



Fourth Quarter Highlights and Financial Results

Fiscal 2025

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 for small and mid-sized enterprises.

- Digitally-driven HCM solutions company
- Leading-edge technology platform backed by decades of HR and compliance expertise
- Industry leader in comprehensive 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 \$1.7B
- Market capitalization of >\$56B⁽¹⁾

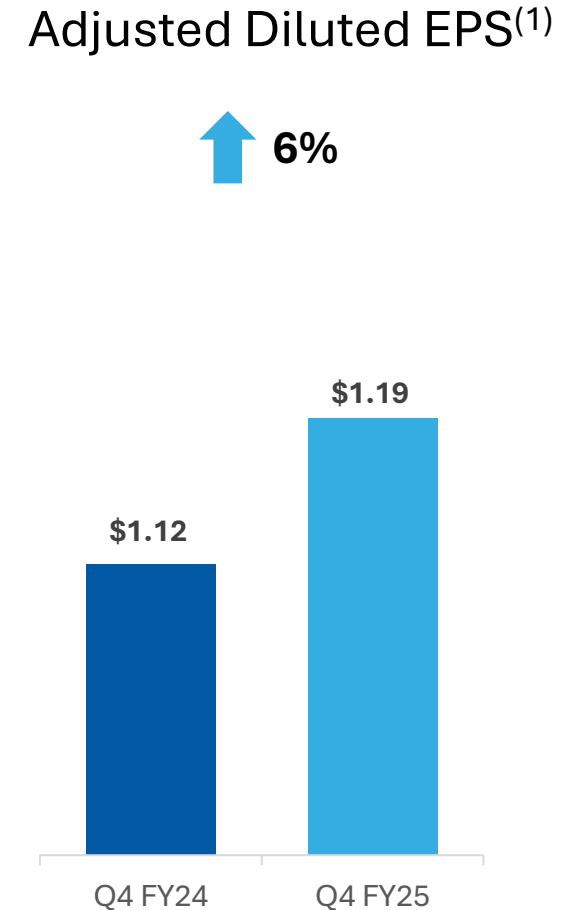
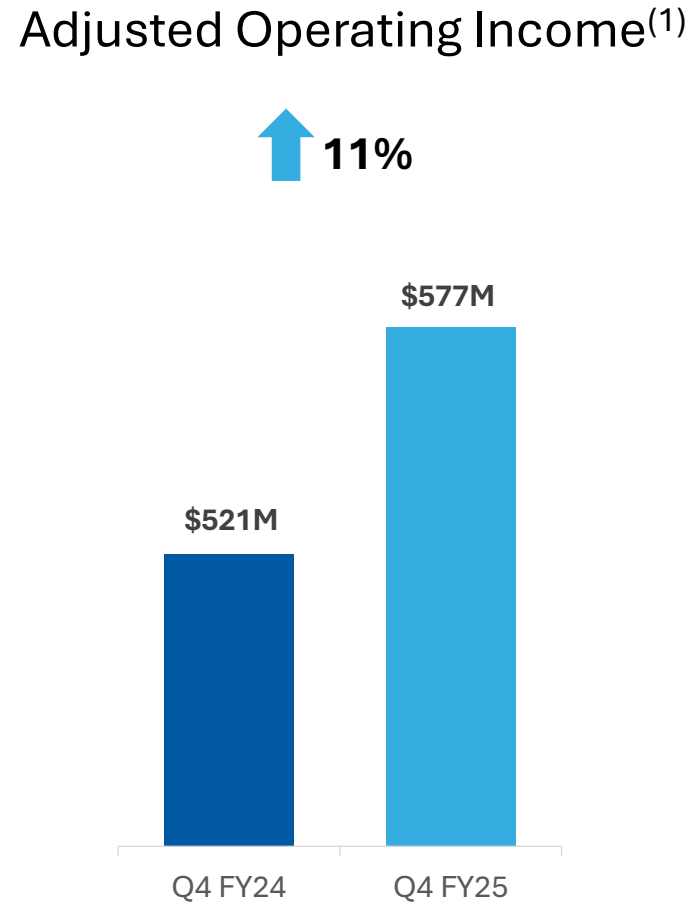
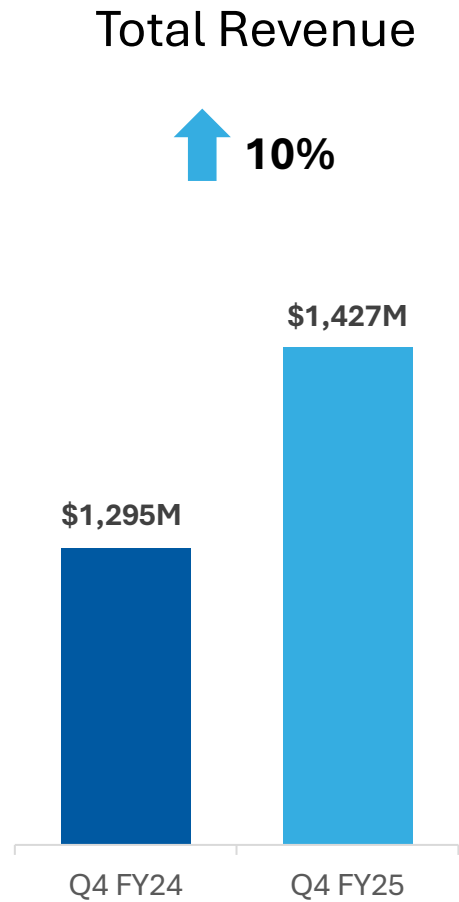
(1) As of May 31, 2025

