

# Q4 and FY'21 Results



# Disclaimer

Paycor HCM, Inc.'s (together with its subsidiaries, "Paycor" or the "Company") fiscal year ends on June 30. References to "fiscal 2021" or "FY21" refer to the fiscal year ended June 30, 2021. References to "fiscal 2020" or "FY20" refer to the fiscal year ended June 30, 2020. References to "fiscal 2019" or "FY'19" refer to the arithmetic sum of the results of (i) Paycor, Inc., the Company's accounting predecessor, for the period of July 1, 2018 through November 1, 2018 and (ii) the Company for the period of November 2, 2018 to June 30, 2019. These FY'19 figures do not represent "pro forma" amounts prepared in accordance with SEC rules and regulations, including Article 11 of Regulation S-X. Any references to a year not preceded by fiscal or FY refers to a calendar year.

## 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 factors include, but are not limited to: our ability to manage our growth effectively; 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; our ability to innovate and deliver high-quality, technologically advanced products and services; our relationships with third parties; the proper operation of our software; future acquisitions of other companies' businesses, technologies, or customer portfolios; the impact of COVID-19 on our business; and those risks described in our prospectus, dated July 20, 2021, filed in connection with our initial public offering, as well as in our other filings with the Securities and Exchange Commission.

There is no assurance that the Company will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way the Company expects. The forward-looking statements included in this prospectus are made only as of the date hereof. The Company undertakes no obligation to update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as otherwise 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, and Adjusted Research and Development Expense, 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, and Adjusted Research and Development Expense 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 and Adjusted Operating Income Margin to the most directly comparable GAAP financial measure can be found at the end of this presentation.





## We Empower Leaders to Develop Winning Teams



**28K**

Total Customers<sup>(1)</sup>



**2.0M**

Customer Employees<sup>(1)</sup>



**\$115M, +43%**

Bookings & Y/Y Growth<sup>(2)</sup>



**\$353M, +8%**

Revenue & Y/Y Growth<sup>(2)</sup>



**99%**

Recurring Revenue<sup>(2)</sup>



**77%**

Adj. Gross Margin excl. D&A<sup>(2)</sup>

# Our Winning Formula



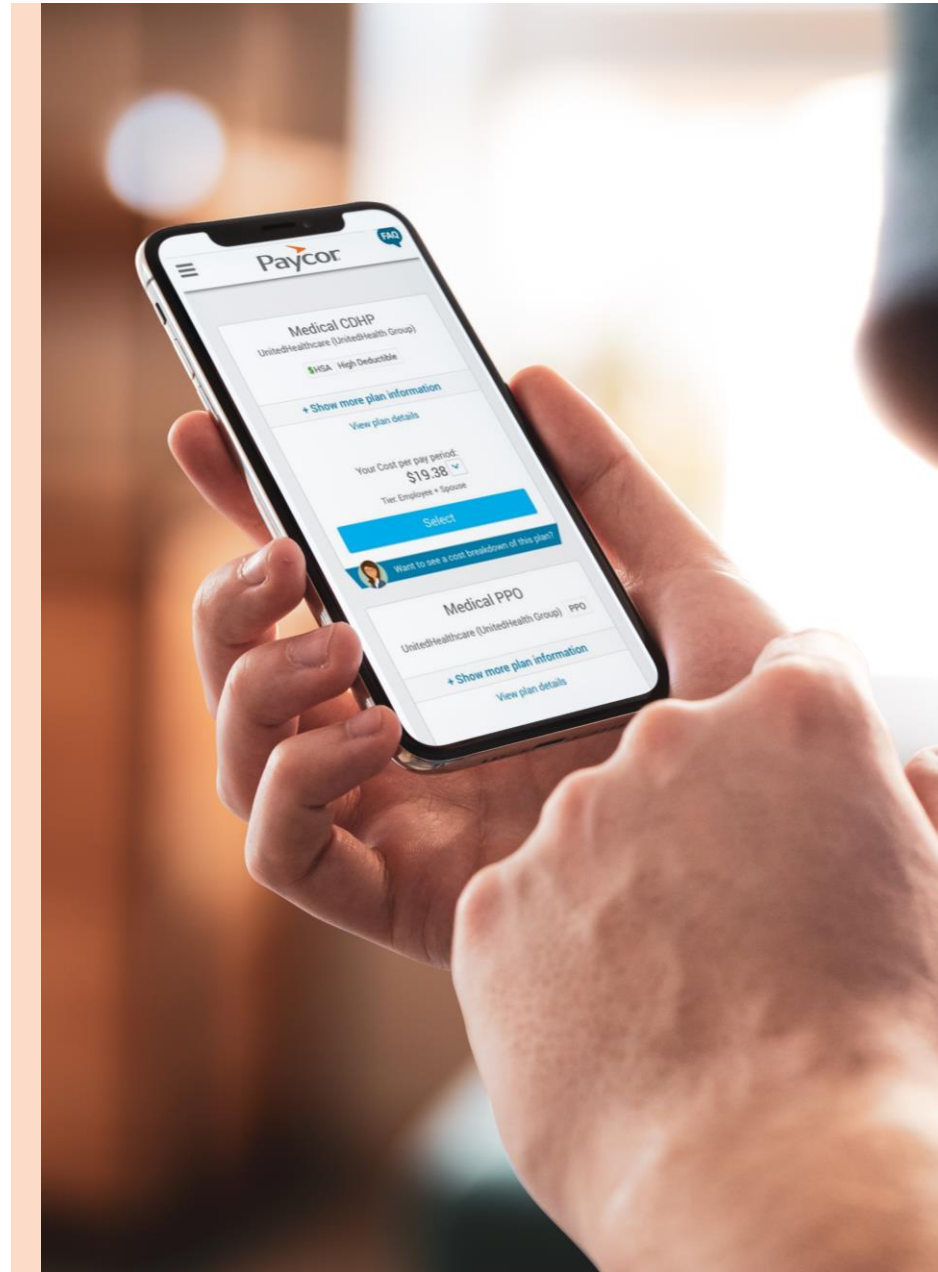
**Disruptive SaaS Platform Purpose Built for Leaders**



