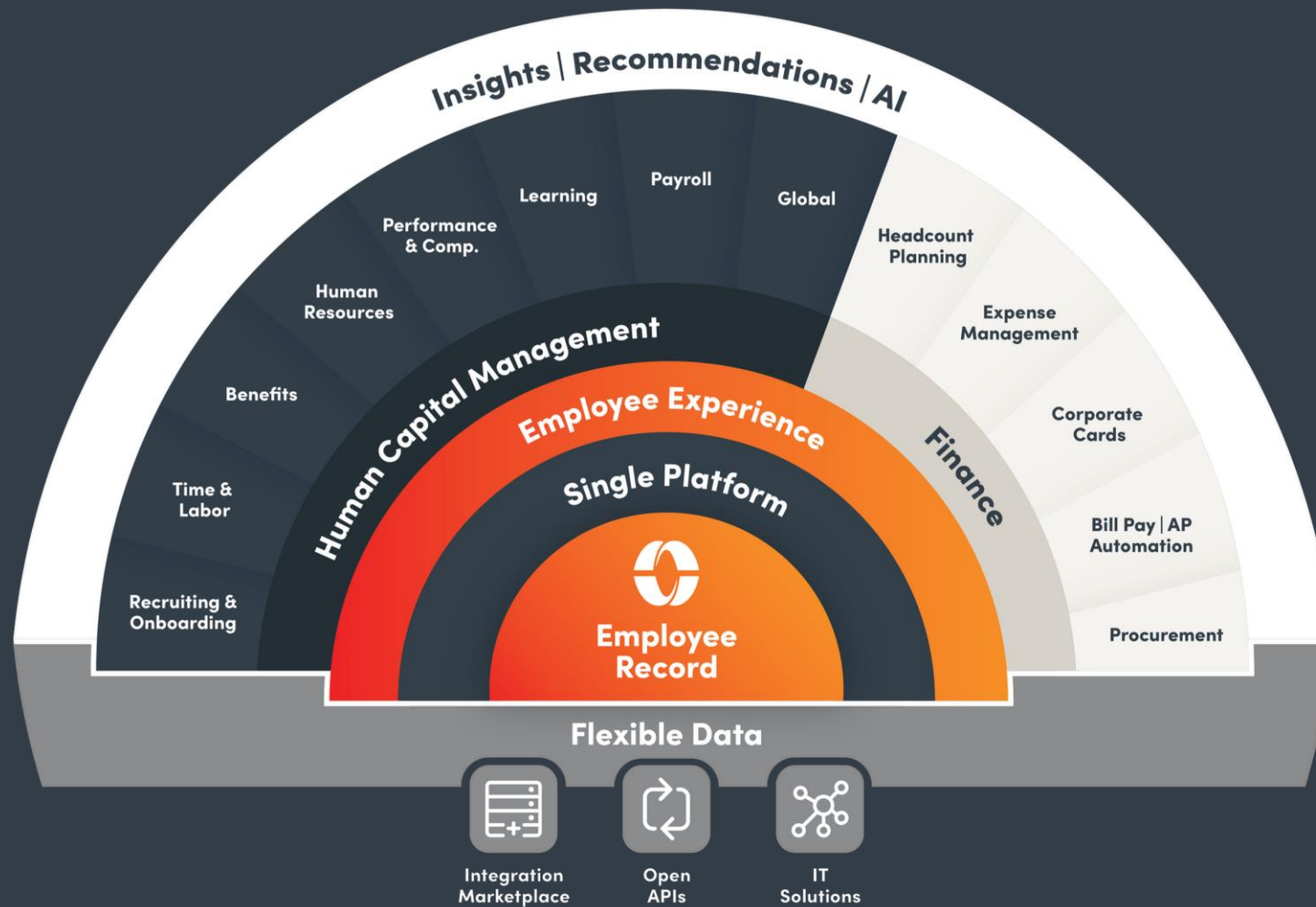
Payroll, time tracking, GL integration,
and budgeting



