



**Q4 Fiscal 2024**  
**Investor Presentation**

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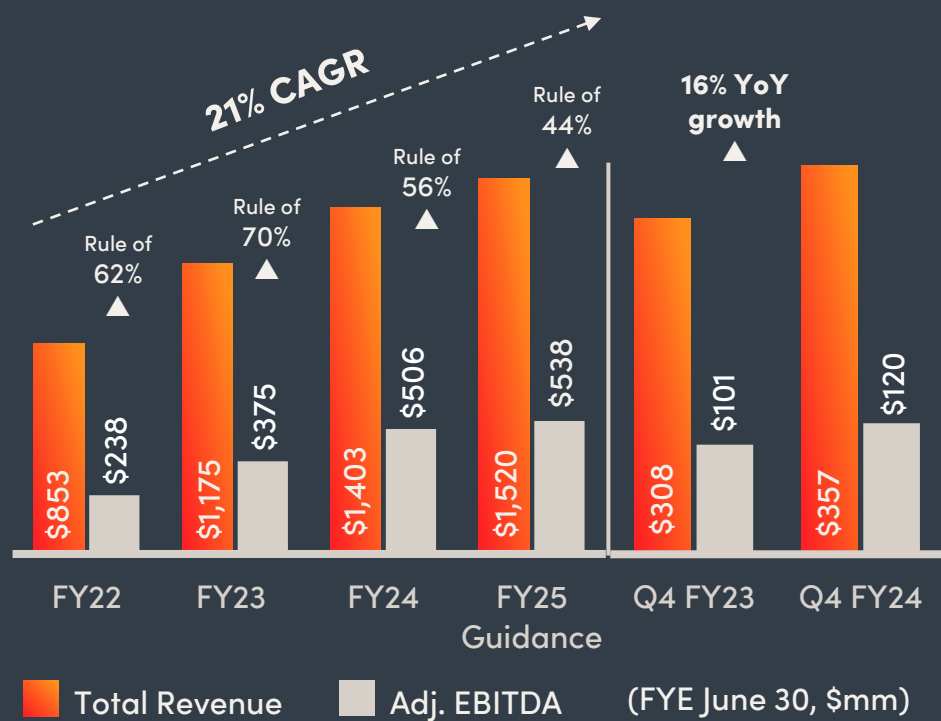
In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Investors are encouraged to review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

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

# Our Business

We are a leading provider of cloud-based HR 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

- 39,050** clients
- 10-5,000** employees target market
- 150+** avg. client size
- 6,400** employees
- Headquarters: **Schaumburg, IL**

