



Third 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 platforms backed by decades of HR and compliance expertise
- Industry leader in HR outsourcing solutions with approximately 2.5M worksite employees⁽¹⁾
- ~800,000 clients⁽¹⁾
- Strong financial position with cash and total corporate investments⁽²⁾ of \$1.8B

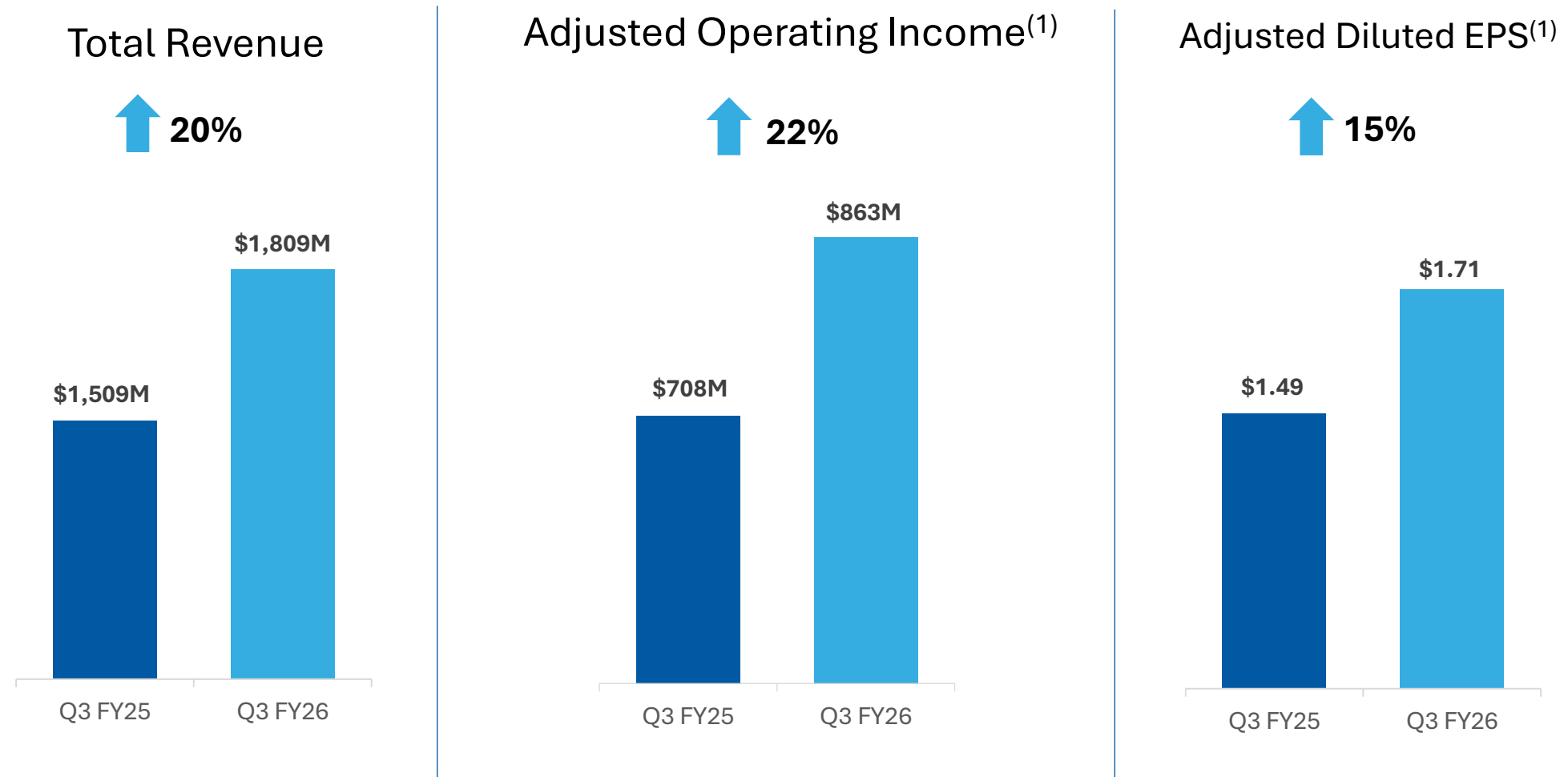
(1) As of May 31, 2025

