



Q3 Fiscal 2024
Investor Presentation

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In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures for the periods presented provided in the Current Reports on Form 8-K filed with the SEC on May 2, 2024, August 3, 2023, August 4, 2022, August 5, 2021 and August 6, 2020.

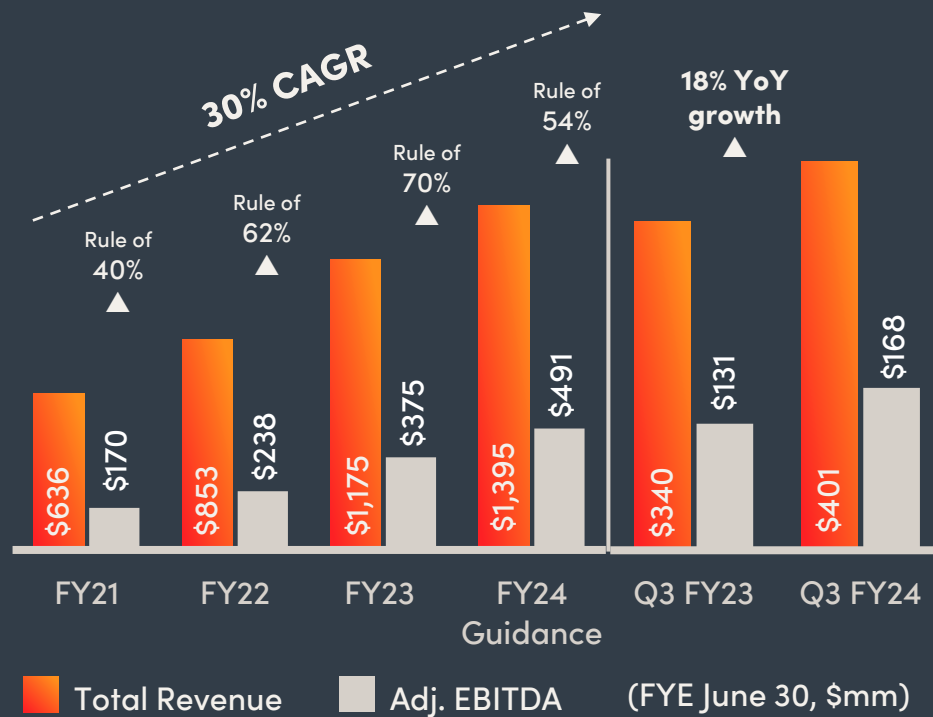
This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

