

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): February 8, 2023

PAYCOR HCM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40640
(Commission File Number)

83-1813909
(IRS Employer
Identification No.)

4811 Montgomery Road
Cincinnati, OH
(Address of principal executive offices)

45212
(Zip Code)

(800) 381-0053
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	PYCR	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On February 8, 2023, Paycor HCM, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter ended December 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this current report and is incorporated herein by reference.

The information furnished on this Form 8-K, including the exhibits attached, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

The Company makes references to non-GAAP financial measures in the attached press release. A description of the non-GAAP financial measures and a reconciliation of the non-GAAP financial measures to the most closely comparable GAAP financial measures are contained in the attached press release.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release Dated February 8, 2023
104	Cover Page Interactive Data File (formatted as Inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PAYCOR HCM, INC.

February 8, 2023

By: /s/ ALICE GEENE
Name: Alice Geene
Title: Chief Legal Officer and Secretary

Paycor Announces Second Quarter Fiscal Year 2023 Financial Results

- **Q2 Total revenues of \$132.9 million, an increase of 29% year-over-year, while expanding margins**
- **Q2 Recurring revenue of \$125.0 million, an increase of 22% year-over-year, and the fifth consecutive quarter of achieving our long-term target of sustainable 20%+ revenue growth**
- **Raises FY'23 revenue and Adjusted operating income guidance \$11 million and \$10 million, respectively, year-over-year at the top end of the range**

CINCINNATI – February 8, 2023 – Paycor HCM, Inc. (Nasdaq: PYCR) (“Paycor”), a leading provider of human capital management (“HCM”) software, today announced financial results for the second quarter of fiscal year 2023, which ended December 31, 2022.

“Paycor produced excellent second quarter results highlighted by 29% revenue growth year-over-year, which reflects continued demand and product innovation,” said Raul Villar, Jr., Chief Executive Officer of Paycor. “We continue investing to differentiate our HCM suite and client experience while delivering margin expansion for the third consecutive quarter as we scale the business.”

“We are committed to empowering frontline leaders to build winning teams through insights and automation so they can focus on the key elements that drive business performance. This quarter we completed the acquisition of Talenya, which leverages AI to simplify and streamline candidate sourcing, and launched a programmatic way to measure and enhance leader effectiveness. Finding and retaining talent remains a top challenge for our customers and we are encouraged by the robust demand for our advanced talent acquisition solutions.”

Second Quarter Fiscal Year 2023 Financial Highlights

- **Total revenues** were \$132.9 million, compared to \$103.1 million for the second quarter of fiscal year 2022.
- **Operating loss** was \$31.6 million, compared to \$33.8 million for the second quarter of fiscal year 2022.
- **Adjusted operating income*** was \$17.6 million, compared to \$10.3 million for the second quarter of fiscal year 2022.
- **Net loss attributable to Paycor HCM** was \$27.5 million, compared to \$25.5 million for the second quarter of fiscal year 2022.
- **Adjusted net income attributable to Paycor HCM*** was \$13.6 million, compared to \$8.0 million for the second quarter of fiscal year 2022.

**Adjusted operating income and adjusted net income attributable to Paycor HCM are non-GAAP financial measures. Please see the discussion below under the heading "Non-GAAP Financial Measures" and the reconciliations at the end of this press release for information concerning these and other non-GAAP financial measures.*

Second Quarter and Recent Business Highlights

- Completed the acquisition of Talenya’s AI-powered recruiting technology, now Paycor Smart Sourcing, enhancing our industry-leading talent management solution and bringing our full suite of HCM solutions to \$44 per-employee-per-month (PEPM).
- Introduced real-time employee insights and frontline leader effectiveness dashboards to the COR Leadership Framework. Our leadership survey gathers feedback on several aspects of how well these leaders coach, optimize and engage their team with the goal of tailoring career development and improving business results.
- Distinguished as a Top Workplace USA by Energage for the third consecutive year, which underscores Paycor’s continued commitment to exemplify the cultural best practices that impact associate engagement and business performance.

