



**Q1 Fiscal 2025**  
**Investor Presentation**

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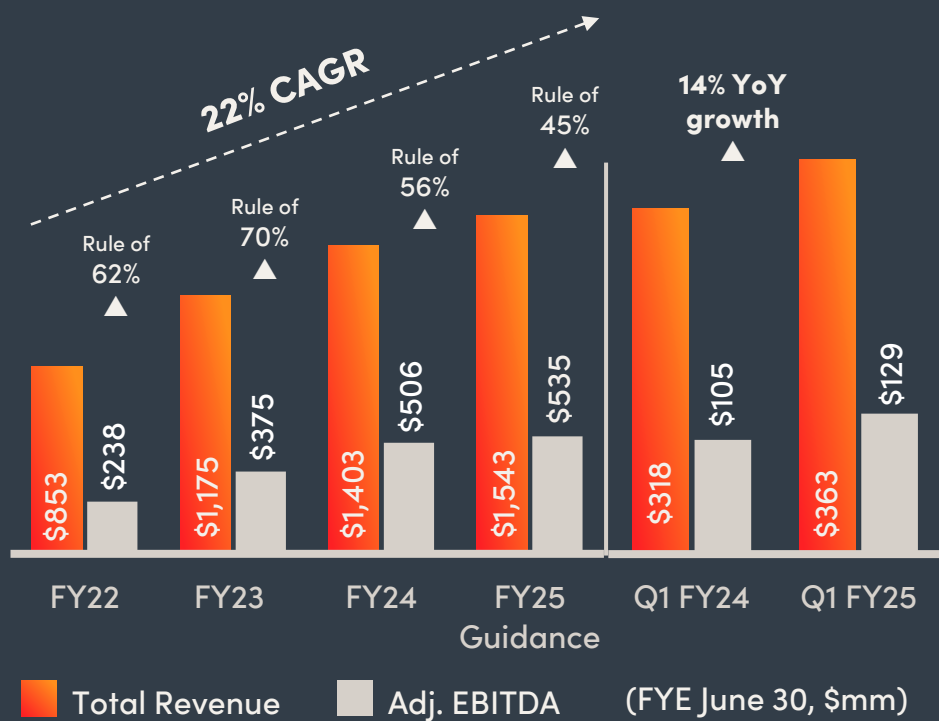
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Investors are encouraged to review 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 October 30, 2024, August 1, 2024, August 3, 2023, August 4, 2022, and August 5, 2021.