Our Business

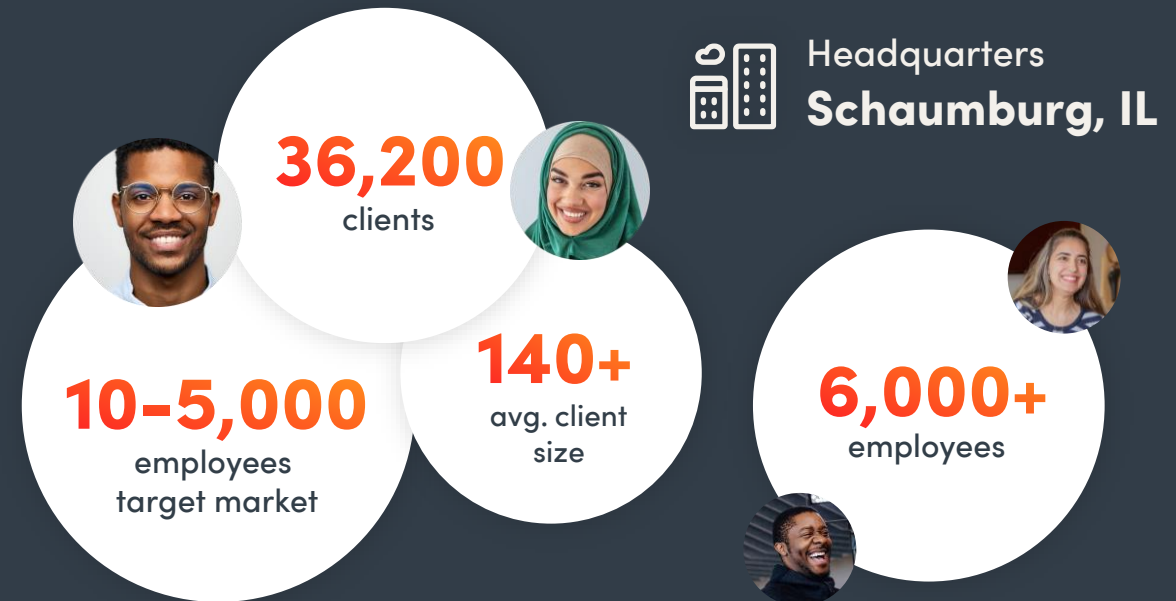


We are a leading provider of cloud-based HR and payroll software solutions to a diversified set of clients across verticals & geographies

Demonstrated ability to drive strong revenue growth with increasing profitability



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



Core Addressable Market (TAM)



