



NEWS RELEASE

# Paycom Software, Inc. Reports First Quarter 2026 Results

2026-05-06

First Quarter Revenues of \$572 million, up 8% year-over-year

First Quarter GAAP Net Income of \$156 million, representing 27% of total revenues, or \$3.04 per diluted share

First Quarter Non-GAAP Net Income of \$161 million, or \$3.15 per diluted share

First Quarter Adjusted EBITDA of \$275 million, representing 48% of total revenues

OKLAHOMA CITY--(BUSINESS WIRE)-- Paycom Software, Inc. ("Paycom," "we" and "our") (NYSE: PAYC), a leading provider of comprehensive, cloud-based human capital management software, today announced its financial results for the quarter ended March 31, 2026.

"We delivered solid first-quarter results while executing our strategy to provide full-solution automation, stronger client ROI achievement and world-class service to our clients," said Chad Richison, founder and CEO of Paycom. "Our focus on creating automation and employee-first technology is driving higher engagement and client satisfaction, while reinforcing Paycom's position as the most automated solution in our industry. We are trusted leaders in AI and automated decisioning, with proven solutions like Beti, GONE and IWant helping our clients operate more efficiently. With only about 5% of the total addressable market served, we remain confident in the long-term growth opportunity ahead."

[Financial Highlights for the First Quarter of 2026](#)

**Total Revenues** of \$571.9 million represented a 7.8% increase compared to total revenues of \$530.5 million in the same period last year. Recurring and other revenues of \$544.0 million increased 8.8% from the comparable prior year period and constituted 95.1% of total revenues.

**GAAP Net Income** was \$155.7 million, or \$3.04 per diluted share, compared to GAAP net income of \$139.4 million, or \$2.48 per diluted share, in the same period last year.

**Non-GAAP Net Income**<sup>1</sup> was \$161.3 million, or \$3.15 per diluted share, compared to \$157.7 million, or \$2.80 per diluted share, in the same period last year.

**Adjusted EBITDA**<sup>1</sup> was \$275.4 million, compared to \$253.2 million in the same period last year.

**Cash and Cash Equivalents** were \$153.9 million as of March 31, 2026, compared to \$370.0 million as of December 31, 2025. During the quarter ended March 31, 2026, Paycom paid \$17.7 million in cash dividends and repurchased 8,375,443 shares of common stock for \$1.060 billion, in the aggregate.

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<sup>1</sup>Adjusted EBITDA, non-GAAP net income and non-GAAP net income per diluted share are non-GAAP financial measures. Please see the discussion below under the heading "Use of Non-GAAP Financial Information" and the reconciliations at the end of this release for additional information concerning these and other non-GAAP financial measures.

## Financial Outlook

Paycom provides the following expected financial guidance for the year ending December 31, 2026.

**Total revenue** in the range of \$2.175 billion to \$2.195 billion, representing year-over-year growth between 6% and 7%.

**Recurring and other revenue growth** between 7% and 8% year over year.

**Interest on funds held for clients** of approximately \$103 million.

**Adjusted EBITDA** in the range of \$950 million to \$970 million, representing a margin of approximately 44% at the midpoint.

We have not reconciled the forward-looking adjusted EBITDA ranges and adjusted EBITDA margin presented above and discussed on the teleconference call to net income, nor the forward-looking non-GAAP effective income tax rate discussed on the teleconference call, to comparable GAAP measures because applicable information for future

periods, on which these reconciliations would be based, is not readily available due to uncertainty regarding, and the potential variability of, depreciation and amortization, interest expense, taxes, non-cash stock-based compensation expense and other items. Accordingly, reconciliations of the forward-looking adjusted EBITDA ranges to net income, the forward-looking adjusted EBITDA margin to net income margin, and the forward-looking non-GAAP effective income tax rate to the GAAP effective income tax rate are not available at this time without unreasonable effort.

