



First 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 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 >\$46B⁽³⁾

(1) As of May 31, 2025

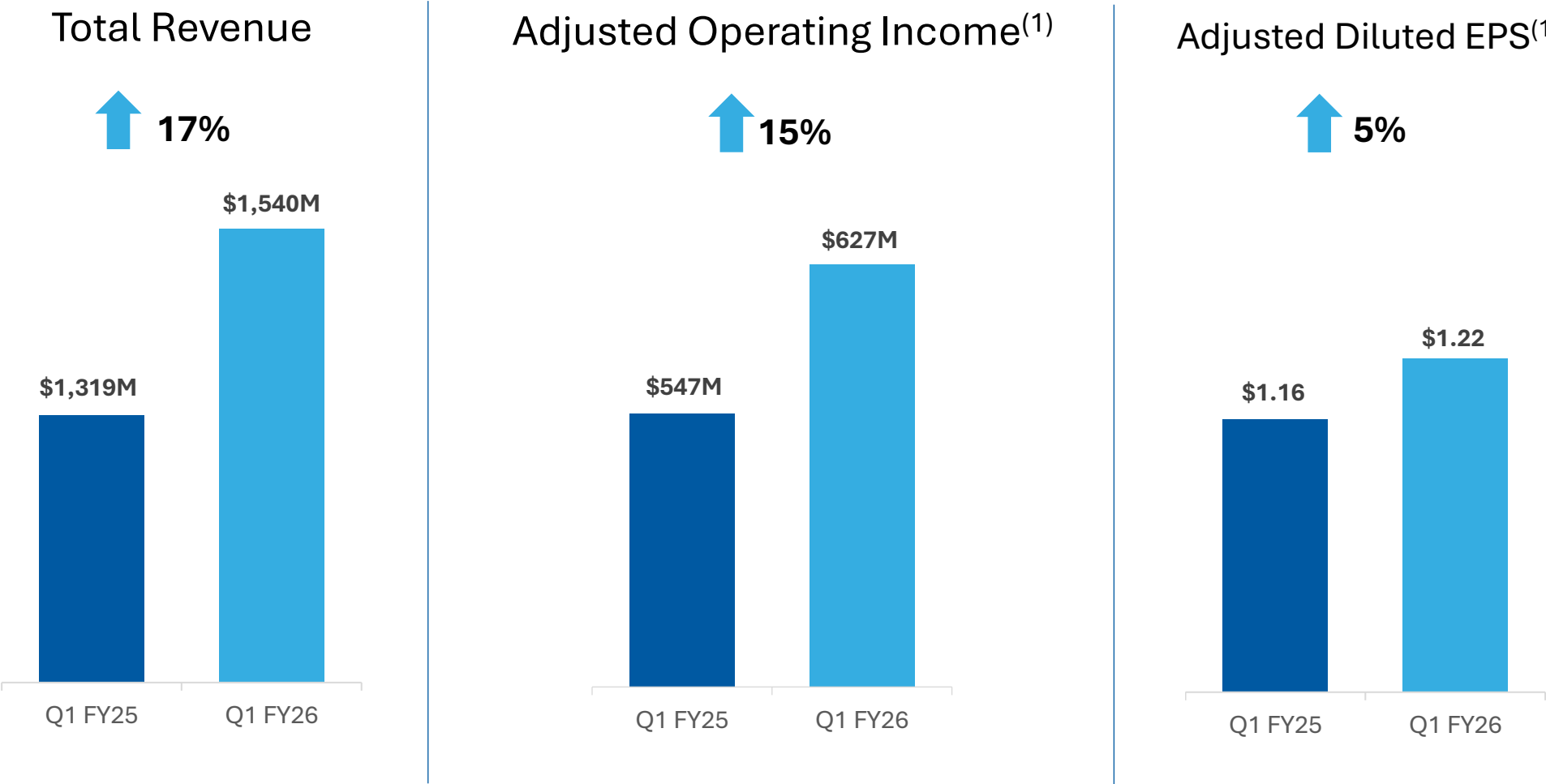
(2) See slide 14 for additional financial highlights