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

Realized TAM of ~\$18.6 billion

Current average
client size of

140+
employees

36,200 clients
as of June 30, 2023

Over

**1.3 million
businesses**

in the 10–5,000 segment of the market

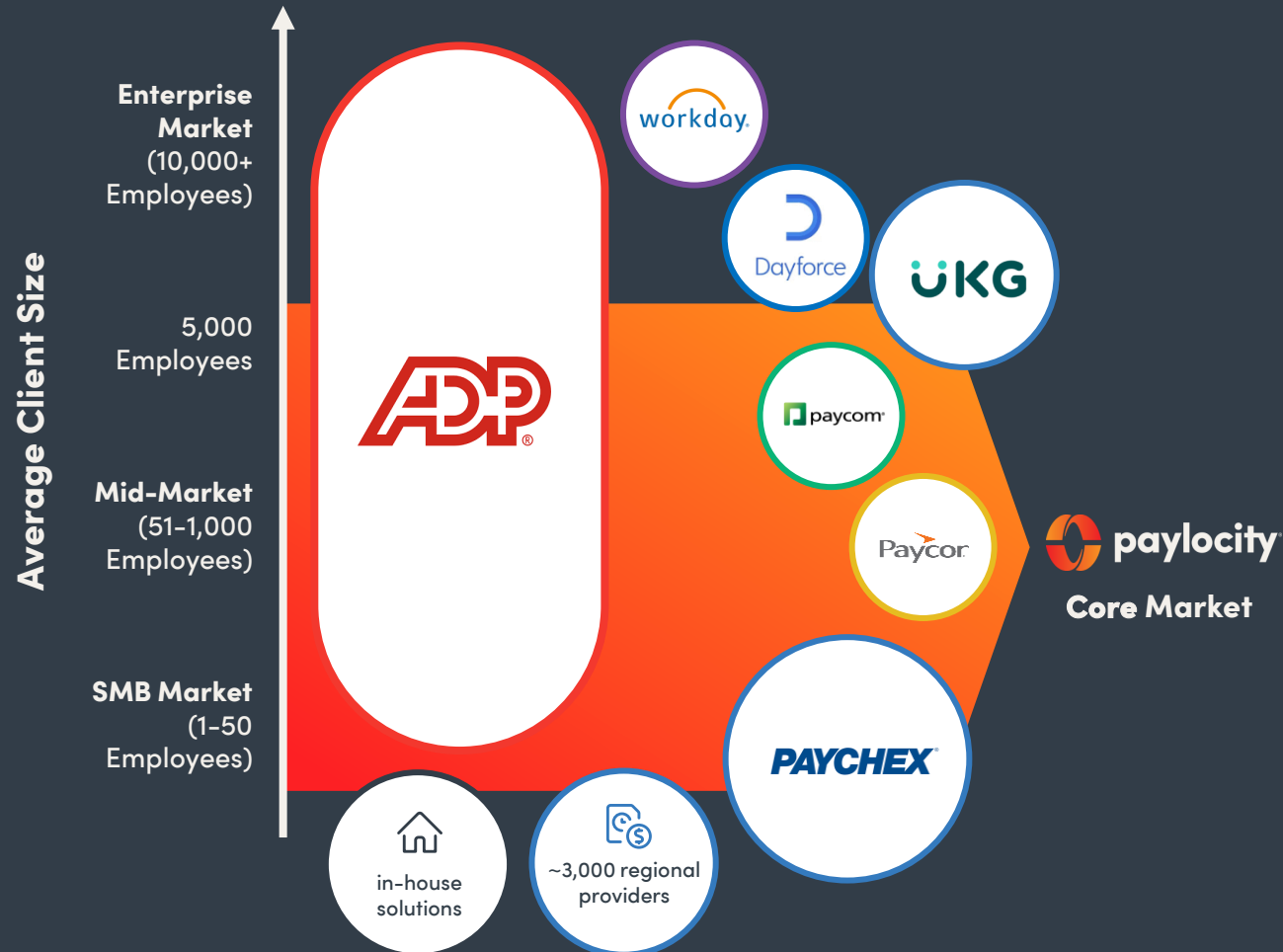
~50%+ Realized PEPY

**73 million
employees**

in the 10–5,000
segment of the market

Less than 3% penetrated into addressable market

Competitive Landscape



Workday

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

Ultimate Kronos Group / Dayforce

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

Paycom

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

Paycor

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

ADP / PAYX

Biggest competitors – compete throughout our target market

Regionals

Smaller to mid-part of our market

In-House

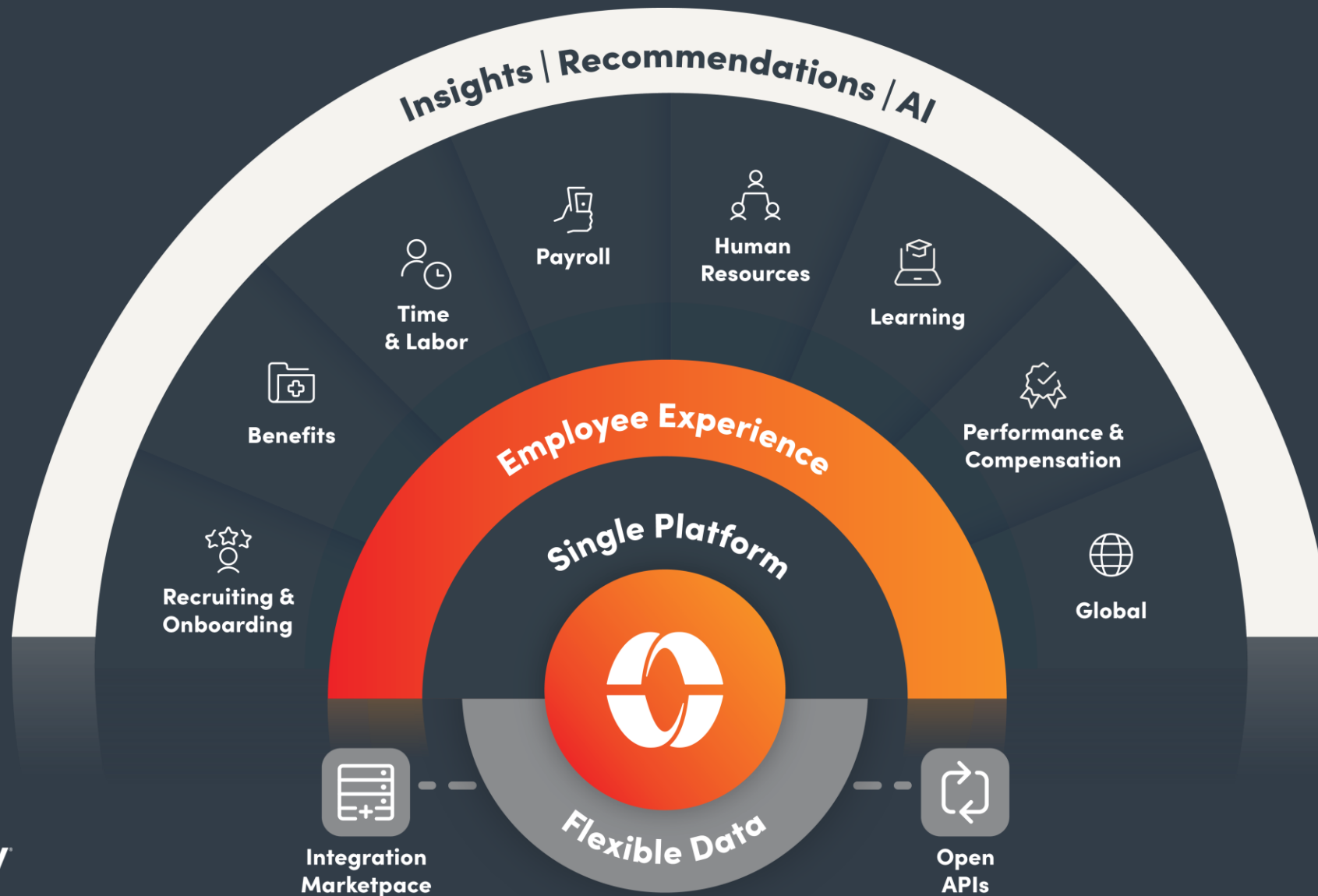
Primarily lower end of the market



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

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

The Most Modern HCM Platform



Providing HR the tools for the modern workforce



Surveys

Survey - 30 Day

Required question
1. I know what I need to do to be successful in my role.

☐ Strongly Disagree
☐ Disagree