Business Outlook

Based on information as of today, February 8, 2023, Paycor is issuing the following financial guidance:

Third Quarter Ending March 31, 2023:

- **Total revenues** in the range of \$155-\$157 million.

- **Adjusted operating income*** in the range of \$35-\$36 million.

Fiscal Year Ending June 30, 2023:

- **Total revenues** in the range of \$539-\$545 million.
- **Adjusted operating income*** in the range of \$75-\$78 million.

**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 a complete reconciliation is unavailable at this time without unreasonable effort.*

Conference Call Information

Paycor will host a conference call today, February 8, 2023, at 5:00 p.m. Eastern Time to discuss its financial results and guidance. To access this call, dial 1-877-407-4018 (domestic) or 1-201-689-8471 (international). The access code is 13735320. A live webcast and replay of the event will be available on the Paycor Investor Relations website at investors.paycor.com.

About Paycor

Paycor's human capital management (HCM) platform modernizes every aspect of people management, from recruiting, onboarding, and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years, we've been listening to and partnering with leaders, so we know what they need; a unified HR platform, easy integration with third party apps, powerful analytics, talent development tools, and configurable technology that supports specific industry needs. That's why more than 30,000 customers trust Paycor to help them solve problems and achieve their goals.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including statements regarding our future results of operations and financial position, our business outlook, our business strategy and plans, our objectives for future operations, and any statements of a general economic or industry specific nature, are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely," "outlook," "potential," "targets," "contemplates," or the negative or plural of these words and similar expressions are intended to identify forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022, as well as in our other filings with the Securities and Exchange Commission. 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, 2022, 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 report, 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.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP"), we present the following non-GAAP financial measures in this press release and on the related teleconference call: adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted operating income margin, adjusted sales and marketing expense, adjusted general and administrative expense, adjusted research and development expense, adjusted net income

attributable to Paycor HCM, Inc. and adjusted net income attributable to Paycor HCM, Inc. per share. Management believes these non-GAAP measures are useful in evaluating our core operating performance and trends to prepare and approve our annual budget, and to develop short-term and long-term operating plans. Management 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. We define (i) adjusted gross profit as gross profit before amortization of intangible assets, stock-based compensation expense, and certain corporate expenses, in each case that are included in costs of recurring revenues, (ii) adjusted gross profit margin as adjusted gross profit divided by total revenues, (iii) adjusted operating income as 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, such as costs related to acquisitions, (iv) adjusted operating income margin as adjusted operating income divided by total revenues, (v) adjusted sales and marketing expense as sales and marketing expenses before amortization of naming rights, stock-based compensation expense and other certain corporate expenses, (vi) 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, (vii) adjusted research and development expense as research and development expenses before stock-based compensation expense and other certain corporate expenses, (viii) adjusted net income attributable to Paycor HCM, Inc. as loss before benefit for income taxes after adjusting for amortization of acquired intangible assets and naming rights, accretion expense associated with the naming rights, stock-based compensation expense, gain or loss on the extinguishment of debt, exit costs due to exiting leases of certain facilities and other certain corporate expenses, such as costs related to acquisitions, all of which are tax effected by applying an adjusted effective income tax rate and (ix) adjusted net income attributable to Paycor HCM, Inc. per share as adjusted net income attributable to Paycor HCM, Inc. divided by adjusted shares outstanding. Adjusted shares outstanding includes potentially dilutive securities excluded from the GAAP dilutive net loss per share calculation.

