

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **August 4, 2026**

**PAYLOCITY HOLDING CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**001-36348**  
(Commission File Number)

**46-4066644**  
(I.R.S. Employer Identification  
Number)

**1400 American Lane**  
**Schaumburg, Illinois 60173**  
(Address of principal executive offices, including zip code)

**(847) 463-3200**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

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. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On August 4, 2026, Paylocity Holding Corporation (the “*Company*”) issued a press release announcing financial results for the three and twelve month period ended June 30, 2026. The press release contains forward-looking statements regarding the Company and includes cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

The press release issued August 4, 2026 is furnished herewith as Exhibit 99.1. The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that Section, nor shall such information be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as otherwise stated in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No.          | Description                                                                                 |
|----------------------|---------------------------------------------------------------------------------------------|
| <a href="#">99.1</a> | <a href="#">Press Release issued by Paylocity Holding Corporation dated August 4, 2026.</a> |
| 104                  | Cover Page Interactive Data File (formatted as Inline XBRL)                                 |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PAYLOCITY HOLDING CORPORATION

Date: August 4, 2026

By: /s/ Ryan Glenn  
Ryan Glenn  
Chief Financial Officer



press release

## Paylocity Announces Fourth Quarter and Fiscal 2026 Financial Results

- **Q4 2026 Recurring & Other Revenue of \$415.6 million, up 12.4% year-over-year**
- **Q4 2026 Total Revenue of \$444.7 million, up 11.0% year-over-year**
- **FY 2026 Recurring & Other Revenue of \$1.651 billion, up 12.2% year-over-year**
- **FY 2026 Total Revenue of \$1.771 billion, up 11.0% year-over-year**
- **Continued growth in cash flows in FY 2026 - net cash provided by operating activities margin of 30.1% and free cash flow margin of 24.2%**
- **Repurchased \$398.1 million or 2.8 million shares of common stock during FY 2026; \$697.8 million or 4.6 million shares repurchased since May 2024**

**SCHAUMBURG, IL. – August 4, 2026** – Paylocity Holding Corporation (Nasdaq: PCTY), a leading cloud-based provider of HCM, finance and IT software solutions, today announced financial results for the fourth quarter and fiscal 2026, which ended June 30, 2026.

“Fiscal 26 was a strong year as our differentiated position in the market was reflected in solid sales and operational execution, helping to drive 12.2% recurring and other revenue growth and 11.0% total revenue growth. Our durable growth was driven by the continued expansion of average revenue per client and a roughly 7% increase in our client base – while also increasing profitability across our organization. As we continue to expand our product suite, a critical component of our strategy is driven by the launch of Ignite AI, which is designed to help accelerate productivity for HR, Finance, and IT teams across companies of all sizes and industries. Our approach to AI remains focused on driving value for our clients - Ignite AI is woven directly into core workflows to help clients complete tasks faster and surface insights more quickly. In Fiscal 26 we continued to expand our product suite with the acquisition of Grayscale, which expands our recruiting capabilities with AI-powered automation that helps employers engage with candidates earlier and faster, and the announcement of Paylocity Retirement, which helps employers reduce manual work and provide their employees easier access to their retirement savings. Additionally, we launched Elevate Solutions, which pairs our unified platform with dedicated payroll and HR teams who work directly with clients to lighten their administrative workload, allowing them to focus more time on strategic priorities. We also continue to return capital to shareholders by repurchasing \$398.1 million or approximately 2.8 million shares of our stock in Fiscal 26. I would also like to thank all of our employees for their efforts supporting our clients, and congratulate our teams for another successful year,” said Toby Williams, President and Chief Executive Officer of Paylocity.

### **Key Recent Achievements**

- FY 2026 Recurring & other revenue of \$1.651 billion, up 12.2% year-over-year.
- FY 2026 Total revenue of \$1.771 billion, up 11.0% year-over-year.
- FY 2026 GAAP net income increased 18.8% to \$269.7 million from \$227.1 million in FY 2025 and \$4.92 per diluted share from \$4.02 in FY 2025, an increase of 22.4%.
- FY 2026 Adjusted EBITDA, a non-GAAP measure, increased 12.3% to \$654.9 million from \$583.0 million in FY 2025, or 37.0% of Total revenue compared to 36.5% in FY 2025.
- FY 2026 Adjusted EBITDA excluding interest income on funds held for clients, a non-GAAP measure, increased 16.4% to \$534.9 million from \$459.6 million in FY 2025, or 32.4% of Recurring and other revenue compared to 31.2% in FY 2025.
- Completed acquisition of Grayscale Labs, Inc. in April 2026 to expand AI-powered recruiting capabilities

## **Fourth Quarter Fiscal 2026 Financial Highlights**

### **Revenue:**

- Recurring & other revenue was \$415.6 million, an increase of 12.4% from the fourth quarter of fiscal 2025.
- Total revenue was \$444.7 million, an increase of 11.0% from the fourth quarter of fiscal 2025.