(2) See slide 15 for additional financial highlights



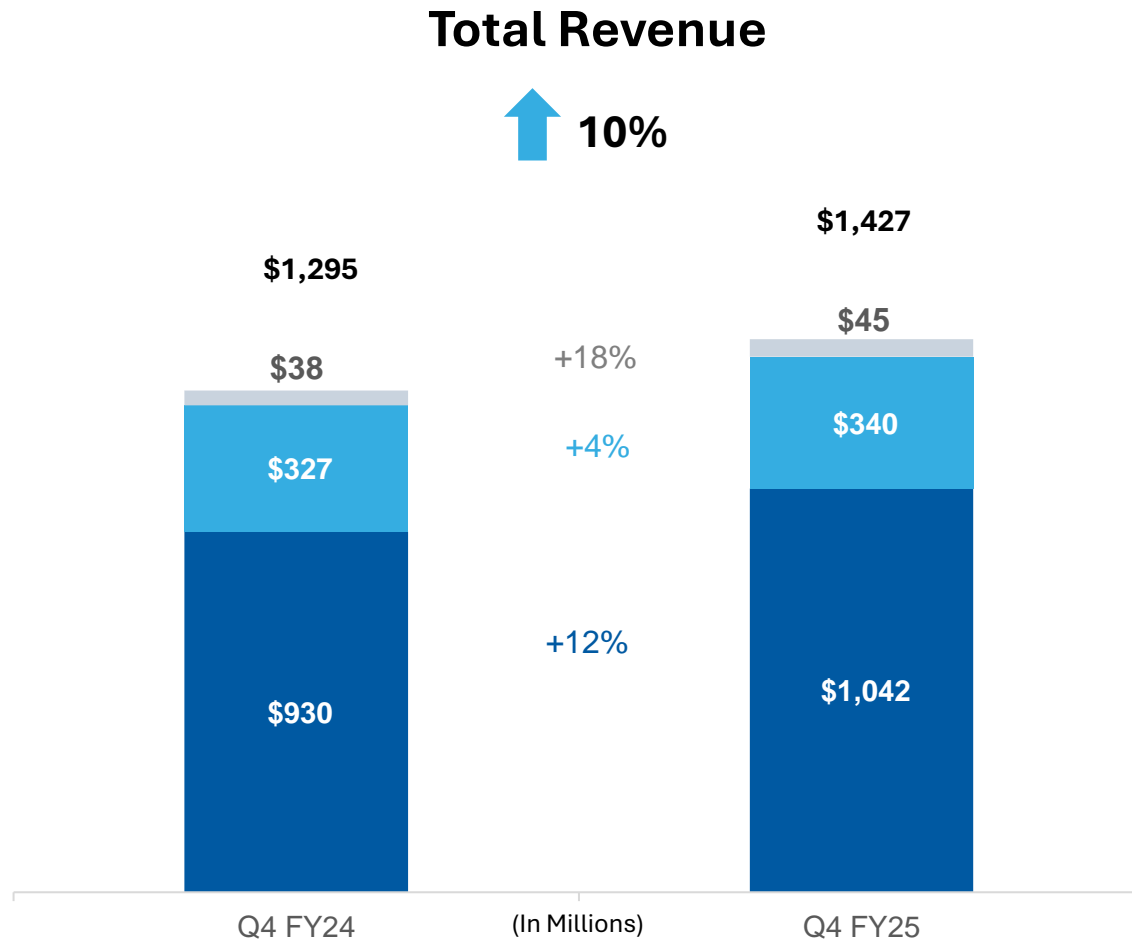
Fourth Quarter Highlights

Fourth 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 measure.

Fourth Quarter Revenue



Key Drivers

Total Revenue: +10%

Management Solutions

- Acquisition of Paycor
- Higher revenue per client resulting from price realization and product penetration, including HR Solutions and Retirement
- Excluding the acquisition of Paycor, Management Solutions revenue increased by approximately 3%

PEO⁽¹⁾ & Insurance Solutions

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

Interest on Funds Held for Clients

- Acquisition of Paycor
- Excluding the acquisition of Paycor, interest on funds held for clients increased approximately 3%

(1) Professional Employer Organization (“PEO”)

Fourth Quarter Business Highlights

Sustained growth in revenue and earnings

- Strong revenue growth of 10% and adjusted diluted EPS⁽¹⁾ growth of 6%
- Adjusted operating margin⁽¹⁾ expanded 20 basis points year-over-year, driven by investments in AI and technology
- Strong performance in Retirement, Funding Solutions and PEO

Solid execution across key operational metrics

- Client retention and revenue retention during FY25 remain above pre-pandemic levels
- Solid growth in HR outsourcing worksite employees (WSEs) and record WSE retention levels
- Strong growth in PEO bookings
- Product penetration continues to increase across our suite of HCM solutions

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 will benefit from having access to the most comprehensive, flexible, and innovative HCM solutions in the industry
- Offers significant cross-sell opportunities and provides new distribution channels for sustained long-term growth
- Expands our salesforce and accelerates investments in go-to-market, product innovation and technology to drive sustainable growth
- Extends our vast proprietary data assets and enhances our AI capabilities to improve efficiency, enhance the customer experience and provide our clients with actionable insights to help them succeed

Returned \$1,553M to shareholders during FY25

- Paid \$1,449M of dividends
- Returned \$104M through share repurchases

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

Product & Technology Horizon

Innovation to meet our customers' evolving business needs



Recent Awards and Recognition

Paychex was recognized for its innovative technology, market leadership, and corporate culture



Fortune® 2025 America's Most Innovative Companies

Paychex has been recognized for a third consecutive year for its innovative technology and corporate culture



World's Most Ethical Companies

Paychex was recognized once again by Ethisphere and is one of only three companies to receive this honor 17 times



Newsweek's America's Greatest Workplaces

Paychex was named one of America's Greatest Workplaces 2025 by Newsweek and Plant-A-Insights Group