The non-GAAP financial measures presented in this press release and discussed on the related teleconference call are not measures of financial performance under GAAP and should not be considered a substitute for gross profit, gross margin, operating income, operating income margin, sales and marketing expense, general and administrative expense, research and development expense, net income attributable to Paycor HCM, Inc. and diluted net income attributable to Paycor HCM, Inc. per share. Non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. The non-GAAP financial measures that we present may not be comparable to similarly titled measures used by other companies. A reconciliation is provided below under “Reconciliations of Non-GAAP Measures to GAAP Measures,” for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

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Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)

	December 31, 2022	June 30, 2022
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 72,277	\$ 133,041
Accounts receivable, net	31,912	21,511
Deferred contract costs	45,691	37,769
Prepaid expenses	12,990	9,421
Other current assets	3,956	1,874
Current assets before funds held for clients	166,826	203,616
Funds held for clients	1,183,474	1,715,916
Total current assets	1,350,300	1,919,532
Property and equipment, net	31,989	31,675
Operating lease right-of-use assets	22,553	—
Goodwill	770,120	750,155
Intangible assets, net	305,547	263,069
Capitalized software, net	45,355	40,002
Long-term deferred contract costs	144,214	125,705
Other long-term assets	2,794	1,179
Total assets	\$ 2,672,872	\$ 3,131,317
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 20,284	\$ 13,945
Accrued expenses and other current liabilities	24,862	13,907
Accrued payroll and payroll related expenses	32,350	44,592
Deferred revenue	11,449	11,742
Current liabilities before client fund obligations	88,945	84,186
Client fund obligations	1,187,532	1,719,047
Total current liabilities	1,276,477	1,803,233
Deferred income taxes	22,222	31,895
Long-term operating leases	22,310	—
Other long-term liabilities	83,867	11,458
Total liabilities	1,404,876	1,846,586
Commitments and contingencies		
Stockholders' equity:		
Common stock \$0.001 par value per share, 500,000,000 shares authorized, 175,856,650 shares outstanding at December 31, 2022 and 174,909,539 shares outstanding at June 30, 2022	176	175
Treasury stock, at cost, 10,620,260 shares at December 31, 2022 and June 30, 2022	(245,074)	(245,074)
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, — shares outstanding at December 31, 2022 and June 30, 2022	—	—
Additional paid-in capital	1,967,352	1,926,800
Accumulated deficit	(451,904)	(395,389)
Accumulated other comprehensive loss	(2,554)	(1,781)
Total stockholders' equity	1,267,996	1,284,731
Total liabilities and stockholders' equity	\$ 2,672,872	\$ 3,131,317

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(in thousands, except share amounts)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Revenues:				
Recurring and other revenue	\$ 124,982	\$ 102,729	\$ 239,151	\$ 195,145
Interest income on funds held for clients	7,882	338	12,016	654
Total revenues	132,864	103,067	251,167	195,799
Cost of revenues				
	46,184	41,082	89,369	86,693
Gross profit	86,680	61,985	161,798	109,106
Operating expenses:				
Sales and marketing	51,913	40,682	100,108	86,470
General and administrative	52,461	44,462	100,372	87,873
Research and development	13,875	10,605	26,277	20,796
Total operating expenses	118,249	95,749	226,757	195,139
Loss from operations	(31,569)	(33,764)	(64,959)	(86,033)
Other (expense) income:				
Interest expense	(404)	(112)	(1,491)	(347)
Other	66	328	511	1,552
Loss before benefit for income taxes	(31,907)	(33,548)	(65,939)	(84,828)
Income tax benefit	(4,444)	(8,084)	(9,424)	(17,328)
Net loss	(27,463)	(25,464)	(56,515)	(67,500)
Less: Accretion of redeemable noncontrolling interests				
Net loss attributable to Paycor HCM, Inc.	\$ (27,463)	\$ (25,464)	\$ (56,515)	\$ (79,121)
Basic and diluted net loss attributable to Paycor HCM, Inc. per share	\$ (0.16)	\$ (0.15)	\$ (0.32)	\$ (0.46)
Weighted average common shares outstanding:				
Basic and diluted	175,830,554	174,429,903	175,671,565	170,444,536

