



The Wealth Avenging Business Rebel Wizards



Game Plan



Speaker	Segment
Tristan Smith	Company Overview, Value Bands
Mark Dziadul	Revenue Breakdown, Growth Opportunities
Ryker Purdy	Management & Capital Allocation
Jenna Lindemann	Economic Moat, Competitor Analysis
Pablo Samanez	Interpretation of Financial Statements, Risk Factors, Valuation



Why Paycom?

Easy to understand

Predictable Revenue Growth

No debt & strong financials

Opportunity for Growth





Tristan Smith

Company Overview



Company Information



Ticker

NASDAQ: PAYC

Market Capitalization

\$13.32 Billion

Employee Count

7,308

Founded In

1998

IPO'd In

2014

Headquarters

Oklahoma City, OK



52 Week Price Chart



1/31/2025

 paycom®

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5 Year Price Chart





History

Chad Richison, founder and CEO,
launches Paycom in Oklahoma
City, Oklahoma

1998

1999

Paycom becomes one of the first
companies to process payroll
completely online

Paycom goes public on the New
York Stock exchange under the
ticker symbol "PAYC"

2014

2019

Paycom's industry-first Direct
Data Exchange® debuts and won
Awesome New Technology
honors from the HR Technology
Conference

1/31/2025



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History

Manager on-the-Go® debuts on the Paycom mobile app and earns a spot on *Human Resource Executive* magazine's Top HR Products 2020 list.

2020

2020

Paycom joins the S&P 500, cementing its presence among the country's largest, most profitable corporations.

Paycom founder and CEO Chad Richison is recognized by Glassdoor as one of the highest-rated CEOs during the COVID-19 crisis.

2020

2021

Paycom debuts Beti®, the industry's first tool to allow employees to do their own payroll, earning Top HR Product 2021 honors.

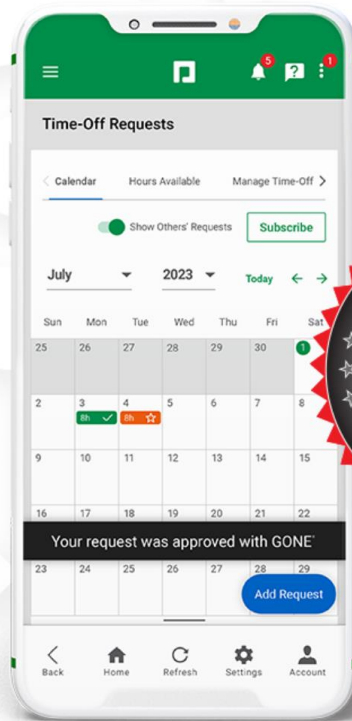
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Recent News

Paycom's GONE named Top HR Product of 2024



**Beti expansion
in Canda,
Mexico, U.K.,
and Ireland**

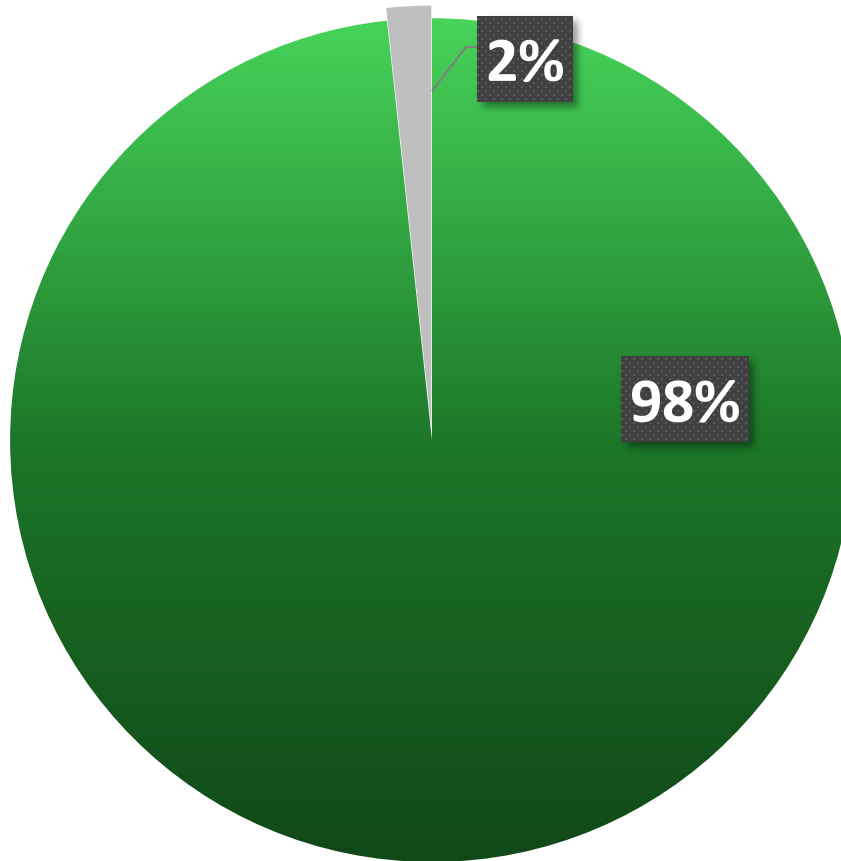


Mark Dziadul

Revenue Breakdown



Revenue



- Recurring
- Implementation & Other

Current Market is
based in U.S.



Revenue Segments

Recurring Revenue

Applications

HR Management

Talent Acquisition

Time and Labor
Management

Payroll

Talent Management

Processing Fees

Implementation & Other

Upfront
Conversion Fees

Timeclocks





Business Model



**SaaS
(Software-
as-a-
Service)**

**Manage HR
and Payroll**

**Real-Time
product
data
integration**

**Cloud
based
platform**



Business Model

**Monthly
Subscription**

**Pricing Varies by
Company**

**per-employee, per-
month (PEPM) fee**

Estimates

**Large Mid-Market
presence 50-750
employees**

**Implementation
may be \$500 for
15 employees**

**Range \$25 to \$36
PEPM fee**

**Implementation
may be \$1,200 for
40 employees**



Products

Talent Acquisition



Applicant Tracking



E-Verify®



Candidate Tracker



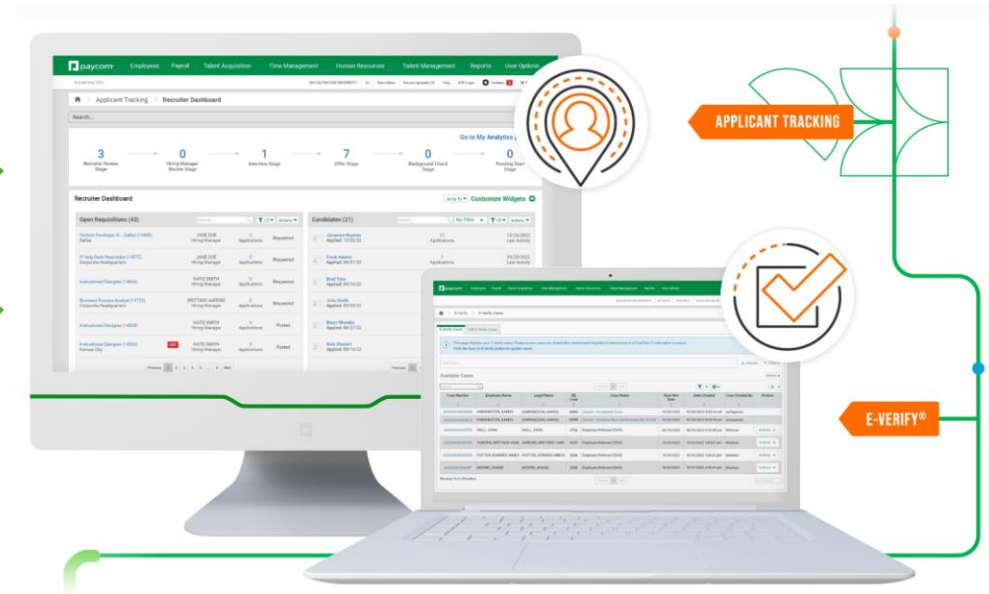
Tax Credits



Enhanced
Background Checks

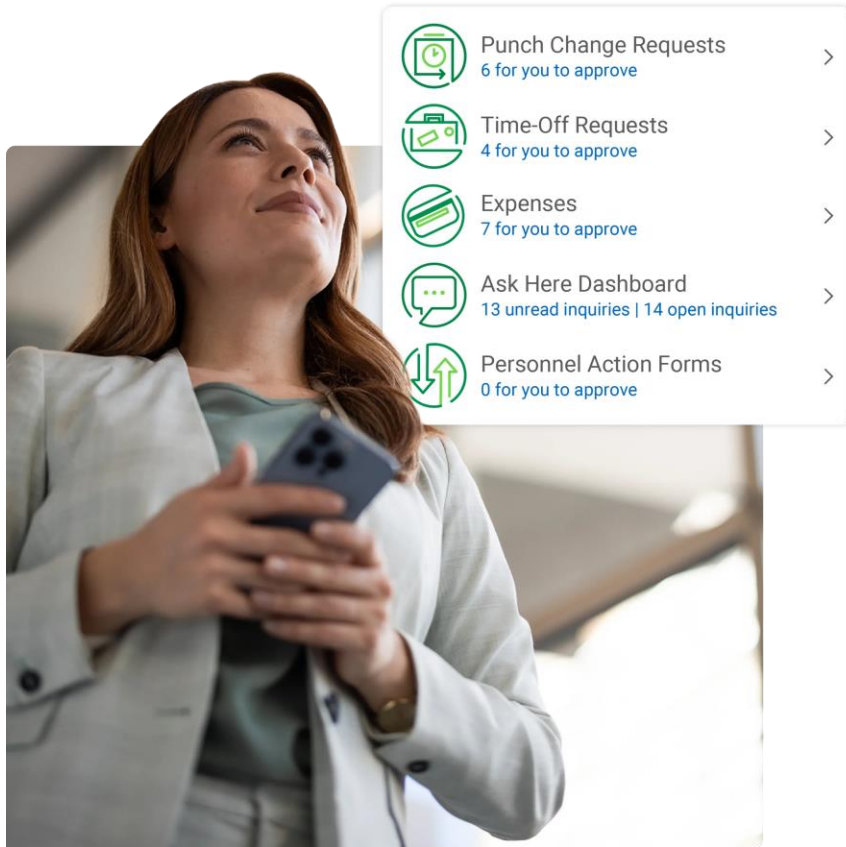


Onboarding





Products



Time and Labor Management



Time and
Attendance



Geofencing/Geotracking



Scheduling



Labor Management
Reports/Push Reporting®



Time-Off Requests
with GONE™



Microfence®



Labor Allocation

GONE™



automates
Time-Off Requests

set criteria

calculate your ROI

Transparency





Products

Payroll



Beti



Paycom Pay®



Garnishment
Administration



Payroll and Tax
Management



Client Action
Center™



GL Concierge



Vault Visa® Payroll
Card



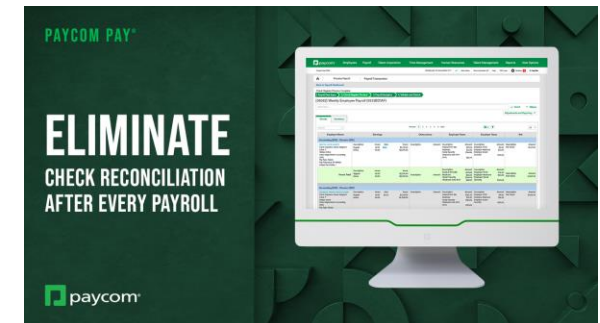
Expense
Management



Everyday™



Mileage
Tracker/FAVR





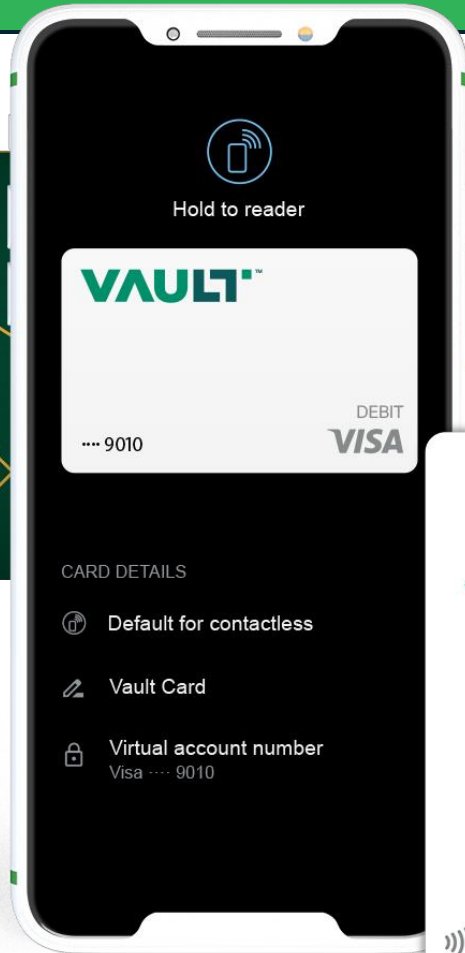
Beti

(Better Employee Transaction Interface™)





Vault Visa® Payroll Card



Access Wages

Mobile Wallets

Secure

No Fees



Products

Talent Management



Employee Self-Service



Compensation Budgeting



Performance Management



Pension Management



My Analytics



Paycom Learning



Products

HR Management



Manager on-the-Go



Direct Data
Exchange



Ask Here



Documents and
Checklists



Government and
Compliance



Benefits Administration/
Benefits to Carrier



Benefit Enrollment
Service



Report Center



Enhanced ACA



COBRA
Administration



Personnel Performance
Action Forms and
Discussion Forms



Paycom Surveys



401(k) reporting



Clue®

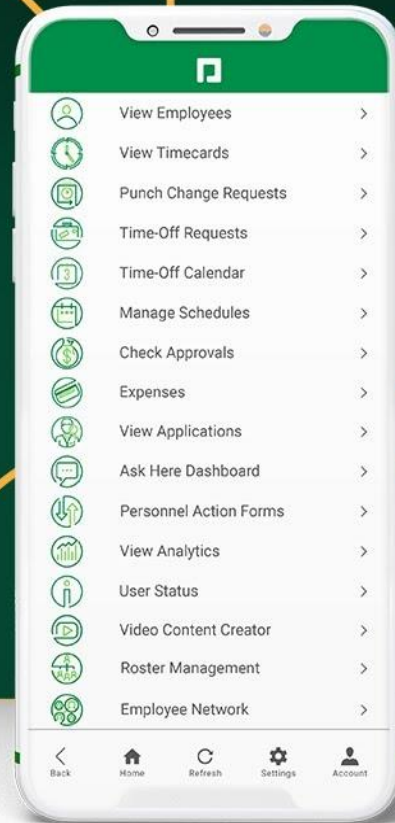


Manager-on-the-Go



MANAGER ON-THE-GO®

EXPERIENCE



anytime, anywhere

HR Requests

Schedules

Seamless Integration

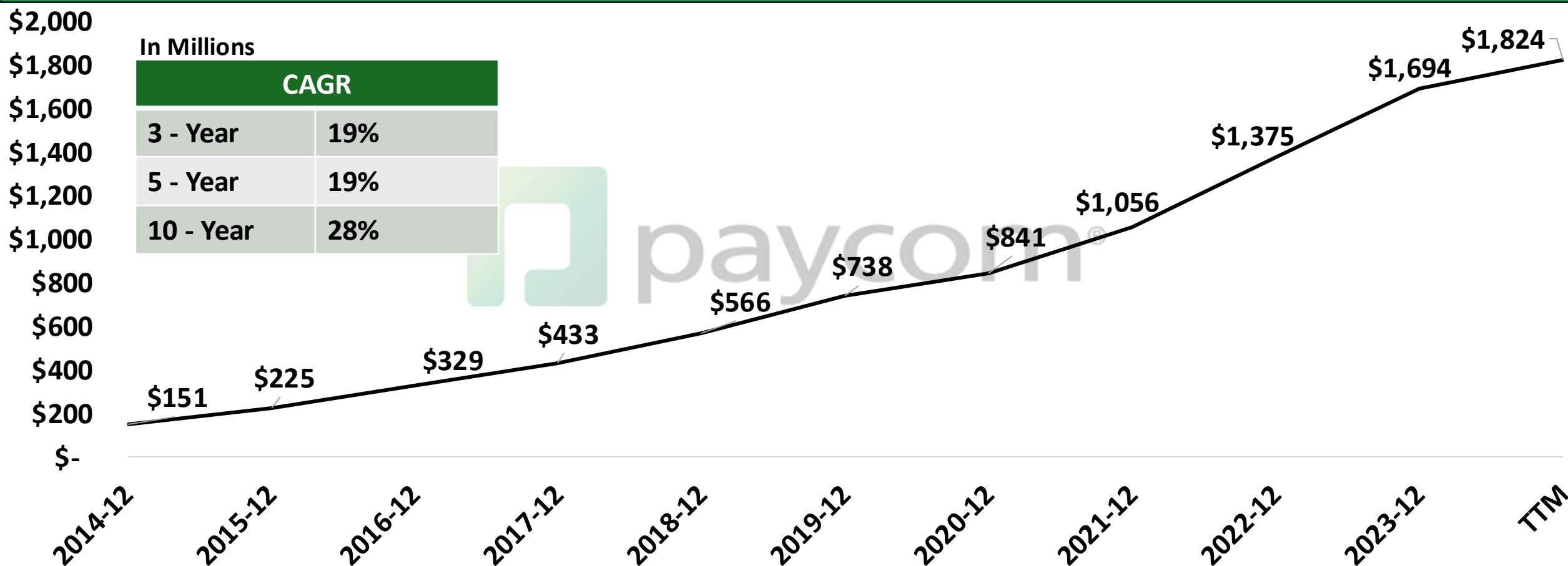


Pablo Samanez

Interpretation of Financial Statements



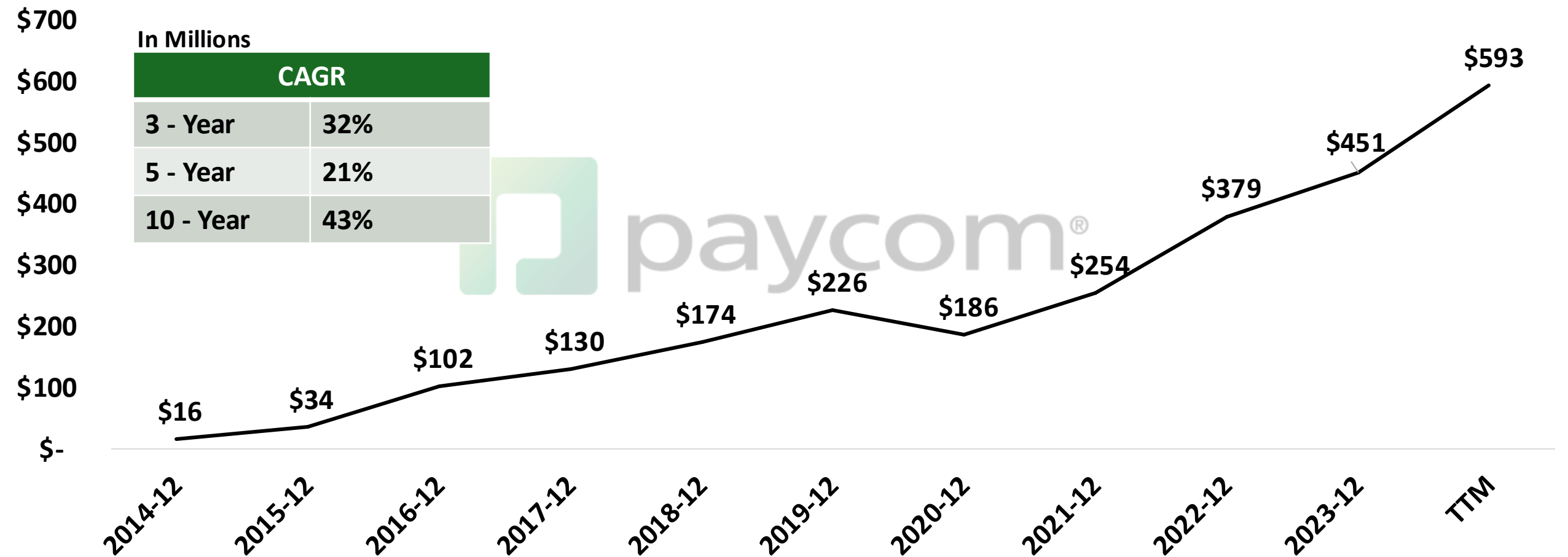
Revenue





Operating Income

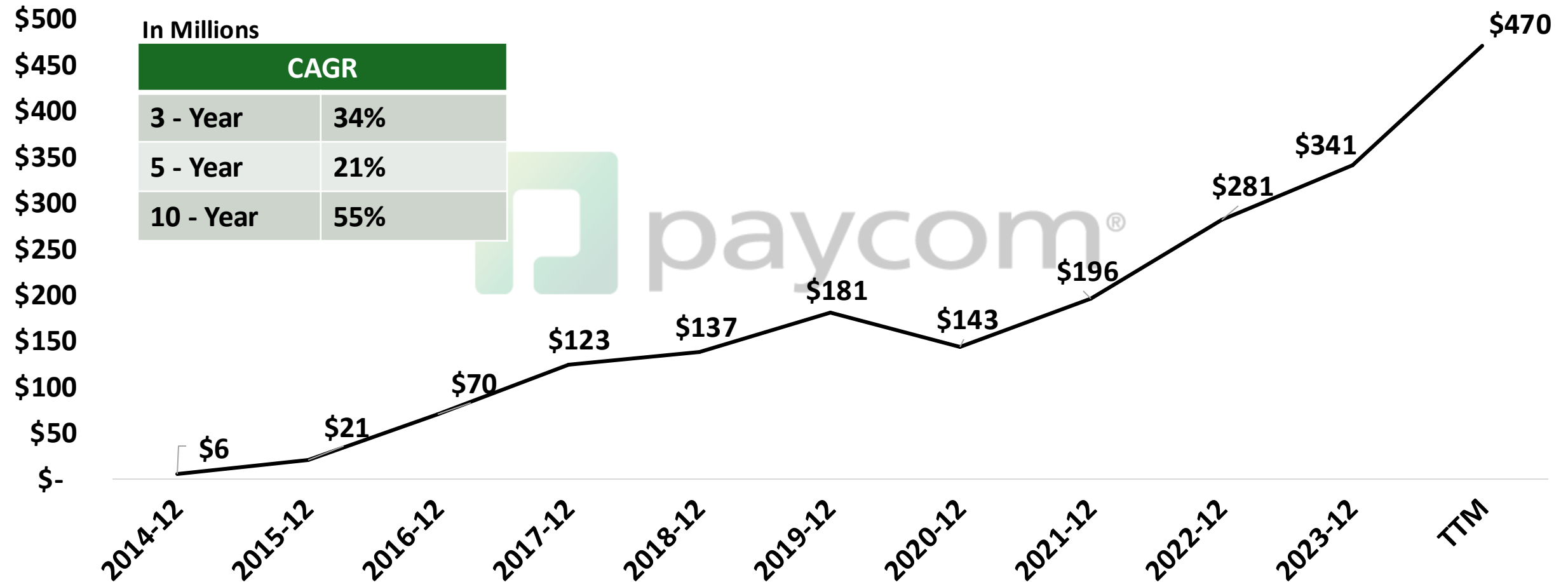
Operating Income = Gross Profit – Total Operating Expenses





