



Investor Presentation

October 2024

PAYCHEX[®]

HR | Payroll | Benefits | Insurance

Forward-Looking Statements

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Paychex – A Technology-Driven Growth Company

1

Leader
in attractive
markets

2

Innovative
technology leader
and trusted advisor
– a key differentiator

3

Predictable
and powerful
business model

4

Sustainable
growth and
delivering long-
term positive impact



Paychex At-A-Glance – Leader in Human Capital Management (HCM) Solutions

<p>Market Leader</p> <p>Leading provider of HCM Solutions to SMBs with unique combination of HR Technology and tech-enabled Advisory Solutions</p>	<p>Consistent Growth</p> <p>11%</p> <p>Adjusted Diluted EPS⁽¹⁾ CAGR last 5 Years</p>	<p>Margins</p> <p>#1</p> <p>Best operating margins in industry at ~42%⁽¹⁾</p>	<p>Technology</p> <p>Leading technology platforms recognized for innovation</p>   						
<p>Growing Client Base</p> <p>>745,000 Payroll Clients</p> <p>>2,300,000 HR Outsourcing client worksite employees</p>	<p>Improving Retention</p> <p>Revenue Retention</p>  <table border="1"> <caption>Revenue Retention Data</caption> <thead> <tr> <th>Fiscal Year</th> <th>Revenue Retention (%)</th> </tr> </thead> <tbody> <tr> <td>FY19</td> <td>~85%</td> </tr> <tr> <td>FY24</td> <td>~88%</td> </tr> </tbody> </table>	Fiscal Year	Revenue Retention (%)	FY19	~85%	FY24	~88%	<p>Comprehensive Suite of HCM & HR Solutions</p>  <p>Management Solutions 75%</p>  <p>PEO & Insurance Solutions 25%</p> <p>% Service Revenue</p>	
Fiscal Year	Revenue Retention (%)								
FY19	~85%								
FY24	~88%								

Purpose: Help Businesses Succeed

¹ Adjusted Diluted Earnings per Share ("EPS") and adjusted operating margin (reflected above for FY24) are not United States ("U.S.") generally accepted accounting principle ("GAAP") measures. Refer to the FY24 Annual Report on Form 10-K for a discussion of these non-GAAP measures and a reconciliation to the corresponding GAAP measures. Adjusted operating income reflects operating income, adjusted for one-time items, as a percentage of total revenue

Leader in Small and Midsized Business Markets

HR Outsourcing¹



- #1 HR Outsourcer
- >2.3M ASO and PEO worksite employees
- ~700 HR Professionals

Payroll & HCM Software



- Top 2 in both small and mid-market²
- \$950B+ financial transactions processed
- Pay 1 in 12 private sector U.S. workers

Retirement



- #1 401(k) recordkeeper in the U.S.³
- >120K 401(k) plans
- 1.5M participants

Insurance



- A top insurance agency in the U.S.
- ~\$3B in premiums paid
- ~200K H&B applicants

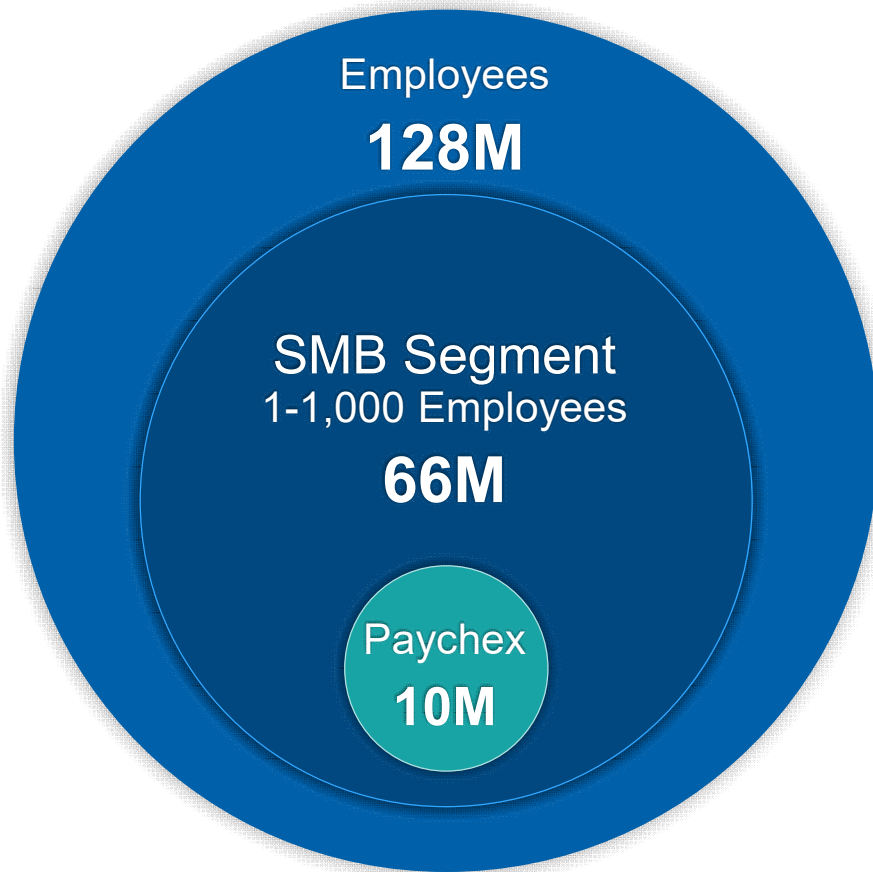
¹ HR Outsourcing includes ASO and PEO offerings