(3) As of September 26, 2025



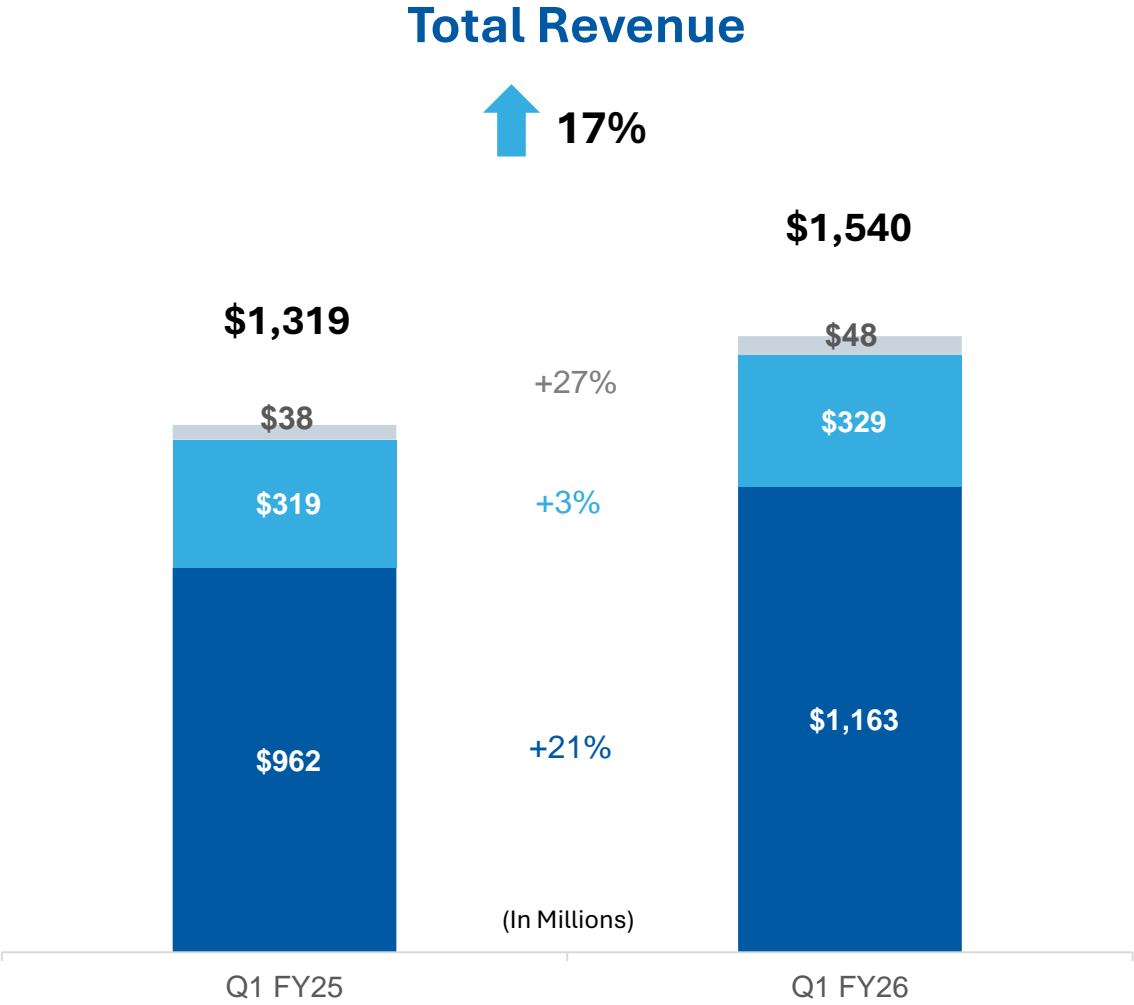
First Quarter Highlights

First 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 15 and 16 for a reconciliation to the corresponding GAAP measures.

First Quarter Revenue



Key Drivers

Total Revenue: +17%



Management Solutions

- Growth in the number of clients served, primarily driven by the acquisition of Paycor
- Growth in the number of client worksite employees for Human Resources (HR) Solutions
- Higher revenue per client driven by Paycor's upmarket client base, price realization, and product penetration, including HR Solutions and Retirement
- Paycor contributed ~17% of 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”)

First Quarter Business Highlights

Sustained growth in revenue and earnings

- Robust revenue growth of 17% and adjusted operating income⁽¹⁾ growth of 15%
- Industry-leading operating margins while integrating Paycor and continuing to invest in service experience and product innovation
- Continued to exceed the Rule of 50⁽¹⁾, demonstrating our unrivaled combination of consistent revenue growth with industry-leading profitability