Net Income

Net Income = Revenue - Expenses





Earnings Per Share

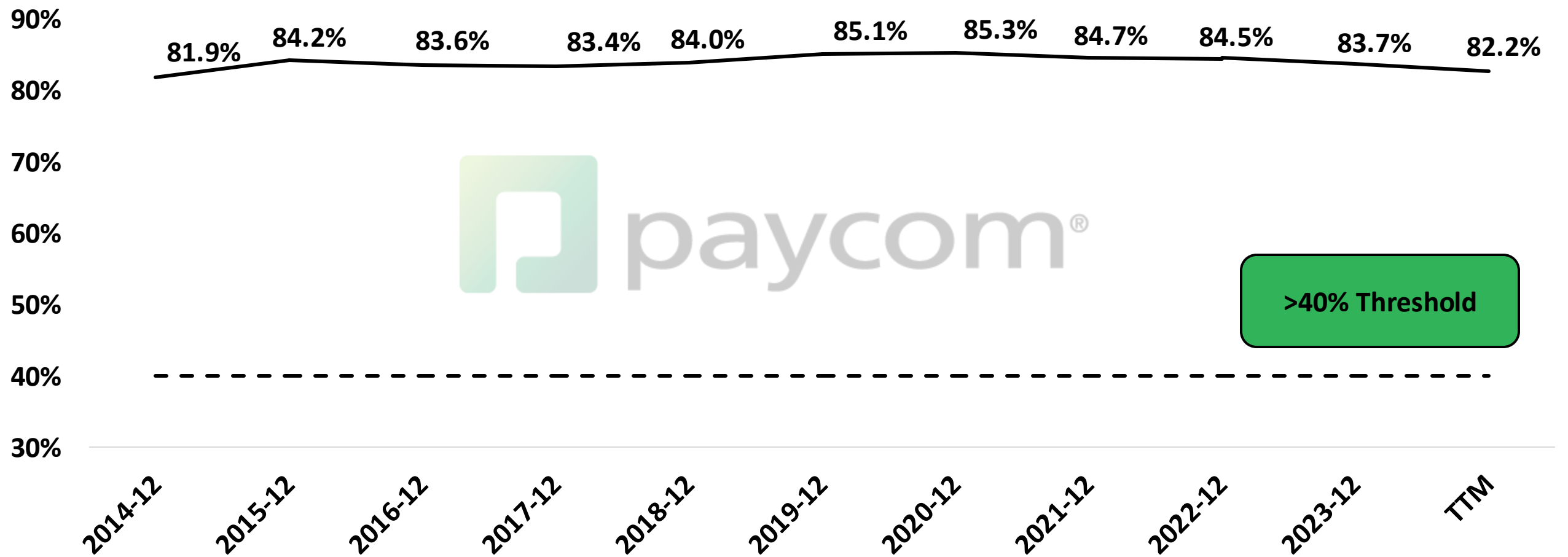
Earnings Per Share = Net Income/Shares Outstanding





Gross Margin

Gross Margin = Gross Profit/Revenue



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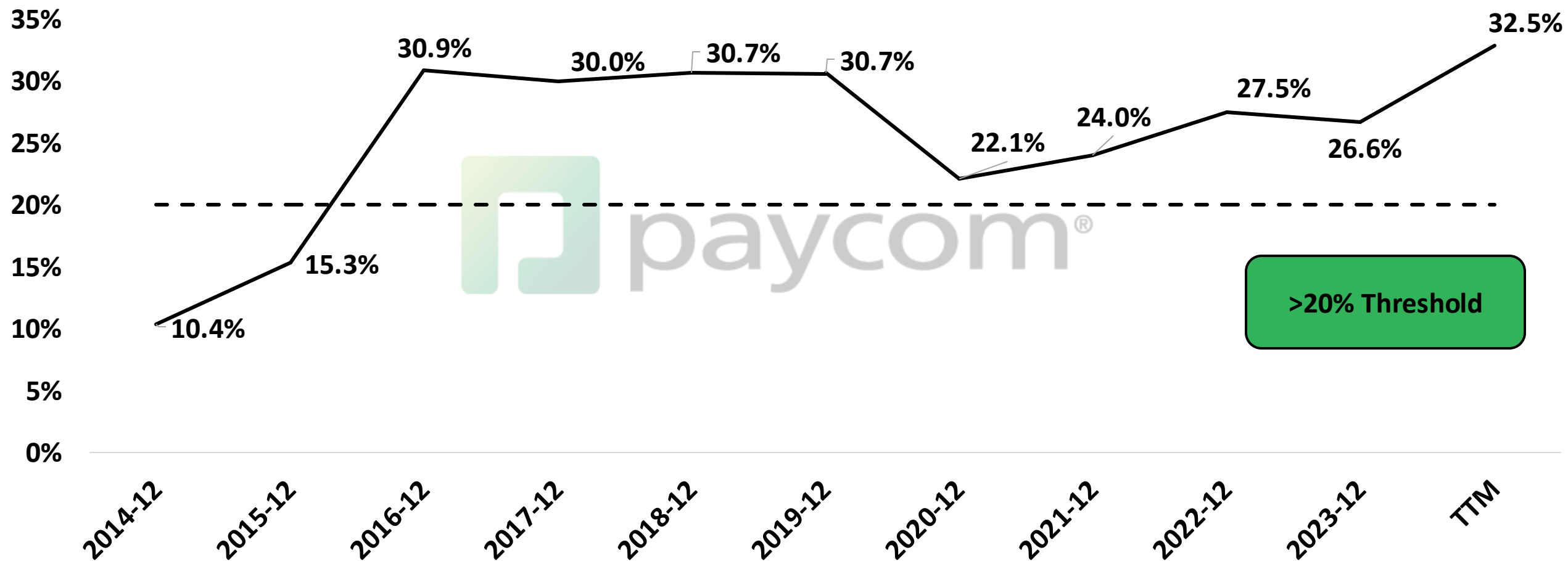
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Operating Margin

Operating Margin = Operating Income/Revenue

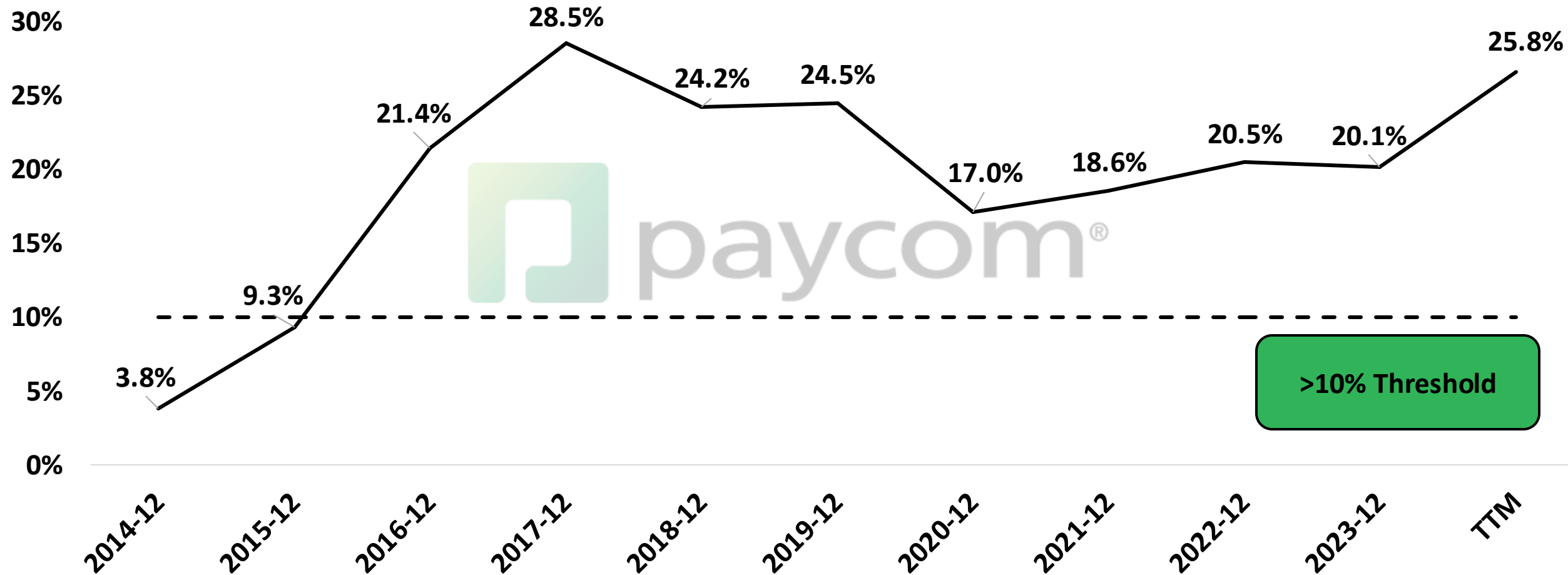


>20% Threshold



Net Margin

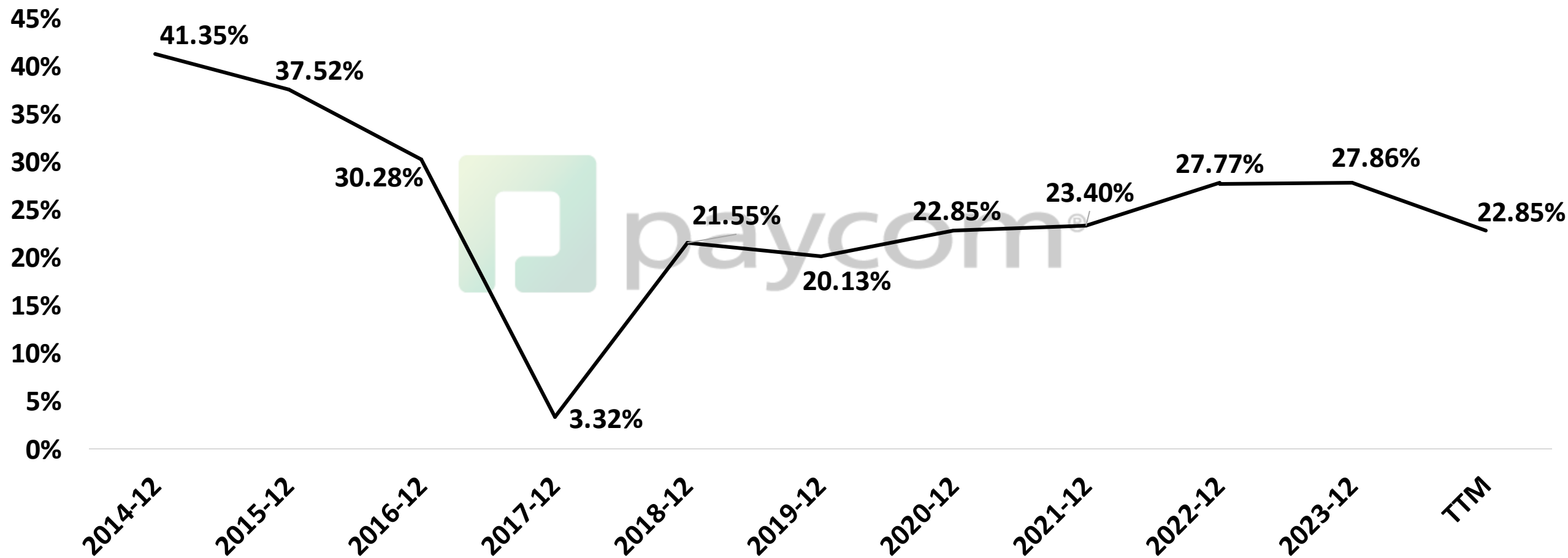
Net Margin = Net Income/Revenue



>10% Threshold



Tax Rate



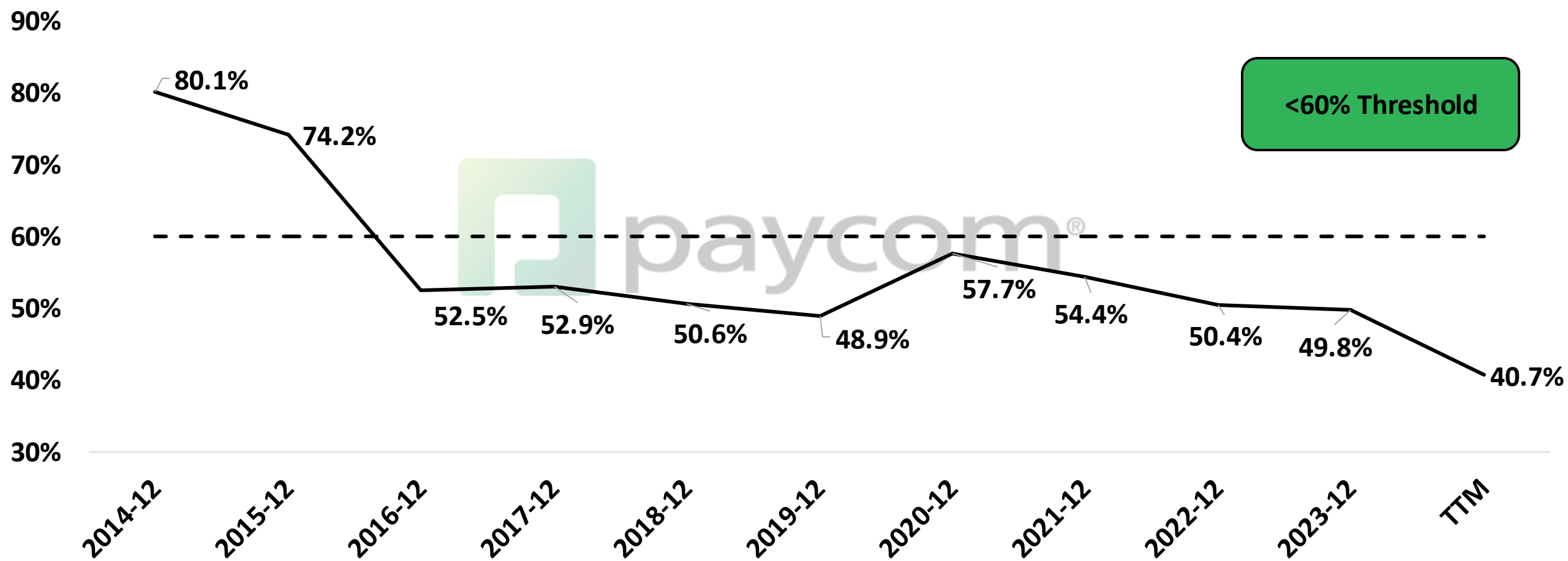
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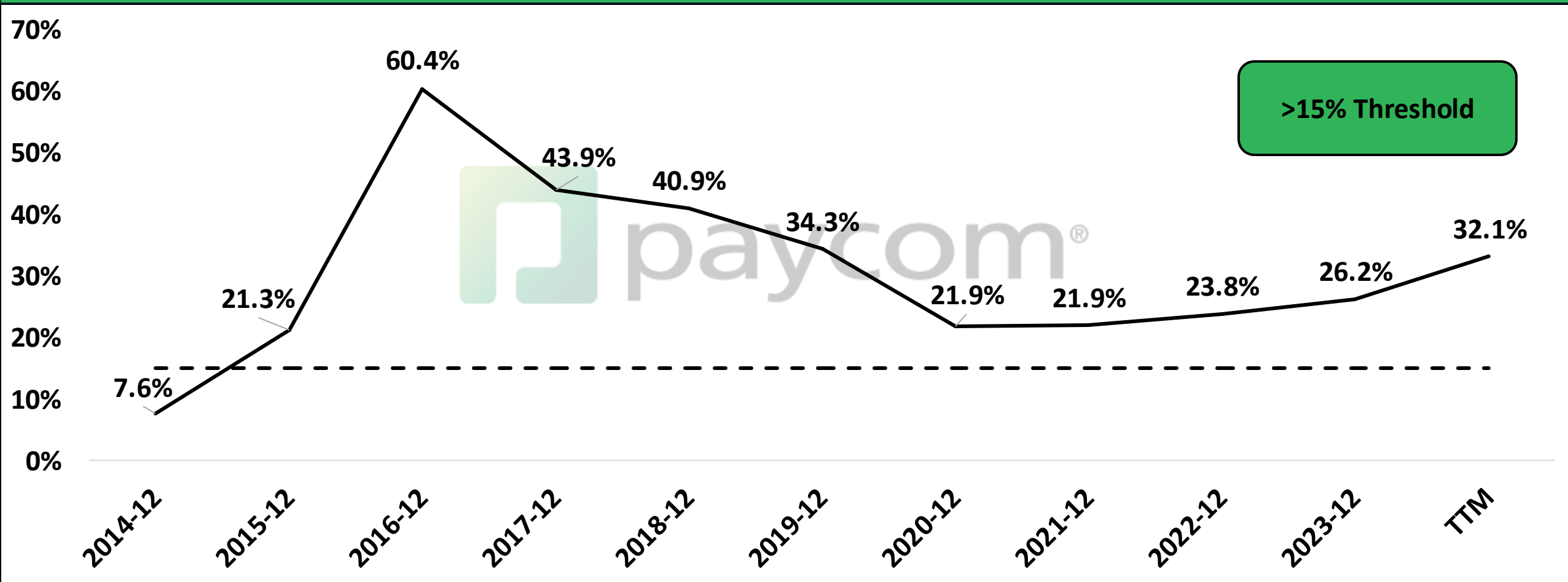
SGA as a % of Gross Profit





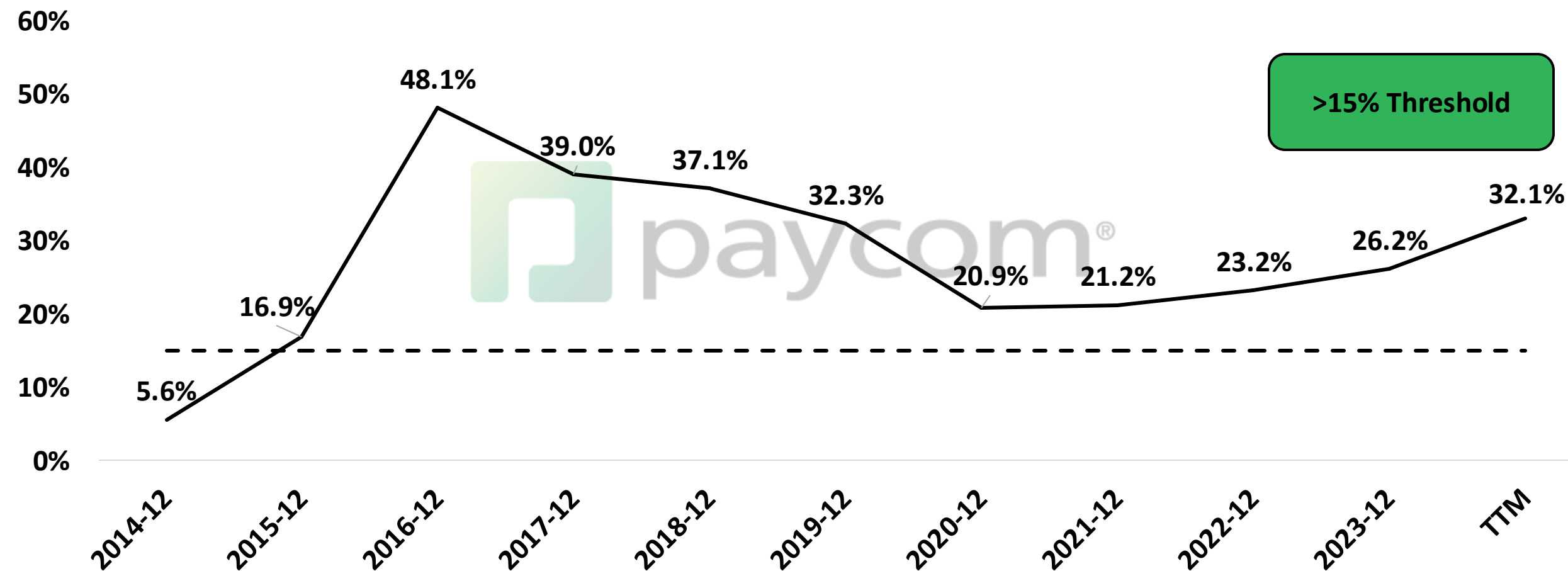
Return on Equity

Return On Equity = Net Income/Shareholders Equity





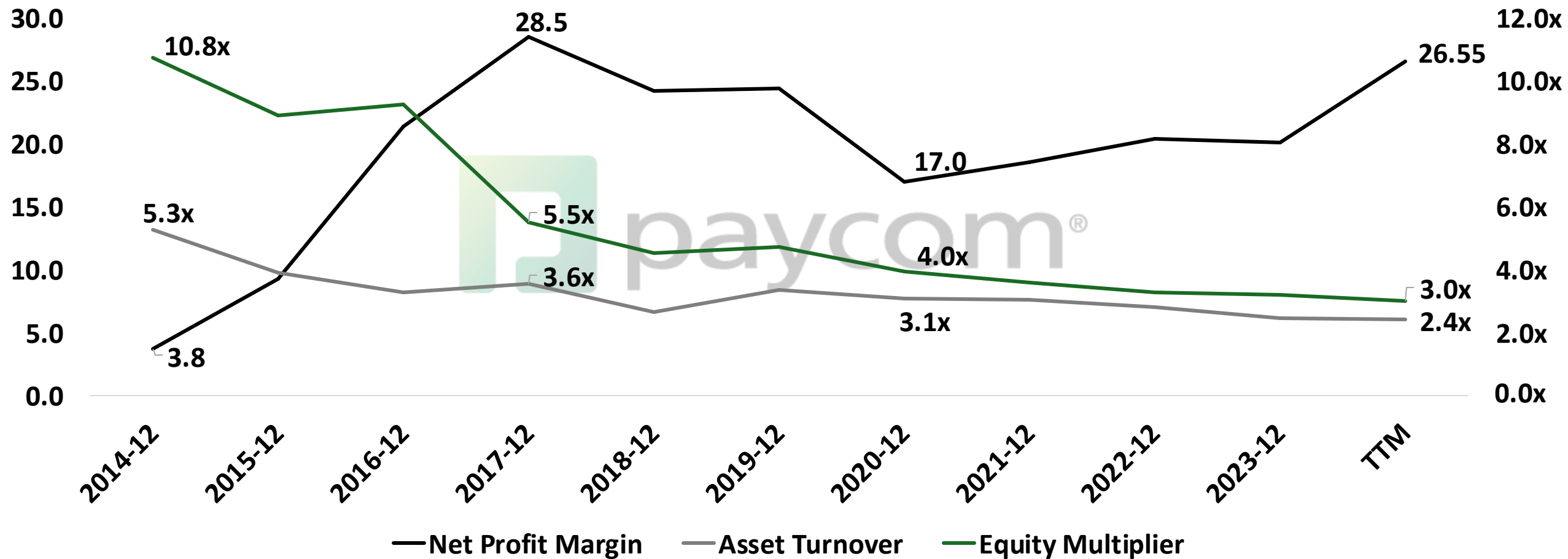
Return on Capital





DuPont Analysis

$$\text{ROE} = (\text{Net Income/Sales}) \quad (\text{Assets/Equity}) \quad (\text{Sales/Assets})$$





