



Investor Presentation Q3 FY'24



Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements that reflect the Company's current expectations and projections with respect to, among other things, its financial condition, results of operations, plans, objectives, future performance and business. These statements may be preceded by, followed by or include the words "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely," "outlook," "potential," "targets," "project," "contemplates" and the negatives thereof and other words and terms of similar meaning.

All statements other than statements of historical fact are forward-looking statements. The inclusion of forward-looking statements should not be regarded as a representation by the Company, or any other person that the future plans, estimates, or expectations contemplated by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relations to the Company's operations, financial results, financial condition, business, prospects, growth strategy, and liquidity. Accordingly, there are, or will be, important factors that could cause the Company's actual results to differ materially from those indicated in these statements. We believe that these risks include, but are not limited to: our ability to manage our growth effectively; the potential breach of our security measures or unauthorized access to our customers' or their employees' personal data; the expansion and retention of our direct sales force with qualified and productive persons and the related effects on the growth of our business; the impact on customer expansion and retention if implementation, user experience, customer service, or performance relating to our solutions is not satisfactory; the timing of payments made to employees and taxing authorities relative to the timing of when a customer's electronic funds transfers are settled to our account; future acquisitions of other companies' businesses, technologies, or customer portfolios; the continued service of our key executives; our ability to innovate and deliver high-quality, technologically advanced products and services; our ability to attract and retain qualified personnel; the proper operation of our software; our relationships with third parties; the ongoing effects of inflation, supply chain disruptions, labor shortages and other adverse macroeconomic conditions in the market in which we and our customers operate; the impact of an economic downturn or recession in the United States or global economy; and the other risks described in our Annual Report on Form 10-K for the year ended June 30, 2023, as well as in our other filings with the Securities and Exchange Commission.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations and assumptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We undertake no obligation to publicly update any forward-looking statement after the date of this presentation, whether as a result of new information, future developments or otherwise, or to conform these statements to actual results or revised expectations, except as may be required by law.

Market and Industry Data

Unless otherwise indicated, information in this presentation concerning economic conditions, the Company's industry, the Company's markets, and the Company's competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as the Company's own estimates and research. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While the Company believes the information presented is generally reliable, forecasts, assumptions, expectations, beliefs, estimates, and projections involve risk and uncertainties and are subject to change based on various factors.

Non-GAAP Financial Measures

This presentation contains financial measures, such as Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Gross Profit Excluding Depreciation and Amortization, Adjusted Gross Profit Margin Excluding Depreciation and Amortization, Adjusted Sales and Marketing Expense, Adjusted General and Administrative Expense, Adjusted Research and Development Expense, and Adjusted Free Cash Flow, which are not recognized under generally accepted accounting principles in the United States ("GAAP").

The Company believes that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies.

Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Gross Profit Excluding Depreciation and Amortization, Adjusted Gross Profit Margin Excluding Depreciation and Amortization, Adjusted Sales and Marketing Expense, Adjusted General and Administrative Expense, Adjusted Research and Development Expense, Adjusted Free Cash Flow, and Adjusted Free Cash Flow Margin have limitations as an analytical tool, and you should not consider this measure either in isolation or as a substitute for other methods of analyzing the results as reported under GAAP. A reconciliation of Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Gross Profit Excluding Depreciation and Amortization, Adjusted Gross Profit Margin Excluding Depreciation and Amortization, Adjusted Sales and Marketing Expense, Adjusted General and Administrative Expense, Adjusted Research and Development, Adjusted Free Cash Flow, and Adjusted Free Cash Flow Margin to the most directly comparable GAAP financial measure can be found at the end of this presentation.



Paycor Investment Highlights

\$39B underserved market with strong growth potential

30+ years in business
30,000+ clients with 2.6m+ employees on the platform

\$553M FY'23 revenue
29% revenue growth
22% sales force growth

Subscription-based business model with 94% FY'23 recurring revenue

Who We Are

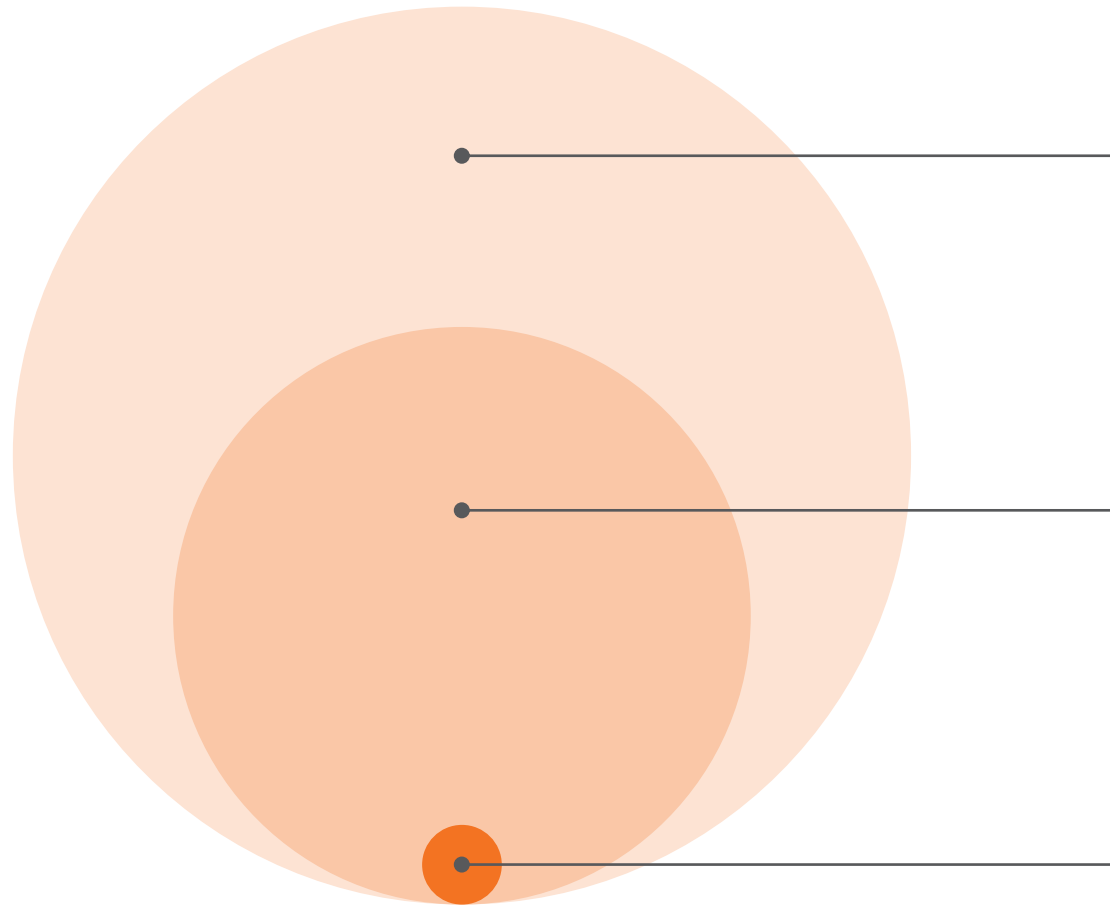
As a leading provider of Human Capital Management (HCM) software for SMBs, we empower leaders to build winning teams by modernizing people management.



