



# Second Quarter Highlights and Financial Results

Fiscal 2026

# Forward Looking Statements

Certain written statements in this presentation may contain, and members of management may from time to time make or discuss statements which constitute, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, all matters that are not historical facts. Forward-looking statements are not assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to known and unknown uncertainties, risks, changes in circumstances, and other factors that are difficult to predict, many of which are outside our control. Our actual performance and outcomes, including without limitation, our actual results and financial condition, may differ materially from those indicated in or suggested by the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. More information regarding these risks and uncertainties and other important factors that could cause actual results to differ materially from those indicated in or suggested by the forward-looking statements is set forth in the Company's earnings release and filings with the Securities and Exchange Commission. The information provided in this presentation is based upon the facts and circumstances known as of the date of this presentation, and any forward-looking statements made by us in this document speak only as of the date on which they are made. Except as required by law, we undertake no obligation to update these forward-looking statements after the date of issuance of this presentation to reflect events or circumstances after such date, or to reflect the occurrence of unanticipated events.

## Overview

# Paychex

An industry-leading human capital management (“HCM”) company delivering a full suite of technology and advisory services in human resources, employee benefits, insurance and payroll.

- Digitally-driven HCM solutions company
- Leading-edge technology platform backed by decades of HR and compliance expertise
- Industry leader in HR outsourcing solutions with approximately 2.5M worksite employees<sup>(1)</sup>
- ~800,000 clients<sup>(1)</sup>
- Strong financial position with cash and total corporate investments<sup>(2)</sup> of \$1.6B