Obligation Ratio

Long-Term Debt (+)	\$0
Short-Term Debt (+)	\$0
Leases x7 (+)	\$202
Pension Shortfall (+)	\$0
Cash (-)	\$326
Divide by Net Income	\$470
	(0.3) Years



Ryker Purdy

Management

11/7/

paycom

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Jenna Lindemann

Economic Moat

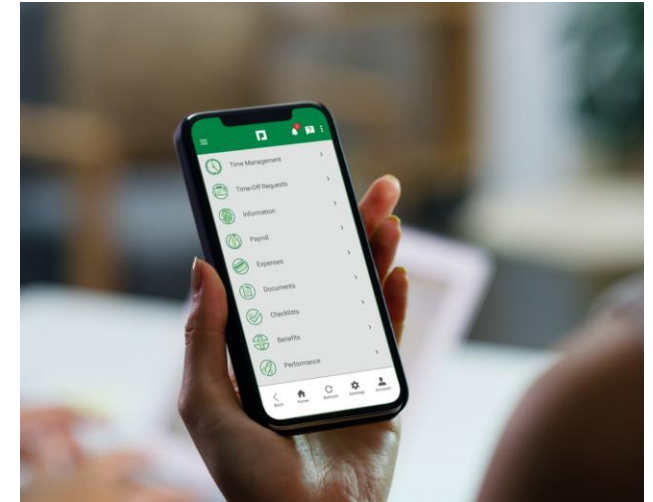


Economic Moat



Switching Costs

Intangible Assets





Switching Costs

- Payroll and HCM software is deeply embedded in business operations
- Revenue retention of 90%
- Risk of losing sensitive data
- Retrain employees
- Costly and time intensive





Switching Costs

- Highly scalable business model
- Historically, our target client size range has been organizations with 50 to 10,000 employees, and recently expanded target client range to >10,000
- Pricing is based on employee headcount and the number of applications utilized, enabling our clients to align HCM spending with their evolving HCM needs, meaning no new software

A single HCM software for *all* your enterprise's payroll and HR needs



Intangible Assets

- Trademarks
- Copyrights
- Contractual Restrictions
- Partnerships
 - Naming right to the Oklahoma City arena, now called Paycom Center. Home to the Oklahoma City Thunder NBA





Mobile App

- Employees can do their own payroll through industry-first Beti® technology.
- GONE™ is a time-off requests application automates and standardizes the time-off request process..
- Fingerprint and facial recognition capabilities, aiding employers in creating technology-dependent workers.
- Management courses, training paths, surveys, performance goals and reviews. Which offers real-time HR information





Data & Business Analytics

- **Direct Data Exchange® (DDX®)**, Our industry-first employee management analytics tool, which shows employers efficiencies gained through employee usage.
- This leads to reduced admin and operational costs for our clients.
- Store data for 6.8 million employees





Mark Dziadul

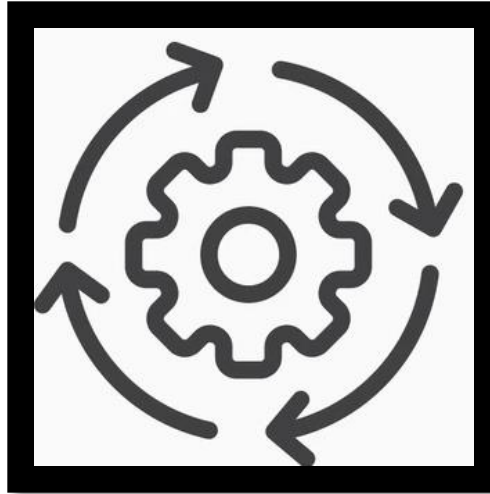
Growth Opportunities



Paycom Growth Strategy



**World Class
Service**



**Solution
Automation**



**Client ROI
Achievement**



World Class Service



Enhance AI systems

Service Response
Improvement

High Client
Retention

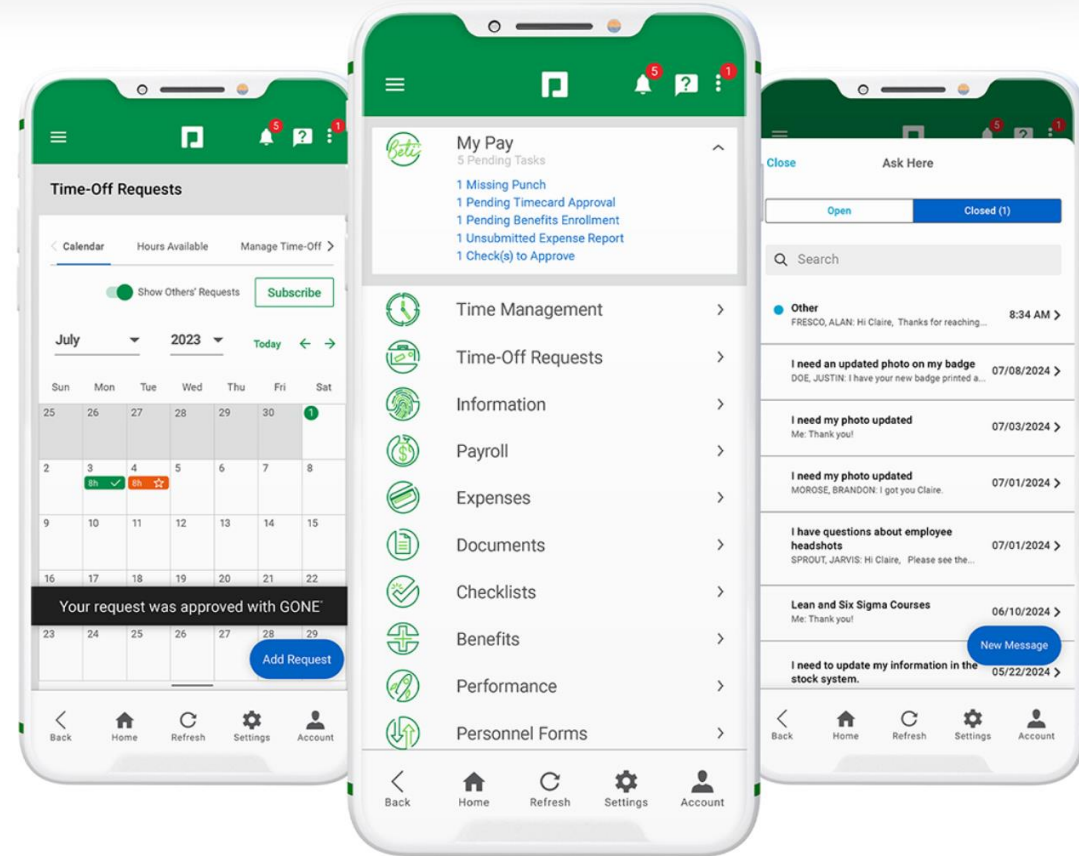


Solution Automation

Automation-driven
efficiency

Significant ROI
benefits

Accelerated
revenue growth





Client ROI Achievement



The secure payroll and HCM services from Paycom are recognized as American Hospital Association Preferred Cybersecurity Provider Program Services

Automates expense process

Reduces manual work

Prevents overpayment errors



Other Growth Opportunities



Product Innovation

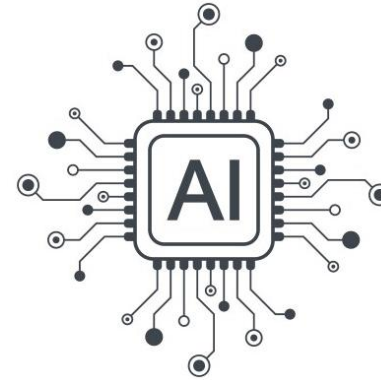
**Strategic
Partnerships and
Acquisitions**



Market Expansion



Product Innovation



Enhance Automation
and AI Integration

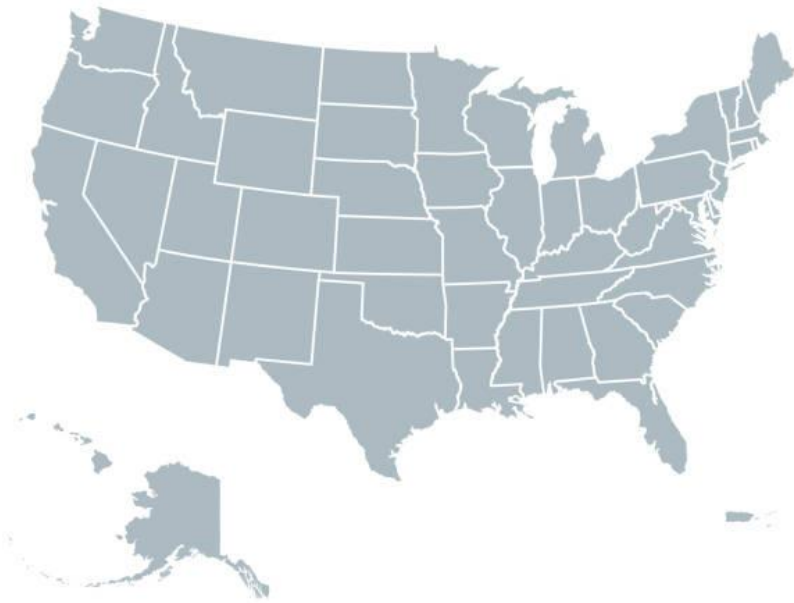


Integration of
Paycom's Global HCM



Market Expansion

Domestic



International



Strategic Partnerships and Acquisition

No debt and
strong financials

Potential
Alliances and
Acquisitions

Expand Paycom's
company potential





Jenna Lindemann

Competitor Analysis



Competitors

PAYCHEX[®]



intuit[®]

paylocity

 **paycom**[®]

ADP[®]



Competitors



- Cloud-based Human Resources
- Payroll
- Spend Management Software Solutions
- HCM Software Solutions



- Cloud-based Human Capital Management
- Talent Acquisition
- Time and labor Management
- Payroll
- Talent Management
- HR Management Applications



- Cloud-based HCM Solutions
- Payroll
- Attendance
- Talent
- Tax
- HR Services



Competitors

PAYCHEX[®]

- Human resources
- Payroll
- Tax filing
- Time & attendance tracking
- Employee Benefits Administration



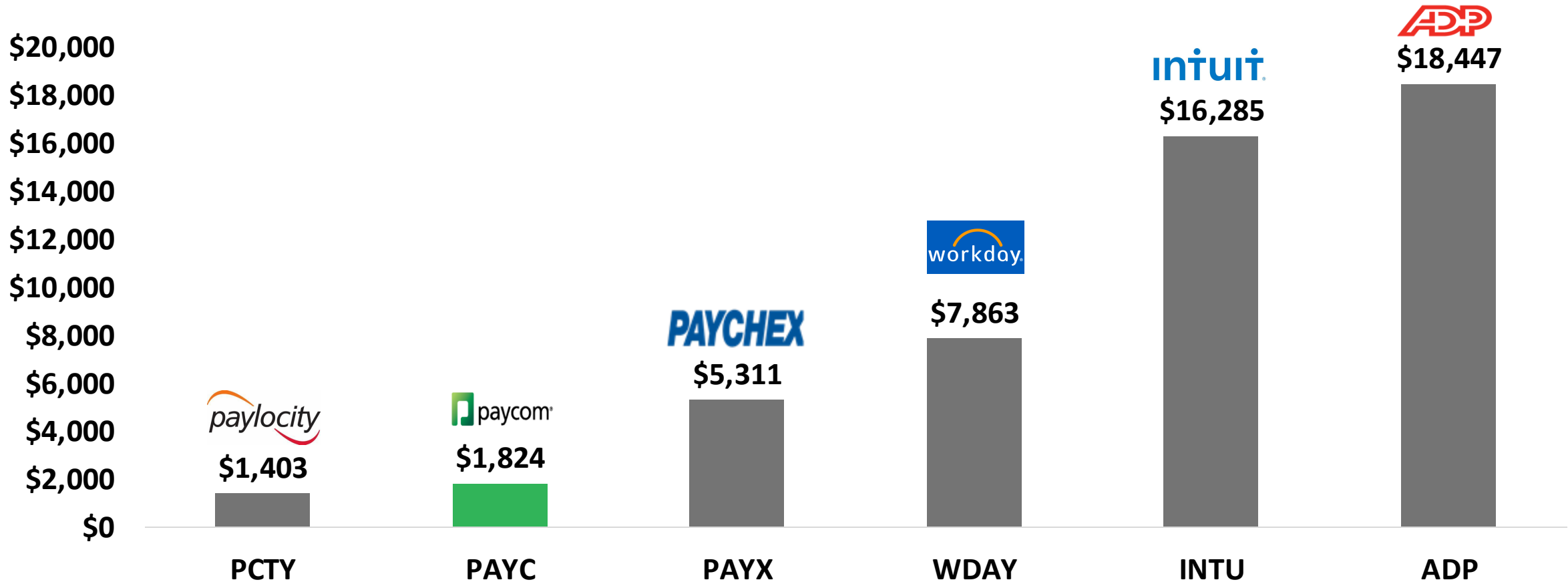
- Cloud- Based Financial Management
- Human Capital Management
- Enterprise Resource Planning

intuit[®]

- Turbo Tax
- Credit Karma
- Quickbooks
- Mailchimp
- ProTax



Revenue



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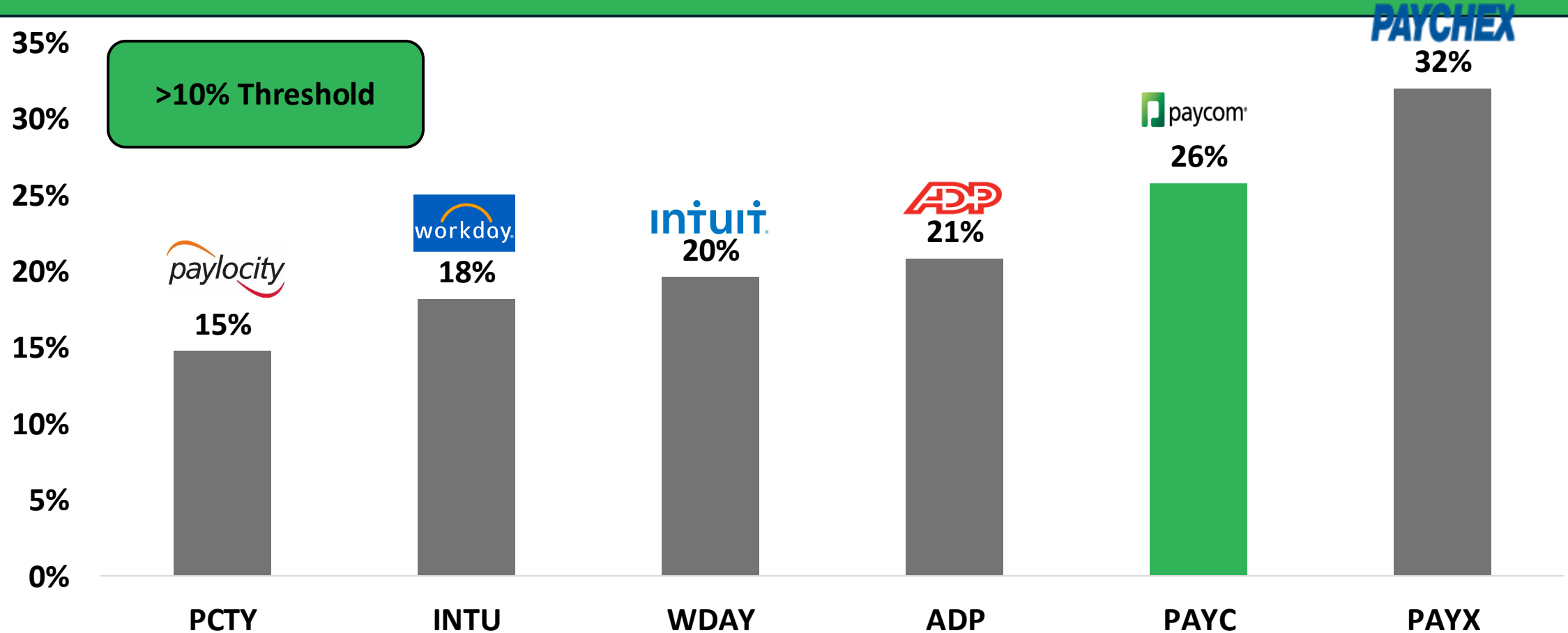
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Net Margin