Award-winning software and culture



SMB Opportunity is Massive and Growing



\$45B Projected TAM

~62M U.S. SMB 10-1000 employees x **\$60** Future List PEPM

\$39B Current TAM

~62M U.S. SMB 10-1000 employees x **\$53** List PEPM⁽¹⁾

<2% PYCR market share⁽²⁾

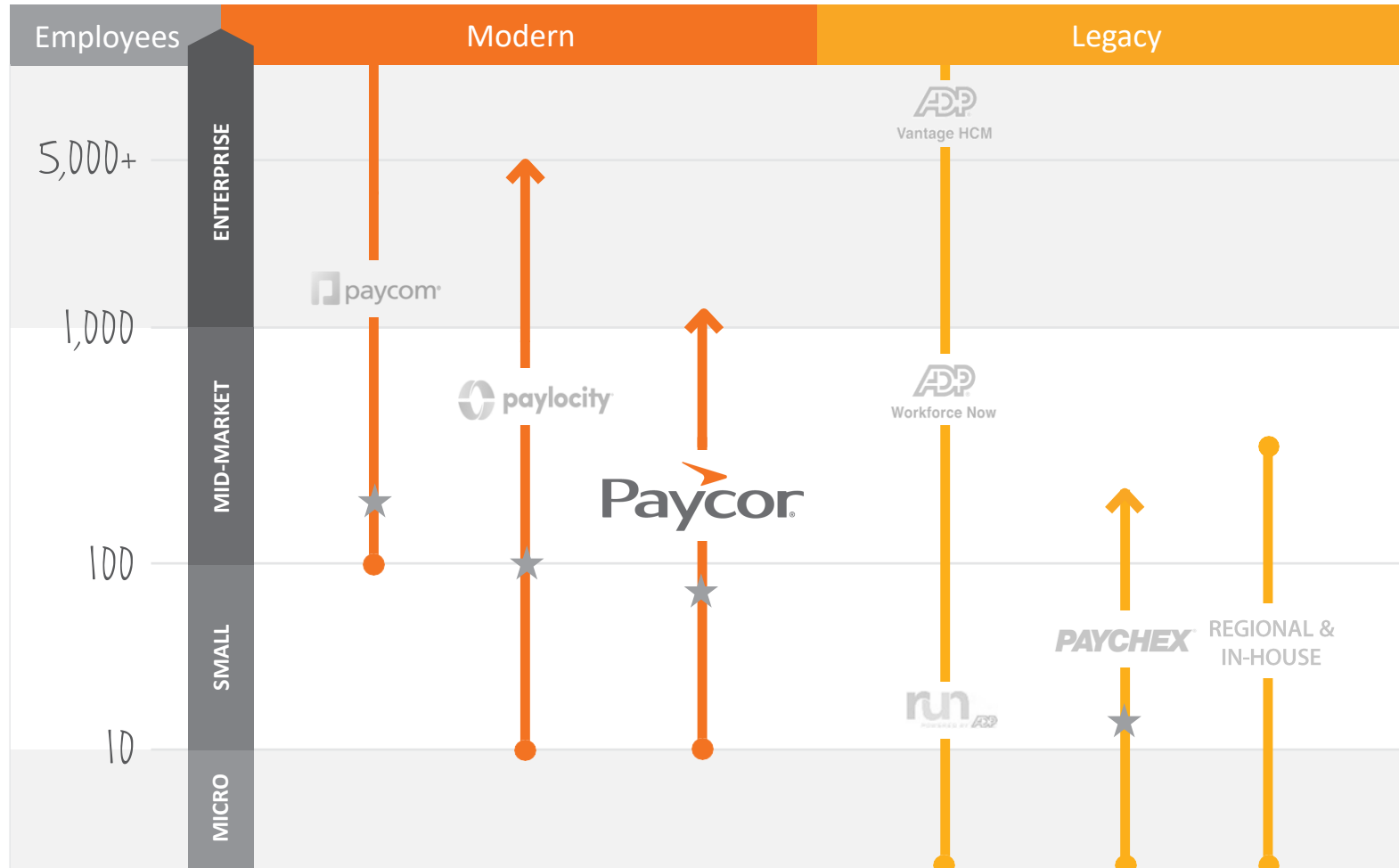
Modern HCM platforms comprise a small portion of the market

Source: U.S. Bureau of Labor Statistics, National Business Employment Dynamics Data by Firm Size Class: November 2023.






(1) Sources: BLS data, # of U.S. employees at firms with 10-1000 employees through Q1 2023 multiplied by our list per-employee per-month ("PEPM") rate as of March 31, 2024 for our full suite of products.

(2) Represents Paycor revenue for the fiscal year ended June 30, 2023.

