

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**Form 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

**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 001-36348

**PAYLOCITY HOLDING CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**46-4066644**  
(IRS Employer  
Identification No.)

**1400 American Lane  
Schaumburg, Illinois**  
(Address of principal executive offices)

**60173**  
(Zip Code)

**(847) 463-3200**  
(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
Common Stock, par value \$0.001 per share	PCTY	The NASDAQ Global Select Market LLC

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, a 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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 55,746,768 shares of Common Stock, \$0.001 par value per share, as of October 24, 2024.

**Paylocity Holding Corporation**  
**Form 10-Q**  
**For the Quarterly Period Ended September 30, 2024**

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PAYLOCITY HOLDING CORPORATION**  
**Unaudited Consolidated Balance Sheets**  
**(in thousands, except per share data)**

	June 30, 2024	September 30, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 401,811	\$ 778,549
Accounts receivable, net	32,997	34,317
Deferred contract costs	97,859	102,413
Prepaid expenses and other	39,765	40,583
Total current assets before funds held for clients	572,432	955,862
Funds held for clients	2,952,060	2,340,411
Total current assets	3,524,492	3,296,273
Capitalized internal-use software, net	116,412	121,932
Property and equipment, net	60,640	57,945
Operating lease right-of-use assets	33,792	33,190
Intangible assets, net	28,291	25,744
Goodwill	108,937	108,863
Long-term deferred contract costs	348,003	357,159
Long-term prepaid expenses and other	7,077	6,508
Deferred income tax assets	17,816	17,167
Total assets	<u>\$ 4,245,460</u>	<u>\$ 4,024,781</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 8,638	\$ 16,039
Accrued expenses	158,311	156,001
Total current liabilities before client fund obligations	166,949	172,040
Client fund obligations	2,950,411	2,328,665
Total current liabilities	3,117,360	2,500,705
Long-term debt	—	325,000
Long-term operating lease liabilities	46,814	45,661
Other long-term liabilities	6,398	6,493
Deferred income tax liabilities	41,824	41,010
Total liabilities	<u>\$ 3,212,396</u>	<u>\$ 2,918,869</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000 authorized, no shares issued and outstanding at June 30, 2024 and September 30, 2024	\$ —	\$ —
Common stock, \$0.001 par value, 155,000 shares authorized at June 30, 2024 and September 30, 2024; 55,514 shares issued and outstanding at June 30, 2024 and 55,738 shares issued and outstanding at September 30, 2024	56	56
Additional paid-in capital	360,488	376,952
Retained earnings	673,456	723,029
Accumulated other comprehensive income (loss)	(936)	5,875
Total stockholders' equity	<u>\$ 1,033,064</u>	<u>\$ 1,105,912</u>
Total liabilities and stockholders' equity	<u>\$ 4,245,460</u>	<u>\$ 4,024,781</u>

See accompanying notes to unaudited consolidated financial statements.

**PAYLOCITY HOLDING CORPORATION**  
**Unaudited Consolidated Statements of Operations and Comprehensive Income**  
**(in thousands, except per share data)**

	Three Months Ended September 30,	
	2023	2024
Revenues:		
Recurring and other revenue	\$ 291,685	\$ 333,105
Interest income on funds held for clients	25,901	29,851
Total revenues	317,586	362,956
Cost of revenues	101,467	114,960
Gross profit	216,119	247,996
Operating expenses:		
Sales and marketing	80,403	88,431
Research and development	44,605	47,260
General and administrative	49,922	48,161
Total operating expenses	174,930	183,852
Operating income	41,189	64,144
Other income	3,225	4,742
Income before income taxes	44,414	68,886
Income tax expense	9,897	19,313
Net income	\$ 34,517	\$ 49,573
Other comprehensive income, net of tax	120	6,811
Comprehensive income	\$ 34,637	\$ 56,384
Net income per share:		
Basic	\$ 0.62	\$ 0.89
Diluted	\$ 0.61	\$ 0.88
Weighted-average shares used in computing net income per share:		
Basic	56,037	55,640
Diluted	56,881	56,266

See accompanying notes to unaudited consolidated financial statements.

**PAYLOCITY HOLDING CORPORATION**  
**Unaudited Consolidated Statement of Changes in Stockholders' Equity**  
**(in thousands)**

	Three Months Ended September 30, 2023					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
<b>Balances at June 30, 2023</b>	55,912	\$ 56	\$ 380,632	\$ 466,690	\$ (4,515)	\$ 842,863
Stock-based compensation	—	—	43,964	—	—	43,964
Stock options exercised	14	—	223	—	—	223
Issuance of common stock upon vesting of equity awards	387	—	—	—	—	—
Net settlement for taxes and/or exercise price related to equity awards	(146)	—	(29,048)	—	—	(29,048)
Unrealized gains on securities, net of tax	—	—	—	—	120	120
Net income	—	—	—	34,517	—	34,517
<b>Balances at September 30, 2023</b>	<u>56,167</u>	<u>\$ 56</u>	<u>\$ 395,771</u>	<u>\$ 501,207</u>	<u>\$ (4,395)</u>	<u>\$ 892,639</u>
	Three Months Ended September 30, 2024					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balances at June 30, 2024</b>	55,514	\$ 56	\$ 360,488	\$ 673,456	\$ (936)	\$ 1,033,064
Stock-based compensation	—	—	38,000	—	—	38,000
Stock options exercised	114	—	2,822	—	—	2,822
Issuance of common stock upon vesting of equity awards	273	—	—	—	—	—
Net settlement for taxes and/or exercise price related to equity awards	(163)	—	(24,358)	—	—	(24,358)
Unrealized gains on securities, net of tax	—	—	—	—	6,811	6,811
Net income	—	—	—	49,573	—	49,573
<b>Balances at September 30, 2024</b>	<u>55,738</u>	<u>\$ 56</u>	<u>\$ 376,952</u>	<u>\$ 723,029</u>	<u>\$ 5,875</u>	<u>\$ 1,105,912</u>

See accompanying notes to the unaudited consolidated financial statements.

**PAYLOCITY HOLDING CORPORATION**  
**Unaudited Consolidated Statements of Cash Flows**  
(in thousands)

	Three Months Ended September 30,	
	2023	2024
<b>Cash flows from operating activities:</b>		
Net income	\$ 34,517	\$ 49,573
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	39,005	33,540
Depreciation and amortization expense	17,121	21,552
Deferred income tax expense (benefit)	5,391	(2,556)
Provision for credit losses	181	221
Net accretion of discounts on available-for-sale securities	(1,392)	(662)
Other	189	304
Changes in operating assets and liabilities:		
Accounts receivable	(4,801)	(903)
Deferred contract costs	(14,985)	(13,081)
Prepaid expenses and other	(1,669)	(773)
Accounts payable	1,569	7,885
Accrued expenses and other	(12,984)	(3,645)
Net cash provided by operating activities	62,142	91,455
<b>Cash flows from investing activities:</b>		
Purchases of available-for-sale securities	(92,567)	(20,174)
Proceeds from sales and maturities of available-for-sale securities	101,216	25,022
Capitalized internal-use software costs	(14,193)	(15,210)
Purchases of property and equipment	(3,454)	(2,328)
Other investing activities	(406)	(638)
Net cash used in investing activities	(9,404)	(13,328)
<b>Cash flows from financing activities:</b>		
Net change in client fund obligations	(93,566)	(621,746)
Borrowings under credit facility	—	325,000
Taxes paid related to net share settlement of equity awards	(28,825)	(21,536)
Other financing activities	(11)	(11)
Net cash used in financing activities	(122,402)	(318,293)
Net change in cash, cash equivalents and funds held for clients' cash and cash equivalents	(69,664)	(240,166)
Cash, cash equivalents and funds held for clients' cash and cash equivalents—beginning of period	2,421,312	2,845,669
Cash, cash equivalents and funds held for clients' cash and cash equivalents—end of period	\$ 2,351,648	\$ 2,605,503
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Purchases of property and equipment and capitalized internal-use software, accrued but not paid	\$ 1,803	\$ 960
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 124	\$ 123
Cash paid for income taxes	\$ 6,207	\$ 6,194
<b>Reconciliation of cash, cash equivalents and funds held for clients' cash and cash equivalents to the Consolidated Balance Sheets</b>		
Cash and cash equivalents	\$ 305,031	\$ 778,549
Funds held for clients' cash and cash equivalents	2,046,617	1,826,954
Total cash, cash equivalents and funds held for clients' cash and cash equivalents	\$ 2,351,648	\$ 2,605,503

See accompanying notes to unaudited consolidated financial statements.

**PAYLOCITY HOLDING CORPORATION**  
**Notes to the Unaudited Consolidated Financial Statements**  
**(all amounts in thousands, except per share data)**

**(1) Organization and Description of Business**

Paylocity Holding Corporation (the “Company”) is a cloud-based provider of human capital management and payroll software solutions that deliver a comprehensive platform for the modern workforce. Services are provided in a Software-as-a-Service (“SaaS”) delivery model. The Company’s comprehensive product suite delivers a unified platform that helps businesses attract and retain talent, build culture and connection with their employees, and streamline and automate HR and payroll processes.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation, Consolidation and Use of Estimates**

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes.

**(b) Interim Unaudited Consolidated Financial Information**

The accompanying unaudited consolidated financial statements and notes have been prepared in accordance with GAAP and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the Company’s financial position, results of operations, changes in stockholders’ equity and cash flows. The results of operations for the three months ended September 30, 2024 are not necessarily indicative of the results for the full year or the results for any future periods. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended June 30, 2024 included in the Company’s Annual Report on Form 10-K.

**(c) Income Taxes**

Income taxes are accounted for in accordance with ASC 740, Income Taxes, using the asset and liability method. The Company’s provision for income taxes is based on the annual effective rate method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net-recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

#### (d) *Recently Issued Accounting Standards*

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 primarily requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker along with other incremental segment information. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted, and will be applied retrospectively to all prior periods presented in the financial statements. The Company continues to evaluate the impact of this ASU on its consolidated financial statement disclosures including the timing of adoption.

In December 2023, the FASB issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosure ("ASU 2023-09"). ASU 2023-09 mostly requires, on an annual basis, disclosure of specific categories in an entity's effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. The incremental disclosures may be presented on a prospective or retrospective basis. The ASU is effective for fiscal years beginning after December 15, 2024 with early adoption permitted. The Company continues to evaluate the impact of this ASU on its consolidated financial statement disclosures including the method and timing of adoption.

From time to time, new accounting pronouncements are issued by the FASB or other standard-setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of other recently issued standards that are not yet effective will not have a material impact on the Company's consolidated financial statements upon adoption.

### (3) **Revenue**

The Company derives substantially all of its revenue from contracts from recurring service fees. While the majority of its agreements are generally cancellable by the client on 60 days' notice or less, the Company also offers term agreements to its clients, which are generally two years in length. Recurring fees are derived from cloud-based payroll and HCM software solutions which includes payroll processing and related services such as payroll reporting and tax filing services, time and labor services, time clock rentals, and HR-related software solutions, including employee management and benefits enrollment and administration, substantially all of which are delivered on a monthly basis. Substantially all of the Company's recurring fees are satisfied over time as services are provided. The performance obligations related to recurring services are generally satisfied monthly as services are provided, with fees charged and collected based on a per-employee-per-month fee. The Company has certain optional performance obligations that are satisfied at a point in time including the sales of time clocks and W-2 services. Implementation services and other consist mainly of nonrefundable implementation fees, which involve setting the client up in, and loading data into, the Company's cloud-based modules. These implementation activities are considered set-up activities. The Company has determined that the nonrefundable upfront fees provide certain clients with a material right to renew the contract.

#### *Disaggregation of revenue*

The following table disaggregates total revenues from contracts by Recurring fees and Implementation services and other, which the Company believes depicts the nature, amount and timing of its revenue:

	Three Months Ended September 30,	
	2023	2024
Recurring fees	\$ 279,899	\$ 319,314
Implementation services and other	11,786	13,791
Total revenues from contracts	<u>\$ 291,685</u>	<u>\$ 333,105</u>

#### *Deferred revenue*

The timing of revenue recognition for recurring revenue is consistent with the timing of invoicing as they occur monthly as services are provided based on a per-employee-per-month fee. As such, the Company does not generally recognize contract assets or liabilities related to recurring revenue.



The Company defers and amortizes nonrefundable upfront fees related to implementation services generally over a period up to 24 months based on the type of contract. The following table summarizes the changes in deferred revenue (i.e., contract liability) related to these nonrefundable upfront fees as follows:

	Three Months Ended September 30,	
	2023	2024
Balance at beginning of the period	\$ 22,617	\$ 24,883
Deferral of revenue	10,644	11,274
Revenue recognized	(9,121)	(10,760)
Balance at end of the period	<u>\$ 24,140</u>	<u>\$ 25,397</u>

Deferred revenue related to these nonrefundable upfront fees are recorded within Accrued expenses and Other long-term liabilities on the Unaudited Consolidated Balance Sheets. The Company expects to recognize these deferred revenue balances of \$19,200 in fiscal 2025, \$5,697 in fiscal 2026 and \$500 in fiscal 2027 and thereafter.

#### **Deferred contract costs**

The Company defers certain selling and commission costs that meet the capitalization criteria under ASC 340-40. The Company also capitalizes certain costs to fulfill a contract related to its proprietary products if they are identifiable, generate or enhance resources used to satisfy future performance obligations and are expected to be recovered under ASC 340-40. Implementation fees are treated as nonrefundable upfront fees and the related implementation costs are required to be capitalized and amortized over the expected period of benefit, which is the period in which the Company expects to recover the costs and enhance its ability to satisfy future performance obligations.

The Company utilizes the portfolio approach to account for both the cost of obtaining a contract and the cost of fulfilling a contract. These capitalized costs are amortized over the expected period of benefit, which has been determined to be over 7 years based on the Company's average client life and other qualitative factors, including rate of technological changes. The Company does not incur any additional costs to obtain or fulfill contracts upon renewal. The Company recognizes additional selling and commission costs and fulfillment costs when an existing client purchases additional services. These additional costs only relate to the additional services purchased and do not relate to the renewal of previous services.

The following tables present the deferred contract costs and the related amortization expense for these deferred contract costs:

	Three Months Ended September 30, 2023			
	Beginning Balance	Capitalized Costs	Amortization	Ending Balance
Costs to obtain a new contract	\$ 218,965	\$ 17,760	\$ (12,316)	\$ 224,409
Costs to fulfill a contract	153,366	18,455	(8,004)	163,817
Total	<u>\$ 372,331</u>	<u>\$ 36,215</u>	<u>\$ (20,320)</u>	<u>\$ 388,226</u>

	Three Months Ended September 30, 2024			
	Beginning Balance	Capitalized Costs	Amortization	Ending Balance
Costs to obtain a new contract	\$ 250,136	\$ 19,412	\$ (14,525)	\$ 255,023
Costs to fulfill a contract	195,726	19,667	(10,844)	204,549
Total	<u>\$ 445,862</u>	<u>\$ 39,079</u>	<u>\$ (25,369)</u>	<u>\$ 459,572</u>

Deferred contract costs are recorded within Deferred contract costs and Long-term deferred contract costs on the Unaudited Consolidated Balance Sheets. Amortization of deferred contract costs is primarily recorded in Cost of revenues and Sales and marketing in the Unaudited Consolidated Statements of Operations and Comprehensive Income.

### **Remaining Performance Obligations**

The balance of the Company's remaining performance obligations related to minimum monthly fees on its term-based contracts was approximately \$84,706 as of September 30, 2024, which will be generally recognized over the next 24 months. This balance excludes the value of unsatisfied performance obligations for contracts that have an original expected duration of one year or less and contracts for which the variable consideration is allocated entirely to wholly unsatisfied performance obligations.

### **(4) Business Combination**

On November 30, 2023, the Company acquired all of the outstanding shares of TraceHQ.com, Inc. ("Trace") through a merger of Trace with a subsidiary of the Company for cash consideration of \$12,086, subject to working capital and other customary purchase price adjustments. Trace offers a headcount planning solution that expands the Company's product functionality in this area. The allocation of the purchase price for Trace was approximately \$6,809 of goodwill, \$4,200 of proprietary technology and other immaterial assets and liabilities which reflects certain immaterial measurement period adjustments recorded during the three months ended September 30, 2024. The Company accounted for this transaction as a business combination and recorded the assets acquired and liabilities assumed at their respective estimated fair values as of the date of the acquisition with the excess consideration paid recorded as goodwill.

The results from this acquisition have been included in the Company's consolidated financial statements since the closing of the transaction and are not material to the Company. Pro forma information is not presented because the effects of the acquisition are not material to the Company's consolidated financial statements. The goodwill related to this transaction is primarily attributable to the assembled workforce and growth opportunities from the expansion and enhancement of the Company's product offerings. The goodwill associated with the Trace acquisition is not deductible for income tax purposes. Direct costs related to the acquisition were immaterial and were expensed as incurred as General and administrative expense in the Unaudited Consolidated Statements of Operations and Comprehensive Income.

### **(5) Balance Sheet Information**

The following tables provide details of selected consolidated balance sheet items:

Activity in the allowance for credit losses related to accounts receivable was as follows:

Balance at June 30, 2024	\$	2,375
Charged to expense		221
Write-offs		(297)
Balance at September 30, 2024	\$	<u>2,299</u>

Capitalized internal-use software and accumulated amortization were as follows:

	June 30, 2024	September 30, 2024
Capitalized internal-use software	\$ 324,269	\$ 343,566
Accumulated amortization	(207,857)	(221,634)
Capitalized internal-use software, net	<u>\$ 116,412</u>	<u>\$ 121,932</u>

Amortization of capitalized internal-use software costs is primarily included in Cost of revenues and amounted to \$9,535 and \$13,777 for the three months ended September 30, 2023 and 2024, respectively.

The major classes of property and equipment, net were as follows:

	June 30, 2024	September 30, 2024
Office equipment	\$ 2,771	\$ 2,774
Computer equipment	63,138	63,284
Furniture and fixtures	13,081	13,088
Software	13,102	12,972
Leasehold improvements	49,392	49,408
Time clocks rented by clients	9,738	10,029
<b>Total</b>	<b>151,222</b>	<b>151,555</b>
Accumulated depreciation	(90,582)	(93,610)
<b>Property and equipment, net</b>	<b>\$ 60,640</b>	<b>\$ 57,945</b>

Depreciation expense amounted to \$5,050 and \$5,228 for the three months ended September 30, 2023 and 2024, respectively.

The following table summarizes changes in goodwill during the three months ended September 30, 2024:

Balance at June 30, 2024	\$ 108,937
Measurement period adjustments	(74)
<b>Balance at September 30, 2024</b>	<b>\$ 108,863</b>

Refer to Note 4 for further details on current year acquisition activity.

The Company's amortizable intangible assets and estimated useful lives are as follows:

	June 30, 2024	September 30, 2024	Weighted average useful life (years)
Proprietary technology	\$ 47,329	\$ 47,329	5.9
Client relationships	22,200	22,200	7.8
Non-solicitation agreements	1,600	1,600	3.1
Trade names	1,640	1,640	5.0
<b>Total</b>	<b>72,769</b>	<b>72,769</b>	
Accumulated amortization	(44,478)	(47,025)	
<b>Intangible assets, net</b>	<b>\$ 28,291</b>	<b>\$ 25,744</b>	

Amortization expense for acquired intangible assets was \$2,536 and \$2,547 for the three months ended September 30, 2023 and 2024, respectively, and is included in Cost of revenues and General and administrative.

Future amortization expense for acquired intangible assets as of September 30, 2024 is as follows:

Remainder of fiscal 2025	\$ 7,181
Fiscal 2026	8,109
Fiscal 2027	5,733
Fiscal 2028	3,869
Fiscal 2029	852
<b>Total</b>	<b>\$ 25,744</b>

The components of accrued expenses were as follows:

	June 30, 2024	September 30, 2024
Accrued payroll and personnel costs	\$ 93,248	\$ 76,368
Operating lease liabilities	7,634	7,669
Deferred revenue	25,949	27,422
Other	31,481	44,542
<b>Total accrued expenses</b>	<b>\$ 158,311</b>	<b>\$ 156,001</b>

#### (6) Cash and Cash Equivalents and Funds Held for Clients

Cash and cash equivalents and Funds held for clients consisted of the following:

Type of Issue	June 30, 2024			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
Cash and cash equivalents	\$ 401,811	\$ —	\$ —	\$ 401,811
Funds held for clients' cash and cash equivalents	2,443,858	—	—	2,443,858
Available-for-sale securities:				
Corporate bonds	314,728	1,094	(1,002)	314,820
Asset-backed securities	40,653	147	(118)	40,682
U.S. treasury securities	124,889	36	(973)	123,952
Other	28,875	84	(211)	28,748
Total available-for-sale securities	509,145	1,361	(2,304)	508,202
<b>Total investments</b>	<b>\$ 3,354,814</b>	<b>\$ 1,361</b>	<b>\$ (2,304)</b>	<b>\$ 3,353,871</b>

Type of Issue	September 30, 2024			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
Cash and cash equivalents	\$ 778,549	\$ —	\$ —	\$ 778,549
Funds held for clients' cash and cash equivalents	1,826,954	—	—	1,826,954
Available-for-sale securities:				
Corporate bonds	327,555	7,817	(198)	335,174
Asset-backed securities	39,513	639	(35)	40,117
U.S. treasury securities	120,302	345	(198)	120,449
Other	17,589	214	(86)	17,717
Total available-for-sale securities	504,959	9,015	(517)	513,457
<b>Total investments</b>	<b>\$ 3,110,462</b>	<b>\$ 9,015</b>	<b>\$ (517)</b>	<b>\$ 3,118,960</b>

All available-for-sale securities were included in Funds held for clients at June 30, 2024 and September 30, 2024.

Cash and cash equivalents and funds held for clients' cash and cash equivalents included demand deposit accounts and money market funds at June 30, 2024 and September 30, 2024.

Classification of investments on the Unaudited Consolidated Balance Sheets was as follows:

	June 30, 2024	September 30, 2024
Cash and cash equivalents	\$ 401,811	\$ 778,549
Funds held for clients	2,952,060	2,340,411
<b>Total investments</b>	<b>\$ 3,353,871</b>	<b>\$ 3,118,960</b>

Available-for-sale securities that had been in an unrealized loss position for a period of less and greater than 12 months as of June 30, 2024 and September 30, 2024 had fair market value as follows:

June 30, 2024						
	Securities in an unrealized loss position for less than 12 months		Securities in an unrealized loss position for greater than 12 months		Total	
	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
Corporate bonds	(488)	105,957	(514)	30,057	(1,002)	136,014
Asset-backed securities	(1)	1,069	(117)	8,335	(118)	9,404
U.S. treasury securities	(157)	44,712	(816)	72,224	(973)	116,936
Other	(12)	3,497	(199)	10,525	(211)	14,022
Total available-for-sale securities	<u>\$ (658)</u>	<u>\$ 155,235</u>	<u>\$ (1,646)</u>	<u>\$ 121,141</u>	<u>\$ (2,304)</u>	<u>\$ 276,376</u>

September 30, 2024						
	Securities in an unrealized loss position for less than 12 months		Securities in an unrealized loss position for greater than 12 months		Total	
	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
Corporate bonds	(3)	12,690	(195)	23,784	(198)	36,474
Asset-backed securities	—	—	(35)	6,732	(35)	6,732
U.S. treasury securities	(3)	4,563	(195)	48,322	(198)	52,885
Other	—	—	(86)	5,913	(86)	5,913
Total available-for-sale securities	<u>\$ (6)</u>	<u>\$ 17,253</u>	<u>\$ (511)</u>	<u>\$ 84,751</u>	<u>\$ (517)</u>	<u>\$ 102,004</u>

The Company regularly reviews the composition of its portfolio to determine the existence of credit impairment. The Company did not recognize any credit impairment losses during the three months ended September 30, 2023 or 2024. All securities in the Company's portfolio held an A-1 rating or better as of September 30, 2024.