**Massive Underserved Market**



**Proven Growth Strategy**





# Our Disruptive SaaS Platform is Purpose-Built for SMB Leaders



**Easy to  
Use**



**Unrivaed  
Product Depth**



**Open and  
Interoperable**

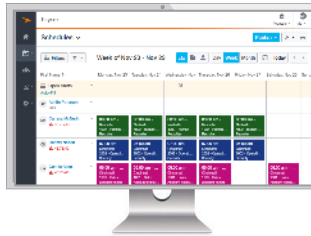


**Tailored for  
Industry**

# We Believe That Leaders Drive Engagement, Engagement Drives Results

Paycor empowers leaders to modernize every aspect of people management...

- Intuitive UX enables quick onboarding and rapid time-to-value
- Approve time, pay, shift changes and other requests via mobile



**Work Anywhere**

**Maintain Compliance**

- Real-time payroll and tax engine improves accuracy and speed
- Unified platform provides real-time reporting and security



- Pre-built dashboards
- Automatic shift scheduling
- Self-serve onboarding
- Ben-Admin decision support



**Automate Workflows**

PURPOSE-BUILT FOR

*Leaders*



...so they can focus on what really matters: building winning teams

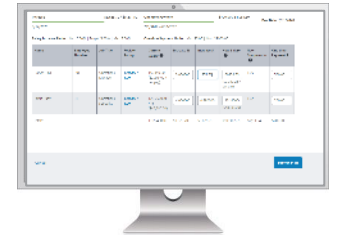
**Set Goals**

- Goals incorporated into 1-on-1s and reviews to help leaders drive focus
- Advanced OKR capabilities to drive mission alignment



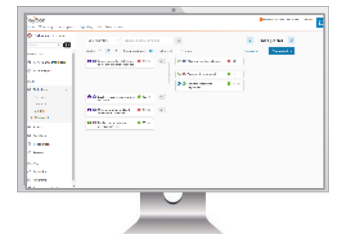
**Coach Employees**

- Out-of-the-box, configurable templates to guide leaders
- Fully integrated compensation and performance management



**Drive Performance**

- AI-powered surveys make employee feedback actionable
- Integrated capabilities empower leaders to hire, develop, and reward top performers