### **Operating Income:**

- GAAP operating income was \$84.4 million and non-GAAP operating income was \$120.2 million in the fourth quarter of fiscal 2026, compared to GAAP operating income of \$66.2 million and non-GAAP operating income of \$105.6 million in the fourth quarter of fiscal 2025.

### **Net Income:**

- GAAP net income was \$60.3 million or \$1.12 per share in the fourth quarter of fiscal 2026 based on 54.0 million diluted weighted average common shares outstanding, compared to \$48.6 million or \$0.86 per share in the fourth quarter of fiscal 2025 based on 56.3 million diluted weighted average common shares outstanding.

### **Adjusted EBITDA:**

- Adjusted EBITDA, a non-GAAP measure, was \$145.5 million in the fourth quarter of fiscal 2026 compared to \$130.7 million in the fourth quarter of fiscal 2025.
- Adjusted EBITDA excluding interest income on funds held for clients, a non-GAAP measure, was \$116.4 million in the fourth quarter of fiscal 2026 compared to \$99.9 million in the fourth quarter of fiscal 2025.

## **Fiscal 2026 Financial Highlights**

### **Revenue:**

- Recurring & other revenue was \$1.651 billion, an increase of 12.2% from fiscal 2025.
- Total revenue was \$1.771 billion, an increase of 11.0% from fiscal 2025.

### **Operating Income:**

- GAAP operating income was \$386.0 million and non-GAAP operating income was \$557.3 million in fiscal 2026, compared to GAAP operating income of \$304.0 million and non-GAAP operating income of \$484.4 million in fiscal 2025.

### **Net Income:**

- GAAP net income was \$269.7 million or \$4.92 per share for fiscal 2026, based on 54.8 million diluted weighted average common shares outstanding, compared to \$227.1 million or \$4.02 per share for fiscal 2025 based on 56.6 million diluted weighted average common shares outstanding.

### **Adjusted EBITDA:**

- Adjusted EBITDA, a non-GAAP measure, was \$654.9 million for fiscal 2026 compared to \$583.0 million for fiscal 2025.
- Adjusted EBITDA excluding interest income on funds held for clients, a non-GAAP measure, was \$534.9 million for fiscal 2026 compared to \$459.6 million for fiscal 2025.

### **Balance Sheet and Cash Flow:**

- Cash and cash equivalents totaled \$271.9 million at the end of fiscal 2026.

- Long-term debt totaled \$81.3 million as of the end of fiscal 2026, representing borrowings under our credit facility. This reflects approximately \$81.3 million repaid on our outstanding balance during fiscal 2026.
- Net cash provided by operating activities for fiscal 2026 was \$533.3 million or 30.1% of Total revenue compared to \$418.2 million or 26.2% of Total revenue for fiscal 2025.
- Free cash flow, a non-GAAP measure, was \$427.8 million or 24.2% of Total revenue for fiscal 2026 compared to \$342.8 million or 21.5% of Total revenue for fiscal 2025.
- Free cash flow excluding interest income on funds held for clients, a non-GAAP measure, was \$307.8 million or 18.6% of Recurring and other revenue for fiscal 2026 compared to \$219.3 million or 14.9% of Recurring and other revenue for fiscal 2025.

A reconciliation of GAAP to non-GAAP financial measures has been provided in this press release, including the accompanying tables. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

### **Change in Deferred Contract Costs Benefit Period**

Beginning in fiscal 2027 we will amortize deferred contract costs over an 8-year useful life, an increase from our current 7-year convention. This prospective change is expected to increase fiscal 2027 Adjusted EBITDA margins by approximately 120–140 basis points, depending on business performance, and timing and volume of sales and client implementations, and is reflected in the guidance below.

### **Business Outlook**

Based on information available as of August 4, 2026, Paylocity is issuing guidance for the first quarter and full fiscal 2027 as indicated below.

#### **First Quarter 2027:**

- Recurring and other revenue is expected to be in the range of \$414.0 million to \$419.0 million, which represents approximately 10% growth over fiscal 2026 first quarter recurring and other revenue.
- Total revenue is expected to be in the range of \$439.5 million to \$444.5 million, which represents approximately 8% growth over fiscal 2026 first quarter total revenue.
- Adjusted EBITDA, a non-GAAP measure, is expected to be in the range of \$152.0 million to \$156.0 million.
- Adjusted EBITDA excluding interest income on funds held for clients, a non-GAAP measure, is expected to be in the range of \$126.5 million to \$130.5 million.

#### **Fiscal 2027:**

- Recurring and other revenue is expected to be in the range of \$1.777 billion to \$1.792 billion, which represents approximately 8% growth over fiscal 2026 recurring and other revenue.
- Total revenue is expected to be in the range of \$1.880 billion to \$1.895 billion, which represents approximately 7% growth over fiscal 2026 total revenue.
- Adjusted EBITDA, a non-GAAP measure, is expected to be in the range of \$690.0 million to \$700.0 million.
- Adjusted EBITDA excluding interest income on funds held for clients, a non-GAAP measure, is expected to be in the range of \$587.0 million to \$597.0 million.