The Company did not make any material reclassification adjustments out of accumulated other comprehensive income for realized gains and losses on the sale of available-for-sale securities during the three months ended September 30, 2023 or 2024. There were no realized gains or losses on the sale of available-for-sale securities for the three months ended September 30, 2023 or 2024.

Expected maturities of available-for-sale securities at September 30, 2024 were as follows:

	Amortized cost	Fair value
One year or less	\$ 168,598	\$ 168,376
One year to two years	100,068	101,286
Two years to three years	51,108	52,492
Three years to five years	185,185	191,303
Total available-for-sale securities	<u>\$ 504,959</u>	<u>\$ 513,457</u>

## (7) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs

used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets and liabilities.
- Level 2—Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company measures cash and cash equivalents, funds held for clients' cash and cash equivalents, accounts receivable, accounts payable and client fund obligations at fair value on a recurring basis using Level 1 inputs. The Company considers the recorded value of these financial assets and liabilities to approximate the fair value of the respective assets and liabilities at June 30, 2024 and September 30, 2024 based upon the short-term nature of these assets and liabilities.

Marketable securities classified as available-for-sale are recorded at fair value on a recurring basis using Level 2 inputs obtained from an independent pricing service. Available-for-sale securities may include commercial paper, corporate bonds, asset-backed securities, certificates of deposit, U.S. treasury securities, and other securities. The independent pricing service utilizes a variety of inputs including benchmark yields, broker/dealer quoted prices, reported trades, issuer spreads as well as other available market data. The Company, on a sample basis, validates the pricing from the independent pricing service against another third-party pricing source for reasonableness. The Company has not adjusted any prices obtained by the independent pricing service, as it believes they are appropriately valued. There were no available-for-sale securities classified in Level 3 of the fair value hierarchy at June 30, 2024 or September 30, 2024.

The fair value level for the Company's cash and cash equivalents and available-for-sale securities was as follows:

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 401,811	\$ 401,811	\$ —	\$ —
Funds held for clients' cash and cash equivalents	2,443,858	2,443,858	—	—
Available-for-sale securities:				
Corporate bonds	314,820	—	314,820	—
Asset-backed securities	40,682	—	40,682	—
U.S. treasury securities	123,952	—	123,952	—
Other	28,748	—	28,748	—
Total available-for-sale securities	508,202	—	508,202	—
Total investments	\$ 3,353,871	\$ 2,845,669	\$ 508,202	\$ —

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 778,549	\$ 778,549	\$ —	\$ —
Funds held for clients' cash and cash equivalents	1,826,954	1,826,954	—	—
Available-for-sale securities:				
Corporate bonds	335,174	—	335,174	—
Asset-backed securities	40,117	—	40,117	—
U.S. treasury securities	120,449	—	120,449	—
Other	17,717	—	17,717	—
Total available-for-sale securities	513,457	—	513,457	—
Total investments	\$ 3,118,960	\$ 2,605,503	\$ 513,457	\$ —

### ***Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis***

The Company records assets acquired and liabilities assumed in business combinations at fair value. Refer to Note 4 for further details on the fair value measurements of certain assets and liabilities recorded at fair value on a non-recurring basis.

#### **(8) Debt**

The Company maintains a revolving credit agreement with PNC Bank, National Association, and other lenders, which is secured by substantially all of the Company's assets, subject to certain restrictions. The credit agreement provides for a senior secured revolving credit facility ("credit facility") with borrowing capacity up to \$550,000, which may be increased up to \$825,000, subject to obtaining additional lender commitments and certain approvals and satisfying other requirements. The credit facility is scheduled to expire in August 2027, and any borrowings outstanding will mature and be payable upon expiration. The Company had no outstanding borrowings under the credit facility at June 30, 2024. During the three months ended September 30, 2024, the Company borrowed \$325,000 to fund the acquisition of Airbase Inc. in October 2024, which remained outstanding at September 30, 2024. Refer to Note 13 for further details on the Company's acquisition of Airbase Inc.

The proceeds of any borrowings are to be used to fund working capital, capital expenditures and general corporate purposes, including permitted acquisitions, permitted investments, permitted distributions and share repurchases. The Company may generally borrow, prepay and reborrow under the credit facility and terminate or reduce the lenders' commitments at any time prior to revolving credit facility expiration without a premium or a penalty, other than customary "breakage" costs.

Any borrowings under the credit facility will generally bear interest, at the Company's option, at a rate per annum determined by reference to either the Term Secured Overnight Financing Rate ("SOFR") rate plus the SOFR Adjustment or an adjusted base rate, in each case plus an applicable margin ranging from 0.875% to 1.500% and 0.0% to 0.500%, respectively, based on the then-applicable net total leverage ratio. Additionally, the Company is required to pay certain commitment, letter of credit fronting and letter of credit participation fees on available and/or undrawn portions of the credit facility.

The Company is required to comply with certain customary affirmative and negative covenants, including a requirement to maintain a maximum net total leverage ratio of not greater than 4.00 to 1.00, (with a step up to 4.50 to 1.00 for the 4 consecutive fiscal quarters following a fiscal quarter in which certain permitted acquisitions are consummated), and a minimum interest coverage ratio of not less than 2.00 to 1.00. As of September 30, 2024, the Company was in compliance with all of the aforementioned covenants.

#### **(9) Stock-Based Compensation**

The Company maintained a 2014 Equity Incentive Plan (the "2014 Plan") and continues to maintain a 2023 Equity Incentive Plan (the "2023 Plan"). The 2023 Plan serves as the successor to the 2014 Plan and permits the granting of market share units ("MSUs"), performance stock units ("PSUs"), restricted stock units ("RSUs") and other equity incentives at the discretion of the compensation committee of the Company's board of directors ("Committee"). No new awards have been or will be issued under the 2014 Plan since the effective date of the 2023 Plan. Outstanding awards under the 2014 Plan continue to be subject to the terms and conditions of the 2014 Plan.

As of September 30, 2024, the Company had 1,432 shares available for future grant under the 2023 Plan, and 2,138 shares were subject to outstanding options or awards. Generally, the Company issues previously unissued shares for the exercise of stock options or vesting of awards; however, shares previously subject to granted awards that are forfeited or net settled at exercise or release may be reissued under the 2023 Plan to satisfy future issuances.

Stock-based compensation expense related to MSUs, PSUs, RSUs and the Employee Stock Purchase Plan is included in the following line items in the accompanying Unaudited Consolidated Statements of Operations and Comprehensive Income:

	Three Months Ended September 30,	
	2023	2024
Cost of revenues	\$ 4,943	\$ 4,496
Sales and marketing	9,225	9,341
Research and development	9,758	9,493
General and administrative	15,079	10,210
<b>Total stock-based compensation expense</b>	<b>\$ 39,005</b>	<b>\$ 33,540</b>

In addition, the Company capitalized \$4,049 and \$3,831 of stock-based compensation expense in its capitalized internal-use software costs in the three months ended September 30, 2023 and 2024, respectively.

There were no stock options granted during the three months ended September 30, 2024. The table below presents stock option activity during the three months ended September 30, 2024:

	Outstanding Options			
	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Option balance at July 1, 2024	167	\$ 28.13	0.5	\$ 17,301
Options exercised	(114)	\$ 24.80		
Option balance at September 30, 2024	53	\$ 35.28	0.9	\$ 6,874
Options vested and exercisable at September 30, 2024	53	\$ 35.28	0.9	\$ 6,874

The total intrinsic value of options exercised was \$2,494 and \$13,497 during the three months ended September 30, 2023 and 2024, respectively.

The Company grants RSUs under its equity incentive plan with terms determined at the discretion of the Committee. RSUs are time-based awards that generally vest over four years following the grant date.

The following table represents restricted stock unit activity during the three months ended September 30, 2024:

	Units	Weighted average grant date fair value
RSU balance at July 1, 2024	1,290	\$ 214.98
RSUs granted	867	\$ 155.64
RSUs vested	(258)	\$ 206.40
RSUs forfeited	(48)	\$ 199.60
RSU balance at September 30, 2024	1,851	\$ 190.48

The Company also grants PSUs under its equity incentive plan with terms determined at the discretion of the Committee. During the three months ended September 30, 2024, the Company granted approximately 55 PSUs with a grant date fair value of \$155.95 per share, all which remained outstanding at September 30, 2024. The actual number of PSUs that will be eligible to vest is based on the achievement of Recurring and other revenue targets over a one-year period with vesting taking place annually over three years. Up to 200% of the target number of shares subject to each PSU are eligible to be earned.

The Company also grants MSUs under its equity incentive plan with terms determined at the discretion of the Committee. The actual number of MSUs that will be eligible to vest is based on the achievement of a relative total shareholder return ("TSR") target as compared to the TSR realized by each of the companies comprising the Russell 3000



Index over approximately three years. The MSUs vest at the end of each TSR measurement period, and up to 200% of the target number of shares subject to each MSU are eligible to be earned.

The following table represents market share unit activity during the three months ended September 30, 2024:

	Units	Weighted average grant date fair value
MSU balance at July 1, 2024	197	\$ 335.79
MSUs granted	28	\$ 211.45
MSUs vested	(15)	\$ 355.60
MSUs forfeited	(31)	\$ 345.51
MSU balance at September 30, 2024	179	\$ 312.96

The Company estimated the grant date fair value of the MSUs using a Monte Carlo simulation model that included the following assumptions:

	Three Months Ended September 30,	
	2023	2024
Valuation assumptions:		
Expected dividend yield	—%	—%
Expected volatility	44.5%	44.4 %
Expected term (years)	3.04	3.04
Risk-free interest rate	4.58%	3.86 %

At September 30, 2024, there was \$214,976 of total unrecognized compensation cost, net of estimated forfeitures, related to unvested MSUs, PSUs and RSUs. That cost is expected to be recognized over a weighted average period of 1.8 years.

#### **(10) Litigation**

On November 16, 2020, a potential class action complaint was filed against the Company with the Circuit Court of Cook County alleging that the Company violated the Illinois Biometric Information Privacy Act. The complaint seeks statutory damages, attorney’s fees and other costs. On September 11, 2023, a second potential class action complaint was filed against the Company with the Circuit Court of Cook County that alleges violations of the Illinois Biometric Information Privacy Act that overlap with claims in the first action. The Company is unable to estimate any reasonably possible loss, or range of loss, with respect to these matters at this time. The Company intends to vigorously defend against these lawsuits.

From time to time, the Company is subject to litigation arising in the ordinary course of business. Many of these matters are covered in whole or in part by insurance. In the opinion of the Company’s management, the ultimate disposition of any of these matters that are currently outstanding or threatened will not have a material adverse effect on the Company’s financial position, results of operations, or liquidity. However, these matters are subject to inherent uncertainties and could materially impact the Company’s financial position, results of operations, or liquidity based on the final disposition of these matters.

#### **(11) Income Taxes**

The Company’s quarterly provision for income taxes is based on the annual effective rate method. The Company’s quarterly provision for income taxes also includes the tax impact of certain unusual or infrequently occurring items, if any, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, and other discrete items in the interim period in which they occur.

The Company's effective tax rate was 22.3% and 28.0% for the three months ended September 30, 2023 and 2024, respectively. The Company's effective tax rate for the three months ended September 30, 2023 was higher than the federal statutory rate of 21% primarily due to state and local income taxes, partially offset by federal research and development tax

credits. The Company's effective tax rate for the three months ended September 30, 2024 was higher than the federal statutory rate of 21% primarily due to state and local income taxes.

## (12) Net Income Per Share

Basic net income per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares outstanding during the period and, if dilutive, potential common shares outstanding during the period. The Company's potential common shares consist of the incremental common shares issuable upon the exercise of stock options, the release of restricted stock units and market share units as of the balance sheet date. The following table presents the calculation of basic and diluted net income per share:

	Three Months Ended September 30,	
	2023	2024
<b>Numerator:</b>		
Net income	\$ 34,517	\$ 49,573
<b>Denominator:</b>		
<b>Weighted-average shares used in computing net income per share:</b>		
Basic	56,037	55,640
<b>Weighted-average effect of potentially dilutive shares:</b>		
Employee stock options, restricted stock units, performance stock units and market share units	844	626
Diluted	56,881	56,266
<b>Net income per share:</b>		
Basic	\$ 0.62	\$ 0.89
Diluted	\$ 0.61	\$ 0.88

The following table summarizes the outstanding market share units, performance stock units and restricted stock units as of September 30, 2023 and 2024 that were excluded from the diluted per share calculation for the periods presented because to include them would have been antidilutive:

	Three Months Ended September 30,	
	2023	2024
Restricted stock units	72	13
Performance stock units	—	14
Market share units	10	23
Total	82	50

## (13) Subsequent Events

On October 1, 2024, the Company acquired all of the outstanding shares of Airbase Inc. ("Airbase") for cash consideration of \$321,889, net of cash acquired and other preliminary purchase price adjustments, which was funded by borrowings under its credit facility. Refer to Note 8 for more information on the credit facility. Airbase is a modern finance and spend management software solution that combines bill pay/accounts payable automation, expense management, corporate cards and procurement capabilities. This acquisition will enable the Company to provide a comprehensive solution and modern client experience for managing payroll and non-payroll spend on a single integrated platform. Due to the timing of this acquisition, the Company is in the process of evaluating its impact on the consolidated financial statements. This acquisition will be accounted for as a business combination in accordance with ASC 805: Business Combinations using the acquisition method of accounting, and the Company will recognize assets and liabilities at fair value as of the date of acquisition.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The statements included herein that are not based solely on historical facts are “forward looking statements.” Such forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties. Our actual results could differ materially from those anticipated by us in these forward-looking statements as a result of various factors, including items discussed below and under Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 filed with the SEC on August 2, 2024.*

### **Overview**

We are a leading cloud-based provider of human capital management, or HCM, and payroll software solutions that deliver a comprehensive platform for the modern workforce. Our HCM and payroll platform offers an intuitive, easy-to-use product suite that helps businesses attract and retain talent, build culture and connection with their employees, and streamline and automate HR and payroll processes.

Effective management of human capital is a core function in all organizations and requires a significant commitment of resources. Our cloud-based software solutions, combined with our unified database architecture, are highly flexible and configurable and feature a modern, intuitive user experience. Our platform offers automated data integration with hundreds of third-party partner systems, such as 401(k), benefits and insurance provider systems. We plan to continue to invest in research and development efforts that will allow us to offer a broader selection of products to new and existing clients focused on experiences that solve our clients’ challenges.

We believe there is a significant opportunity to grow our business by increasing our number of clients, and we intend to invest in our business to achieve this purpose. We market and sell our solutions through our direct sales force. Our sales and marketing expenses have increased as we have added sales representatives and related sales and marketing personnel. We intend to continue to grow our sales and marketing organization across new and existing geographic territories. In addition to growing our number of clients, we intend to grow our revenue over the long term by increasing the number of solutions that clients purchase from us. To do so, we must continue to enhance and grow the number of solutions we offer to advance our platform.

We also believe that delivering a positive service experience is an essential element of our ability to sell our solutions and retain our clients. We supplement our comprehensive software solutions with an integrated implementation and client service organization, all of which are designed to meet the needs of our clients and sales prospects. We expect to continue to invest in and grow our implementation and client service organization as our client base grows.

We continue to invest across our entire organization as we continue to grow our business over the long term. These investments include increasing the number of personnel across all functional areas, along with improving our solutions and infrastructure to support our growth. The timing and amount of these investments will vary based on the rate at which we add new clients and personnel and scale our application development and other activities. Many of these investments will occur in advance of experiencing any direct benefit from them, which will make it difficult to determine if we are effectively allocating our resources. We expect these investments to increase our costs on an absolute basis, but as we grow our number of clients and our related revenues, we anticipate that we will gain economies of scale and increased operating leverage. As a result, we expect our gross and operating margins will improve over the long term.

Paylocity Holding Corporation is a Delaware corporation, which was formed in November 2013. Our business operations are conducted by our wholly owned subsidiaries.

### **Key Metrics**

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

### **Revenue Growth**

Our recurring revenue model and high annual revenue retention rates provide significant visibility into our future operating results and cash flow from operations. This visibility enables us to better manage and invest in our business. Total revenues increased from \$317.6 million for the three months ended September 30, 2023 to \$363.0 million for the three months ended September 30, 2024, representing a 14% year-over-year increase. The increase in year-over-year revenue growth was driven by the strong performance by our sales team. Uncertainties around market and economic conditions may impact revenue growth, which we have recently experienced and may continue to experience, through

fluctuations in client employee counts, elongated sales cycles, client losses, and a changing interest rate environment, among other factors.

### **Adjusted Gross Profit and Adjusted EBITDA**

We disclose Adjusted Gross Profit and Adjusted EBITDA, which are non-GAAP measures, because we use them to evaluate our performance, and we believe Adjusted Gross Profit and Adjusted EBITDA assist in the comparison of our performance across reporting periods by excluding certain items that we do not believe are indicative of our core operating performance. We believe these metrics are commonly used in the financial community, and we present them to enhance investors' understanding of our operating performance and cash flows.

Adjusted Gross Profit and Adjusted EBITDA are not measurements of financial performance under generally accepted accounting principles in the United States ("GAAP"), and you should not consider Adjusted Gross Profit as an alternative to gross profit or Adjusted EBITDA as an alternative to net income, in each case as determined in accordance with GAAP. In addition, our definition of Adjusted Gross Profit and Adjusted EBITDA may be different than the definition utilized for similarly-titled measures used by other companies.

We define Adjusted Gross Profit as gross profit before amortization of capitalized internal-use software costs, amortization of certain acquired intangibles, stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, and other items as defined below. We define Adjusted EBITDA as net income before interest expense, income tax expense (benefit), depreciation and amortization expense, stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and other items as defined below.

	Three Months Ended September 30,	
	2023	2024
(in thousands)		
<b>Reconciliation from Gross Profit to Adjusted Gross Profit</b>		
Gross profit	\$ 216,119	\$ 247,996
Amortization of capitalized internal-use software costs	9,535	13,777
Amortization of certain acquired intangibles	1,854	2,064
Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises	5,602	4,923
Other items (1)	—	(78)
Adjusted Gross Profit	<u>\$ 233,110</u>	<u>\$ 268,682</u>

	Three Months Ended September 30,	
	2023	2024
(in thousands)		
<b>Reconciliation from Net income to Adjusted EBITDA</b>		
Net income	\$ 34,517	\$ 49,573
Interest expense	190	400
Income tax expense	9,897	19,313
Depreciation and amortization expense	17,121	21,552
EBITDA	61,725	90,838
Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises	41,976	35,660
Other items (2)	1,185	2,528
Adjusted EBITDA	<u>\$ 104,886</u>	<u>\$ 129,026</u>

- (1) Represents severance cost adjustments related to certain roles that have been eliminated. We exclude one-off severance costs that we incur as part of the normal course of our business operations.

- (2) Represents acquisition and nonrecurring transaction-related costs and severance costs related to certain roles that have been eliminated. We exclude one-off severance costs that we incur as part of the normal course of our business operations.

## **Basis of Presentation**

### ***Revenues***

#### *Recurring and other revenue*

We generate substantially all of our recurring and other revenue from ongoing subscriptions to our cloud-based HCM and payroll software solutions, which are recurring in nature. Recurring fees for each client generally include a base fee in addition to a fee based on the number of client employees and the number of products a client uses. We also charge fees attributable to our preparation of W-2 documents and annual required filings on behalf of our clients. We charge implementation fees for professional services provided to implement our HCM and payroll solutions.

The number of client employees on our platform and the mix of products purchased by a client as well as the timing of services provided with respect to those client employees can vary each period. As such, the number of client employees on our system is not necessarily a good indicator of our financial results in any given period. Recurring and other revenue accounted for 92% of our total revenues for both the three months ended September 30, 2023 and 2024.

While the majority of our agreements with clients are generally cancellable by the client on 60 days' notice or less, we also have term agreements, which are generally two years in length. Our agreements do not include general rights of return and do not provide clients with the right to take possession of the software supporting the services being provided. We recognize recurring fees in the period in which services are provided and the related performance obligations have been satisfied. We defer implementation fees related to our proprietary products over a period generally up to 24 months.

#### *Interest Income on Funds Held for Clients*

We earn interest income on funds held for clients. We collect funds for employee payroll payments and related taxes in advance of remittance to employees and taxing authorities. Prior to remittance to employees and taxing authorities, we earn interest on these funds through demand deposit accounts with financial institutions with which we have automated clearing house, or ACH, arrangements. We also earn interest by investing a portion of funds held for clients in highly liquid, investment-grade marketable securities.

### ***Cost of Revenues***

Cost of revenues includes costs to provide our HCM and payroll solutions which primarily consists of employee-related expenses, including wages, stock-based compensation, bonuses and benefits, relating to the provision of ongoing client support and implementation activities, payroll tax filing, distribution of printed checks and other materials as well as delivery costs, computing costs, amortization of certain acquired intangibles and bank fees associated with client fund transfers. Costs related to recurring support are generally expensed as incurred. Implementation costs related to our proprietary products are capitalized and amortized over a period of 7 years. Our cost of revenues is expected to increase in absolute dollars for the foreseeable future as we increase our client base. However, we expect to realize cost efficiencies over the long term as our business scales, resulting in improved operating leverage and increased margins.

We also capitalize a portion of our internal-use software costs, which are then primarily amortized as Cost of revenues. We amortized \$9.5 million and \$13.8 million of capitalized internal-use software costs during the three months ended September 30, 2023 and 2024, respectively.

### ***Operating Expenses***

#### *Sales and Marketing*

Sales and marketing expenses consist primarily of employee-related expenses for our direct sales and marketing staff, including wages, commissions, stock-based compensation, bonuses, benefits, marketing expenses and other related costs. Our sales personnel earn commissions and bonuses for attainment of certain performance criteria based on new sales throughout the fiscal year. We capitalize certain selling and commission costs related to new contracts or purchases of additional services by our existing clients and amortize them over a period of 7 years.

We will seek to grow our number of clients for the foreseeable future, and therefore our sales and marketing expense is expected to continue to increase in absolute dollars as we grow our sales organization and expand our marketing activities.

#### *Research and Development*

Research and development expenses consist primarily of employee-related expenses for our research and development and product management teams, including wages, stock-based compensation, bonuses and benefits. Additional expenses include costs related to the development, maintenance, quality assurance and testing of new technologies and ongoing refinement of our existing solutions. Research and development expenses, other than internal-use software costs qualifying for capitalization, are expensed as incurred.

We capitalize a portion of our development costs related to internal-use software. The timing of our capitalized development projects may affect the amount of development costs expensed in any given period. The table below sets forth the amounts of capitalized and expensed research and development expenses for the three months ended September 30, 2023 and 2024.

	Three Months Ended September 30,	
	2023	2024
	(in thousands)	
Capitalized portion of research and development	\$ 18,930	\$ 19,297
Expensed portion of research and development	44,605	47,260
Total research and development	\$ 63,535	\$ 66,557

We expect to grow our research and development efforts as we continue to broaden our product offerings and extend our technological leadership by investing in the development of new technologies and introducing them to new and existing clients. We expect research and development expenses to continue to increase in absolute dollars but to vary as a percentage of total revenue on a period-to-period basis.

#### *General and Administrative*

General and administrative expenses consist primarily of employee-related costs, including wages, stock-based compensation, bonuses and benefits for our finance and accounting, legal, information systems, human resources and other administrative departments. Additional expenses include consulting and professional fees, occupancy costs, insurance and other corporate expenses. While we expect our general and administrative expenses to increase in absolute dollars as our company continues to grow, we expect to realize cost efficiencies as our business scales.

#### *Other Income (Expense)*

Other income (expense) generally consists of interest income related to interest earned on our cash and cash equivalents, net of losses on disposals of property and equipment and interest expense related to our revolving credit facility.

**Results of Operations**

The following table sets forth our statements of operations data for each of the periods indicated.