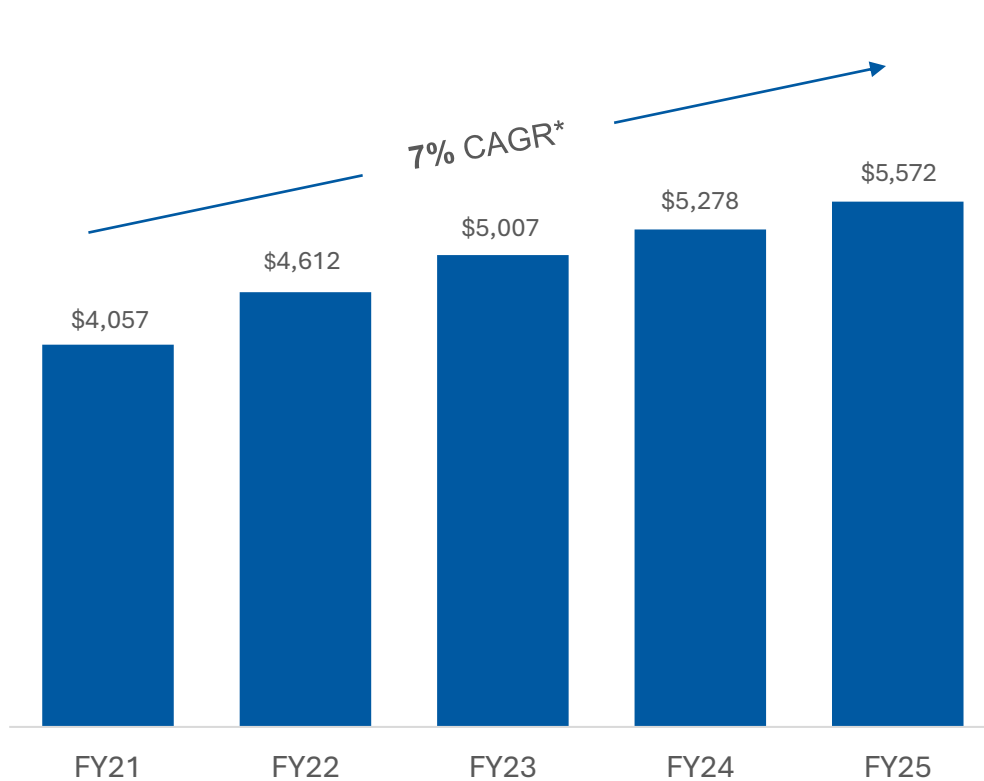
Additional Awards



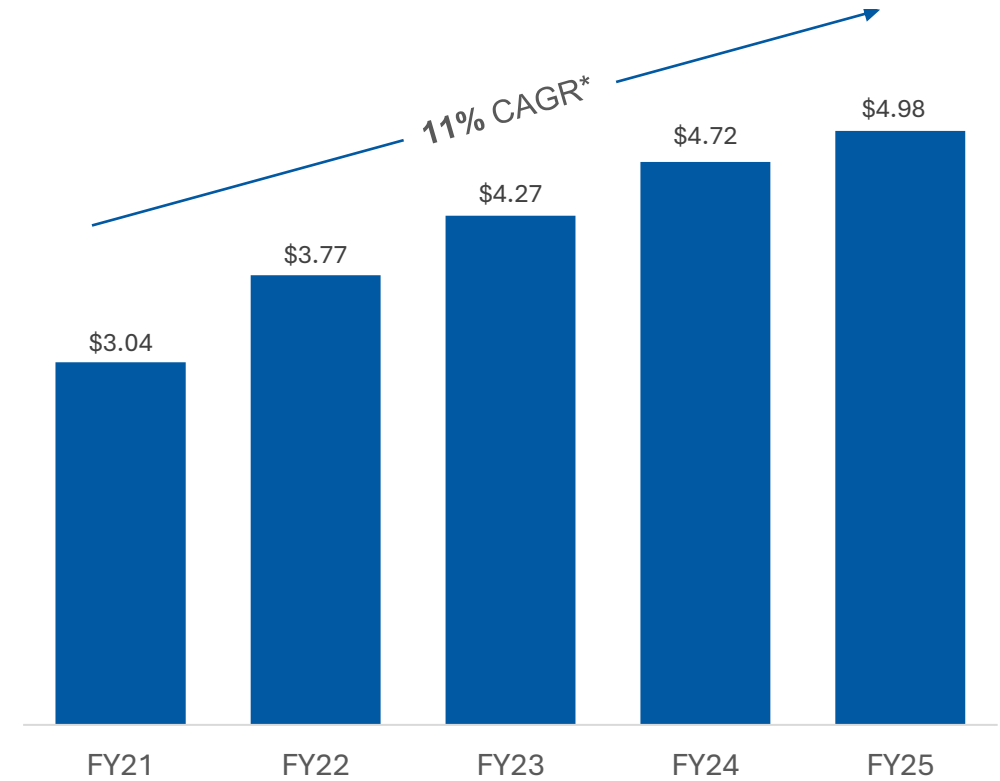
Sustained Financial Performance

(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 these measures and a reconciliation to the corresponding GAAP measures.



Fiscal 2026 Outlook

Fiscal Year 2026 Outlook

	Year-over-Year Growth
Total Revenue	16.5% - 18.5%
Adjusted Diluted EPS ⁽¹⁾	8.5% - 10.5%
Management Solutions Revenue	20% - 22%
PEO & Insurance Solutions Revenue	6% - 8%

	Anticipated Result
Interest on Funds Held for Clients	\$190M - \$200M
Adjusted Operating Income, as a Percent of Total Revenue ⁽¹⁾	~43%
Effective Income Tax Rate	24% - 25%

(1) Adjusted operating income and adjusted diluted EPS are non-GAAP financial measures. Refer to our discussion of non-GAAP financial measures in our fourth quarter fiscal 2024 earnings press release.



Financial Results

Financial Results

For the Three Months and Twelve Months ended May 31, 2025

(In millions, except per share amounts)	Three Months Ended	%	Twelve Months Ended	%
	May 31, 2025	Change	May 31, 2025	Change
Management Solutions	\$ 1,041.8	12%	\$ 4,067.1	5%
PEO and Insurance Solutions	\$ 340.3	4%	\$ 1,342.9	6%
Total Service Revenue	\$ 1,382.1	10%	\$ 5,410.0	5%