² Among HCM companies by client count (small is defined as <49 employees; mid-market is defined as 50-1K employees)

³ By number of plans based on PLANSOR magazine's annual Recordkeeping Survey and internal Paychex data

Leader in Large and Growing HCM Market

Market Size – Employees¹ (Total U.S.)



\$90B+

Market Opportunity (U.S.)

5-7%

Market Growth (U.S.)

15%

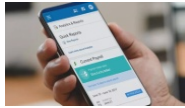
(Share of U.S. SMB employees)

Secular Tailwinds Play to Our Strengths

Market Trends

Technology Innovation and Adoption

- Shift to unified software suites on cloud platform
- Self-service and e-commerce
Acceleration of digital adoption
- Data and analytics
Leveraging data to drive actionable insights



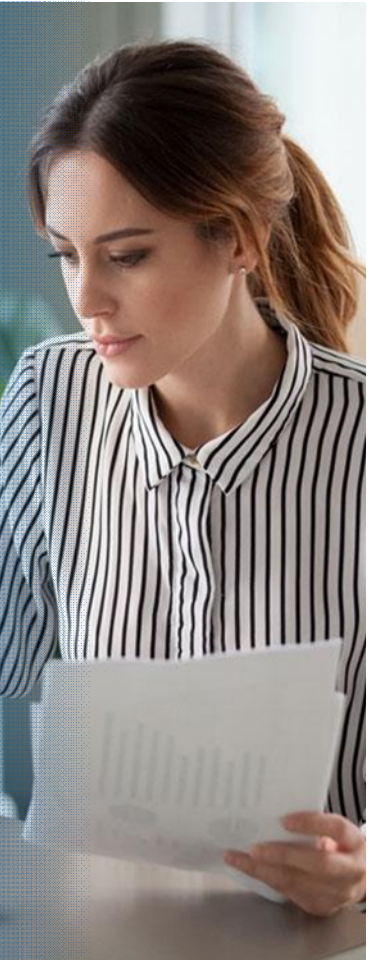
Complexity in Employer-Employee Relations

- Increasing number and complexity of regulations
- Changing workforce dynamics
Remote and non-traditional
- Attracting and retaining talent
Structural long-term labor shortage



Paychex Advantage

**Leader in
innovative HCM
solutions for
small and
midsize
businesses and
trusted advisor
on navigating a
complex world**



Well-Positioned in Fast Growing Market Segments

HCM Technology

Adoption of cloud HCM software by SMBs
HR automation/digitalization and distributed workforces with increasing employee engagement
Integration of AI solutions with HCM platforms

Comprehensive suite of integrated, cloud-based software to help businesses automate HR processes and manage distributed workforces
Leverage large data set to provide customers with more personalized experiences, solutions and insights