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




Headquarters  
Schaumburg, IL



**39,050**  
clients



**150+**  
avg. client size



**6,400**  
employees

**10-5,000**  
employees  
target market

\*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 ~\$19.5 billion

Current average client size of

**150+**  
employees

**39,050 clients**  
as of June 30, 2024

Approximately

**1.3 million businesses**

in the 10-5,000 segment of the market

**~50%+ Realized HCM PEPY**

~3% penetrated into addressable market

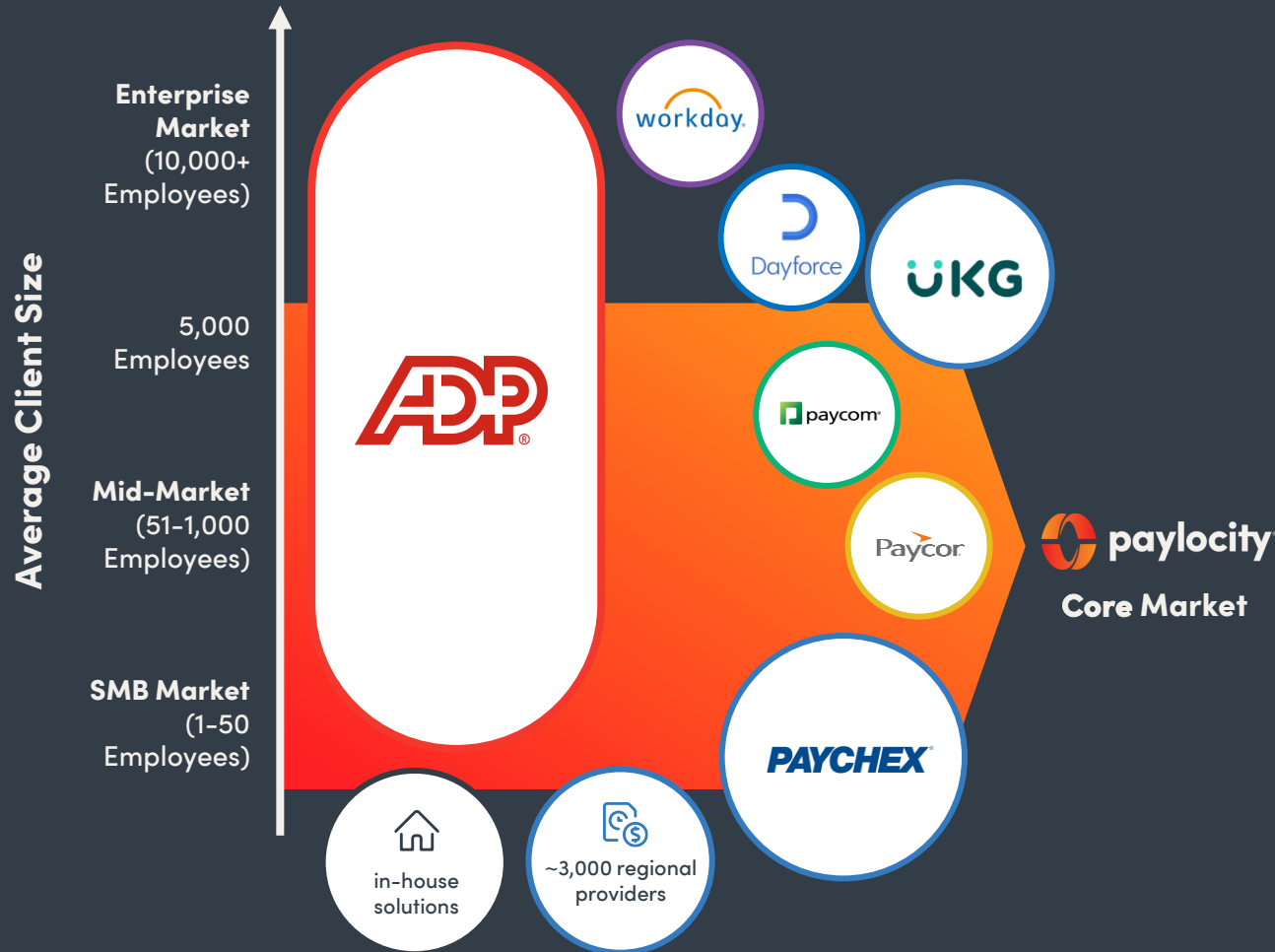
**69 million employees**

in the 10-5,000 segment of the 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