Interest on Funds Held for Clients	\$ 45.2	18%	\$ 161.7	10%
Total Revenue	\$ 1,427.3	10%	\$ 5,571.7	6%
Operating Income	\$ 431.1	(11%)	\$ 2,207.7	2%
Net Income	\$ 297.2	(22%)	\$ 1,657.3	(2%)
Diluted EPS	\$ 0.82	(22%)	\$ 4.58	(2%)
Non-GAAP Measures:⁽¹⁾				
Adjusted Operating Income	\$ 576.7	11%	\$ 2,370.0	7%
Adjusted EBITDA	\$ 623.1	10%	\$ 2,539.6	6%
Adjusted Net Income	\$ 429.6	6%	\$ 1,802.9	5%
Adjusted Diluted EPS	\$ 1.19	6%	\$ 4.98	6%

(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 \$1.7B in cash and corporate investments
- Net leverage ratio of <1.5x
- Return on equity of 42%
- Consistent free cash flow generation supports industry leading dividend payout ratio

(In millions)	<u>May 31, 2025</u>	<u>May 31, 2024</u>
Cash, Restricted Cash, & Total Corporate Investments	\$ 1,711.0	\$ 1,554.3
Total Debt, Net of Debt Issuance Costs ⁽¹⁾	\$ 4,966.8	\$ 817.3
Net Cash/(Debt) Position	\$ (3,255.8)	\$ 737.0
Net Leverage Ratio ⁽²⁾	1.3x	(0.3x)
Return on Equity	42%	47%
Fiscal Year-to-Date Period Ended:	<u>May 31, 2025</u>	<u>May 31, 2024</u>
Operating Cash Flow	\$ 1,900.9	\$ 1,897.7
Free Cash Flow ⁽³⁾	\$ 1,709.1	\$ 1,736.3
Dividends Paid	\$ 1,448.5	\$ 1,315.3
Dividend Coverage Ratio ⁽⁴⁾	1.2x	1.3x