Market Tailwinds

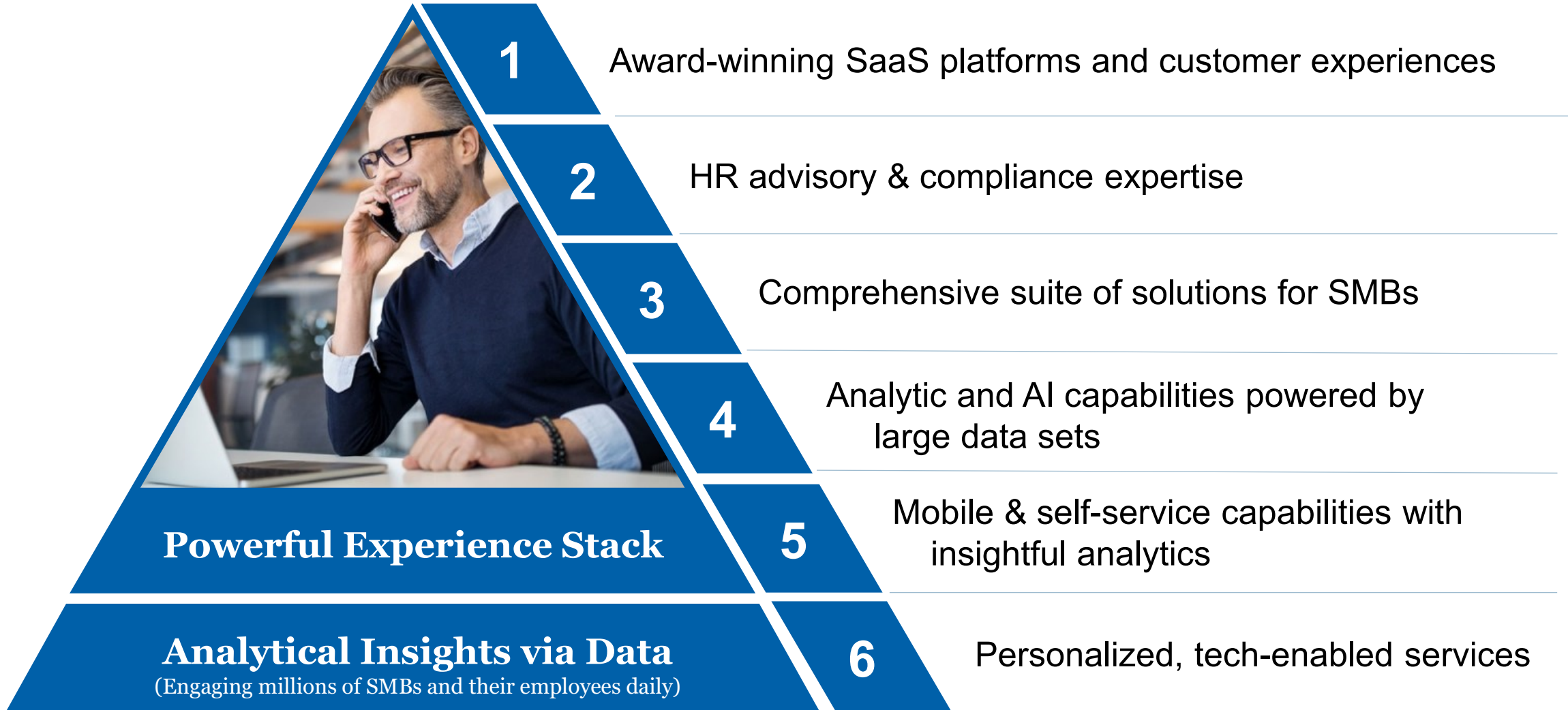
Paychex Solutions

HR Outsourcing

Secular increase in demand for assistance with navigating a complex regulatory and HR environment
Ability to offer affordable, competitive benefits to attract and retain talent

Unique combination of leading HR technology, competitive benefits and HR advisory services
Large data set to support advisory services
Available through both ASO and PEO models depending on customer needs

What Differentiates Paychex



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Comprehensive Suite of Leading HCM Solutions

Full Range of Integrated HCM Solutions from Hire to Retire for Businesses and Employees

Integrated Technology (with Open APIs)