(2) See slide 16 for additional financial highlights



Third Quarter Highlights

Third Quarter Financial Highlights

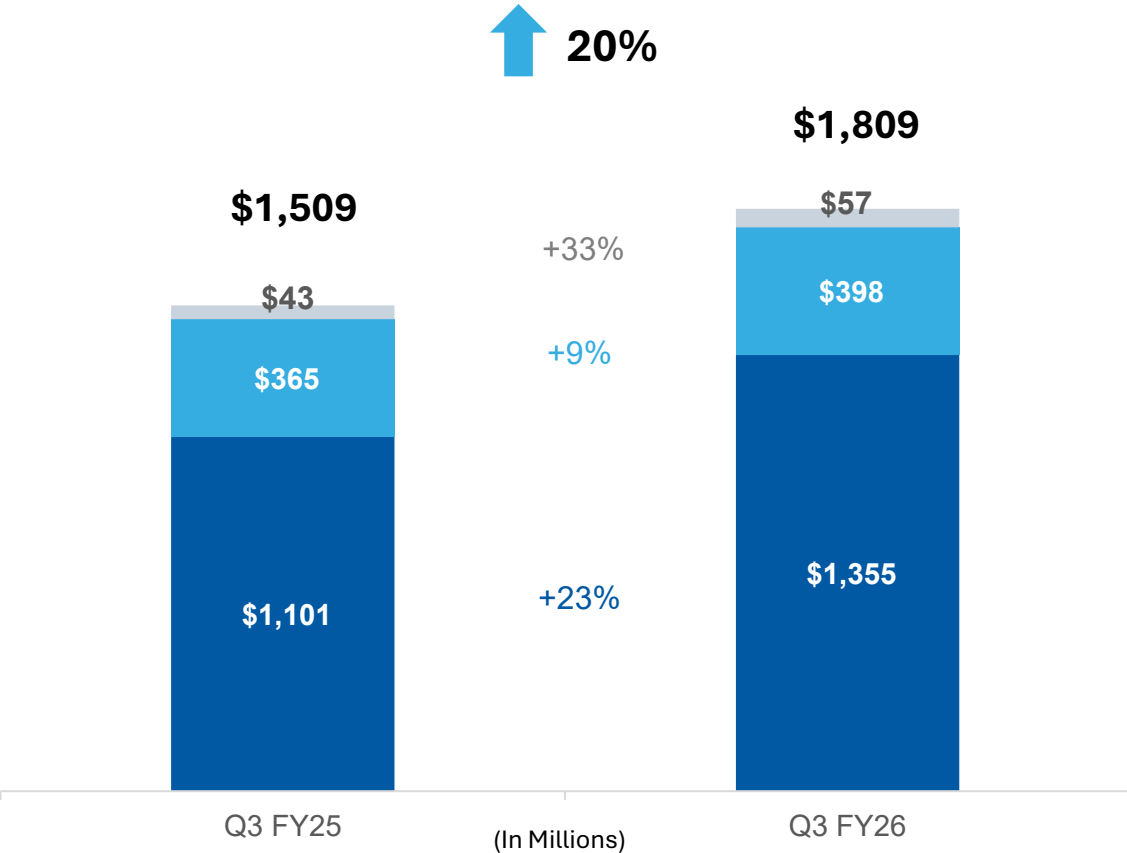


(1) Adjusted operating income and adjusted diluted earnings per share ("EPS") are not U.S. generally accepted accounting principles ("GAAP") measures. Refer to slides 16 and 17 for a reconciliation to the corresponding GAAP measures.