(1) Excludes operating lease liabilities of \$78.0M and \$68.2M as of May 31, 2025 and May 31, 2024, respectively

(2) Net leverage ratio calculated as net debt divided by trailing-twelve-month adjusted EBITDA

(3) In fiscal 2025, the definition of free cash flow was revised to conform more closely to peers. The current definition is net cash provided by operating activities less purchases of property and equipment (which includes internally developed software costs). Historical periods have been revised accordingly.

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

Non-GAAP Financial Measures

For the Three Months and Twelve Months ended May 31, 2025

(In millions, except per share amounts)

	Three Months Ended		%	Twelve Months Ended		%
	May 31, 2025	May 31, 2024		May 31, 2025	May 31, 2024	
Operating Income	\$ 431.1	\$ 481.8	(11%)	\$ 2,207.7	\$ 2,174.1	2%
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	145.6	-		162.3	-	
Cost optimization initiatives ⁽²⁾	-	39.5		-	39.5	
Adjusted Operating Income⁽³⁾	\$ 576.7	\$ 521.3	11%	\$ 2,370.0	\$ 2,213.6	7%
Adjusted Operating Margin⁽³⁾	40.4%	40.2%		42.5%	41.9%	
Net Income	\$ 297.2	\$ 379.9	(22%)	\$ 1,657.3	\$ 1,690.4	(2%)
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	166.4	-		196.3	-	
Cost optimization initiatives ⁽²⁾	-	39.5		-	39.5	
Tax impact of above adjustments	(33.3)	(9.6)		(40.6)	(9.6)	
Excess Tax Benefit Related to Employee Stock-Based Compensation Payments ⁽⁴⁾	(0.7)	(5.7)		(10.1)	(11.2)	
Adjusted Net Income⁽³⁾	\$ 429.6	\$ 404.1	6%	\$ 1,802.9	\$ 1,709.1	5%

(1) Acquisition-related costs included in Selling, general and administrative expenses includes (i) \$40.7 million for the fourth quarter and \$40.7 million for fiscal 2025 in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$70.8 million for the fourth quarter and \$70.8 million for fiscal 2025 in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance, and retention and transaction bonuses, and (iii) \$34.1 million for the fourth quarter and \$50.8 million for fiscal 2025 in other acquisition-related costs, primarily reflecting professional service fees. Acquisition-related costs included in Other income, net includes \$20.8 million for the fourth quarter and \$34.0 million for fiscal 2025 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.

(2) Cost optimization initiatives recognized in fiscal 2024 includes further reductions to our geographic footprint, reprioritization of certain technology investments and headcount optimization.

(3) Adjusted operating income, adjusted operating margin, adjusted other income, net, adjusted net income, adjusted diluted EPS, EBITDA, and adjusted EBITDA are non-GAAP financial measures. Refer to our fourth quarter fiscal 2025 press release for further discussion.

(4) Net tax windfall benefits 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 Months and Twelve Months ended May 31, 2025

(In millions, except per share amounts)