☐ Neutral/Neither agree nor disagree
☒ Agree
☐ Strongly Agree

Learning

Quiz

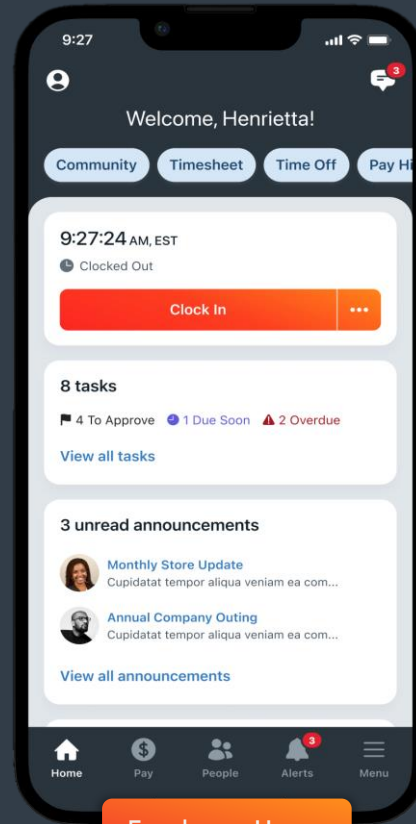
Status
✓ Passed

Score
90%

Correct / Total
9 / 10

Minimum Score to Pass
90%

1. How long should you wash your hands in warm water and soap before and after preparing fresh produce?
10 seconds
20 seconds **Correct**



Employee Home

On Demand Pay

\$1500

Request Full Amount

Or Select a Custom Amount

\$50 \$100

Amount \$100

When Today

Account J.P. MORGAN CHASE **0707

Community & Video



Feeling heard & valued

Create engagement with opportunities for feedback & recognition

Flexibility & wellbeing

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

Connection across the org

Foster transparency and a sense of belonging with open communication

Mobile & on-demand

Everything employees need at their fingertips on any device

Competitive Landscape

Where Our Clients Come From



Go-To-Market Strategy



We hire experienced sales professionals

- Most have prior HCM platform, HR technology or B2B sales experience
- All sales are direct through our salesforce; no resellers / indirect selling
- Our reps are focused on deals with 10-5,000 employees with our largest opportunities supported by our most experienced teams