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



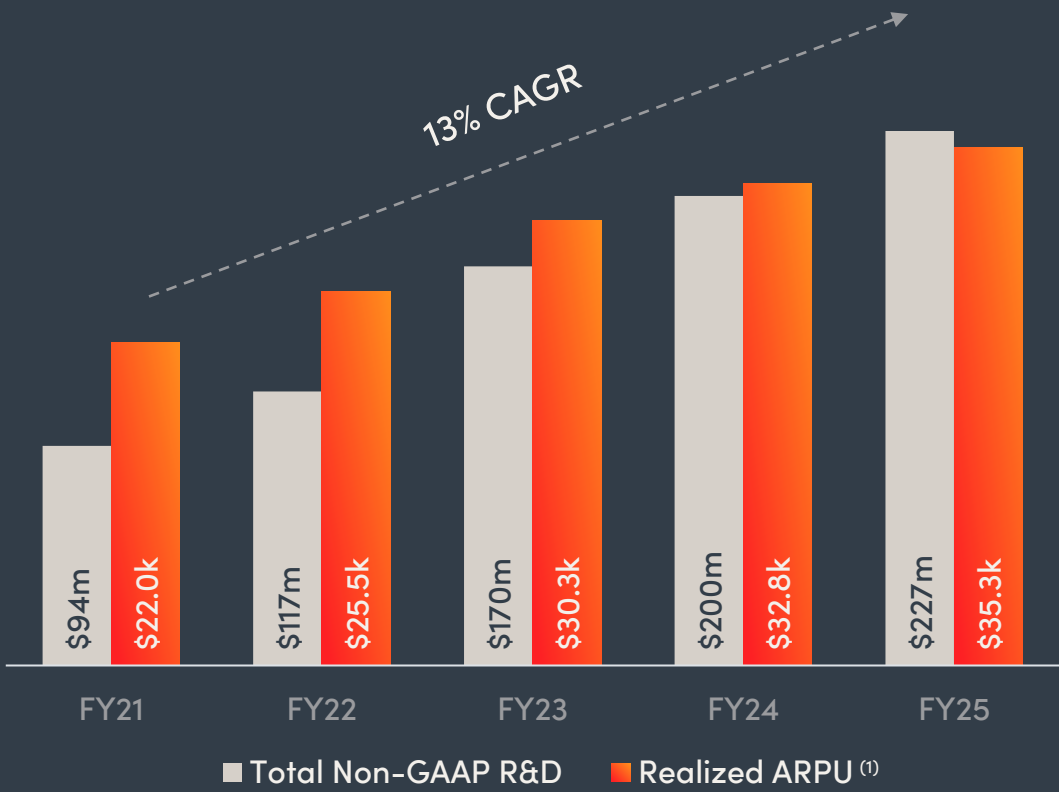
The Most Modern Platform HCM & Finance



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

Spend Management

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

Save & Close

Nice work! Payroll is ready to submit.

Current Payroll
All prior check dates processed

Audit Passed
Payroll audit passed

Batch Approved
1/1 approved

Batch Totals

Review batch totals, run payroll reports, and approve your batches.

Filters apply to batch totals and reports

Batch: All Batches Division: JAL Branch: JAL Department: JAL Use Override Departments: Apply

Reports

Select Report: Pre-Process Register Sort Report By: Name Run Report

Auto Pay

Once you resolve any audit errors and approve your batches, click "Continue" to submit payroll.

Enter Payroll Continue

Recruiting

Think Co. News

Senior Corporate Communications Manager
Corporate Development & Marketing

Step 1 of 4

Information

Thank you for considering a career with Paylocity. We are excited to learn more about you. Please share your accomplishments with us by uploading a resume or completing the fields below. Additional information may be requested, so please check your email frequently.

Job Applicant Policy at Collections

Please be advised that when creating a profile and submitting your application, we will collect the following categories of personal information: direct identifiers, such as your name and contact information; professional information, such as your previous employment and education background; and other information you include in your resume and cover letters, such as your preferences, skills, and abilities. We also may collect information from your social media profile if you create a profile using one of your social media accounts.

We use each category of the information you provide to evaluate your candidacy for the job opening(s) you apply to and other job openings at Paylocity that we think may interest you. We may also evaluate your information using internal and third-party business analytics tools and algorithms to discover ways to improve our business, identify trends in our job applicants and workforce, and enhance our service offerings.