	Three Months Ended		% Change	Twelve Months Ended		% Change
	May 31, 2025	May 31, 2024		May 31, 2025	May 31, 2024	
Diluted EPS⁽⁵⁾	\$ 0.82	\$ 1.05	(22%)	\$ 4.58	\$ 4.67	(2%)
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	0.46	-		0.54	-	
Cost optimization initiatives ⁽²⁾	-	0.11		-	0.11	
Tax impact of above adjustments	(0.09)	(0.03)		(0.11)	(0.03)	
Excess Tax Benefit Related to Employee Stock-Based Compensation Payments ⁽⁴⁾	(0.00)	(0.02)		(0.03)	(0.03)	
Adjusted Diluted EPS⁽³⁾	\$ 1.19	\$ 1.12	6%	\$ 4.98	\$ 4.72	6%
Net Income	\$ 297.2	\$ 379.9	(22%)	\$ 1,657.3	\$ 1,690.4	(2%)
Non-GAAP Adjustments:						
Interest expense/(income), net	43.2	(12.1)		32.6	(45.4)	
Income Taxes	92.1	111.9		518.6	527.6	
Depreciation and Amortization Expense	85.7	45.6		209.5	176.5	
EBITDA⁽³⁾	\$ 518.2	\$ 525.3	(1%)	\$ 2,418.0	\$ 2,349.1	3%
Non-GAAP Adjustments:						
Acquisition-related costs ⁽¹⁾	104.9	-		121.6	-	
Cost optimization initiatives ⁽²⁾	-	39.5		-	39.5	
Adjusted EBITDA⁽³⁾	\$ 623.1	\$ 564.8	10%	\$ 2,539.6	\$ 2,388.6	6%

(1) Acquisition-related costs included in Selling, general and administrative expenses includes (i) \$40.7 million for the fourth quarter and \$40.7 million for fiscal 2025 in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$70.8 million for the fourth quarter and \$70.8 million for fiscal 2025 