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

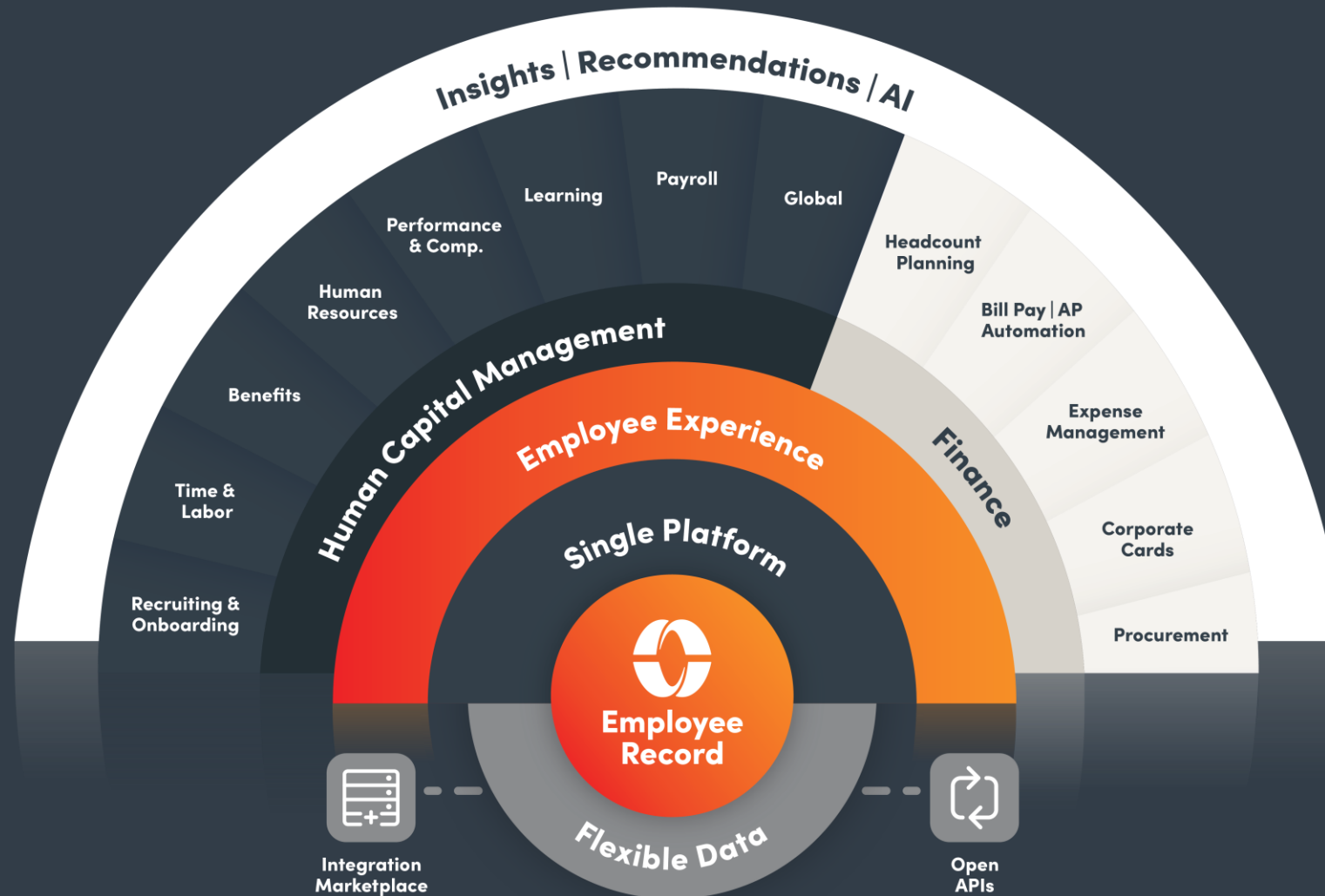
Primarily lower end of the market



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**

# The Most Modern Platform HCM & Finance



# The Most Complete HCM Platform for The Modern Workforce



**HR**

Supervisor To-dos Personal Tasks

0 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**

Payroll 12/1 Bi-Weekly

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. [Approve All Batches](#)

Filters apply to batch totals and reports

BATCH: All Batches DIVISION: -All- BRANCH: -All- DEPARTMENT: -All-  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.

**Recruiting**

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: 05/28 - 06/03

Search by employee, number, or badge

Active Filters: Employee Status: Active

Position	Sun 05/28	Mon 05/29	Tue 05/30	Wed 05/31	Thu 06/01	Fri 06/02	Sat 06/03
Parklife Driver	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM
Garden Associate	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM
Manager	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM
Summer Garden Associate	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM	8:00 AM - 4:00 PM

Totals Hours: 32h, 24h, 24h, 24h, 16h, 24h, 32h

**Benefits**

Benefits Decision Support

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

Plan	Cost	Pay less at point of care
#1 Saves you overall	BlueCross BlueShield ACME NCHRP HISA Through Democorp	Lowest estimated total cost under optimal circumstances
#2 Pay less at point of care	BlueCross BlueShield ACME Enhanced PPO Through Democorp	Lowest estimated total cost under optimal circumstances
#3 Pay less at point of care	BlueCross BlueShield ACME Gold PPO Through Democorp	Lowest estimated total cost under optimal circumstances