	Three Months Ended September 30,	
	2023	2024
(in thousands)		
<b>Consolidated Statements of Operations Data:</b>		
Revenues:		
Recurring and other revenue	\$ 291,685	\$ 333,105
Interest income on funds held for clients	25,901	29,851
Total revenues	317,586	362,956
Cost of revenues	101,467	114,960
Gross profit	216,119	247,996
Operating expenses:		
Sales and marketing	80,403	88,431
Research and development	44,605	47,260
General and administrative	49,922	48,161
Total operating expenses	174,930	183,852
Operating income	41,189	64,144
Other income		
Income before income taxes	44,414	68,886
Income tax expense	9,897	19,313
Net income	\$ 34,517	\$ 49,573

The following table sets forth our statements of operations data as a percentage of total revenues for each of the periods indicated.

	Three Months Ended September 30,	
	2023	2024
<b>Consolidated Statements of Operations Data:</b>		
Revenues:		
Recurring and other revenue	92 %	92 %
Interest income on funds held for clients	8 %	8 %
Total revenues	100 %	100 %
Cost of revenues	32 %	32 %
Gross profit	68 %	68 %
Operating expenses:		
Sales and marketing	25 %	24 %
Research and development	14 %	13 %
General and administrative	16 %	13 %
Total operating expenses	55 %	50 %
Operating income	13 %	18 %
Other income	1 %	1 %
Income before income taxes	14 %	19 %
Income tax expense	3 %	5 %
Net income	11 %	14 %

#### Comparison of Three Months Ended September 30, 2023 and 2024

##### Revenues

(\$ in thousands)

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
Recurring and other revenue	\$ 291,685	\$ 333,105	\$ 41,420	14 %
Percentage of total revenues	92 %	92 %		
Interest income on funds held for clients	25,901	29,851	\$ 3,950	15 %
Percentage of total revenues	8 %	8 %		

##### Recurring and Other Revenue

Recurring and other revenue for the three months ended September 30, 2024 increased by \$41.4 million, or 14%, to \$333.1 million from \$291.7 million for the three months ended September 30, 2023. Recurring and other revenue increased primarily as a result of incremental revenues from new and existing clients due to the strong performance by our sales team.

##### Interest Income on Funds Held for Clients

Interest income on funds held for clients for the three months ended September 30, 2024 increased by \$4.0 million, or 15%, to \$29.9 million from \$25.9 million for the three months ended September 30, 2023. Interest income on funds held for clients increased primarily due to higher average daily balances for funds held due to the addition of new clients to our client base as compared to the prior fiscal year.



### Cost of Revenues

(\$ in thousands)

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
Cost of revenues	101,467	114,960	\$ 13,493	13 %
Percentage of total revenues	32 %	32 %		
Gross margin	68 %	68 %		

Cost of revenues for the three months ended September 30, 2024 increased by \$13.5 million, or 13%, to \$115.0 million from \$101.5 million for the three months ended September 30, 2023. Cost of revenues increased primarily as a result of the continued growth of our business, in particular, \$6.4 million in additional employee-related costs, \$4.2 million in additional amortization of internal use software, and \$3.2 million in additional processing and delivery related costs. Gross margin remained consistent at 68% for both the three months ended September 30, 2023 and 2024.

### Operating Expenses

(\$ in thousands)

#### Sales and Marketing

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
Sales and marketing	80,403	88,431	\$ 8,028	10 %
Percentage of total revenues	25 %	24 %		

Sales and marketing expenses for the three months ended September 30, 2024 increased by \$8.0 million, or 10%, to \$88.4 million from \$80.4 million for the three months ended September 30, 2023. The increase in sales and marketing expense was primarily due to \$7.9 million of additional employee-related costs, including those incurred to expand our sales team.

#### Research and Development

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
Research and development	44,605	47,260	\$ 2,655	6 %
Percentage of total revenues	14 %	13 %		

Research and development expenses for the three months ended September 30, 2024 increased by \$2.7 million, or 6%, to \$47.3 million from \$44.6 million for the three months ended September 30, 2023. The increase in research and development expenses was primarily due to \$3.2 million of additional employee-related costs related to additional development personnel.

#### General and Administrative

	Three Months Ended September 30,		Change	
	2023	2024	\$	%
General and administrative	49,922	48,161	\$ (1,761)	(4)%
Percentage of total revenues	16 %	13 %		

General and administrative expenses for the three months ended September 30, 2024 decreased by \$1.8 million, or 4%, to \$48.2 million from \$49.9 million for the three months ended September 30, 2023. General and administrative expenses decreased primarily due to a \$4.9 million reduction in stock-based compensation expense attributable to executive award forfeitures, partially offset by \$1.9 million in additional employee-related costs.

### *Other Income (Expense)*

Other income for the three months ended September 30, 2024 increased by \$1.5 million as compared to the three months ended September 30, 2023. The change in other income was primarily due to higher interest income earned on our cash and cash equivalents as a result of higher average daily balances of those corporate cash and cash equivalents.

### *Income Taxes*

Our effective tax rate was 22.3% and 28.0% for the three months ended September 30, 2023 and 2024, respectively. Our effective tax rate for the three months ended September 30, 2023 was higher than the federal statutory rate of 21% primarily due to state and local income taxes, partially offset by federal research and development credits. Our effective tax rate for the three months ended September 30, 2024 was higher than the federal statutory rate of 21% primarily due to state and local income taxes.

### **Quarterly Trends and Seasonality**

Our overall operating results fluctuate from quarter to quarter as a result of a variety of factors, some of which are outside of our control. Our historical results should not be considered a reliable indicator of our future results of operations.

We experience fluctuations in revenues and related costs on a seasonal basis, which are primarily seen in our fiscal third quarter, which ends on March 31 of each year. Specifically, our recurring revenue is positively impacted in our fiscal third quarter as a result of our preparation of W-2 documents for our clients' employees in advance of tax filing requirements. Our interest income earned on funds held for clients is also positively impacted during our fiscal third quarter as a result of our increased collection of funds held for clients. Certain payroll taxes are primarily collected during our fiscal third quarter and subsequently remitted. The seasonal fluctuations in revenues also positively impact gross profits during our fiscal third quarter. Our historical results for our fiscal third quarter should not be considered a reliable indicator of our future results of operations.

### **Critical Accounting Policies and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions and, to the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Accounting estimates used in the preparation of these consolidated financial statements change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. Our critical accounting policies and use of estimates are disclosed in our audited consolidated financial statements for the year ended June 30, 2024 included in our Annual Report on Form 10-K filed with the SEC on August 2, 2024.

### **Liquidity and Capital Resources**

Our primary liquidity needs are related to the funding of general business requirements, including working capital requirements, research and development, and capital expenditures. As of September 30, 2024, our principal source of liquidity was \$453.5 million of cash and cash equivalents, excluding the proceeds drawn from our credit facility further described below. We maintain a credit agreement that provides for a \$550.0 million revolving credit facility, which may be increased up to \$825.0 million. In September 2024, we borrowed \$325.0 million under this credit facility to fund the acquisition of Airbase Inc. in October 2024, which remained outstanding at September 30, 2024. Refer to Notes 8 and 13 of the Notes to the Unaudited Consolidated Financial Statements for additional detail on the credit agreement and Airbase acquisition, respectively.

In April 2024, our board of directors authorized the repurchase of up to \$500.0 million of our common stock (the "Repurchase Program"). The extent to which we repurchase shares, the number and price of any shares repurchased and the timing of any repurchases depends on the market price of our common stock, trading volume, general market conditions and other corporate and economic considerations. As of September 30, 2024, approximately \$350.0 million remains

authorized for repurchases under the Repurchase Program, and there were no repurchases of our common stock during the three months ended September 30, 2024.

We may invest portions of our excess cash and cash equivalents in highly liquid, investment-grade marketable securities. These investments may consist of commercial paper, corporate bonds, asset-backed securities, certificates of deposit, U.S. treasury securities, and other securities with credit quality ratings of A-1 or higher as well as in money market funds. As of September 30, 2024, we did not have any corporate investments classified as available-for-sale securities.

In order to grow our business, we intend to increase our personnel and related expenses and to make investments in our platform, data centers and general infrastructure, some of which may be significant. The timing and amount of these investments will vary based on our financial condition, the rate at which we add new clients and new personnel and the scale of our module development, data centers and other activities. Many of these investments will occur in advance of experiencing any direct benefit from them, which could negatively impact our liquidity and cash flows during any particular period and may make it difficult to determine if we are effectively allocating our resources. However, we expect to fund our operations, capital expenditures, acquisitions, share repurchases and other investments principally with cash flows from operations, and to the extent that our liquidity needs exceed our cash from operations, we would look to our cash on hand or utilize the remaining borrowing capacity under our credit facility to satisfy those needs.

Funds held for clients and client fund obligations vary substantially from period to period as a result of the timing of payroll and tax obligations due. Our payroll processing activities involve the movement of significant funds from accounts of employers to employees and relevant taxing authorities. Though we debit a client's account prior to any disbursement on its behalf, there is a delay between our payment of amounts due to employees and taxing and other regulatory authorities and when the incoming funds from the client to cover these amounts payable actually clear into our operating accounts. We currently have agreements with various major U.S. banks to execute ACH and wire transfers to support our client payroll and tax services. We believe we have sufficient capacity under these ACH arrangements to handle all transaction volumes for the foreseeable future. We primarily collect fees for our services via ACH transactions at the same time we debit the client's account for payroll and tax obligations and thus are able to reduce collectability and accounts receivable risks.

We believe our current cash and cash equivalents, future cash flow from operations, and access to our credit facility will be sufficient to meet our ongoing working capital, capital expenditure and other liquidity requirements for at least the next 12 months, and thereafter, for the foreseeable future.

The following table sets forth data regarding cash flows for the periods indicated:

	Three Months Ended September 30,	
	2023	2024
Net cash provided by operating activities	\$ 62,142	\$ 91,455
Cash flows from investing activities:		
Purchases of available-for-sale securities	(92,567)	(20,174)
Proceeds from sales and maturities of available-for-sale securities	101,216	25,022
Capitalized internal-use software costs	(14,193)	(15,210)
Purchases of property and equipment	(3,454)	(2,328)
Other investing activities	(406)	(638)
Net cash used in investing activities	(9,404)	(13,328)
Cash flows from financing activities:		
Net change in client fund obligations	(93,566)	(621,746)
Borrowings under credit facility	—	325,000
Taxes paid related to net share settlement of equity awards	(28,825)	(21,536)
Other financing activities	(11)	(11)
Net cash used in financing activities	(122,402)	(318,293)
Net change in cash, cash equivalents and funds held for clients' cash and cash equivalents	\$ (69,664)	\$ (240,166)

### ***Operating Activities***

Net cash provided by operating activities was \$62.1 million and \$91.5 million for the three months ended September 30, 2023 and 2024, respectively. The change in net cash provided by operating activities from the three months ended September 30, 2023 to the three months ended September 30, 2024 was primarily due to net changes in operating assets and liabilities, accompanied by improved operating results after adjusting for non-cash items including stock-based compensation expense, depreciation and amortization expense and deferred income tax expense (benefit) during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

### ***Investing Activities***

Net cash used in investing activities was \$9.4 million and \$13.3 million for the three months ended September 30, 2023 and 2024, respectively. The net cash used in investing activities is significantly impacted by the timing of purchases and sales and maturities of investments as we invest portions of funds held for clients in highly liquid, investment-grade marketable securities. The amount of funds held for clients invested will vary based on timing of client funds collected and payments due to client employees and taxing and other regulatory authorities.

The change in net cash used in investing activities was primarily due to \$76.2 million in less proceeds from the sales and maturities of available-for-sale securities, partially offset by a \$72.4 million decrease in purchases of available-for-sale securities during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

### ***Financing Activities***

Net cash used in financing activities was \$122.4 million and \$318.3 million for the three months ended September 30, 2023 and 2024, respectively. The change in net cash used in financing activities was primarily the result of an increase in the net change in client fund obligations of \$528.2 million due to the timing of client funds collected and related remittance of those funds to client employees and taxing authorities, partially offset by \$325.0 million in borrowings under our credit facility during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

### ***Contractual Obligations and Commitments***

At September 30, 2024, our principal commitments consisted of \$325.0 million in borrowings on our revolving credit facility, which is contractually not due in the next twelve months, and related interest payments, as well as \$62.5 million in operating lease obligations, of which \$9.8 million is due in the next twelve months. We also had \$70.9 million in purchase obligations, of which \$41.7 million is due in the next twelve months.

### ***Capital Expenditures***

We expect to continue to invest in capital spending as we continue to grow our business and expand and enhance our operating facilities, data centers and technical infrastructure. Future capital requirements will depend on many factors, including our rate of sales growth. In the event that our sales growth or other factors do not meet our expectations, we may eliminate or curtail capital projects in order to mitigate the impact on our use of cash. Capital expenditures were \$3.5 million and \$2.3 million for the three months ended September 30, 2023 and 2024, respectively, exclusive of capitalized internal-use software costs of \$14.2 million and \$15.2 million for the same periods, respectively.

### ***New Accounting Pronouncements***

Refer to Note 2 of the Notes to the Unaudited Consolidated Financial Statements for a discussion of recently issued accounting standards.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We have operations primarily in the United States and are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate and certain other exposures including risks relating to changes in the general economic conditions in the United States. Refer to “Part I. Item 1A. Risk Factors” of our Annual Report on Form 10-K filed with the SEC on August 2, 2024 for risks related to our business.

We have not used, nor do we intend to use, derivatives to mitigate the impact of interest rate or other exposure or for trading or speculative purposes.

#### **Interest Rate Risk**

As of September 30, 2024, we had cash and cash equivalents of \$778.5 million and funds held for clients of \$2,340.4 million. We deposit our cash and cash equivalents and significant portions of our funds held for clients in demand deposit accounts with various financial institutions. We may invest portions of our excess cash and cash equivalents and funds held for clients in marketable securities including commercial paper, corporate bonds, asset-backed securities, certificates of deposit, U.S. treasury securities, and other securities, as well as in money market funds. Our investment policy is focused on generating higher yields from these investments while preserving liquidity and capital. However, as a result of our investing activities, we are exposed to changes in interest rates that may materially affect our financial statements.

In a falling rate environment, a decline in interest rates would decrease our interest income earned on both cash and cash equivalents and funds held for clients. An increase in the overall interest rate environment may cause the market value of our investments in fixed rate available-for-sale securities to decline. If we are forced to sell some or all of these securities at lower market values, we may incur investment losses. However, because we classify all marketable securities as available-for-sale, no gains or losses are recognized due to changes in interest rates until such securities are sold or decreases in fair value are deemed due to expected credit losses. We have not recorded any credit impairment losses on our portfolio to date.

Based upon a sensitivity model that measures market value changes caused by interest rate fluctuations, an immediate 100-basis point increase in interest rates would have resulted in a decrease in the market value of our available-for-sale securities by \$10.3 million as of September 30, 2024. An immediate 100-basis point decrease in interest rates would have resulted in an increase in the market value of our available-for-sale securities by \$10.3 million as of September 30, 2024. Fluctuations in the value of our available-for-sale securities caused by changes in interest rates are recorded in other comprehensive income and are only realized if we sell the underlying securities.

Additionally, as described in Note 8 of the Notes to the Unaudited Consolidated Financial Statements, we maintain a credit agreement that provides for a revolving credit facility (“credit facility”) in the aggregate amount of \$550.0 million, which may be increased up to \$825.0 million. Borrowings under the credit facility generally bear interest at a rate based upon the Term Secured Overnight Financing Rate (“SOFR”) plus the SOFR Adjustment or an adjusted base rate plus an applicable margin based on our then-applicable net total leverage ratio. As of September 30, 2024, we had \$325.0 million in borrowings outstanding under our credit facility. Because interest rates applicable to the credit facility are variable, we are exposed to market risk from changes in the underlying index rates, which affects our interest expense. A hypothetical change of 100 basis points in interest rates would not have had a significant impact on our results of operations.

#### **Inflation Risk**

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of such date.

### **Changes in Internal Control over Financial Reporting**

There were no changes to our internal control over financial reporting during the three-month period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II  
OTHER INFORMATION**

**Item 1. Legal Proceedings**

From time to time, we are involved in litigation related to claims arising from the ordinary course of our business. We believe that there are no claims or actions pending or threatened against us, the ultimate disposition of which would have a material adverse effect on us.

**Item 1A. Risk Factors**

There have been no material changes in our risk factors disclosed in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 filed with the SEC on August 2, 2024.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**(a) Sales of Unregistered Securities**

Not applicable.

**(b) Use of Proceeds**

Not applicable.

**(c) Purchases of Equity Securities**

Not applicable.

**Item 3. Defaults upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the three months ended September 30, 2024, the following officer adopted a “Rule 10b5-1 trading arrangement,” as defined in Item 408(a) of Regulation S-K intending to satisfy the affirmative defense of Rule 10b5-1(c):

<b>Name and Title</b>	<b>Total Shares of Common Stock to be Sold (1) (2)</b>	<b>Duration (3)</b>	<b>Adoption Date</b>	<b>Expiration Date</b>
Andrew Cappotelli Senior Vice President Operations	Up to 1,972	December 17, 2024 - June 20, 2025	September 17, 2024	June 20, 2025

- (1) The number of shares to be sold is determined, in part, based on pricing triggers outlined in the adopting person's trading arrangement.
- (2) Includes shares subject to certain outstanding equity awards with time-based vesting conditions. The actual number of shares that may be sold will be net of the number of shares withheld by the Company to satisfy tax withholding obligations arising from the vesting of such awards, which is not determinable at this time.
- (3) The trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the expiration date listed in the table.

No directors or officers terminated a Rule 10b5-1 trading arrangement or entered into or terminated a “non-Rule 10b5-1 trading arrangement” as defined in Item 408(a) of Regulation S-K during the three months ended September 30, 2024.



**Item 6. Exhibits**

<b>Exhibit Nos.</b>	<b>Description</b>
<a href="#">2.1</a>	<a href="#">Agreement and Plan of Merger, dated August 29, 2024, by and among Paylocity Corporation, Project Alpine Merger Sub, Inc. Airbase Inc and Shareholder Representative Services LLC (filed as Exhibit 2.1 of Paylocity Holding Corporation's Current Report on Form 8-K on September 4, 2024 (File No. 001-36348)).</a>
<a href="#">3.1</a>	<a href="#">Third Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 of Paylocity Holding Corporation's Current Report on Form 8-K on December 4, 2023 (File No. 001-36348)).</a>
<a href="#">3.2</a>	<a href="#">Third Amended and Restated Bylaws of Paylocity Holding Corporation (filed as Exhibit 3.2 of Paylocity Holding Corporation's Current Report on Form 8-K on December 4, 2023 (File No. 001-36348)).</a>
<a href="#">10.1*</a>	<a href="#">Form of Restricted Stock Unit Notice of Grant and Award Agreement (For California Participants Executive and Board) under 2023 Equity Incentive Plan.</a>
<a href="#">10.2*</a>	<a href="#">Form of Performance Stock Unit Notice of Grant and Award Agreement under 2023 Equity Incentive Plan.</a>
<a href="#">10.3*</a>	<a href="#">Form of Performance Stock Unit Notice of Grant and Award Agreement (California) under 2023 Equity Incentive Plan.</a>
<a href="#">10.4*</a>	<a href="#">Form of Market Stock Unit Notice of Grant and Award Agreement under 2023 Equity Incentive Plan.</a>
<a href="#">10.5*</a>	<a href="#">Form of Market Stock Unit Notice of Grant and Award Agreement (California) under 2023 Equity Incentive Plan.</a>
<a href="#">10.6*</a>	<a href="#">Second Amendment to Executive Employment Agreement between Paylocity Corporation, Paylocity Holding Corporation and Toby J. Williams, dated July 26, 2024.</a>
<a href="#">10.7*</a>	<a href="#">Amendment to Executive Employment Agreement between Paylocity Corporation, Paylocity Holding Corporation and Steven R. Beauchamp, dated July 26, 2024.</a>
<a href="#">31.1*</a>	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-4 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2*</a>	<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-4 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1**</a>	<a href="#">Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer.</a>
<a href="#">32.2**</a>	<a href="#">Certification pursuant to 18 U.S.C. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer.</a>
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its 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).

\* Filed herewith

\*\* Furnished herewith



## RSU Grant Notice with Quarterly Vesting Schedule

### PAYLOCITY HOLDING CORPORATION NOTICE OF GRANT OF RESTRICTED STOCK UNITS (Contains a Non-Competition Covenant)

Paylocity Holding Corporation (the “*Company*”) has granted to the Participant an award (the “*Award*”) of certain units pursuant to the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “*Plan*”), each of which represents the right to receive on the applicable Settlement Date one (1) share of Stock, as follows:

**Employee ID:**

**Participant:**

**Date of Grant:**

**Total Number of Units:**

\_\_\_\_\_ Subject to adjustment as provided by the Restricted Stock Units Agreement.

**Settlement Date:**

Except as provided by the Restricted Stock Units Agreement, the date on which a Unit becomes a Vested Unit.

**Vesting Start Date:**

**Vested Units:**

Except as provided in the Restricted Stock Units Agreement and provided that the Participant’s Service has not terminated prior to the applicable date, the number of Vested Units (disregarding any resulting fractional Unit) as of any date is determined by multiplying the Total Number of Units by the “*Vested Ratio*” determined as of such date, as follows:

**Vested Ratio**

For each period of 3 full months of the Participant’s Service from the Initial Vesting Date until the Vested Ratio equals 1/1,

1/16

**Superseding Agreement:**

None

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Restricted Stock Units Agreement and the Plan, both of which are made a part of this document, and by the Superseding Agreement, if any. The Participant acknowledges that copies of the Plan, the Restricted Stock Units Agreement and the prospectus for the Plan are posted to the participant’s online account through the Company designated stock compensation administration provider and may be viewed and printed by the Participant for attachment to the Participant’s copy of this Grant Notice. The Participant represents that the Participant has read and is familiar with the provisions of the Restricted Stock Units Agreement and the Plan, and hereby accepts the Award subject to all of their terms and conditions.

**PAYLOCITY HOLDING CORPORATION**

**PARTICIPANT**

By: Toby Williams

Paylocity Corporation

President and Chief Executive Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Address:

1400 American Lane  
Schaumburg, IL 60173

\_\_\_\_\_  
Address

ATTACHMENTS: 2023 Equity Incentive Plan, as amended to the Date of Grant; Restricted Stock Units Agreement and Plan Prospectus

**FORM OF  
PAYLOCITY HOLDING CORPORATION  
RESTRICTED STOCK UNITS AGREEMENT  
(For California Participants Executive and Board)**

Paylocity Holding Corporation has granted to the Participant named in the *Notice of Grant of Restricted Stock Units* (the “**Grant Notice**”) to which this Restricted Stock Units Agreement (the “**Agreement**”) is attached an Award consisting of Restricted Stock Units (each a “**Unit**”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to and shall in all respects be subject to the terms and conditions of the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “**Plan**”), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Grant Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the Award (the “**Plan Prospectus**”), (b) accepts the Award subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Grant Notice, this Agreement or the Plan.

**1     DEFINITIONS AND CONSTRUCTION.**

1.1     **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2     **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive unless the context clearly requires otherwise.

**2     ADMINISTRATION.**

All questions of interpretation concerning the Grant Notice, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Award shall be determined by the Committee. All such determinations by the Committee shall be final, binding and conclusive upon all persons having an interest in the Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or the Award or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Award. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

**3     THE AWARD.**

3.1     **Grant of Units.** On the Date of Grant, the Participant shall acquire, subject to the provisions of this Agreement, the Total Number of Units set forth in the Grant Notice, subject to adjustment as provided in Section 10. Each Unit represents a right to receive on a date determined in accordance with the Grant Notice and this Agreement one (1) share of Stock.

3.2     **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or

shares of Stock issued upon settlement of the Units, the consideration for which shall be past services actually rendered or future services to be rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Units.

#### **4 VESTING OF UNITS.**

Units acquired pursuant to this Agreement shall become Vested Units as provided in the Grant Notice. In addition, Units acquired pursuant to this Agreement shall become Vested Units upon the Participant's death or Disability (defined below) to the extent they have not otherwise become Vested Units. For purposes of determining the number of Vested Units following an Ownership Change Event, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after the Ownership Change Event. "Disability," for purposes of accelerating vesting, means the permanent and total disability of the Participant, within the meaning of Section 22(e)(3) of the Code.