Time & Labor

Schedules - Garden Center

Week Today

05/28 - 06/03

Search by employee, number, or badge

Active Filters: Employee Status: Active X Clear All

Position: Parklift Driver 0h

Show Unassigned 0h

Show Availability 0h / 0h

Show Time Off 0h / 0h

View Centers By Position

Manager 80h / 80h

Summer Garden Associate 80h / 80h

Totals Hours 32h 24h 24h 24h 16h 24h 32h

Benefits

Benefits Decision Support

start over

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

Select the plan you want to continue with and we will walk through our analysis step by step.

Or change your answers and start over

Continue with this plan Switch Switch

#1 Saves you overall
BlueCross BlueShield
ACME Midway HSA Through Democorp
Lowest estimated total cost under optimal circumstances
Plan details

#2 Pay less at point of care
BlueCross BlueShield
ACME Enhanced PPO Through Democorp
Lowest estimated total cost under optimal circumstances
Plan details

#3 Pay less at point of care
BlueCross BlueShield
ACME Gold PPO Through Democorp
Lowest estimated total cost under optimal circumstances
Plan details
+\$777 Plan details

Saves you overall Your doctors are covered

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

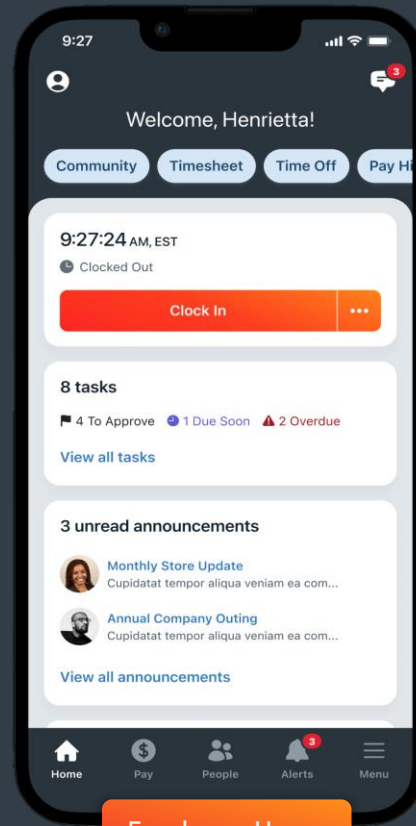
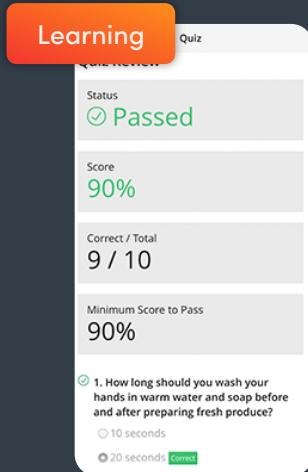
Get top candidates in the door quickly and keep them on the path to success to drive satisfaction and growth

Setup Frictionless Benefits

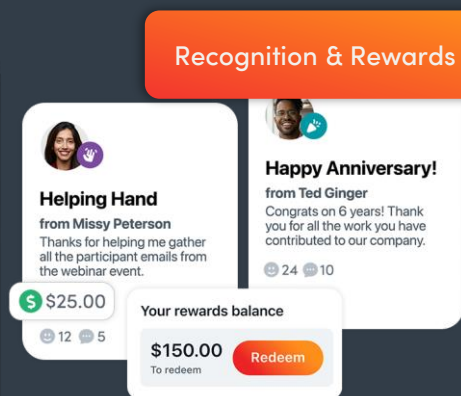
Easily set up enrollment, navigate compliance and automate processes



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

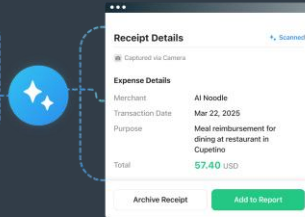
Mobile & on-demand

Everything employees need at their fingertips on any device

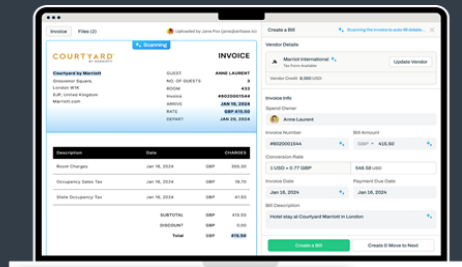
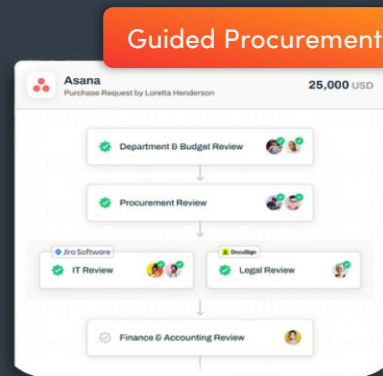