+\$777

## 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

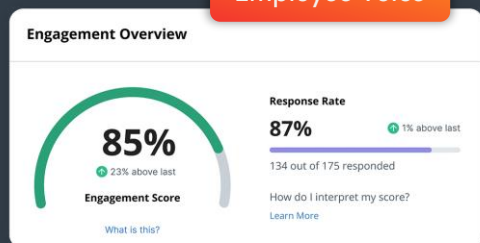
## Setup Frictionless Benefits

Easily set up enrollment, navigate compliance and automate processes

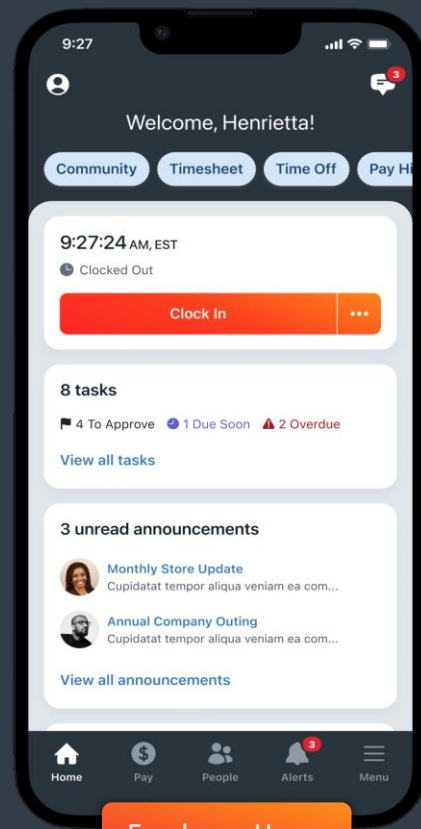
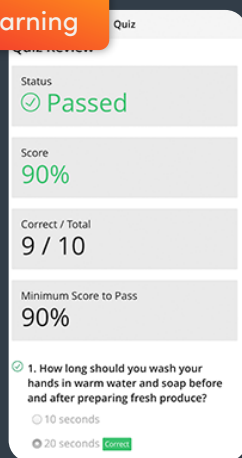


# Providing HR the tools to better engage with their employees

## Employee Voice

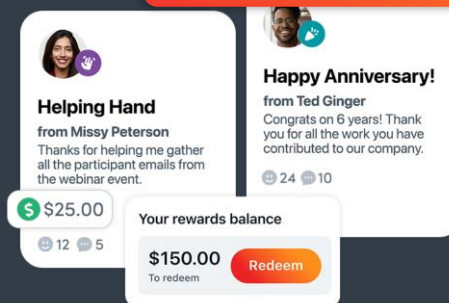


## Learning



## Employee Home

## Recognition & Rewards



## Community & Video



## 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

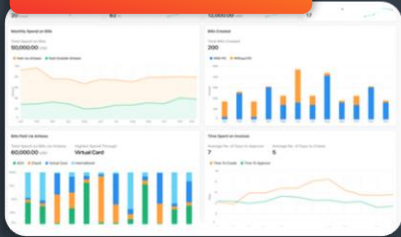
Everything employees need at their fingertips on any device



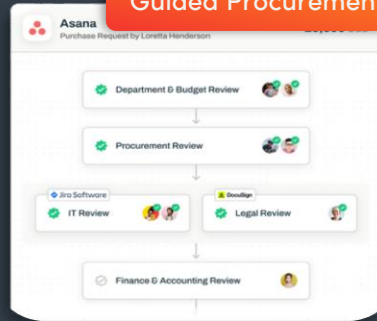


# Modern finance & spend management software that puts CFOs in control

## Spend Analytics



## Guided Procurement



## Vendor Management

## ERP Integration

Amazon 03 Apr 2024	-24,650.90 USD
Apple 07 Apr 2024	-48,520.75 USD
Transaction #25478954	
Google 09 Apr 2024	-38,724.10 USD <span>RECONCILED</span>
<b>Timing Difference</b> The transaction was completed in a different period but the ledger entry is posted in the General Ledger in the selected reconciliation period.	
ClickFunnels 16 Apr 2024	-3,744.88 USD
Facebook 18 Apr 2024	-12,777.90 USD

## AP Automation & Expense Management

## Corporate Cards

## Significant TAM Expansion = HCM + Finance

Material new TAM expansion opportunity into high growth Office of the CFO category