Third Quarter Revenue Key Drivers

Total Revenue

↑ 20%



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 ~19% to Q3 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

(1) Professional Employer Organization ("PEO")

Third Quarter Business Highlights

Sustained growth in revenue and earnings with strong operational performance

- Robust revenue growth of 20%, adjusted operating income⁽¹⁾ growth of 22%, and adjusted diluted EPS⁽¹⁾ growth of 15%
- Demand for our comprehensive advisory and benefit solutions remains strong
- Industry-leading worksite employee (WSE) growth within our HR Outsourcing solutions, including strong growth in PEO WSEs
- Continued momentum in Retirement solutions with double-digit revenue and bookings growth
- Product penetration continues to increase across our suite of HCM solutions
- New AI advancements in Paycor® and Paychex Flex® platforms to streamline workforce management and increase efficiency for businesses
- Industry-leading adjusted operating margin⁽¹⁾ of 47.7% while advancing strategic priorities, particularly the Paycor integration and continuing to invest in transformational agentic AI initiatives

Positioned to strengthen our leadership position with acquisition of Paycor

- Unifies three purpose-built HCM platforms under one Paychex brand to serve distinct customer segments
- 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, expanded distribution and upmarket HCM platform to drive sustained long-term growth
- Extends our vast proprietary data assets and enhances our AI capabilities

Returned \$1,527M to shareholders year-to-date

- Paid \$1,165M of dividends and returned \$362M through share repurchases

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



Infusing AI to Power Smarter Decisions and Stronger Outcomes

Our expert-enabled technology strategy to revolutionize workforce management and enhance the client experience



Service & Support

- Agentic AI voice and email payroll processing
- Virtual AI assistants enhance responsiveness and improve worker efficiency
- Real-time AI support accelerates resolution time and satisfaction



Sales & Marketing

- AI-driven lead generation and prospecting
- Personalized outreach and content creation
- Faster proposal development with intelligent pricing
- Social media and sentiment analysis



Product Innovation

- AI-assisted User Interface design
- Improved coding efficiency and quality
- Usage analytics and user behavior insights
- Intelligent system monitoring



HR & Workforce

- Resume screening and candidate matching
- Predictive attrition and sentiment insights
- GenAI-powered employment law and compliance platform
- Workforce planning and skills gap analysis

Better experiences. Smarter decisions. Stronger outcomes.

Recent Awards and Recognition

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



World's Most Ethical Companies

Paychex was named one of the World's Most Ethical Companies by Ethisphere for the 18th time since 2007, reflecting our commitment to ethical business practices



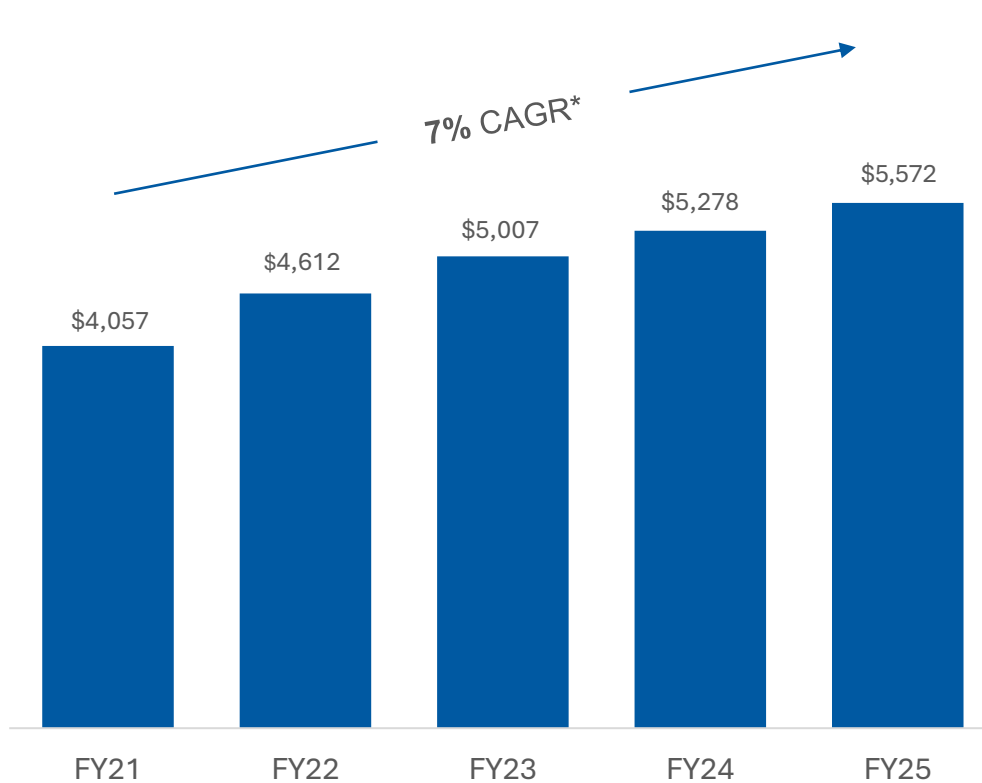
2026 Lighthouse Tech Awards

Paychex was awarded two 2026 Lighthouse Tech Awards recognizing our Paychex Flex and Paycor platforms as industry-leading HCM solutions