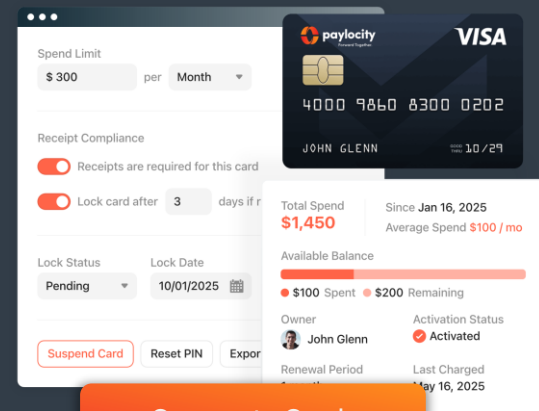
Finance & spend management software that puts CFOs in control



Expense Management



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

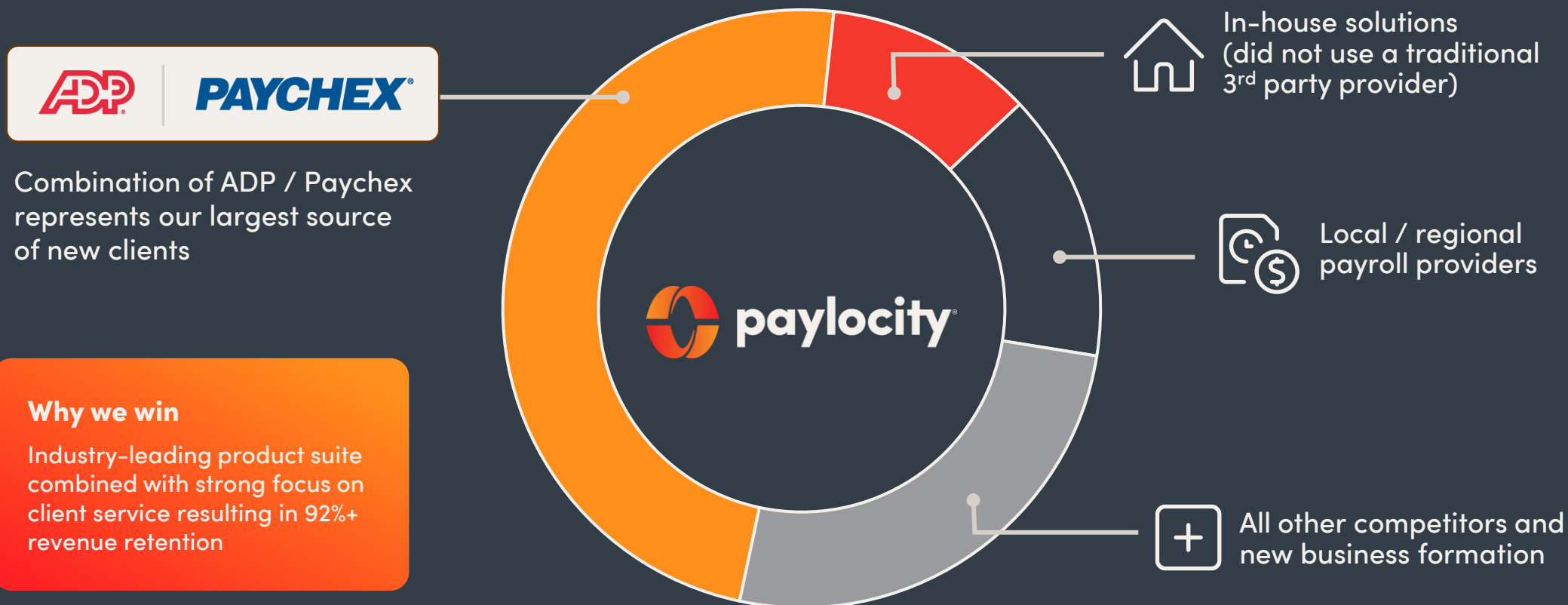
Significant TAM Expansion

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



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 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 2025