# SMB Opportunity is Massive and Growing

**\$37B Future TAM**

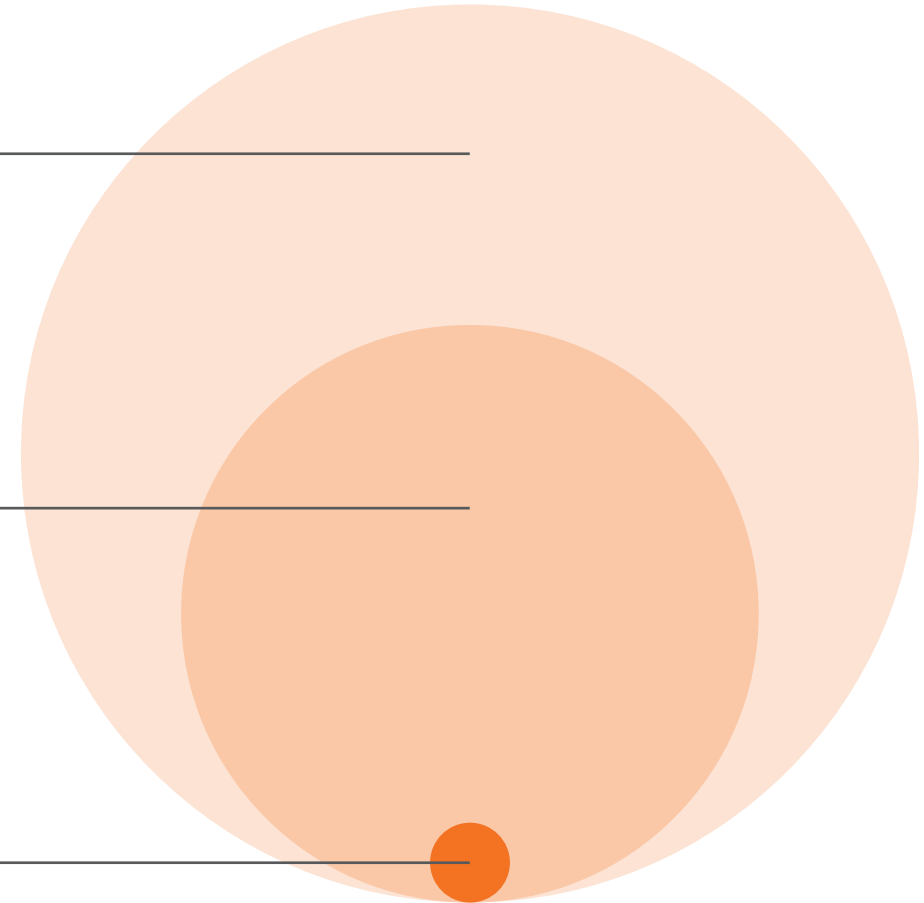
# of U.S. employees at firms with 10-1,000 employees x **\$50** Future List PEPM