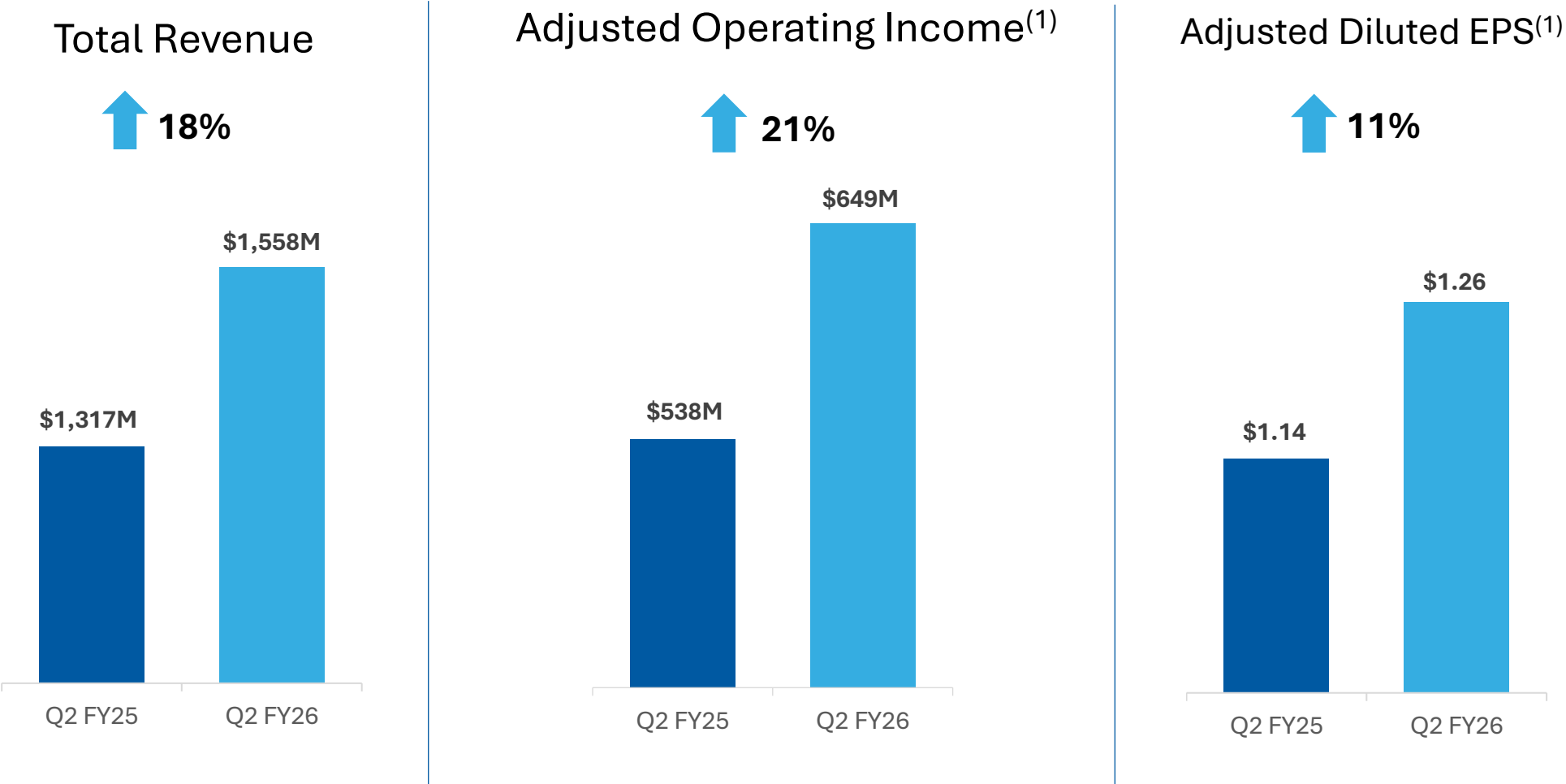
(1) As of May 31, 2025

(2) See slide 15 for additional financial highlights



# Second Quarter Highlights

# Second Quarter Financial Highlights

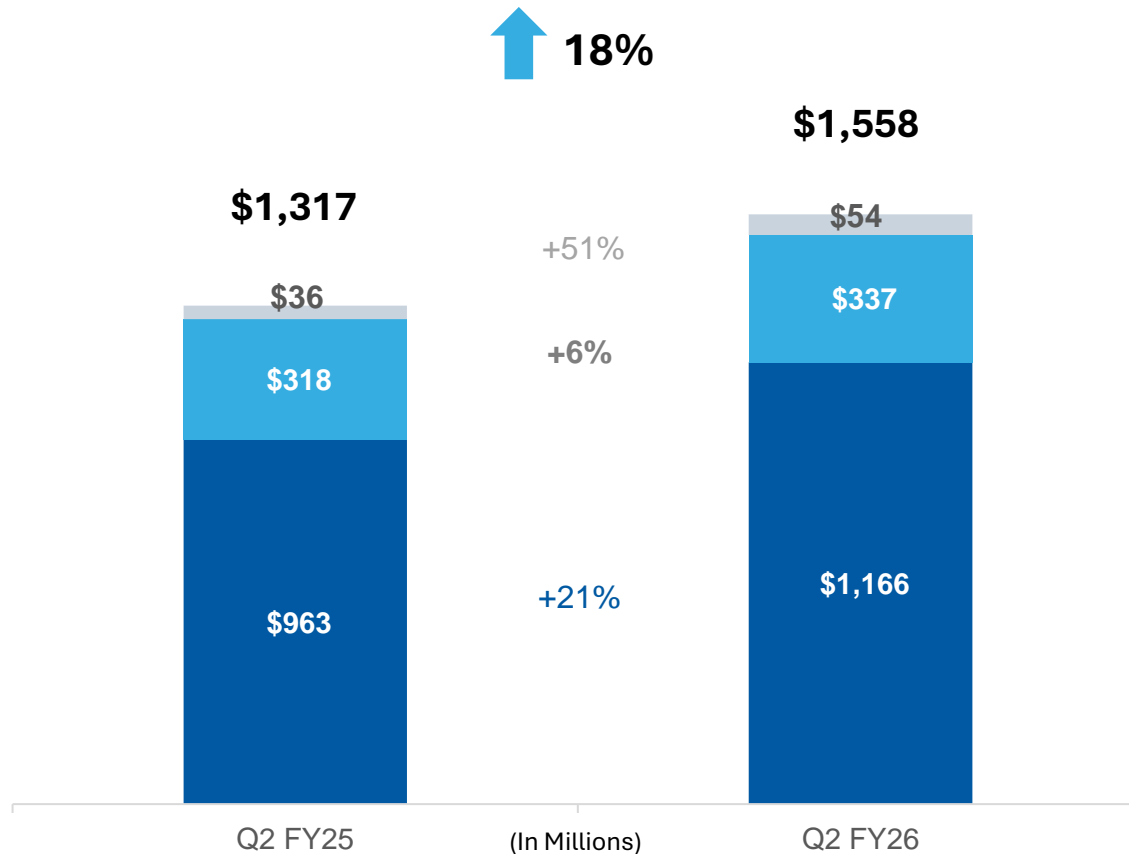


(1) Adjusted operating income and adjusted diluted earnings per share (“EPS”) are not U.S. generally accepted accounting principles (“GAAP”) measures. Refer to slides 16 and 17 for a reconciliation to the corresponding GAAP measures.

# Second Quarter Revenue Key Drivers

## Total Revenue

↑ 18%



### Management Solutions

- Growth in the number of clients served, primarily due to the Paycor acquisition
- Growth in the number of client worksite employees for HR Solutions
- Higher revenue per client driven by Paycor's upmarket client base, price realization, and product penetration
- Paycor contributed ~17% to Q2 revenue growth

### PEO(1) & Insurance Solutions

- Growth in the number of average PEO worksite employees
- Increase in PEO insurance revenues

### Interest on Funds Held for Clients

- Higher average investment balances resulting from the acquisition of Paycor
- Higher realized gains due to strategic repositioning of our investment portfolio

(1) Professional Employer Organization ("PEO")

# Second Quarter Business Highlights

## Sustained growth in revenue and earnings

- Robust revenue growth of 18%, adjusted operating income<sup>(1)</sup> growth of 21%, and adjusted diluted EPS<sup>(1)</sup> growth of 11%
- Solid performance in HR Outsourcing (ASO and PEO) and Retirement
- Industry-leading operating margins while integrating Paycor and continuing to invest in data and Artificial Intelligence (AI)