# Core Addressable Market (TAM)



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

Realized TAM of ~\$19.5 billion

Current average  
client size of

**150+**  
employees

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

Approximately

**1.3 million  
businesses**

in the 10–5,000 segment of the market

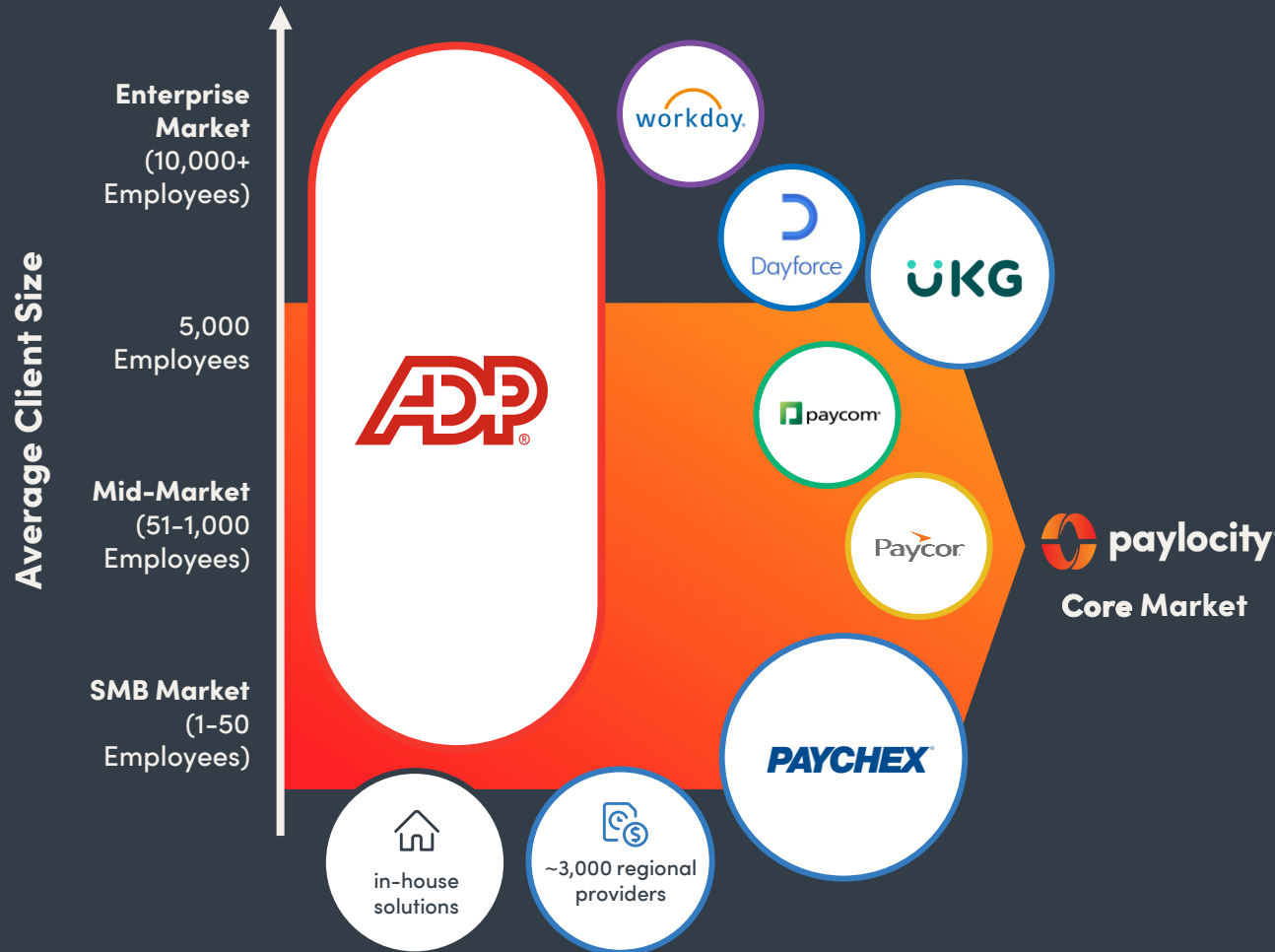
**~50%+ Realized PEPY**

**69 million  
employees**

in the 10–5,000  
segment of the market