Paycor HCM, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Six Months Ended	
	December 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (56,515)	\$ (67,500)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,396	3,448
Amortization of intangible assets and software	61,094	67,653
Amortization of deferred contract costs	21,094	14,062
Stock-based compensation expense	37,635	39,027
Amortization of debt acquisition costs	44	44
Deferred tax benefit	(9,533)	(17,340)
Bad debt expense	2,023	1,086
Loss (gain) on sale of investments	209	(9)
Gain on installment sale	—	(1,359)
Loss on foreign currency exchange	376	216
Loss on lease exit	818	—
Naming rights accretion expense	1,314	—
Change in fair value of deferred consideration	—	(138)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(12,184)	(4,469)
Prepaid expenses and other assets	(3,474)	(6,404)
Accounts payable	5,715	14
Accrued liabilities and other	(21,783)	(8,653)
Deferred revenue	(202)	(709)
Deferred contract costs	(47,525)	(37,693)
Net cash used in operating activities	<u>(18,498)</u>	<u>(18,724)</u>
Cash flows from investing activities:		
Purchases of client funds available-for-sale securities	(320,191)	(75,173)
Proceeds from sale and maturities of client funds available-for-sale securities	214,017	74,909
Purchase of property and equipment	(2,621)	(1,454)
Proceeds from note receivable on installment sale	—	3,040
Acquisition of intangible assets	(5,074)	(3,187)
Acquisition of Talenya Ltd., net of cash acquired	(18,791)	—
Internally developed software costs	(18,672)	(14,170)
Net cash used in investing activities	<u>(151,332)</u>	<u>(16,035)</u>
Cash flows from financing activities:		
Net change in cash and cash equivalents held to satisfy client funds obligations	(527,738)	270,717
Payment of deferred consideration	—	(2,752)
Proceeds from line-of-credit	—	3,500
Repayments of line-of-credit	—	(52,600)
Repayments of debt and capital lease obligations	(140)	—
Proceeds from the issuance of common stock sold in the IPO, net of offering costs and underwriting discount	—	454,915
Redemption of Redeemable Series A Preferred Stock (acquisition of noncontrolling interest)	—	(260,044)
Withholding taxes paid related to net share settlements	(1,727)	—

Proceeds from exercise of stock options	345	—
Proceeds from employee stock purchase plan	4,300	—
Other financing activities	—	(395)
Net cash (used in) provided by financing activities	(524,960)	413,341
Impact of foreign exchange on cash and cash equivalents	(6)	63
Net change in cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	(694,796)	378,645
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, beginning of period	1,682,923	560,000
Cash, cash equivalents, restricted cash and short-term investments, and funds held for clients, end of period	\$ 988,127	\$ 938,645
Supplemental disclosure of non-cash investing, financing and other cash flow information:		
Capital expenditures in accounts payable	\$ 68	\$ 18
Cash paid for interest	—	154
Reconciliation of cash, cash equivalents, restricted cash and short-term investments, and funds held for clients to the Consolidated Balance Sheets		
Cash and cash equivalents	\$ 72,277	\$ 111,087
Funds held for clients	915,850	827,558
Total cash, cash equivalents, restricted cash and short-term investments, and funds held for clients	\$ 988,127	\$ 938,645

Reconciliations of Non-GAAP Measures to GAAP Measures

Adjusted Gross Profit and Adjusted Gross Profit Margin (Unaudited)

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gross Profit*	\$ 86,680	\$ 61,985	\$ 161,798	\$ 109,106
Gross Profit Margin	65.2 %	60.1 %	64.4 %	55.7 %
Amortization of intangible assets	1,300	4,862	2,428	16,584
Stock-based compensation expense	2,105	1,838	4,315	3,495
Adjusted Gross Profit*	\$ 90,085	\$ 68,685	\$ 168,541	\$ 129,185
Adjusted Gross Profit Margin	67.8 %	66.6 %	67.1 %	66.0 %