We are unable to reconcile forward-looking non-GAAP financial measures included in our guidance to their directly comparable GAAP financial measures because the information which is needed to complete the reconciliations is unavailable at this time without unreasonable effort.

## **Conference Call Details**

Paylocity will host a conference call to discuss its fourth quarter and full fiscal 2026 results today at 4:00 p.m. Central Time (5:00 p.m. Eastern Time). A live audio webcast of the conference call, together with detailed financial information, can be accessed through <https://investors.paylocity.com/events-and-presentations> where you will be provided with dial in details. A replay of the call will be available and archived via webcast at <https://investors.paylocity.com/>.

## **About Paylocity**

Headquartered in Schaumburg, IL, Paylocity (NASDAQ: PCTY) is an award-winning provider of HCM, Finance, and IT software solutions. Paylocity offers one unified, easy-to-use platform that helps businesses across HR, Finance, and IT streamline operations, manage spend and talent, and build culture and connection-with AI embedded directly into everyday workflows to save time, reduce manual effort, and support better decisions. Known for its unique culture and consistently recognized as one of the best places to work, Paylocity accompanies its clients on the journey to create great workplaces and help all employees achieve their best. For more information, visit [www.paylocity.com](http://www.paylocity.com).

## **Non-GAAP Financial Measures**

The company uses certain non-GAAP financial measures when reporting and discussing its financial results, including the financial measures in this release that are designated as being “non-GAAP.” Management presents certain non-GAAP financial measures in this release because it considers them to be important supplemental measures of performance, as they provide investors with the company’s view of its financial performance. Management uses non-GAAP financial measures for planning purposes, including analysis of the company’s performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company’s financial and operational performance, including comparisons of current results to prior periods’ results by excluding items the company does not believe reflect fundamental business performance and are not representative or indicative of its results of operations. Non-GAAP financial measures have limitations as an analytical tool and other companies may define their non-GAAP financial measures differently than we do. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures provided in the accompanying tables to this release, as well as the definitions of those non-GAAP measures following such tables.

## **Safe Harbor/Forward Looking Statements**

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included herein regarding Paylocity’s future operations, future financial position and performance, anticipated results of operations, prospects, plans and objectives of management are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “will,” “would,” “seek” and similar expressions (or the negative of these terms) are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include statements about management’s estimates regarding future revenues and financial performance, and other statements about management’s beliefs, intentions or goals and are expressed in good faith and believed to be reasonable at the time such statements are made. Paylocity may not actually achieve the expectations disclosed in the forward-looking statements, and you should not place undue reliance on such statements. These forward-looking statements involve risks and uncertainties, many of which are beyond Paylocity’s control, that could cause actual results or events to differ materially from the expectations disclosed in the forward-looking statements. Factors that could cause actual results or events to differ materially from what is presented include, but are not limited to, the general economic conditions in regions in which Paylocity does business, changes in interest rates, business disruptions, reductions in employment and increases in business failures that have occurred or may occur in the future; Paylocity’s ability to leverage forms of artificial intelligence and machine learning in its technology, which may be constrained by current and future laws, regulations, interpretive positions or standards governing new and evolving technologies and ethical considerations that could restrict or impose burdensome and costly requirements on its ability to continue to leverage data in innovative ways; Paylocity’s ability to retain existing clients and to attract new clients to enter into subscriptions for its services; the challenges associated with a growing company’s ability to effectively service clients in a dynamic and competitive market; challenges associated with expanding and evolving a sales organization to effectively address new geographies and products and services; challenges related to cybersecurity threats and evolving cybersecurity regulations; Paylocity’s reliance on and ability to expand its referral network of third parties; difficulties associated with accurately forecasting revenue and appropriately planning expenses; challenges with managing growth effectively; risks related to acquisitions and investments in other businesses and technologies; risks related to regulatory, legislative and judicial uncertainty in Paylocity’s markets; Paylocity’s ability to protect and defend its

intellectual property and its use of open source software in its products; the risk that Paylocity's security measures are compromised or a threat actor gains unauthorized access to customer data; unexpected events in the market for Paylocity's solutions; changes in the competitive environment in Paylocity's industry and the markets in which it operates; adverse changes in general economic or market conditions; changes in the employment rates of Paylocity's clients and the resultant impact on revenue; the possibility that Paylocity may be adversely affected by other economic, business, and/or competitive factors; and other risks and potential factors that could affect Paylocity's business and financial results that are identified in Paylocity's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on August 6, 2025, as well as any revisions or supplements to the information in subsequent reports filed or furnished to the SEC. These forward-looking statements represent Paylocity's expectations as of the date of this press release. Subsequent events may cause these expectations to change, and unless legally required, Paylocity disclaims any obligations to update or alter these forward-looking statements in the future, whether as a result of new information, future events or otherwise.