▲ 8%

From 885 reps in
fiscal 2024

**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



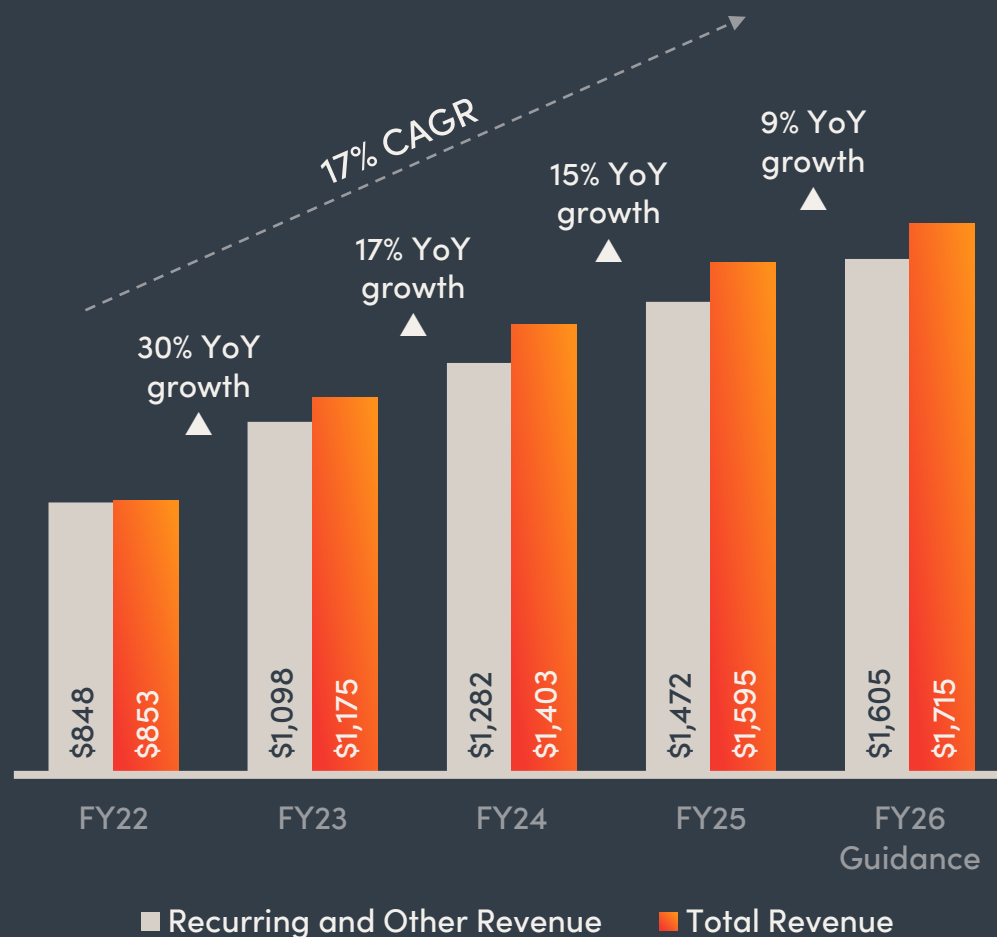
Delivering world class service

*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	\$2Bn+
Adjusted Gross Profit	75-80%
Non-GAAP total R&D	10-15%
Non-GAAP Sales & Marketing	20-25%
Non-GAAP General & Administrative	5-10%
Adjusted EBITDA	35-40%
Free Cash Flow	20-25%
Stock-Based Compensation	<10%