in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance, and retention and transaction bonuses, and (iii) \$34.1 million for the fourth quarter and \$50.8 million for fiscal 2025 in other acquisition-related costs, primarily reflecting professional service fees. Acquisition-related costs included in Other income, net includes \$20.8 million for the fourth quarter and \$34.0 million for fiscal 2025 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.

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(5) 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.

Investment Portfolio Results

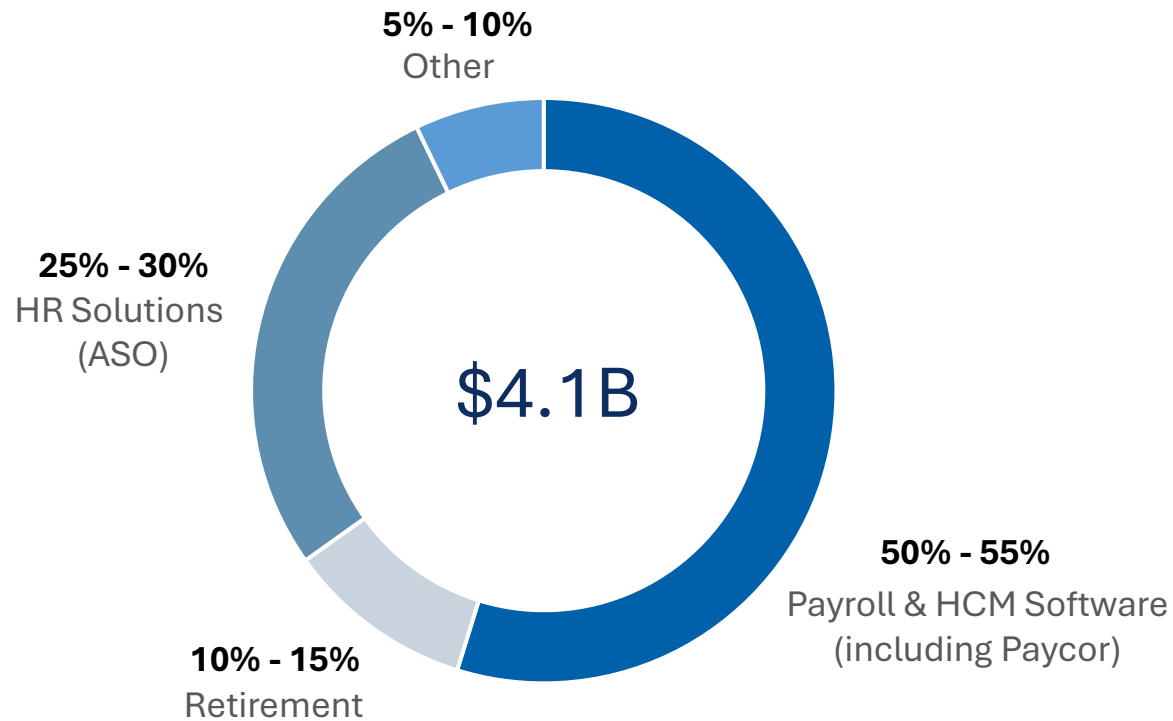
(\$ in millions)	Three Months Ended			Twelve Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Average Investment Balances:						
Funds Held For Clients	\$ 5,142.7	\$ 4,679.1	10%	\$ 4,699.5	\$ 4,462.0	5%
Corporate Cash Equivalents and Investments	\$ 1,964.0	\$ 1,647.4	19%	\$ 1,649.2	\$ 1,605.3	3%
Total	\$ 7,106.7	\$ 6,326.5	12%	\$ 6,348.7	\$ 6,067.3	5%
Average Rate of Return Earned:						
Funds Held For Clients	3.5%	3.5%		3.4%	3.3%	
Corporate Cash Equivalents and Investments	4.2%	5.3%		4.4%	5.2%	
Combined	3.7%	4.0%		3.7%	3.8%	
Realized Gain/(Loss), Net	\$ -	\$ (2.6)		\$ (0.4)	\$ (2.6)	
End of Period:	May 31, 2025			May 31, 2024		
Unrealized Loss, Net	\$53.6			\$162.5		