### Use of Non-GAAP Financial Information

To supplement our financial information presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we present certain non-GAAP financial measures in this press release and on the related teleconference call, including adjusted EBITDA, non-GAAP net income, adjusted gross profit, adjusted gross margin, adjusted sales and marketing expenses, adjusted total administrative expenses, adjusted research and development expenses, adjusted total research and development costs, adjusted EBITDA margin, non-GAAP effective income tax rate, free cash flow and free cash flow margin. Management uses these non-GAAP financial measures as supplemental measures to review and assess the performance of our core business operations and for planning purposes. We define (i) adjusted EBITDA as net income plus interest expense, taxes, depreciation and amortization, non-cash stock-based compensation expense, certain transaction expenses that are not core to our operations (if any) and any loss on the extinguishment of debt, less any gain on modification of the naming rights agreement, (ii) non-GAAP net income as net income plus non-cash stock-based compensation expense, certain transaction expenses that are not core to our operations (if any) and any loss on the extinguishment of debt, less any gain on modification of the naming rights agreement, all of which are adjusted for the effect of income taxes, (iii) adjusted gross profit as gross profit plus applicable non-cash stock-based compensation expense, (iv) adjusted gross margin as gross profit plus applicable non-cash stock-based compensation expense, divided by total revenues, (v) each adjusted expense item as the GAAP expense amount less applicable non-cash stock-based compensation expense, (vi) adjusted total research and development costs as total research and development costs (including the capitalized portion) less applicable non-cash stock-based compensation (including the capitalized portion), (vii) adjusted EBITDA margin as adjusted EBITDA (calculated as described in clause (i)) divided by total revenues, (viii) non-GAAP effective income tax rate as the provision for income taxes plus the income tax effect on non-GAAP adjustments divided by non-GAAP net income (calculated as described in clause (ii)) plus the provision for income taxes and the income tax effect on non-GAAP adjustments, (ix) free cash flow as net cash provided by operating activities, less purchases of property and equipment and purchases of intangible assets (if any), and (x) free cash flow margin as free cash flow (calculated as described in clause (ix)) divided by total revenues. The terms “capital expenditures” and “cap ex” refer to the aggregate amount of purchases of property and equipment and purchases of intangible assets, if any, during the applicable period. The non-GAAP financial measures presented in this press release and discussed on the related teleconference call provide investors with

greater transparency to the information used by management in its financial and operational decision-making. We believe these metrics are useful to investors because they facilitate comparisons of our core business operations across periods on a consistent basis, as well as comparisons with the results of peer companies, many of which use similar non-GAAP financial measures to supplement results under GAAP. In addition, adjusted EBITDA is a measure that provides useful information to management about the amount of cash available for reinvestment in our business, paying dividends, repurchasing common stock and other purposes. Management believes that the non-GAAP measures presented in this press release and discussed on the related teleconference call, when viewed in combination with our results prepared in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our business and performance.

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 net income, gross profit, gross margin, research and development expenses, sales and marketing expenses, administrative expenses, total research and development costs, GAAP effective income tax rate and net cash provided by operating activities. Non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation, or as a substitute for the consolidated statements of income data prepared in accordance with GAAP. The non-GAAP financial measures that we present may not be comparable to similarly titled measures of other companies, and other companies may not calculate such measures in the same manner as we do.

## Conference Call Details

In conjunction with this announcement, Paycom will host a conference call today, May 6, 2026, at 5:00 p.m. Eastern time to discuss its financial results. To access this call, dial (833) 461-5787 and provide 317740632 as the access code. A live webcast as well as the replay of the conference call will be available on the Investor Relations page of Paycom's website at [investors.paycom.com](https://investors.paycom.com).