## Solid operational performance among relatively stable employment backdrop

- Product penetration continues to increase across our HCM solutions
- Solid mid-single-digit HR Outsourcing worksite employee (WSE) growth across both ASO and PEO – retention at near record levels
- On track to achieve targeted Paycor revenue synergies and exceed cost synergies
- Launched a suite of AI solutions including agentic AI payroll automation and two GenAI platforms providing personalized recommendations
- Clients' workforce levels remained relatively stable with flat same store employment growth this quarter

## Positioned to strengthen our leadership position with acquisition of Paycor

- Unifies two leading SaaS HCM platforms that are highly complementary, each purpose-built for customers of different sizes
- Our ~800,000 customers benefit from having access to the most comprehensive, flexible, and innovative HCM solutions in the industry
- Provides significant cross-sell opportunities and new distribution channels for expected sustained long-term growth
- Expands our salesforce and accelerates investments in go-to-market, product innovation and technology intended to drive sustainable growth
- Extends our vast proprietary data assets and enhances our AI capabilities

## Returned \$1,064M to shareholders year-to-date

- Paid \$777M of dividends and returned \$287M through share repurchases

(1) Adjusted operating income, and adjusted diluted EPS are non-GAAP financial measures. Refer to slides 16 and 17 for a reconciliation to the corresponding GAAP measures.