#### **5 COMPANY REACQUISITION RIGHT.**

5.1 **Grant of Company Reacquisition Right.** Except to the extent otherwise provided by the Superseding Agreement, if any, in the event that the Participant's Service terminates for any reason or no reason, with or without cause, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units ("**Unvested Units**"), and the Participant shall not be entitled to any payment therefor (the "**Company Reacquisition Right**").

5.2 **Ownership Change Event, Non-Cash Dividends, Distributions and Adjustments.** Upon the occurrence of an Ownership Change Event, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property, or any other adjustment upon a change in the capital structure of the Company as described in Section 10, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of the Participant's ownership of Unvested Units shall be immediately subject to the Company Reacquisition Right and included in the terms "Units" and "Unvested Units" for all purposes of the Company Reacquisition Right with the same force and effect as the Unvested Units immediately prior to the Ownership Change Event, dividend, distribution or adjustment, as the case may be. For purposes of determining the number of Vested Units following an Ownership Change Event, dividend, distribution or adjustment, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after any such event.

#### **6 SETTLEMENT OF THE AWARD.**

6.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 6.3, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) share of Stock. The Settlement Date with respect to a Unit shall be the date on which such Unit becomes a Vested Unit as provided by the Grant Notice (an "**Original Settlement Date**"); provided, however, that if the Original Settlement Date would occur on a date on which a sale by the Participant of the shares to be issued in settlement of the Vested Units would violate the Trading Compliance Policy of the Company, the Settlement Date for such Vested Units shall be deferred until the next day on which the sale of such shares would not violate the Trading Compliance Policy, but in any event on or before the 15th day of the third calendar month following calendar year of the Original Settlement Date. Shares of Stock issued in settlement of Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 6.3, Section 8 or the Company's Trading Compliance Policy.

6.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of shares of Stock upon settlement of the Award shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No shares of Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

6.4 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the settlement of the Award.

## 7 **PARTICIPANT COVENANTS.**

7.1 **Covenant Not to Disclose.** The Participant acknowledges that as a result of the Participant's employment with Paylocity Corporation, an Illinois corporation ("**Paylocity**"), the Participant has gained access to Paylocity's Confidential Information (defined below). During the Participant's employment and thereafter, the Participant will not use, disclose, or reveal to any person any Confidential Information except when acting within the scope of the Participant's duties or with prior written authorization from Paylocity's Chief Human Resources Officer.

(a) **Confidential Information.** The term "**Confidential Information**" shall mean all information belonging to, or otherwise relating to the business of Paylocity (including information received in confidence by Paylocity from its customers or suppliers or other third parties), which is not generally known, regardless of the manner in which it is stored or conveyed to the Participant, and which Paylocity has taken reasonable measures under the circumstances to protect from unauthorized use or disclosure, including, without limitation, Paylocity's trade secrets, intellectual property, formulae and processes, customer and employee information, pricing information, business and marketing strategies, proprietary information and know-how, unpublished or pending patent applications and all related patent rights, discoveries, software code, formulas and processes relating to Paylocity's business. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure through no fault of the Participant; (ii) was lawfully received by the Participant from a third party; (iii) was known to the Participant prior to receipt from Paylocity; or (iv) was independently developed by the Participant or independent third parties. In each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by the Participant or any third party of any obligation of confidentiality or non-use, including the obligations and restrictions provided in this Agreement.

(b) **Scope of Non-Disclosure; Return of Company Property.** Nothing in this Section shall be deemed to limit the Participant's non-disclosure obligations under any applicable rule, statute, regulation, agreement or other Paylocity policy, or to prevent the Participant from providing truthful information to a government authority or in response to a valid subpoena or other court process. Upon termination of the Participant's employment with Paylocity for any reason, the Participant will immediately return to Paylocity all Paylocity property, including, without limitation, all Confidential Information. The Participant understands that the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

## 7.2 Covenants Not to Solicit.

(a) **Customer Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or accept business from any of Paylocity's customers, prospective customers, brokers, brokerage firms, business partners, business associates, or end users for the purpose of selling or soliciting products or services that are in competition with the products or services of Paylocity.

(b) **Employee Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or recruit any employees or exclusive independent contractors of Paylocity for the purpose of causing, inviting or encouraging any such employee to (i) terminate his or her employment or business relationship with Paylocity; and/or (ii) become employed or engaged by a person or entity that sells Competing Products (as defined below).

7.3 **Covenant Not to Compete.** During employment with Paylocity, the Participant agrees not to directly or indirectly, on behalf of Participant or in conjunction with any other person or entity: (i) own any business (other than less than 3% ownership in a publicly traded company) that sells Competing Products in the Restricted Territory; or (ii) work (whether as an employee, independent contractor, consultant, or otherwise) for any person or entity that sells Competing Products, in any role: (y) that is similar to the Participant's then-current position or to any position the Participant held with the Company during the previous twenty-four (24) months, or (z) in which it would be beneficial for the Participant to use or rely upon Paylocity's Confidential Information. The term "**Competing Products**" shall mean products or services sold by Paylocity, or any prospective product or service Paylocity has taken steps to develop, including, without limitation, any products or services related to software solutions for payroll, human capital management, human resources, benefits, time and labor, and talent management.

7.4 **Acknowledgments.** The Participant acknowledges that: (i) the covenants of this Section 7 are supported by sufficient consideration, including access to Paylocity's Legitimate Business Interests (defined below), and the Units awarded under this Agreement; (ii) Paylocity has invested substantial resources into the development, protection and retention of its Confidential Information, employees, customers, and business (collectively, "**Legitimate Business Interests**"); (iii) the Legitimate Business Interests have significant intrinsic value and are not readily achieved or duplicated; (iv) solely as a result of the Participant's employment with Paylocity, the Participant has gained access to and familiarity with the Legitimate Business Interests; (v) the covenants of this Section 7 are therefore reasonable and necessary to protect the Legitimate Business Interests, and they are enforceable; and (vi) the provisions of this Section 7 do not restrain competition, limit the Participant's ability to obtain employment of the Participant's choosing or affect the Participant's wages.

7.5 **Remedies and Relief.** In the event of any breach by the Participant of the provisions of this Section 7: (i) the Company shall have the right to require the Participant to deliver to the Company: (a) all Units granted to the Participant in the three (3) years preceding said breach; and (b) to the extent the

Participant has disposed of any Units so granted or shares of Stock issued in settlement of such Units, the net proceeds from all such dispositions; and (ii) any unvested Units shall be immediately forfeited (collectively, the “**Repayment Obligation**”). The determination of whether the Participant has engaged in a breach of Section 7 shall be determined by the Committee in its sole discretion. Any repayment obligations under this Section 7 shall be effected by the Participant within thirty (30) days of receipt of the Company’s written demand for repayment. The Company may provide for an offset to any future payments owed by the Participating Company Group to the Participant, if necessary, to satisfy the Repayment Obligation. The Participant agrees to execute such documents as may be necessary to effect the repayment obligations referred to in this Section. Nothing in this Section 7 shall limit Paylocity from pursuing any other remedies otherwise available in law or in equity, including a temporary retaining order, a preliminary injunction, and a permanent injunction enjoining Participant’s breach or threatened breach of any of the provisions of this Agreement or from seeking enforcement of any other restrictions by which the Participant is bound under other agreements or applicable law.

7.6 **Severability.** If any provision of this Agreement is held to be unenforceable, such provision will be distinct and severable from the other provisions of this Agreement, and such unenforceability will not affect the validity and enforceability of the remaining provisions. If a court holds that the duration, scope, geographic range or any other restriction stated in any provision of this Agreement is unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic range or other restriction that the court deems reasonable under such circumstances will be substituted and that the court will have the power to revise any of those restrictions to cover the maximum period, scope, geographic range and/or other restriction permitted by law. It is the intent of the parties that the court, in establishing any such substitute restriction, recognize that the parties’ desire is that the stated restrictions upon which the parties have agreed be honored to the maximum lawful extent.

## **8 TAX WITHHOLDING.**

8.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of shares of Stock in settlement thereof. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

8.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company’s Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company’s tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the shares being acquired upon settlement of Units.

8.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company’s tax withholding obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the Award a number of whole shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable statutory withholding rates.



## **9 EFFECT OF CHANGE IN CONTROL.**

In the event of a Change in Control, except to the extent that the Committee determines to cash out the Award in accordance with Section 13.1(e) of the Plan, the surviving, continuing, successor, or purchasing entity or parent thereof, as the case may be (the “*Acquiror*”), may, without the consent of the Participant, assume or continue in full force and effect the Company’s rights and obligations under all or any portion of the outstanding Units or substitute for all or any portion of the outstanding Units substantially equivalent rights with respect to the Acquiror’s stock. For purposes of this Section, a Unit shall be deemed assumed if, following the Change in Control, the Unit confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon settlement of the Unit to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. The Award shall terminate and cease to be outstanding effective as of the time of consummation or the Change in Control to the extent that Units subject to the Award are neither assumed or continued by the Acquiror in connection with the Change in Control nor settled as of the time of the Change in Control.

## **10 ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company and the requirements of Section 409A of the Code to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (other than regular, periodic cash dividends paid on Stock pursuant to the Company’s dividend policy) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number of Units subject to the Award and/or the number and kind of shares or other property to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant’s rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as “effected without receipt of consideration by the Company.” Any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company’s dividend policy) to which the Participant is entitled by reason of ownership of Units acquired pursuant to this Award will be immediately subject to the provisions of this Award on the same basis as all Units originally acquired hereunder. Any fractional Unit or share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive.

## **11 RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

The Participant shall have no rights as a stockholder with respect to any shares which may be issued in settlement of this Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 10. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant’s employment is “at will” and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a

Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service at any time.

## 12 **LEGENDS.**

The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to this Award in the possession of the Participant in order to carry out the provisions of this Section.

## 13 **COMPLIANCE WITH SECTION 409A.**

It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with this Award that may result in Section 409A Deferred Compensation shall comply in all respects with the applicable requirements of Section 409A (including applicable regulations or other administrative guidance thereunder, as determined by the Committee in good faith) to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Section 409A, the following shall apply:

13.1 **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code (the "**Section 409A Regulations**") shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of the Section 409A Regulations. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of the Section 409A Regulations as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

13.2 **Other Changes in Time of Payment.** Neither the Participant nor the Company shall take any action to accelerate or delay the payment of any benefits under this Agreement in any manner which would not be in compliance with the Section 409A Regulations.

13.3 **Amendments to Comply with Section 409A; Indemnification.** Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Participant under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with the Section 409A Regulations without prior notice to or consent of the Participant. The Participant hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Participant in connection with the Award, including as a result of the application of Section 409A.

13.4 **Advice of Independent Tax Advisor.** The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Participant, including as a result of the application of Section 409A to the Award. The

Participant hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

#### **14 REPAYMENT/FORFEITURE.**

Any benefits a Participant may receive pursuant to this Award shall be subject to repayment or forfeiture as required to comply with (a) any applicable listing standards of a national securities exchange on which the Company's securities are listed or as otherwise required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, including Rule 10D-1 of the Exchange Act, (b) other applicable U.S. laws, and the applicable laws of any other jurisdiction, (c) the Paylocity Holding Corporation Policy for Recovery of Erroneously Awarded Incentive Compensation, or (d) any other repayment or forfeiture policies adopted by the Company, each to the extent determined by the Company in its discretion to be applicable to Participant.

#### **15 MISCELLANEOUS PROVISIONS.**

15.1 **Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that except as provided in Section 9 in connection with a Change in Control, no such termination or amendment may have a materially adverse effect on the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

15.2 **Nontransferability of the Award.** Prior to the issuance of shares of Stock on the applicable Settlement Date, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

15.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

15.4 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

15.5 **Advice of Counsel.** The Participant is hereby advised to have this Agreement, including without limitation the restrictive covenants set forth in Section 7 herein, reviewed by an attorney of the Participant's choosing. The Participant acknowledges and agrees that the Participant has had a period of at least fourteen (14) days to review and consider this Agreement before entering into it.

15.6 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 15.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 15.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 15.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 15.6(a)

(c) **Electronic Signatures.** The Participant agrees that the electronic signatures, whether digital or encrypted, of the parties included in the Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record.

**15.7 Integrated Agreement.** The Grant Notice, this Agreement and the Plan, together with the Superseding Agreement, if any, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any settlement of the Award and shall remain in full force and effect.

**15.8 Applicable Law; Forum Selection.** This Agreement shall be governed by the laws of the State of California. The parties agree that any suit, action, or other legal proceeding arising out of or relating to this Agreement may be brought in a court of competent jurisdiction located within California. The parties agree and consent to service by mail of any paper initiating any suit, action, or proceeding at the address set forth herein. The Participant agrees to update the Participant's address with the Company as soon as possible after a change in address occurs and acknowledges that it is the Participant's responsibility to ensure that the Company has the Participant's correct address on file. The Participant waives any objection to service by mail where the Company addresses service to the most recent address provided by the Participant.

**15.9 Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**PAYLOCITY HOLDING CORPORATION**  
**PERFORMANCE STOCK UNITS**  
**NOTICE OF GRANT AND AWARD AGREEMENT**  
**(For U.S. Participants/Contains a Non-Competition Covenant)**

Paylocity Holding Corporation (the “*Company*”), pursuant to its 2023 Equity Incentive Plan (the “*Plan*”), this Notice of Grant (“*Grant Notice*”) and the attached Award Agreement (the “*Agreement*”), hereby grants to the holder listed below (the “*Participant*”), an award (the “*Award*”) of Market Stock Units (each a “*Unit*”), each of which represents the right to receive on the applicable Settlement Date one (1) share of Stock (each a “*Share*”), as follows:

**Participant:** \_\_\_\_\_  
**Employee ID:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Target Number of Units:** \_\_\_\_\_ subject to adjustment as provided by the Agreement.

**Maximum Number of Units:** [ ]% of the Target Number of Units, subject to adjustment as provided by the Agreement.

**Performance Period:** The \_\_\_-year period beginning on \_\_\_\_\_ and ending on \_\_\_\_\_.

**Performance Measures:** As defined in Appendix A.

**Vesting Date:** Except as otherwise provided by the Agreement, the Vesting Date with respect to the Award shall be as follows (each a “Vesting Date”):

The Vesting Date with respect to [ ]% of the Earned Units shall be the day following the end of the Performance Period on which the Committee determines the extent to which the Performance Measure has been achieved, but in any event no later than 15th day of the third month following the end of the Performance Period.

The Vesting Date with respect to [ ]% of the Earned Units is [ ]

The Vesting Date with respect to [ ]% of the Earned Units is [ ]

**Vested Units:** Provided that the Participant’s Service has not terminated prior to the Vesting Date (except as otherwise provided by the Agreement), the Earned Units, if any, shall become Vested Units on the Vesting Date.

**Settlement Date:** For each Vested Unit, except as otherwise provided by the Agreement, the Settlement Date shall be its applicable Vesting Date or as soon thereafter as practicable, but in any event no later than the 15th day of the third calendar month following the end of the Applicable Year in which such Vesting Date occurs. For this purpose, “Applicable Year” means the calendar year or the Company’s fiscal year, whichever year ends later.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Plan and the Agreement, both of which are made part of this document. The Participant acknowledges that copies of the Plan, the Agreement and the prospectus for the Plan are

available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Grant Notice. The Participant represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of their terms and conditions.

**PAYLOCITY HOLDING CORPORATION**

By: Toby Williams

Name: Toby Williams

Title: Chief Executive Officer

Address: 1400 American Lane  
Schaumburg, Illinois, 60173

**Name**

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Signature

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Date

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Address

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## APPENDIX A

### **Performance Measure and Performance Multiplier Applicable to Performance Stock Unit Award Granted on [\_\_\_\_\_]**

The number of Units which are eligible to become Earned Units will be determined as follows:

1. ***“Earned Units”*** means the number of Units (rounded up to the nearest whole Unit), if any (not to exceed the Maximum Number of Units) shall be equal to the product of (i) the Target Number of Units multiplied by (ii) the Performance Multiplier. If the Threshold Goal is not attained during the Performance Period, no Units are eligible to become Earned Units or Vested Units.
2. ***“Recurring and Other Revenue”*** means Company revenues determined in accordance with generally accepted accounting principles in the United States (“GAAP”), and shall be adjusted to exclude the impact of any acquisitions during the Performance Period.
3. ***“Performance Multiplier”*** means a ratio determined as set forth on Appendix B, based on the level of attainment of the Target Performance Goal. The Performance Multiplier Percentages serve as cliffs. For example, if Recurring and Other Revenue was \$ \_\_\_\_\_ the Performance Multiplier would be 100%.
4. ***“Target Performance Goal”*** means \$ \_\_\_\_\_ in Recurring and Other Revenue during the Performance Period.
5. ***“Threshold Goal”*** means \$ \_\_\_\_\_ in Recurring and Other Revenue during the Performance Period.





**FORM OF  
PAYLOCITY HOLDING CORPORATION  
PERFORMANCE STOCK UNITS  
AWARD AGREEMENT**

Paylocity Holding Corporation (the “*Company*”) has granted to the Participant named in the Grant Notice to which this Agreement is attached an Award consisting of Performance Stock Units (the “*Units*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. This Award is intended to constitute an Award of Performance Shares described in Section 10 of the Plan. Notwithstanding anything in the Plan to the contrary, the determination of the number of Units which vest and/or are to be settled in Shares shall be determined based on the provisions contained in the Grant Notice and this Agreement, and the provisions set forth in Section 10.7(a) of the Plan (relating to certain Terminations of Service) shall not apply.

Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings assigned by the Plan.

**THE AWARD.**

The Company has granted to the Participant the Award set forth in the Grant Notice, which, depending on the extent to which the Performance Measure is attained during the Performance Period, may result in the Participant earning as little as zero (0) Units or as many as the Maximum Number of Units. Subject to the terms of this Agreement and the Plan, each Unit, to the extent it is earned and becomes a Vested Unit, represents a right to receive on the Settlement Date one (1) Share. Unless and until a Unit has been determined to be an Earned Unit and has vested and become a Vested Unit as set forth in the Grant Notice, the Participant will have no right to settlement of such Units. Prior to settlement of Vested Units, such Units will represent an unfunded and unsecured obligation of the Company.

**COMMITTEE DETERMINATION OF EARNED UNITS.**

**Level of Performance Measure Attained.** As soon as practicable following completion of the Performance Period, but in any event no later than the first scheduled Vesting Date, the Committee shall determine the level of attainment of the Performance Measure during the Performance Period, the resulting Relative TSR Multiplier and the number of Units which have become Earned Units.

**Adjustment for Leave of Absence or Part-Time Work.** Unless otherwise required by law or Company policy, if the Participant takes one or more unpaid leaves of absence, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate. Unless otherwise required by law or Company policy, if the Participant commences working on a part-time basis during the Performance Period, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate.

**VESTING OF EARNED UNITS.**

**Normal Vesting.** Except as otherwise provided by this Agreement, Earned Units shall vest and become Vested Units as provided in the Grant Notice.

**Vesting Upon a Change in Control.** In the event of a Change in Control, the vesting of Earned Units shall be determined in accordance with Section 9.

## **TERMINATION OF SERVICE.**

**Death or Disability.** If the Participant's Service terminates by reason of the death or Disability of the Participant either (a) before completion of the Performance Period or (b) after completion of the Performance Period but before the Vesting Date, the Participant shall not forfeit the Award. Instead, unless the Committee determines that Section 9 is applicable, the number of Earned Units and Vested Units shall be determined as follows:

If such termination of Service occurs before completion of the Performance Period, then a number of Earned Units shall be determined for a special Performance Period ending on the day of such termination of Service (the "***Special Performance Period***"). The applicable level of performance for the Special Performance Period shall be determined as provided by Appendix A, except that performance shall be determined for portion of the Performance Period ending with the last day of the Special Performance Period. The number of Vested Units shall be determined by multiplying such number of Earned Units by the ratio of the number of days of the Participant's Service during the Special Performance Period to the number of days contained in the original Performance Period. The number of Vested Units so determined shall be settled in accordance with Section 5. The Participant shall forfeit all Units not determined to be Vested Units in accordance with this Section, and the Participant shall not be entitled to any payment therefor.

If such termination of Service occurs after completion of the Performance Period but before the Vesting Date, then the number of Earned Units shall be determined for the Performance Period in accordance with Section 2, and all such Earned Units be deemed Vested Units upon such determination by the Committee and settled in accordance with Section 5 as if the Participant's Service had continued through the Vesting Date.

**Other Termination of Service.** In the event that the Participant's Service terminates for any reason, with or without cause, other than by reason of the death or Disability of the Participant, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units, and the Participant shall not be entitled to any payment therefor.

## **SETTLEMENT OF THE AWARD.**

**Issuance of Shares.** Subject to the provisions of Section 5.3 and Section 6 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) Share. Shares issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 5.3.

**Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all Shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such Shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the Shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

**Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of U.S. federal, state or foreign law with respect to such securities. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or foreign securities laws or other laws or regulations or the requirements of any stock exchange or market

system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any State, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on share certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any State, or any other law.

**Fractional Shares.** The Company shall not be required to issue fractional Shares upon the settlement of the Award.

#### **TAX WITHHOLDING AND ADVICE.**

**In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the U.S. federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

**Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Shares being acquired upon settlement of Units.

**Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable statutory withholding rates.

**Tax Advice.** The Participant represents, warrants and acknowledges that the Company has made no warranties or representations to the Participant with respect to the income tax consequences of the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. THE PARTICIPANT UNDERSTANDS THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

## **PARTICIPANT COVENANTS.**

**Covenant Not to Disclose.** The Participant acknowledges that as a result of the Participant's employment with Paylocity Corporation, an Illinois corporation ("**Paylocity**"), the Participant has gained access to Paylocity's Confidential Information (defined below). During the Participant's employment and thereafter, the Participant will not use, disclose, or reveal to any person any Confidential Information except when acting within the scope of the Participant's duties or with prior written authorization from Paylocity's Chief Human Resources Officer.

**Confidential Information.** The term "**Confidential Information**" shall mean all information belonging to, or otherwise relating to the business of Paylocity (including information received in confidence by Paylocity from its customers or suppliers or other third parties), which is not generally known, regardless of the manner in which it is stored or conveyed to the Participant, and which Paylocity has taken reasonable measures under the circumstances to protect from unauthorized use or disclosure, including, without limitation, Paylocity's trade secrets, intellectual property, formulae and processes, customer and employee information, pricing information, business and marketing strategies, proprietary information and know-how, unpublished or pending patent applications and all related patent rights, discoveries, software code, formulas and processes relating to Paylocity's business. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure through no fault of the Participant; (ii) was lawfully received by the Participant from a third party; (iii) was known to the Participant prior to receipt from Paylocity; or (iv) was independently developed by the Participant or independent third parties. In each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by the Participant or any third party of any obligation of confidentiality or non-use, including the obligations and restrictions provided in this Agreement.

**Scope of Non-Disclosure; Return of Company Property.** Nothing in this Section shall be deemed to limit the Participant's non-disclosure obligations under any applicable rule, statute, regulation, agreement or other Paylocity policy, or to prevent the Participant from providing truthful information to a government authority or in response to a valid subpoena or other court process. Upon termination of the Participant's employment with Paylocity for any reason, the Participant will immediately return to Paylocity all Paylocity property, including, without limitation, all Confidential Information. The Participant understands that the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

### **Covenants Not to Solicit.**

(a) **Customer Non-Solicitation.** During employment with Paylocity and for a period of twenty-four (24) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly contact, solicit or accept business from any of Paylocity's customers, prospective customers, brokers, brokerage firms, business partners, business associates, or end users, with whom the Participant had direct or indirect contact or solicited on behalf of Paylocity in the twelve (12) months prior to the Participant's termination, for the purpose of selling or soliciting products or services that are in competition with the products or services of Paylocity.