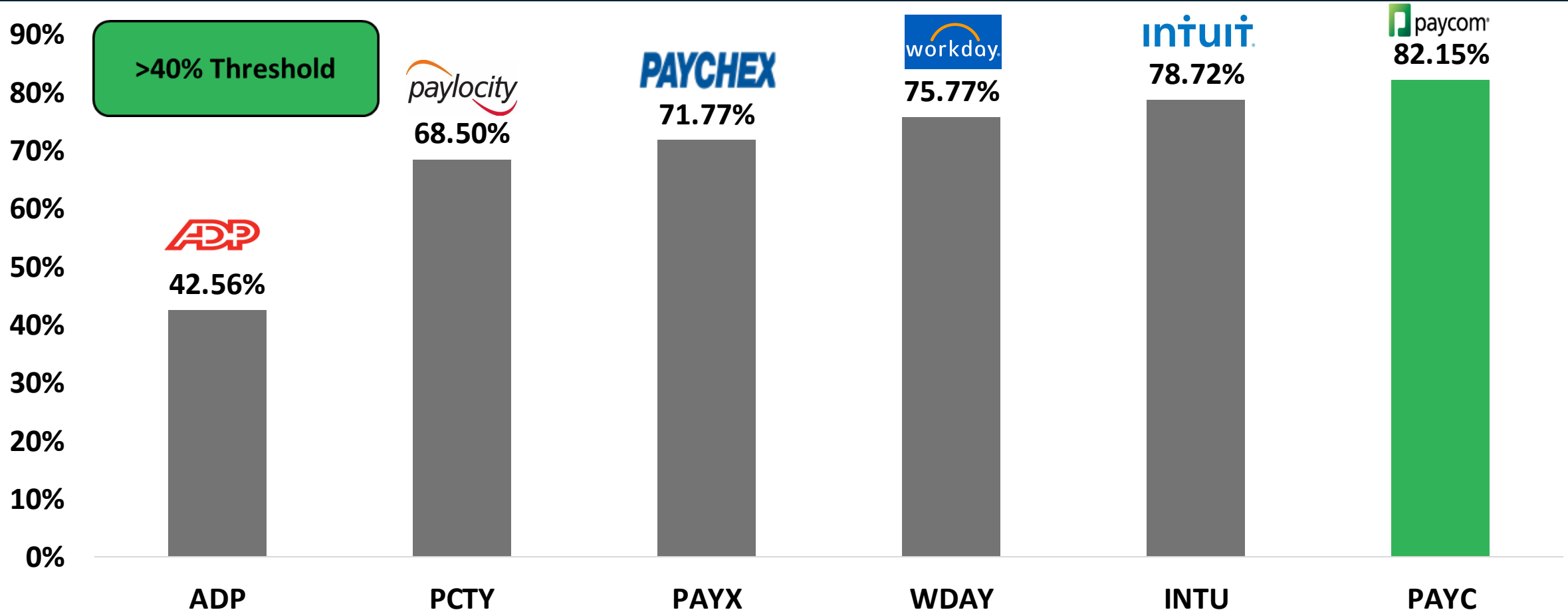
Net Margin = Net Income/Revenue





Gross Margin in %

Gross Margin = Gross Profit/Revenue



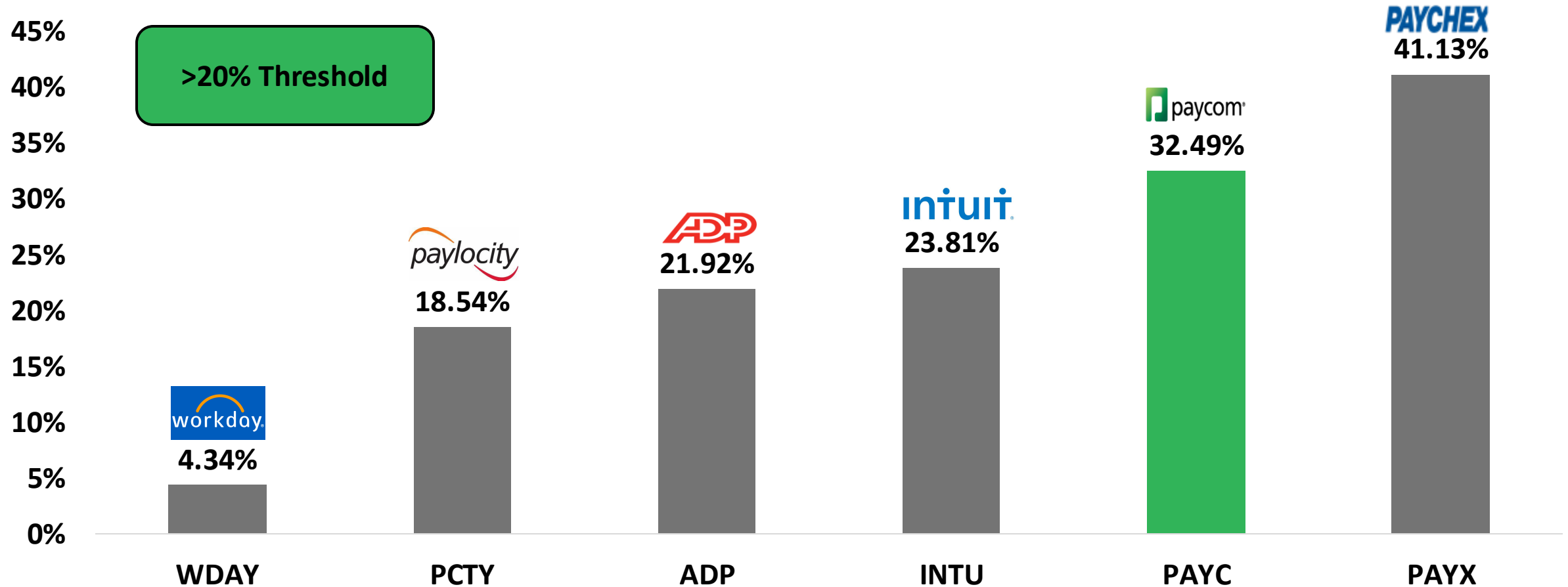
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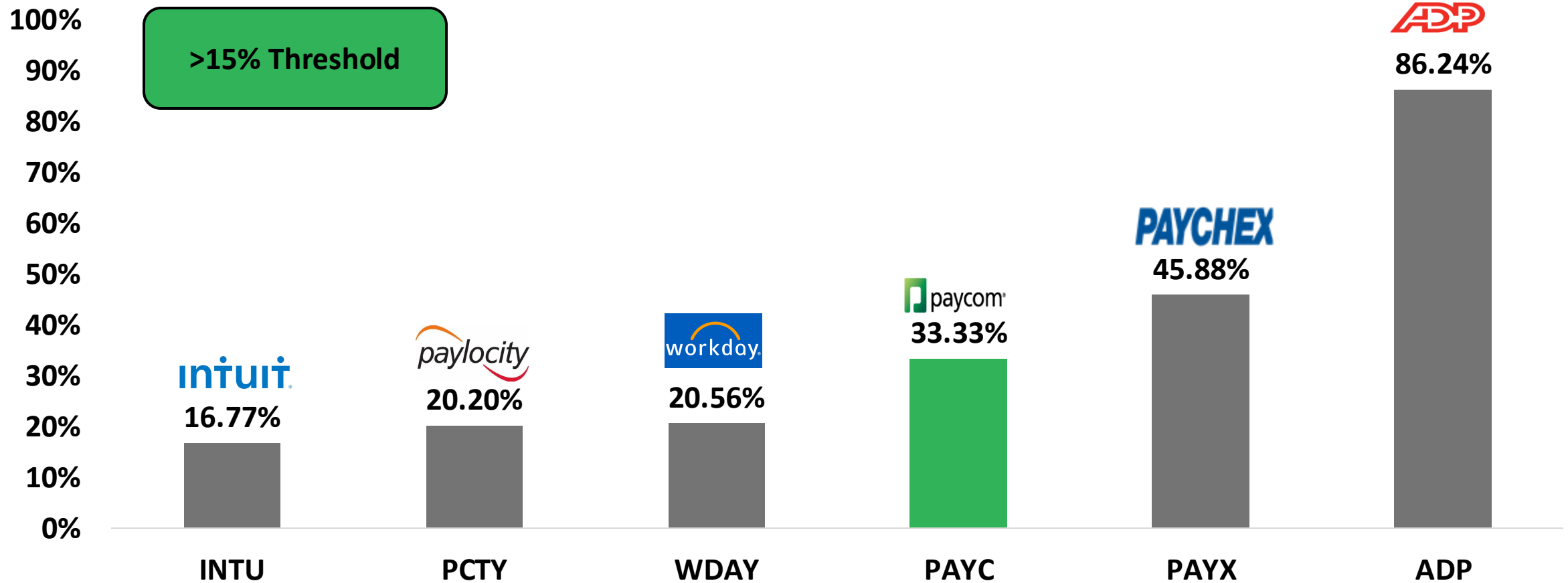
Operating Margin %





Return on Equity

Return On Equity = Net Income/Shareholders Equity



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Obligation Ratio

Company	Obligation Ratio
ADP	1.9x
WDAY	1.5x
INTU	1.1x
PAYX	(0.3)x
PAYC	(0.3)x
PCTY	(1.7)x



Retention Rate

Company	Retention Rate
INTU	79%
PAYX	84%
ADP	90%
PAYC	90%
PCTY	92%
WDAY	95%



Pablo Samanez

Risk Factors



Types of Risk Factors

**Security
Breaches and
Data Privacy Risks**

**Technological
Adaptation and
Innovation**

**Competitive
Market Pressures**

Client Retention



Security Breaches and Data Privacy Risks

Breaches of security measures

Unauthorized access to client data

Cyber attacks



password123

Log In



Technological Adaptation and Innovation



Need to continuously enhance and develop new features

Pressure to adapt to rapid technological changes

Challenges in responding to disruptive technologies like AI and machine learning




















Competitive Market Pressures

Competition from both established players and new entrants

Competitors with larger resources or more established global presence

Rapid evolution of market demands and technologies

PAYROLL SOFTWARE COMPETITIVE LANDSCAPE

Early Stage	Late Stage	Public
		
		
		
		
		
		
		
		
		



Client Retention



Continued use of applications by existing clients

Paycom's revenue is highly concentrated on client retention

Any decline in these areas could adversely affect the company's financial performance

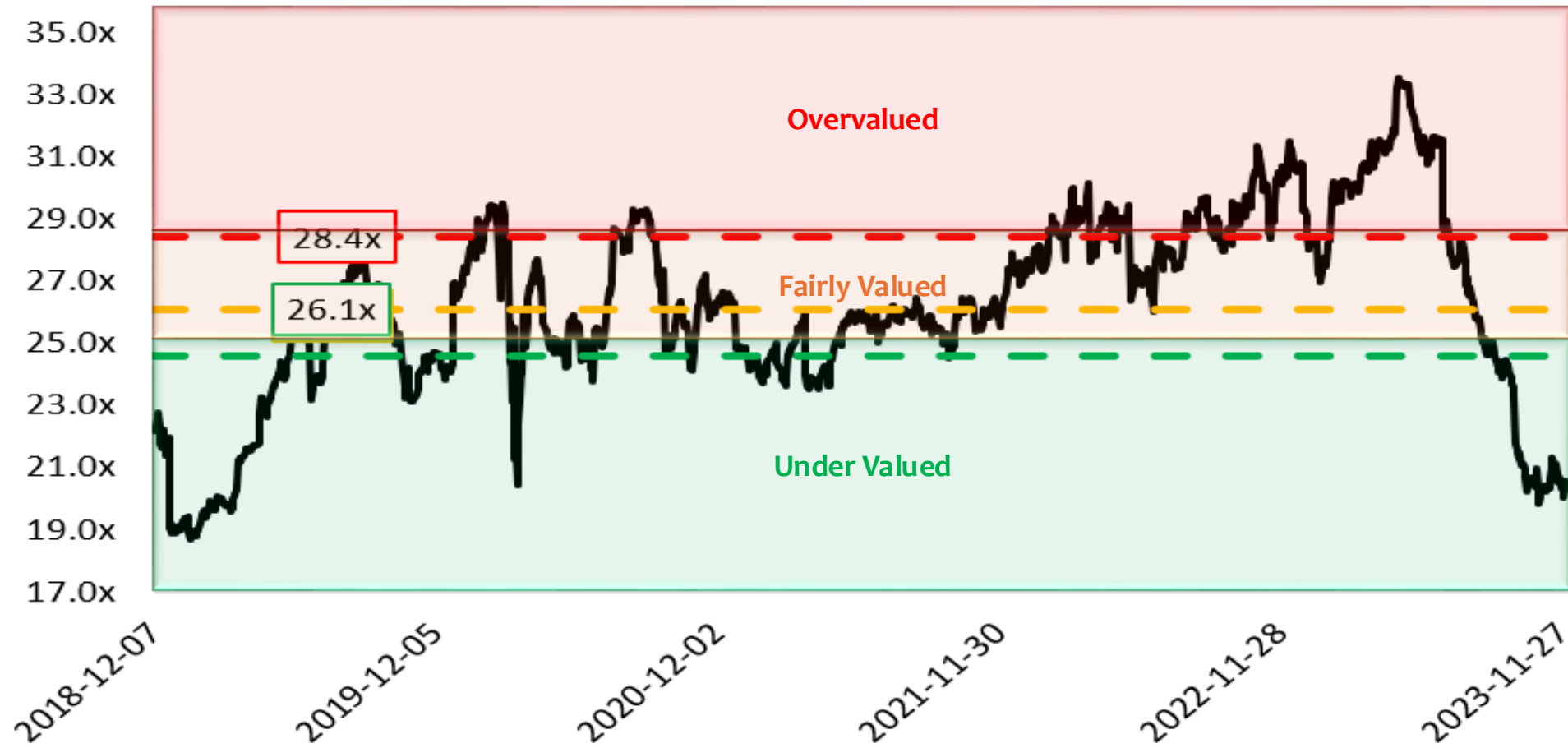


Tristan Smith

Value Bands



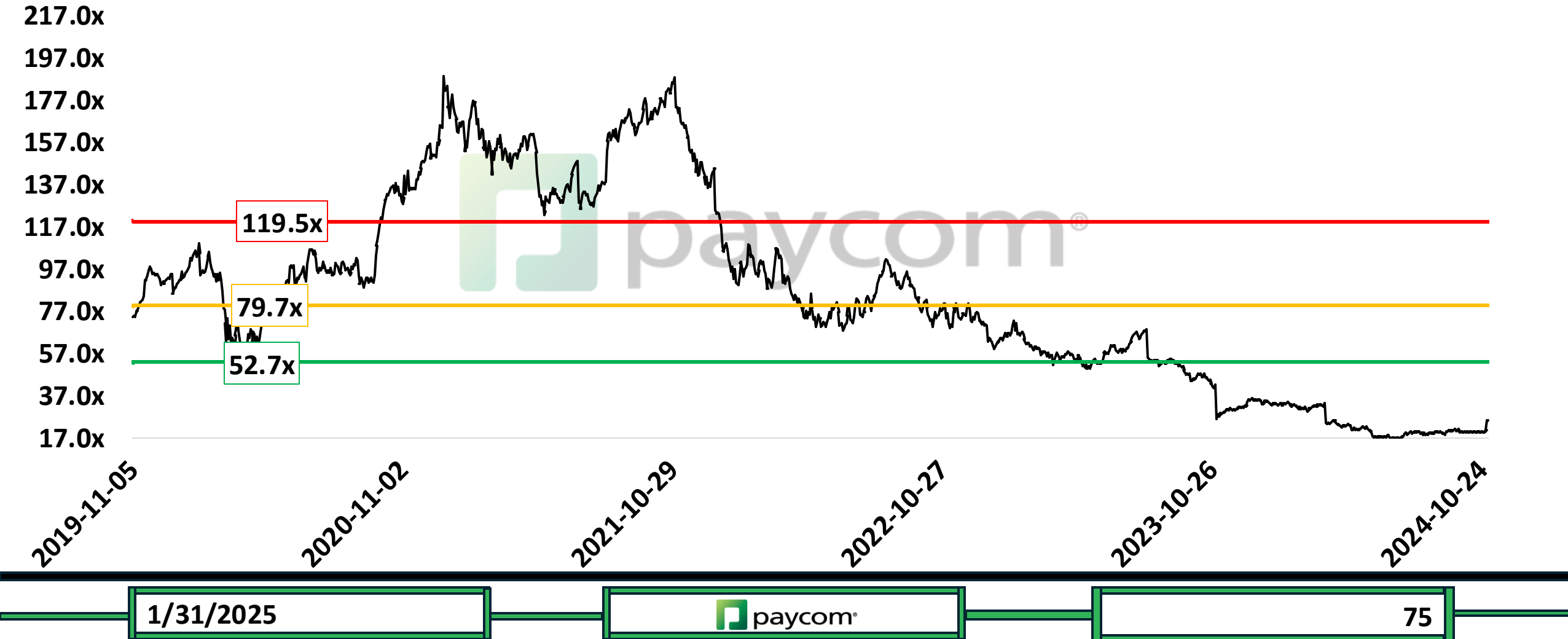
Value Bands





Price to Earnings

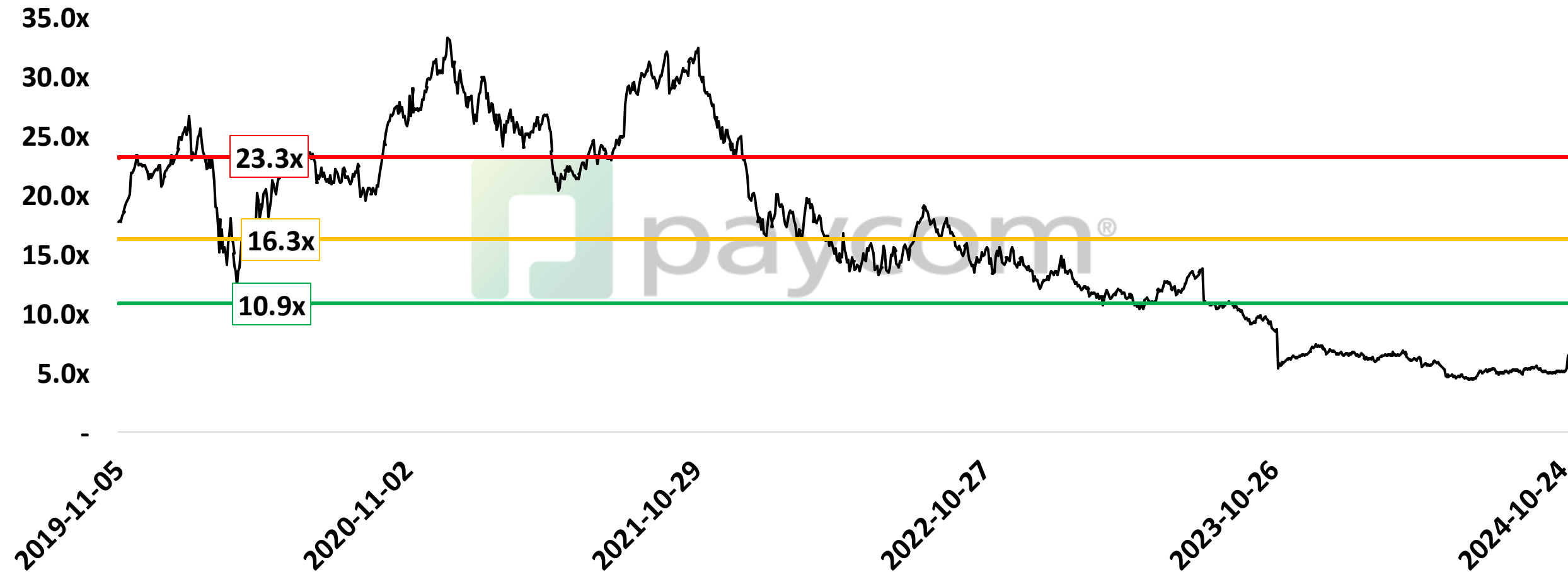
$P/E = \text{Share Price} / \text{Earnings Per Share}$





Price to Sales

$P/S = \text{Market Capitalization} / \text{Annual Return}$



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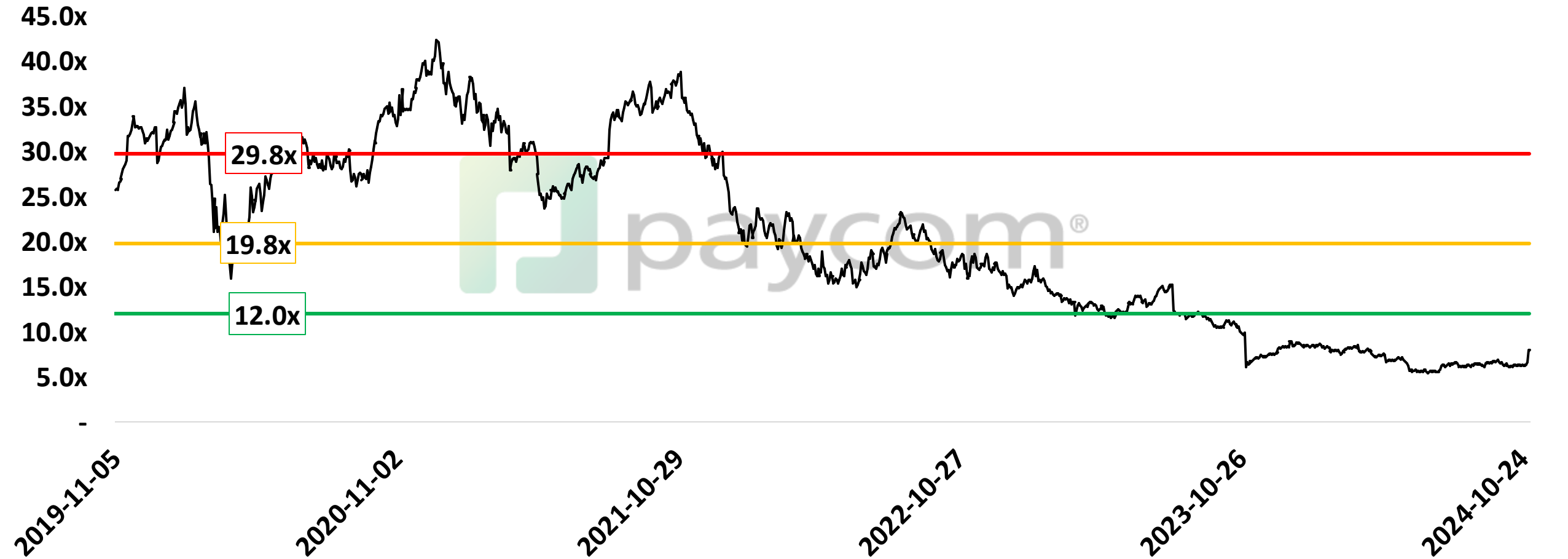
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Price to Book Value

$P/B = \text{Market Value per share} / \text{Book Value per share}$



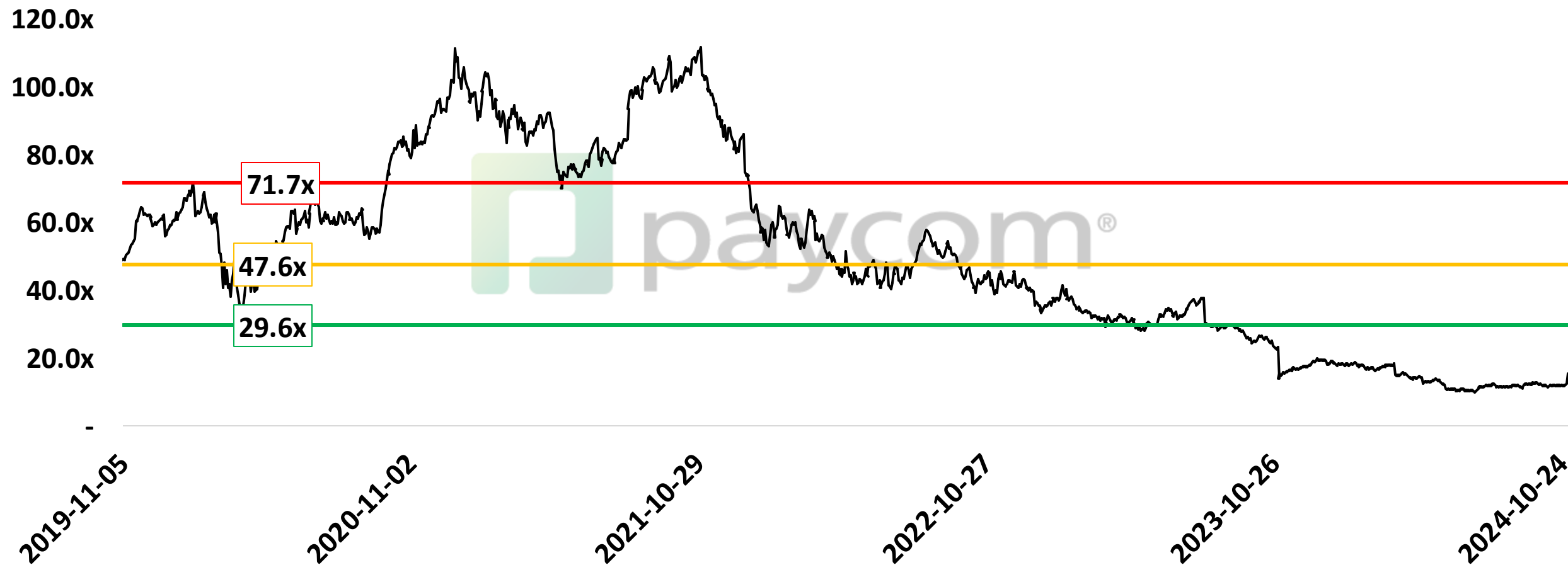
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EV / EBIT