We are Laser Focused on Winning Share in the SMB Segment



Paycor Advantage

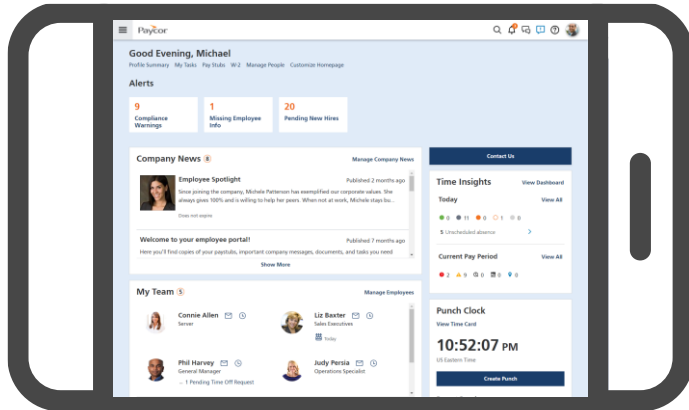
-  Designed for leaders
-  Configured by industry
-  Cloud-based
-  Unified, extensible platform
-  Modern user experience



Our Disruptive SaaS Platform is Differentiated



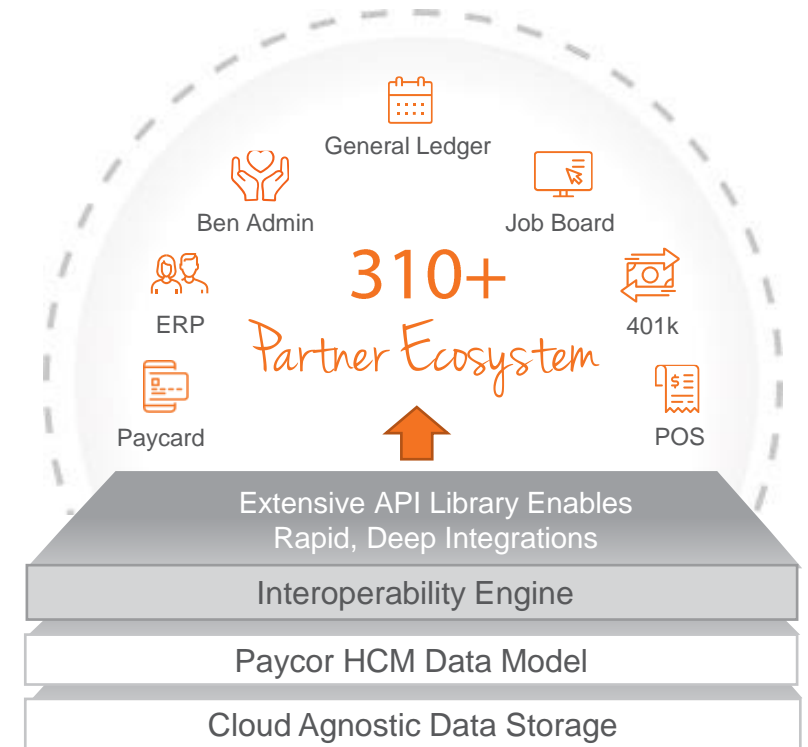
Single Pane of Glass



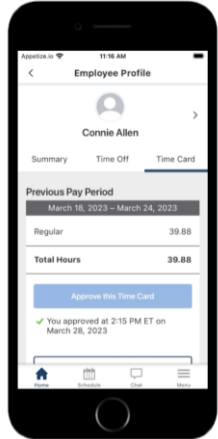
Unrivalled Product Depth



Open, Unified and Interoperable Platform



Paycor is the only all-in-one HCM Purpose-built for Leaders



HCM

Basics:

Reliable automation of mission critical back-office work

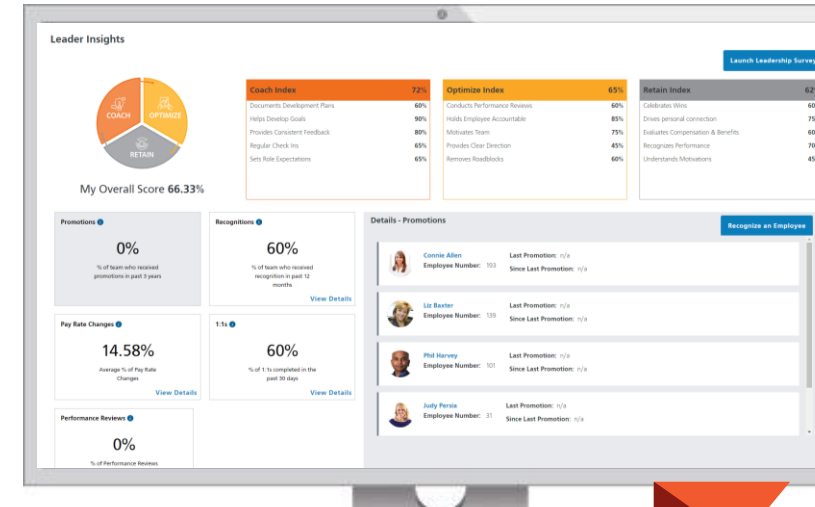
- Accurate and compliant payroll
- Automated employee self service
- Effortless employee communication

+

Powering People & Performance

Transform frontline managers into leaders that drive results

- AI powered candidate sourcing
- Tools to empower leaders to coach, optimize and retain employees
- Evaluate leader performance



Our talent suite increases employee retention by 10%



Flexible Technology

Designed for your unique and evolving business needs

- Industry-specific configurations and partnerships
- Flexible architecture that enables rapid innovation
- Open platform with powerful array of API connections
- Seamlessly integrate with your preferred technology

Our Robust Industry Program



Community

Robust user network with industry-specific thought leadership, user groups and online community



Customer Experience

Industry-skilled implementation and service experts providing a seamless transition and ongoing support



Product Differentiation

Customized organic software with key partner integrations designed for industry leaders

Healthcare



Recruit and hire skilled nurses, scheduling, and reporting to meet PBJ requirements

Key Integrations

Scheduling
Compliance
Ben Admin

Restaurants



Attract employees with quick hire capabilities and retain them with OnDemand Pay

Key Integrations

POS
OnDemand Pay
ATS

Manufacturing



Optimize shift coverage with flexible time collection options and easily claim hiring credits

Key Integrations

ERP
Certified Payroll
WOTC

Professional Services



Engage employees with Talent Management and analyze company performance with robust Analytics