**Employee Non-Solicitation.** During employment with Paylocity and for a period of twenty-four (24) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly contact, solicit or recruit any employees or exclusive independent contractors of

Paylocity with whom the Participant worked or had contact during the twelve (12) months preceding the termination of the Participant's employment, for the purpose of causing, inviting or encouraging any such employee to (i) terminate his or her employment or business relationship with Paylocity; and/or (ii) become employed or engaged by a person or entity that sells Competing Products (as defined below).

**Covenant Not to Compete.** During employment with Paylocity and for a period of twelve (12) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly, on behalf of Participant or in conjunction with any other person or entity: (i) own any business (other than less than 3% ownership in a publicly traded company) that sells Competing Products in the Restricted Territory; or (ii) work in the Restricted Territory (whether as an employee, independent contractor, consultant, or otherwise) for any person or entity that sells Competing Products, in any role: (y) that is similar to any position held with the Company during the twenty-four (24) months preceding the termination of the Participant's employment, or (z) in which it would be beneficial for the Participant to use or rely upon Paylocity's Confidential Information. The term "**Competing Products**" shall mean products or services sold by Paylocity, or any prospective product or service Paylocity took steps to develop, and for which the Participant had any responsibility during the twenty-four (24) months preceding the termination of the Participant's employment, including, without limitation, any products or services related to software solutions for payroll, human capital management, human resources, benefits, time and labor, and talent management. The term "**Restricted Territory**" shall mean the geographic territory over which the Participant had responsibility during the twenty-four (24) months preceding the termination of the Participant's employment.

**Acknowledgments.** The Participant acknowledges that: (i) the covenants of this Section 7 are supported by sufficient consideration, including access to Paylocity's Legitimate Business Interests (defined below), and the Units awarded under this Agreement; (ii) Paylocity has invested substantial resources into the development, protection and retention of its Confidential Information, employees, customers, and business (collectively, "**Legitimate Business Interests**"); (iii) the Legitimate Business Interests have significant intrinsic value and are not readily achieved or duplicated; (iv) solely as a result of the Participant's employment with Paylocity, the Participant has gained access to and familiarity with the Legitimate Business Interests; (v) the covenants of this Section 7 are therefore reasonable and necessary to protect the Legitimate Business Interests, and they are enforceable; and (vi) the provisions of this Section 7 do not restrain competition, limit the Participant's ability to obtain employment of the Participant's choosing or affect the Participant's wages.

**Remedies and Relief.** In the event of any breach by the Participant of the provisions of this Section 7: (i) the Company shall have the right to require the Participant to deliver to the Company: (a) all Units granted to the Participant in the three (3) years preceding said breach; and (b) to the extent the Participant has disposed of any Units so granted or shares of Stock issued in settlement of such Units, the net proceeds from all such dispositions; and (ii) any unvested Units shall be immediately forfeited (collectively, the "**Repayment Obligation**"). The determination of whether the Participant has engaged in a breach of Section 7 shall be determined by the Committee in its sole discretion. Any repayment obligations under this Section 7 shall be effected by the Participant within thirty (30) days of receipt of the Company's written demand for repayment. The Company may provide for an offset to any future payments owed by the Participating Company Group to the Participant, if necessary, to satisfy the Repayment Obligation. The Participant agrees to execute such documents as may be necessary to effect the repayment obligations referred to in this Section. Nothing in this Section 7 shall limit Paylocity from pursuing any other remedies otherwise available in law or in equity, including a temporary retaining order, a preliminary injunction, and a permanent injunction enjoining Participant's breach or threatened breach of any of the provisions of this Agreement or from seeking enforcement of any other restrictions by which the Participant is bound under other agreements or applicable law.

**Severability.** If any provision of this Agreement is held to be unenforceable, such provision will be distinct and severable from the other provisions of this Agreement, and such unenforceability will not affect the validity and enforceability of the remaining provisions. If a court holds that the duration, scope, geographic range or any other restriction stated in any provision of this Agreement is unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic range or other restriction that the court deems reasonable under such circumstances will be substituted and that the court will have the power to revise any of those restrictions to cover the maximum period, scope, geographic range and/or other restriction permitted by law. It is the intent of the parties that the court, in establishing any such substitute restriction, recognize that the parties' desire is that the stated restrictions upon which the parties have agreed be honored to the maximum lawful extent.

**Tolling.** The restricted time periods in Section 7 shall be tolled during any time period that Participant is in violation of such covenants, as determined by a court of competent jurisdiction, so that Paylocity may realize the full benefit of its bargain. This tolling shall include any time period during which litigation is pending, and during which Participant has continued to violate such protective covenants.

#### **AUTHORIZATION TO RELEASE NECESSARY PERSONAL INFORMATION.**

The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "**Data**") regarding the Participant's Service, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, email address, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, employment or Service location, number of Shares held and the details of all Units or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, any other information necessary to process tax withholding and reporting, and, where applicable, the Participant's Service termination date and reason for termination, for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company or any other Participating Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a brokerage firm or other third party assisting with administration of the Award or with whom Shares acquired upon settlement of this Award or cash from the sale of such Shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or any of other Participating Company, or to any third parties is necessary for Participant's participation in the Plan. The Participant may at any time withdraw the consents herein, by contacting the Company's share administration department in writing. The Participant further acknowledges that withdrawal of consent may affect the Participant's ability to realize benefits from the Award, and the Participant's ability to participate in the Plan. If the Participant is or becomes during the term of this Award a resident of the State of California, the Participant is hereby notified of the foregoing in accordance with the California Consumer Privacy Act.

#### **CHANGE IN CONTROL.**

In the event of a Change in Control, this Section 9 shall determine the treatment of the Units which have not otherwise become Vested Units.

**Effect of Change in Control Following End of Performance Period.** In the event of a Change in Control upon or after the end of the Performance Period but before the Vesting Date, the number of Earned Units shall, if not previously determined by the Committee in accordance with Section 3.1 and settled in accordance with Section 5, be determined by the Committee in accordance with Section 3.1,

become Vested Units and be settled in accordance with Section 5 prior to the effective time of the Change in Control, provided that the Participant's Service has not terminated prior to such effective time.

**Effect of a Change in Control Prior to End of Performance Period.** In the event of a Change in Control before the end of the Performance Period, the Performance Period shall be deemed to end on the day immediately preceding the Change in Control (the "*Adjusted Performance Period*"), and the number of Earned Units and the vesting thereof shall be determined for the Adjusted Performance Period

based on the applicable level of performance achieved through the last day of the Adjusted Performance Period..

Immediately following the Committee's determination pursuant to this Section 9.2(a), all Units subject to the Award which are not Earned Units (the "*Unearned Units*") shall terminate and the Award, to the extent of the Unearned Units, shall cease to be outstanding.

**Vested Units.** As of the last day of the Adjusted Performance Period and provided that the Participant's Service has not terminated prior to such date, all of the Earned Units determined in accordance with Section 9.2(a) shall become Vested Units (the "*Accelerated Units*"). The Accelerated Units shall be settled in accordance Section 5 immediately prior to the effective time of the Change in Control.

#### **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

The number of Units awarded pursuant to this Agreement is subject to adjustment as provided in Section 4.3 of the Plan. Upon the occurrence of an event described in Section 4.3 of the Plan, any and all new, substituted or additional securities or other property to which a holder of a Share issuable in settlement of the Award would be entitled shall be immediately subject to the Agreement and included within the meaning of the term "Shares" for all purposes of the Award. The Participant shall be notified of such adjustments and such adjustments shall be binding upon the Company and the Participant.

#### **NO ENTITLEMENT OR CLAIMS FOR COMPENSATION OR EMPLOYMENT.**

The Participant's rights, if any, in respect of or in connection with the Units are derived solely from the discretionary decision of the Company to permit the Participant to participate in the Plan and to benefit from a discretionary Award. By accepting the Units, the Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Units or other Awards to the Participant. The Units are not intended to be compensation of a continuing or recurring nature, or part of the Participant's normal or expected compensation, and in no way represents any portion of the Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

Neither the Plan nor the Units shall be deemed to give the Participant a right to remain an Employee, Director or Consultant of the Company or any other Participating Company. The Participating Company Group reserves the right to terminate the Service of the Participant at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Certificate of Incorporation and Bylaws and a written employment agreement (if any), and the Participant shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, the Units or any other outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

#### **RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares that may be issued in settlement of this Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, dividend equivalents, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 10.

### **REPAYMENT/FORFEITURE.**

Any benefits a Participant may receive pursuant to this Award shall be subject to repayment or forfeiture as required to comply with (a) any applicable listing standards of a national securities exchange on which the Company's securities are listed or as otherwise required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, including Rule 10D-1 of the Exchange Act, (b) other applicable U.S. laws, and the applicable laws of any other jurisdiction, (c) the Paylocity Holding Corporation Policy for Recovery of Erroneously Awarded Incentive Compensation, or (d) any other repayment or forfeiture policies adopted by the Company, each to the extent determined by the Company in its discretion to be applicable to Participant.

### **MISCELLANEOUS PROVISIONS.**

**Administration.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Units.

**Amendment.** The Committee may amend this Agreement at any time; provided, however, that no such amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant, except to the extent such amendment is necessary to comply with applicable law, including, but not limited to, Code Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

**Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, no right or interest of the Participant in the Award nor any Shares issuable on settlement of the Award shall be in any manner pledged, encumbered, or hypothecated to or in favor of any party other than the Company or shall become subject to any lien, obligation, or liability of such Participant to any other party other than the Company. Except as otherwise provided by the Committee, the Award shall not be assigned, transferred or otherwise disposed of other than by will or the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

**Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

### **Section 409A.**

**Compliance with Section 409A.** Notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, the Plan, this Agreement and the Grant Notice shall be interpreted in



accordance with, and incorporate the terms and conditions required by, Code Section 409A (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof). The vesting and settlement of Units awarded pursuant to this Agreement are intended to qualify for the “short-term deferral” exemption from Code Section 409A. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Agreement to ensure that the Units qualify for exemption from or comply with Code Section 409A; *provided, however*, that the Company makes no representations that the Units will be exempt from Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to the Units.

**Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant’s termination of Service which constitutes a “deferral of compensation” within the meaning of Code Section 409A shall be paid unless and until the Participant has incurred a “separation from service” within the meaning of Code Section 409A. Furthermore, to the extent that the Participant is a “specified employee” within the meaning of Code Section 409A as of the date of the Participant’s separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant’s separation from service shall be paid to the Participant before the date (the “**Delayed Payment Date**”) which is the first day of the seventh month after the date of the Participant’s separation from service or, if earlier, the date of the Participant’s death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

**Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

**Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company’s stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

**Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.6(a) or may

change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.6(a).

**Construction of Agreement.** The Grant Notice, this Agreement, and the Units evidenced hereby (i) are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan, and (ii) constitute the entire agreement between the Participant and the Company on the subject matter hereof and supersede all proposals, written or oral, and all other communications between the parties related to the subject matter. All decisions of the Committee with respect to any question or issue arising under the Grant Notice, this Agreement or the Plan shall be conclusive and binding on all persons having an interest in the Units.

**Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

**Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

**Applicable Law; Forum Selection.** This Agreement shall be governed by the laws of the State of Illinois as such laws are applied to agreements between Illinois residents entered into and to be performed entirely within the State of Illinois, without regard to conflict-of-law rules. The parties agree that any suit, action, or other legal proceeding arising out of or relating to this Agreement will be brought exclusively in a court of competent jurisdiction located within Illinois and will not be commenced or maintained in any other court. The parties agree and consent to Illinois as the exclusive jurisdiction and venue of any such suit, action or proceeding. The parties agree and consent to service by mail of any paper initiating any suit, action, or proceeding at the address set forth herein. The Participant agrees to update the Participant's address with the Company as soon as possible after a change in address occurs and acknowledges that it is the Participant's responsibility to ensure that the Company has the Participant's correct address on file. The Participant waives any objection to service by mail where the Company addresses service to the most recent address provided by the Participant.

**Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**PAYLOCITY HOLDING CORPORATION**  
**PERFORMANCE STOCK UNITS**  
**NOTICE OF GRANT AND AWARD AGREEMENT**  
**(For U.S. Participants/Contains a Non-Competition Covenant)**

Paylocity Holding Corporation (the “*Company*”), pursuant to its 2023 Equity Incentive Plan (the “*Plan*”), this Notice of Grant (“*Grant Notice*”) and the attached Award Agreement (the “*Agreement*”), hereby grants to the holder listed below (the “*Participant*”), an award (the “*Award*”) of Market Stock Units (each a “*Unit*”), each of which represents the right to receive on the applicable Settlement Date one (1) share of Stock (each a “*Share*”), as follows:

**Participant:** \_\_\_\_\_  
**Employee ID:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Target Number of Units:** \_\_\_\_\_ subject to adjustment as provided by the Agreement.

**Maximum Number of Units:** [ ]% of the Target Number of Units, subject to adjustment as provided by the Agreement.

**Performance Period:** The \_\_\_\_-year period beginning on \_\_\_\_ and ending on \_\_\_\_.

**Performance Measures:** As defined in Appendix A.

**Vesting Date:** Except as otherwise provided by the Agreement, the Vesting Date with respect to the Award shall be as follows (each a “Vesting Date”):

The Vesting Date with respect to [ ]% of the Earned Units shall be the day following the end of the Performance Period on which the Committee determines the extent to which the Performance Measure has been achieved, but in any event no later than 15th day of the third month following the end of the Performance Period.

The Vesting Date with respect to [ ]% of the Earned Units is [ ]

The Vesting Date with respect to [ ]% of the Earned Units is [ ]

**Vested Units:** Provided that the Participant’s Service has not terminated prior to the Vesting Date (except as otherwise provided by the Agreement), the Earned Units, if any, shall become Vested Units on the Vesting Date.

**Settlement Date:** For each Vested Unit, except as otherwise provided by the Agreement, the Settlement Date shall be its applicable Vesting Date or as soon thereafter as practicable, but in any event no later than the 15th day of the third calendar month following the end of the Applicable Year in which such Vesting Date occurs. For this purpose, “Applicable Year” means the calendar year or the Company’s fiscal year, whichever year ends later.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Plan and the Agreement, both of which are made part of this document. The Participant acknowledges that copies of the Plan, the Agreement and the prospectus for the Plan are

available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Grant Notice. The Participant represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of their terms and conditions.

**PAYLOCITY HOLDING CORPORATION**

By: Toby Williams

Name: Toby Williams

Title: Chief Executive Officer

Address: 1400 American Lane  
Schaumburg, Illinois, 60173

**Name**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address  
\_\_\_\_\_

## APPENDIX A

### **Performance Measure and Performance Multiplier Applicable to Performance Stock Unit Award Granted on [\_\_\_\_\_]**

The number of Units which are eligible to become Earned Units will be determined as follows:

1. ***“Earned Units”*** means the number of Units (rounded up to the nearest whole Unit), if any (not to exceed the Maximum Number of Units) shall be equal to the product of (i) the Target Number of Units multiplied by (ii) the Performance Multiplier. If the Threshold Goal is not attained during the Performance Period, no Units are eligible to become Earned Units or Vested Units.
2. ***“Recurring and Other Revenue”*** means Company revenues determined in accordance with generally accepted accounting principles in the United States (“GAAP”), and shall be adjusted to exclude the impact of any acquisitions during the Performance Period.
3. ***“Performance Multiplier”*** means a ratio determined as set forth on Appendix B, based on the level of attainment of the Target Performance Goal. The Performance Multiplier Percentages serve as cliffs. For example, if Recurring and Other Revenue was \$ \_\_\_\_\_ the Performance Multiplier would be 100%.
4. ***“Target Performance Goal”*** means \$ \_\_\_\_\_ in Recurring and Other Revenue during the Performance Period.
5. ***“Threshold Goal”*** means \$ \_\_\_\_\_ in Recurring and Other Revenue during the Performance Period.



**FORM OF  
PAYLOCITY HOLDING CORPORATION  
PERFORMANCE STOCK UNITS  
AWARD AGREEMENT  
(for California Participants)**

Paylocity Holding Corporation (the “*Company*”) has granted to the Participant named in the Grant Notice to which this Agreement is attached an Award consisting of Performance Stock Units (the “*Units*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. This Award is intended to constitute an Award of Performance Shares described in Section 10 of the Plan. Notwithstanding anything in the Plan to the contrary, the determination of the number of Units which vest and/or are to be settled in Shares shall be determined based on the provisions contained in the Grant Notice and this Agreement, and the provisions set forth in Section 10.7(a) of the Plan (relating to certain Terminations of Service) shall not apply.

Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings assigned by the Plan.

1. **THE AWARD.**

The Company has granted to the Participant the Award set forth in the Grant Notice, which, depending on the extent to which the Performance Measure is attained during the Performance Period, may result in the Participant earning as little as zero (0) Units or as many as the Maximum Number of Units. Subject to the terms of this Agreement and the Plan, each Unit, to the extent it is earned and becomes a Vested Unit, represents a right to receive on the Settlement Date one (1) Share. Unless and until a Unit has been determined to be an Earned Unit and has vested and become a Vested Unit as set forth in the Grant Notice, the Participant will have no right to settlement of such Units. Prior to settlement of Vested Units, such Units will represent an unfunded and unsecured obligation of the Company.

2. **COMMITTEE DETERMINATION OF EARNED UNITS.**

2.1 **Level of Performance Measure Attained.** As soon as practicable following completion of the Performance Period, but in any event no later than the first scheduled Vesting Date, the Committee shall determine the level of attainment of the Performance Measure during the Performance Period, the resulting Relative TSR Multiplier and the number of Units which have become Earned Units.

2.2 **Adjustment for Leave of Absence or Part-Time Work.** Unless otherwise required by law or Company policy, if the Participant takes one or more unpaid leaves of absence, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate. Unless otherwise required by law or Company policy, if the Participant commences working on a part-time basis during the Performance Period, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate.

3. **VESTING OF EARNED UNITS.**

3.1 **Normal Vesting.** Except as otherwise provided by this Agreement, Earned Units shall vest and become Vested Units as provided in the Grant Notice.

3.2 **Vesting Upon a Change in Control.** In the event of a Change in Control, the vesting of Earned Units shall be determined in accordance with Section 9.

#### 4. **TERMINATION OF SERVICE.**

4.1 **Death or Disability.** If the Participant's Service terminates by reason of the death or Disability of the Participant either (a) before completion of the Performance Period or (b) after completion of the Performance Period but before the Vesting Date, the Participant shall not forfeit the Award. Instead, unless the Committee determines that Section 9 is applicable, the number of Earned Units and Vested Units shall be determined as follows:

(a) If such termination of Service occurs before completion of the Performance Period, then a number of Earned Units shall be determined for a special Performance Period ending on the day of such termination of Service (the "***Special Performance Period***"). The applicable level of performance for the Special Performance Period shall be determined as provided by Appendix A, except that performance shall be determined for portion of the Performance Period ending with the last day of the Special Performance Period. The number of Vested Units shall be determined by multiplying such number of Earned Units by the ratio of the number of days of the Participant's Service during the Special Performance Period to the number of days contained in the original Performance Period. The number of Vested Units so determined shall be settled in accordance with Section 5. The Participant shall forfeit all Units not determined to be Vested Units in accordance with this Section, and the Participant shall not be entitled to any payment therefor.

(b) If such termination of Service occurs after completion of the Performance Period but before the Vesting Date, then the number of Earned Units shall be determined for the Performance Period in accordance with Section 2, and all such Earned Units be deemed Vested Units upon such determination by the Committee and settled in accordance with Section 5 as if the Participant's Service had continued through the Vesting Date.

4.2 **Other Termination of Service.** In the event that the Participant's Service terminates for any reason, with or without cause, other than by reason of the death or Disability of the Participant, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units, and the Participant shall not be entitled to any payment therefor.

#### 5. **SETTLEMENT OF THE AWARD.**

5.1 **Issuance of Shares.** Subject to the provisions of Section 5.3 and Section 6 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) Share. Shares issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 5.3.

5.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all Shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such Shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the Shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

5.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all



applicable requirements of U.S. federal, state or foreign law with respect to such securities. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or foreign securities laws or other laws or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any State, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on share certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any State, or any other law.

5.4 **Fractional Shares.** The Company shall not be required to issue fractional Shares upon the settlement of the Award.

## 6. **TAX WITHHOLDING ADVICE.**

6.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the U.S. federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

6.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Shares being acquired upon settlement of Units.

6.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable statutory withholding rates.

6.4 **Tax Advice.** The Participant represents, warrants and acknowledges that the Company has made no warranties or representations to the Participant with respect to the income tax consequences of the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. THE PARTICIPANT UNDERSTANDS THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT HIS OR HER OWN TAX

ADVISOR REGARDING THE UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

## 7. **PARTICIPANT COVENANTS.**

7.1 **Covenant Not to Disclose.** The Participant acknowledges that as a result of the Participant's employment with Paylocity Corporation, an Illinois corporation ("**Paylocity**"), the Participant has gained access to Paylocity's Confidential Information (defined below). During the Participant's employment and thereafter, the Participant will not use, disclose, or reveal to any person any Confidential Information except when acting within the scope of the Participant's duties or with prior written authorization from Paylocity's Chief Human Resources Officer.

(a) **Confidential Information.** The term "**Confidential Information**" shall mean all information belonging to, or otherwise relating to the business of Paylocity (including information received in confidence by Paylocity from its customers or suppliers or other third parties), which is not generally known, regardless of the manner in which it is stored or conveyed to the Participant, and which Paylocity has taken reasonable measures under the circumstances to protect from unauthorized use or disclosure, including, without limitation, Paylocity's trade secrets, intellectual property, formulae and processes, customer and employee information, pricing information, business and marketing strategies, proprietary information and know-how, unpublished or pending patent applications and all related patent rights, discoveries, software code, formulas and processes relating to Paylocity's business. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure through no fault of the Participant; (ii) was lawfully received by the Participant from a third party; (iii) was known to the Participant prior to receipt from Paylocity; or (iv) was independently developed by the Participant or independent third parties. In each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by the Participant or any third party of any obligation of confidentiality or non-use, including the obligations and restrictions provided in this Agreement.

(b) **Scope of Non-Disclosure; Return of Company Property.** Nothing in this Section shall be deemed to limit the Participant's non-disclosure obligations under any applicable rule, statute, regulation, agreement or other Paylocity policy, or to prevent the Participant from providing truthful information to a government authority or in response to a valid subpoena or other court process. Upon termination of the Participant's employment with Paylocity for any reason, the Participant will immediately return to Paylocity all Paylocity property, including, without limitation, all Confidential Information. The Participant understands that the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

## 7.2 **Covenants Not to Solicit.**

(c) **Customer Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or accept business from any of Paylocity's customers, prospective customers, brokers, brokerage firms, business partners, business associates, or end users for the purpose of selling or soliciting products or services that are in competition with the products or services of Paylocity.

(d) **Employee Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or recruit any employees or exclusive independent contractors of Paylocity for the purpose of causing, inviting or encouraging any such

employee to (i) terminate his or her employment or business relationship with Paylocity; and/or (ii) become employed or engaged by a person or entity that sells Competing Products (as defined below).

7.3 **Covenant Not to Compete.** During employment with Paylocity, the Participant agrees not to directly or indirectly, on behalf of Participant or in conjunction with any other person or entity: (i) own any business (other than less than 3% ownership in a publicly traded company) that sells Competing Products in the Restricted Territory; or (ii) work (whether as an employee, independent contractor, consultant, or otherwise) for any person or entity that sells Competing Products, in any role: (y) that is similar to the Participant's then-current position or to any position the Participant held with the Company during the previous twenty-four (24) months, or (z) in which it would be beneficial for the Participant to use or rely upon Paylocity's Confidential Information. The term "**Competing Products**" shall mean products or services sold by Paylocity, or any prospective product or service Paylocity has taken steps to develop, including, without limitation, any products or services related to software solutions for payroll, human capital management, human resources, benefits, time and labor, and talent management.