## About Paycom

Paycom Software, Inc. (NYSE: PAYC) is a cloud-based human capital management software provider that allows organizations of all sizes across the U.S. and internationally to set numerous HR and payroll tasks to "automatic" through employee-first technology. Built on a truly single database, Paycom's full-solution automation manages the entire employment life cycle, helping organizations streamline processes and improve data accuracy. With its industry-first AI engine, IWant™, Paycom provides instant access to accurate employee data without requiring users to navigate or learn the software. For over 25 years, Paycom has been repeatedly recognized by third-party reviewers as a leading payroll and HCM solution.

## Financial Presentation

Dollar amounts are presented in millions, except amounts per share. As a result, some amounts may not sum or recalculate exactly due to rounding. All percentages have been calculated using unrounded amounts.

## Forward-Looking Statements

Certain statements in this press release are, and certain statements on the related teleconference call may be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are any statements that refer to our estimated or anticipated results, other non-historical facts or future events and include, but are not limited to, statements regarding our business strategy; anticipated future operating results and operating expenses, cash flows, capital resources, dividends and liquidity; competition; trends, opportunities and risks affecting our business, industry and financial results, including macroeconomic factors; future expansion or growth plans and potential for future growth, including internationally; our ability to attract new clients to purchase our solution; our ability to retain clients and induce them to purchase additional applications; our ability to accurately forecast future revenues and appropriately plan our expenses; market acceptance of our solution and applications; our expectations regarding future revenues generated by certain applications; the return on investment for users of our solution, as well as how certain applications may impact client employee usage and client satisfaction; our ability to attract and retain qualified employees and key personnel; future regulatory, judicial and legislative changes; how the performance of certain of our offerings is sensitive to changes in the labor market; our plan to add sales teams and our ability to effectively execute such plan; the sufficiency of our existing cash and cash equivalents to meet our working capital and capital expenditure needs over the next 12 months; our plans regarding our capital expenditures and investment activity as our business grows, including with respect to research and development and the expansion of our facilities; our plans to pay cash dividends; our plans to repurchase shares of our common stock through a stock repurchase plan using cash and/or borrowings under our senior secured revolving credit facility; and our expected income tax rate for future periods. In addition, forward-looking statements also consist of statements involving trend analyses and statements including such words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “should,” “will,” “would,” and similar expressions or the negative of such terms or other comparable terminology. These forward-looking statements are based only on information currently available to us, speak only as of the date hereof and are subject to business and economic risks. As such, our actual results could differ materially from those set forth in the forward-looking statements as a result of the factors discussed in our filings with the Securities and Exchange Commission, including but not limited to those discussed in our most recent Annual Report on Form 10-K. We do not undertake any obligation to update or revise the forward-looking statements to reflect events that occur or circumstances that exist after the date on which such statements were made, except to the extent required by law.

Paycom Software, Inc.  
 Unaudited Consolidated Balance Sheets  
 (in millions, except per share amounts)

	March 31, 2026	December 31, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 153.9	\$ 370.0
Accounts receivable	51.3	44.9
Prepaid expenses	58.0	47.5
Inventory	1.5	1.7
Income tax receivable	20.6	78.2
Deferred contract costs	164.1	159.5
Current assets before funds held for clients	449.4	701.8
Funds held for clients	2,624.6	5,137.0
Total current assets	3,074.0	5,838.8
Property and equipment, net	669.0	687.3
Intangible assets, net	34.0	37.4
Goodwill	51.9	51.9
Long-term deferred contract costs	872.8	857.4
Operating lease right-of-use assets	86.2	89.4
Other assets	33.8	36.5
Total assets	\$ 4,821.8	\$ 7,598.7
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 9.4	\$ 6.6
Accrued commissions and bonuses	14.2	28.2
Accrued payroll and vacation	42.6	60.1
Deferred revenue	32.3	28.3
Operating lease liabilities	28.6	28.4
Accrued expenses and other current liabilities	87.7	79.8
Current liabilities before client funds obligation	214.8	231.4
Client funds obligation	2,624.7	5,137.0
Total current liabilities	2,839.5	5,368.4
Deferred income tax liabilities, net	306.6	304.4
Long-term deferred revenue	121.7	121.9
Long-term debt	675.0	—
Long-term operating lease liabilities	60.0	61.9
Other long-term liabilities	7.2	10.6
Total long-term liabilities	1,170.6	498.8
Total liabilities	4,010.1	5,867.2
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value (100.0 shares authorized, 63.7 and 63.6 shares issued at March 31, 2026 and December 31, 2025, respectively; 46.6 and 54.8 shares outstanding at March 31, 2026 and December 31, 2025, respectively)	0.6	0.6
Additional paid-in capital	887.3	878.4
Retained earnings	2,393.8	2,255.6
Accumulated other comprehensive earnings (loss)	(0.6)	0.3
Treasury stock, at cost (17.1 and 8.8 shares at March 31, 2026 and December 31, 2025, respectively)	(2,469.4)	(1,403.4)
Total stockholders' equity	811.7	1,731.5
Total liabilities and stockholders' equity	\$ 4,821.8	\$ 7,598.7

