

# Paycom Software First Quarter 2026 Quarterly Results Prepared Remarks

## James Samford, Head of Investor Relations

### Introductions

Thank you, and welcome to Paycom's earnings conference call for the first quarter of 2026. Certain statements made on this call that are not historical facts, including those related to our future plans, objectives and expected performance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements represent our outlook only as of the date of this conference call. While we believe any forward-looking statements made on this call are reasonable, actual results may differ materially because the statements are based on our current expectations and subject to risks and uncertainties. These risks and uncertainties are discussed in our filings with the SEC, including our most recent annual report on Form 10-K.

You should refer to and consider these factors when relying on such forward-looking information. Any forward-looking statement made speaks only as of the date on which it is made, and we do not undertake and expressly disclaim any obligation to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Also, during today's call, we will refer to certain non-GAAP financial measures, including adjusted EBITDA, non-GAAP net income, and certain adjusted expenses. We use these non-GAAP financial measures to review and assess our performance and for planning purposes. A reconciliation schedule showing GAAP versus non-GAAP results is included in the press release that we issued after the close of the market today, and is available on our website at [investors.paycom.com](https://investors.paycom.com). I will now turn the call over to Chad Richison, Paycom's founder and CEO. Chad?

## Chad Richison, CEO and Chairman

### Paycom's First Quarter Accomplishments

Thanks, James, and thank you to everyone joining our call today. I'll briefly comment on some of our first quarter 2026 accomplishments and the progress we are making on our 2026 plan. Then Bob will review our first quarter results and full year guidance before taking a few questions.

Let's get started.

First quarter results were solid, as we continue to advance our full solution automation strategy, create greater client ROI achievement, and deliver the world-class service that makes us the best in our industry. The 2026 plan that we laid out for you during our last call remains well on track, and I am pleased with our progress.

### Paycom Focused on Client ROI and World-Class Service

Our focus on client ROI achievement and world-class service continues to strengthen our client relationships, which helped increase revenue retention in 2025 while also improving our Net Promoter Score. Our clients are more engaged than ever and big promoters of our software. Discussions with them continue to be overwhelmingly positive as they use our software to drive automation, which is creating meaningful value for them. We also continue to see many clients return to Paycom after realizing their new provider's systems don't produce automation and ease of use like Paycom. Our clients and their employees appreciate our single-database architecture and employee-first technology, which enable the automation and decisioning across the platform, reducing complexity, improving accuracy, and driving efficiency. Our clients find that these strategic pillars help them achieve more ROI than anyone else in our space.

### Paycom Advancing Automation Capabilities

We are also advancing our automation capabilities within our single database software. AI and automation are the future of our industry and I am thankful we were early to offer our clients this level of functionality well before it becomes mainstream. Paycom is uniquely positioned within our industry as we are the most automated solution in the market. In fact, we have routinely been named the best HR and payroll software provider in our industry by third parties, most recently by G2Crowd where we earned top rankings in their Spring 2026 report across multiple categories.

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Our full solution automation strategy is working, and solutions like Beti, GONE, and other automated decisioning capabilities are eliminating manual processes, reducing redundancies, and helping our clients operate more efficiently. Forrester found that Beti reduced payroll processing labor by 90%, while also showcasing that GONE delivers an ROI of over 800%.

## Paycom's AI Solution

Our AI solution, IWant, is accelerating speed-to-value for our clients by helping users get answers and complete work quickly, without any necessary training in our software. As we continue rolling out more AI and automation across the platform, we are making our product easier to use and driving measurable value for our clients and their employees.

While we are pleased with our momentum in a rapidly evolving market, the opportunity ahead of us is large, as we continue to serve approximately 5% of the addressable market. This available market share represents a significant opportunity for Paycom over the long term.

## Paycom's Recent Awards

I want to thank our employees for their focus, execution, and the excellent start to 2026. Our people are what make Paycom a great place to work, and I am thankful Paycom was recently recognized as a 2026 Platinum Employer on the Where You Work Matters List. Paycom was the only company in our industry to receive the program's highest overall distinction of Platinum, proving we are one of the best places to work in the US. Paycom was also the only company in our industry to earn a five-star rating on USA Today's Most Trusted Brands in 2026. These distinctions are why brands all over the globe trust us to do their HR and payroll.

As the most trusted HR and payroll provider, we have a lot of very exciting initiatives coming in 2026 to help our clients continue to create ROI, while also delivering world class service.

With that, let me turn the call over to Bob.

## Bob Foster, CFO

Thank you, Chad.

## Paycom's First Quarter Earnings Results

We delivered strong first quarter results with total revenue of \$572 million, up 8% over the comparable prior-year period, and recurring and other revenue of \$544 million, up 9% year-over-year.

GAAP net income in the first quarter was \$156 million, or \$3.04 per diluted share, based on 51 million shares. Non-GAAP net income for the first quarter was \$161 million, or \$3.15 per diluted share.

Revenue strength in the quarter combined with operational efficiencies from automation resulted in strong profitability metrics in the first quarter. Adjusted EBITDA came in at \$275 million representing a 50 basis point year-over-year expansion to 48.2%. We are achieving operational efficiencies without compromising on sales and marketing effectiveness, world class service or product innovation.

During the first quarter, we repurchased approximately 8.4 million shares of common stock, or approximately 15% of our shares outstanding as of the end of 2025, for a total of \$1.06 billion, and we paid approximately \$18 million in cash dividends. On May 4th, the Board approved a new \$2 billion buyback authorization to replace our prior authorization. The Board also approved our next quarterly dividend of 37.5 cents per share, payable in early-June.

Turning to the balance sheet. We ended the quarter with cash and cash equivalents of \$154 million. In April, we replaced our previous revolving credit facility with a new 5-year, \$2.125 billion credit facility, of which \$675 million is currently drawn down. The average daily balance on funds held for clients was approximately \$3.1 billion in the first quarter of 2026, up 8% over the prior year period.

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## Paycom's Guidance for 2026

Now let me turn to guidance for 2026.

Following our first quarter results, we are reaffirming our full-year revenue and adjusted EBITDA guidance ranges. We expect total revenues to be between \$2.175 billion and \$2.195 billion, or approximately 6.5% year over year growth at the midpoint. We expect full year Recurring and Other revenue to be up 7% to 8% year over year. Finally, full year adjusted EBITDA is expected to be between \$950 million to \$970 million, representing an adjusted EBITDA margin of 44% at the midpoint of the range. Included in total revenue outlook is interest on funds held for clients of approximately \$103 million, which is unchanged from our outlook provided on the last call.

Our first quarter represented a strong first step towards achieving our strategic and financial goals for the year and we are excited about what's ahead.

With that, let's open the line for questions.