7.4 **Acknowledgments.** The Participant acknowledges that: (i) the covenants of this Section 7 are supported by sufficient consideration, including access to Paylocity's Legitimate Business Interests (defined below), and the Units awarded under this Agreement; (ii) Paylocity has invested substantial resources into the development, protection and retention of its Confidential Information, employees, customers, and business (collectively, "**Legitimate Business Interests**"); (iii) the Legitimate Business Interests have significant intrinsic value and are not readily achieved or duplicated; (iv) solely as a result of the Participant's employment with Paylocity, the Participant has gained access to and familiarity with the Legitimate Business Interests; (v) the covenants of this Section 7 are therefore reasonable and necessary to protect the Legitimate Business Interests, and they are enforceable; and (vi) the provisions of this Section 7 do not restrain competition, limit the Participant's ability to obtain employment of the Participant's choosing or affect the Participant's wages.

7.5 **Remedies and Relief.** In the event of any breach by the Participant of the provisions of this Section 7: (i) the Company shall have the right to require the Participant to deliver to the Company: (a) all Units granted to the Participant in the three (3) years preceding said breach; and (b) to the extent the Participant has disposed of any Units so granted or shares of Stock issued in settlement of such Units, the net proceeds from all such dispositions; and (ii) any unvested Units shall be immediately forfeited (collectively, the "**Repayment Obligation**"). The determination of whether the Participant has engaged in a breach of Section 7 shall be determined by the Committee in its sole discretion. Any repayment obligations under this Section 7 shall be effected by the Participant within thirty (30) days of receipt of the Company's written demand for repayment. The Company may provide for an offset to any future payments owed by the Participating Company Group to the Participant, if necessary, to satisfy the Repayment Obligation. The Participant agrees to execute such documents as may be necessary to effect the repayment obligations referred to in this Section. Nothing in this Section 7 shall limit Paylocity from pursuing any other remedies otherwise available in law or in equity, including a temporary retaining order, a preliminary injunction, and a permanent injunction enjoining Participant's breach or threatened breach of any of the provisions of this Agreement or from seeking enforcement of any other restrictions by which the Participant is bound under other agreements or applicable law.

7.6 **Severability.** If any provision of this Agreement is held to be unenforceable, such provision will be distinct and severable from the other provisions of this Agreement, and such unenforceability will not affect the validity and enforceability of the remaining provisions. If a court holds that the duration, scope, geographic range or any other restriction stated in any provision of this Agreement is unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic range or other restriction that the court deems reasonable under such circumstances will be substituted and that the court will have the power to revise any of those restrictions to cover the maximum period, scope, geographic range and/or other restriction permitted by law. It is the

intent of the parties that the court, in establishing any such substitute restriction, recognize that the parties' desire is that the stated restrictions upon which the parties have agreed be honored to the maximum lawful extent.

8. **AUTHORIZATION TO RELEASE NECESSARY PERSONAL INFORMATION.**

The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "**Data**") regarding the Participant's Service, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, email address, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, employment or Service location, number of Shares held and the details of all Units or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, any other information necessary to process tax withholding and reporting, and, where applicable, the Participant's Service termination date and reason for termination, for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company or any other Participating Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a brokerage firm or other third party assisting with administration of the Award or with whom Shares acquired upon settlement of this Award or cash from the sale of such Shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or any of other Participating Company, or to any third parties is necessary for Participant's participation in the Plan. The Participant may at any time withdraw the consents herein, by contacting the Company's share administration department in writing. The Participant further acknowledges that withdrawal of consent may affect the Participant's ability to realize benefits from the Award, and the Participant's ability to participate in the Plan. If the Participant is or becomes during the term of this Award a resident of the State of California, the Participant is hereby notified of the foregoing in accordance with the California Consumer Privacy Act.

9. **CHANGE IN CONTROL.**

In the event of a Change in Control, this Section 9 shall determine the treatment of the Units which have not otherwise become Vested Units.

9.1 **Effect of Change in Control Following End of Performance Period.** In the event of a Change in Control upon or after the end of the Performance Period but before the Vesting Date, the number of Earned Units shall, if not previously determined by the Committee in accordance with Section 3.1 and settled in accordance with Section 5, be determined by the Committee in accordance with Section 3.1, become Vested Units and be settled in accordance with Section 5 prior to the effective time of the Change in Control, provided that the Participant's Service has not terminated prior to such effective time.

9.2 **Effect of a Change in Control Prior to End of Performance Period.** In the event of a Change in Control before the end of the Performance Period, the Performance Period shall be deemed to end on the day immediately preceding the Change in Control (the "**Adjusted Performance Period**"), and the number of Earned Units and the vesting thereof shall be determined for the Adjusted Performance Period

9.3 based on the applicable level of performance achieved through the last day of the Adjusted Performance Period..

Immediately following the Committee's determination pursuant to this Section 9.2(a), all Units subject to the Award which are not Earned Units (the "*Unearned Units*") shall terminate and the Award, to the extent of the Unearned Units, shall cease to be outstanding.

(a) **Vested Units.** As of the last day of the Adjusted Performance Period and provided that the Participant's Service has not terminated prior to such date, all of the Earned Units determined in accordance with Section 9.2(a) shall become Vested Units (the "*Accelerated Units*"). The Accelerated Units shall be settled in accordance Section 5 immediately prior to the effective time of the Change in Control.

10. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

The number of Units awarded pursuant to this Agreement is subject to adjustment as provided in Section 4.3 of the Plan. Upon the occurrence of an event described in Section 4.3 of the Plan, any and all new, substituted or additional securities or other property to which a holder of a Share issuable in settlement of the Award would be entitled shall be immediately subject to the Agreement and included within the meaning of the term "Shares" for all purposes of the Award. The Participant shall be notified of such adjustments and such adjustments shall be binding upon the Company and the Participant.

11. **NO ENTITLEMENT OR CLAIMS FOR COMPENSATION OR EMPLOYMENT.**

11.1 The Participant's rights, if any, in respect of or in connection with the Units are derived solely from the discretionary decision of the Company to permit the Participant to participate in the Plan and to benefit from a discretionary Award. By accepting the Units, the Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Units or other Awards to the Participant. The Units are not intended to be compensation of a continuing or recurring nature, or part of the Participant's normal or expected compensation, and in no way represents any portion of the Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

11.2 Neither the Plan nor the Units shall be deemed to give the Participant a right to remain an Employee, Director or Consultant of the Company or any other Participating Company. The Participating Company Group reserves the right to terminate the Service of the Participant at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Certificate of Incorporation and Bylaws and a written employment agreement (if any), and the Participant shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, the Units or any other outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

12. **RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares that may be issued in settlement of this Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, dividend equivalents, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 10.

13. **REPAYMENT/FORFEITURE.**

Any benefits a Participant may receive pursuant to this Award shall be subject to repayment or forfeiture as required to comply with (a) any applicable listing standards of a national securities exchange

on which the Company's securities are listed or as otherwise required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, including Rule 10D-1 of the Exchange Act, (b) other applicable U.S. laws, and the applicable laws of any other jurisdiction, (c) the Paylocity Holding Corporation Policy for Recovery of Erroneously Awarded Incentive Compensation, or (d) any other repayment or forfeiture policies adopted by the Company, each to the extent determined by the Company in its discretion to be applicable to Participant.

#### 14. **MISCELLANEOUS PROVISIONS.**

14.1 **Administration.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Units.

14.2 **Amendment.** The Committee may amend this Agreement at any time; provided, however, that no such amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant, except to the extent such amendment is necessary to comply with applicable law, including, but not limited to, Code Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

14.3 **Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, no right or interest of the Participant in the Award nor any Shares issuable on settlement of the Award shall be in any manner pledged, encumbered, or hypothecated to or in favor of any party other than the Company or shall become subject to any lien, obligation, or liability of such Participant to any other party other than the Company. Except as otherwise provided by the Committee, the Award shall not be assigned, transferred or otherwise disposed of other than by will or the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

14.4 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

#### 14.5 **Section 409A.**

(a) **Compliance with Section 409A.** Notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, the Plan, this Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Code Section 409A (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof). The vesting and settlement of Units awarded pursuant to this Agreement are intended to qualify for the "short-term deferral" exemption from Code Section 409A. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Agreement to ensure that the Units qualify for exemption from or comply with Code Section 409A; *provided, however*, that the Company makes no representations that the Units will be exempt from Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to the Units.

(b) **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of Code Section 409A shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of Code Section 409A. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of Code Section 409A as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is the first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

14.6 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.6(a).

14.7 **Construction of Agreement.** The Grant Notice, this Agreement, and the Units evidenced hereby (i) are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan, and (ii) constitute the entire agreement between the Participant and the Company on the subject matter hereof and supersede all proposals, written or oral, and all other

communications between the parties related to the subject matter. All decisions of the Committee with respect to any question or issue arising under the Grant Notice, this Agreement or the Plan shall be conclusive and binding on all persons having an interest in the Units.

14.8 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

14.9 **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

14.10 **Applicable Law; Forum Selection.** This Agreement shall be governed by the laws of the State of California. The parties agree that any suit, action, or other legal proceeding arising out of or relating to this Agreement may be brought in a court of competent jurisdiction located within California. The parties agree and consent to service by mail of any paper initiating any suit, action, or proceeding at the address set forth herein. The Participant agrees to update the Participant's address with the Company as soon as possible after a change in address occurs and acknowledges that it is the Participant's responsibility to ensure that the Company has the Participant's correct address on file. The Participant waives any objection to service by mail where the Company addresses service to the most recent address provided by the Participant.

14.11 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.



**PAYLOCITY HOLDING CORPORATION**  
**MARKET STOCK UNITS**  
**NOTICE OF GRANT AND AWARD AGREEMENT**  
**(For U.S. Participants/Contains a Non-Competition Covenant)**

Paylocity Holding Corporation (the “*Company*”), pursuant to its 2023 Equity Incentive Plan (the “*Plan*”), this Notice of Grant (“*Grant Notice*”) and the attached Award Agreement (the “*Agreement*”), hereby grants to the holder listed below (the “*Participant*”), an award (the “*Award*”) of Market Stock Units (each a “*Unit*”), each of which represents the right to receive on the applicable Settlement Date one (1) share of Stock (each a “*Share*”), as follows:

**Participant:** \_\_\_\_\_

**Employee ID:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Target Number of Units:** \_\_\_\_\_ subject to adjustment as provided by the Agreement.

**Maximum Number of Units:** [ ]% of the Target Number of Units, subject to adjustment as provided by the Agreement.

**Allocation of Award to Performance Periods:** [ ]% of the Award is allocated to and eligible to be earned with respect of the level performance attained during the [four] Performance Periods applicable to the Award. [[ ] of the Award is eligible to vest in quarterly installments commencing in the third performance year as outlined in the Performance Periods.]

**Performance Periods:** The [ ] applicable Performance Periods are as follows (each a “Performance Period”):

- [The period beginning on [ ] and ending on [ ]]
- [The period beginning on [ ] and ending on [ ]]
- [The period beginning on [ ] and ending on [ ]]
- [The period beginning on [ ] and ending on [ ]]

**Performance Measure:** Relative TSR Percentile, as defined in Appendix A.

**Vesting Date:** Except as otherwise provided by the Agreement, the Vesting Date shall be the day following the end of the Performance Period on which the Committee determines the extent to which the Performance Measure has been achieved, but in any event no later than 30 days following the end of such Performance Period.

**Vested Units:** Provided that the Participant’s Service has not terminated prior to the Vesting Date for a Performance Period (except as otherwise provided by the Agreement), the Earned Units, if any, shall become Vested Units on the Vesting Date.

**Settlement Date:** For each Vested Unit, except as otherwise provided by the Agreement, the Settlement Date shall be the Vesting Date or as soon thereafter as practicable, but in any event no later than the 15th day of the third calendar month following the end of the Applicable Year in which the Vesting Date occurs. For this purpose, “Applicable Year” means the calendar year or the Company’s fiscal year, whichever year ends later.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Plan and the Agreement, both of which are made part of this document. The Participant acknowledges that copies of the Plan, the Agreement and the prospectus for the Plan are available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Grant Notice. The Participant represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of their terms and conditions.

**PAYLOCITY HOLDING CORPORATION**

By: Toby Williams  
Name: Toby Williams  
Title: Chief Executive Officer

Address: 1400 American Lane  
Schaumburg, Illinois, 60173

**Name**

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Signature

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Date

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Address

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## APPENDIX A

### **Performance Measure and Performance Multiplier Applicable to Market Stock Unit Award Granted on [\_\_\_\_\_]**

1. “**Relative TSR Percentile**” means the percentile (rounded to the nearest whole percentile) of the Company’s TSR ranking relative to the TSRs of the Comparator Companies, determined in accordance with the following formula:

$$\text{Relative TSR Percentile} = \left[ 1 - \left( \frac{R - 1}{N - 1} \right) \right] \times 100\%$$

Where,

“**R**” is an integer equal to the Company’s ranking when the TSRs of the Company and the Comparator Companies are ranked from the highest to the lowest TSR, with the highest being one (1); and

“**N**” is equal to the number of Comparator Companies plus the Company.

For example, if there are 2999 Comparator Companies and the Company’s TSR ranked 500<sup>th</sup> highest among the TSRs of a group of 3000 Index Companies (i.e., the Comparator Companies plus the Company), the Relative TSR Percentile of the Company would be 83%, which is the result of  $(1 - ((500 - 1)/(3000 - 1))) \times 100\%$  (rounded to the nearest whole percentile).

2. “**TSR**” or Total Stockholder Return means, for the Company and each Comparator Company, the growth rate for the applicable Performance Period, expressed as a percentage (rounded to the nearest 1/100 of 1%), in the value of one share of such company’s common stock during the Performance Period due to the appreciation in the price per share and dividends paid during such period with respect to such share, assuming dividends are reinvested, calculated as follows:

$$\text{TSR} = \left[ \left( \frac{\text{Ending Price} + \text{Dividends}}{\text{Beginning Price}} \right) - 1 \right] \times 100\%$$

Where,

“**Ending Price**” is the Ending Average Per Share Closing Price of such company;

“**Dividends**” are the aggregate values of all dividends paid to a stockholder of record of such company with respect to one share of common stock during the Performance Period; and

“**Beginning Price**” is the Beginning Average Per Share Closing Price of such company.

3. “**Beginning Average Per Share Closing Price**” means, for the Company and each Comparator Company, the Average Per Share Closing Price for the 30 calendar days ending with the calendar day immediately preceding the first day of the Performance Period.

4. **“Comparator Companies”** means each of the companies, other than the Company, included in the Russell 3000 Index and determined in accordance with Appendix B.

5. **“Earned Units”** means, with respect to each Performance Period, the number of Units (rounded up to the nearest whole Unit), if any (not to exceed the Maximum Number of Units for such Performance Period) shall be equal to the product of (i) the Target Number of Units for such Performance Period multiplied by (ii) the Relative TSR Multiplier; provided, however, that if the Company’s TSR for the Performance Period is a negative number, then the number of Earned Units shall not exceed 100% of the Target Number of Units.

6. **“Ending Average Per Share Closing Price”** means, for the Company and each Comparator Company, the Average Per Share Closing Price for the 30 calendar days ending with the last calendar day of the applicable Performance Period.

7. **“Average Per Share Closing Price”** means, for the Company and each Comparator Company, the volume weighted average of the daily closing prices per share of common stock of such company as reported on the national or regional securities exchange or quotation system constituting the primary market for such common stock for all trading days falling within the applicable averaging period.

8. **“Relative TSR Multiplier”** means a ratio determined as set forth on Appendix C.

The Relative TSR Percentiles serve as cliffs. For example, if Relative TSR Percentile was 59%, the Relative TSR Multiplier would be 95%.

9. **Negative Company TSR.** If the Company’s TSR for the Performance Period is a negative number, then the number of Earned Units shall not exceed 100% of the Target Units (i.e., the Relative TSR Multiplier may not exceed 1.00), regardless of the Company’s Relative TSR Percentile for the Performance Period.

## **APPENDIX B**

### **COMPARATOR COMPANIES**

The Comparator Companies consist of the companies (other than the Company) included in the Russell 3000 Index as of the Grant Date.

If applicable during a Performance Period, a Comparator Company's TSR shall be modified during the Performance Period as follows:

- If a Comparator Company becomes bankrupt during the Performance Period, then its TSR for the Performance Period will be deemed to equal negative 100%.
- If a Comparator Company ceases to be publicly traded for a reason other than bankruptcy during the Performance Period, then its TSR will be determined on the date immediately prior to its ceasing to be publicly traded.
- If a Comparator Company merges during the Performance Period with another entity that is not a Comparator Company, then its TSR will be determined on the date immediately prior to the effective time of the merger.
- If two Comparator Companies merge during the Performance Period, then (a) with respect to the acquired company, its TSR will be determined on the date immediately prior to the effective time of the merger and (b) with respect to the acquiring company, its TSR will be determined as if the merger did not occur.
- If a Comparator Company distributes a portion of its business in a spin-off transaction during the Performance Period, then in determining its TSR for the Performance Period the market capitalization per share of the spun off entity will be treated as a dividend paid by the distributing company.



**FORM OF  
PAYLOCITY HOLDING CORPORATION  
MARKET STOCK UNITS  
AWARD AGREEMENT**

Paylocity Holding Corporation (the “*Company*”) has granted to the Participant named in the Grant Notice to which this Agreement is attached an Award consisting of Market Stock Units (the “*Units*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. This Award is intended to constitute an Award of Performance Shares described in Section 10 of the Plan. Notwithstanding anything in the Plan to the contrary, the determination of the number of Units which vest and/or are to be settled in Shares shall be determined based on the provisions contained in the Grant Notice and this Agreement, and the provisions set forth in Section 10.7(a) of the Plan (relating to certain Terminations of Service) shall not apply.

Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings assigned by the Plan.

1. **THE AWARD.**

The Company has granted to the Participant the Award set forth in the Grant Notice, which, depending on the extent to which the Performance Measure is attained during the Performance Period, may result in the Participant earning as little as zero (0) Units or as many as the Maximum Number of Units. Subject to the terms of this Agreement and the Plan, each Unit, to the extent it is earned and becomes a Vested Unit, represents a right to receive on the Settlement Date one (1) Share. Unless and until a Unit has been determined to be an Earned Unit and has vested and become a Vested Unit as set forth in the Grant Notice, the Participant will have no right to settlement of such Units. Prior to settlement of Vested Units, such Units will represent an unfunded and unsecured obligation of the Company.

2. **COMMITTEE DETERMINATION OF EARNED UNITS.**

2.1 **Level of Performance Measure Attained.** As soon as practicable following completion of the Performance Period, but in any event no later than the Vesting Date, the Committee shall determine the level of attainment of the Performance Measure during the Performance Period, the resulting Relative TSR Multiplier and the number of Units which have become Earned Units.

2.2 **Adjustment for Leave of Absence or Part-Time Work.** Unless otherwise required by law or Company policy, if the Participant takes one or more unpaid leaves of absence, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate. Unless otherwise required by law or Company policy, if the Participant commences working on a part-time basis during the Performance Period, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate.

3. **VESTING OF EARNED UNITS.**

3.1 **Normal Vesting.** Except as otherwise provided by this Agreement, Earned Units shall vest and become Vested Units as provided in the Grant Notice.

3.2 **Vesting Upon a Change in Control.** In the event of a Change in Control, the vesting of Earned Units shall be determined in accordance with Section 9.

#### 4. **TERMINATION OF SERVICE.**

4.1 **Death or Disability.** If the Participant's Service terminates by reason of the death or Disability of the Participant either (a) before completion of the Performance Period or (b) after completion of the Performance Period but before the Vesting Date, the Participant shall not forfeit the Award. Instead, unless the Committee determines that Section 9 is applicable, the number of Earned Units and Vested Units shall be determined as follows:

(a) If such termination of Service occurs before completion of the Performance Period, then a number of Earned Units shall be determined for a special Performance Period ending on the day of such termination of Service (the "**Special Performance Period**"). The TSR for the Company and each Comparator Company for the Special Performance Period shall be determined as provided by Appendix A, except that the Ending Average Per Share Closing Price shall be determined for the 30 calendar days ending with the last day of the Special Performance Period. The number of Vested Units shall be determined by multiplying such number of Earned Units by the ratio of the number of days of the Participant's Service during the Special Performance Period to the number of days contained in the original Performance Period. The number of Vested Units so determined shall be settled in accordance with Section 5. The Participant shall forfeit all Units not determined to be Vested Units in accordance with this Section, and the Participant shall not be entitled to any payment therefor.

(b) If such termination of Service occurs after completion of the Performance Period but before the Vesting Date, then the number of Earned Units shall be determined for the Performance Period in accordance with Section 2, and all such Earned Units be deemed Vested Units upon such determination by the Committee and settled in accordance with Section 5 as if the Participant's Service had continued through the Vesting Date.

4.2 **Other Termination of Service.** In the event that the Participant's Service terminates for any reason, with or without cause, other than by reason of the death or Disability of the Participant, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units, and the Participant shall not be entitled to any payment therefor.

#### 5. **SETTLEMENT OF THE AWARD.**

5.1 **Issuance of Shares.** Subject to the provisions of Section 5.3 and Section 6 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) Share. Shares issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 5.3.

5.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all Shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such Shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the Shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

5.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of U.S. federal, state or foreign law with respect to such securities. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or foreign securities laws or other laws or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require



the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any State, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on share certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any State, or any other law.

5.4 **Fractional Shares.** The Company shall not be required to issue fractional Shares upon the settlement of the Award.

## 6. **TAX WITHHOLDING AND ADVICE.**

6.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the U.S. federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

6.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Shares being acquired upon settlement of Units.

6.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable statutory withholding rates.

6.4 **Tax Advice.** The Participant represents, warrants and acknowledges that the Company has made no warranties or representations to the Participant with respect to the income tax consequences of the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. THE PARTICIPANT UNDERSTANDS THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

## 7. **PARTICIPANT COVENANTS.**

7.1 **Covenant Not to Disclose.** The Participant acknowledges that as a result of the Participant's employment with Paylocity Corporation, an Illinois corporation ("**Paylocity**"), the Participant has gained access to Paylocity's Confidential Information (defined below). During the Participant's employment and thereafter, the Participant will not use, disclose, or reveal to any person any Confidential Information except when acting within the scope of the Participant's duties or with prior written authorization from Paylocity's Chief Human Resources Officer.

(a) **Confidential Information.** The term “**Confidential Information**” shall mean all information belonging to, or otherwise relating to the business of Paylocity (including information received in confidence by Paylocity from its customers or suppliers or other third parties), which is not generally known, regardless of the manner in which it is stored or conveyed to the Participant, and which Paylocity has taken reasonable measures under the circumstances to protect from unauthorized use or disclosure, including, without limitation, Paylocity’s trade secrets, intellectual property, formulae and processes, customer and employee information, pricing information, business and marketing strategies, proprietary information and know-how, unpublished or pending patent applications and all related patent rights, discoveries, software code, formulas and processes relating to Paylocity’s business. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure through no fault of the Participant; (ii) was lawfully received by the Participant from a third party; (iii) was known to the Participant prior to receipt from Paylocity; or (iv) was independently developed by the Participant or independent third parties. In each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by the Participant or any third party of any obligation of confidentiality or non-use, including the obligations and restrictions provided in this Agreement.

(b) **Scope of Non-Disclosure; Return of Company Property.** Nothing in this Section shall be deemed to limit the Participant’s non-disclosure obligations under any applicable rule, statute, regulation, agreement or other Paylocity policy, or to prevent the Participant from providing truthful information to a government authority or in response to a valid subpoena or other court process. Upon termination of the Participant’s employment with Paylocity for any reason, the Participant will immediately return to Paylocity all Paylocity property, including, without limitation, all Confidential Information. The Participant understands that the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

## 7.2 Covenants Not to Solicit.

(a) **Customer Non-Solicitation.** During employment with Paylocity and for a period of twenty-four (24) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly contact, solicit or accept business from any of Paylocity’s customers, prospective customers, brokers, brokerage firms, business partners, business associates, or end users, with whom the Participant had direct or indirect contact or solicited on behalf of Paylocity in the twelve (12) months prior to the Participant’s termination, for the purpose of selling or soliciting products or services that are in competition with the products or services of Paylocity.