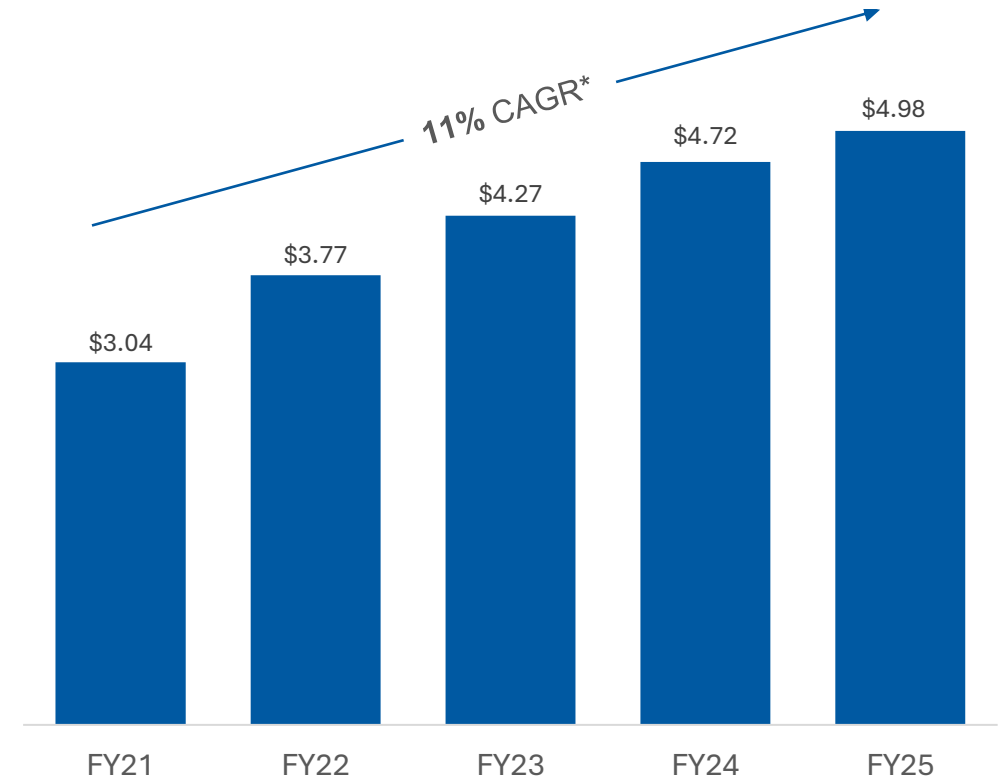
Sustained Financial Performance

(In Millions, Except Per Share Amounts)

Total Revenue



Adjusted Diluted EPS⁽¹⁾



* 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

	March 25, 2026 Year-over-Year Growth	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%	16.5% - 18.5%
Adjusted Diluted EPS ⁽¹⁾	10% - 11%	10% - 11%	9% - 11%	8.5% - 10.5%
Management Solutions Revenue	20% - 22%	20% - 22%	20% - 22%	20% - 22%
PEO & Insurance Solutions Revenue	6% - 8%	6% - 8%	6% - 8%	6% - 8%
	Anticipated Result	Anticipated Result	Anticipated Result	Anticipated Result
Interest on Funds Held for Clients	\$200M - \$210M	\$190M - \$200M	\$190M - \$200M	\$190M - \$200M
Adjusted Operating Income, as a Percent of Total Revenue ⁽¹⁾	~43%	~43%	~43%	~43%
Effective Income Tax Rate	~24%	~24%	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 third quarter fiscal 2026 earnings press release.