~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

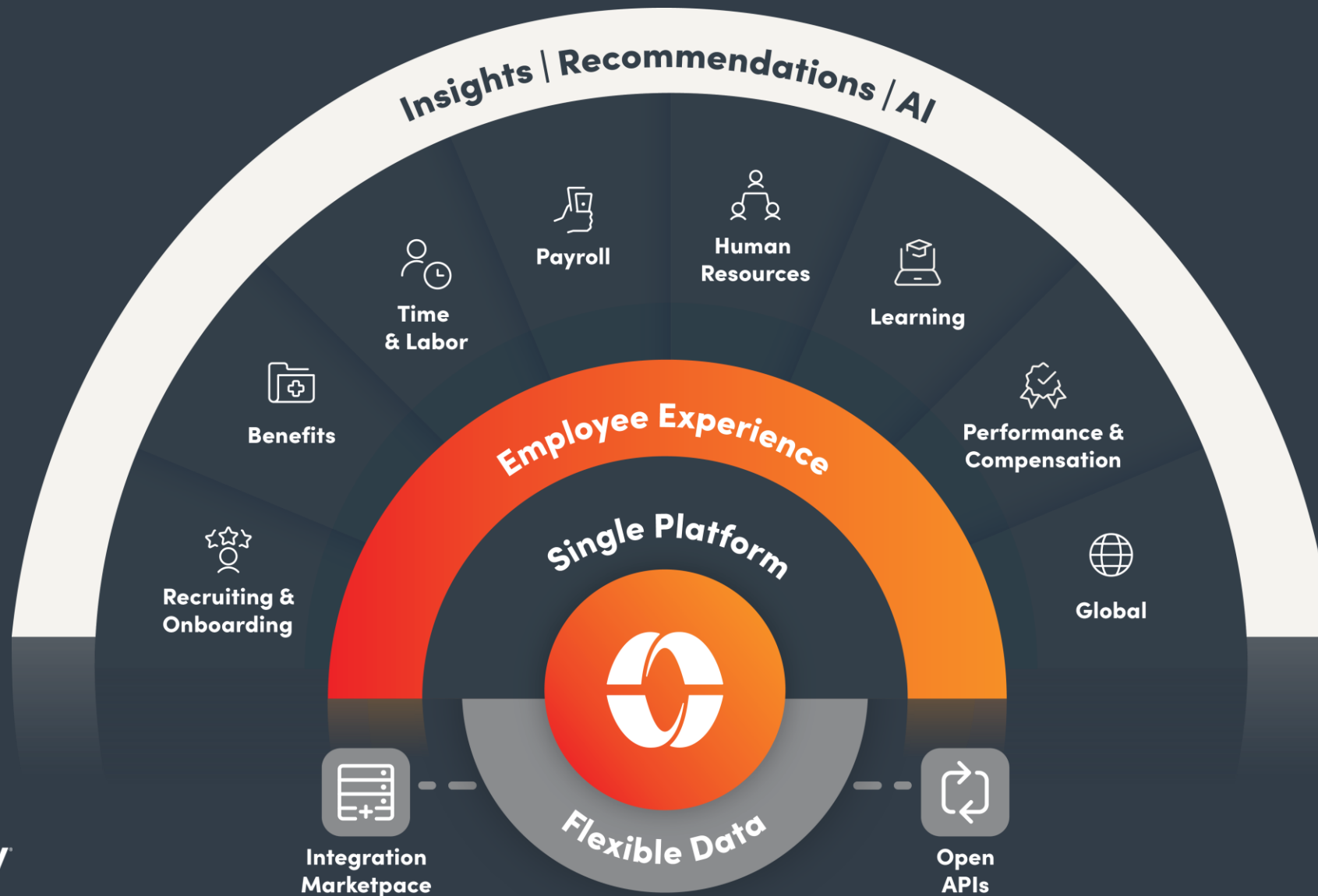
Primarily lower end of the market



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 roughly 1.3 million businesses**

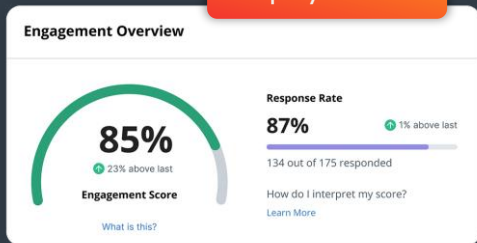
# The Most Modern HCM Platform



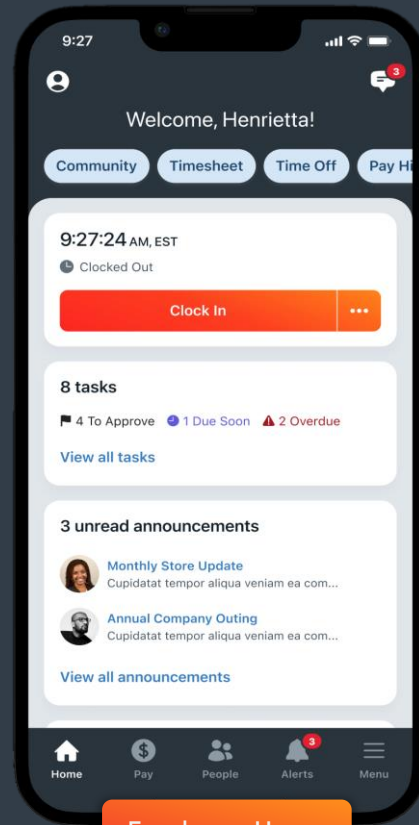
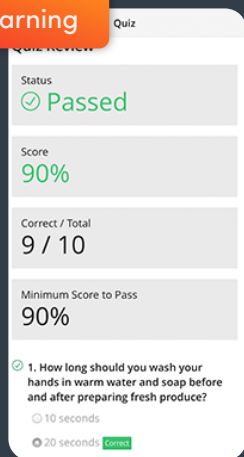
# Providing HR the tools for the modern workforce