(b) **Employee Non-Solicitation.** During employment with Paylocity and for a period of twenty-four (24) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly contact, solicit or recruit any employees or exclusive independent contractors of Paylocity with whom the Participant worked or had contact during the twelve (12) months preceding the termination of the Participant’s employment, for the purpose of causing, inviting or encouraging any such employee to (i) terminate his or her employment or business relationship with Paylocity; and/or (ii) become employed or engaged by a person or entity that sells Competing Products (as defined below).

7.3 **Covenant Not to Compete.** During employment with Paylocity and for a period of twelve (12) months following the termination of employment for any reason, the Participant agrees not to directly or indirectly, on behalf of Participant or in conjunction with any other person or entity: (i) own any business (other than less than 3% ownership in a publicly traded company) that sells Competing Products in the Restricted Territory; or (ii) work in the Restricted Territory (whether as an employee, independent contractor, consultant, or otherwise) for any person or entity that sells Competing Products, in any role; (y) that is similar to any position held with the Company during the twenty-four (24) months preceding the termination of the Participant’s employment, or (z) in which it would be beneficial for the Participant to use or rely upon Paylocity’s Confidential Information. The term “**Competing Products**” shall mean products or services sold by Paylocity, or any prospective product or service Paylocity took

steps to develop, and for which the Participant had any responsibility during the twenty-four (24) months preceding the termination of the Participant's employment, including, without limitation, any products or services related to software solutions for payroll, human capital management, human resources, benefits, time and labor, and talent management. The term "**Restricted Territory**" shall mean the geographic territory over which the Participant had responsibility during the twenty-four (24) months preceding the termination of the Participant's employment.

7.4 **Acknowledgments.** The Participant acknowledges that: (i) the covenants of this Section 7 are supported by sufficient consideration, including access to Paylocity's Legitimate Business Interests (defined below), and the Units awarded under this Agreement; (ii) Paylocity has invested substantial resources into the development, protection and retention of its Confidential Information, employees, customers, and business (collectively, "**Legitimate Business Interests**"); (iii) the Legitimate Business Interests have significant intrinsic value and are not readily achieved or duplicated; (iv) solely as a result of the Participant's employment with Paylocity, the Participant has gained access to and familiarity with the Legitimate Business Interests; (v) the covenants of this Section 7 are therefore reasonable and necessary to protect the Legitimate Business Interests, and they are enforceable; and (vi) the provisions of this Section 7 do not restrain competition, limit the Participant's ability to obtain employment of the Participant's choosing or affect the Participant's wages.

7.5 **Remedies and Relief.** In the event of any breach by the Participant of the provisions of this Section 7: (i) the Company shall have the right to require the Participant to deliver to the Company: (a) all Units granted to the Participant in the three (3) years preceding said breach; and (b) to the extent the Participant has disposed of any Units so granted or shares of Stock issued in settlement of such Units, the net proceeds from all such dispositions; and (ii) any unvested Units shall be immediately forfeited (collectively, the "**Repayment Obligation**"). The determination of whether the Participant has engaged in a breach of Section 7 shall be determined by the Committee in its sole discretion. Any repayment obligations under this Section 7 shall be effected by the Participant within thirty (30) days of receipt of the Company's written demand for repayment. The Company may provide for an offset to any future payments owed by the Participating Company Group to the Participant, if necessary, to satisfy the Repayment Obligation. The Participant agrees to execute such documents as may be necessary to effect the repayment obligations referred to in this Section. Nothing in this Section 7 shall limit Paylocity from pursuing any other remedies otherwise available in law or in equity, including a temporary retaining order, a preliminary injunction, and a permanent injunction enjoining Participant's breach or threatened breach of any of the provisions of this Agreement or from seeking enforcement of any other restrictions by which the Participant is bound under other agreements or applicable law.

7.6 **Severability.** If any provision of this Agreement is held to be unenforceable, such provision will be distinct and severable from the other provisions of this Agreement, and such unenforceability will not affect the validity and enforceability of the remaining provisions. If a court holds that the duration, scope, geographic range or any other restriction stated in any provision of this Agreement is unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic range or other restriction that the court deems reasonable under such circumstances will be substituted and that the court will have the power to revise any of those restrictions to cover the maximum period, scope, geographic range and/or other restriction permitted by law. It is the intent of the parties that the court, in establishing any such substitute restriction, recognize that the parties' desire is that the stated restrictions upon which the parties have agreed be honored to the maximum lawful extent.

7.7 **Tolling.** The restricted time periods in Section 7 shall be tolled during any time period that Participant is in violation of such covenants, as determined by a court of competent jurisdiction, so that Paylocity may realize the full benefit of its bargain. This tolling shall include any time period during which litigation is pending, and during which Participant has continued to violate such protective covenants.

## 8. **AUTHORIZATION TO RELEASE NECESSARY PERSONAL INFORMATION.**

The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "**Data**") regarding the Participant's

Service, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, email address, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, employment or Service location, number of Shares held and the details of all Units or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, any other information necessary to process tax withholding and reporting, and, where applicable, the Participant's Service termination date and reason for termination, for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company or any other Participating Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a brokerage firm or other third party assisting with administration of the Award or with whom Shares acquired upon settlement of this Award or cash from the sale of such Shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or any of other Participating Company, or to any third parties is necessary for Participant's participation in the Plan. The Participant may at any time withdraw the consents herein, by contacting the Company's share administration department in writing. The Participant further acknowledges that withdrawal of consent may affect the Participant's ability to realize benefits from the Award, and the Participant's ability to participate in the Plan. If the Participant is or becomes during the term of this Award a resident of the State of California, the Participant is hereby notified of the foregoing in accordance with the California Consumer Privacy Act.

## 9. **CHANGE IN CONTROL.**

In the event of a Change in Control, this Section 9 shall determine the treatment of the Units which have not otherwise become Vested Units.

9.1 **Effect of Change in Control Following End of Performance Period.** In the event of a Change in Control upon or after the end of the Performance Period but before the Vesting Date, the number of Earned Units shall, if not previously determined by the Committee in accordance with Section 3.1 and settled in accordance with Section 5, be determined by the Committee in accordance with Section 3.1, become Vested Units and be settled in accordance with Section 5 prior to the effective time of the Change in Control, provided that the Participant's Service has not terminated prior to such effective time.

9.2 **Effect of a Change in Control Prior to End of Performance Period.** In the event of a Change in Control before the end of the Performance Period, the Performance Period shall be deemed to end on the day immediately preceding the Change in Control (the "***Adjusted Performance Period***"), and the number of Earned Units and the vesting thereof shall be determined for the Adjusted Performance Period in accordance with the following:

(a) **Earned Units.** The Committee shall determine no later than the day immediately preceding the Change in Control the number of Earned Units for the Adjusted Performance Period, taking into account the following modifications to the components of the Relative TSR Percentile:

(i) The Company's TSR shall be determined as provided by Appendix A, except that the Company's Ending Average Per Share Closing Price shall be replaced with the fair market value of cash and other property to be received per share of Stock by the holder thereof in accordance with the definitive agreement governing the transaction constituting the Change in Control (or, in the absence of such agreement, the closing price per share of Stock on the last trading day of the Adjusted Performance Period as reported on the securities exchange constituting the primary market for the Stock), adjusted to reflect an assumed reinvestment, as of the applicable ex-dividend date, of all cash dividends and other cash distributions (excluding cash distributions resulting from share repurchases or redemptions by the Company) paid to stockholders during the Adjusted Performance Period.

(ii) The TSR for each Comparator Company shall be determined as provided by Appendix A, except that the Ending Average Per Share Closing Price shall be determined for the 30 calendar days ending with the last day of the Adjusted Performance Period.

Immediately following the Committee's determination pursuant to this Section 9.2(a), all Units subject to the Award which are not Earned Units (the "*Unearned Units*") shall terminate and the Award, to the extent of the Unearned Units, shall cease to be outstanding.

(b) **Vested Units.** As of the last day of the Adjusted Performance Period and provided that the Participant's Service has not terminated prior to such date, all of the Earned Units determined in accordance with Section 9.2(a) shall become Vested Units (the "*Accelerated Units*"). The Accelerated Units shall be settled in accordance Section 5 immediately prior to the effective time of the Change in Control.

10. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

The number of Units awarded pursuant to this Agreement is subject to adjustment as provided in Section 4.3 of the Plan. Upon the occurrence of an event described in Section 4.3 of the Plan, any and all new, substituted or additional securities or other property to which a holder of a Share issuable in settlement of the Award would be entitled shall be immediately subject to the Agreement and included within the meaning of the term "Shares" for all purposes of the Award. The Participant shall be notified of such adjustments and such adjustments shall be binding upon the Company and the Participant.

11. **NO ENTITLEMENT OR CLAIMS FOR COMPENSATION OR EMPLOYMENT.**

11.1 The Participant's rights, if any, in respect of or in connection with the Units are derived solely from the discretionary decision of the Company to permit the Participant to participate in the Plan and to benefit from a discretionary Award. By accepting the Units, the Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Units or other Awards to the Participant. The Units are not intended to be compensation of a continuing or recurring nature, or part of the Participant's normal or expected compensation, and in no way represents any portion of the Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

11.2 Neither the Plan nor the Units shall be deemed to give the Participant a right to remain an Employee, Director or Consultant of the Company or any other Participating Company. The Participating Company Group reserves the right to terminate the Service of the Participant at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Certificate of Incorporation and Bylaws and a written employment agreement (if any), and the Participant shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, the Units or any other outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

12. **RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares that may be issued in settlement of this Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, dividend equivalents, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 10.

13. **REPAYMENT/FORFEITURE.**

Any benefits a Participant may receive pursuant to this Award shall be subject to repayment or forfeiture as required to comply with (a) any applicable listing standards of a national securities exchange on which the Company's securities are listed or as otherwise required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded

compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, including Rule 10D-1 of the Exchange Act, (b) other applicable U.S. laws, and the applicable laws of any other jurisdiction, (c) the Paylocity Holding Corporation Policy for Recovery of Erroneously Awarded Incentive Compensation, or (d) any other repayment or forfeiture policies adopted by the Company, each to the extent determined by the Company in its discretion to be applicable to Participant.

#### 14. **MISCELLANEOUS PROVISIONS.**

14.1 **Administration.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Units.

14.2 **Amendment.** The Committee may amend this Agreement at any time; provided, however, that no such amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant, except to the extent such amendment is necessary to comply with applicable law, including, but not limited to, Code Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

14.3 **Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, no right or interest of the Participant in the Award nor any Shares issuable on settlement of the Award shall be in any manner pledged, encumbered, or hypothecated to or in favor of any party other than the Company or shall become subject to any lien, obligation, or liability of such Participant to any other party other than the Company. Except as otherwise provided by the Committee, the Award shall not be assigned, transferred or otherwise disposed of other than by will or the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

14.4 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

#### 14.5 **Section 409A.**

(a) **Compliance with Section 409A.** Notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, the Plan, this Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Code Section 409A (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof). The vesting and settlement of Units awarded pursuant to this Agreement are intended to qualify for the "short-term deferral" exemption from Code Section 409A. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Agreement to ensure that the Units qualify for exemption from or comply with Code Section 409A; *provided, however*, that the Company makes no representations that the Units will be exempt from Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to the Units.

(b) **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of Code Section 409A shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of Code Section 409A. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of Code Section 409A as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation

which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is the first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

14.6 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.6(a).

14.7 **Construction of Agreement.** The Grant Notice, this Agreement, and the Units evidenced hereby (i) are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan, and (ii) constitute the entire agreement between the Participant and the Company on the subject matter hereof and supersede all proposals, written or oral, and all other communications between the parties related to the subject matter. All decisions of the Committee with respect to any question or issue arising under the Grant Notice, this Agreement or the Plan shall be conclusive and binding on all persons having an interest in the Units.

14.8 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

14.9 **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

14.10 **Applicable Law; Forum Selection.** This Agreement shall be governed by the laws of the State of Illinois as such laws are applied to agreements between Illinois residents entered into and to be performed entirely within the State of Illinois, without regard to conflict-of-law rules. The parties agree that any suit, action, or other legal proceeding arising out of or relating to this Agreement will be brought exclusively in a court of competent jurisdiction located within Illinois and will not be commenced or maintained in any other court. The parties agree and consent to Illinois as the exclusive jurisdiction and venue of any such suit, action or proceeding. The parties agree and consent to service by mail of any paper initiating any suit, action, or proceeding at the address set forth herein. The Participant agrees to update the Participant's address with the Company as soon as possible after a change in address occurs and acknowledges that it is the Participant's responsibility to ensure that the Company has the Participant's correct address on file. The Participant waives any objection to service by mail where the Company addresses service to the most recent address provided by the Participant.

14.11 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.



**PAYLOCITY HOLDING CORPORATION**  
**MARKET STOCK UNITS**  
**NOTICE OF GRANT AND AWARD AGREEMENT**  
**(For U.S. Participants/Contains a Non-Competition Covenant)**

Paylocity Holding Corporation (the “*Company*”), pursuant to its 2023 Equity Incentive Plan (the “*Plan*”), this Notice of Grant (“*Grant Notice*”) and the attached Award Agreement (the “*Agreement*”), hereby grants to the holder listed below (the “*Participant*”), an award (the “*Award*”) of Market Stock Units (each a “*Unit*”), each of which represents the right to receive on the applicable Settlement Date one (1) share of Stock (each a “*Share*”), as follows:

<b>Participant:</b>	_____
<b>Employee ID:</b>	_____
<b>Grant Date:</b>	_____
<b>Target Number of Units:</b>	_____ subject to adjustment as provided by the Agreement.
<b>Maximum Number of Units:</b>	[ ]% of the Target Number of Units, subject to adjustment as provided by the Agreement.
<b>Allocation of Award to Performance Periods:</b>	[ ]% of the Award is allocated to and eligible to be earned with respect of the level performance attained during the [four] Performance Periods applicable to the Award. [[ ] of the Award is eligible to vest in quarterly installments commencing in the third performance year as outlined in the Performance Periods.]
<b>Performance Periods:</b>	The [ ] applicable Performance Periods are as follows (each a “Performance Period”): <ul style="list-style-type: none"> <li>• [The period beginning on [ ] and ending on [ ]</li> <li>• The period beginning on [ ] and ending on [ ]</li> <li>• The period beginning on [ ] and ending on [ ]</li> <li>• The period beginning on [ ] and ending on [ ]</li> </ul>
<b>Performance Measure:</b>	Relative TSR Percentile, as defined in <u>Appendix A</u> .
<b>Vesting Date:</b>	Except as otherwise provided by the Agreement, the Vesting Date shall be the day following the end of the Performance Period on which the Committee determines the extent to which the Performance Measure has been achieved, but in any event no later than 30 days following the end of such Performance Period.
<b>Vested Units:</b>	Provided that the Participant’s Service has not terminated prior to the Vesting Date for a Performance Period (except as otherwise provided by the Agreement), the Earned Units, if any, shall become Vested Units on the Vesting Date.
<b>Settlement Date:</b>	For each Vested Unit, except as otherwise provided by the Agreement, the Settlement Date shall be the Vesting Date or as soon thereafter as practicable, but in any event no later than the 15th day of the third calendar month following the end of the Applicable Year in which the Vesting Date occurs. For this purpose, “Applicable Year” means the calendar year or the Company’s fiscal year, whichever year ends later.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Grant Notice and by the provisions of the Plan and the Agreement, both of which are made part of this document. The Participant acknowledges that copies of the Plan, the Agreement and the prospectus for the Plan are available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Grant Notice. The Participant represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of their terms and conditions.

**PAYLOCITY HOLDING CORPORATION**

By: Toby Williams  
Name: Toby Williams  
Title: Chief Executive Officer

Address: 1400 American Lane  
Schaumburg, Illinois, 60173

**Name**

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Signature

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Date

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Address

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## APPENDIX A

### **Performance Measure and Performance Multiplier Applicable to Market Stock Unit Award Granted on [\_\_\_\_\_]**

1. “**Relative TSR Percentile**” means the percentile (rounded to the nearest whole percentile) of the Company’s TSR ranking relative to the TSRs of the Comparator Companies, determined in accordance with the following formula:

$$\text{Relative TSR Percentile} = \left[ 1 - \left( \frac{R - 1}{N - 1} \right) \right] \times 100\%$$

Where,

“**R**” is an integer equal to the Company’s ranking when the TSRs of the Company and the Comparator Companies are ranked from the highest to the lowest TSR, with the highest being one (1); and

“**N**” is equal to the number of Comparator Companies plus the Company.

For example, if there are 2999 Comparator Companies and the Company’s TSR ranked 500<sup>th</sup> highest among the TSRs of a group of 3000 Index Companies (i.e., the Comparator Companies plus the Company), the Relative TSR Percentile of the Company would be 83%, which is the result of  $(1 - ((500 - 1)/(3000 - 1))) \times 100\%$  (rounded to the nearest whole percentile).

2. “**TSR**” or Total Stockholder Return means, for the Company and each Comparator Company, the growth rate for the applicable Performance Period, expressed as a percentage (rounded to the nearest 1/100 of 1%), in the value of one share of such company’s common stock during the Performance Period due to the appreciation in the price per share and dividends paid during such period with respect to such share, assuming dividends are reinvested, calculated as follows:

$$\text{TSR} = \left[ \left( \frac{\text{Ending Price} + \text{Dividends}}{\text{Beginning Price}} \right) - 1 \right] \times 100\%$$

Where,

“**Ending Price**” is the Ending Average Per Share Closing Price of such company;

“**Dividends**” are the aggregate values of all dividends paid to a stockholder of record of such company with respect to one share of common stock during the Performance Period; and

“**Beginning Price**” is the Beginning Average Per Share Closing Price of such company.

3. “**Beginning Average Per Share Closing Price**” means, for the Company and each Comparator Company, the Average Per Share Closing Price for the 30 calendar days ending with the calendar day immediately preceding the first day of the Performance Period.

4. **“Comparator Companies”** means each of the companies, other than the Company, included in the Russell 3000 Index and determined in accordance with Appendix B.

5. **“Earned Units”** means, with respect to each Performance Period, the number of Units (rounded up to the nearest whole Unit), if any (not to exceed the Maximum Number of Units for such Performance Period) shall be equal to the product of (i) the Target Number of Units for such Performance Period multiplied by (ii) the Relative TSR Multiplier; provided, however, that if the Company’s TSR for the Performance Period is a negative number, then the number of Earned Units shall not exceed 100% of the Target Number of Units.

6. **“Ending Average Per Share Closing Price”** means, for the Company and each Comparator Company, the Average Per Share Closing Price for the 30 calendar days ending with the last calendar day of the applicable Performance Period.

7. **“Average Per Share Closing Price”** means, for the Company and each Comparator Company, the volume weighted average of the daily closing prices per share of common stock of such company as reported on the national or regional securities exchange or quotation system constituting the primary market for such common stock for all trading days falling within the applicable averaging period.

8. **“Relative TSR Multiplier”** means a ratio determined as set forth on Appendix C.

The Relative TSR Percentiles serve as cliffs. For example, if Relative TSR Percentile was 59%, the Relative TSR Multiplier would be 95%.

9. **Negative Company TSR.** If the Company’s TSR for the Performance Period is a negative number, then the number of Earned Units shall not exceed 100% of the Target Units (i.e., the Relative TSR Multiplier may not exceed 1.00), regardless of the Company’s Relative TSR Percentile for the Performance Period.

## **APPENDIX B**

### **COMPARATOR COMPANIES**

The Comparator Companies consist of the companies (other than the Company) included in the Russell 3000 Index as of the Grant Date.

If applicable during a Performance Period, a Comparator Company's TSR shall be modified during the Performance Period as follows:

- If a Comparator Company becomes bankrupt during the Performance Period, then its TSR for the Performance Period will be deemed to equal negative 100%.
- If a Comparator Company ceases to be publicly traded for a reason other than bankruptcy during the Performance Period, then its TSR will be determined on the date immediately prior to its ceasing to be publicly traded.
- If a Comparator Company merges during the Performance Period with another entity that is not a Comparator Company, then its TSR will be determined on the date immediately prior to the effective time of the merger.
- If two Comparator Companies merge during the Performance Period, then (a) with respect to the acquired company, its TSR will be determined on the date immediately prior to the effective time of the merger and (b) with respect to the acquiring company, its TSR will be determined as if the merger did not occur.
- If a Comparator Company distributes a portion of its business in a spin-off transaction during the Performance Period, then in determining its TSR for the Performance Period the market capitalization per share of the spun off entity will be treated as a dividend paid by the distributing company.



**FORM OF  
PAYLOCITY HOLDING CORPORATION  
MARKET STOCK UNITS  
AWARD AGREEMENT  
(for California Participants)**

Paylocity Holding Corporation (the “*Company*”) has granted to the Participant named in the Grant Notice to which this Agreement is attached an Award consisting of Market Stock Units (the “*Units*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Paylocity Holding Corporation 2023 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. This Award is intended to constitute an Award of Performance Shares described in Section 10 of the Plan. Notwithstanding anything in the Plan to the contrary, the determination of the number of Units which vest and/or are to be settled in Shares shall be determined based on the provisions contained in the Grant Notice and this Agreement, and the provisions set forth in Section 10.7(a) of the Plan (relating to certain Terminations of Service) shall not apply.

Unless otherwise defined herein or in the Grant Notice, capitalized terms shall have the meanings assigned by the Plan.

1. **THE AWARD.**

The Company has granted to the Participant the Award set forth in the Grant Notice, which, depending on the extent to which the Performance Measure is attained during the Performance Period, may result in the Participant earning as little as zero (0) Units or as many as the Maximum Number of Units. Subject to the terms of this Agreement and the Plan, each Unit, to the extent it is earned and becomes a Vested Unit, represents a right to receive on the Settlement Date one (1) Share. Unless and until a Unit has been determined to be an Earned Unit and has vested and become a Vested Unit as set forth in the Grant Notice, the Participant will have no right to settlement of such Units. Prior to settlement of Vested Units, such Units will represent an unfunded and unsecured obligation of the Company.

2. **COMMITTEE DETERMINATION OF EARNED UNITS.**

2.1 **Level of Performance Measure Attained.** As soon as practicable following completion of the Performance Period, but in any event no later than the Vesting Date, the Committee shall determine the level of attainment of the Performance Measure during the Performance Period, the resulting Relative TSR Multiplier and the number of Units which have become Earned Units.

2.2 **Adjustment for Leave of Absence or Part-Time Work.** Unless otherwise required by law or Company policy, if the Participant takes one or more unpaid leaves of absence, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate. Unless otherwise required by law or Company policy, if the Participant commences working on a part-time basis during the Performance Period, the Committee may, in its discretion, make such modifications to the Award as it deems appropriate.

3. **VESTING OF EARNED UNITS.**

3.1 **Normal Vesting.** Except as otherwise provided by this Agreement, Earned Units shall vest and become Vested Units as provided in the Grant Notice.

3.2 **Vesting Upon a Change in Control.** In the event of a Change in Control, the vesting of Earned Units shall be determined in accordance with Section 9.

#### 4. **TERMINATION OF SERVICE.**

4.1 **Death or Disability.** If the Participant's Service terminates by reason of the death or Disability of the Participant either (a) before completion of the Performance Period or (b) after completion of the Performance Period but before the Vesting Date, the Participant shall not forfeit the Award. Instead, unless the Committee determines that Section 9 is applicable, the number of Earned Units and Vested Units shall be determined as follows:

(a) If such termination of Service occurs before completion of the Performance Period, then a number of Earned Units shall be determined for a special Performance Period ending on the day of such termination of Service (the "***Special Performance Period***"). The TSR for the Company and each Comparator Company for the Special Performance Period shall be determined as provided by Appendix A, except that the Ending Average Per Share Closing Price shall be determined for the 30 calendar days ending with the last day of the Special Performance Period. The number of Vested Units shall be determined by multiplying such number of Earned Units by the ratio of the number of days of the Participant's Service during the Special Performance Period to the number of days contained in the original Performance Period. The number of Vested Units so determined shall be settled in accordance with Section 5. The Participant shall forfeit all Units not determined to be Vested Units in accordance with this Section, and the Participant shall not be entitled to any payment therefor.