Financial Results

Financial Results

For the Three and Nine Months ended February 28, 2026

(In millions, except per share amounts)	Three Months Ended February 28, 2026	% Change	Nine Months Ended February 28, 2026	% Change
Management Solutions	\$ 1,354.6	23%	\$ 3,684.3	22%
PEO and Insurance Solutions	\$ 397.5	9%	\$ 1,063.5	6%
Total Service Revenue	\$ 1,752.1	20%	\$ 4,747.8	18%
Interest on Funds Held for Clients	\$ 56.8	33%	\$ 158.7	36%
Total Revenue	\$ 1,808.9	20%	\$ 4,906.5	18%
Operating Income	\$ 792.0	14%	\$ 1,905.8	7%
Net Income	\$ 560.3	8%	\$ 1,339.5	(2%)
Diluted EPS	\$ 1.56	9%	\$ 3.71	(1%)
Non-GAAP Measures:⁽¹⁾				
Adjusted Operating Income	\$ 863.2	22%	\$ 2,138.9	19%
Adjusted EBITDA	\$ 913.6	22%	\$ 2,292.1	20%
Adjusted Net Income	\$ 614.9	14%	\$ 1,510.3	10%
Adjusted Diluted EPS	\$ 1.71	15%	\$ 4.19	11%

(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 \$1.8B in cash and corporate investments
- Net leverage ratio of <1.5x
- Return on equity of 41%
- Consistent free cash flow generation supports industry-leading dividend payout ratio

(In millions)	<u>February 28, 2026</u>	<u>May 31, 2025</u>
Cash, Restricted Cash, & Total Corporate Investments	\$ 1,830.4	\$ 1,711.0
Total Debt, Net of Debt Issuance Costs ⁽¹⁾	\$ 4,954.1	\$ 4,966.8
Net Debt Position	\$ 3,123.7	\$ 3,255.8
Net Leverage Ratio ⁽²⁾	1.1x	1.3x
Return on Equity	41%	42%
Fiscal Year-to-Date Period Ended:	<u>February 28, 2026</u>	<u>February 28, 2025</u>
Operating Cash Flow	\$ 1,975.8	\$ 1,557.1
Free Cash Flow ⁽³⁾	\$ 1,806.8	\$ 1,425.8
Dividends Paid	\$ 1,165.0	\$ 1,059.2
Dividend Coverage Ratio ⁽⁴⁾	1.6x	1.3x

(1) Excludes operating lease liabilities of \$81.9M and \$78.0M as February 28, 2026 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 third 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 February 28, 2026 and 2025 were \$169.0M and \$131.3M, respectively.

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

Non-GAAP Financial Measures

For the Three and Nine Months ended February 28, 2026

	Three Months Ended			Nine Months Ended		
	February 28, 2026	February 28, 2025	% Change	February 28, 2026	February 28, 2025	% Change
Operating Income	\$ 792.0	\$ 691.8	14%	\$ 1,905.8	\$ 1,776.6	7%
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	71.2	16.7		233.1	16.7	
Adjusted Operating Income⁽²⁾	\$ 863.2	\$ 708.5	22%	\$ 2,138.9	\$ 1,793.3	19%
Adjusted Operating Margin⁽²⁾	47.7%	46.9%		43.6%	43.3%	
Net Income	\$ 560.3	\$ 519.3	8%	\$ 1,339.5	\$ 1,360.1	(2%)
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	71.2	29.9		233.1	29.9	
Income tax benefit for acquisition-related costs	(17.1)	(7.3)		(56.1)	(7.3)	
Discrete tax shortfall/(windfall) related to employee stock-based compensation payments ⁽³⁾	0.5	(0.8)		(6.2)	(9.4)	
Adjusted Net Income⁽²⁾	\$ 614.9	\$ 541.1	14%	\$ 1,510.3	\$ 1,373.3	10%

(1) Acquisition-related costs included in selling, general and administrative expenses include (I) \$60.5 million for the third quarter and \$181.5 million for the nine months in amortization of intangibles acquired in the acquisition of Paycor; (II) \$9.8 million for the third quarter and \$41.7 million for the nine months in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance, and retention bonuses; and (III) \$0.9 million for the third quarter and \$9.9 million for the nine months compared to \$16.7 million for both corresponding prior year periods, in other acquisition-related costs, primarily reflecting professional service fees. In addition, acquisition-related costs for the three and nine months ended February 28, 2025 include \$13.2 million, reflecting the amortization of financing fees related to debt instruments associated with the financing of the Paycor acquisition and the excluded component of the initial fair value of the interest rate swaption contracts that are included in Interest expense in the Company's Consolidated Statements of Income.