820

reps in fiscal 2024

▲ 18%

From 694 reps in
fiscal 2023

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

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



Strong Referral Channel



Channel Value Proposition

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



We do not compete with our channel partners

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



Flexible platform

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



Partner Portal

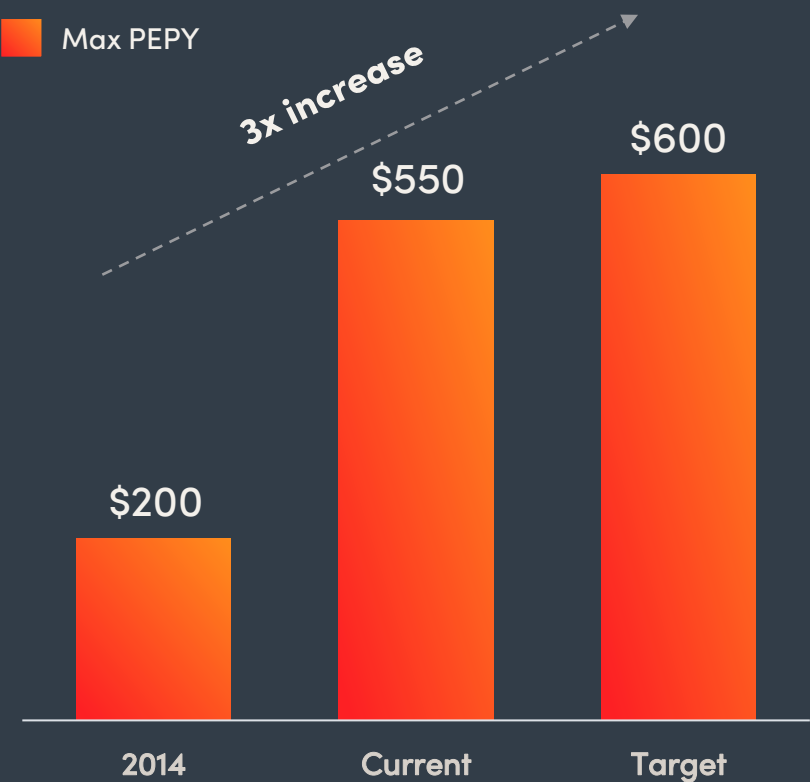
Their services and help drive change at their clients by providing unique data insights