## Differentiated Platform with unified experience across HCM and Finance

Unified payroll and non-payroll spend on a single platform is valuable to our client segment and is a highly differentiated position in the mid-market vs. Payroll & HCM competitors

## High value-add for HR and finance teams to manage ALL spend through a single pane of glass

Provides real-time visibility, faster close, and improved financial controls, enabling HR and Finance teams to manage all costs in one centralized platform

## Automate manual processes for Finance, HR and employees through fully integrated system, workflows, and real-time spend visibility

Leverages PCTY's employee of record as the core driver to automate workflows, integrating finance and HR processes while unlocking synergies for real-time spend visibility and controls



# HCM Competitive Landscape

Where Our Clients Come From



# Go-To-Market Strategy

## We hire experienced sales professionals

- Most have prior HCM platform, HR technology 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

**885**

reps in fiscal 2025

**▲ 8%**

From 820 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

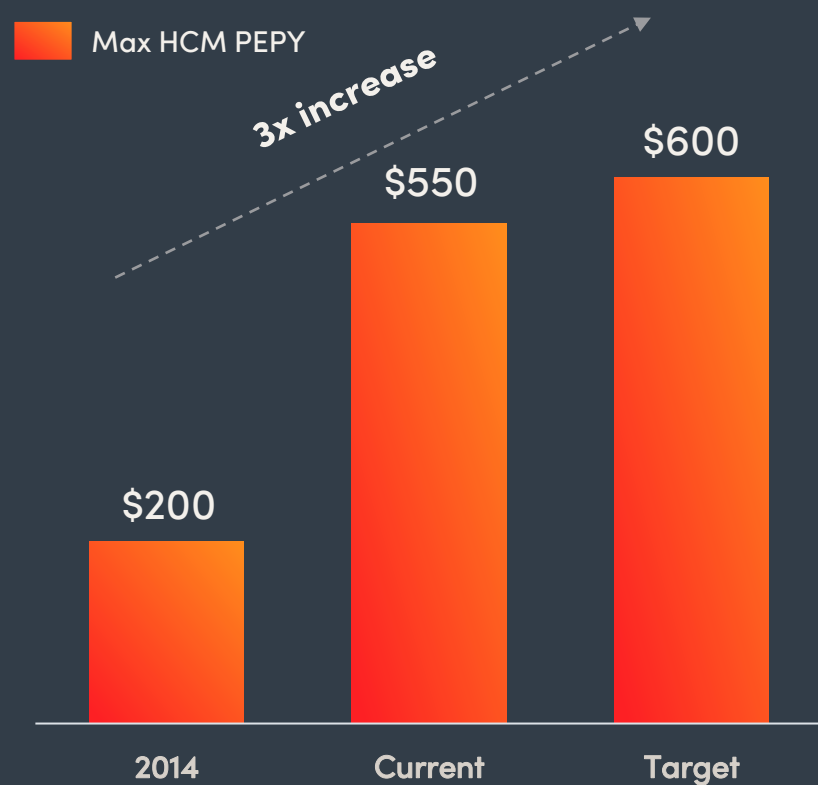


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**25%+** of our new client revenue comes from referrals from channels