(b) If such termination of Service occurs after completion of the Performance Period but before the Vesting Date, then the number of Earned Units shall be determined for the Performance Period in accordance with Section 2, and all such Earned Units be deemed Vested Units upon such determination by the Committee and settled in accordance with Section 5 as if the Participant's Service had continued through the Vesting Date.

4.2 **Other Termination of Service.** In the event that the Participant's Service terminates for any reason, with or without cause, other than by reason of the death or Disability of the Participant, the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units, and the Participant shall not be entitled to any payment therefor.

#### 5. **SETTLEMENT OF THE AWARD.**

5.1 **Issuance of Shares.** Subject to the provisions of Section 5.3 and Section 6 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Unit to be settled on such date one (1) Share. Shares issued in settlement of Vested Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 5.3.

5.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all Shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such Shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the Shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

5.3 **Restrictions on Grant of the Award and Issuance of Shares.** The grant of the Award and issuance of Shares upon settlement of the Award shall be subject to compliance with all applicable requirements of U.S. federal, state or foreign law with respect to such securities. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or foreign securities laws or other laws or regulations or the requirements of any stock



exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company. Further, regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any State, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on share certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any State, or any other law.

5.4 **Fractional Shares.** The Company shall not be required to issue fractional Shares upon the settlement of the Award.

## 6. **TAX WITHHOLDING AND ADVICE.**

6.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the U.S. federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of Shares in settlement thereof. The Company shall have no obligation to deliver Shares until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

6.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Shares being acquired upon settlement of Units.

6.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the Shares otherwise deliverable to the Participant in settlement of the Award a number of whole Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable statutory withholding rates.

6.4 **Tax Advice.** The Participant represents, warrants and acknowledges that the Company has made no warranties or representations to the Participant with respect to the income tax consequences of the transactions contemplated by this Agreement, and the Participant is in no manner relying on the Company or the Company's representatives for an assessment of such tax consequences. THE PARTICIPANT UNDERSTANDS THAT THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE UNITS. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

## 7. **PARTICIPANT COVENANTS.**

7.1 **Covenant Not to Disclose.** The Participant acknowledges that as a result of the Participant's employment with Paylocity Corporation, an Illinois corporation ("**Paylocity**"), the Participant has gained access to Paylocity's Confidential Information (defined below). During the Participant's employment and thereafter, the Participant will not use, disclose, or reveal to any person any Confidential Information except when acting within the scope of the Participant's duties or with prior written authorization from Paylocity's Chief Human Resources Officer.

(a) **Confidential Information.** The term "**Confidential Information**" shall mean all information belonging to, or otherwise relating to the business of Paylocity (including information received in confidence by Paylocity from its customers or suppliers or other third parties), which is not generally known, regardless of the manner in which it is stored or conveyed to the Participant, and which Paylocity has taken reasonable measures under the circumstances to protect from unauthorized use or disclosure, including, without limitation, Paylocity's trade secrets, intellectual property, formulae and processes, customer and employee information, pricing information, business and marketing strategies, proprietary information and know-how, unpublished or pending patent applications and all related patent rights, discoveries, software code, formulas and processes relating to Paylocity's business. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure through no fault of the Participant; (ii) was lawfully received by the Participant from a third party; (iii) was known to the Participant prior to receipt from Paylocity; or (iv) was independently developed by the Participant or independent third parties. In each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by the Participant or any third party of any obligation of confidentiality or non-use, including the obligations and restrictions provided in this Agreement.

(b) **Scope of Non-Disclosure; Return of Company Property.** Nothing in this Section shall be deemed to limit the Participant's non-disclosure obligations under any applicable rule, statute, regulation, agreement or other Paylocity policy, or to prevent the Participant from providing truthful information to a government authority or in response to a valid subpoena or other court process. Upon termination of the Participant's employment with Paylocity for any reason, the Participant will immediately return to Paylocity all Paylocity property, including, without limitation, all Confidential Information. The Participant understands that the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

## 7.2 **Covenants Not to Solicit.**

(a) **Customer Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or accept business from any of Paylocity's customers, prospective customers, brokers, brokerage firms, business partners, business associates, or end users for the purpose of selling or soliciting products or services that are in competition with the products or services of Paylocity.

(b) **Employee Non-Solicitation.** During employment with Paylocity, the Participant agrees not to directly or indirectly contact, solicit or recruit any employees or exclusive independent contractors of Paylocity for the purpose of causing, inviting or encouraging any such employee to (i) terminate his or her employment or business relationship with Paylocity; and/or (ii) become employed or engaged by a person or entity that sells Competing Products (as defined below).

7.3 **Covenant Not to Compete.** During employment with Paylocity, the Participant agrees not to directly or indirectly, on behalf of Participant or in conjunction with any other person or entity: (i) own any business (other than less than 3% ownership in a publicly traded company) that sells Competing Products in the Restricted Territory; or (ii) work (whether as an employee, independent contractor, consultant, or otherwise) for any person or entity that sells Competing Products, in any role: (y) that is similar to the Participant's then-current position or to any position the Participant held with the Company during the previous twenty-four (24) months, or (z) in which it would be beneficial for the Participant to use or rely upon Paylocity's Confidential Information. The term "**Competing Products**" shall mean products or services sold by Paylocity, or any prospective product or service Paylocity has taken steps to develop, including, without limitation, any products or services related to software solutions for payroll, human capital management, human resources, benefits, time and labor, and talent management.

7.4 **Acknowledgments.** The Participant acknowledges that: (i) the covenants of this Section 7 are supported by sufficient consideration, including access to Paylocity's Legitimate Business Interests (defined below), and the Units awarded under this Agreement; (ii) Paylocity has invested substantial resources into the development, protection and retention of its Confidential Information, employees, customers, and business (collectively, "**Legitimate Business Interests**"); (iii) the Legitimate Business Interests have significant intrinsic value and are not readily achieved or duplicated; (iv) solely as a result of the Participant's employment with Paylocity, the Participant has gained access to and familiarity with the Legitimate Business Interests; (v) the covenants of this Section 7 are therefore reasonable and necessary to protect the Legitimate Business Interests, and they are enforceable; and (vi) the provisions of this Section 7 do not restrain competition, limit the Participant's ability to obtain employment of the Participant's choosing or affect the Participant's wages.

7.5 **Remedies and Relief.** In the event of any breach by the Participant of the provisions of this Section 7: (i) the Company shall have the right to require the Participant to deliver to the Company: (a) all Units granted to the Participant in the three (3) years preceding said breach; and (b) to the extent the Participant has disposed of any Units so granted or shares of Stock issued in settlement of such Units, the net proceeds from all such dispositions; and (ii) any unvested Units shall be immediately forfeited (collectively, the "**Repayment Obligation**"). The determination of whether the Participant has engaged in a breach of Section 7 shall be determined by the Committee in its sole discretion. Any repayment obligations under this Section 7 shall be effected by the Participant within thirty (30) days of receipt of the Company's written demand for repayment. The Company may provide for an offset to any future payments owed by the Participating Company Group to the Participant, if necessary, to satisfy the Repayment Obligation. The Participant agrees to execute such documents as may be necessary to effect the repayment obligations referred to in this Section. Nothing in this Section 7 shall limit Paylocity from pursuing any other remedies otherwise available in law or in equity, including a temporary retaining order, a preliminary injunction, and a permanent injunction enjoining Participant's breach or threatened breach of any of the provisions of this Agreement or from seeking enforcement of any other restrictions by which the Participant is bound under other agreements or applicable law.

7.6 **Severability.** If any provision of this Agreement is held to be unenforceable, such provision will be distinct and severable from the other provisions of this Agreement, and such unenforceability will not affect the validity and enforceability of the remaining provisions. If a court holds that the duration, scope, geographic range or any other restriction stated in any provision of this Agreement is unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, geographic range or other restriction that the court deems reasonable under such circumstances will be substituted and that the court will have the power to revise any of those restrictions to cover the maximum period, scope, geographic range and/or other restriction permitted by law. It is the intent of the parties that the court, in establishing any such substitute restriction, recognize that the parties' desire is that the stated restrictions upon which the parties have agreed be honored to the maximum lawful extent.

8. **AUTHORIZATION TO RELEASE NECESSARY PERSONAL INFORMATION.**

The Participant hereby authorizes and directs the Participant's employer to collect, use and transfer in electronic or other form, any personal information (the "**Data**") regarding the Participant's Service, the nature and amount of the Participant's compensation and the fact and conditions of the Participant's participation in the Plan (including, but not limited to, the Participant's name, home address, telephone number, email address, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, employment or Service location, number of Shares held and the details of all Units or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, any other information necessary to process tax withholding and reporting, and, where applicable, the Participant's Service termination date and reason for termination, for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Data may be transferred to the Company or any other Participating Company, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a brokerage firm or other third party assisting with administration of the Award or with whom Shares acquired upon settlement of this Award or cash from the sale of such Shares may be deposited. The Participant acknowledges that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of the Participant's residence. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or any of other Participating Company, or to any third parties is necessary for Participant's participation in the Plan. The Participant may at any time withdraw the consents herein, by contacting the Company's share administration department in writing. The Participant further acknowledges that withdrawal of consent may affect the Participant's ability to realize benefits from the Award, and the Participant's ability to participate in the Plan. If the Participant is or becomes during the term of this Award a resident of the State of California, the Participant is hereby notified of the foregoing in accordance with the California Consumer Privacy Act.

## 9. **CHANGE IN CONTROL**

In the event of a Change in Control, this Section 9 shall determine the treatment of the Units which have not otherwise become Vested Units.

9.1 **Effect of Change in Control Following End of Performance Period.** In the event of a Change in Control upon or after the end of the Performance Period but before the Vesting Date, the number of Earned Units shall, if not previously determined by the Committee in accordance with Section 3.1 and settled in accordance with Section 5, be determined by the Committee in accordance with Section 3.1, become Vested Units and be settled in accordance with Section 5 prior to the effective time of the Change in Control, provided that the Participant's Service has not terminated prior to such effective time.

9.2 **Effect of a Change in Control Prior to End of Performance Period.** In the event of a Change in Control before the end of the Performance Period, the Performance Period shall be deemed to end on the day immediately preceding the Change in Control (the "**Adjusted Performance Period**"), and the number of Earned Units and the vesting thereof shall be determined for the Adjusted Performance Period in accordance with the following:

(a) **Earned Units.** The Committee shall determine no later than the day immediately preceding the Change in Control the number of Earned Units for the Adjusted Performance Period, taking into account the following modifications to the components of the Relative TSR Percentile:

(i) The Company's TSR shall be determined as provided by Appendix A, except that the Company's Ending Average Per Share Closing Price shall be replaced with the fair market value of cash and other property to be received per share of Stock by the holder thereof in accordance with the definitive agreement governing the transaction constituting the Change in Control (or, in the absence of such agreement, the closing price per share of Stock on the last trading day of the Adjusted Performance Period as reported on the securities exchange constituting the primary market for the

Stock), adjusted to reflect an assumed reinvestment, as of the applicable ex-dividend date, of all cash dividends and other cash distributions (excluding cash distributions resulting from share repurchases or redemptions by the Company) paid to stockholders during the Adjusted Performance Period.

(ii) The TSR for each Comparator Company shall be determined as provided by Appendix A, except that the Ending Average Per Share Closing Price shall be determined for the 30 calendar days ending with the last day of the Adjusted Performance Period.

Immediately following the Committee's determination pursuant to this Section 9.2(a), all Units subject to the Award which are not Earned Units (the "*Unearned Units*") shall terminate and the Award, to the extent of the Unearned Units, shall cease to be outstanding.

(b) **Vested Units.** As of the last day of the Adjusted Performance Period and provided that the Participant's Service has not terminated prior to such date, all of the Earned Units determined in accordance with Section 9.2(a) shall become Vested Units (the "*Accelerated Units*"). The Accelerated Units shall be settled in accordance Section 5 immediately prior to the effective time of the Change in Control.

#### 10. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

The number of Units awarded pursuant to this Agreement is subject to adjustment as provided in Section 4.3 of the Plan. Upon the occurrence of an event described in Section 4.3 of the Plan, any and all new, substituted or additional securities or other property to which a holder of a Share issuable in settlement of the Award would be entitled shall be immediately subject to the Agreement and included within the meaning of the term "Shares" for all purposes of the Award. The Participant shall be notified of such adjustments and such adjustments shall be binding upon the Company and the Participant.

#### 11. **NO ENTITLEMENT OR CLAIMS FOR COMPENSATION OR EMPLOYMENT.**

11.1 The Participant's rights, if any, in respect of or in connection with the Units are derived solely from the discretionary decision of the Company to permit the Participant to participate in the Plan and to benefit from a discretionary Award. By accepting the Units, the Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Units or other Awards to the Participant. The Units are not intended to be compensation of a continuing or recurring nature, or part of the Participant's normal or expected compensation, and in no way represents any portion of the Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

11.2 Neither the Plan nor the Units shall be deemed to give the Participant a right to remain an Employee, Director or Consultant of the Company or any other Participating Company. The Participating Company Group reserves the right to terminate the Service of the Participant at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Certificate of Incorporation and Bylaws and a written employment agreement (if any), and the Participant shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, the Units or any other outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

#### 12. **RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares that may be issued in settlement of this Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, dividend equivalents, distributions or other

rights for which the record date is prior to the date such certificate is issued, except as provided in Section 10.

13. **REPAYMENT/FORFEITURE.**

Any benefits a Participant may receive pursuant to this Award shall be subject to repayment or forfeiture as required to comply with (a) any applicable listing standards of a national securities exchange on which the Company's securities are listed or as otherwise required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, including Rule 10D-1 of the Exchange Act, (b) other applicable U.S. laws, and the applicable laws of any other jurisdiction, (c) the Paylocity Holding Corporation Policy for Recovery of Erroneously Awarded Incentive Compensation, or (d) any other repayment or forfeiture policies adopted by the Company, each to the extent determined by the Company in its discretion to be applicable to Participant.

14. **MISCELLANEOUS PROVISIONS.**

14.1 **Administration.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Units.

14.2 **Amendment.** The Committee may amend this Agreement at any time; provided, however, that no such amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant, except to the extent such amendment is necessary to comply with applicable law, including, but not limited to, Code Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

14.3 **Nontransferability of the Award.** Prior to the issuance of Shares on the applicable Settlement Date, no right or interest of the Participant in the Award nor any Shares issuable on settlement of the Award shall be in any manner pledged, encumbered, or hypothecated to or in favor of any party other than the Company or shall become subject to any lien, obligation, or liability of such Participant to any other party other than the Company. Except as otherwise provided by the Committee, the Award shall not be assigned, transferred or otherwise disposed of other than by will or the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

14.4 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

14.5 **Section 409A.**

(a) **Compliance with Section 409A.** Notwithstanding any other provision of the Plan, this Agreement or the Grant Notice, the Plan, this Agreement and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Code Section 409A (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof). The vesting and settlement of Units awarded pursuant to this Agreement are intended to qualify for the "short-term deferral" exemption from Code Section 409A. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Agreement to ensure that the Units qualify for exemption from or comply with Code Section 409A; *provided, however,* that the Company makes no representations that the Units will be exempt

from Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to the Units.

(b) **Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of Code Section 409A shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of Code Section 409A. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of Code Section 409A as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is the first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

14.6 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 14.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.6(a).

14.7 **Construction of Agreement.** The Grant Notice, this Agreement, and the Units evidenced hereby (i) are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan, and (ii) constitute the entire agreement between the Participant and the Company on the subject matter hereof and supersede all proposals, written or oral, and all other communications

between the parties related to the subject matter. All decisions of the Committee with respect to any question or issue arising under the Grant Notice, this Agreement or the Plan shall be conclusive and binding on all persons having an interest in the Units.

14.8 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

14.9 **Severability.** If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the full extent possible.

14.10 **Applicable Law; Forum Selection.** This Agreement shall be governed by the laws of the State of California. The parties agree that any suit, action, or other legal proceeding arising out of or relating to this Agreement may be brought in a court of competent jurisdiction located within California. The parties agree and consent to service by mail of any paper initiating any suit, action, or proceeding at the address set forth herein. The Participant agrees to update the Participant's address with the Company as soon as possible after a change in address occurs and acknowledges that it is the Participant's responsibility to ensure that the Company has the Participant's correct address on file. The Participant waives any objection to service by mail where the Company addresses service to the most recent address provided by the Participant.

14.11 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.



## SECOND AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This Second Amendment to Executive Employment Agreement (this “*Amended Agreement*”), which shall amend certain provisions of that Executive Employment Agreement by and between Paylocity Corporation, an Illinois corporation (“*Company*”), Paylocity Holdings Corporation, a Delaware corporation (“*Parent*”) and Toby J. Williams (“*Executive*”) dated as of September 18, 2017 (“*Original Agreement*”), as previously amended in the Amendment to Executive Employment Agreement dated March 11, 2022, is made and entered into by the Company and Executive effective as of August 5, 2024 (“*Effective Date*”). Each of the Company and Executive is a “*Party*,” and collectively, they are the “*Parties*.”

WHEREAS, Section 2.1 of the Original Agreement provides that the Company reserves the right to modify Executive’s position and duties at any time in its sole and absolute discretion; and

WHEREAS, Section 18 of the Original Agreement further provides that the Original Agreement may be modified in a writing signed by Executive and the Board of Directors of the Company (“*Board*”); and

WHEREAS, the Board has determined, and the undersigned Parties hereto agree, that it is in the best interest of the Company and its stockholders to amend certain provisions of the Original Agreement, as set forth herein, commencing on the Effective Date.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained in this Amended Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Position. Section 2.1 of the Original Agreement is hereby amended and restated as follows:

Executive is employed as President and Chief Executive Officer of the Company. Executive shall report to the Paylocity Holdings Corporation (“*Parent*”) Board of Directors (“*Parent Board*”) and shall have the duties and responsibilities assigned by the Board. Executive shall perform faithfully and diligently all duties assigned to Executive. The Company reserves the right to modify Executive’s position and duties at any time in its sole and absolute discretion.

While serving as President and Chief Executive Officer of the Company, Executive shall also serve as a member of the Parent Board, subject to stockholder approval.

2. No Other Changes. The remainder of the Original Agreement, as amended, shall remain in full force and effect.
3. Governing Law. This Amended Agreement shall be governed by and construed in accordance with the laws of the United States and the State of Illinois. Each Party consents to the jurisdiction and venue of the state or federal courts in Chicago, Illinois, if applicable, in any action, suit, or proceeding arising out of or relating to this Amended Agreement.
4. Entire Agreement. This Amended Agreement constitutes the entire agreement between the Parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether

written or oral. This Amended Agreement may be amended or modified only with the written consent of Executive and the Board. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

THE PARTIES TO THIS AMENDED AGREEMENT HAVE READ THE FOREGOING RESTATED AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AMENDED AGREEMENT ON THE DATES SHOWN BELOW.

Toby J. Williams

Date: 7/26/2024

/s/ Toby J. Williams

Paylocity Corporation

Date: 7/26/2024

/s/ Ryan Glenn

Ryan Glenn, Board Member

Paylocity Holdings Corporation

Date: 7/26/2024

/s/ Robin Pederson

Robin Pederson, Board Member

## AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This Amendment to Executive Employment Agreement (this “*Amended Agreement*”), which shall amend certain provisions of that Third Amended and Restated Executive Employment Agreement by and between Paylocity Corporation, an Illinois corporation (“*Company*”), Paylocity Holdings Corporation, a Delaware corporation (“*Parent*”), and Steven R. Beauchamp (“*Executive*”) dated as of February 7, 2014 (“*Original Agreement*”), is made and entered into by the Company and Executive effective as of August 5, 2024 (the “*Effective Date*”). Each of the Company and Executive is a “*Party*,” and collectively, they are the “*Parties*.”

WHEREAS, Section 2.1 of the Original Agreement provides that the Company reserves the right to modify Executive’s position and duties at any time in its sole and absolute discretion; and

WHEREAS, Section 16 of the Original Agreement further provides that the Original Agreement may be modified in a writing signed by Executive and the Company’s Board of Directors (“*Board*”); and

WHEREAS, the Parties desire to amend certain provisions of the Original Agreement, as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained in this Amended Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Position. Section 2.1 of the Original Agreement is hereby amended and restated as follows:

Executive is employed as Executive Chairman of the Board of Directors (“*Parent Board*”) of Paylocity Holdings Corporation (“*Parent*”) and shall have the duties and responsibilities assigned by the Parent Board. Executive shall perform faithfully and diligently all duties assigned to Executive. Executive shall no longer serve as President or Chief Executive Officer of the Company as of the Effective Date. The Company reserves the right to modify Executive’s position and duties at any time in its sole and absolute discretion.

2. Compensation. Sections 4.1 and 4.2 of the Original Agreement are hereby amended and restated, and a new Section 4.4 is added, as follows:

4.1 Base Salary. As compensation for Executive’s performance of Executive’s duties hereunder, the Company shall pay to Executive an annual base salary of \$322,903, less required deductions for state and federal withholding tax, social security and all other employment taxes and payroll deductions, payable in accordance with the normal payroll practices of Company. Company shall conduct a review of Executive’s base salary with a targeted increase of no less than three percent (3%) annually based on agreed upon financial objectives for each fiscal year. The salary increase will be evaluated after each fiscal year and implemented by September of each year contingent upon accomplishing specific annual objectives to be agreed upon by Employer and Employee. In the event Executive’s employment under this Restated Agreement is terminated by either Party, for any reason, Executive will earn the base salary prorated to the date of termination.

4.2 Incentive Compensation. Executive shall be eligible to earn an annual performance bonus, the target amount of which is 100% of Executive’s base salary (“*Annual Bonus*”). The Annual Bonus will be based on Executive’s achievement of Company’s annual business plan objectives, which shall be established by Company’s Compensation Committee and communicated to Executive within 60 days of the beginning of each fiscal year. Executive’s achievement of the business plan objectives will be determined by the Compensation Committee in its sole discretion. The Annual Bonus shall be less all required taxes and withholdings and will be paid out within 60 days following the end of the fiscal year in which it is earned.

3. No Other Changes. The remainder of the Original Agreement shall remain in full force and effect.
4. Governing Law. This Amended Agreement will be governed by and construed in accordance with the laws of the United States and the State of Illinois. Each Party consents to the jurisdiction and venue of the state or federal courts in Chicago, Illinois, if applicable, in any action, suit, or proceeding arising out of or relating to this Amended Agreement.
5. Entire Agreement. This Amended Agreement constitutes the entire agreement between the Parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Amended Agreement may be amended or modified only with the written consent of Executive and the Board. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

THE PARTIES TO THIS AMENDED AGREEMENT HAVE READ THE FOREGOING AMENDED AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AMENDED AGREEMENT ON THE DATES SHOWN BELOW.

Date: 7/26/2024

Steven R. Beauchamp

/s/ Steven R. Beauchamp

Date: 7/26/2024

Paylocity Corporation

/s/ Ryan Glenn  
Ryan Glenn, Board Member

Date: 7/26/2024

Paylocity Holdings Corporation

/s/ Robin Pederson  
Robin Pederson, Board Member

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Toby J. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Paylocity Holding Corporation;
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 officers 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 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 officers 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: October 31, 2024

/s/ Toby J. Williams

**Name:**

**Toby J. Williams**

**Title:**

**President, Chief Executive Officer (Principal Executive Officer)  
and Director**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Ryan Glenn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Paylocity Holding Corporation;
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 officers 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 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 officers 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: October 31, 2024

/s/ Ryan Glenn

**Name:**

**Ryan Glenn**

**Title:**

**Chief Financial Officer (Principal Financial Officer)**



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, the Co-Chief Executive Officer of Paylocity Holding Corporation (the "Company"), does hereby certify under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2024

/s/ Toby J. Williams

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**Name:**

**Toby J. Williams**

**Title:**

**President, Chief Executive Officer (Principal Executive Officer)  
and Director**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, the Chief Financial Officer of Paylocity Holding Corporation (the "Company"), does hereby certify under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2024

/s/ Ryan Glenn

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**Name:**

**Ryan Glenn**

**Title:**

**Chief Financial Officer (Principal Financial Officer)**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.