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

Sustained R&D Investment Drives Product Expansion and Revenue Growth

Over **200%** increase in product suite since 2014



Ongoing Product Innovation



Community



Video



Learning



Surveys



Market Pay

Employee Experience



Recruiting & Onboarding



Benefits



Time & Labor



Payroll



Human Resources



Performance & Compensation

HCM

Continued Client Service Investments Support Strong Revenue Retention

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



■ Retention ■ Churn⁽¹⁾



Providing the most modern platform



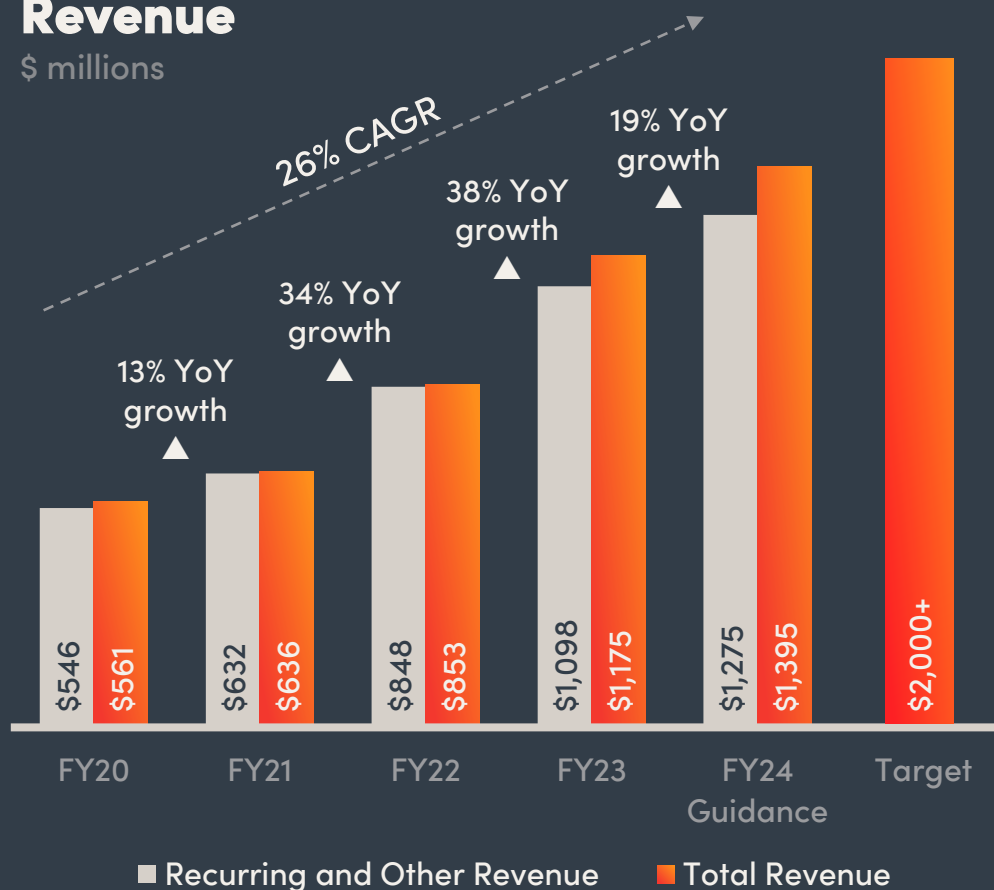
Delivering world class service

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

Financials

Revenue

\$ millions



Long-Term Financial Targets

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

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

Note: Financial targets based on percentage of total revenue

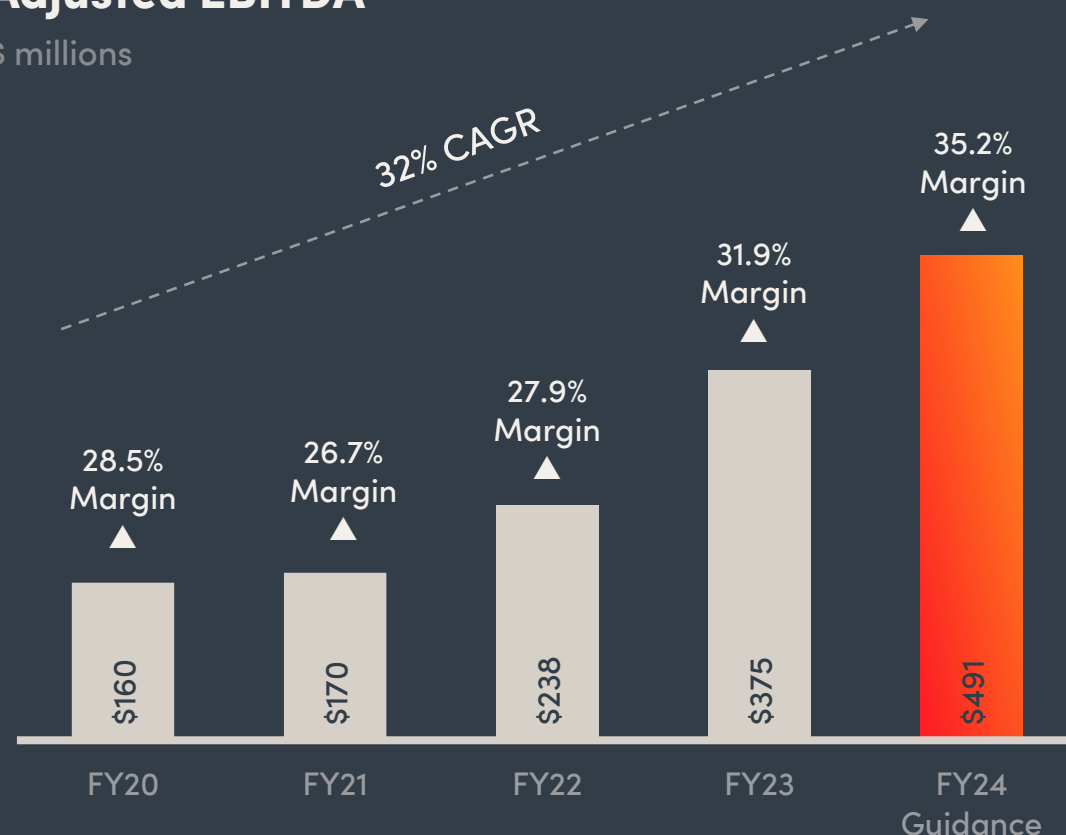
Squarely focused on **revenue growth** while demonstrating **meaningful leverage** in our business model