# Recent AI-Driven Innovations to Transform HCM

Designed to simplify complex HR processes, improve business outcomes, and drive greater efficiency

## Agentic AI Service Capabilities

- Successfully deployed agentic AI to automate payroll processing for thousands of clients via voice and e-mail channels, achieving nearly 100% accuracy
- Accelerates resolution times and enables service teams to shift from transactional tasks to higher-value strategic advisory support

## AI Data Transformation Patent

- Patent-pending AI-powered knowledge mesh system that organizes unstructured data (e.g., calls and emails) into a connected, searchable network
- Enhances workforce management by delivering personalized, data-driven insights to improve decision-making, efficiency, and client experiences

## GenAI Employment Law Platform

- Helps HR experts and clients efficiently navigate complex employment laws, create compliant documents, and stay informed on regulatory changes

## GenAI Sales & Service Platform

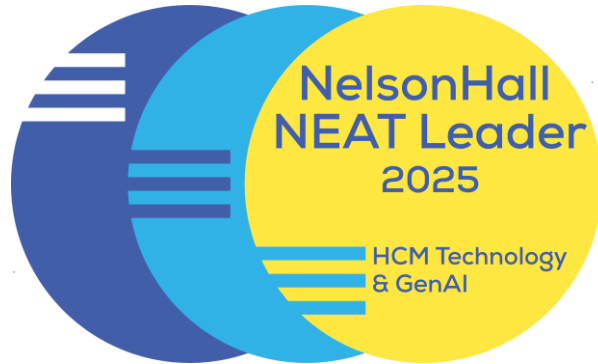
- A unified agent aggregates data across systems to deliver personalized support for Paychex sales and service teams to enhance client interactions
- Sales teams receive instant answers and tailored suggestions on sales scripts, objection handling, and policies
- Service teams enhance customer interactions through proactive support based on assessing past client interactions





# Recent Awards and Recognition

Paychex continues to be recognized for its innovative technology, market leadership, and corporate culture



## NelsonHall Neat Leader 2025

Paychex Flex® and Paycor® platforms were recognized as a “Leader” in NelsonHall’s HCM technology and GenAI evaluation, highlighting our strength in delivering integrated, intelligent HCM solutions



## World’s Most Ethical Companies

Paychex was named one of the World’s Most Ethical Companies by Ethisphere for the 17th time since 2007, reflecting our commitment to ethical business practices



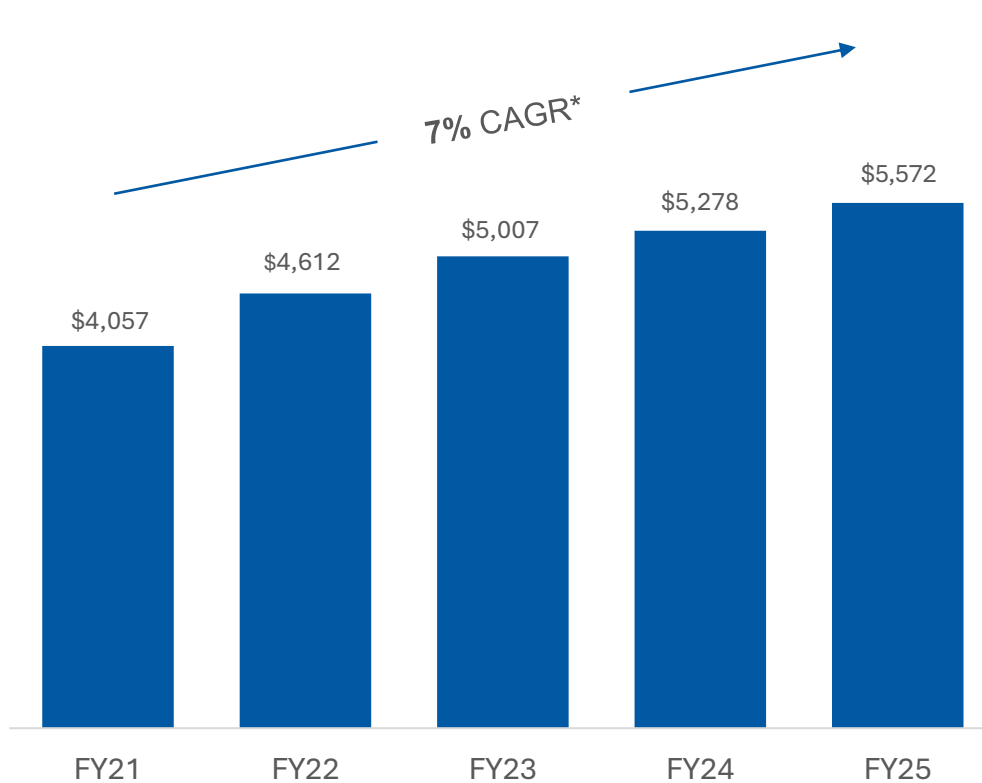
## Newsweek’s America’s Most Admired Workplaces