Recruiting, Applicant Tracking, Onboarding



HR Services



Analytics



Retirement



Payroll



Insurance



Time & Attendance



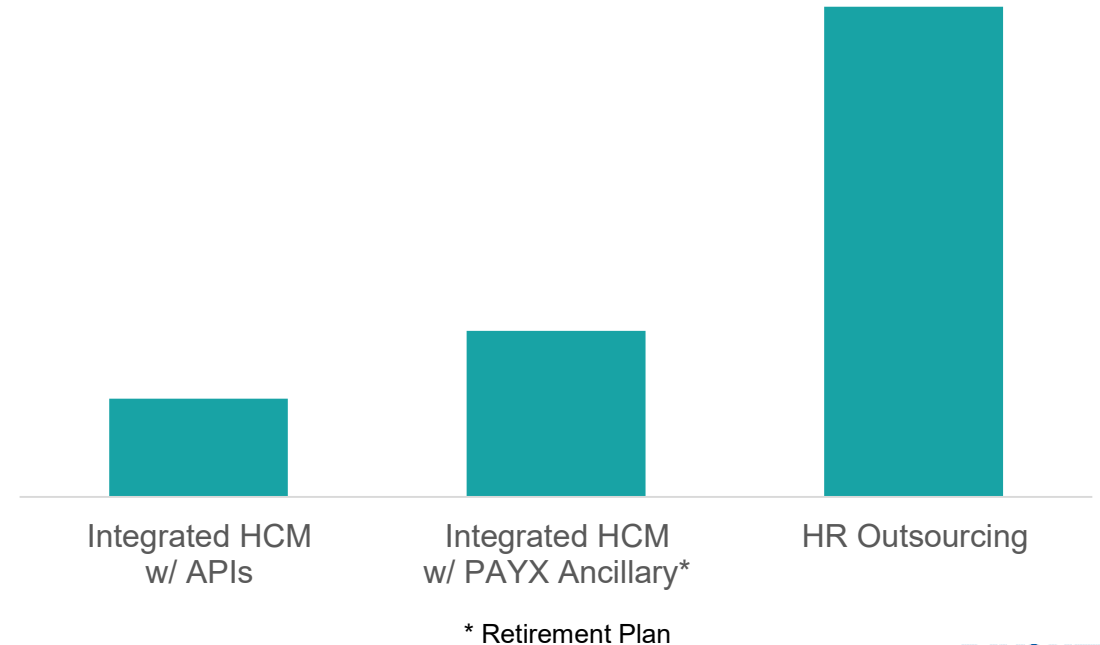
Benefits Administration



Talent Management

Complete Solution Set for SMB Life Cycle

Lifetime Value



Leading Technology Provider Leveraging Industry Best Partners and Solutions

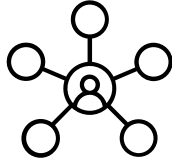
Recognized as an Industry Innovation Leader



IDC SaaS Award
Customer Satisfaction: Core HR

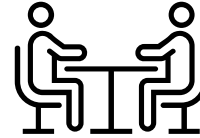
Numerous recent awards from leading industry publications

Innovation Horizon



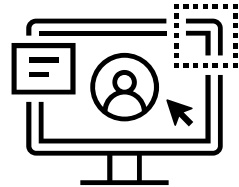
Customer Experience Focused

Owner | HR | Employee
Strategic Partners



Expanded Advisory Services

Tech-Enabled



Continued Leadership in
HR Technology and
Digital HR Solutions



Digitalization: Sales
and Self-Onboarding
(eCommerce)

DIGITAL HCM LEADER



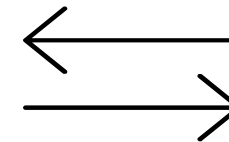
Artificial Intelligence

Powered by vast proprietary data set



Data Analytics

with Advisory Solutions



Expanded Integrations

(APIs)

Well Positioned to Capture the AI Opportunity

Large and Growing Data Sets

Paychex has one of the largest SMB data sets in the industry – provides competitive advantage

- >745k clients and 10M employees paid globally
- Tens of millions of interactions with clients and their employees every month
- Extensive knowledge base of rules, regulations, and best practices across HR, payroll, and benefits

History and Experience Leveraging AI

We have been leveraging AI for years across the entire business – ahead of the curve

- Over 200 models deployed with extensive use of AI and predictive analytics
- RPA, virtual agents, and workflow automation driving service efficiencies and improved customer experience
- Conversational analytics (GenAI) for customers, including predictive models

Investing to Realize the Full Potential of AI

Accelerating AI investments to improve efficiency, enhance customer experience and unlock new growth opportunities

- Targeting the right prospects at the right time
- Providing enhanced, personalized customer experience
- Driving efficiencies throughout the entire organization
- Embedding in our solutions to provide trusted insights/guidance