(2) Adjusted operating income, adjusted operating margin, and adjusted net income are non-GAAP financial measures. Refer to our third 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 Nine Months ended February 28, 2026

	Three Months Ended			Nine Months Ended		
	February 28, 2026	February 28, 2025	% Change	February 28, 2026	February 28, 2025	% Change
Diluted EPS⁽¹⁾	\$ 1.56	\$ 1.43	9%	\$ 3.71	\$ 3.76	(1%)
Non-GAAP Adjustments:						
Acquisition-related costs ⁽²⁾	0.20	0.08		0.65	0.08	
Income tax benefit for acquisition-related costs	(0.05)	(0.02)		(0.16)	(0.02)	
Discrete tax shortfall/(windfall) related to employee stock-based compensation payments ⁽³⁾	0.00	(0.00)		(0.02)	(0.03)	
Adjusted Diluted EPS⁽⁴⁾	\$ 1.71	\$ 1.49	15%	\$ 4.19	\$ 3.79	11%
Net Income	\$ 560.3	\$ 519.3	8%	\$ 1,339.5	\$ 1,360.1	(2%)
Non-GAAP Adjustments:						
Interest expense	68.1	22.6		204.8	41.7	
Interest income on corporate investments	(15.2)	(16.6)		(50.4)	(52.3)	
Income taxes	178.7	166.5		417.2	426.5	
Depreciation and amortization expense	111.0	43.1		329.4	123.8	
EBITDA⁽⁴⁾	\$ 902.9	\$ 734.9	23%	\$ 2,240.5	\$ 1,899.8	18%
Non-GAAP Adjustments:						
Acquisition-related costs ⁽²⁾	10.7	16.7		51.6	16.7	
Adjusted EBITDA⁽⁴⁾	\$ 913.6	\$ 751.6	22%	\$ 2,292.1	\$ 1,916.5	20%
Adjusted EBITDA Margin⁽⁴⁾	50.5%	49.8%		46.7%	46.2%	

(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 included in selling, general and administrative expenses include (I) \$60.5 million for the third quarter and \$181.5 million for the nine months in amortization of intangibles acquired in the acquisition of Paycor; (II) \$9.8 million for the third quarter and \$41.7 million for the nine months in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance, and retention bonuses; and (III) \$0.9 million for the third quarter and \$9.9 million for the nine months compared to \$16.7 million for both corresponding prior year periods, in other acquisition-related costs, primarily reflecting professional service fees. In addition, acquisition-related costs for the three and nine months ended February 28, 2025 include \$13.2 million, reflecting the amortization of financing fees related to debt instruments associated with the financing of the Paycor acquisition and the excluded component of the initial fair value of the interest rate swaption contracts that are included in Interest expense in the Company's Consolidated Statements of Income.

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

Investment Portfolio Results

(\$ in millions)	Three Months Ended			Nine Months Ended		
	February 28, 2026	February 28, 2025	% Change	February 28, 2026	February 28, 2025	% Change
Average Investment Balances:						
Funds Held For Clients	\$ 6,464.8	\$ 5,116.8	26%	\$ 5,739.3	\$ 4,551.7	26%
Corporate Cash Equivalents and Investments	\$ 1,765.9	\$ 1,541.4	15%	\$ 1,742.0	\$ 1,544.3	13%
Total	\$ 8,230.7	\$ 6,658.2	24%	\$ 7,481.3	\$ 6,096.0	23%
Average Rate of Return Earned:						
Funds Held For Clients	3.5%	3.4%		3.5%	3.4%	
Corporate Cash Equivalents and Investments	3.4%	4.3%		3.9%	4.5%	
Combined	3.5%	3.6%		3.6%	3.7%	
Realized Gain/(Loss), Net	\$ 0.3	\$ (0.4)		\$ 7.4	\$ (0.4)	
<u>End of Period:</u>	<u>February 28, 2026</u>	<u>May 31, 2025</u>				
Unrealized Gain/(Loss), Net	\$7.2	(\$53.6)				

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Thank you