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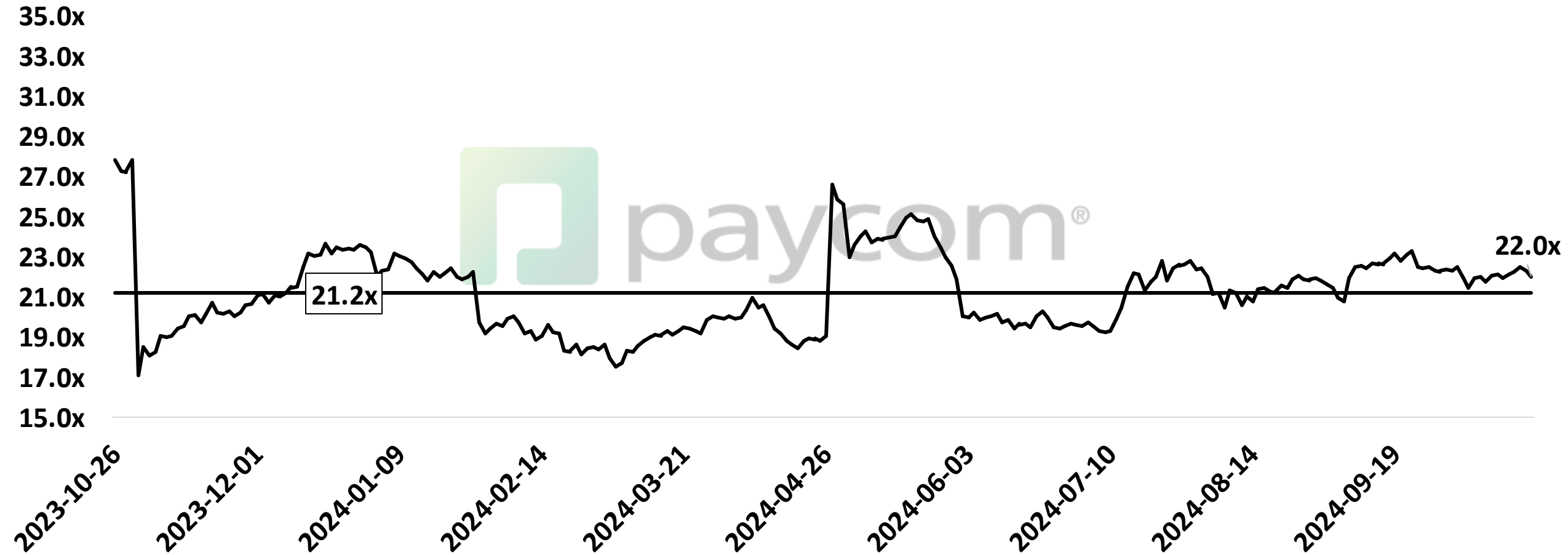


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Forward Price to Earnings

Current Share Price / Forecasted EPS



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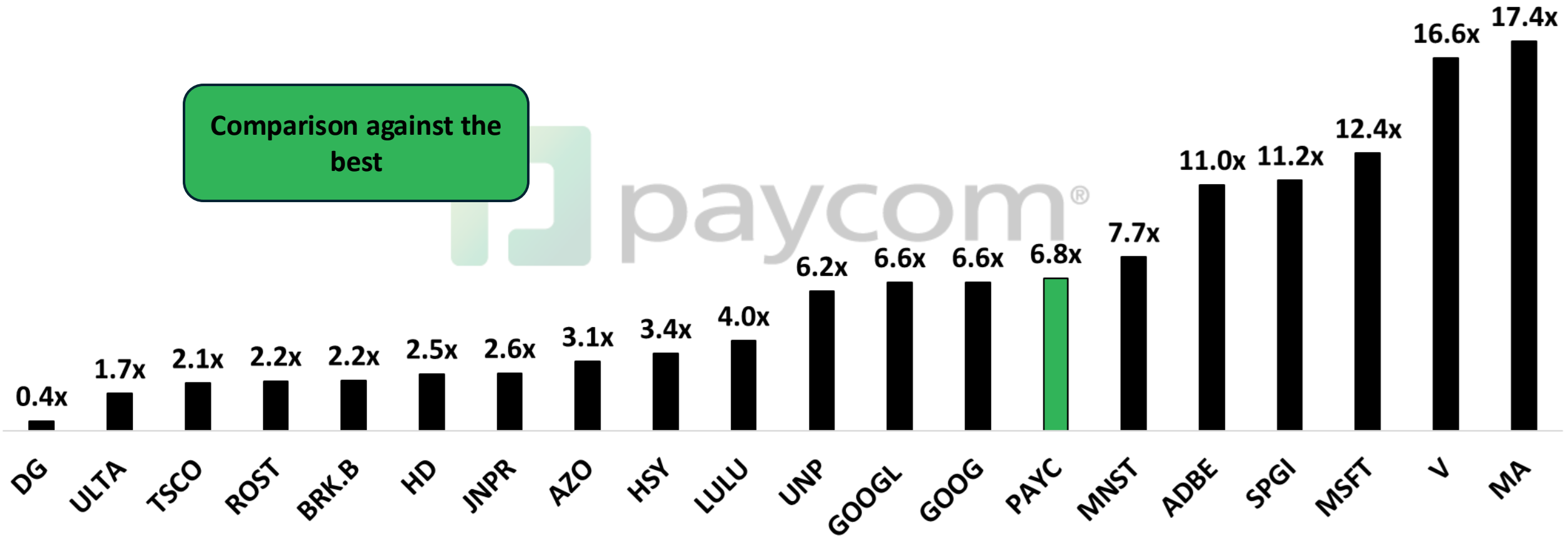
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Intra-portfolio Analysis

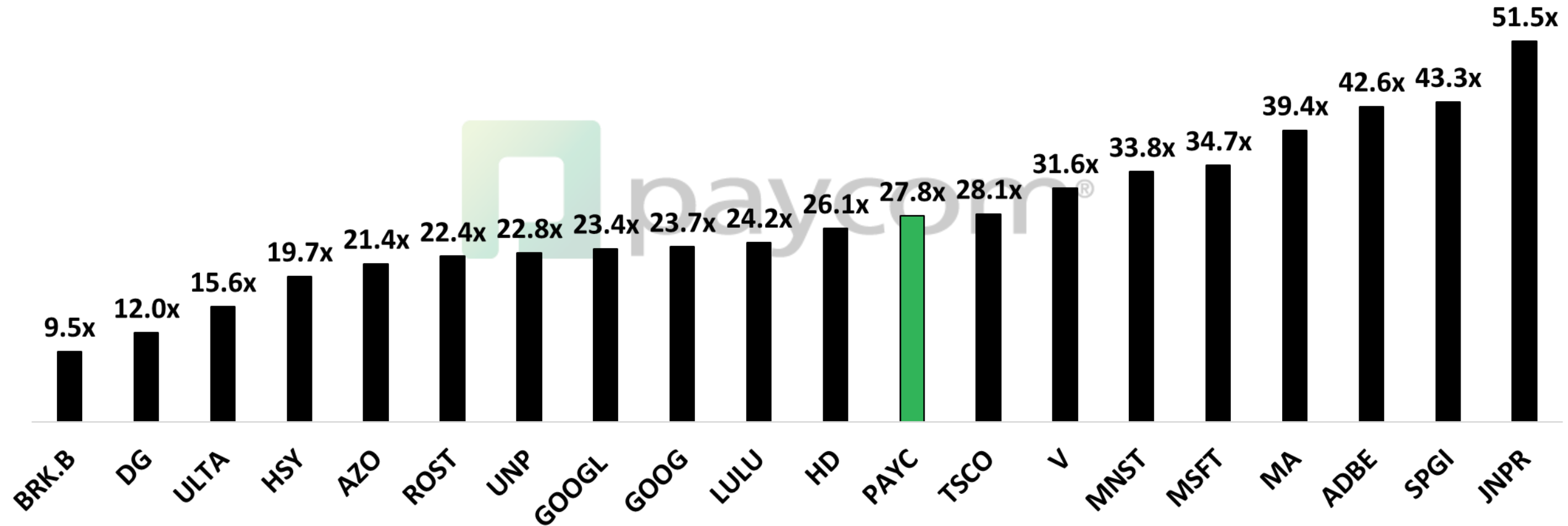
Comparison against the best





Price to Earnings

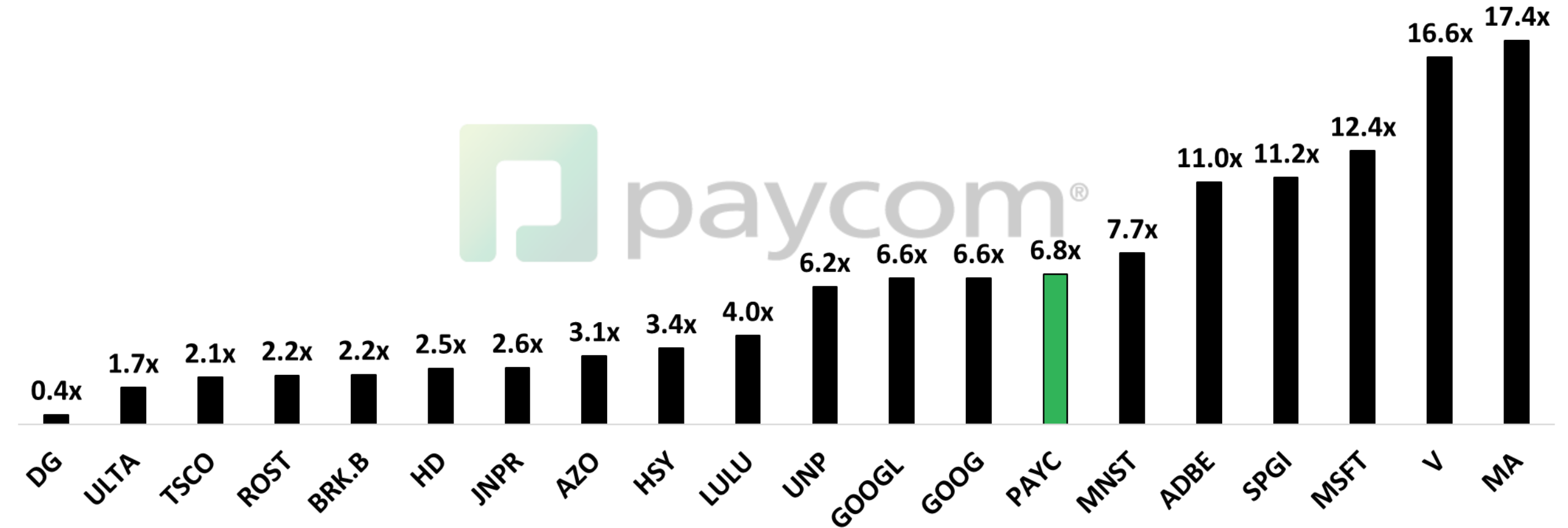
$P/E = \text{Share Price} / \text{Earnings Per Share}$





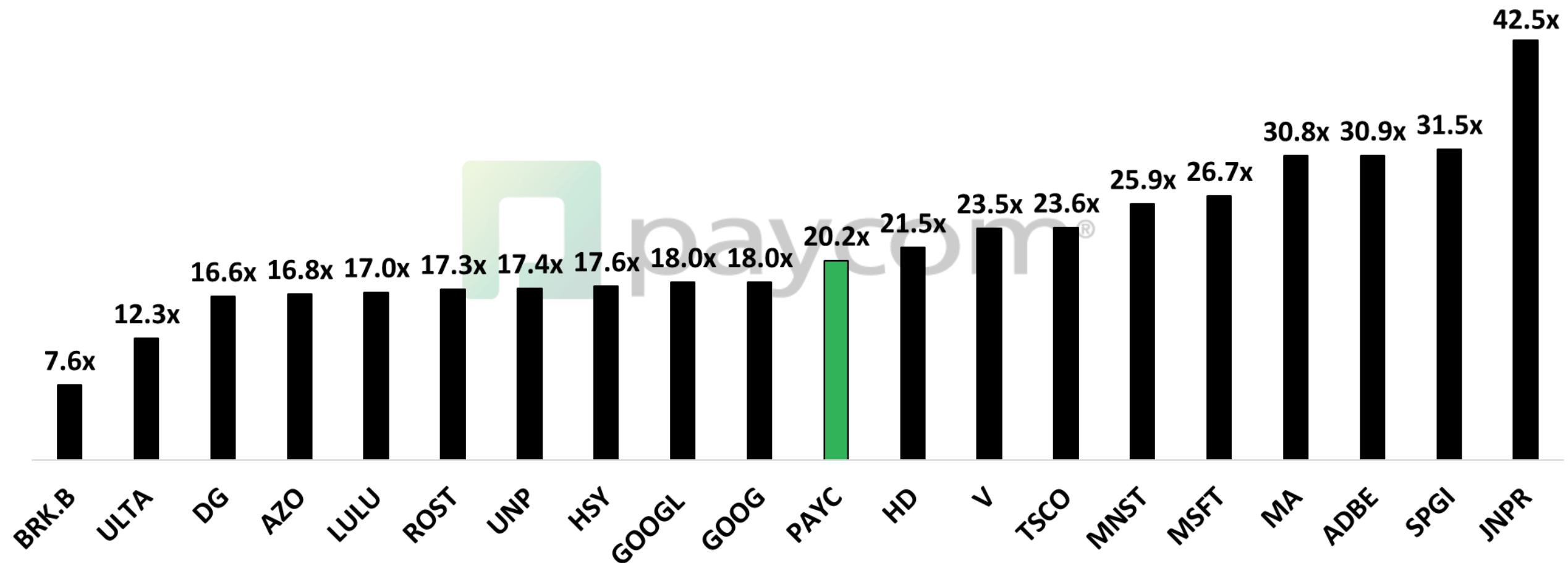
Price to Sales

$P/S = \text{Market Capitalization} / \text{Annual Return}$





EV/EBIT



1/31/2025

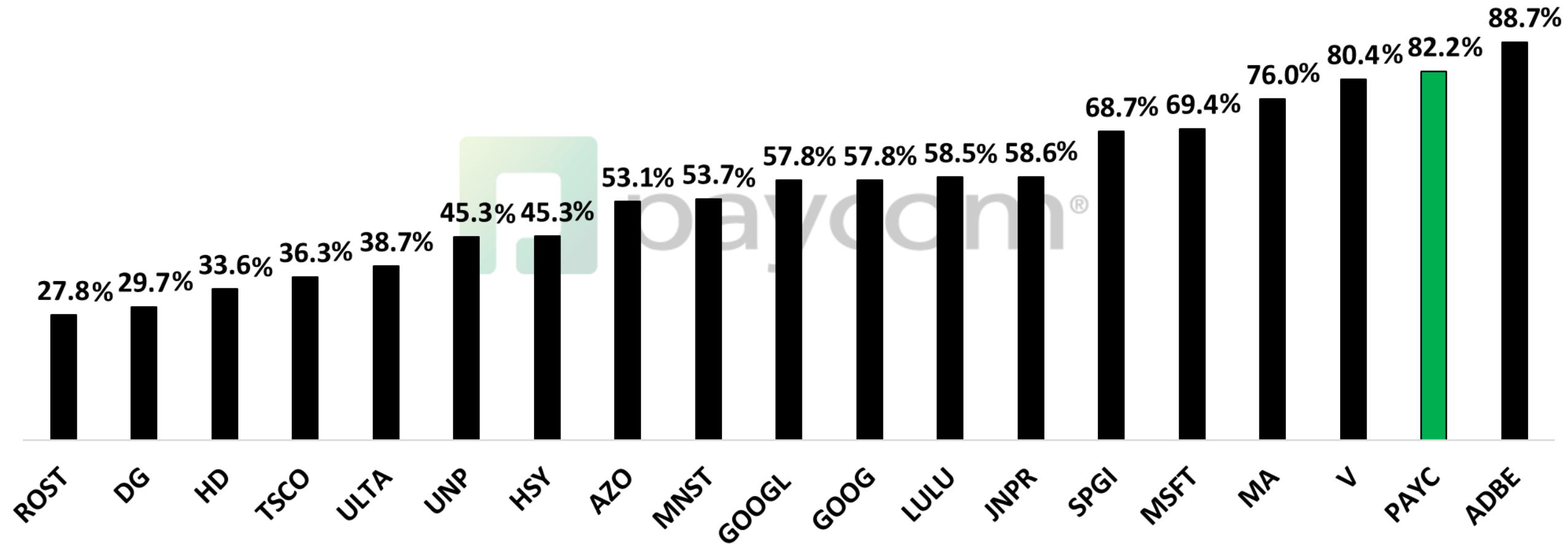
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Gross Margin

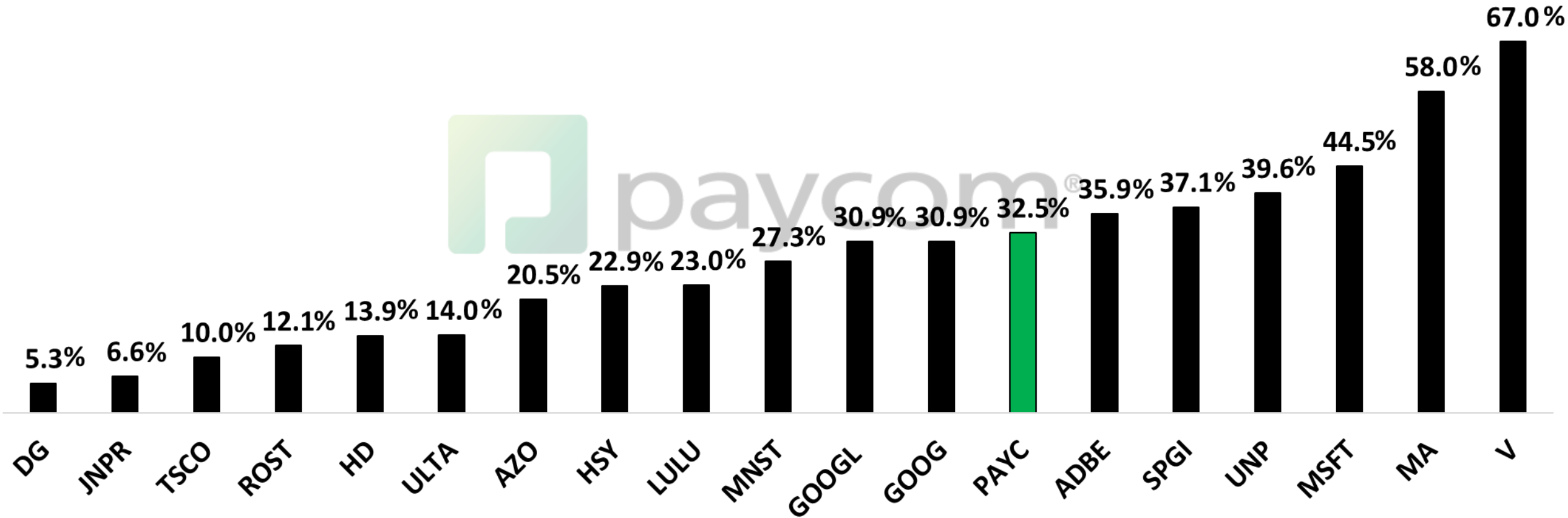
Gross Profit/Revenue





Operating Margin

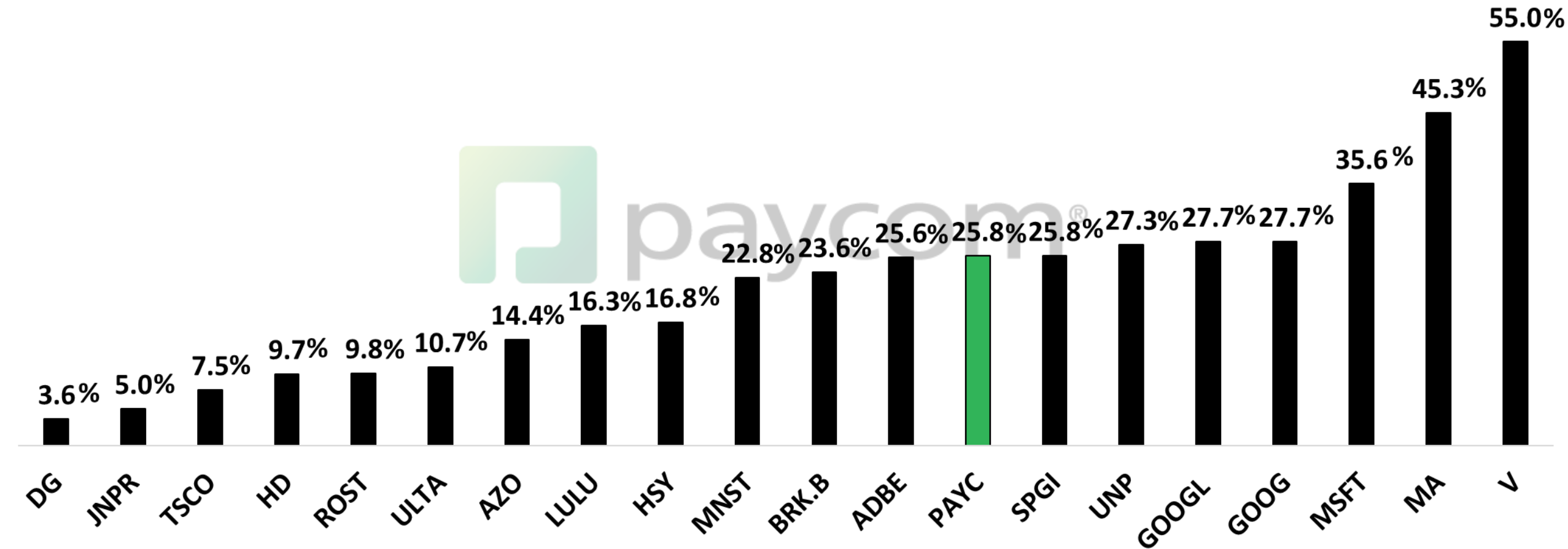
Revenue – COGS/Revenue





Net Margin

Net Income/Revenue



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Pablo Samanez

Valuation



Growth Rate Inputs

	Bear	Base	Bull
Revenue Growth	7%	10%	12%
Margin Expansion	1%	3%	5%
Share Buybacks	2%	3%	5%
EPS Growth Rate	10%	16%	22%



5 Year EPS Model

Ticker: **PAYC**

Price: \$227.14

5 Year Discounted Cash Flow

Discount rate:

10%

								Total Return				Annual
								P/E	Price	PV	5 YR Return	Return
Bear	EPS	<u>Current</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	18.0x	\$240.90	\$149.58	6.1%	1.2%
		\$8.31	\$9.14	\$10.06	\$11.06	\$12.17	\$13.38	23.0x	\$307.82	\$191.13	35.5%	6.3%
		10%	10%	10%	10%	10%	28.0x	\$374.73	\$232.68	65.0%	10.5%	
Base	EPS	<u>Current</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	18.0x	\$314.17	\$195.07	38.3%	6.7%
		\$8.31	\$9.64	\$11.18	\$12.97	\$15.05	\$17.45	23.0x	\$401.44	\$249.26	76.7%	12.1%
		16%	16%	16%	16%	16%	28.0x	\$488.71	\$303.45	115.2%	16.6%	
Bull	EPS	<u>Current</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	18.0x	\$404.27	\$251.02	78.0%	12.2%
		\$8.31	\$10.14	\$12.37	\$15.09	\$18.41	\$22.46	23.0x	\$516.57	\$320.75	127.4%	17.9%
		22%	22%	22%	22%	22%	28.0x	\$628.87	\$390.48	176.9%	22.6%	

1/31/2025



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Margin of Safety

	Bear	Base	Bull
Present Value	\$191.93	\$249.26	\$320.75
Margin of Safety	12.24%	29.69%	43.19%



Sensitivity Analysis

Total RoR Sensitivity				
P / E		Est. EPS growth rate		
		10%	16%	22%
	18.0x	1.2%	6.7%	12.2%
	23.0x	6.3%	12.1%	17.9%
	28.0x	10.5%	16.6%	22.6%



Recommendation

- Buy 250 shares of PAYC
- Write puts, call price of \$225 (Insurance on downside)
- Cost Basis of \$56,250
- 2.6% of our portfolio



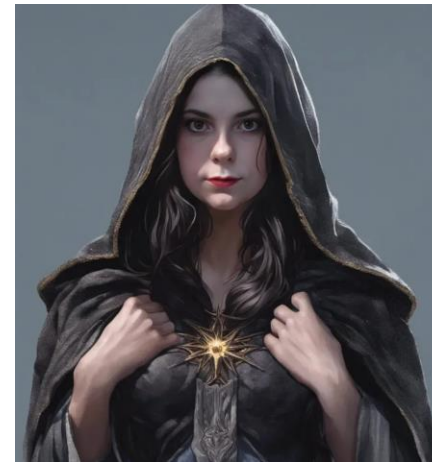
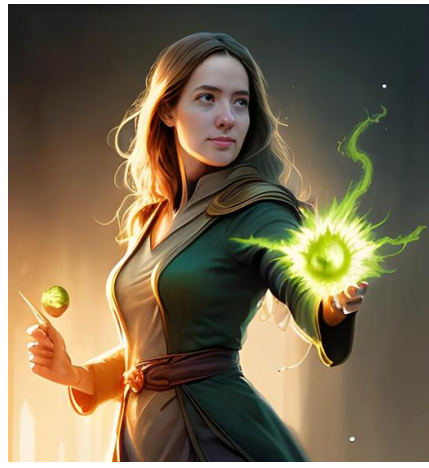


Questions?