Paychex was recognized as one of America’s Most Admired Workplaces by Newsweek for its growth, innovation, corporate responsibility, and people-first culture

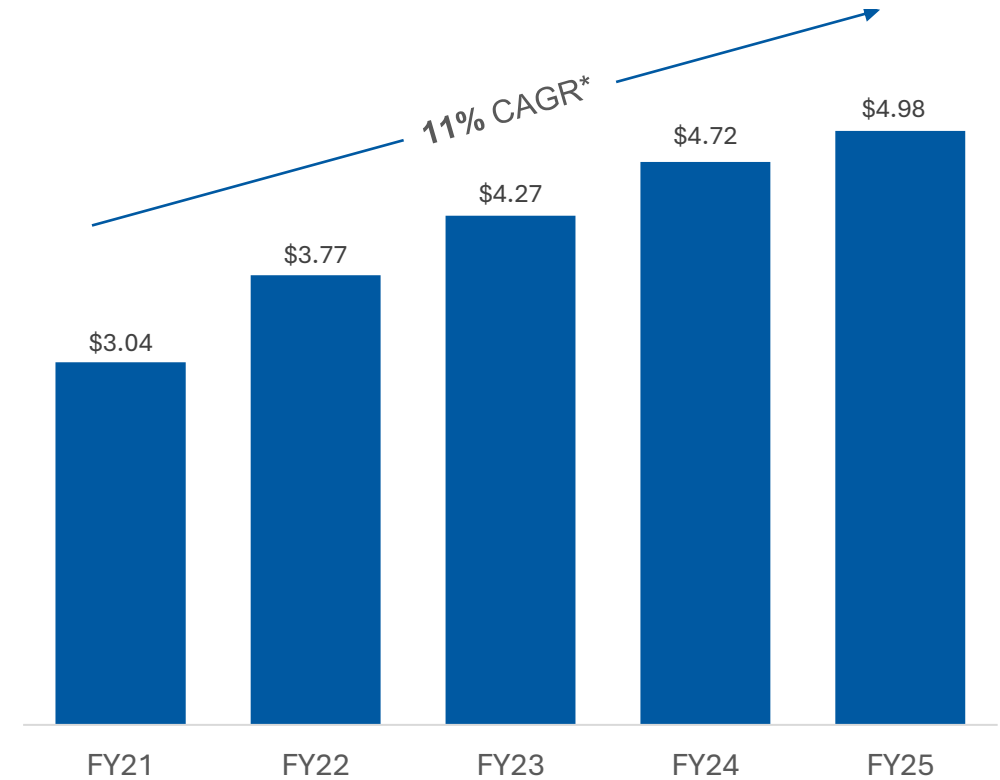
# Sustained Financial Performance

(In Millions, Except Per Share Amounts)

## Total Revenue



## Adjusted Diluted EPS<sup>(1)</sup>



\* 5-Year CAGR

(1) Adjusted diluted earnings per share ("EPS") is not a U.S. generally accepted accounting principles ("GAAP") measure. Refer to our Annual Report on Form 10-K for a discussion of this measure and a reconciliation to the corresponding GAAP measure.