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

|                                                                                                                                                                                                                | June 30,     |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                                                                                                                | 2025         | 2026         |
| <b>Assets</b>                                                                                                                                                                                                  |              |              |
| Current assets:                                                                                                                                                                                                |              |              |
| Cash and cash equivalents                                                                                                                                                                                      | \$ 398,070   | \$ 271,917   |
| Accounts receivable, net                                                                                                                                                                                       | 41,642       | 50,093       |
| Deferred contract costs                                                                                                                                                                                        | 117,177      | 132,960      |
| Prepaid expenses and other                                                                                                                                                                                     | 50,943       | 57,582       |
| Total current assets before funds held for clients                                                                                                                                                             | 607,832      | 512,552      |
| Funds held for clients                                                                                                                                                                                         | 2,704,137    | 3,210,504    |
| Total current assets                                                                                                                                                                                           | 3,311,969    | 3,723,056    |
| Capitalized internal-use software, net                                                                                                                                                                         | 132,317      | 143,594      |
| Property and equipment, net                                                                                                                                                                                    | 54,210       | 71,403       |
| Operating lease right-of-use assets                                                                                                                                                                            | 35,997       | 33,137       |
| Intangible assets, net                                                                                                                                                                                         | 92,671       | 86,140       |
| Goodwill                                                                                                                                                                                                       | 343,100      | 378,964      |
| Long-term deferred contract costs                                                                                                                                                                              | 393,671      | 426,226      |
| Long-term prepaid expenses and other                                                                                                                                                                           | 7,739        | 10,363       |
| Deferred income tax assets                                                                                                                                                                                     | 17,754       | 11,475       |
| Total assets                                                                                                                                                                                                   | \$ 4,389,428 | \$ 4,884,358 |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                                                                    |              |              |
| Current liabilities:                                                                                                                                                                                           |              |              |
| Accounts payable                                                                                                                                                                                               | \$ 17,347    | \$ 10,944    |
| Accrued expenses                                                                                                                                                                                               | 193,081      | 200,279      |
| Total current liabilities before client fund obligations                                                                                                                                                       | 210,428      | 211,223      |
| Client fund obligations                                                                                                                                                                                        | 2,694,842    | 3,209,015    |
| Total current liabilities                                                                                                                                                                                      | 2,905,270    | 3,420,238    |
| Long-term debt                                                                                                                                                                                                 | 162,500      | 81,250       |
| Long-term operating lease liabilities                                                                                                                                                                          | 46,772       | 42,200       |
| Other long-term liabilities                                                                                                                                                                                    | 8,580        | 12,930       |
| Deferred income tax liabilities                                                                                                                                                                                | 32,559       | 106,323      |
| Total liabilities                                                                                                                                                                                              | \$ 3,155,681 | \$ 3,662,941 |
| Stockholders' equity:                                                                                                                                                                                          |              |              |
| Preferred stock, \$0.001 par value, 5,000 authorized, no shares issued and outstanding at June 30, 2025 and June 30, 2026                                                                                      | \$ —         | \$ —         |
| Common stock, \$0.001 par value, 155,000 shares authorized at June 30, 2025 and June 30, 2026; 55,366 shares issued and outstanding at June 30, 2025 and 53,271 shares issued and outstanding at June 30, 2026 | 55           | 53           |
| Additional paid-in capital                                                                                                                                                                                     | 327,518      | 52,271       |
| Retained earnings                                                                                                                                                                                              | 900,583      | 1,170,324    |
| Accumulated other comprehensive income (loss)                                                                                                                                                                  | 5,591        | (1,231)      |
| Total stockholders' equity                                                                                                                                                                                     | \$ 1,233,747 | \$ 1,221,417 |
| Total liabilities and stockholders' equity                                                                                                                                                                     | \$ 4,389,428 | \$ 4,884,358 |

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

|                                                                 | Three Months Ended<br>June 30, |            | Year Ended<br>June 30, |              |
|-----------------------------------------------------------------|--------------------------------|------------|------------------------|--------------|
|                                                                 | 2025                           | 2026       | 2025                   | 2026         |
| Revenues:                                                       |                                |            |                        |              |
| Recurring and other revenue                                     | \$ 369,886                     | \$ 415,594 | \$ 1,471,801           | \$ 1,651,362 |
| Interest income on funds held for clients                       | 30,851                         | 29,140     | 123,420                | 119,964      |
| Total revenues                                                  | 400,737                        | 444,734    | 1,595,221              | 1,771,326    |
| Cost of revenues                                                | 128,865                        | 144,350    | 498,223                | 545,824      |
| Gross profit                                                    | 271,872                        | 300,384    | 1,096,998              | 1,225,502    |
| Operating expenses:                                             |                                |            |                        |              |
| Sales and marketing                                             | 100,878                        | 103,700    | 374,216                | 393,878      |
| Research and development                                        | 51,040                         | 55,528     | 205,851                | 221,389      |
| General and administrative                                      | 53,727                         | 56,734     | 212,907                | 224,242      |
| Total operating expenses                                        | 205,645                        | 215,962    | 792,974                | 839,509      |
| Operating income                                                | 66,227                         | 84,422     | 304,024                | 385,993      |
| Other income                                                    | 572                            | 753        | 5,039                  | 1,310        |
| Income before income taxes                                      | 66,799                         | 85,175     | 309,063                | 387,303      |
| Income tax expense                                              | 18,193                         | 24,872     | 81,936                 | 117,562      |
| Net income                                                      | \$ 48,606                      | \$ 60,303  | \$ 227,127             | \$ 269,741   |
| Other comprehensive income (loss), net of tax                   | 1,882                          | (2,445)    | 6,527                  | (6,822)      |
| Comprehensive income                                            | \$ 50,488                      | \$ 57,858  | \$ 233,654             | \$ 262,919   |
| Net income per share:                                           |                                |            |                        |              |
| Basic                                                           | \$ 0.88                        | \$ 1.13    | \$ 4.08                | \$ 4.99      |
| Diluted                                                         | \$ 0.86                        | \$ 1.12    | \$ 4.02                | \$ 4.92      |
| Weighted-average shares used in computing net income per share: |                                |            |                        |              |
| Basic                                                           | 55,322                         | 53,491     | 55,649                 | 54,082       |
| Diluted                                                         | 56,255                         | 53,964     | 56,550                 | 54,770       |

Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises for each of the three and twelve months ended June 30 are included in the above line items:

|                                                                                                                  | Three Months Ended<br>June 30, |           | Year Ended<br>June 30, |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------|------------|
|                                                                                                                  | 2025                           | 2026      | 2025                   | 2026       |
| Cost of revenues                                                                                                 | \$ 3,595                       | \$ 3,452  | \$ 19,314              | \$ 16,914  |
| Sales and marketing                                                                                              | 7,804                          | 6,089     | 36,897                 | 32,857     |
| Research and development                                                                                         | 7,352                          | 5,661     | 38,667                 | 32,827     |
| General and administrative                                                                                       | 13,267                         | 13,035    | 55,185                 | 61,549     |
| Total stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | \$ 32,018                      | \$ 28,237 | \$ 150,063             | \$ 144,147 |

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

|                                                                                                                                   | Year Ended June 30, |              |              |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------|--------------|
|                                                                                                                                   | 2024                | 2025         | 2026         |
| Cash flows from operating activities:                                                                                             |                     |              |              |
| Net income                                                                                                                        | \$ 206,766          | \$ 227,127   | \$ 269,741   |
| Adjustments to reconcile net income to net cash provided by operating activities                                                  |                     |              |              |
| Stock-based compensation expense                                                                                                  | 146,032             | 142,820      | 138,657      |
| Depreciation and amortization expense                                                                                             | 76,426              | 99,636       | 111,797      |
| Deferred income tax expense (benefit)                                                                                             | 27,835              | (3,208)      | 82,947       |
| Provision for credit losses                                                                                                       | 1,565               | 1,382        | 1,905        |
| Net amortization of premiums (accretion of discounts) on available-for-sale securities                                            | (4,378)             | (2,025)      | (1,498)      |
| Other                                                                                                                             | (962)               | 1,045        | 1,350        |
| Changes in operating assets and liabilities:                                                                                      |                     |              |              |
| Accounts receivable                                                                                                               | (8,186)             | (3,557)      | (7,929)      |
| Deferred contract costs                                                                                                           | (70,337)            | (62,922)     | (47,933)     |
| Prepaid expenses and other                                                                                                        | (5,829)             | (7,819)      | (11,205)     |
| Accounts payable                                                                                                                  | 2,423               | 7,287        | (6,472)      |
| Accrued expenses and other                                                                                                        | 13,315              | 18,460       | 1,892        |
| Net cash provided by operating activities                                                                                         | 384,670             | 418,226      | 533,252      |
| Cash flows from investing activities:                                                                                             |                     |              |              |
| Purchases of available-for-sale securities                                                                                        | (304,465)           | (260,997)    | (271,378)    |
| Proceeds from sales and maturities of available-for-sale securities                                                               | 294,438             | 160,067      | 272,115      |
| Capitalized internal-use software costs                                                                                           | (60,726)            | (62,402)     | (69,302)     |
| Purchases of property and equipment                                                                                               | (18,028)            | (13,073)     | (36,152)     |
| Acquisitions of businesses, net of cash and funds held for clients acquired                                                       | (12,031)            | (277,851)    | (49,183)     |
| Other investing activities                                                                                                        | (1,079)             | (1,292)      | (893)        |
| Net cash used in investing activities                                                                                             | (101,891)           | (455,548)    | (154,793)    |
| Cash flows from financing activities:                                                                                             |                     |              |              |
| Net change in client fund obligations                                                                                             | 325,056             | (297,923)    | 514,173      |
| Borrowings under credit facility                                                                                                  | —                   | 325,000      | —            |
| Repayment of credit facility                                                                                                      | —                   | (162,500)    | (81,250)     |
| Repurchases of common shares                                                                                                      | (150,000)           | (149,638)    | (398,113)    |
| Proceeds from employee stock purchase plan                                                                                        | 19,143              | 19,682       | 18,222       |
| Taxes paid related to net share settlement of equity awards                                                                       | (52,549)            | (60,034)     | (43,686)     |
| Other financing activities                                                                                                        | (72)                | (408)        | (365)        |
| Net cash provided by (used in) financing activities                                                                               | 141,578             | (325,821)    | 8,981        |
| Net change in cash, cash equivalents and funds held for clients' cash and cash equivalents                                        | 424,357             | (363,143)    | 387,440      |
| Cash, cash equivalents and funds held for clients' cash and cash equivalents—beginning of year                                    | 2,421,312           | 2,845,669    | 2,482,526    |
| Cash, cash equivalents and funds held for clients' cash and cash equivalents—end of year                                          | \$ 2,845,669        | \$ 2,482,526 | \$ 2,869,966 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activities                                                            |                     |              |              |
| Purchases of property and equipment and internal-use software, accrued but not paid                                               | \$ 1,118            | \$ 1,833     | \$ 1,328     |
| Liabilities assumed for acquisitions                                                                                              | \$ 378              | \$ 55,730    | \$ 4,037     |
| Supplemental Disclosure of Cash Flow Information                                                                                  |                     |              |              |
| Cash paid for interest                                                                                                            | \$ 494              | \$ 12,758    | \$ 5,570     |
| Reconciliation of cash, cash equivalents and funds held for clients' cash and cash equivalents to the Consolidated Balance Sheets |                     |              |              |
| Cash and cash equivalents                                                                                                         | \$ 401,811          | \$ 398,070   | \$ 271,917   |
| Funds held for clients' cash and cash equivalents                                                                                 | 2,443,858           | 2,084,456    | 2,598,049    |
| Total cash, cash equivalents and funds held for clients' cash and cash equivalents                                                | \$ 2,845,669        | \$ 2,482,526 | \$ 2,869,966 |