**\$29B Current TAM**

# of U.S employees at firms with 10-1,000 employees x **\$39** List PEPM<sup>(1)</sup>

**\$353M**

Paycor's current penetration

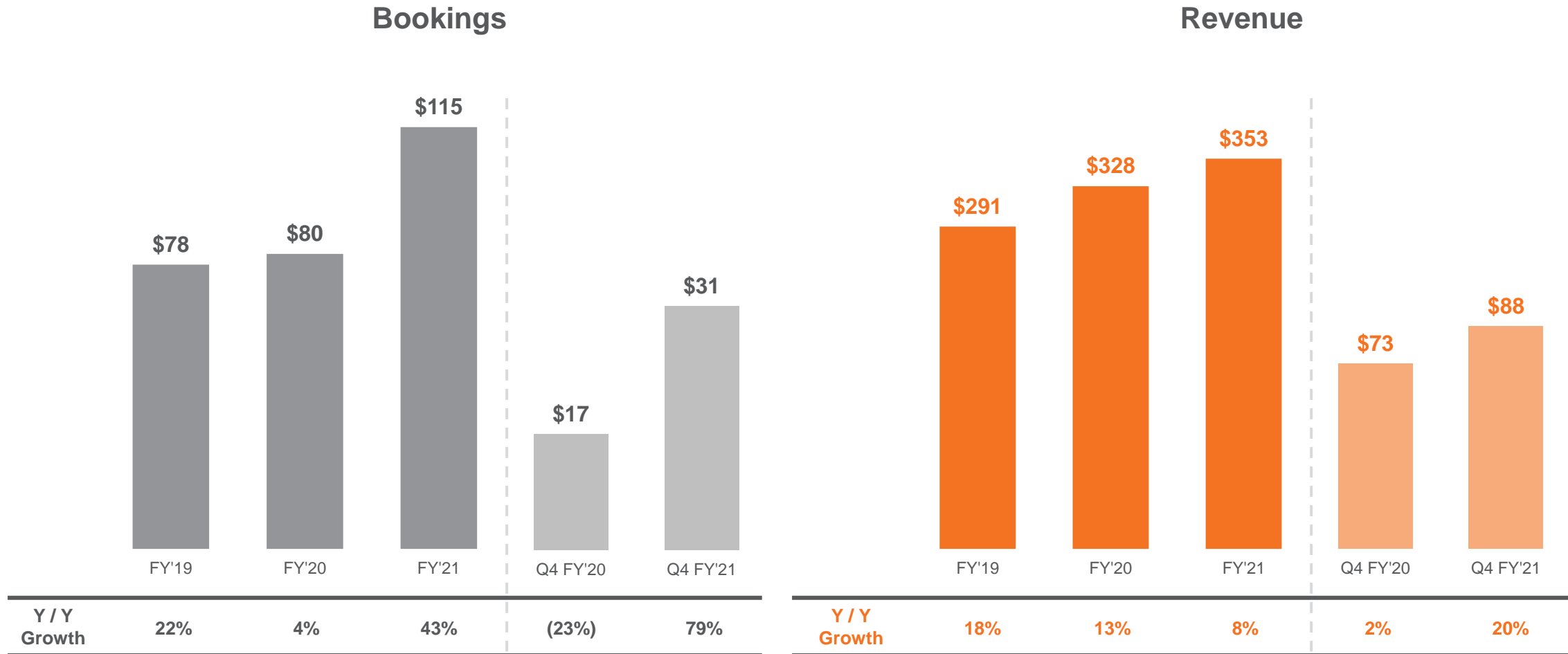


# We are In-Flight with Proven and Actionable Growth Levers





# Record Bookings and Strong Revenue Performance



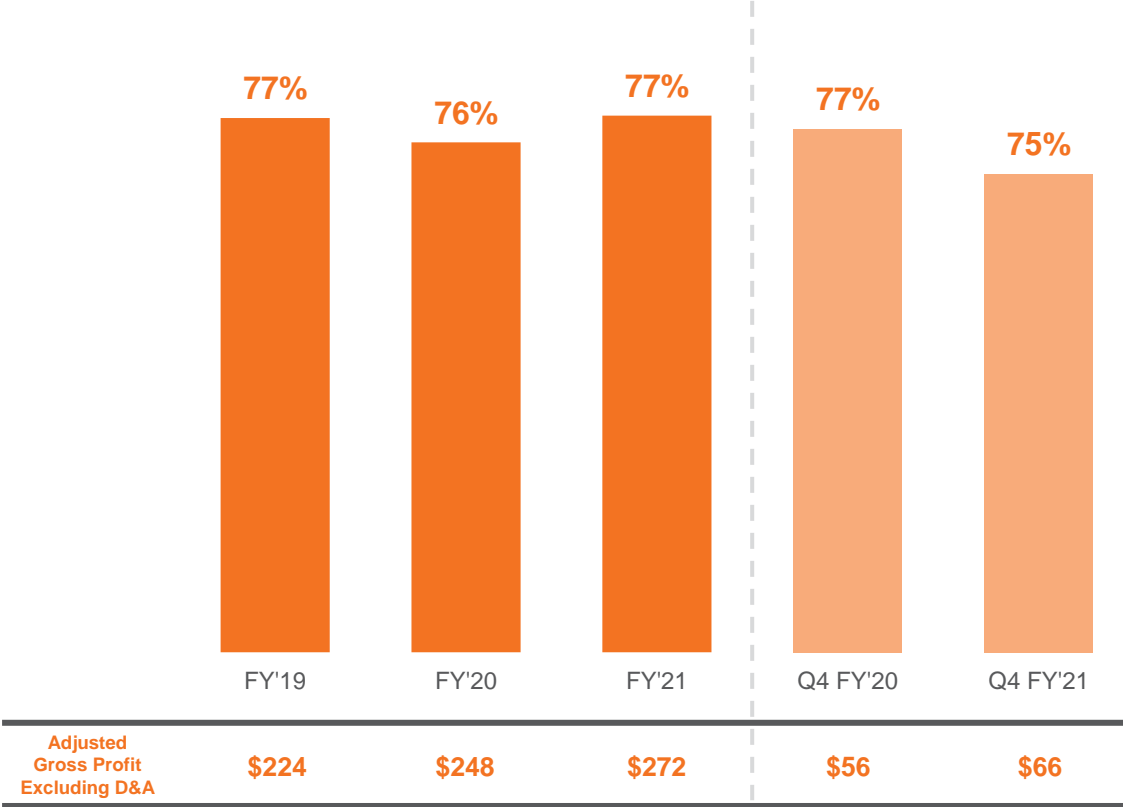
Note: FY'19 actuals are the sum of the GAAP Successor Period (period from November 2, 2018 to June 30, 2019) and GAAP Predecessor Period (period from July 1, 2018 to November 1, 2018), and are reported in such a manner throughout this presentation. \$ in millions.