Paycom Software, Inc.  
 Unaudited Consolidated Statements of Comprehensive Income  
 (in millions, except per share amounts)

	Three Months Ended March 31,	
	2026	2025
<b>Revenues</b>		
Recurring and other	\$ 544.0	\$ 500.0
Interest on funds held for clients	27.8	30.5
Total revenues	571.9	530.5
<b>Cost of revenues</b>		
Operating expenses	62.9	66.3
Depreciation and amortization	24.4	18.3
Total cost of revenues	87.3	84.6
<b>Administrative expenses</b>		
Sales and marketing	117.6	110.9
Research and development	60.7	62.3
General and administrative	69.4	66.0
Depreciation and amortization	26.7	21.6
Total administrative expenses	274.3	260.8
Total operating expenses	361.7	345.4
Operating income	210.2	185.1
Interest expense	(4.0)	(0.8)
Other income, net	9.1	6.0
Income before income taxes	215.3	190.3
Provision for income taxes	59.5	50.9
Net income	\$ 155.7	\$ 139.4
Earnings per share, basic	\$ 3.05	\$ 2.49
Earnings per share, diluted	\$ 3.04	\$ 2.48
<b>Weighted average shares outstanding:</b>		
Basic	51.1	56.0
Diluted	51.2	56.3
<b>Comprehensive earnings:</b>		
Net income	\$ 155.7	\$ 139.4
Unrealized net gains (losses) on available-for-sale securities	(0.7)	0.6
Tax effect	(0.2)	(0.1)
Other comprehensive income (loss), net of tax	(0.9)	0.5
Comprehensive earnings	\$ 154.9	\$ 139.9

Paycom Software, Inc.  
Unaudited Consolidated Statements of Cash Flows  
(in millions)

	Three Months Ended March 31,	
	2026	2025
<b>Cash flows from operating activities</b>		
Net income	\$ 155.7	\$ 139.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51.1	39.9
Stock-based compensation expense	14.1	22.2
Amortization of debt issuance costs	0.2	0.3
Loss on disposition of property and equipment	2.9	—
Accretion of discount on available-for-sale securities	(1.3)	(1.3)
Non-cash marketing expense	0.1	0.4
Deferred income taxes, net	2.0	(6.2)
Gain on modification of naming rights agreement	(9.0)	—
Other	—	0.1
Changes in operating assets and liabilities:		
Accounts receivable	(4.6)	7.9
Prepaid expenses	(15.1)	(4.5)
Inventory	0.1	—
Other assets	2.4	0.3
Deferred contract costs	(20.1)	(31.4)
Income taxes, net	57.6	54.9
Accounts payable	2.4	(14.4)
Accrued commissions and bonuses	(13.9)	(13.4)