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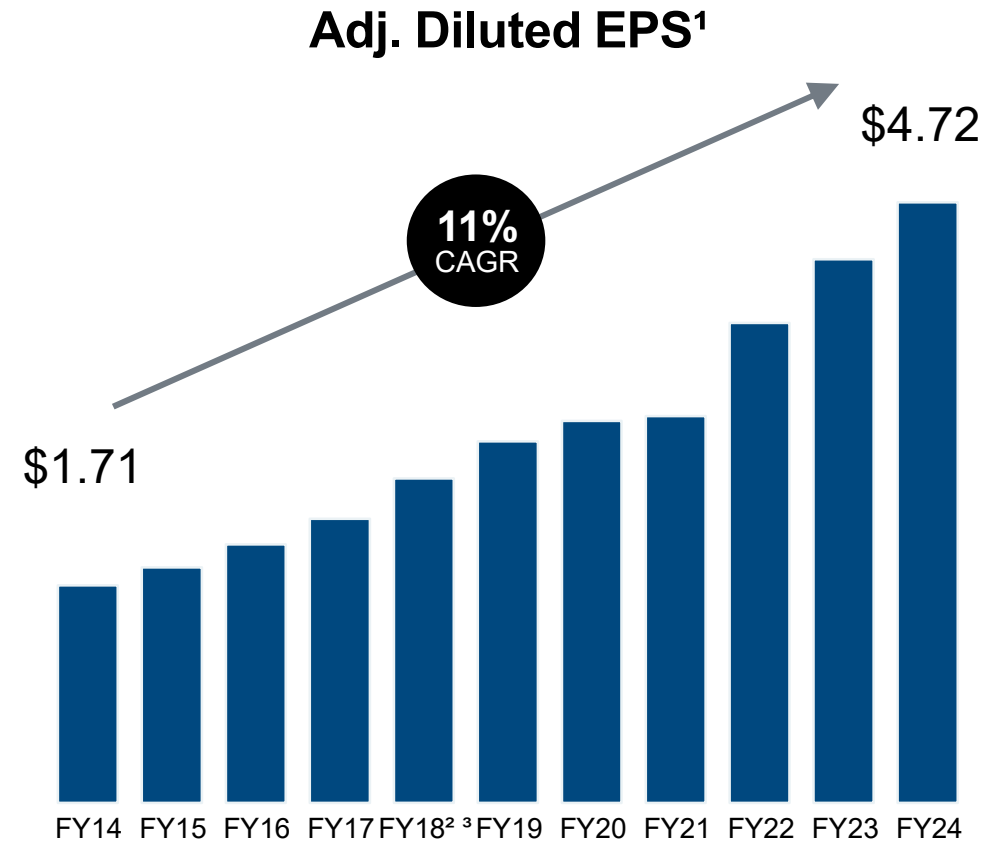
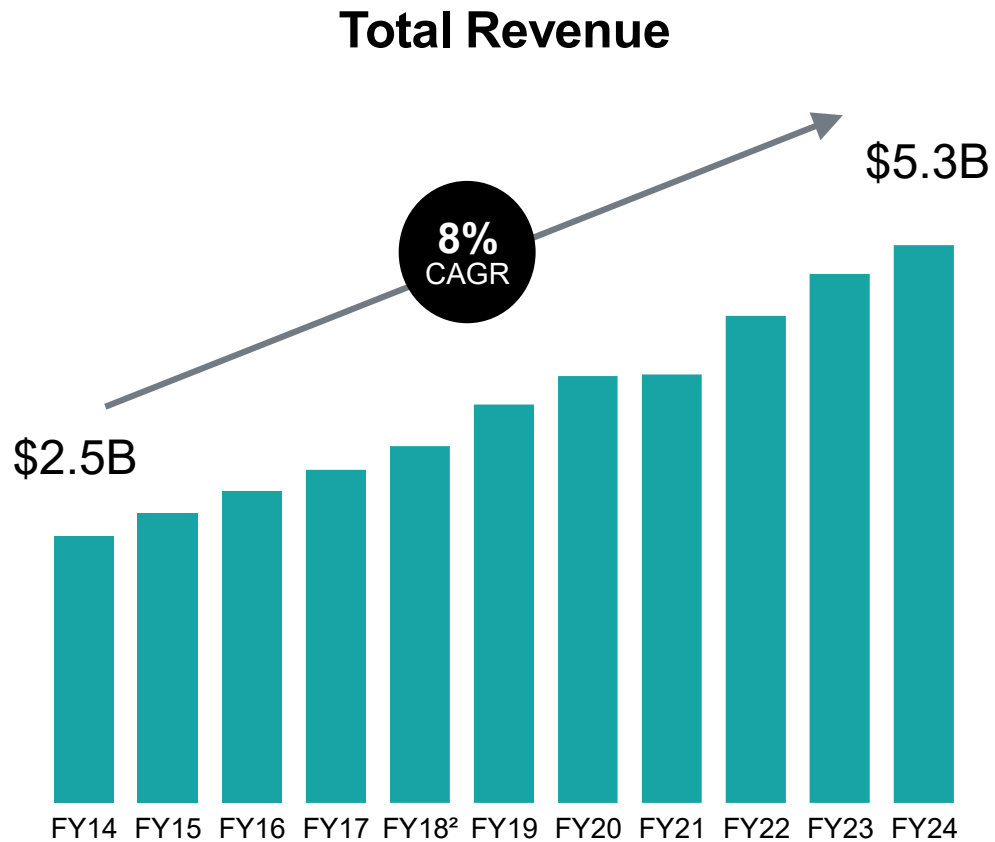
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Powerful and Predictable Business Model