Note: Financial targets based on percentage of total revenue

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

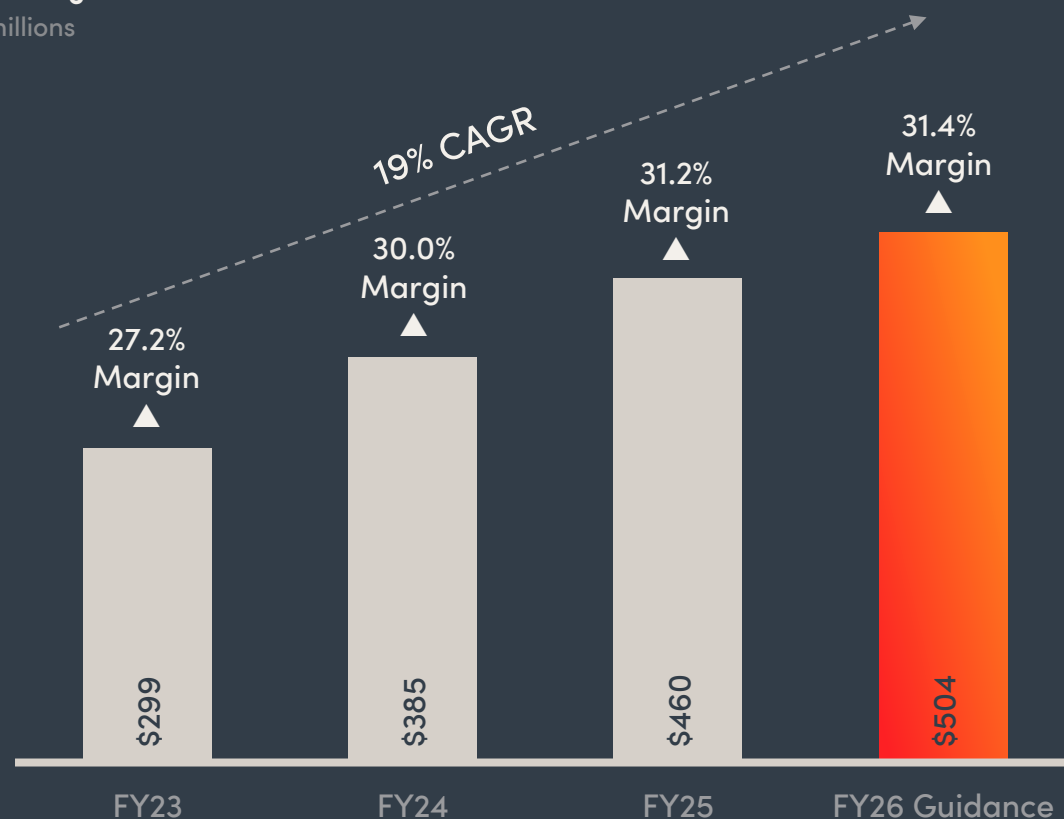
Financials (cont.)

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 ~400bps 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

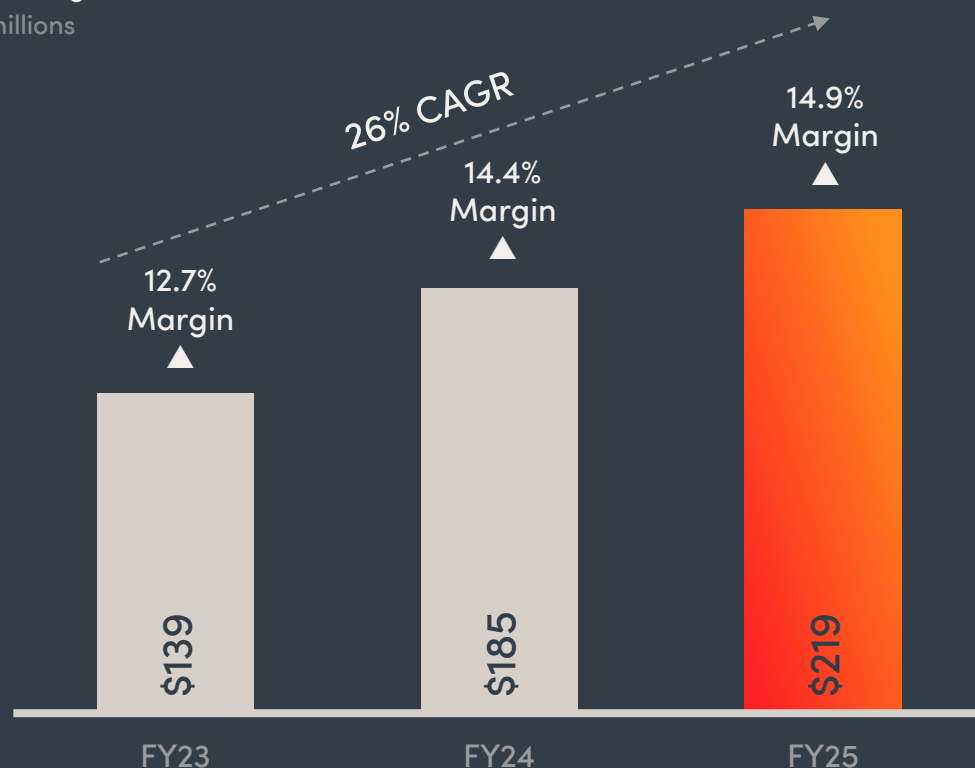
Financials (cont.)