* Gross Profit and Adjusted Gross Profit are burdened by depreciation expense of \$0.5 million and \$0.7 million for the three months ended December 31, 2022 and 2021, respectively, and \$0.9 million and \$1.4 million for the six months ended December 31, 2022 and 2021, respectively. Gross Profit and Adjusted Gross Profit are burdened by amortization of capitalized software of \$6.7 million and \$5.4 million for the three months ended December 31, 2022 and 2021, respectively, and \$13.2 million and \$10.2 million for the six months ended December 31, 2022 and 2021, respectively. Gross Profit and Adjusted Gross Profit are burdened by amortization of deferred contract costs of \$6.2 million and \$4.1 million for the three months ended December 31, 2022 and 2021, respectively, and \$11.8 million and \$7.7 million for the six months ended December 31, 2022 and 2021, respectively.

Adjusted Operating Income (Unaudited)

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Loss from Operations	\$ (31,569)	\$ (33,764)	\$ (64,959)	\$ (86,033)
Operating Margin	(23.8)%	(32.8)%	(25.9)%	(43.9)%
Amortization of intangible assets	24,673	25,362	47,943	57,412
Stock-based compensation expense	20,684	17,215	37,635	39,027
Loss on lease exit*	309	—	818	—
Corporate adjustments**	3,546	1,446	6,619	3,245
Adjusted Operating Income	\$ 17,643	\$ 10,259	\$ 28,056	\$ 13,651
Adjusted Operating Income Margin	13.3 %	10.0 %	11.2 %	7.0 %

* Represents exit costs due to exiting leases of certain facilities.

** Corporate adjustments for the three and six months ended December 31, 2022 relate to costs associated with secondary offerings completed in December 2022 (“December 2022 Secondary Offering”) and September 2022 (“September 2022 Secondary Offering”) of \$0.7 million and \$2.2 million, respectively, professional, consulting, and other costs of \$1.5 million and \$2.5 million, respectively, and transaction expenses and other costs of \$1.3 million and \$1.9 million, respectively. Corporate adjustments for the three and six months ended December 31, 2021 relate to certain restructuring costs of \$0.2 million and \$0.2 million, respectively, as well as costs associated with becoming a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs of \$0.2 million and \$2.0 million, respectively, and costs associated with a secondary offering completed in October 2021 (“October 2021 Secondary Offering”) of \$1.0 million and \$1.0 million, respectively.

Adjusted Operating Expenses (Unaudited)

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Sales and Marketing expense	\$ 51,913	\$ 40,682	\$ 100,108	\$ 86,470
Amortization of intangible assets	(1,240)	—	(2,067)	—
Stock-based compensation expense	(8,663)	(8,110)	(16,097)	(21,756)
Corporate adjustments*	—	—	—	(53)
Adjusted Sales and Marketing expense	\$ 42,010	\$ 32,572	\$ 81,944	\$ 64,661
General and Administrative expense	\$ 52,461	\$ 44,462	\$ 100,372	\$ 87,873
Amortization of intangible assets	(22,133)	(20,500)	(43,448)	(40,828)
Stock-based compensation expense	(7,261)	(6,113)	(12,597)	(11,101)
Loss on lease exit**	(309)	—	(818)	—
Corporate adjustments***	(3,546)	(1,446)	(6,619)	(3,192)
Adjusted General and Administrative expense	\$ 19,212	\$ 16,403	\$ 36,890	\$ 32,752
Research and Development expense	\$ 13,875	\$ 10,605	\$ 26,277	\$ 20,796
Stock-based compensation expense	(2,655)	(1,154)	(4,626)	(2,675)
Adjusted Research and Development expense	\$ 11,220	\$ 9,451	\$ 21,651	\$ 18,121

* Corporate adjustments for the six months ended December 31, 2021 relate to costs associated with becoming a public company.