Key Integrations

Job Boards
Benefits
401K

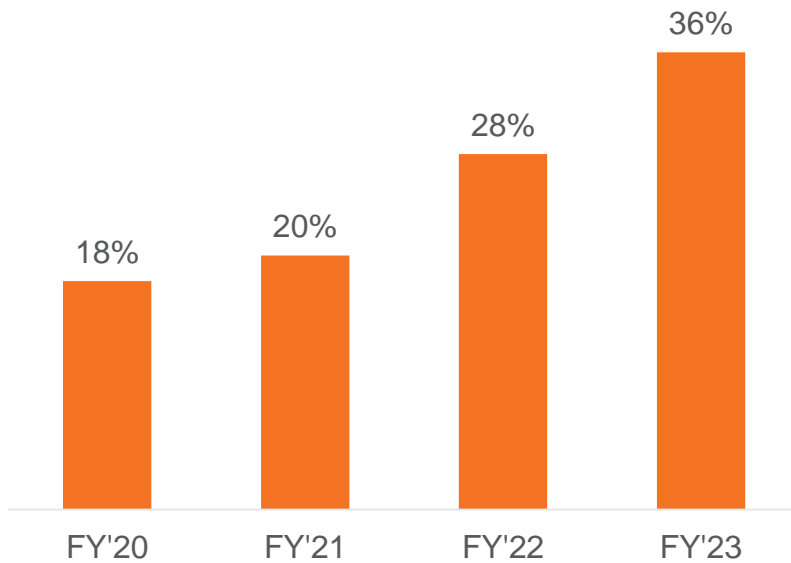


Powered by a Scalable and Efficient Go-to-Market Engine

Sales Expansion Focused on Tier 1 Markets

- Deepening coverage across all major U.S. cities
- 22% sales force growth to >550 sales associates in FY'23

Tier 1 Sales Coverage

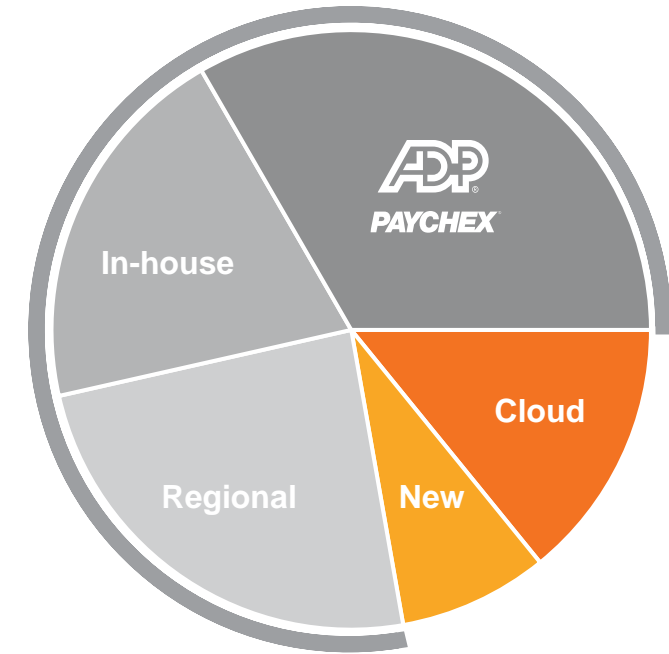


>50% SMB TAM
in Top 50 Cities

33% of the US
population is in
Tier 1 Markets

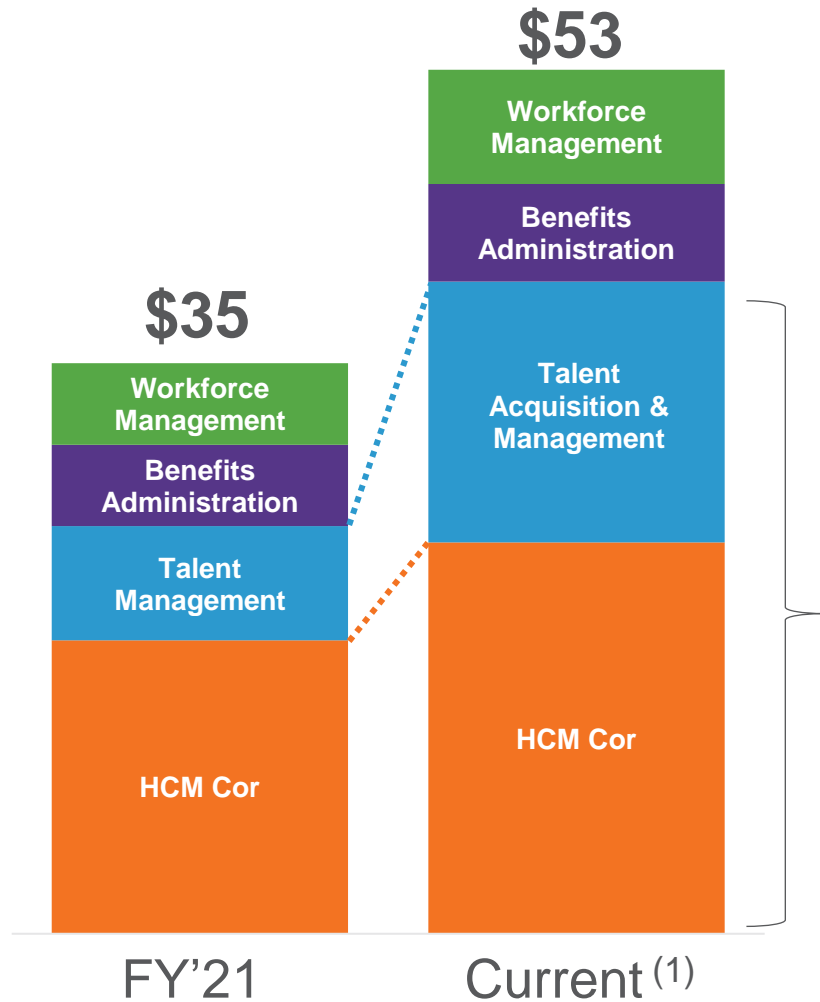
Source of Bookings

- 75% from legacy incumbents⁽¹⁾
- Expansive broker channel



(1) For period ended June 30, 2023.

Expanding our Product Portfolio and PEPM Opportunity



Building an Unrivaled Talent Management Suite

Framework and tools to transform frontline managers into leaders that drive results. By learning to more effectively Coach, Optimize, and Retain their associates, leaders can unlock the potential of their people and performance.