# Strong Gross Margins Underpinning Scalable Model

Adjusted Gross Profit Margin



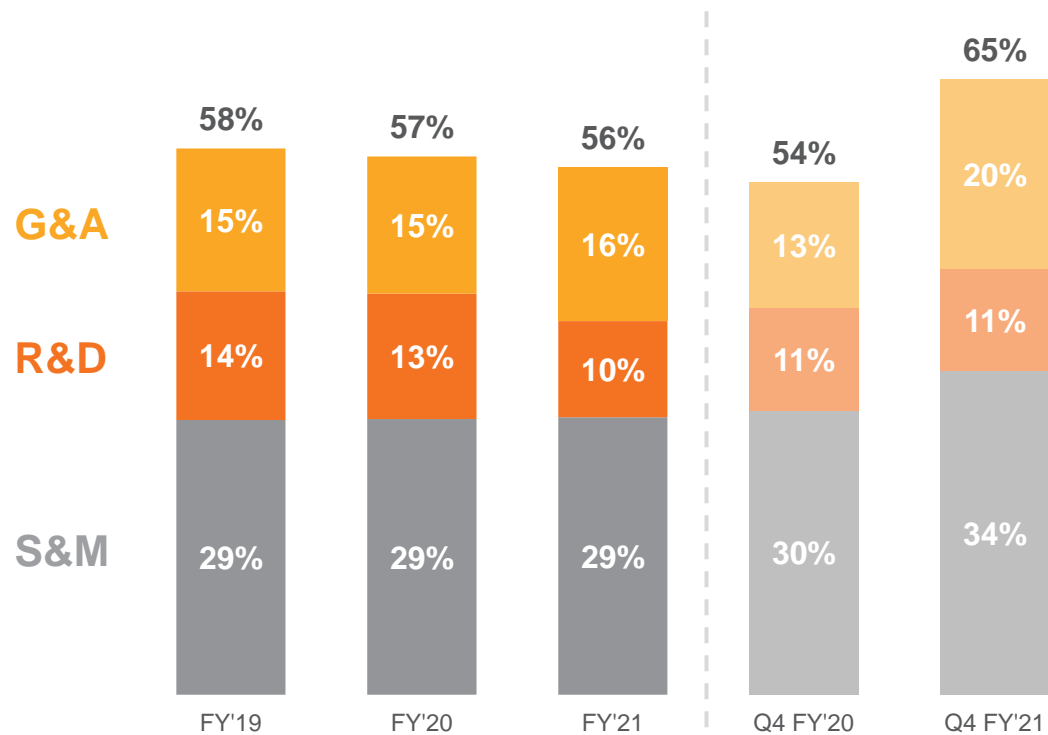
Adjusted Gross Profit Margin  
Excluding Depreciation & Amortization