## Employee Voice

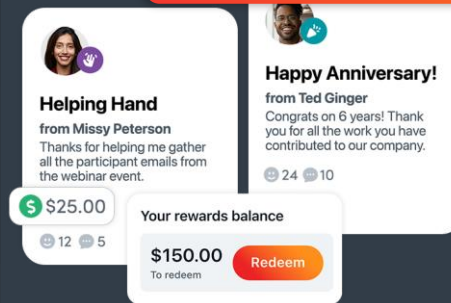


## Learning



## Employee Home

## Recognition & Rewards



## Community & Video



## Feeling heard & valued

Create engagement with opportunities for feedback & recognition

## Flexibility & wellbeing

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

## Connection across the org

Foster transparency and a sense of belonging with open communication

## Mobile & on-demand

Everything employees need at their fingertips on any device

# 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

**885**

reps in fiscal 2025

**▲ 8%**

From 820 reps in fiscal 2024

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

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



# Strong Referral Channel

## Channel Value Proposition

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



### We do not compete with our channel partners

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



### Flexible platform

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



### Partner Portal

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

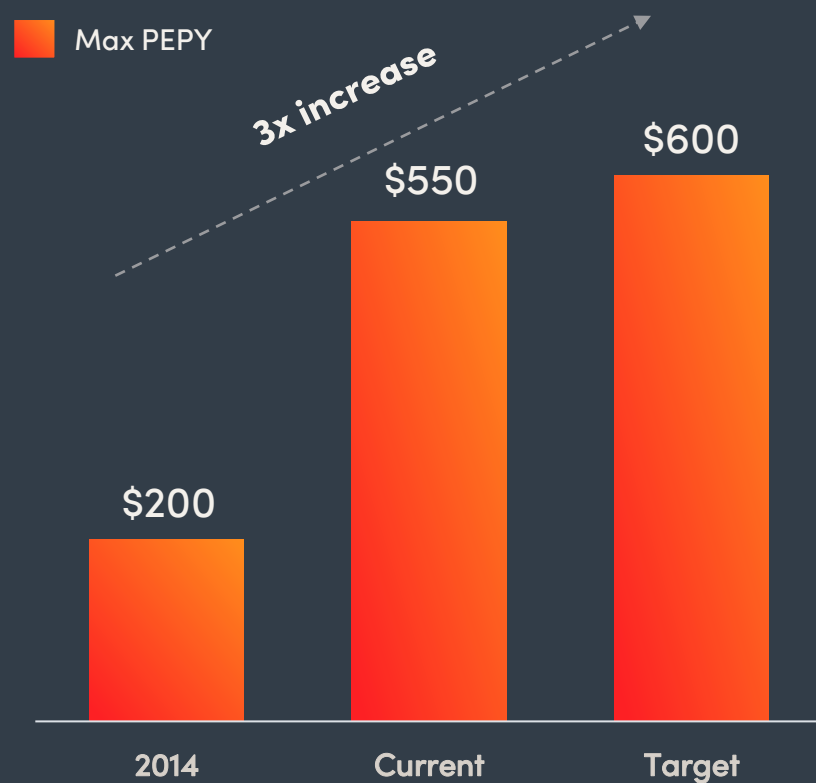


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**25%+** of our new client revenue comes from referrals from channels