# Sustained R&D Investment Drives Product Expansion and Revenue Growth

Over 200% increase in product suite since 2014



## Ongoing Product Innovation



Community



Video



Learning



Employee Voice



Market Pay

## Employee Experience



Recruiting & Onboarding



Benefits



Time & Labor



Payroll



Human Resources



Performance & Compensation

## HCM

# Continued Client Service Investments Support Strong Revenue Retention

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



Retention Churn<sup>(1)</sup>



Providing the most modern platform



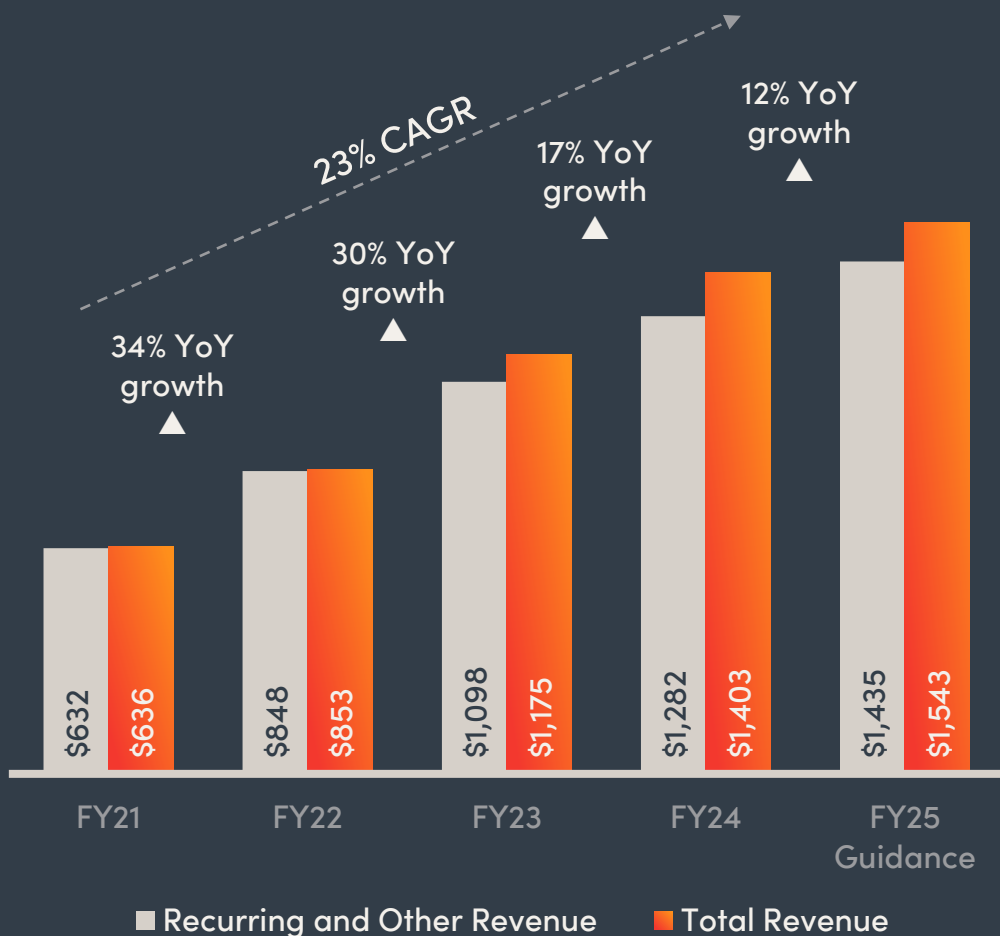
Delivering world class service

\*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. <sup>(1)</sup>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