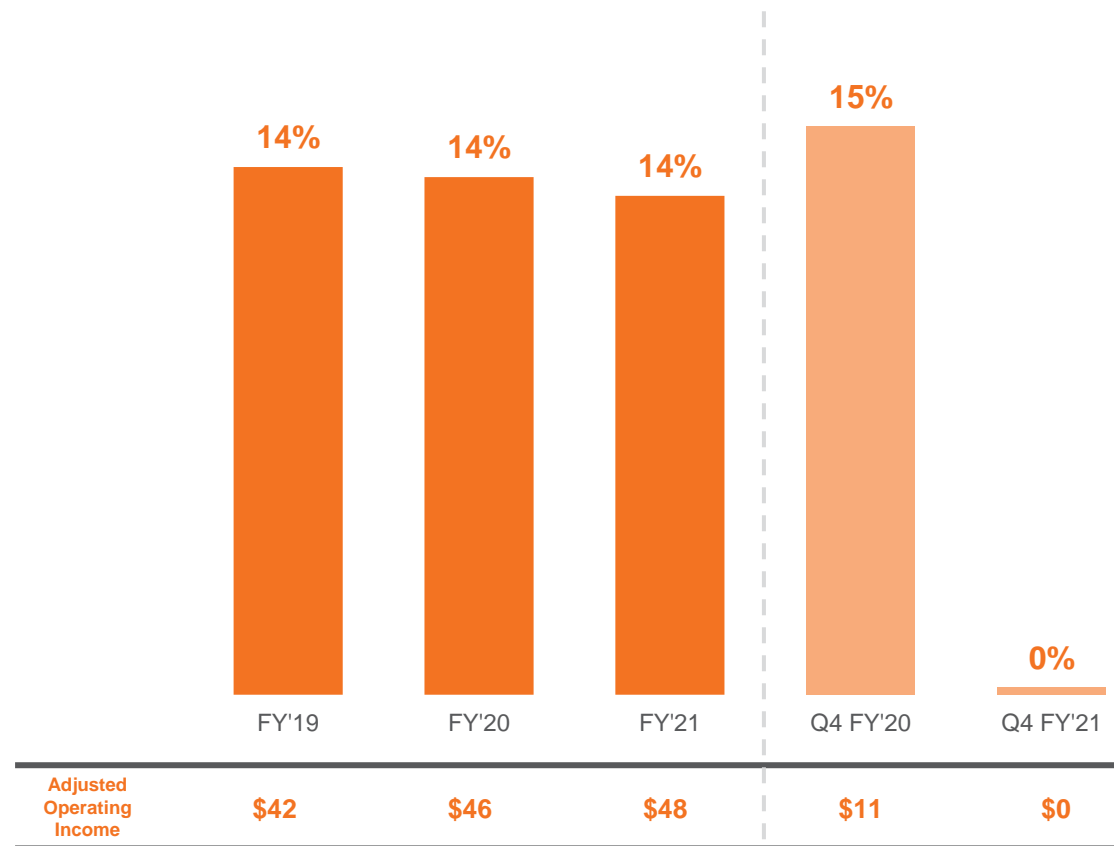
Note: \$ in millions. Please see Appendix for GAAP to non-GAAP reconciliation.

# Operating Structure Built to Drive Our Growth

Adjusted Operating Expenses as % of Revenue




Adjusted Operating Income Margin



Note: \$ in millions. Please see Appendix for GAAP to non-GAAP reconciliation. Amounts may not foot due to rounding.

# Initiating Q1 & FY'22 Guidance

	<u>Q1 2022</u>	<u>FY 2022</u>
<b>Total Revenue</b>	<b>\$89 to \$90</b>	<b>\$396 to \$400</b>
<i>Year-over-year Growth</i>	<i>13% to 14%</i>	<i>12% to 13%</i>
<b>Adjusted Operating Income</b>	<b>\$1.0 to \$1.5</b>	<b>\$30.0 to \$32.0</b>
<i>Adjusted Operating Income Margin</i>	<i>1.1% to 1.7%</i>	<i>7.6% to 8.0%</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 award and liability incentive award expenses and corporate adjustments. \$ in millions.