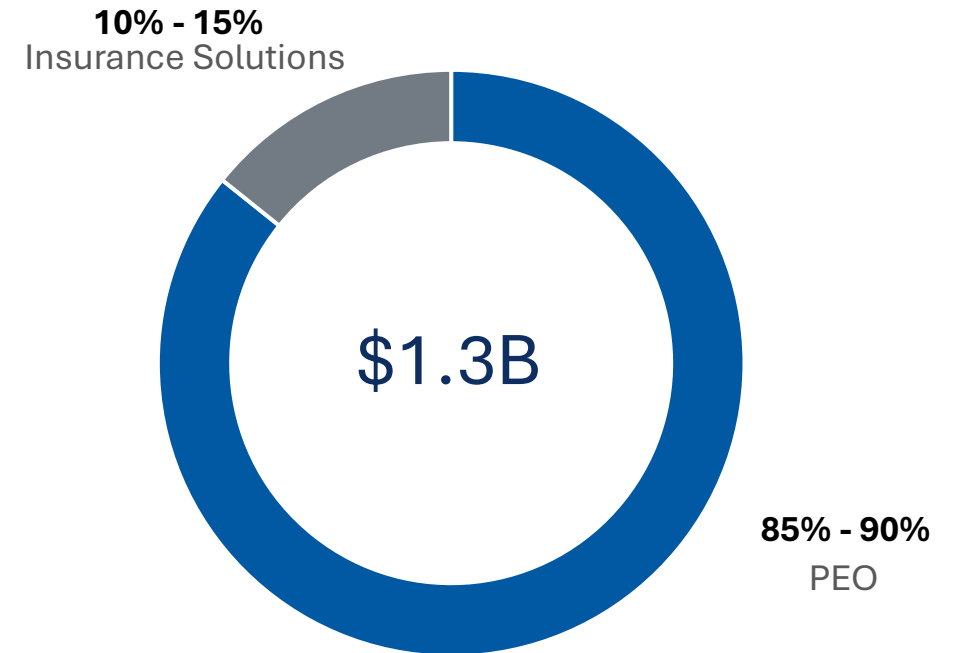
Supplemental Information

FY25 Revenue Composition

Management Solutions



PEO & Insurance Solutions



PAYCHEX[®]

Thank you