# Fiscal 2026 Outlook

# Fiscal Year 2026 Outlook

	December 19, 2025 Year-over-Year Growth	September 30, 2025 Year-over-Year Growth	June 25, 2025 Year-over-Year Growth
Total Revenue	16.5% - 18.5%	16.5% - 18.5%	16.5% - 18.5%
Adjusted Diluted EPS <sup>(1)</sup>	<b>10% - 11%</b>	9% - 11%	8.5% - 10.5%
Management Solutions Revenue	20% - 22%	20% - 22%	20% - 22%
PEO & Insurance Solutions Revenue	6% - 8%	6% - 8%	6% - 8%
	<b>Anticipated Result</b>	<b>Anticipated Result</b>	<b>Anticipated Result</b>
Interest on Funds Held for Clients	\$190M - \$200M	\$190M - \$200M	\$190M - \$200M
Adjusted Operating Income, as a Percent of Total Revenue <sup>(1)</sup>	~43%	~43%	~43%
Effective Income Tax Rate	<b>~24%</b>	24% - 25%	24% - 25%

(1) Adjusted diluted EPS and adjusted operating income are non-GAAP financial measures. Refer to our discussion of non-GAAP financial measures in our second quarter fiscal 2026 earnings press release.



# Financial Results

# Financial Results

For the Three and Six Months ended November 30, 2025

(In millions, except per share amounts)	<b>Three Months Ended</b> <b>November 30, 2025</b>	<b>%</b> <b>Change</b>	<b>Six Months Ended</b> <b>November 30, 2025</b>	<b>%</b> <b>Change</b>
Management Solutions	\$ 1,166.4	21%	\$ 2,329.7	21%
PEO and Insurance Solutions	\$ 336.9	6%	\$ 666.0	5%
<b>Total Service Revenue</b>	<b>\$ 1,503.3</b>	<b>17%</b>	<b>\$ 2,995.7</b>	<b>17%</b>
Interest on Funds Held for Clients	\$ 54.3	51%	\$ 101.9	38%
<b>Total Revenue</b>	<b>\$ 1,557.6</b>	<b>18%</b>	<b>\$ 3,097.6</b>	<b>18%</b>
Operating Income	\$ 571.9	6%	\$ 1,113.8	3%
Net Income	\$ 395.4	(4%)	\$ 779.2	(7%)
Diluted EPS	\$ 1.10	(4%)	\$ 2.16	(7%)
<b>Non-GAAP Measures:<sup>(1)</sup></b>				
Adjusted Operating Income	\$ 649.0	21%	\$ 1,275.7	18%
Adjusted EBITDA	\$ 698.4	21%	\$ 1,378.5	18%
Adjusted Net Income	\$ 454.6	11%	\$ 895.4	8%
Adjusted Diluted EPS	\$ 1.26	11%	\$ 2.48	8%

(1) Refer to a reconciliation of non-GAAP financial measures to the related GAAP financial measures on slides 16 and 17.

# Financial Highlights

(\$ in Millions)

- Strong liquidity position with \$1.6B in cash and corporate investments
- Net leverage ratio of <1.5x
- Return on equity of 40%
- Consistent free cash flow generation supports industry-leading dividend payout ratio

(In millions)	<u>November 30, 2025</u>	<u>May 31, 2025</u>
Cash, Restricted Cash, & Total Corporate Investments	\$ 1,573.9	\$ 1,711.0
Total Debt, Net of Debt Issuance Costs <sup>(1)</sup>	\$ 4,970.3	\$ 4,966.8
Net Cash/(Debt) Position	\$ (3,396.4)	\$ (3,255.8)
Net Leverage Ratio <sup>(2)</sup>	1.2x	1.3x
Return on Equity	40%	42%
Fiscal Year-to-Date Period Ended:	<u>November 30, 2025</u>	<u>November 30, 2024</u>
Operating Cash Flow	\$ 1,163.3	\$ 841.1
Free Cash Flow <sup>(3)</sup>	\$ 1,045.3	\$ 758.5
Dividends Paid	\$ 777.0	\$ 706.2
Dividend Coverage Ratio <sup>(4)</sup>	1.3x	1.1x

(1) Excludes operating lease liabilities of \$93.4M and \$78.0M as of November 30, 2025 and May 31, 2025, respectively.