** Represents exit costs due to exiting leases of certain facilities.

*** Corporate adjustments for the three and six months ended December 31, 2022 relate to costs associated with the December 2022 Secondary Offering and the September 2022 Secondary Offering of \$0.7 million and \$2.2 million, respectively, professional, consulting, and other costs of \$1.5 million and \$2.5 million, respectively, and transaction expenses and other costs of \$1.3 million and \$1.9 million, respectively. Corporate adjustments for the three and six months ended December 31, 2021 relate to certain restructuring costs of \$0.2 million and \$0.2 million, respectively, as well as costs associated with becoming a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs of \$0.2 million and \$2.0 million, respectively, and costs associated with the October 2021 Secondary Offering of \$1.0 million and \$1.0 million for the three and six months ended December 31, 2021, respectively.

Adjusted Net Income Attributable to Paycor HCM, Inc. and Adjusted Net Income Attributable to Paycor HCM, Inc. Per Share (Unaudited)

(in thousands)	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net loss before benefit for income taxes	\$ (31,907)	\$ (33,548)	\$ (65,939)	\$ (84,828)
Loss on debt amendment	—	—	—	35
Amortization of intangible assets	24,673	25,362	47,943	57,412
Naming rights accretion expense	421	—	1,314	—
Gain on installment sale	—	—	—	(1,359)
Stock-based compensation expense	20,684	17,215	37,635	39,027
Loss on lease exit*	309	—	818	—
Corporate adjustments**	3,546	1,446	6,619	3,245
Non-GAAP adjusted income before applicable income taxes	17,726	10,475	28,390	13,532
Income tax effect on adjustments***	(4,077)	(2,514)	(6,530)	(3,248)
Adjusted Net Income Attributable to Paycor HCM, Inc.	\$ 13,649	\$ 7,961	\$ 21,860	\$ 10,284
Adjusted Net Income Attributable to Paycor HCM, Inc. Per Share	\$ 0.08	\$ 0.05	\$ 0.12	\$ 0.06
Adjusted shares outstanding****	176,211,150	175,075,956	176,072,284	172,368,220

* Represents exit costs due to exiting leases of certain facilities.

** Corporate adjustments for the three and six months ended December 31, 2022 relate to costs associated with the December 2022 Secondary Offering and the September 2022 Secondary Offering of \$0.7 million and \$2.2 million, respectively, professional, consulting, and other costs of \$1.5 million and \$2.5 million, respectively, and transaction expenses and other costs of \$1.3 million and \$1.9 million, respectively. Corporate adjustments for the three and six months ended December 31, 2021 relate to certain restructuring costs of \$0.2 million and \$0.2 million, respectively, as well as costs associated with becoming a public company, including the implementation of a new enterprise-resource planning system and professional, consulting, and other costs of \$0.2 million and \$2.0 million, respectively, and costs associated with the October 2021 Secondary Offering of \$1.0 million and \$1.0 million for the three and six months ended December 31, 2021, respectively.

*** Non-GAAP adjusted income before applicable income taxes is tax effected using an adjusted effective income tax rate of 23.0% for the three and six months ended December 31, 2022, respectively, and 24.0% for the three and six months ended December 31, 2021, respectively.

**** The adjusted shares outstanding for the three and six months ended December 31, 2022 are based on the if-converted method and include potentially dilutive securities that are excluded from the U.S. GAAP dilutive net income per share calculation because including them would have an anti-dilutive effect. The adjusted shares outstanding for the three months ended December 31, 2021 are based on the if-converted method and include potentially dilutive securities that are excluded from the U.S. GAAP dilutive net income per share calculation because including them would have an anti-dilutive effect. The adjusted shares outstanding for the six months ended December 31, 2021 assume the conversion of the Series A Preferred Stock as if it would have occurred on July 1, 2021, based on the if-converted method and include potentially dilutive securities that are excluded from the U.S. GAAP dilutive net income per share calculation because including them would have an anti-dilutive effect.