Thank You!





Appendix

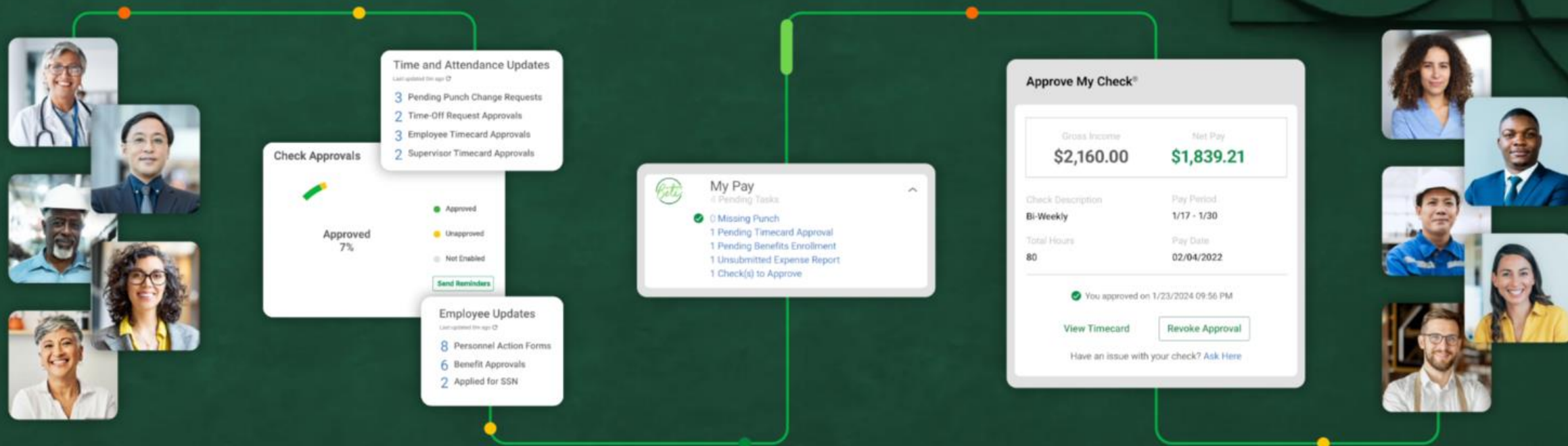


Market Share

- Paycom holds a minority but is fast-growing in payroll and HCM market 5% overall market share
- Paycom has about 6% share for 50-10,000 client base which is mid-size
- 50-999 midsize employee is 75% of Paycom's client base
- ADP has 30% for midsize client base
- Paychex has 14% for midsize client base
- For small business market 65% is do-it yourself or regional providers like Intuit and Microsoft

Payroll that works for you

Available in the U.S., Mexico, Canada, the United Kingdom and Ireland, Beti lets employees do their own payroll on any device. This seamless experience ensures accurate pay and helps reduce your organization's liability. Here's how.



It builds itself

Once recurring payrolls are scheduled, Beti self-starts by pulling live data on employees' hours

Monitor its progress

Beti's dashboard lets you see pending tasks and who needs to take action, added terminations, check

Automatic notifications

Through our self-service app, Beti alerts employees of possible errors and any tasks that require their attention

Perfection achieved

Employees preview their pay, address outstanding issues and fix errors before approving it for

Employees empowered

With visibility into their pay and how it's calculated, Beti gives employees ownership of



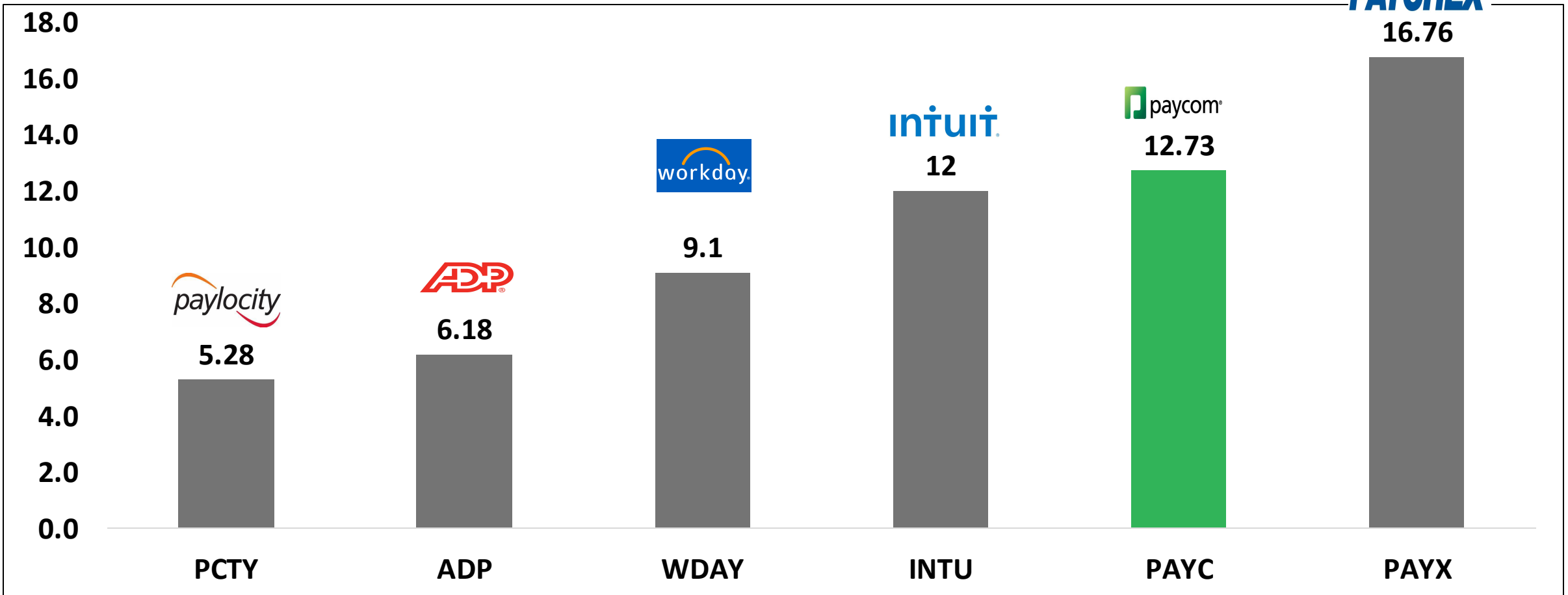
Types of Growth Opportunities

- Product Innovation: Continuing to develop and enhance solutions like Beti®, which allows employees to manage their own payroll, can attract new clients and retain existing ones.
- PAYCOM Market Expansion: Entering new geographic markets, both domestically and internationally, can increase Paycom's customer base and revenue streams.
- Client Acquisition and Retention: Focusing on acquiring new clients and retaining existing ones through superior service and innovative solutions can drive growth.
- Technological Advancements: Advancing in their emerging technologies like their internally generated AI features and machine learning that can better enhance product offerings and operational efficiency.
- Strategic Partnerships and Acquisitions: With no debt and strong financials, there is room for opportunity for Paycom to form alliances or acquiring complementary businesses can expand Paycom's capabilities and market reach.
- PAYCOM Enhanced Sales and Marketing: Strengthening sales strategies and marketing efforts can increase brand awareness and market penetration.



Return on Invested Capital

PAYCHEX

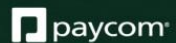




Pictures To Use

“With Beti, employees
doing their own payroll
is the future. Period.”

— Barbara Corcoran

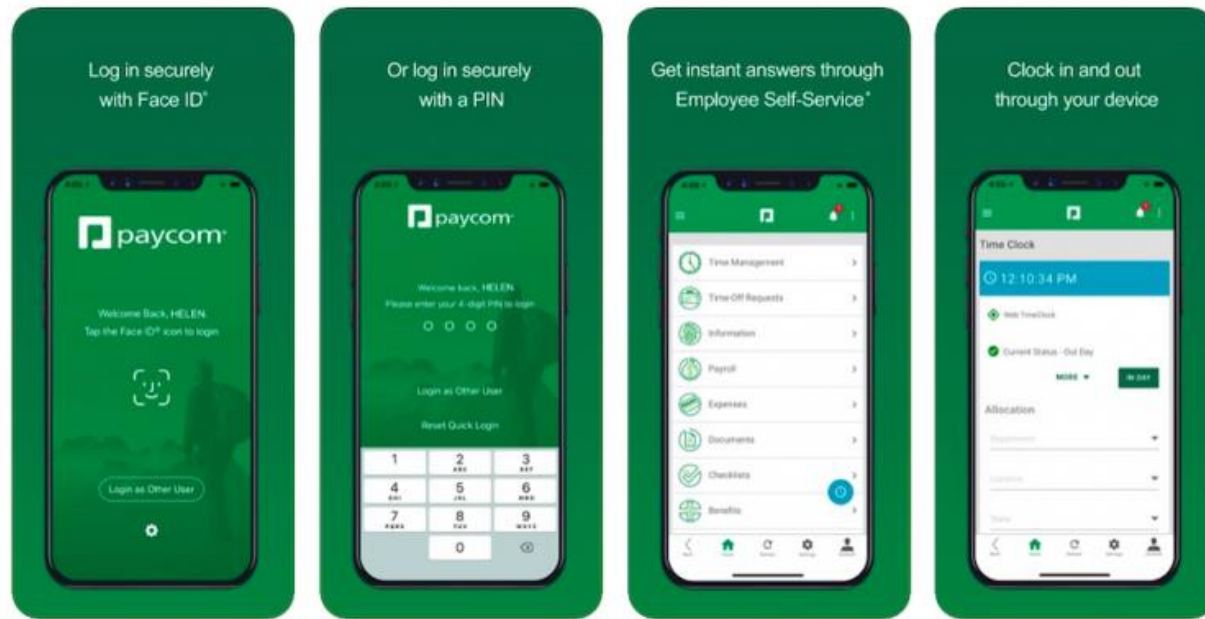


The secret to a
perfect vacation?





Pictures To Use





Info

- Paycom Software Inc. generates revenue through a variety of streams primarily focused on its comprehensive human capital management (HCM) software solutions. Here's an overview of how Paycom earns revenue:
- **1. Recurring Revenues**
- The majority of Paycom's revenue comes from recurring sources, which form the backbone of its business model. Key aspects include:
- **Payroll Processing:** Paycom charges clients based on the number of employees and frequency of payroll services. This includes various payroll-related functions such as tax compliance, benefits administration, and payroll reporting.
- **Talent Management Solutions:** These include ongoing fees for services related to:
 - Recruitment (Applicant Tracking System)
 - Onboarding processes
 - Performance management tools
 - Employee management features such as training and development.
- **2. Implementation Fees**
- **Onboarding New Clients:** Paycom imposes one-time charges for the initial setup of services when businesses start using their software. This includes the costs associated with configuring the systems to meet individual client needs and training employees to use the platform effectively.
- **3. Fees for Additional Services**
- **Consulting and Compliance Services:** Paycom also offers educational services, compliance consulting, and strategic HR advice. Clients seeking to improve their HR capabilities or comply with regulations may incur additional costs for these services.
- **4. Optional Add-Ons and Custom Features**
- Clients can opt for additional modules or features beyond the base offerings, which can drive incremental revenue. Examples include enhanced reporting capabilities, advanced analytics, and customizable software solutions.
- **5. Impact of Client Growth**
- **Pay-per-Employee or Transaction:** Paycom charges some fees on a per-employee basis, which means that as clients grow and add employees, Paycom's revenue increases proportionally. This model incentivizes the company to ensure high levels of client satisfaction and retention.

Info



Purchased the naming rights to the downtown Oklahoma City arena that is home to the Oklahoma City Thunder National Basketball Association franchise.

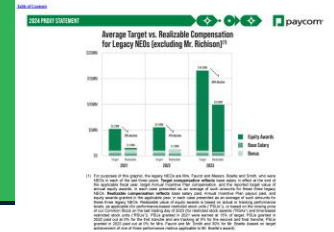


As our business grows, we expect our capital expenditures related to research and development and other strategic expansion activities to continue to increase. We completed an expansion of our corporate headquarters, which was placed into service in the second quarter of 2024. We anticipate that our capital expenditures in 2024 will be generally consistent with the prior year on a total dollar basis. Depending on certain growth opportunities, we may choose to accelerate investments in sales and marketing, acquisitions, technology and services. Actual future capital requirements will depend on many factors, including our future revenues, cash from operating activities and the level of expenditures in all areas of our business. In addition, we purchased the naming rights to the downtown Oklahoma City arena that is home to the Oklahoma City Thunder National Basketball Association franchise. Under the terms of the naming rights agreement, we committed to make payments escalating annually from \$4.0 million in 2021 to \$6.1 million in 2035. The payments are due in the fourth quarter of each year. Upon the conclusion of the initial term, the agreement may be extended upon the mutual agreement of both parties for an additional five-year period.



- 1. Impact on Beti
- Beti is Paycom's first-of-its-kind payroll automation system that empowers employees to manage their own payroll. Some potential AI impacts include:
 - Error Reduction: AI can help automate the integration of input data, verifying accuracy and reducing common payroll errors, which aligns perfectly with Beti's goal of minimizing payroll mistakes.
 - Predictive Analytics: By leveraging AI, Paycom can offer predictive insights to employees about their earnings based on regular inputs, thus enhancing the overall payroll experience. This allows employees to have a clearer view of their potential earnings in real-time.
 - User Experience: AI capabilities can tailor the user interface within Beti to guide employees effectively through payroll processing, making it more intuitive and responsive to individual user behavior.
 - Support Automation: AI-driven virtual assistants or chatbots can provide immediate assistance to employees who have questions about their payroll or need help navigating Beti's features.
- 2. Impact on GONE
- GONE is a tool designed to streamline the onboarding processes, including the distribution of self-service options to employees. AI impacts could include:
 - Enhanced Document Management: AI can automate the sorting and processing of onboarding documents, ensuring that new hires receive relevant materials promptly and accurately.
 - Tailored Onboarding Experiences: AI can analyze an employee's background and profile to deliver customized onboarding content, thereby enhancing the onboarding experience and making it more engaging.
 - Feedback Mechanism: AI tools can assess how well new employees are acclimating to their roles through feedback analysis, suggesting tailored training or resources to address specific needs or gaps in knowledge.
 - Intelligent Workflow Management: AI can optimize the onboarding workflow by predicting bottlenecks or delays, allowing HR managers to intervene proactively and improve overall efficiency.

Extra Info



Directors and Corporate Governance

Paycom's Board of Directors and the Board of Directors of the Board of Directors, which consists of seven members, is responsible for the overall management and supervision of the company. The Board of Directors is composed of seven members, including Mr. Richison, who is the Chairman of the Board. The Board of Directors is responsible for the overall management and supervision of the company, including the approval of the company's strategic plan, the appointment and removal of the company's officers and directors, and the approval of the company's financial statements and other matters relating to the company's business.

- Expanded Buyback Authorization: Paycom's board of directors has approved a new total of \$1.5 billion for stock repurchases, extending the program through August 15, 2026. This marks a substantial increase from the previous authorization of \$676 million.
- Share Repurchase Activity: Since July 2022, Paycom has repurchased approximately 2.3 million shares, which constitutes about 4% of the company's total shares outstanding, at a cost of around \$413 million
- Financial Position: CEO Chad Richison emphasized the company's strong financial health, highlighting that Paycom operates with no debt and possesses a resilient business model that generates robust cash flow. He stated that the company intends to continue buying back shares when they present attractive valuations compared to competitors 12.
- Market Strategy: The timing and specifics of future repurchases will be determined by a committee of the board based on market conditions and other factors, allowing for opportunistic buying in response to favorable pricing .
- This strategic move reflects Paycom's confidence in its business model and aims to enhance shareholder value amid current market conditions.

Extra Info



2024 PROXY STATEMENT



Management

Chad Richison



Chad Richison, 53, has served as Co-Chief Executive Officer and President of Paycom since February 2024, after serving as President and Chief Executive Officer since he founded Paycom in 1998. He has also served as a member of our Board of Directors since 1998 and was appointed Chairman of the Board of Directors in August 2016. Mr. Richison began his career in sales with a national payroll and human resources company and a regional payroll company prior to founding Paycom. He received his bachelor's degree in mass communications-journalism from the University of Central Oklahoma.

Chris G. Thomas



Chris G. Thomas, 46, has served as the Company's Co-Chief Executive Officer since February 2024. Since joining the Company in 2018, Mr. Thomas served in a variety of leadership roles in operations and client service, including as Vice President of Operations from July 2022 to March 2023, as Senior Executive Vice President of Operations from March 2023 to September 2023 and as Chief Operating Officer from September 2023 to February 2024. Prior to joining Paycom, he was a senior manager of business systems at Love's Travel Stops for over seven years. Mr. Thomas's career has spanned from small business ownership to leadership roles across multiple industries. He earned his bachelor's degree in business administration from the University of Oklahoma.

Craig E. Boelte



Craig E. Boelte, 60, has served as our Chief Financial Officer since February 2006 and as Treasurer since May 2017. He also served as Secretary from May 2017 to February 2024. Before joining Paycom, Mr. Boelte owned an accounting practice that served Paycom. Prior to that, Mr. Boelte spent nine years at Deloitte & Touche, where he served as Senior Tax Manager. Mr. Boelte has over 35 years of experience in the workforce management and HR industry. He is a member of the Oklahoma Society of CPAs and the American Institute of CPAs. Mr. Boelte received his bachelor's degree in business administration and master's degree in accounting from Oklahoma State University.

Jason D. Clark



Jason D. Clark, 53, has served as our Chief Administrative Officer since December 2023. Mr. Clark previously served as a member of our Board of Directors from August 2014 to December 2023, including as a member of the Audit Committee and as chairperson of the Nominating and Corporate Governance Committee. He was also a member of the Board committee that oversees the Company's stock repurchase plan. Mr. Clark resigned from the Board and committee positions prior to assuming his duties as Chief Administrative Officer in December 2023. Prior to joining Paycom's executive team, Mr. Clark served as President and Chief Executive Officer of CompSource Mutual Insurance Company from March 2009 to December 2023. He has over 30 years of experience in the insurance industry specializing in workers' compensation insurance. Mr. Clark earned his bachelor of business administration in finance degree from the University of Central Oklahoma.

Extra Info



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2024 PROXY STATEMENT



Equity incentive opportunities and structure evolved in 2024. The Committee approved 2024 target equity incentive opportunities for our NEOs (excluding Mr. Richison) with an equal split of performance- and time-based equity awards. The 2024 equity incentive program structure is intended to more closely align with peer group practices and preferences of our stockholders. The table below sets forth the components of 2024 total target compensation for each NEO.

Name	Current Base Salary ⁽¹⁾ (\$)	Annual Incentive		PSUs (\$, at target)	RSUs (\$)	Total Target Compensation (\$)
		Target (%)	Target (\$)			
Chad Richison	800,000	100%	800,000	—	—	1,600,000
Chris G. Thomas	800,000	100%	800,000	1,333,333	1,333,333	4,266,666
Craig E. Boelte	524,097	100%	524,097	1,333,333	1,333,333	3,714,860
Holly Faurot	497,190	100%	497,190	833,333	833,333	2,661,046
Bradley S. Smith	511,228	100%	511,228	833,333	833,333	2,689,122
Jason D. Clark	575,000	100%	575,000	500,000	500,000	2,150,000

(1) Reflects base salary in effect as of March 11, 2024. Consistent with past practice, the Committee has approved a 4% increase in each NEO's base salary, to be effective July 1, 2024.

Overview

Our Company

We are a leading provider of a comprehensive, cloud-based HCM solution delivered as SaaS. We provide functionality and data analytics that businesses need to manage the complete employment lifecycle, from recruitment to retirement. Our solution requires virtually no customization and is based on a core system of record maintained in a single database for all HCM functions, including talent acquisition, time and labor management, payroll, talent management and HR management applications. Our user-friendly software allows for easy adoption of our solution by employees, enabling self-management of their HCM activities in the cloud, which reduces the administrative burden on employers and increases employee productivity.