# IPO Summary

- Completed IPO in July 2021, selling 21.3 million shares of common stock at \$23 per share.
- Total net proceeds of \$458.7 million.
- Redeemed Series A Redeemable Preferred Stock (Redeemable Noncontrolling Interests) for \$260 million and repaid all outstanding borrowings.
- Pro Forma Cash balance of \$147.0 million as of June 30, 2021<sup>(1)</sup>.
- 174.4 million basic shares outstanding.
- 80.9% of total shares outstanding are controlled by Pride Aggregator, L.P., considering the conversion of Series A Preferred Stock to common stock.



(1) See reconciliation of Pro Forma Cash balance in the appendix.





# Appendix



# 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 expenses, and 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 expenses, certain corporate expenses and depreciation and amortization, in each case that are included in costs of recurring 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 loss from operations before amortization of acquired intangible assets, stock-based award and liability incentive award compensation expenses, and other certain corporate expenses, such as costs related to acquisitions, including the Apax Acquisition. 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 stock-based award and liability incentive award compensation expenses, 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 award and liability incentive award compensation expenses, and other certain corporate expenses. We define Adjusted Research and Development expense as research and development expenses before stock-based award and liability incentive award compensation expenses, and other certain corporate expenses.



# GAAP to Non-GAAP Reconciliation

## Reconciliation to Adjusted Gross Profit

	Fiscal Year Ended June 30, 2021	Three Months Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Three Months Ended June 30, 2020	Fiscal Year Ended June 30, 2019
<b>Gross Profit</b>	<b>\$198.3</b>	<b>\$46.0</b>	<b>\$188.2</b>	<b>\$39.2</b>	<b>\$182.0</b>
<i>Gross Profit Margin</i>	56.2%	52.3%	57.4%	53.4%	62.4%
Amortization Expense	\$46.6	\$11.6	\$43.5	\$11.3	\$28.5
Corporate Adjustments	\$0.0	\$0.0	\$1.7	\$0.8	\$0.3
<b>Adjusted Gross Profit</b>	<b>\$244.9</b>	<b>\$57.6</b>	<b>\$233.4</b>	<b>\$51.3</b>	<b>\$210.7</b>
<i>Adjusted Gross Profit Margin</i>	69.4%	65.4%	71.2%	69.9%	72.3%
<b>Adjusted Gross Profit</b>	<b>\$244.9</b>	<b>\$57.6</b>	<b>\$233.4</b>	<b>\$51.3</b>	<b>\$210.7</b>
Amortization of Deferred Contract Costs	\$10.6	\$3.2	\$5.7	\$1.9	\$5.8
Amortization of Capitalized Software	\$13.8	\$4.2	\$6.9	\$2.3	\$5.5
Depreciation	\$2.6	\$0.7	\$2.5	\$0.7	\$2.3
<b>Adjusted Gross Profit, Excluding D&amp;A</b>	<b>\$271.9</b>	<b>\$65.7</b>	<b>\$248.4</b>	<b>\$56.2</b>	<b>\$224.4</b>
<i>Adjusted Gross Profit Margin, Excluding D&amp;A</i>	77.1%	74.7%	75.8%	76.6%	77.0%

Note: \$ in millions. Amounts may not foot due to rounding. Amortization expense includes amortization of stock-based compensation expense and intangible assets.

# GAAP to Non-GAAP Reconciliation (cont'd)

	Reconciliation to Adjusted Operating Income				
	Fiscal Year Ended June 30, 2021	Three Months Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Three Months Ended June 30, 2020	Fiscal Year Ended June 30, 2019
<b>Loss from Operations</b>	<b>(\$89.3)</b>	<b>(\$32.3)</b>	<b>(\$94.7)</b>	<b>(\$29.9)</b>	<b>(\$105.2)</b>
Operating Margin	(25.3%)	(36.7%)	(28.9%)	(40.8%)	(36.1%)
Amortization Expense	\$129.8	\$30.9	\$125.8	\$35.2	\$86.6
Liability Incentive Award Compensation Expense	(\$0.2)	(\$0.3)	\$3.1	\$0.3	\$29.0
Corporate Adjustments	\$7.7	\$1.9	\$12.1	\$5.8	\$31.5
<b>Adjusted Operating Income</b>	<b>\$48.0</b>	<b>\$0.2</b>	<b>\$46.3</b>	<b>\$11.4</b>	<b>\$41.9</b>
Adjusted Operating Income Margin	13.6%	0.2%	14.1%	15.5%	14.4%

Note: \$ in millions. Amounts may not foot due to rounding. Amortization expense includes amortization of stock-based compensation expense and intangible assets.