Consistent Revenue and Earnings Growth Profile



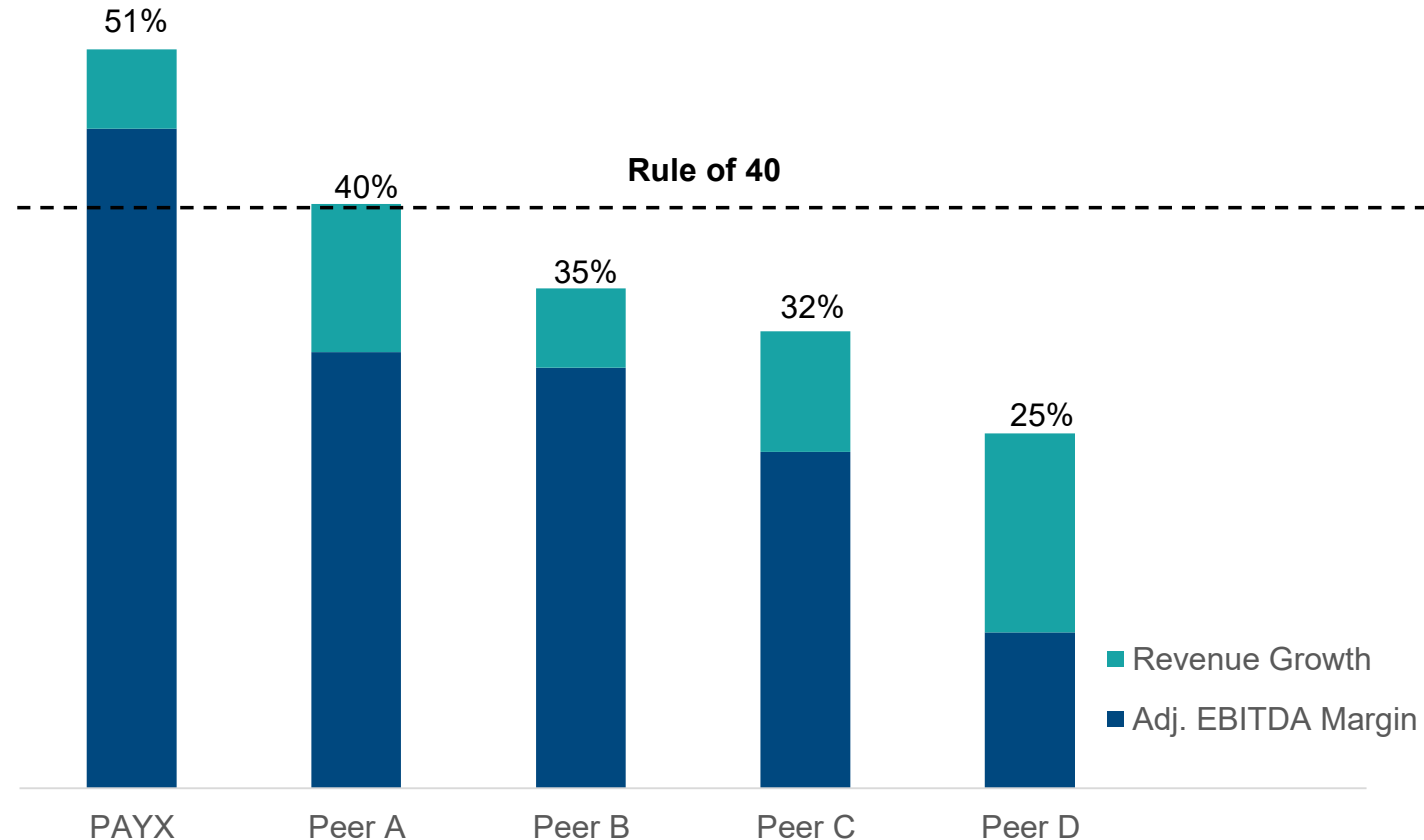
Resilient financial results during economic downturns

¹ Adjusted Diluted EPS is a non-GAAP measure, which excludes the impact of certain discrete tax and one-time items. Refer to our fourth quarter earnings release for discussion of these measures and a reconciliation to the corresponding GAAP measures.

² Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" was adopted effective June 1, 2018. FY18 results were adjusted to reflect a comparable presentation.

³ Adjusted Diluted EPS growth for FY18 was impacted by the Tax Cuts and Jobs Act of 2017.

Highest Combination of Revenue Growth and Margins



Industry-leading margins

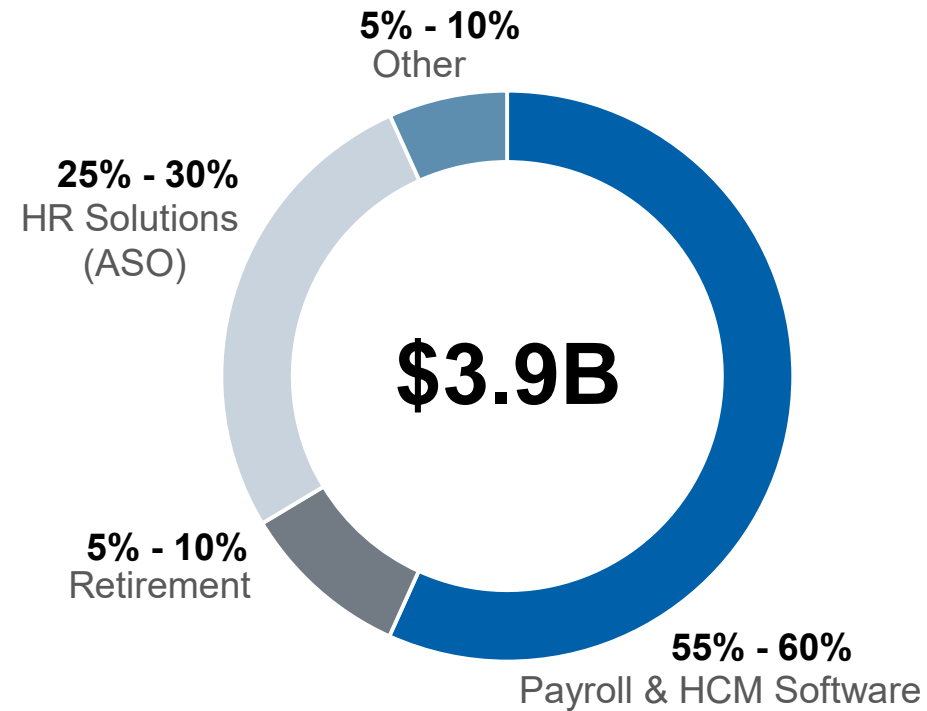
Note: PAYX and HCM peers based on their respective fiscal years, with all revenue and margin figures based on the midpoint of management's current fiscal year guidance as of 9/30/24. EBITDA has been adjusted to include stock-based compensation to facilitate a more accurate comparison but excludes non-recurring items. Adjusted EBITDA is not a United States ("U.S.") generally accepted accounting principle ("GAAP") measure. Refer to the FY24 Annual Report on Form 10-K for further discussion of this measure and a reconciliation to the corresponding GAAP measure.