Financials (cont.)

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

Adjusted EBITDA

\$ millions



Driving greater leverage over time

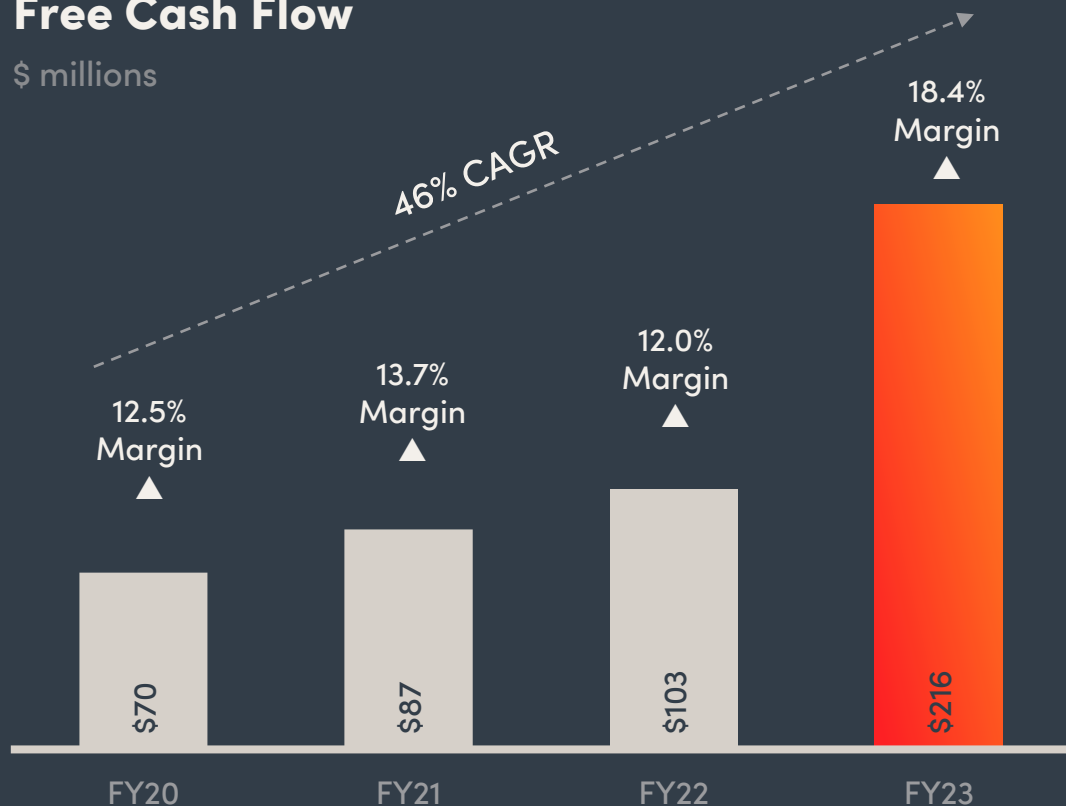
- Successfully driven over 650bps of adj. EBITDA margin leverage since FY20
- Expect to show incremental leverage on an annual basis as we work towards our adj. EBITDA margin target of 35-40%
- Intend to drive leverage primarily through cost of sales and G&A

Financials (cont.)