Solid execution across key operational metrics

- Product penetration continues to increase across our HCM solutions driven by Retirement and HR Outsourcing
- On track to achieve targeted Paycor revenue and cost synergies
- Record PEO worksite employee (WSE) retention and strong growth in PEO bookings

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 is expected to enhance our AI capabilities

Returned \$549M to shareholders during the quarter

- Paid \$389M of dividends
- Returned \$160M through share repurchases

(1) Adjusted operating income and adjusted EBITDA margin are non-GAAP financial measures. Refer to slides 15 and 16 for a reconciliation to the corresponding GAAP measures. Rule of 50 calculated by adding adjusted EBITDA margin and revenue growth

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 as one of America's Most Innovative companies for a third consecutive year for its innovative technology and corporate culture



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



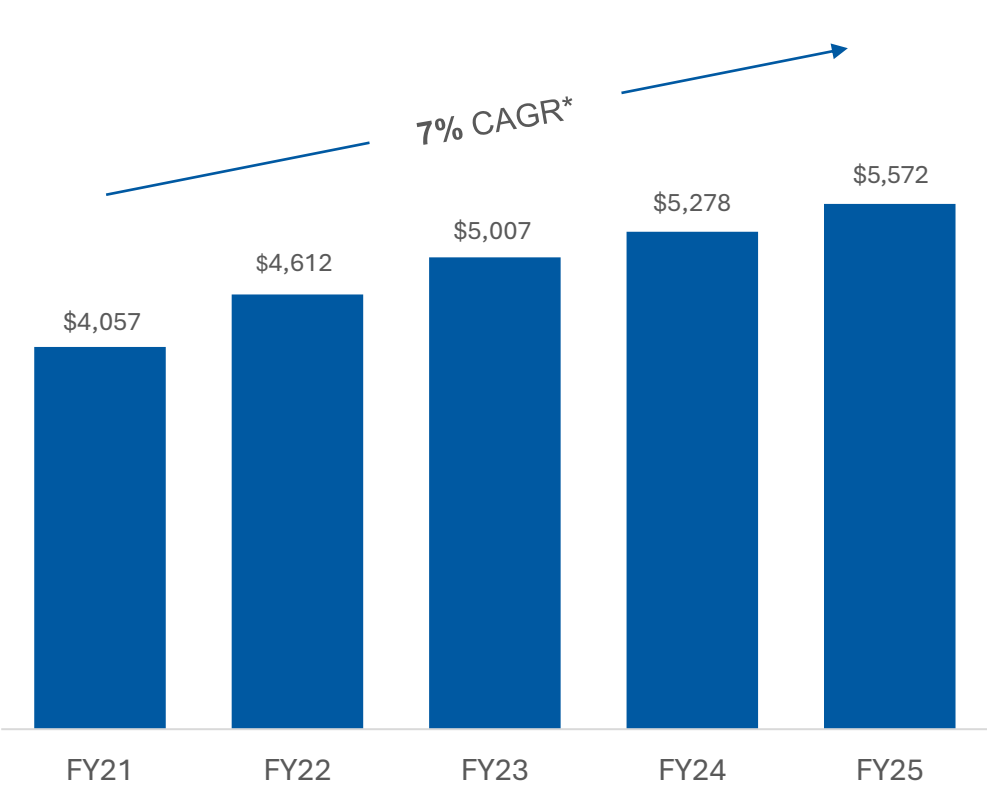
Newsweek's America's Greatest Workplaces

Paychex was recognized as one of America's Greatest Companies by Newsweek for its strong financial performance, ongoing product innovation, and commitment to ethics