Paychex Transformation – Technology and HR Solutions

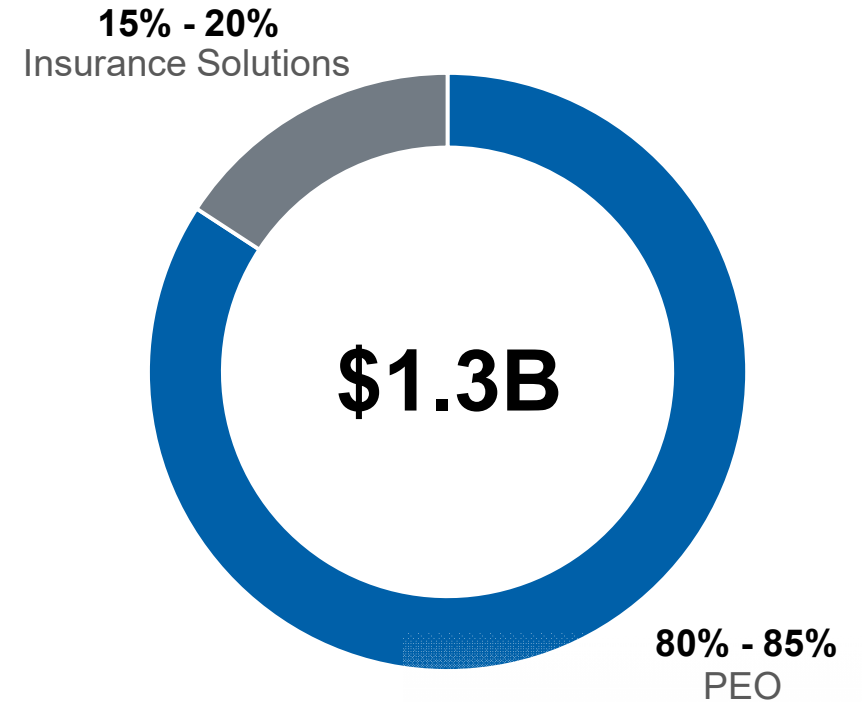
57%
Service Revenue from
Non-Payroll Solutions

+57%
HR Outsourcing
WSE Growth -
FY19-24
(ASO + PEO)

Management Solutions



PEO & Insurance Solutions



Paychex Transformation: Technology Delivering Results for Customers and Shareholders

Increased Investments in Technology & Digital



>90%

% of clients use our technology

32%

Increase in mobile sessions (FY20-24 CAGR)