Applicant Tracking, Paycor Smart Sourcing, Micro Learning, OKRs

Expanding HCM Cor Universal Functionality

Comprehensive suite of HCM tools that automate routine tasks, mitigate compliance risks and drive efficiencies spanning HR, onboarding, payroll, compensation, surveys, expenses, reporting and analytics.

Pulse Surveys, Advanced Analytics, Paycor Engage, Pay Benchmarking

(1) Represents our list per-employee per-month ("PEPM") rate as of March 31, 2024 for our full suite of products.

Q3 FY'24 Highlights



Revenue Growth

Delivered 16% revenue growth for the quarter, driven primarily by strong new client growth and continued PEPM expansion.



Sales Coverage Expansion

Targeting low to mid-teens sales headcount growth to continue expanding sales coverage and driving productivity.



HCM Suite & PEPM Expansion

Effective PEPM increased 4% year-over-year, driven by cross-sales, pricing initiatives, and higher bundle adoption at the point of sale.



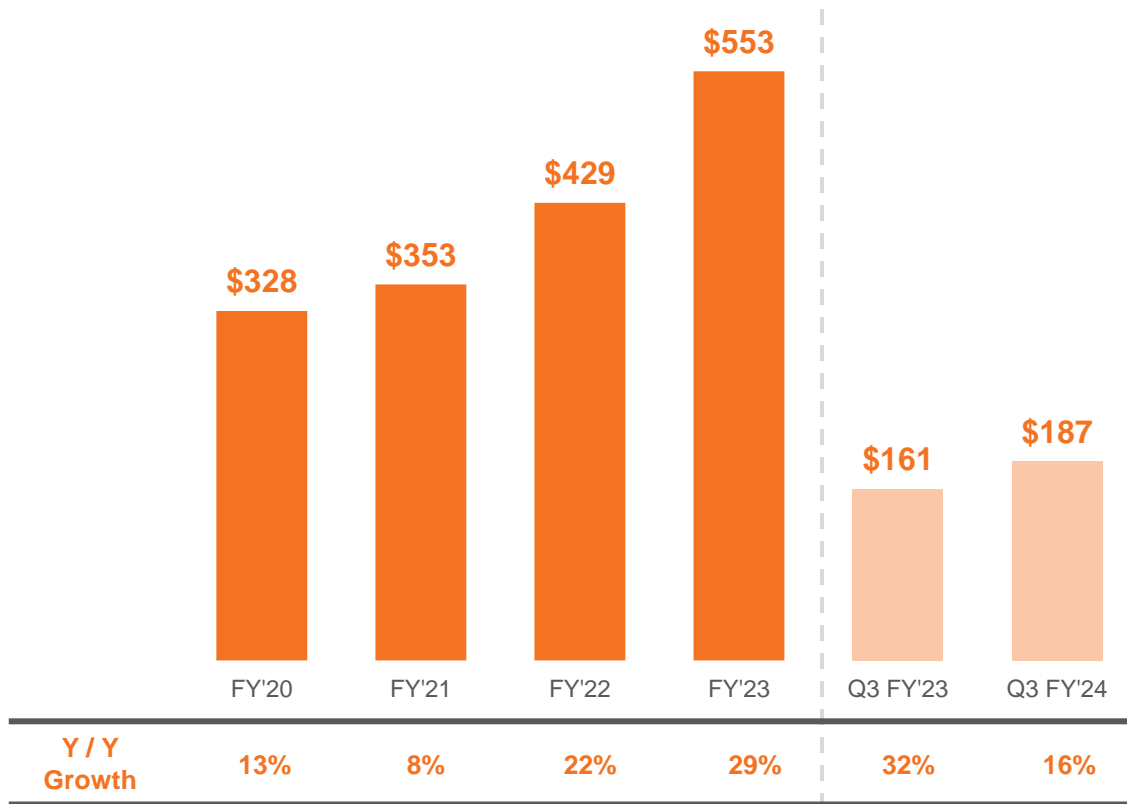
Margin & FCF Expansion

Expanded adjusted operating income margins 130 bps and generated \$28 million of adjusted free cash flow this quarter.