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

Free Cash Flow

excluding interest income on funds held for clients

\$ millions

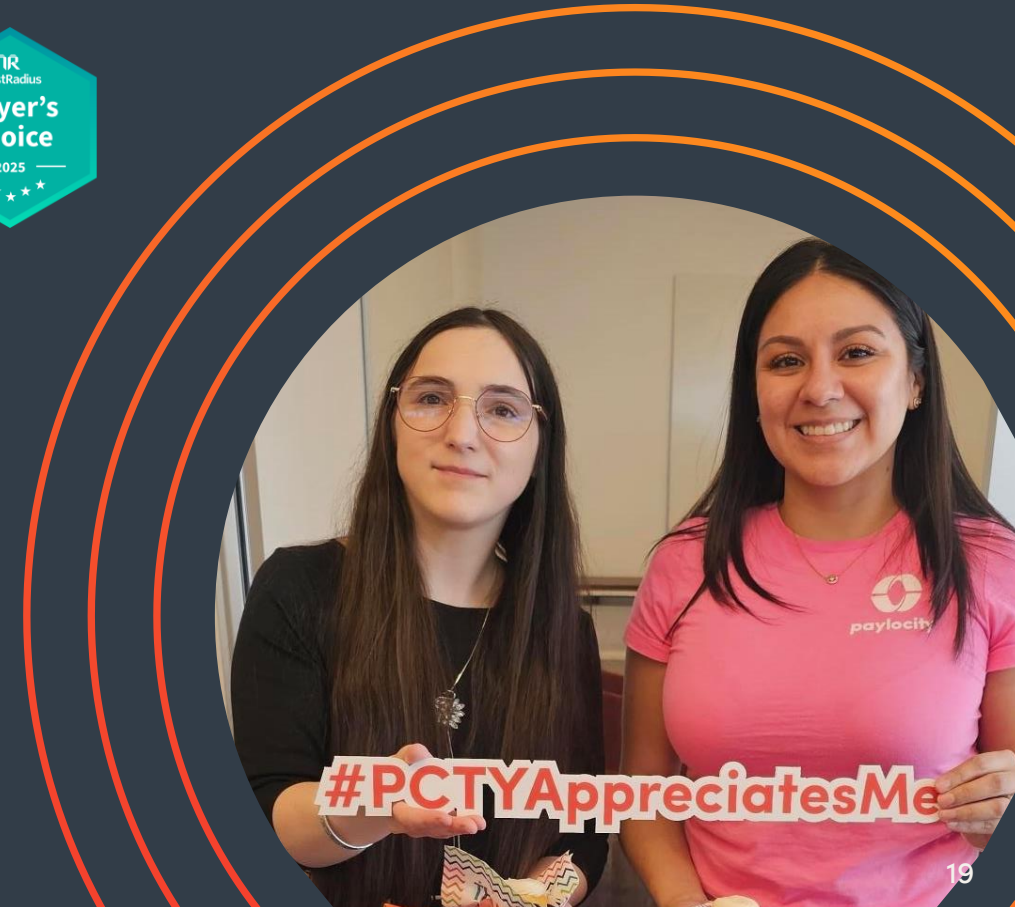


Demonstrating meaningful FCF leverage

- Successfully driven 150bps+ of FCF margin leverage excl. interest income on funds held for clients since FY23
- **Repurchased** ~1.8m shares of common stock at an average price of \$163.10 per share for ~\$300m in aggregate since May 2024
- Increased share repurchase authorization by an additional \$500m in July 2025
- \$200m remaining under existing share repurchase program as of June 30, 2025

Strong Balance Sheet - \$398m Cash & Cash Equivalents as of 6/30/25

External Recognition





Positioned for Long-Term Growth & Margin Expansion

- Creating the most modern HCM and spend management platform
- Increasing average revenue per client
- Growing client base
- Strong client retention





www.paylocity.com