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

Free Cash Flow

\$ millions



Demonstrating meaningful FCF leverage

- Successfully driven ~600bps of FCF margin leverage since FY20
- Expect to show incremental leverage on an annual basis as we continue to scale FCF
- Targeting to achieve our long-term FCF margin target of 20%-25%
- Board of Directors approved \$500m share repurchase program to drive shareholder value and manage dilution

Strong Balance Sheet - \$493M Cash & Cash Equivalents as of 3/31/24

Corporate Social Responsibility

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

Sustainability

We commissioned a materiality assessment and greenhouse gas emissions analysis to understand what matters most to our employees, clients, and partners, and determine how we can have the greatest impact as a business.

Governance at Paylocity

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

Information Security

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





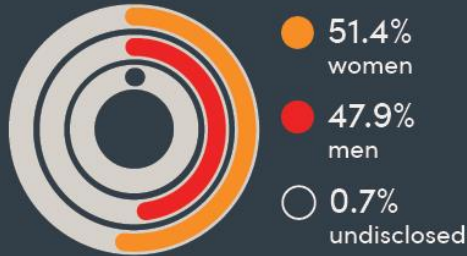
Our Diversity, Equity, Inclusion, and Accessibility Journey



Transparency is a crucial part of our DEIA journey. Our progress will continue to be rooted in intentional action together, not tokenism. Our goal isn't about reaching a certain number — it's about building the most inclusive culture possible, filled with talented and amazing people.

Gender Representation

All Roles



Race & Ethnicity Representation

All Roles (U.S. only)



Employee Demographics and Our Progress

		2021	2022	2023
Vice Presidents and Above	Women	36%	37%	37%
	URM	16%	22%	26%
Directors and Senior Directors	Women	45%	44%	44%
	URM	13%	25%	27%
Managers and Senior Managers	Women	48%	47%	50%
	URM	22%	24%	24%

*URM = Under Represented Minority for U.S. employees only



Employee Resource Groups

We're committed to increasing diversity, equity, inclusion, and accessibility as we grow and innovate in an ever-evolving environment. Our employee resource groups are a crucial part of our effort to drive change by helping us create a culture where all employees feel respected, valued, and supported.

Our ERGs give our people an effective way to inspire organizational change, improve our business practices, and empower our workforce. Our ERG leaders actively collaborate with, support, and develop their fellow ERG members to always "Live the Reputation."



pcty
equality



pcty
sheroes



pcty
oneworld



pcty
sustainability



pcty
mental
health



"I'm passionate about gender equality and developing future leaders, so I joined the SHERoes ERG right away. The group proactively brings in speakers and organizes events to support the growth of women at Paylocity."



Bethany Romestan-Byrne
Learning and Development Director

PCTY Gives

Our culture and core values make Paylocity a place where people want to work and have a lasting, positive impact on their community. We empower our employees to help create a better world for everyone.

PCTY Gives is our corporate philanthropy effort that makes a difference across the country through in-kind donations, grants that support nonprofits nominated by our employees, paid time off to volunteer, charitable contributions through payroll deductions, college scholarships, and more.

We work with nonprofits that promote workforce development and education for people with disabilities and under-resourced communities. We also support STEM-based learning programs to elevate students' skills and opportunities.

Nearly 40% of employees volunteered during FY23 and impacted 320 organizations.

”

“PCTY Gives truly embodies Paylocity’s commitment to supporting the grassroots work needed to bridge the gap of inequities in underserved communities. It gives our employees the opportunity to lean into their passions and make a difference in their own communities.”



Vanesa Carmona-Lewis
Corporate Citizenship Manager

External Recognition



2020-2024



2020-2024



2020-2024



2024



2012-2024



2024



2023-2024



2023-2024



2023



2023-2024



2023



2023



2023



2023



2022-2023



2023



2023



2019-2023





Positioned for Long-Term Growth & Margin Expansion

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