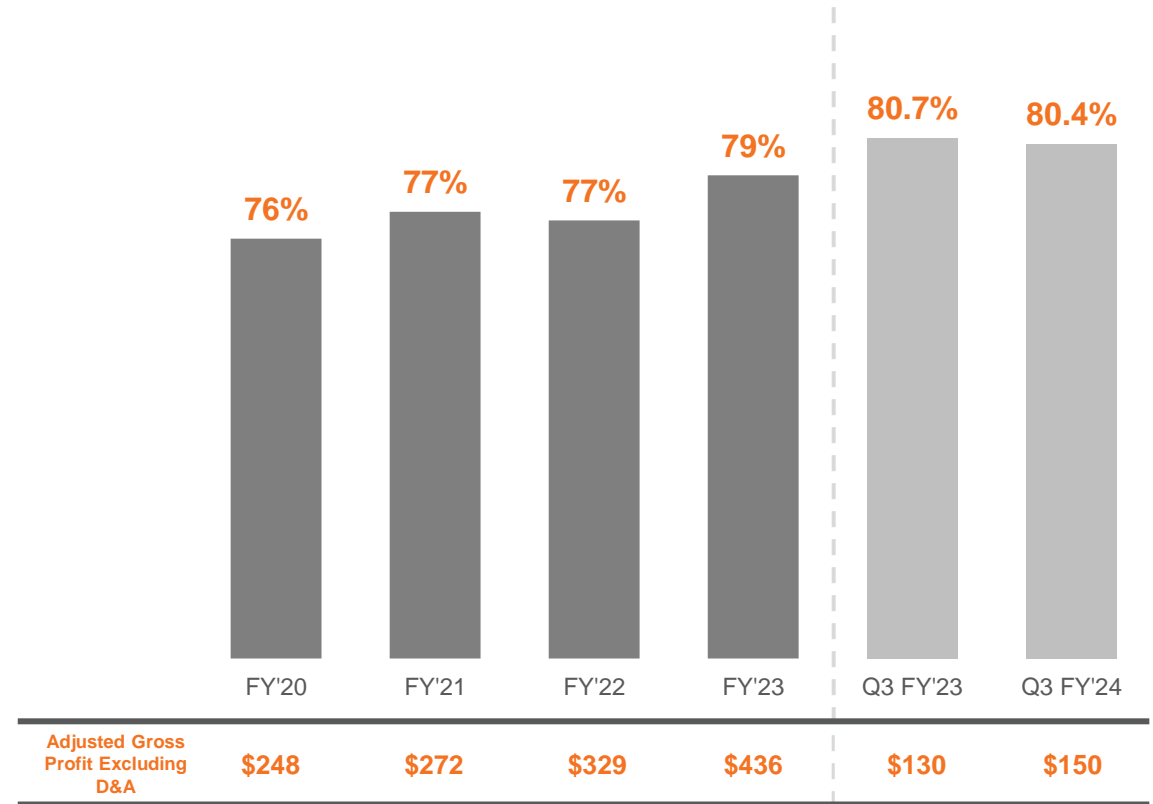


Strong Revenue Performance

Total Revenue

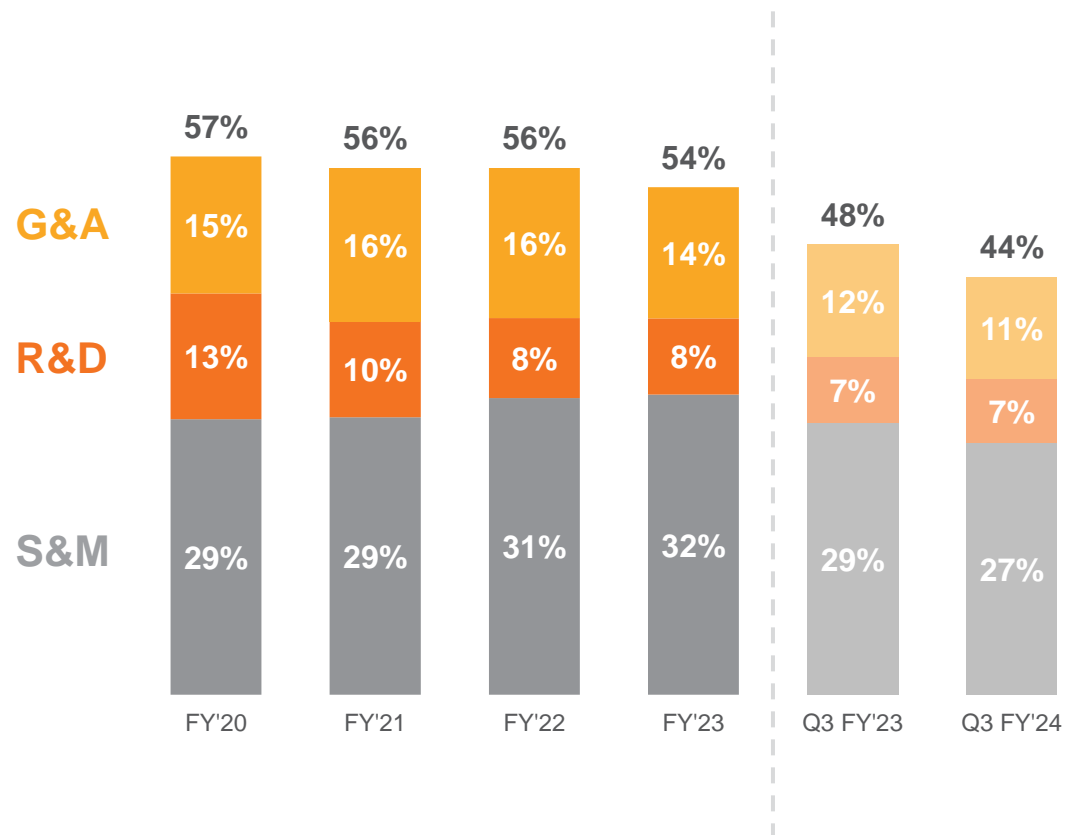


Adjusted Gross Profit Margin Excluding Depreciation & Amortization

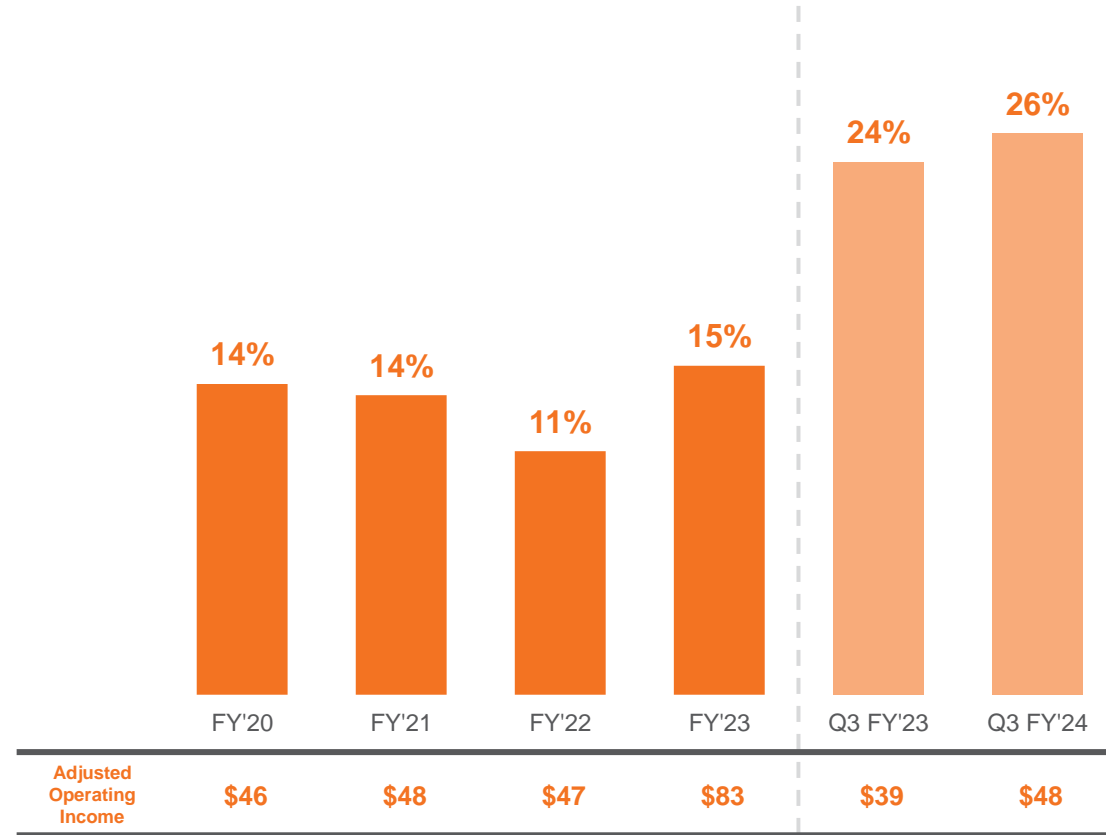


Operating Structure Built to Drive Growth

Adjusted Operating Expenses as % of Revenue



Adjusted Operating Income Margin



Q4 & FY'24 Guidance

	<u>Q4 FY'24</u>	<u>FY'24</u>
Total Revenue	\$160 to \$162	\$650 to \$652
<i>Year-over-year Growth</i>	<i>14.3% to 15.7%</i>	<i>17.6% to 18.0%</i>
Adjusted Operating Income	\$21 to \$22	\$108 to \$109
<i>Adjusted Operating Income Margin</i>	<i>13.1% to 13.6%</i>	<i>16.6% to 16.7%</i>

Note: We are unable to reconcile forward-looking adjusted operating income to forward-looking loss from operations, the most closely comparable GAAP financial measure, because the information needed to provide forward-looking loss from operations and to complete a reconciliation is unavailable at this time without unreasonable effort as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact loss from operations for these periods but would not impact adjusted operating income. Such items include stock-based and liability incentive expenses and corporate adjustments. \$ in millions.

Paycor[®] Is Positioned for Significant Growth



Massive, growing & still underserved market



Unified, disruptive HCM platform for SMB leaders



Multiple, proven growth strategies



Attractive subscription model & strong financial profile





Appendix

Key Definitions

“We,” “us,” “our,” “the Company,” “Paycor,” and similar references refer to Paycor HCM, Inc., and unless otherwise stated, all of its subsidiaries.

“Apax Partners,” “Apax,” or “our Sponsor” refers to Apax Partners L.P., a global private equity firm, collectively, with its affiliates.

“Metropolitan statistical areas” refers to the metropolitan statistical areas delineated by the United States Office of Management and Budget as in effect as of the date of this prospectus.

“Net revenue retention” refers to the current quarterly period recurring revenue for the cohort of customers at the beginning of the prior year quarterly period, divided by the recurring revenue in the prior year reporting period for that same cohort. In calculating the net revenue retention for a period longer than a quarter, such as a fiscal year, we use the weighted average of the retention rates (calculated in accordance with the preceding sentence) for each applicable quarter included in such period.

“Gross Revenue Retention” is calculated as one minus the prior year respective period recurring revenue for the cohort of customers at the beginning of the prior year respective period who have processed a CLR within the last twelve months, divided by the recurring revenue in the prior year reporting period for the cohort of customers at the beginning of the prior year.

“Recurring revenue” refers to, with respect to any period, all recurring service revenues attributable to payroll, workforce management, and HR-related cloud-based computing services.

“Tier 1 markets” refers to the 15 most populous metropolitan statistical areas in the United States.

“Tier 2 markets” refers to the 15 most populous metropolitan statistical areas in the United States other than Tier 1 markets.