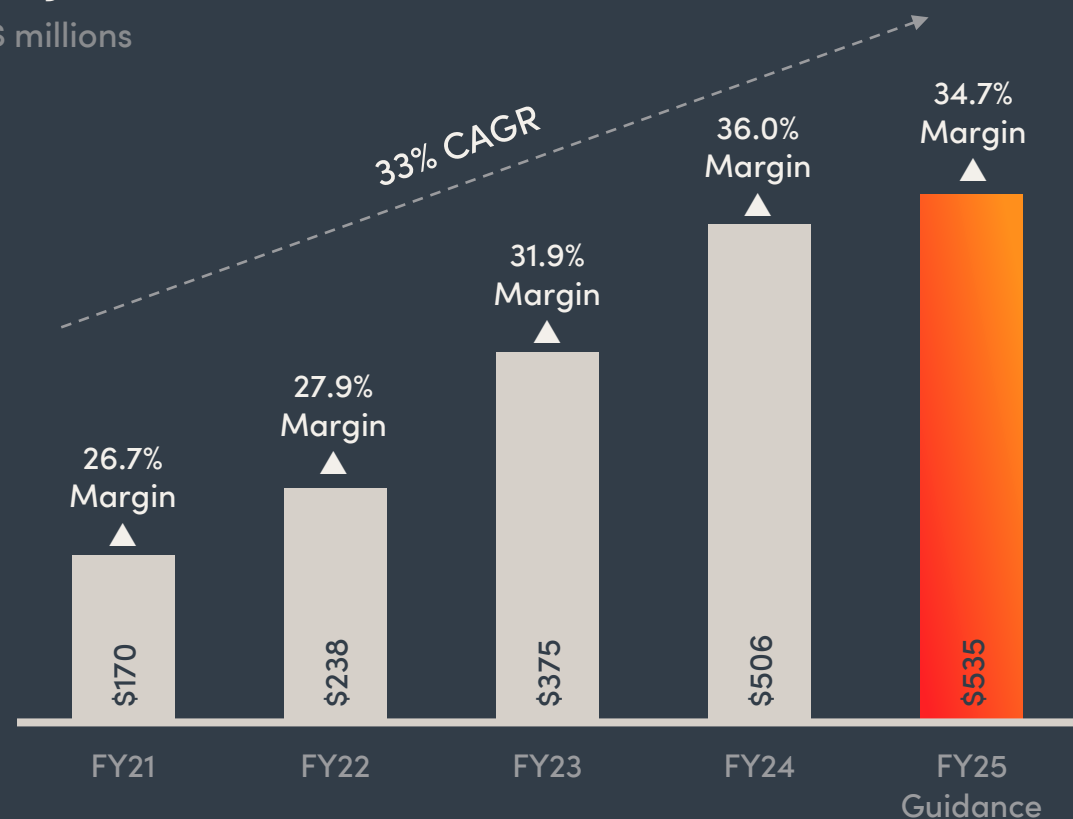
Squarely focused on **revenue growth** while demonstrating **meaningful leverage** in our business model

# Financials (cont.)

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

## Adjusted EBITDA

\$ millions



## Driving greater leverage over time

- Successfully driven roughly 800bps of adj. EBITDA margin leverage since FY21
- Intend to drive leverage primarily through cost of sales and G&A on a go forward basis