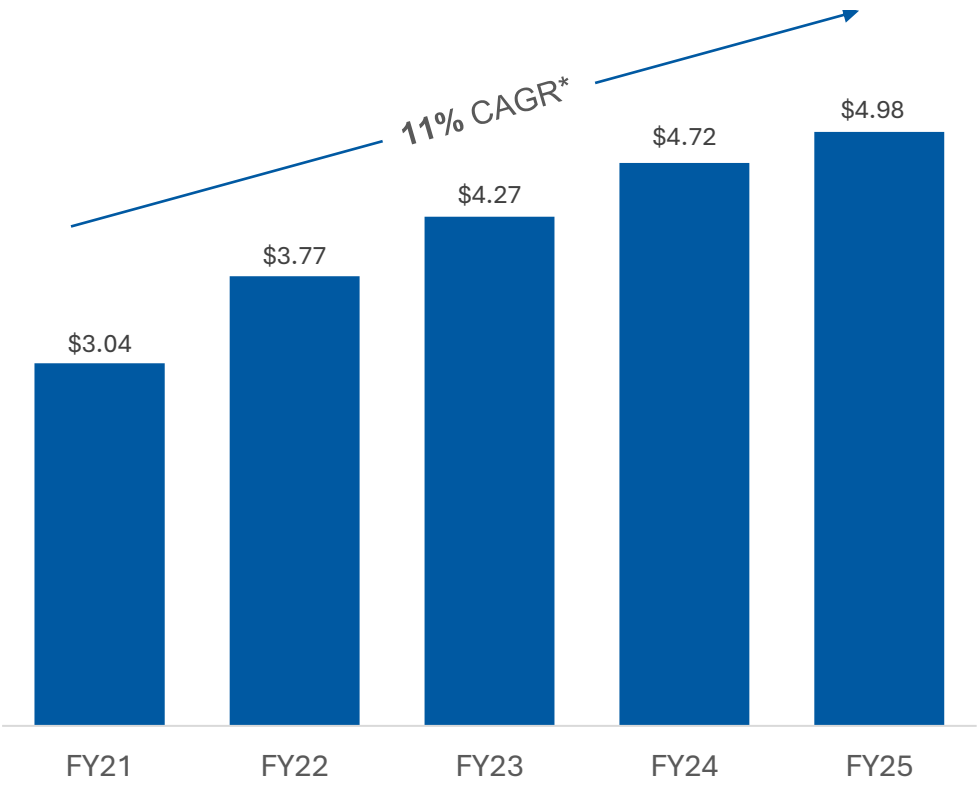
Sustained Financial Performance

(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

Total Revenue
Adjusted Diluted EPS⁽¹⁾

Management Solutions Revenue
PEO & Insurance Solutions Revenue

Interest on Funds Held for Clients
Adjusted Operating Income, as a Percent of Total Revenue⁽¹⁾
Effective Income Tax Rate

September 30, 2025 Year-over-Year Growth	June 25, 2025 Year-over-Year Growth
16.5% - 18.5%	16.5% - 18.5%
9% - 11%	8.5% - 10.5%
20% - 22%	20% - 22%
6% - 8%	6% - 8%
Anticipated Result	Anticipated Result
\$190M - \$200M	\$190M - \$200M
~43%	~43%
24% - 25%	24% - 25%

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



Financial Results

Financial Results

For the Three Months ended August 31, 2025

(In millions, except per share amounts)	Three Months Ended	%
	<u>Aug 31, 2025</u>	<u>Change</u>
Management Solutions	\$ 1,163.3	21%
PEO and Insurance Solutions	\$ 329.1	3%
Total Service Revenue	\$ 1,492.4	17%
Interest on Funds Held for Clients	\$ 47.6	27%
Total Revenue	\$ 1,540.0	17%
Operating Income	\$ 541.9	(1%)
Net Income	\$ 383.8	(10%)
Diluted EPS	\$ 1.06	(10%)
Non-GAAP Measures:⁽¹⁾		
Adjusted Operating Income	\$ 626.7	15%
Adjusted EBITDA	\$ 680.0	16%
Adjusted Net Income	\$ 440.8	5%
Adjusted Diluted EPS	\$ 1.22	5%

(1) Refer to a reconciliation of non-GAAP financial measures to the related GAAP financial measures on slides 15 and 16.

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 40%
- Consistent free cash flow generation supports industry-leading dividend payout ratio

(In millions)	Aug 31, 2025	May 31, 2025
Cash, Restricted Cash, & Total Corporate Investments	\$ 1,721.3	\$ 1,711.0
Total Debt, Net of Debt Issuance Costs ⁽¹⁾	\$ 4,968.7	\$ 4,966.8
Net Cash/(Debt) Position	\$ (3,247.4)	\$ (3,255.8)
Net Leverage Ratio ⁽²⁾	1.2x	1.3x
Return on Equity	40%	42%
Fiscal Year-to-Date Period Ended:	Aug 31, 2025	Aug 31, 2024
Operating Cash Flow	\$ 718.4	\$ 546.1
Free Cash Flow ⁽³⁾	\$ 662.5	\$ 510.5
Dividends Paid	\$ 389.1	\$ 353.4
Dividend Coverage Ratio ⁽⁴⁾	1.7x	1.4x

(1) Excludes operating lease liabilities of \$77.5M and \$78.0M as of August 31, 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 first quarter fiscal 2026 earnings press release.