# GAAP to Non-GAAP Reconciliation (cont'd)

	Reconciliation of Adjusted Operating Expenses				
	Fiscal Year Ended June 30, 2021	Three Months Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Three Months Ended June 30, 2020	Fiscal Year Ended June 30, 2019
<b>Reconciliation of Adjusted Sales and Marketing</b>	<b>\$106.1</b>	<b>\$30.3</b>	<b>\$100.0</b>	<b>\$25.0</b>	<b>\$87.1</b>
Amortization Expense	(\$1.4)	\$0.4	(\$1.7)	(\$1.7)	(\$2.3)
Liability Incentive Award Compensation Expense	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0
Corporate Adjustments	(\$1.1)	(\$0.5)	(\$2.5)	(\$1.2)	\$0.0
<b>Adjusted Sales and Marketing</b>	<b>\$103.7</b>	<b>\$30.2</b>	<b>\$95.8</b>	<b>\$22.1</b>	<b>\$84.9</b>
<i>% of Revenue</i>	29.4%	34.3%	29.2%	30.1%	29.1%
<b>Reconciliation of Adjusted General and Administrative</b>	<b>\$145.5</b>	<b>\$38.6</b>	<b>\$137.1</b>	<b>\$34.1</b>	<b>\$158.9</b>
Amortization Expense	(\$81.7)	(\$19.7)	(\$79.8)	(\$21.4)	(\$54.9)
Liability Incentive Award Compensation Expense	\$0.0	\$0.1	(\$3.1)	(\$0.3)	(\$29.0)
Corporate Adjustments	(\$6.5)	(\$1.3)	(\$6.5)	(\$2.6)	(\$30.8)
<b>Adjusted General and Administrative</b>	<b>\$57.3</b>	<b>\$17.6</b>	<b>\$47.7</b>	<b>\$9.8</b>	<b>\$44.2</b>
<i>% of Revenue</i>	16.3%	20.1%	14.5%	13.3%	15.1%
<b>Reconciliation of Adjusted Research and Development</b>	<b>\$36.0</b>	<b>\$9.5</b>	<b>\$45.9</b>	<b>\$9.9</b>	<b>\$41.1</b>
Amortization Expense	(\$0.1)	\$0.0	(\$0.8)	(\$0.8)	(\$1.0)
Liability Incentive Award Compensation Expense	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate Adjustments	(\$0.1)	(\$0.1)	(\$1.5)	(\$1.2)	(\$0.4)
<b>Adjusted Research and Development</b>	<b>\$35.9</b>	<b>\$9.5</b>	<b>\$43.6</b>	<b>\$8.0</b>	<b>\$39.7</b>
<i>% of Revenue</i>	10.2%	10.8%	13.3%	10.9%	13.6%

Note: \$ in millions. Amounts may not foot due to rounding. Amortization expense includes amortization of stock-based compensation expense and intangible assets.



# Pro-Forma Cash Balance as of June 30, 2021

## Sources and Uses of Cash from IPO Transaction

### Sources

<i>Base offering</i>	18.500
<i>Greenshoe</i>	2.775
<b>Total Shares Sold</b>	<b>21.275</b>
<i>IPO Price Per Share (Whole Dollars)</i>	\$23.00
<b>Total Sources</b>	<b>\$489.3</b>

### Uses

<i>Underwriting Fees</i>	\$30.6
<i>Transaction Expenses</i>	\$5.2
<i>Preferred Redemption</i>	\$260.0
<i>Credit Facility Payoff</i>	\$49.1
<i>Net Cash to Balance Sheet</i>	\$144.4
<b>Total Uses</b>	<b>\$489.3</b>

<i>Cash and Cash Equivalents as of 6/30/21</i>	\$2.6
<i>Net Cash to Balance Sheet from IPO</i>	\$144.4
<b>Proforma Cash and Cash Equivalents as of 6/30/21</b>	<b>\$147.0</b>