**Paylocity Holding Corporation**  
**Reconciliation of GAAP to non-GAAP Financial Measures**  
(In thousands except per share data)

|                                                                                                            | Three Months Ended<br>June 30, |                   | Year Ended<br>June 30, |                     |
|------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|------------------------|---------------------|
|                                                                                                            | 2025                           | 2026              | 2025                   | 2026                |
| <b>Reconciliation from Gross profit to Adjusted gross profit:</b>                                          |                                |                   |                        |                     |
| Gross profit                                                                                               | \$ 271,872                     | \$ 300,384        | \$ 1,096,998           | \$ 1,225,502        |
| Amortization of capitalized internal-use software costs                                                    | 16,090                         | 18,316            | 59,948                 | 70,496              |
| Amortization of certain acquired intangibles                                                               | 4,606                          | 4,990             | 16,168                 | 18,553              |
| Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 3,595                          | 3,452             | 19,314                 | 16,914              |
| Other items (1)                                                                                            | 584                            | 354               | 1,365                  | 696                 |
| Adjusted gross profit                                                                                      | <u>\$ 296,747</u>              | <u>\$ 327,496</u> | <u>\$ 1,193,793</u>    | <u>\$ 1,332,161</u> |

|                                                                                                            | Three Months Ended<br>June 30, |                   | Year Ended<br>June 30, |                   |
|------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|------------------------|-------------------|
|                                                                                                            | 2025                           | 2026              | 2025                   | 2026              |
| <b>Reconciliation from Operating income to Non-GAAP Operating income:</b>                                  |                                |                   |                        |                   |
| Operating income                                                                                           | \$ 66,227                      | \$ 84,422         | \$ 304,024             | \$ 385,993        |
| Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 32,018                         | 28,237            | 150,063                | 144,147           |
| Amortization of acquired intangibles                                                                       | 5,268                          | 5,797             | 19,120                 | 21,331            |
| Other items (2)                                                                                            | 2,109                          | 1,744             | 11,182                 | 5,815             |
| Non-GAAP Operating income                                                                                  | <u>\$ 105,622</u>              | <u>\$ 120,200</u> | <u>\$ 484,389</u>      | <u>\$ 557,286</u> |

|                                                                                                            | Three Months Ended<br>June 30, |                  | Year Ended<br>June 30, |                   |
|------------------------------------------------------------------------------------------------------------|--------------------------------|------------------|------------------------|-------------------|
|                                                                                                            | 2025                           | 2026             | 2025                   | 2026              |
| <b>Reconciliation from Net income to Non-GAAP Net income:</b>                                              |                                |                  |                        |                   |
| Net income                                                                                                 | \$ 48,606                      | \$ 60,303        | \$ 227,127             | \$ 269,741        |
| Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 32,018                         | 28,237           | 150,063                | 144,147           |
| Amortization of acquired intangibles                                                                       | 5,268                          | 5,797            | 19,120                 | 21,331            |
| Other items (2)                                                                                            | 2,109                          | 1,744            | 11,182                 | 5,815             |
| Income tax effect on adjustments (3)                                                                       | (47)                           | 3,328            | (1,842)                | 14,108            |
| Non-GAAP Net income                                                                                        | <u>\$ 87,954</u>               | <u>\$ 99,409</u> | <u>\$ 405,650</u>      | <u>\$ 455,142</u> |