2023 Performance Highlights

We recognize that our world class management team is critical to our ability to further innovate and drive client adoption while continuing to make our clients successful in today's rapidly changing business environment. Accordingly, we believe it is important to consider our executive compensation decisions in the context of our financial and operational performance in 2023 and our priorities set for 2024.

We delivered fundamentally robust financial results in 2023 that were driven by the coordinated efforts of our teams across the organization. As a testament to our relentless focus on strengthening our relationships with our clients and continued pursuit of innovative solutions that deliver high ROI to our clients, we achieved full-year 2023 revenue of \$1.694 billion, up 23.2% compared to 2022. Full year adjusted EBITDA was \$719.3 million, representing full year margin of 42.5%, up over 30 basis points year-over-year.

We ended 2023 with 19,481 clients on a parent company grouping basis, up 2% compared to 2022. As a result of our continued efforts to grow our larger client base, client count for companies with greater than 500 employees (on a parent company grouping basis) was up 11% year-over-year and client count for companies with greater than 2,000 employees (on a parent company grouping basis) increased by almost 18% year-over-year. Our annual revenue retention rate was 90% in 2023 with attrition concentrated primarily at the low end of our market and reflecting former clients that were acquired or otherwise ceased operations.

Our international strategy complements our product strategy and adds to the momentum we are seeing with US-based companies that have an international presence. We announced the launch of native payroll in Canada and

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2024 PROXY STATEMENT



Name	Prior Base Salary (\$)	2023 Base Salary (\$) ⁽¹⁾	% Change
Chad Richison ⁽²⁾	800,184	832,191	4%
Chris G. Thomas ⁽³⁾	—	400,000	—
Craig E. Boelte	503,939	524,097	4%
Holly Faurot	478,067	497,190	4%
Bradley S. Smith	491,566	511,228	4%
Jason D. Clark ⁽⁴⁾	—	575,000	—

(1) The amounts presented represent base salaries in effect as of July 1, 2023, except with respect to Mr. Clark.

(2) Effective as of the February 7, 2024 transition to Co-Chief Executive Officer, Mr. Richison's salary is \$800,000.

(3) Mr. Thomas was not an NEO in 2022. In connection with his appointment as Co-Chief Executive Officer on February 7, 2024, Mr. Thomas's annual base salary was increased to \$800,000.

(4) Mr. Clark was not an NEO in 2022. The amount presented reflects the base salary set forth in his agreement with the Company, effective as of December 4, 2023.

Effective July 1, 2023, we increased the base salary of each NEO in connection with our annual evaluation of merit-based salary increases across our employee population. In evaluating NEO salaries, the Committee reviews (with input from its independent compensation consultant) compensation data of named executive officers of peer group companies, as well as a general competitive external market conditions for recruiting and retaining executive talent.

Annual Incentive Plan

Overview

The purpose of the Annual Incentive Plan is to advance our interests and the interests of our stockholders by:

- › providing certain employees, including the NEOs, with incentive compensation that is tied to the achievement of pre-established, objective performance goals;
- › identifying and rewarding superior performance and providing competitive compensation to attract, motivate and retain employees who have outstanding skills and abilities; and
- › fostering accountability and teamwork throughout Paycom.

The Annual Incentive Plan is administered by the Committee. For each performance period, the Committee must approve the participants eligible to receive annual incentive awards and select the performance metrics, goals, and corresponding payout levels for each participant.

Payouts under the Annual Incentive Plan are made based upon achievement of performance goals (consisting of individual performance goals, business unit performance goals, and/or company performance goals) relating to one or more "performance criteria," such as revenues, adjusted EBITDA or annual revenue retention rate.



Extra Info

2024 PROXY STATEMENT



2023 Annual Incentive Targets

For 2023, the Committee determined that each eligible NEO would have a target annual incentive opportunity equal to 100% of his or her base salary. Target annual incentive opportunities for 2023 are set forth in the table below:

Name ⁽¹⁾	Target Annual Incentive (% of Base Salary)	Target Annual Incentive (\$)
Chad Richison	100%	800,184
Chris G. Thomas	100%	400,000
Craig E. Boelte	100%	503,939
Holly Faurot	100%	478,067
Bradley S. Smith	100%	491,566

⁽¹⁾ Jason D. Clark joined the executive team in December 2023 and thus was not eligible to participate in the Annual Incentive Plan for 2023. Mr. Clark will be eligible to participate beginning in 2024, with a target bonus equal to 100% of his base salary.

2023 Performance Criteria

As in prior years, the Committee determined that customizing a mix of performance metrics for each of the participating NEOs based on his or her responsibilities and areas of direct impact was the most effective way to incentivize outperformance. The metrics, performance targets, and achievement levels for each participating NEO are set forth below.

Richison, Boelte, and Faurot. For the 2023 performance period, the Annual Incentive Plan awards granted to Messrs. Richison and Boelte and Mrs. Faurot were based on our achievement of revenue targets, but subject to downward adjustment if our adjusted EBITDA fell below a specified target. The Committee selected these metrics because it believes top line growth and profitability are critical short-term measures of our success and key to long-term stockholder value creation.



The table below sets forth (i) the revenue amounts and growth rates that were established as the threshold, target and maximum achievement levels for the 2023 performance period and (ii) the payout percentage (as a percent of target) at each achievement level. Generally, a straight-line interpolation would be applied on the change in performance between threshold and target achievement or between target and maximum achievement. Additionally, as in prior years, the revenue payout percentage was subject to downward adjustment by five percentage points for every \$2.0 million (whole) that our adjusted EBITDA for the year fell below \$701 million, provided that the revenue payout percentage could not be reduced by more than 75.0%.

Achievement Level	Performance Goal (\$MM)	Growth (2023 vs. 2022)	Payout Percentage (% of Target)
Revenue Performance (100%)			
Threshold	1,530.9	11.3%	0%
Target	1,701.0	23.7%	100%
Maximum	1,717.0	24.9%	200%
Adjusted EBITDA⁽¹⁾ Performance (Modifier)			
Target	701.0	20.9%	N/A
Potential Deduction:	-5.0% payout for every \$2.0MM below target performance, up to -75%		

⁽¹⁾ Defined as net income plus interest expense, taxes, depreciation and amortization, non-cash stock-based compensation expense and loss on extinguishment of debt. See Appendix A.

Extra Info



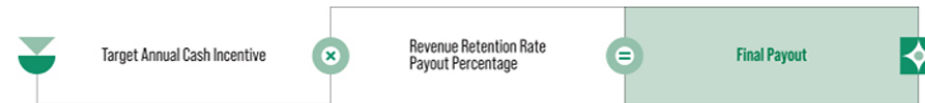
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2024 PROXY STATEMENT



The established financial performance goals were rigorous and, even at target achievement level, required significant growth from actual performance in the prior year. In establishing Annual Incentive Plan performance goals for Mrs. Faurot and Messrs. Richison and Boelte for the 2023 performance period, the Committee set the goals for threshold achievement above 2022 actual results, requiring greater than 11.3% revenue growth in order to achieve any payouts. The revenue and adjusted EBITDA performance targets represented significant "stretch" goals, requiring 23.7% revenue growth and 20.9% adjusted EBITDA growth to achieve target payouts. The goals established for the target achievement level were informed by our annual budgeting process, among other factors. In establishing the total revenue goal and revenue payout percentage for the maximum achievement level, the Committee took into consideration a significant "stretch" level of performance already required to achieve the target as well as the difficulty in achieving results above the "stretch" target level.

Smith and Thomas. For the 2023 performance period, the Annual Incentive Plan awards granted to Messrs. Smith and Thomas were based on our achievement of annual revenue retention rate targets, which measure our success at retaining clients, a key determinant of our long-term success. The Committee determined that annual revenue retention rate continued to be an appropriate metric for Messrs. Smith and Thomas because (i) as Chief Information Officer, Mr. Smith helps drive our product and technological innovation, supporting client satisfaction as measured by our annual revenue retention rate, and (ii) in his previous role as our Chief Operating Officer, Mr. Thomas was directly responsible for all aspects of our client experience, which drives our annual revenue retention rate.



For Messrs. Smith and Thomas, the table below sets forth (i) annual revenue retention rates that were established as the threshold, target and maximum achievement levels for the 2023 performance period and (ii) the payout percentage (as a percent of target) at each achievement level. The payout percentage would increase 25% for each 1% (whole) increase in the annual revenue retention rate above target, up to 200% at the maximum achievement level. There was no increase in the payout percentage for increases in the annual revenue retention rate in increments of less than 1%.

Achievement Level	Annual Revenue Retention Rate Performance Goal	Payout Percentage (% of Target)
Threshold	92%	0%
Target	93%	100%
Maximum	97%	200%

2023 Annual Incentive Plan Payouts

The tables below set forth our actual achievement of Company financial performance metrics for the 2023 performance period and the resulting bonus payouts for our NEOs. We paid cash bonuses under the Annual Incentive Plan for the 2023 performance period in the first quarter of 2024.

Performance Metric	Target	Actual Achievement	Actual Achievement (% of Target)	Payout Percentage
Revenue	\$1,701.0 MM	\$1,693.7 MM	99.6%	95.7%
Adjusted EBITDA	\$ 701.0 MM	\$ 719.3 MM	102.6%	N/A ⁽¹⁾
Annual Revenue Retention Rate	93%	90%	—	0%

(1) Adjusted EBITDA exceeded the target and, as a result, there was no downward adjustment to the payout percentage.

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2024 PROXY STATEMENT



Name ⁽¹⁾	Threshold (\$)	Target (\$)	Maximum (\$)	Actual Amount Paid (\$)	Amount Paid as % of Target
Chad Richison	—	800,184	1,600,368	765,700	95.7%
Craig E. Boelte	—	503,939	1,007,878	482,222	95.7%
Holly Faurot	—	478,067	956,134	457,465	95.7%
Bradley S. Smith	—	491,566	983,132	—	—
Chris G. Thomas	—	400,000	800,000	—	—

(1) Mr. Clark did not participate in the Annual Incentive Plan for 2023 as he was not a member of the executive team until December 2023.

Equity Incentive Compensation

Overview

We believe that equity awards provide our NEOs with a strong link to our performance, create an incentive to achieve performance goals and objectives, and more closely align the interests of our NEOs with those of our stockholders. The 2023 LTIP allows us to grant an array of equity-based incentive awards to our NEOs, other employees, outside directors and contractors. The purpose of the 2023 LTIP is to align award recipients with Paycom's stockholders and long-term success and to help us attract and retain top-tier talent.

Historically, we have granted equity incentive awards to our NEOs consisting of restricted stock and, more recently, RSUs and PSUs. The Committee, in consultation with its independent compensation consultant, annually determines the type, magnitude and vesting conditions of awards to NEOs based on its evaluation of the following factors, among others:

- › recent vesting events;
- › value of equity awards that have previously vested;
- › value of and vesting conditions for unvested equity awards that remain outstanding;
- › general market and economic conditions;
- › our need to motivate and/or re-incentivize NEOs in light of changes in the competitive environment; and
- › trends among our competitors and peers with respect to equity compensation practices.

2023 Equity Awards

Overview

Our 2023 executive equity grants consisted of performance- and time-based incentives allocated among PSUs, RSUs and RSAs. As was the case in 2021 and 2022, Mr. Richison did not receive any equity incentive awards in 2023, consistent with the terms of the 2020 CEO Performance Award. As discussed below under the heading "—Update on 2020 CEO Performance Award," the 2020 CEO Performance Award was forfeited in full in February 2024 in connection with Mr. Richison's transition from Chief Executive Officer to Co-Chief Executive Officer.

Our long-term equity incentive program in 2021 and 2022 consisted exclusively of PSUs with vesting tied to rigorous relative TSR goals as compared to the S&P 500 Software & Services Index. As further described above under the heading "Overview—2023 Compensation Program Overview," for 2023, the Committee determined to allocate a significant portion of equity incentive opportunities to RSAs and RSUs and, for PSUs, to include Company financial performance metrics in alignment with our strategic priorities, rather than relative TSR, as performance conditions for vesting.



Ryker Purdy

Management



Management



Chad Richison
Co-Chief Executive Officer

Founded in 1998

Founder of Paycom; has led the company as President and CEO since its inception.



Chris Thomas
Co-Chief Executive Officer

Joined in 2018

Promoted to Co-CEO in February 2024; has held several leadership roles since joining.



Craig Boelte
*Chief Financial Officer
Treasurer*

Joined in 2006

Over 18 years of financial experience, contributing to Paycom's growth and public offering.



Management



Jason Clark

Chief Administrative Officer

Joined in 2014

Served on the Board of Directors before transitioning to CAO in 2023.



Holly Faurot

Chief Sales Officer

Joined in 2007

Previously Senior Executive Vice President of Sales and Client Relations.



Bradley Smith

Chief Information Officer

Joined in 2005

Former Director of Software Development and Information Technology. Prior experience at BearPoint and Fleming Companies, Inc.



Types of Compensation

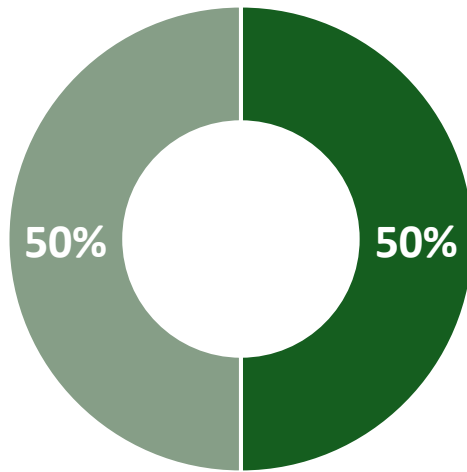
- **RSUs: Stock awards that vest over time (3-year vesting).**
- **PSUs: Stock awards that vest based on specific performance targets (3-year vesting).**
- **Annual Incentive: Performance-based cash bonus awarded yearly if certain goals are met.**
- **Base Salary: Guaranteed Salary to Executives.**



Compensation

Chief Executive Officer

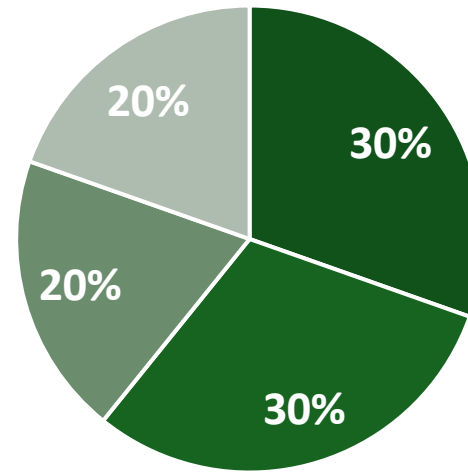
■ Base Salary ■ Annual Incentives



Must own 6x salary

Other Named Executives (Avg.)

■ RSUs ■ PSUs ■ Annual Incentive ■ Base Salary



Must own 3x salary

Annual Incentive

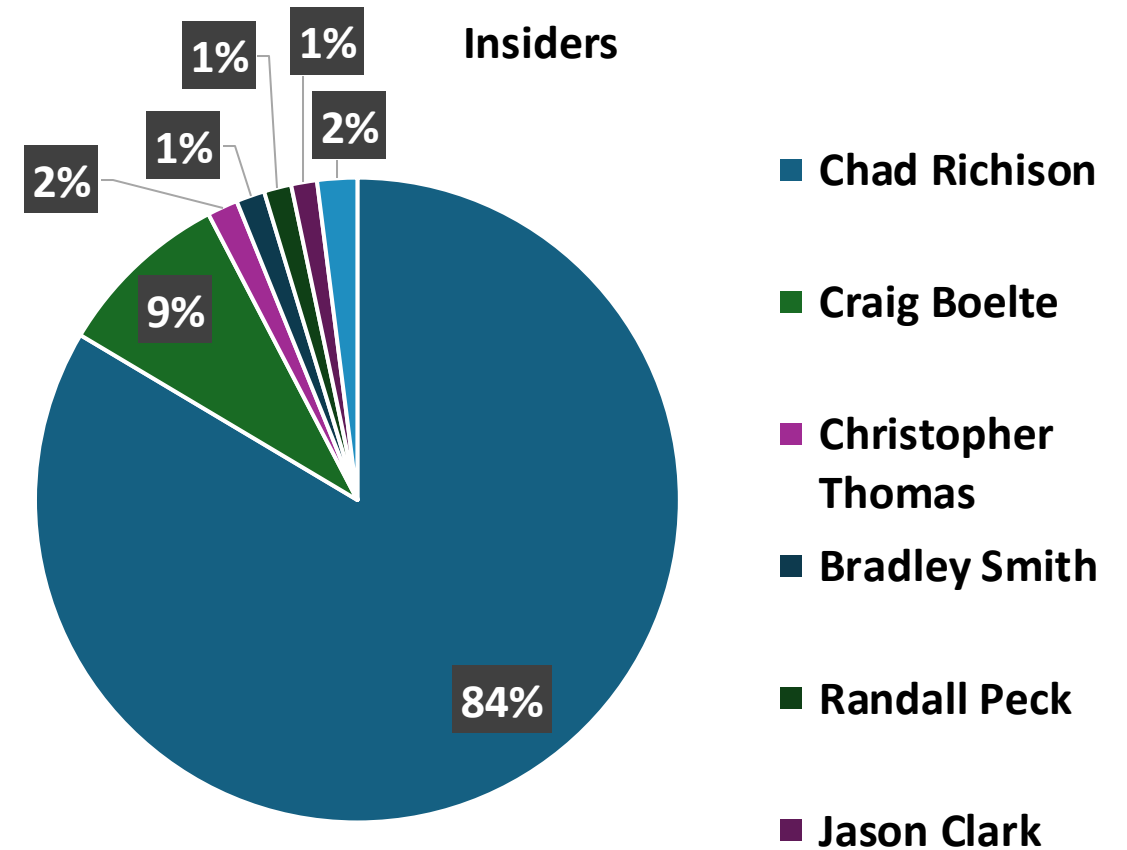
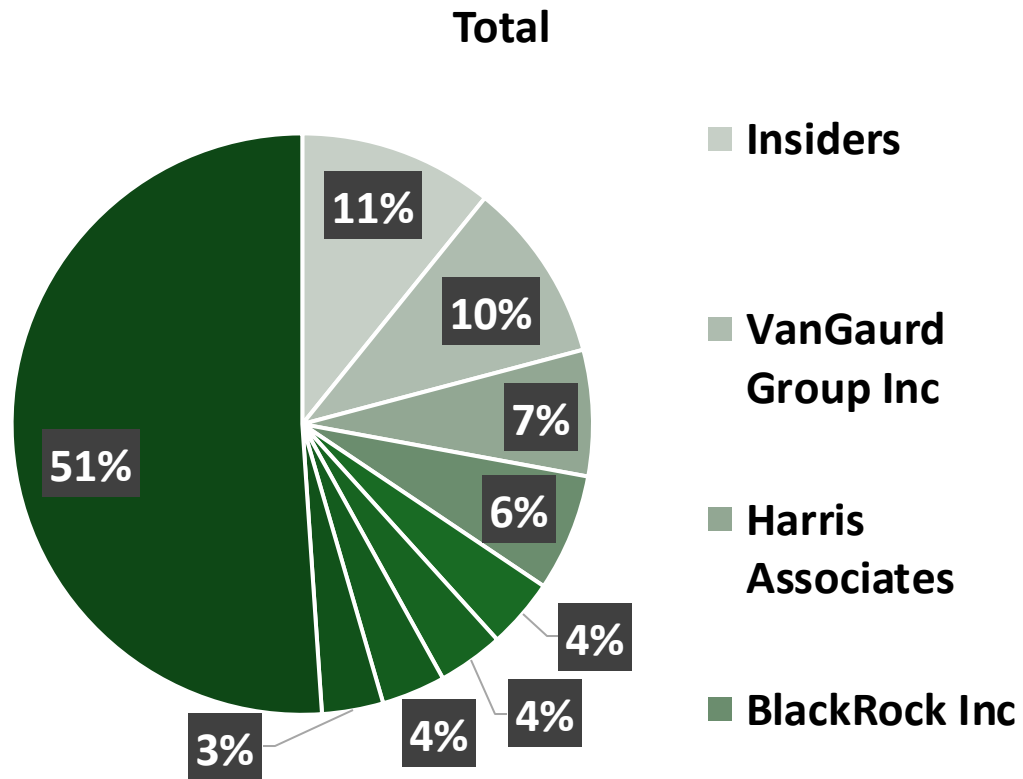
Revenue and Net
Income Margin

Performance Stock
Unit Metrics

Adjusted EBITDA
margin



Ownership





Ryker Purdy

Capital Allocation



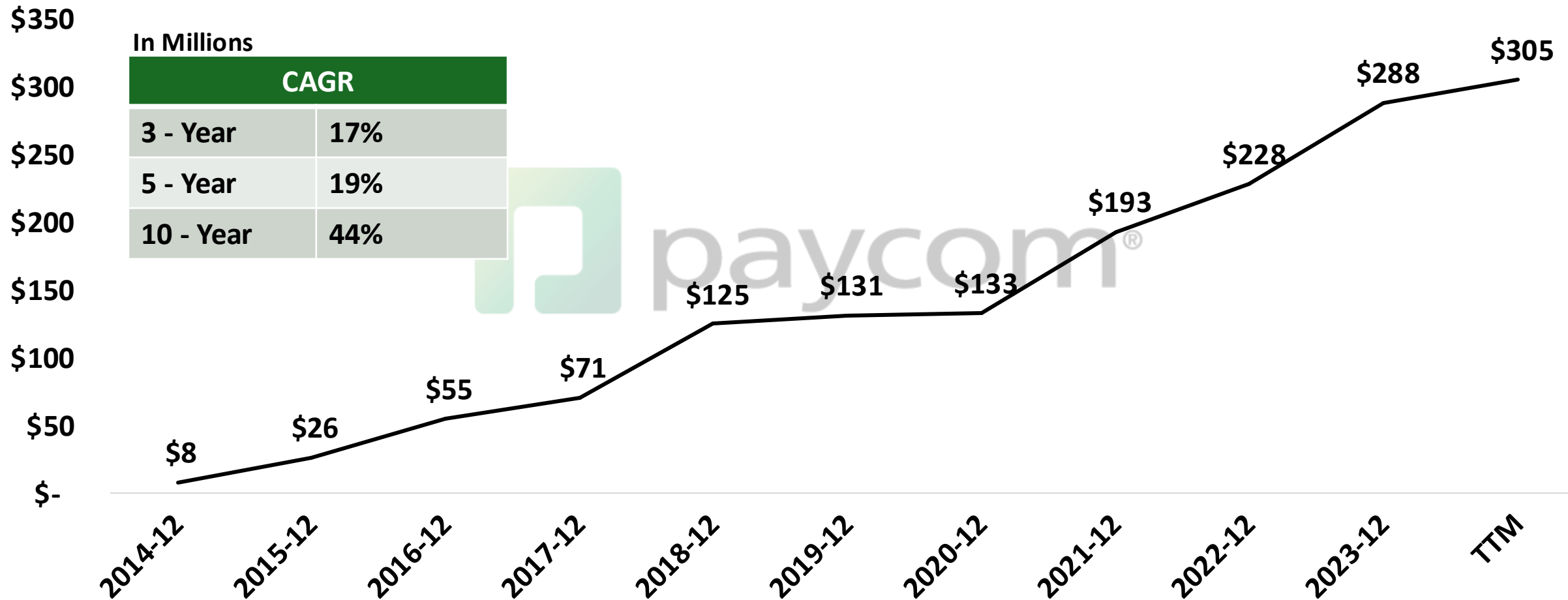
Share Buyback Plan

- Paycom's board of directors approved of \$1.5 billion for stock repurchases.
- This authorization extends through August 15, 2026.
- Substantial increase from previous authorization of \$676 million.