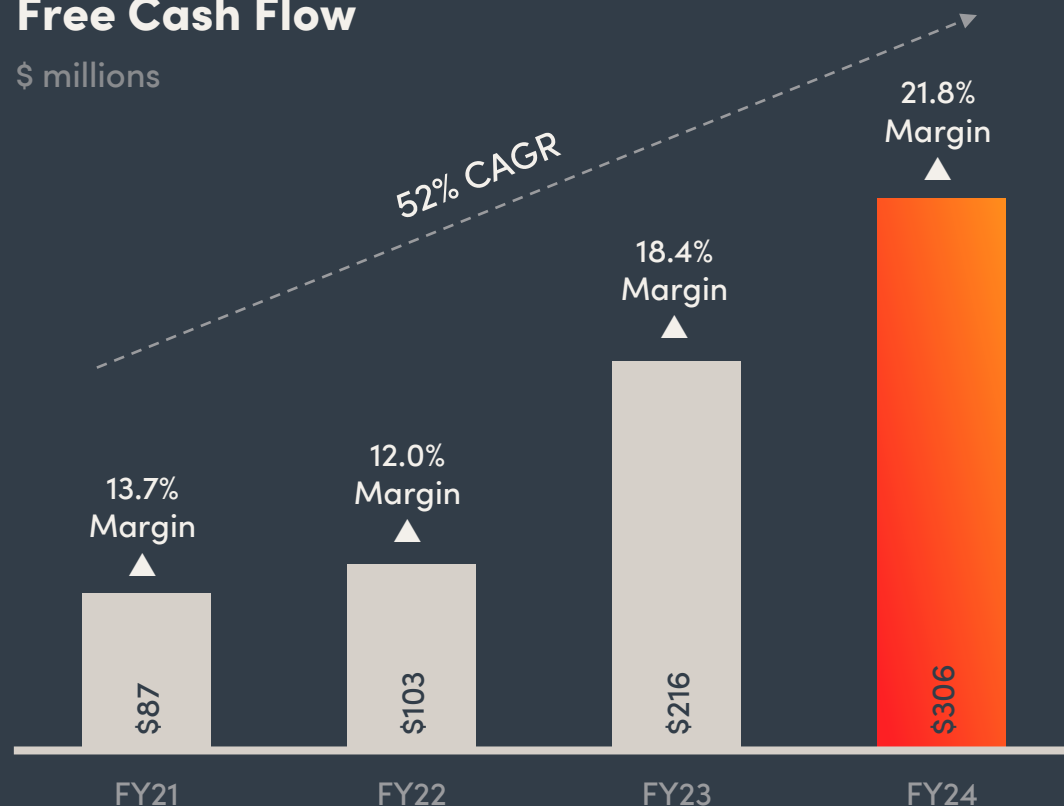


# Financials (cont.)

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

## Free Cash Flow

\$ millions



## Demonstrating meaningful FCF leverage

- Successfully driven ~800bps of FCF margin leverage since FY21
- Targeting to achieve our long-term FCF margin target of 20%-25%
- **Repurchased** 1.1m shares of common stock at an average price of \$142.82 per share for \$150m in aggregate repurchases in Q4 FY24, reducing diluted shares outstanding by ~600k shares (or 1.1%) versus Q1 FY24
- \$350m remaining under existing share repurchase program

Strong Balance Sheet - \$779M<sup>(1)</sup> Cash & Cash Equivalents as of 9/30/24

(1) Inclusive of \$325m drawn down from revolving credit facility to fund Airbase acquisition

# Corporate Social Responsibility

In addition to our strong culture and the world-class service, Paylocity is committed to being a leader in social and environmental responsibility, and corporate governance

## Sustainability

We are committed to promoting environment responsibility and sustainable practices to ensure a healthier plant for future generations.

## Governance at Paylocity

Our Board of Directors and Executive team are committed to promoting transparency and adhering to the highest ethical values.

## Information Security

We view the protection of our client's data as a top priority.



# Our Diversity, Equity, Inclusion, and Accessibility Journey

Transparency is a crucial part of our DEIA journey. That's why we share annual data so our employees, clients, and partners can see where we stand. Our progress will continue to be rooted in intentional action together. Our goal isn't about reaching a certain number – it's about building the most inclusive culture possible, filled with talented and amazing people.

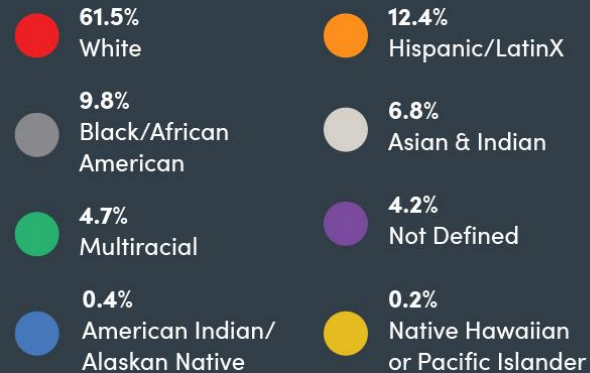
## Overall Population



### Gender Representation



### Ethnicity Representation



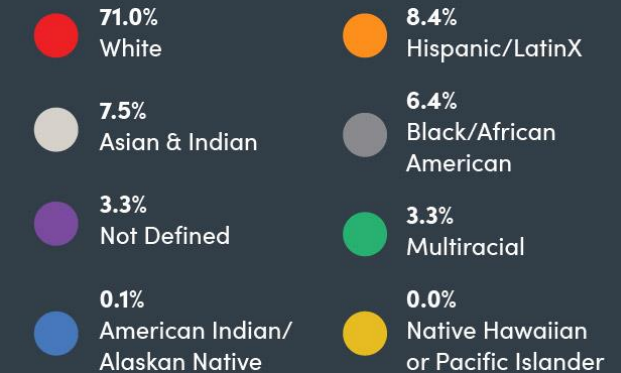
## Leadership Population



### Gender Representation



### Ethnicity Representation



\*Ethnicity Representation includes only U.S. employees \*\*Leadership includes manager+ roles

# External Recognition



2020-2024



2020-2024



2020-2024



2024



2012-2024



2024



2023-2024



2023-2024



2024



2024



2024



2023-2024



2019-2024



2023-2024



2022-2023



2023



2023



2022-2023



2023



2023





## 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](http://www.paylocity.com)