|                                                      | Three Months Ended<br>June 30, |           | Year Ended<br>June 30, |            |
|------------------------------------------------------|--------------------------------|-----------|------------------------|------------|
|                                                      | 2025                           | 2026      | 2025                   | 2026       |
| <b>Calculation of Non-GAAP Net income per share:</b> |                                |           |                        |            |
| Non-GAAP Net income                                  | \$ 87,954                      | \$ 99,409 | \$ 405,650             | \$ 455,142 |
| Diluted weighted-average number of common shares     | 56,255                         | 53,964    | 56,550                 | 54,770     |
| Non-GAAP Net income per share                        | \$ 1.56                        | \$ 1.84   | \$ 7.17                | \$ 8.31    |

|                                                                                                                                  | Three Months Ended<br>June 30, |             | Year Ended<br>June 30, |              |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------|------------------------|--------------|
|                                                                                                                                  | 2025                           | 2026        | 2025                   | 2026         |
| <b>Reconciliation from Net income to Adjusted EBITDA and Adjusted EBITDA excluding interest income on funds held for clients</b> |                                |             |                        |              |
| Net income                                                                                                                       | \$ 48,606                      | \$ 60,303   | \$ 227,127             | \$ 269,741   |
| Interest expense                                                                                                                 | 3,371                          | 1,130       | 13,053                 | 5,828        |
| Income tax expense                                                                                                               | 18,193                         | 24,872      | 81,936                 | 117,562      |
| Depreciation and amortization expense                                                                                            | 26,452                         | 29,243      | 99,636                 | 111,797      |
| EBITDA                                                                                                                           | 96,622                         | 115,548     | 421,752                | 504,928      |
| Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises                       | 32,018                         | 28,237      | 150,063                | 144,147      |
| Other items (2)                                                                                                                  | 2,109                          | 1,744       | 11,182                 | 5,815        |
| Adjusted EBITDA                                                                                                                  | \$ 130,749                     | \$ 145,529  | \$ 582,997             | \$ 654,890   |
| Interest income on funds held for clients                                                                                        | \$ (30,851)                    | \$ (29,140) | \$ (123,420)           | \$ (119,964) |
| Adjusted EBITDA excluding interest income on funds held for clients                                                              | \$ 99,898                      | \$ 116,389  | \$ 459,577             | \$ 534,926   |

|                                                                                                                  | Three Months Ended<br>June 30, |            | Year Ended<br>June 30, |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|------------|------------------------|------------|
|                                                                                                                  | 2025                           | 2026       | 2025                   | 2026       |
| <b>Reconciliation of Non-GAAP sales and marketing:</b>                                                           |                                |            |                        |            |
| Sales and marketing                                                                                              | \$ 100,878                     | \$ 103,700 | \$ 374,216             | \$ 393,878 |
| Less: Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 7,804                          | 6,089      | 36,897                 | 32,857     |
| Less: Other items (2)                                                                                            | 320                            | 258        | 1,544                  | 760        |
| Non-GAAP sales and marketing                                                                                     | \$ 92,754                      | \$ 97,353  | \$ 335,775             | \$ 360,261 |

|                                                                                                                  | Three Months Ended<br>June 30, |           | Year Ended<br>June 30, |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------|------------|
|                                                                                                                  | 2025                           | 2026      | 2025                   | 2026       |
| <b>Reconciliation of Non-GAAP total research and development:</b>                                                |                                |           |                        |            |
| Research and development                                                                                         | \$ 51,040                      | \$ 55,528 | \$ 205,851             | \$ 221,389 |
| Add: Capitalized internal-use software costs                                                                     | 16,839                         | 20,201    | 62,402                 | 69,302     |
| Less: Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 7,352                          | 5,661     | 38,667                 | 32,827     |
| Less: Other items (2)                                                                                            | 452                            | 528       | 2,121                  | 1,720      |
| Non-GAAP total research and development                                                                          | \$ 60,075                      | \$ 69,540 | \$ 227,465             | \$ 256,144 |

|                                                                                                                  | Three Months Ended<br>June 30, |           | Year Ended<br>June 30, |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------|------------|
|                                                                                                                  | 2025                           | 2026      | 2025                   | 2026       |
| <b>Reconciliation of Non-GAAP general and administrative:</b>                                                    |                                |           |                        |            |
| General and administrative                                                                                       | \$ 53,727                      | \$ 56,734 | \$ 212,907             | \$ 224,242 |
| Less: Stock-based compensation expense and employer payroll taxes related to stock releases and option exercises | 13,267                         | 13,035    | 55,185                 | 61,549     |
| Less: Amortization of certain acquired intangibles                                                               | 662                            | 807       | 2,952                  | 2,778      |
| Less: Other items (2)                                                                                            | 753                            | 604       | 6,152                  | 2,639      |
| Non-GAAP general and administrative                                                                              | \$ 39,045                      | \$ 42,288 | \$ 148,618             | \$ 157,276 |