(2) Net leverage ratio calculated as net debt divided by trailing-twelve-month adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure. Refer to our discussion of non-GAAP financial measures in our second quarter fiscal 2026 earnings press release.

(3) Free cash flow is a non-GAAP financial measure calculated as operating cash flow less purchases of property and equipment (which includes internally developed software costs). Purchases of property and equipment for the fiscal year-to-date periods ended November 30, 2025 and 2024 were \$118.0M and \$82.6M, respectively.

(4) Dividend coverage ratio is calculated as free cash flow divided by dividends paid.

# Non-GAAP Financial Measures

For the Three and Six Months ended November 30, 2025

	Three Months Ended			Six Months Ended		
	November 30,	November 30,	% Change	November 30,	November 30,	% Change
	2025	2024		2025	2024	
<b>Operating Income</b>	\$ 571.9	\$ 538.1	6%	\$ 1,113.8	\$ 1,084.8	3%
Non-GAAP Adjustments:						
Acquisition-related costs <sup>(1)</sup>	77.1	-		161.9	-	
<b>Adjusted Operating Income<sup>(2)</sup></b>	<b>\$ 649.0</b>	<b>\$ 538.1</b>	<b>21%</b>	<b>\$ 1,275.7</b>	<b>\$ 1,084.8</b>	<b>18%</b>
<b>Adjusted Operating Margin<sup>(2)</sup></b>	<b>41.7%</b>	<b>40.9%</b>		<b>41.2%</b>	<b>41.2%</b>	
<b>Net Income</b>	\$ 395.4	\$ 413.4	(4%)	\$ 779.2	\$ 840.8	(7%)
Non-GAAP Adjustments:						
Acquisition-related costs <sup>(1)</sup>	77.1	-		161.9	-	
Income tax benefit for acquisition-related costs	(18.4)	-		(39.0)	-	
Discrete tax shortfall/(windfall) related to employee stock-based compensation payments <sup>(3)</sup>	0.5	(2.4)		(6.7)	(8.6)	
<b>Adjusted Net Income<sup>(2)</sup></b>	<b>\$ 454.6</b>	<b>\$ 411.0</b>	<b>11%</b>	<b>\$ 895.4</b>	<b>\$ 832.2</b>	<b>8%</b>

- (1) Acquisition-related costs for the second quarter included in selling, general and administrative expenses include (i) \$60.0 million for the second quarter and \$121.0 million for the six months in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$13.2 million for the second quarter and \$31.9 million for the six months in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance and retention bonuses, and (iii) \$3.9 million for the second quarter and \$9.0 million for the six months in other acquisition-related costs, primarily reflecting professional service fees.
- (2) Adjusted operating income, adjusted operating margin, and adjusted net income are non-GAAP financial measures. Refer to our second quarter fiscal 2026 earnings press release for further discussion.
- (3) Discrete tax shortfall/(windfall) related to employee stock-based compensation payments recognized in income taxes. This item is subject to volatility and will vary based on employee decisions on exercising employee stock options and fluctuations in our stock price, neither of which is within the control of management.