(3) Free cash flow is calculated as operating cash flow less purchases of property and equipment (which includes internally developed software costs).

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

Non-GAAP Financial Measures

For the Three Months ended August 31, 2025

(In millions, except per share amounts)

	Three Months Ended		
	Aug 31,	Aug 31,	%
	2025	2024	Change
Operating Income	\$ 541.9	\$ 546.7	(1%)
Non-GAAP Adjustments:			
Acquisition-related costs ⁽¹⁾	84.8	-	
Adjusted Operating Income⁽²⁾	\$ 626.7	\$ 546.7	15%
Adjusted Operating Margin⁽²⁾	40.7%	41.5%	
Net Income	\$ 383.8	\$ 427.4	(10%)
Non-GAAP Adjustments:			
Acquisition-related costs ⁽¹⁾	84.8	-	
Income tax benefit for acquisition-related costs	(20.6)	-	
Excess Tax Benefit Related to Employee Stock-Based Compensation Payments ⁽³⁾	(7.2)	(6.2)	
Adjusted Net Income⁽²⁾	\$ 440.8	\$ 421.2	5%

(1) Acquisition-related costs for the first quarter included in selling, general and administrative expenses include (i) \$61.1 million in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$18.7 million in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance and retention bonuses, and (iii) \$5.0 million 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 first quarter fiscal 2026 earnings press release for further discussion.

(3) 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 ended August 31, 2025

(In millions, except per share amounts)

	Three Months Ended		
	Aug 31,	Aug 31,	%
	2025	2024	Change
Diluted EPS⁽¹⁾	\$ 1.06	\$ 1.18	(10%)
Non-GAAP Adjustments:			
Acquisition-related costs ⁽²⁾	0.23	-	
Income tax benefit for acquisition-related costs	(0.06)	-	
Excess Tax Benefit Related to Employee Stock-Based Compensation Payments ⁽³⁾	(0.02)	(0.02)	
Adjusted Diluted EPS⁽⁴⁾	\$ 1.22	\$ 1.16	5%
Net Income	\$ 383.8	\$ 427.4	(10%)
Non-GAAP Adjustments:			
Interest expense	68.2	9.6	
Interest income on corporate investments	(18.7)	(19.9)	
Income Taxes	113.7	129.7	
Depreciation and Amortization Expense	109.3	39.0	
EBITDA⁽⁴⁾	\$ 656.3	\$ 585.8	12%
Non-GAAP Adjustments:			
Acquisition-related costs ⁽²⁾	23.7	-	
Adjusted EBITDA⁽⁴⁾	\$ 680.0	\$ 585.8	16%
Adjusted EBITDA Margin⁽⁴⁾	44.2%	44.4%	

(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 first quarter included in selling, general and administrative expenses include (i) \$61.1 million in amortization of intangibles acquired in the acquisition of Paycor, (ii) \$18.7 million in compensation costs related to the acquisition and integration of Paycor, including replacement awards, severance and retention bonuses, and (iii) \$5.0 million in other acquisition-related costs, primarily reflecting professional service fees.

(3) 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.

(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		% Change
	Aug 31,	Aug 31,	
	2025	2024	
Average Investment Balances:			
Funds Held For Clients	\$ 5,400.0	\$ 4,286.1	26%
Corporate Cash Equivalents and Investments	\$ 1,776.9	\$ 1,619.9	10%
Total	\$ 7,176.9	\$ 5,906.0	22%
Average Rate of Return Earned:			
Funds Held For Clients	3.5%	3.5%	
Corporate Cash Equivalents and Investments	4.2%	4.9%	
Combined	3.7%	3.9%	
Realized Gain/(Loss), Net	\$ (0.0)	\$ 0.0	
<u>End of Period:</u>	<u>Aug 31, 2025</u>	<u>May 31, 2025</u>	
Unrealized Loss, Net	\$21.0	\$53.6	



Thank you