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

Over 200% increase in product suite since 2014



## Ongoing Product Innovation



Community



Video



Learning



Employee Voice



Market Pay

## Employee Experience



Recruiting & Onboarding



Benefits



Time & Labor



Payroll



Human Resources



Performance & Compensation

## HCM

# Continued Client Service Investments Support Strong Revenue Retention

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



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



Providing the most modern platform



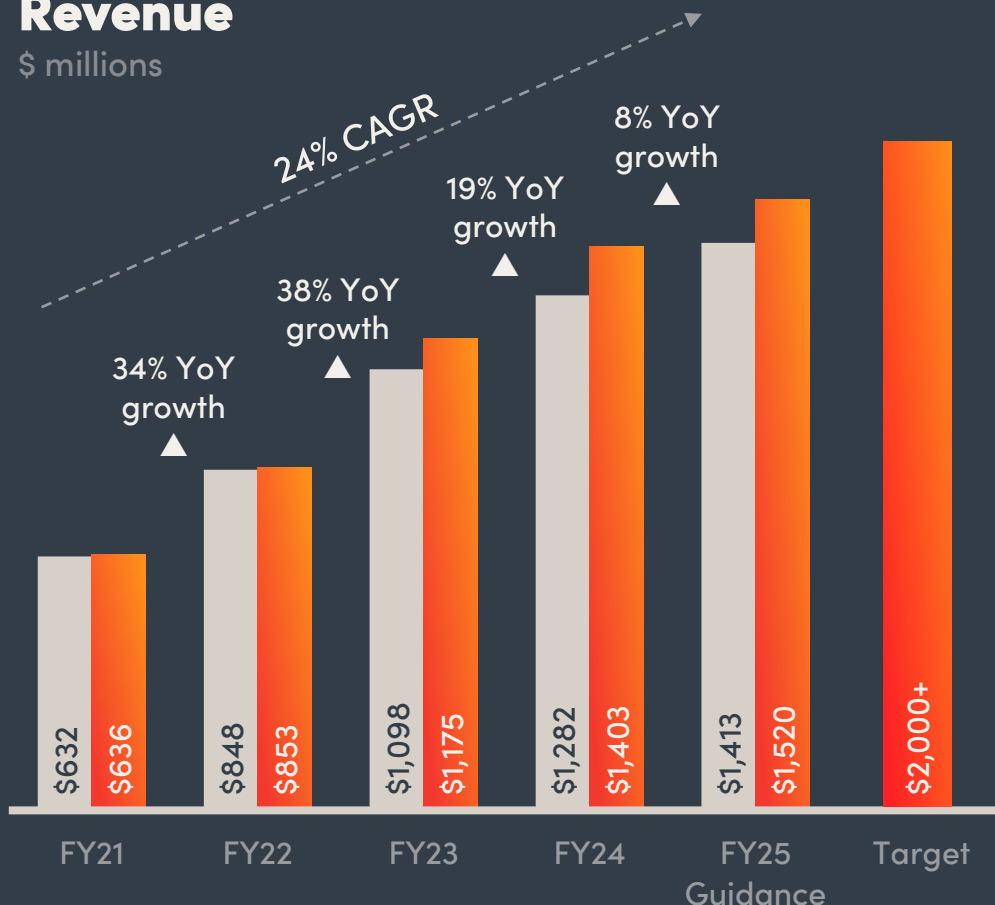
Delivering world class service

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

# Financials

## Revenue

\$ millions