Free Cash Flow



1/31/2025

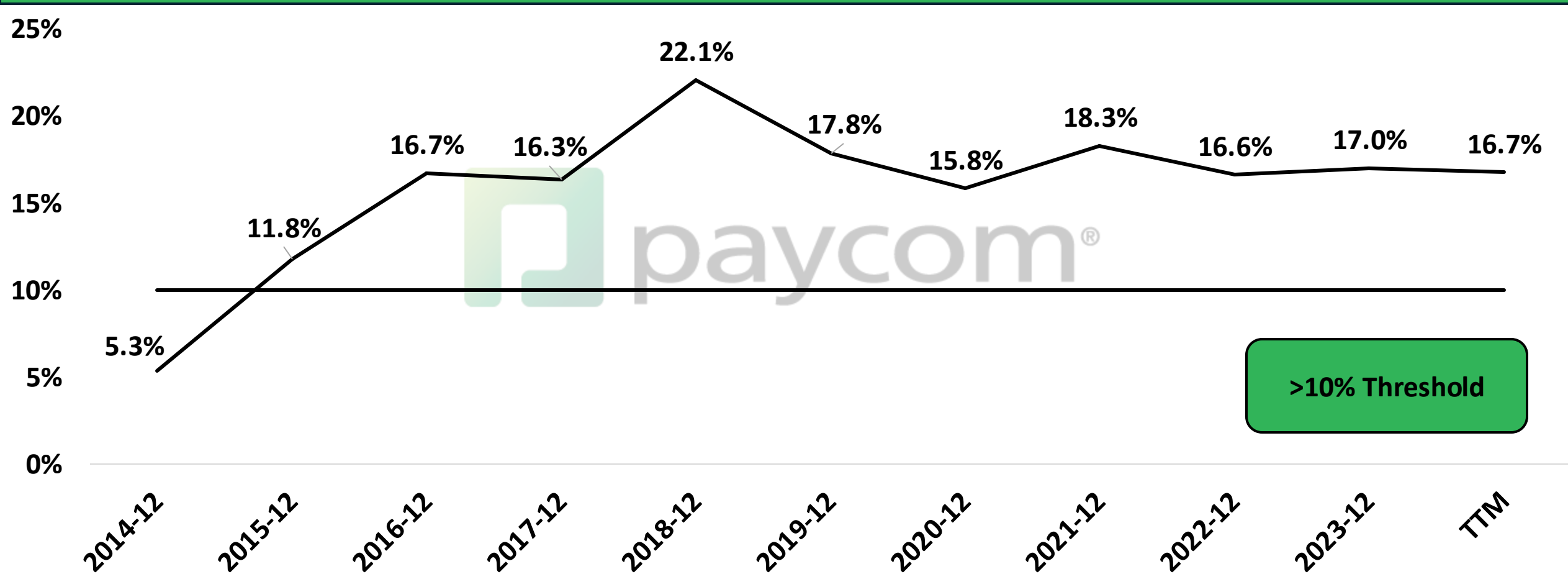
 paycom®

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Free Cash Flow Margin

Free Cash Flow Margin = Free Cash Flow/Revenue



1/31/2025

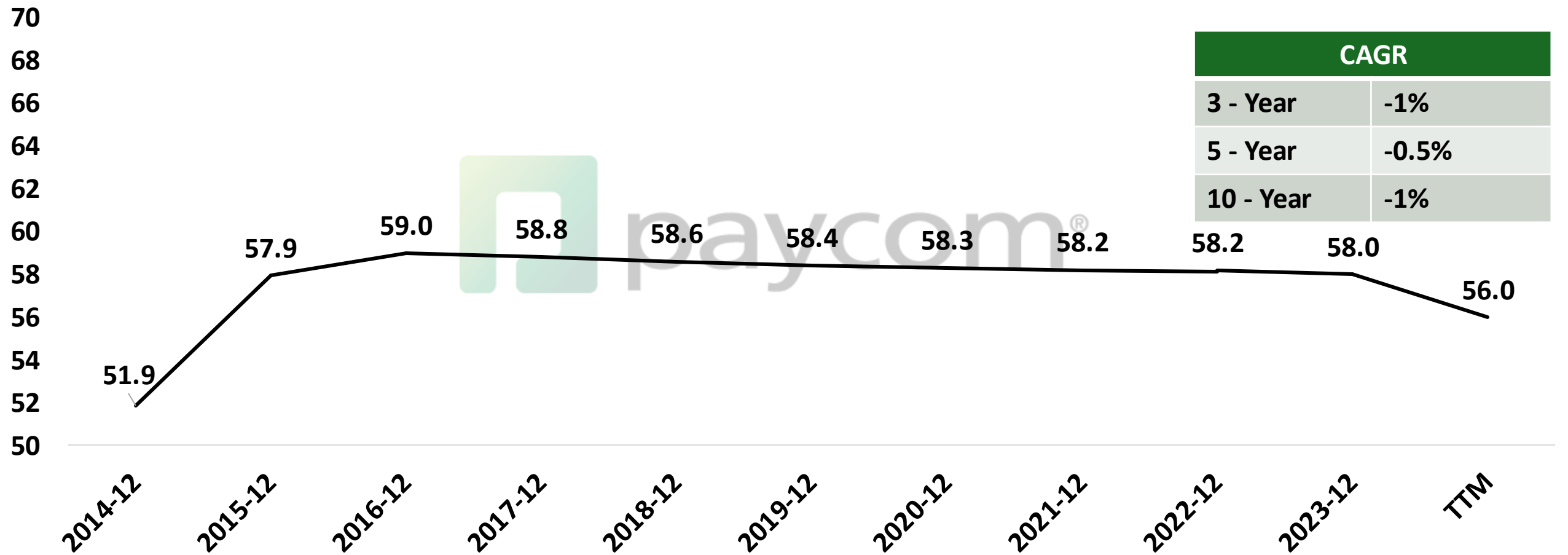
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Shares Outstanding

Shares Outstanding = Shares Issued - Shares Repurchased



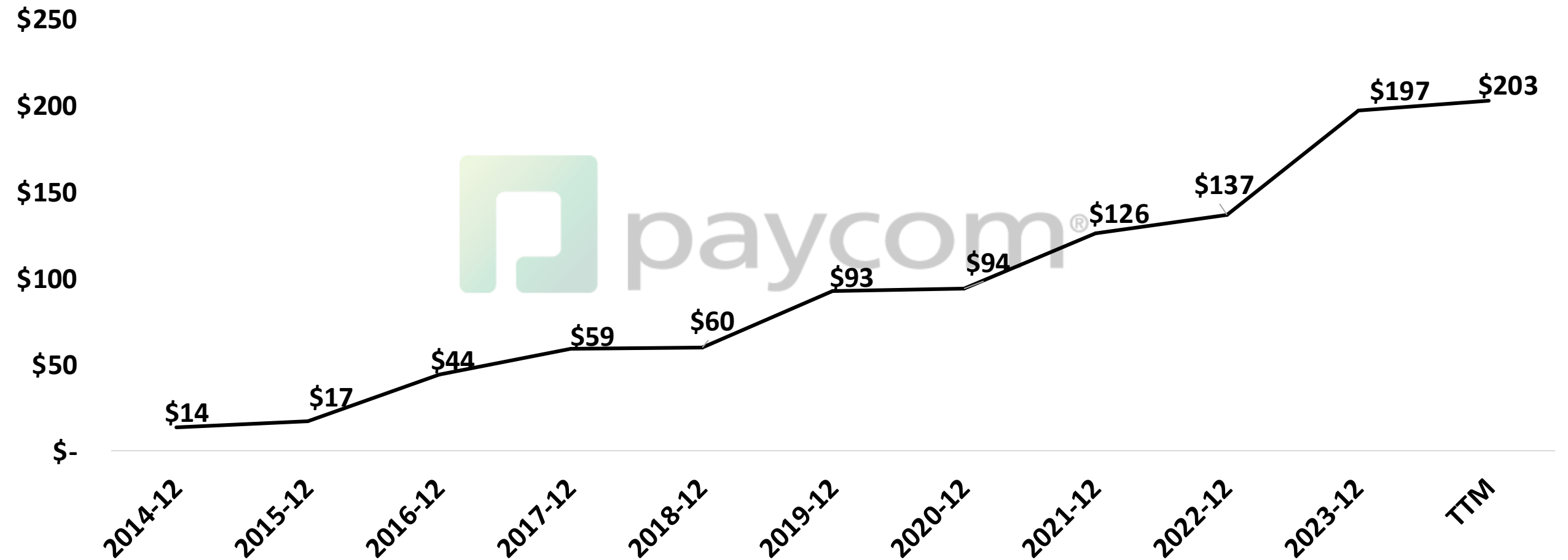
1/31/2025



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Capital Expenditures (In Millions)



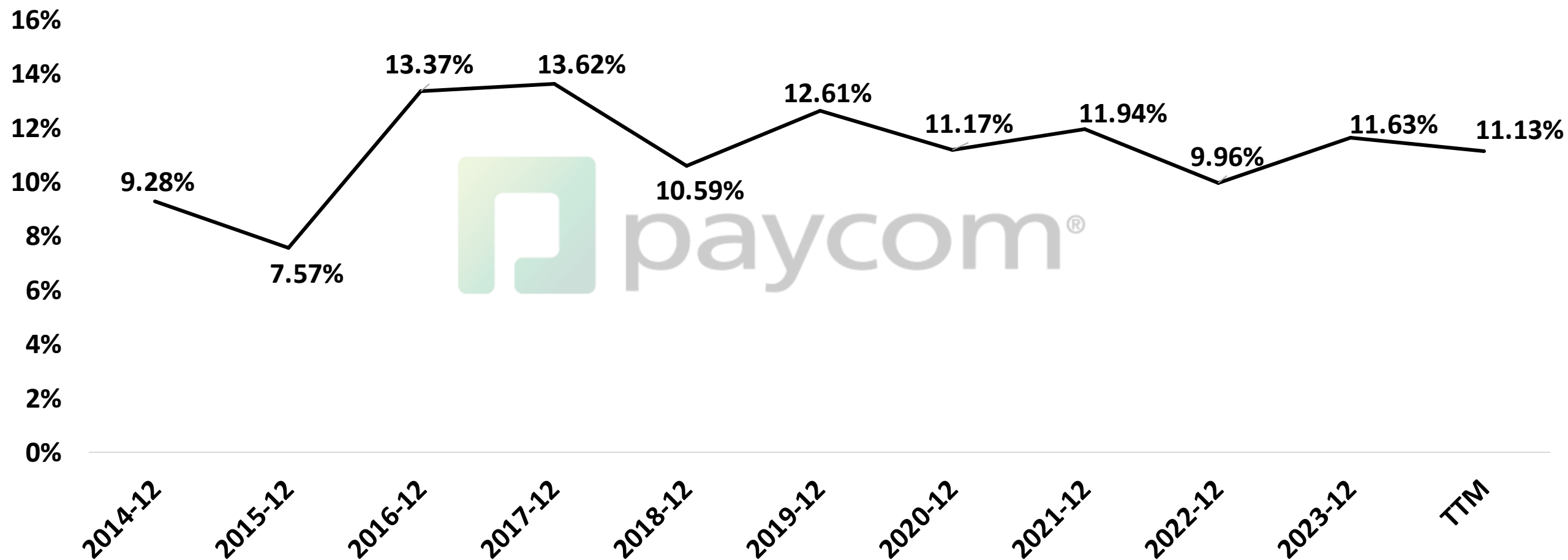
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 paycom®

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Capital Expenditures as % of Revenue



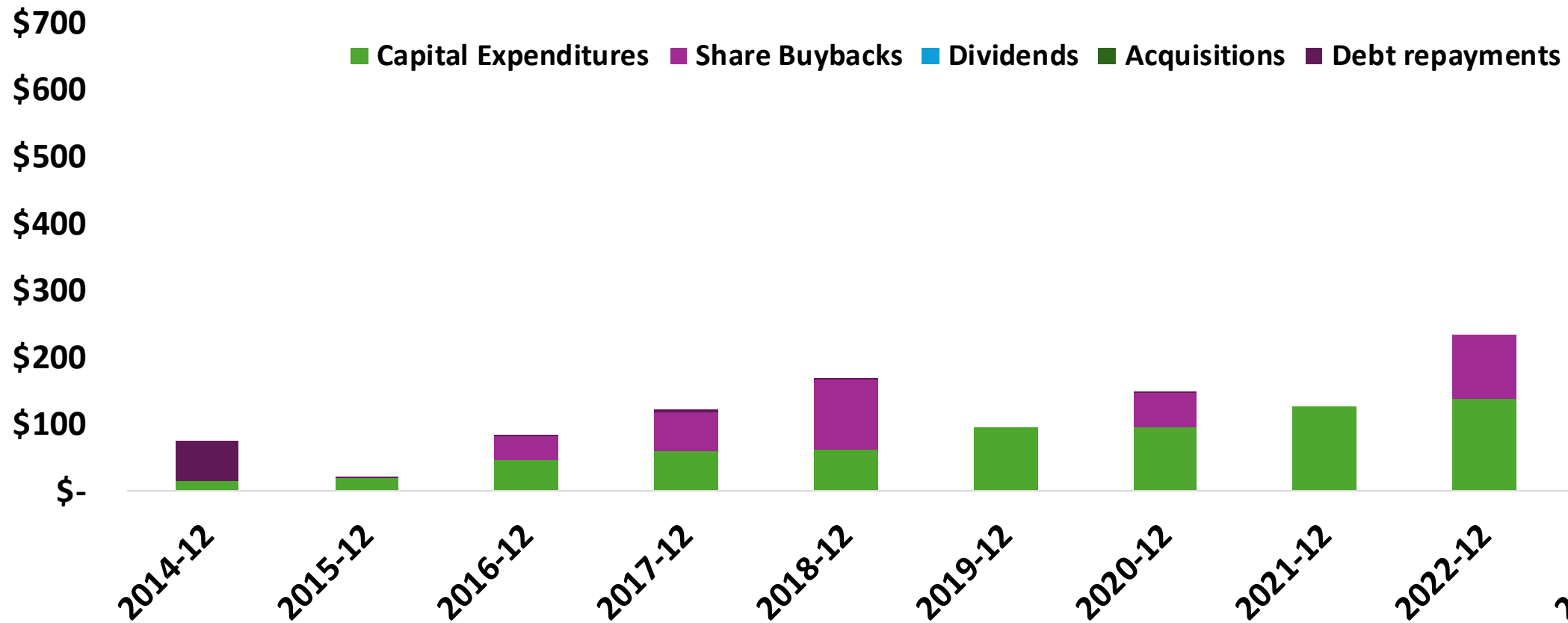
1/31/2025

 paycom®

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Capital Expenditures (In Millions)



1/31/2025



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Products



Talent Acquisition

Applicant Tracking

- simplifies the recruiting
- Qualified employees
- onboarding new employees
- Job openings / positions

Candidate tracker

- recruiters track
- Contact history Client information (School, degree, employer, ZIP)

Enhanced background checks

- Easy Screening
- Employers choose specific service packages
- Verifies (Health, school, history and records)
- Faster turnaround from competitors by 3 days

Onboarding

- Streamlines Hiring
- Employee Checklists and task manager
- Helping Employee and employer prepared for position

E-Verify

- Electronic Verification
- Automates employment verification
- Reduces exposure to audits and penalty risks

Tax Credits

- Employers calculate available tax credits
- Prescreens candidates for tax qualifications

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Products

Time and Labor Management

Time and Attendance

- Accurately and efficiently manage when, where, and how
- employees report hours
- Clients customize rules
- batch editing
- time card management tools
- employees can clock in and out at their desk or MOBILE
- Web base time clocks or using finger scans , bad swipes , or other hardware terminals
- automate and update payroll
- eliminates errors

scheduling

- automated functionality
- seamless workflow with payroll and time attendance apps
- create and edit templates for different pay classes
- access anytime for employees and managers
- approve, decline, or swap schedules available for pickup

Time-off request with GONE

- automate and standardizes the time off request process
- client set criteria to fairly and consistency auto resolve requests
- employers remain adequately staffed
- faster decisions
- seamless accurate into payroll
- managers can monitor online time off calendars and requests
- employees can view on mobile available dates and status requests and comments

labor allocation

- setting up and tracking employee hours
- labor management reports / push reporting
- up-to-the-minute information
- manage labor force
- over time and labor distribution
- push gives ability to set up recurring reports and schedule automatic daily, weekly, monthly, quarterly or yearly basis
- geofencing / geotracking

enhances time and attendance application

- assist clients managing whereabouts while on the job
- employers can establish geographical boundaries within authorized clock in employee
- Time theft combatting tool supersedes IP address restrictions
- first checks authorized geographical locations , rather than IP
- can monitor where and when clocked in and clocked out employees

Micro fence

- Proprietary Bluetooth beacon
- placed in clients workplace
- enables clock in or out and the Paycom mobile app within radius
- avoids waiting for a communal clock hardware
- employees can track hourly work time
- microfence helps employers comply with labor laws



Products

Payroll

Beti- (Better Employee Transaction Interface™)

- Industry first technology
- employees do their own payroll
- increases efficiencies and reduces errors
- Paycom to process their own payroll
- guiding employees to view, access, manage, troubleshoot, and approve their paycheck before payroll is submitted
- reduces HR request to help focus
- employees manage all other components of their paychecks, including time cards, expenses, PTO request and benefits

payroll and tax management

applications

information \

- all clients required to utilize this application to access other applications
- automatically updated with changes of employee information \
- Saving time and cost
- reliable payroll processing with additional controls
- customize services to fit their specific needs
- generate custom reports, run payroll, and changes
- manage payroll, taxes, deposits

Vault Visa Payroll Card

card

Pay, Samsung pay

reduce check fraud through secure digital funding

- Employee financial convenience
- allows to deposit a portion of their wages on a secure pay card
- accessible with mobile wallets such as Apple Pay, Google Pay, Samsung pay
- some cases access pay two days earlier
- clients minimize the inconvenience of paper based payroll

Everyday

- our daily payroll service
- receive daily wages on a vault visa payroll card at no cost
- transparency
- employers competitive edge for financial flexibility
- fully automated, calculating withholding taxes, benefits and deductions , and overpayment
- Paycom Pay
- Eliminates tedious, risk issuing checks
- Simplifying bank statements balancing client Action Center
- allows payroll administrators to act on banking and tax related information
- Client received comprehensive view of data
- centralized all in one intuitive dashboard
- with Paycom mobile app they can access quick views of wires, tax accounts and access to specialists for assistance
- Expense Management
- Eliminates manual, paper based processes
- so that's clear to find rules and parameters for employee reimbursement
- employees can upload or e-mail photos of receipts for reimbursement and expenses
- view status of submitted expenses
- seamlessly follow through approvals to payroll , reducing manual work for accounting personnel
- organizations gain audit ready reporting mileage tracker /FAVR
- native mobile app includes mileage tracker
- accurately track and log and manage employees mileage reimbursements
- FAVR (fixed and variable rate)
- customize mileage reimbursement rate
- Garnishing Administration
- Mitigates risk of penalties and lawsuits from employees and agencies
- calculate and track garnishment payments
- GL Concierge
- application organizes more control and transparency in payroll general Ledger
- offers intuitive reporting, enriched audit trails, customizable file layouts , and real time alerts



Products

HR Management

Manager on-the-Go

- Approving time off request
- expense reimbursements
- available anytime anywhere
- View teams time off calendar, edit, approve, punch change

request, manage employee schedules , respond to employees inquiries

- seamless between employee self-service and mileage tracker

direct data exchange

- efficiencies gained through HR technology
- provides real time return on investment
- cost savings associated by changes made by employees
- software uses time and attendance, benefits, expenses, time

off requests, tax and payroll modifications to determine savings achieved

Ask here

- Direct Line communication

increased engagement by ensuring all inquiries are

addressed, any required actions are taken and no follow-ups are required by the employee

COBRA

COBRA violations and the associated fines and penalties by automatically initiating compliance measures upon entry of qualifying events into the application. In addition to sending required correspondence, this application also tracks important dates, collects and remits premiums, and reports on all COBRA activity

Products



Talent Management

Employee Self-Service

- Available in English or Spanish
- employees to self manage certain transactions
- quick answers to frequent payroll and HR questions
- access their pay history
- view performance goals and reviews
- review total compensation reports
- Access software through any device with Internet

connection

- mobile app available through Google Play and App Store

compensation budgeting

- provides compensation and performance information in one

system

- valuable workforce inside
- manage and formulate salary budgets
- establish merit based compensation increases
- automatically upload new payroll rates
- linked with payroll performance reviews

performance management

- set performance goals
- competencies for positions across an organization
- align with company goals and workforce goals
- streamline review process linked to performance pay

position management

- provides customizable tools to categorize personnel
- increasing consistency
- increasing organization company wide
- today's job attributes to a specific position within the

organization, not an individual employee

my analytics

- dashboard allows workforce inside
- single software with comprehensive report data used for

HCM decisions

Paycom learning

- learning management application
- deliver smart, simple, data-driven experience
- formalizes and standardizes client training process
- anytime anywhere access
- central knowledge base
- built in video content creator
- Create, upload, and distribute engaging micro learning

content quickly and easily