|                                                                                                                                                                                              | Year Ended<br>June 30, |            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------|
|                                                                                                                                                                                              | 2025                   | 2026       |
| <b>Reconciliation of Free cash flow, Free cash flow excluding interest income on funds held for clients and Adjusted free cash flow excluding interest income on funds held for clients:</b> |                        |            |
| Net cash provided by operating activities                                                                                                                                                    | \$ 418,226             | \$ 533,252 |
| Capitalized internal-use software costs                                                                                                                                                      | (62,402)               | (69,302)   |
| Purchases of property and equipment                                                                                                                                                          | (13,073)               | (36,152)   |
| Free cash flow                                                                                                                                                                               | \$ 342,751             | \$ 427,798 |
| Less: Interest income on funds held for clients                                                                                                                                              | (123,420)              | (119,964)  |
| Free cash flow excluding interest income on funds held for clients                                                                                                                           | \$ 219,331             | \$ 307,834 |
| Cash paid for other items (4)                                                                                                                                                                | 8,032                  | 8,297      |
| Adjusted free cash flow excluding interest income on funds held for clients                                                                                                                  | \$ 227,363             | \$ 316,131 |

(1) Represents acquisition-related costs and 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.

(3) Includes the income tax effect on non-GAAP net income adjustments related to stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, amortization of acquired intangibles and other items, which include 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.

(4) Represents cash paid for acquisition and nonrecurring transaction-related costs and severance costs related to certain roles that have been eliminated.

## **Definitions of our Non-GAAP Measures**

### *Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA Excluding Interest Income on Funds Held for Clients, and Adjusted EBITDA Excluding Interest Income on Funds Held for Clients Margin*

Adjusted EBITDA is calculated as net income before interest expense, income tax expense, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and other items as described above in this release. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues.

Adjusted EBITDA excluding interest income on funds held for clients is calculated in the same manner as Adjusted EBITDA and is further adjusted to eliminate interest income on funds held for clients. Adjusted EBITDA excluding interest income on funds held for clients margin is Adjusted EBITDA excluding interest income on funds held for clients divided by recurring and other revenue.

### *Adjusted Gross Profit and Adjusted Gross Profit Margin*

Adjusted gross profit is adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, the amortization of capitalized internal-use software costs and certain acquired intangibles and other items as described above in this release.

Adjusted gross profit margin is calculated as adjusted gross profit as described in the preceding sentence divided by total revenues.

### *Non-GAAP Operating Income, Non-GAAP Net Income, and Non-GAAP Income Per Share*

Non-GAAP operating income is adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, the amortization of acquired intangibles and other items as described above in this release.

Non-GAAP net income and non-GAAP net income per share are adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, the amortization of acquired intangibles and other items as described above in this release, including the income tax effect on these items.

### *Non-GAAP Sales and Marketing Expense, Non-GAAP Sales and Marketing Expense Margin, Non-GAAP Total Research and Development, Non-GAAP Total Research and Development Margin, Non-GAAP General and Administrative Expense, and Non-GAAP General and Administrative Expense Margin*

Non-GAAP sales and marketing expense is adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and other items as described above in this release. Non-GAAP sales and marketing margin is calculated by dividing non-GAAP sales and marketing by total revenues.

Non-GAAP total research and development is adjusted for capitalized internal-use software costs paid and to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises and other items as described above in this release. Non-GAAP total research and development margin is calculated by dividing non-GAAP total research and development by total revenues.

Non-GAAP general and administrative expense is adjusted to eliminate stock-based compensation expense and employer payroll taxes related to stock releases and option exercises, the amortization of certain acquired intangibles and other items as described above in this release. Non-GAAP general and administrative margin is calculated by dividing non-GAAP general and administrative expense by total revenues.

### *Free Cash Flow, Free Cash Flow Margin, Free Cash Flow Excluding Interest on Funds Held for Clients, Free Cash Flow Excluding Interest on Funds Held for Clients Margin, Adjusted Free Cash Flow Excluding Interest on Funds Held for Clients and Adjusted Free Cash Flow Excluding Interest on Funds Held for Clients Margin*

Free cash flow is defined as net cash provided by operating activities less capitalized internal-use software costs and purchases of property and equipment. Free cash flow margin is calculated by dividing free cash flow by total revenues.

Free cash flow excluding interest income on funds held for clients is defined in the same manner as free cash flow but also excludes interest income on funds held for clients. Free cash flow margin excluding interest income on funds held for clients is calculated by dividing free cash flow excluding interest income on funds held for clients by recurring and other revenue.

Adjusted free cash flow excluding interest income on funds held for clients is defined in the same manner as free cash flow excluding interest income on funds held for clients plus cash paid for other items as described above in this release. Adjusted free cash flow margin excluding interest income on funds held for clients is calculated by dividing adjusted free cash flow excluding interest income on funds held for clients by recurring and other revenue.