“Tier 3 markets” refers to the 20 most populous metropolitan statistical areas in the United States other than Tier 1 markets and Tier 2 markets.

“Total bookings” with respect to any period is defined as the aggregate year-one values of all new customer contracts acquired during such period, including new sales to existing clients. Total bookings includes both recurring fees and implementation services.

“Total customers” refers to a parent company grouping, which may include multiple subsidiary client accounts with separate taxpayer identification numbers.

“Enterprise Segment” customers with 1,000+ EEs

“Mid-Market Segment” or “MM Segment” customers with 100-999 EEs

“Small Market Segment” or “SM Segment” customers with 10-99 EEs

“Micro Segment” customers with 1-9 EEs

“PEPM” refers to per-employee-per-month, whereby our revenue is derived from the number of employees of a given customer, and the amount, type, and timing of products provided to a customer’s employees



Non-GAAP Financial Measures

Adjusted Gross Profit and Adjusted Gross Profit Margin: We define Adjusted Gross Profit as gross profit before amortization of intangible assets, stock-based compensation expense, and other certain corporate expenses, in each case that are included in costs of recurring revenues. We define Adjusted Gross Profit Margin as Adjusted Gross Profit divided by total revenues.

Adjusted Gross Profit Excluding D&A and Adjusted Gross Profit Margin Excluding D&A: We define Adjusted Gross Profit Excluding D&A as gross profit before amortization of intangible assets, stock-based compensation expense, other certain corporate expenses and depreciation and amortization, in each case that are included in costs of revenues. We define Adjusted Gross Profit Margin Excluding D&A as Adjusted Gross Profit Excluding D&A divided by total revenues.

Adjusted Operating Income and Adjusted Operating Income Margin: We define Adjusted Operating Income as income (loss) from operations before amortization of acquired intangible assets and naming rights, stock-based compensation expense, exit cost due to exiting leases of certain facilities, and other certain corporate expenses. We define Adjusted Operating Income Margin as Adjusted Operating Income divided by total revenues.

Adjusted Operating Expenses: We define Adjusted Sales and Marketing expense as sales and marketing expenses before amortization of naming rights, stock-based compensation expense, and other certain corporate expenses. We define Adjusted General and Administrative expense as general and administrative expenses before amortization of acquired intangible assets, stock-based compensation expense, exit cost due to exiting leases of certain facilities and other certain corporate expenses. We define Adjusted Research and Development expense as research and development expenses before stock-based compensation expense and other certain corporate expenses.

Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin: We define Adjusted Free Cash Flow as cash provided (used) by operating activities less the purchase of property and equipment and internally developed software costs, excluding other certain corporate expenses, which are included in cash provided (used) by operating activities. We define Adjusted Free Cash Flow Margin as Adjusted Free Cash Flow divided by total revenues.