■ Recurring and Other Revenue ■ Total Revenue

### Long-Term Financial Targets

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

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

Note: Financial targets based on percentage of total revenue

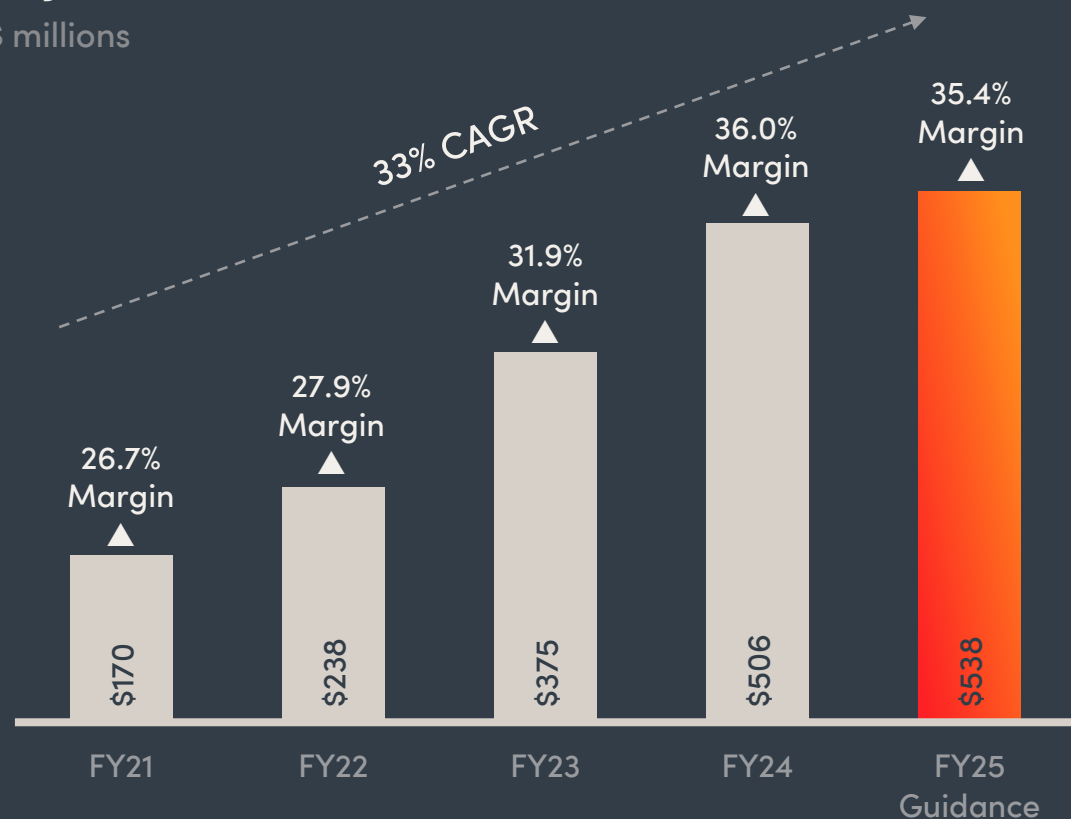
Squarely focused on **revenue growth** while demonstrating **meaningful leverage** in our business model

# Financials (cont.)

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

## Adjusted EBITDA

\$ millions



## Driving greater leverage over time

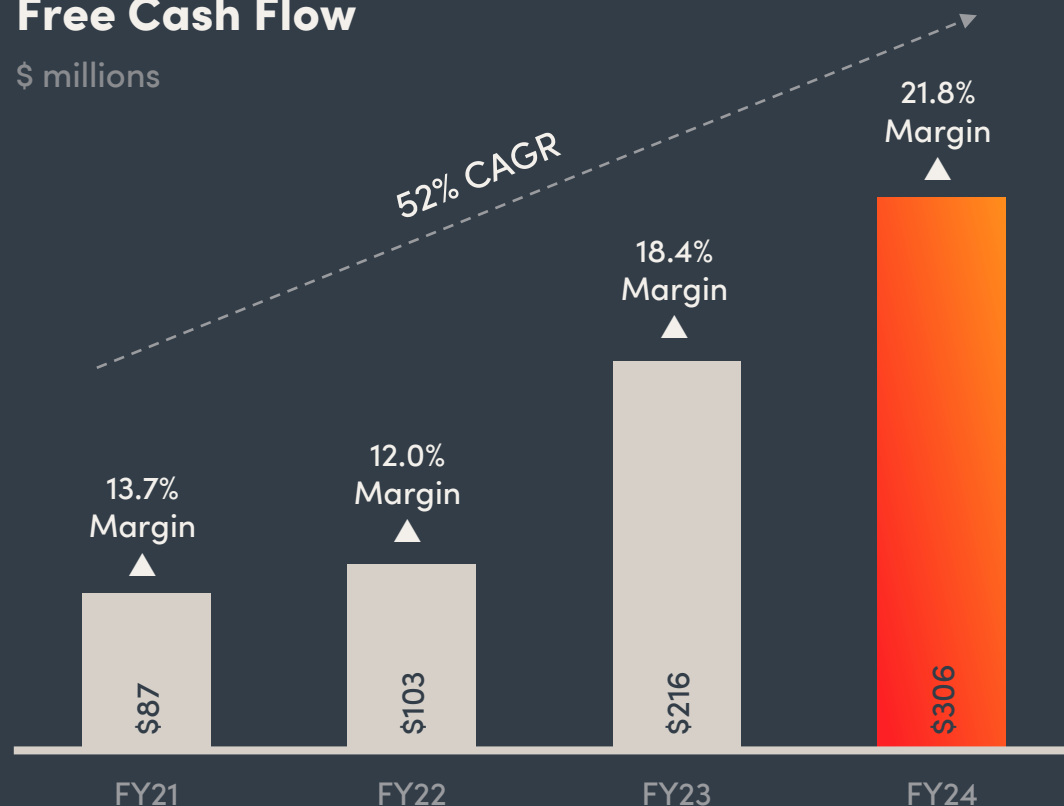
- Successfully driven roughly 900bps of adj. EBITDA margin leverage since FY21
- Intend to drive leverage primarily through cost of sales and G&A on a go forward basis