>50%

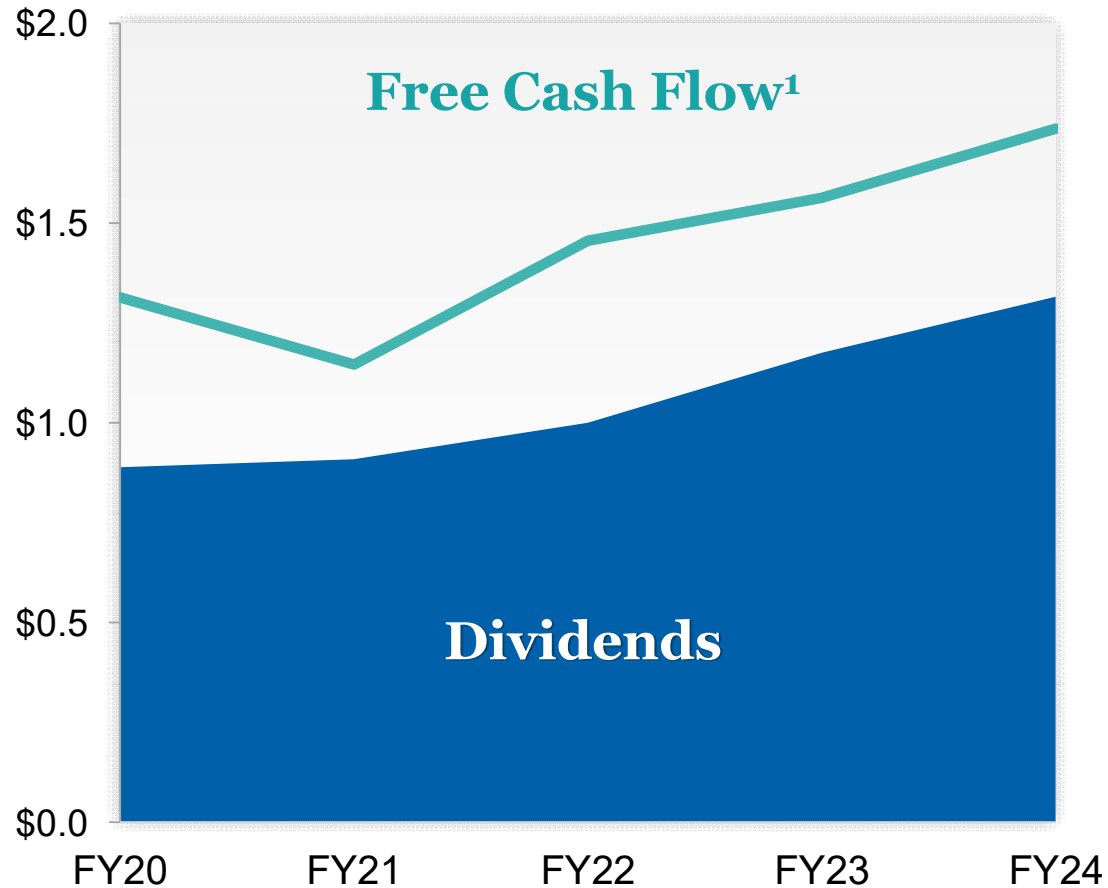
% of sales digitally-enabled

33%

Decrease in # of customer calls (FY20 to FY24)

Strong Cash Flow Engine

Significant Capital Returns to Shareholders (\$B)



Attractive Metrics (FY24)

Free Cash Flow ¹	\$1.7B
Capital Intensity	LOW
Total Cash & Corp. Investments	\$1.6B
Return on Equity	47%



1) 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.

Disciplined and Shareholder-Friendly Capital Allocation Priorities

1 Invest in the Business



- Technology Platform
- Digital and Advisory Solutions
- Sales & Marketing
- Customer Experience

2 Return Capital to Shareholders



- Industry-leading dividend yield with target payout ratio of 70-80%
- Returned ~\$6B to shareholders over last 5 years

3 Strategic M&A



- PEO Expansion
- Technology Tuck-ins
- Scale Transactions
- International
- Near Adjacencies

Corporate responsibility continues to be an area of focus and foundational to our organizational purpose

Paychex Values in Action: Corporate Responsibility Efforts

Environmental



- ✓ Announced ambition to reach Net Zero GHG emissions by 2050 (and interim reduction targets for 2030 and 2040)
- ✓ Third-party verification of GHG emissions
- ✓ Excellent external scores
 - MSCI ESG Rating of AA
 - Sustainalytics ESG Risk Rating of “Low Risk”
 - Prime Corporate ESG Performance rating by ISS ESG

Social



- ✓ Enhanced a diverse talent pipeline
- ✓ Strengthened culture of inclusion and belonging
- ✓ Continued strategic community partnerships
- ✓ 59% of workforce is female
- ✓ Achieved approximately 100% gender and racial pay equity in the U.S.

Governance



- ✓ Continued journey of Board refreshment with focus on increased diversity and reduced tenure
- ✓ Increased Board oversight of Corporate Responsibility (CR) and Cybersecurity
- ✓ Established CR goals for executive compensation plans
- ✓ Changed executive compensation structure to better incentivize LT performance
- ✓ Majority of Board is independent

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Long Growth Runway – Multiple Drivers



1

Grow Client Base and Market Share:

Channels, Partners, eCommerce, Digital Marketing and Acquisitions

2

Expand Share of Wallet:

HCM Software, HR, Retirement, Insurance and Payments

3

Leverage Technology Innovations:

AI, personalization, data analytics, integrations, self-sufficiency

4

Monetize Data and Access to Employees:

Monetize data and create new solutions for clients' employees

5

Execute Strategic M&A:

Industry consolidation, technology plays, near adjacency opportunities

Mid-Term Financial Goals

**Total Revenue
Growth**

Upper Single
Digit

**Adjusted
Diluted EPS
Growth**

Upper Single
to
Double Digit

**Operating
Margins**

Margin Expansion

**Dividend
Growth**

Consistent with
Earnings Growth

THE PAYCHEX STORY

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