# Non-GAAP Financial Measures

For the Three and Six Months ended November 30, 2025

	Three Months Ended			Six Months Ended	
	November 30,	November 30,	%	November 30,	November 30
	2025	2024	Change	2025	2024
<b>Diluted EPS<sup>(1)</sup></b>	<b>\$ 1.10</b>	<b>\$ 1.14</b>	<b>(4%)</b>	<b>\$ 2.16</b>	<b>\$ 2.32</b>
Non-GAAP Adjustments:					
Acquisition-related costs <sup>(2)</sup>	0.21	-		0.45	-
Income tax benefit for acquisition-related costs	(0.05)	-		(0.11)	-
Discrete tax shortfall/(windfall) related to employee stock-based compensation payments <sup>(3)</sup>	0.00	(0.01)		(0.02)	(0.02)
<b>Adjusted Diluted EPS<sup>(4)</sup></b>	<b>\$ 1.26</b>	<b>\$ 1.14</b>	<b>11%</b>	<b>\$ 2.48</b>	<b>\$ 2.30</b>
<b>Net Income</b>	<b>\$ 395.4</b>	<b>\$ 413.4</b>	<b>(4%)</b>	<b>\$ 779.2</b>	<b>\$ 840.8</b>
Non-GAAP Adjustments:					
Interest expense	68.5	9.5		136.7	19.1
Interest income on corporate investments	(16.5)	(15.8)		(35.2)	(35.7)
Income Taxes	124.8	130.3		238.5	260.0
Depreciation and Amortization Expense	109.1	41.7		218.4	80.7
<b>EBITDA<sup>(4)</sup></b>	<b>\$ 681.3</b>	<b>\$ 579.1</b>	<b>18%</b>	<b>\$ 1,337.6</b>	<b>\$ 1,164.9</b>
Non-GAAP Adjustments:					
Acquisition-related costs <sup>(2)</sup>	17.1	-		40.9	-
<b>Adjusted EBITDA<sup>(4)</sup></b>	<b>\$ 698.4</b>	<b>\$ 579.1</b>	<b>21%</b>	<b>\$ 1,378.5</b>	<b>\$ 1,164.9</b>
<b>Adjusted EBITDA Margin<sup>(4)</sup></b>	<b>44.8%</b>	<b>44.0%</b>		<b>44.5%</b>	<b>44.2%</b>

(1) The calculation of the impact of non-GAAP adjustments on diluted earnings per share is performed on each line independently. The table may not add down by +/- \$0.01 due to rounding.

(2) Acquisition-related costs for the second quarter included in selling, general and administrative expenses include (i) \$60.0 million for the second quarter and \$121.0 million for the six months in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$13.2 million for the second quarter and \$31.9 million for the six months in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance and retention bonuses, and (iii) \$3.9 million for the second quarter and \$9.0 million for the six months in other acquisition-related costs, primarily reflecting professional service fees.

(3) Discrete tax shortfall/(windfall) related to employee stock-based compensation payments recognized in income taxes. This item is subject to volatility and will vary based on employee decisions on exercising employee stock options and fluctuations in our stock price, neither of which is within the control of management.

(4) Adjusted diluted EPS, EBITDA, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP financial measures. Refer to our first quarter fiscal 2026 earnings press release for further discussion.

# Investment Portfolio Results

(\$ in millions)	Three Months Ended			Six Months Ended		
	November 30, 2025	November 30, 2024	% Change	November 30, 2025	November 30, 2024	% Change
<b>Average Investment Balances:</b>						
Funds Held For Clients	\$ 5,353.2	\$ 4,252.3	26%	\$ 5,376.6	\$ 4,269.2	26%
Corporate Cash Equivalents and Investments	\$ 1,683.1	\$ 1,471.4	14%	\$ 1,730.0	\$ 1,545.6	12%
Total	\$ 7,036.3	\$ 5,723.7	23%	\$ 7,106.6	\$ 5,814.8	22%
<b>Average Rate of Return Earned:</b>						
Funds Held For Clients	3.5%	3.4%		3.5%	3.4%	
Corporate Cash Equivalents and Investments	3.9%	4.3%		4.1%	4.6%	
Combined	3.6%	3.6%		3.7%	3.8%	
<b>Realized Gain/(Loss), Net</b>	\$ 7.1	\$ 0.0		\$ 7.1	\$ (0.0)	
<b>End of Period:</b>	<b>November 30, 2025</b>	<b>May 31, 2025</b>				
<b>Unrealized Loss, Net</b>	(\$9.0)	(\$53.6)				

**PAYCHEX<sup>®</sup>**

**Thank you**