GAAP to Non-GAAP Reconciliation

	Reconciliation to Adjusted Gross Profit Excluding D&A					
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Revenue	\$187.0	\$161.5	\$552.7	\$429.4	\$352.8	\$327.9
Gross Profit	\$128.3	\$112.2	\$365.6	\$261.2	\$198.3	\$188.2
<i>Gross Profit Margin</i>	68.6%	69.5%	66.1%	60.8%	56.2%	57.4%
Amortization of intangible assets	\$0.7	\$1.4	\$5.3	\$19.3	\$46.1	\$42.9
Stock-based compensation expense	\$1.7	\$2.4	\$9.1	\$6.6	\$0.5	\$0.6
Corporate adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.7
Adjusted Gross Profit	\$130.7	\$116.0	\$380.0	\$287.2	\$244.9	\$233.4
<i>Adjusted Gross Profit Margin</i>	69.9%	71.8%	68.7%	66.9%	69.4%	71.2%
Amortization of deferred contract costs	\$9.5	\$6.8	\$26.1	\$17.3	\$10.6	\$5.7
Amortization of capitalized software	\$9.6	\$7.2	\$28.1	\$22.1	\$13.8	\$6.9
Depreciation	\$0.6	\$0.4	\$1.8	\$2.6	\$2.6	\$2.5
Adjusted Gross Profit, Excluding D&A	\$150.4	\$130.4	\$435.9	\$329.2	\$271.9	\$248.4
<i>Adjusted Gross Profit Margin, Excluding D&A</i>	80.4%	80.7%	78.9%	76.6%	77.1%	75.8%

Note: \$ in millions. Amounts may not foot due to rounding.

GAAP to Non-GAAP Reconciliation (cont'd)

	Reconciliation to Adjusted Operating Income					
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Income (Loss) from Operations	\$7.5	(\$8.0)	(\$104.7)	(\$139.6)	(\$89.3)	(\$94.7)
<i>Operating Margin</i>	4.0%	(5.0%)	(18.9%)	(32.5%)	(25.3%)	(28.9%)
Amortization of intangible assets	\$23.9	\$24.5	\$98.2	\$102.0	\$125.6	\$120.9
Stock-based compensation expense	\$14.8	\$20.4	\$78.2	\$71.4	\$4.2	\$4.9
Liability incentive award compensation expense	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.2)	\$3.1
(Gain) loss on lease exit	\$0.0	\$0.9	\$1.8	\$9.1	\$0.0	\$0.0
Corporate adjustments	\$1.5	\$1.4	\$9.0	\$4.7	\$7.7	\$12.1
Adjusted Operating Income	\$47.7	\$39.1	\$82.6	\$47.5	\$48.0	\$46.3
<i>Adjusted Operating Income Margin</i>	25.5%	24.2%	14.9%	11.1%	13.6%	14.1%

Note: \$ in millions. Amounts may not foot due to rounding.

GAAP to Non-GAAP Reconciliation (cont'd)

Reconciliation of Adjusted Operating Expenses						
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Sales and Marketing Expense	\$55.8	\$55.5	\$212.1	\$170.6	\$106.1	\$100.0
Amortization of intangible assets	(\$1.1)	(\$0.8)	(\$3.9)	\$0.0	\$0.0	\$0.0
Stock-based compensation expense	(\$4.8)	(\$8.3)	(\$32.4)	(\$35.5)	(\$1.4)	(\$1.7)
Liability incentive award compensation expense	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0
Corporate adjustments	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$1.1)	(\$2.5)
Adjusted Sales and Marketing Expense	\$50.0	\$46.4	\$175.8	\$135.1	\$103.7	\$95.8
<i>% of Revenue</i>	26.7%	28.8%	31.8%	31.5%	29.4%	29.2%
General and Administrative Expense	\$49.9	\$51.0	\$203.9	\$187.0	\$145.5	\$137.1
Amortization of intangible assets	(\$22.1)	(\$22.4)	(\$89.0)	(\$82.6)	(\$79.5)	(\$78.0)
Stock-based compensation expense	(\$6.1)	(\$7.2)	(\$27.1)	(\$22.5)	(\$2.2)	(\$1.9)
Liability incentive award compensation expense	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.1)
Gain (loss) on lease exit	(\$0.0)	(\$0.9)	(\$1.8)	(\$9.1)	\$0.0	\$0.0
Corporate adjustments	(\$1.5)	(\$1.4)	(\$9.0)	(\$4.6)	(\$6.5)	(\$6.5)
Adjusted General and Administrative Expense	\$20.2	\$19.2	\$77.0	\$68.2	\$57.3	\$47.7
<i>% of Revenue</i>	10.8%	11.9%	13.9%	15.9%	16.3%	14.5%
Research and Development Expense	\$15.1	\$13.7	\$54.3	\$43.1	\$36.0	\$45.9
Stock-based compensation expense	(\$2.3)	(\$2.5)	(\$9.6)	(\$6.8)	(\$0.1)	(\$0.8)
Corporate adjustments	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$1.5)
Adjusted Research and Development Expense	\$12.7	\$11.2	\$44.6	\$36.4	\$35.9	\$43.6
<i>% of Revenue</i>	6.8%	6.9%	8.1%	8.5%	10.2%	13.3%

Note: \$ in millions. Amounts may not foot due to rounding.

GAAP to Non-GAAP Reconciliation (cont'd)

	Reconciliation to Adjusted Free Cash Flow					
	Three Months Ended	Three Months Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended
	March 31, 2024	March 31, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Net cash provided (used) by operating activities	\$39.7	\$34.9	\$48.1	\$24.4	\$10.8	\$0.1
Purchase of property and equipment	(\$0.4)	(\$0.7)	(\$5.0)	(\$2.0)	(\$3.3)	(\$7.8)
Internally developed software costs	(\$13.0)	(\$11.9)	(\$42.3)	(\$30.8)	(\$22.0)	(\$18.8)
Corporate adjustments	\$1.5	\$1.4	\$9.0	\$4.7	\$7.7	\$12.1
Adjusted Free Cash Flow	\$27.8	\$23.7	\$9.8	(\$3.8)	(\$6.8)	(\$14.4)
<i>Adjusted Free Cash Flow Margin</i>	14.9%	14.7%	1.8%	(0.9%)	(1.9%)	(4.4%)