# Financials (cont.)

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

## Free Cash Flow

\$ millions



## Demonstrating meaningful FCF leverage

- Successfully driven ~800bps of FCF margin leverage since FY21
- Targeting to achieve our long-term FCF margin target of 20%-25%
- Repurchased 1.1m shares of common stock at an average price of \$142.82 per share for \$150m in aggregate repurchases in Q4 FY24
- \$350m remaining under existing share repurchase program

Strong Balance Sheet - \$402M Cash & Cash Equivalents as of 6/30/24

# 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

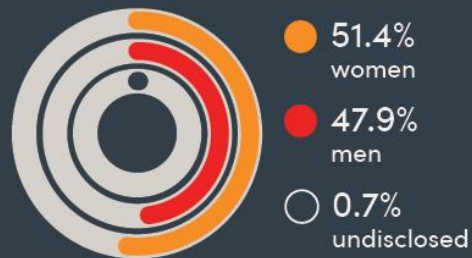


Transparency is a crucial part of our DEIA journey. Our progress will continue to be rooted in intentional action together, not tokenism. Our goal isn't about reaching a certain number — it's about building the most inclusive culture possible, filled with talented and amazing people.



## 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

Our employee resource groups (ERGs) are at the core of our efforts to engage our employees. These employee-led groups drive organizational change and innovation.

Our ERGs have engaged members in experiences including local and virtual volunteer events in their communities; cultural education panels, speakers, and presenters; documentary viewings; personal skill development training; Pride parades; sustainable behavior campaigns; and mental and physical wellness and health campaigns.



**pcty**  
equality



**pcty**  
sheroes



**pcty**  
oneworld



**pcty**  
sustainability



**pcty**  
mental  
health



# PCTY Gives

PCTY Gives is our corporate philanthropy effort that makes a difference 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.

**Over 8,000 paid-hours were used by PCTY employees to participate in PCTY's Volunteer in Action initiative.**



At our core, we believe in the power of fostering a positive impact within our organization and the community at large. This belief is not just our foundational value, but a personal commitment shared by every member of our team. Our dedication to Diversity, Equity, Inclusion, and Accessibility (DEIA) and corporate social responsibility is fueled by our genuine passion for making a difference. It's this shared passion, both within our team and in our community, that inspires me to push boundaries and continuously improve.



**Monica Roberts**  
Chief Diversity Officer/VP  
of Talent Acquisition



# External Recognition



2020-2024



2020-2024



2020-2024



2024



2012-2024



2024



2023-2024



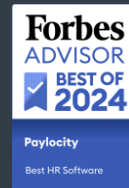
2023-2024



2024



2024



2024



2023-2024



2019-2024



2023-2024



2022-2023



2023



2023



2022-2023



2023



2023





## Positioned for Long-Term Growth & Margin Expansion

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





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