Accrued payroll and vacation	(17.5)	(12.5)
Deferred revenue	3.9	4.1
Accrued expenses and other liabilities	1.5	(4.0)
Net change in operating right-of-use assets and operating lease liabilities	1.4	0.7
Net cash provided by operating activities	213.8	182.5
<b>Cash flows from investing activities</b>		
Purchases of investments from funds held for clients	(166.6)	(342.2)
Proceeds from investments from funds held for clients	167.0	—
Purchases of property and equipment	(31.2)	(37.7)
Net cash used in investing activities	(30.8)	(379.9)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings under credit facility	675.0	—
Repurchases of common stock	(1,054.3)	—
Withholding taxes paid related to net share settlements	(6.1)	(5.2)
Dividends paid	(17.7)	(21.1)
Proceeds from employee stock purchase plan	3.6	—
Net change in client funds obligation	(2,512.3)	(1,426.0)
Net cash used in financing activities	(2,911.8)	(1,452.3)
Decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(2,728.8)	(1,649.7)
<b>Cash, cash equivalents, restricted cash and restricted cash equivalents</b>		
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	5,132.5	4,042.8
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	\$ 2,403.8	\$ 2,393.1

**Paycom Software, Inc.**  
**Unaudited Consolidated Statements of Cash Flows, continued**  
(in millions)

	Three Months Ended March 31,	
	2026	2025
<b>Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents</b>		
Cash and cash equivalents	\$ 153.9	\$ 520.8
Restricted cash included in funds held for clients	2,249.8	1,872.3
Total cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	\$ 2,403.8	\$ 2,393.1
<b>Supplemental disclosures of cash flow information:</b>		
Non-cash investing and financing activities:		
Purchases of property and equipment, accrued but not paid	\$ 2.0	\$ 5.5
Stock-based compensation for capitalized software	\$ 0.3	\$ 5.3
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 2.9	\$ 2.2

**Paycom Software, Inc.**  
**Unaudited Reconciliations of GAAP to Non-GAAP Financial Measures**  
(in millions, except per share amounts)

	Three Months Ended March 31,	
	2026	2025
<b>Net income to adjusted EBITDA:</b>		
Net income	\$ 155.7	\$ 139.4
Interest expense	4.0	0.8
Provision for income taxes	59.5	50.9
Depreciation and amortization	51.1	39.9
EBITDA	270.4	231.0
Non-cash stock-based compensation expense	14.1	22.2

Gain on modification of naming rights agreement		(9.0)	—
Adjusted EBITDA	\$	275.4	\$ 253.2
Net income margin		27.2%	26.3%
Adjusted EBITDA margin		48.2%	47.7%

	Three Months Ended March 31,		
	2026	2025	
<b>Net income to non-GAAP net income:</b>			
Net income	\$	155.7	\$ 139.4
Non-cash stock-based compensation expense		14.1	22.2
Gain on modification of naming rights agreement		(9.0)	—
Income tax effect on non-GAAP adjustments		0.5	(3.9)
Non-GAAP net income	\$	161.3	\$ 157.7
<b>Weighted average shares outstanding:</b>			
Basic		51.1	56.0
Diluted		51.2	56.3
Earnings per share, basic	\$	3.05	\$ 2.49
Earnings per share, diluted	\$	3.04	\$ 2.48
Non-GAAP net income per share, basic	\$	3.16	\$ 2.82
Non-GAAP net income per share, diluted	\$	3.15	\$ 2.80

	Three Months Ended March 31,		
	2026	2025	
<b>Earnings per share to non-GAAP net income per share, basic:</b>			
Earnings per share, basic	\$	3.05	\$ 2.49
Non-cash stock-based compensation expense		0.28	0.40
Gain on modification of naming rights agreement		(0.18)	—
Income tax effect on non-GAAP adjustments		0.01	(0.07)
Non-GAAP net income per share, basic	\$	3.16	\$ 2.82

	Three Months Ended March 31,		
	2026	2025	
<b>Earnings per share to non-GAAP net income per share, diluted:</b>			
Earnings per share, diluted	\$	3.04	\$ 2.48
Non-cash stock-based compensation expense		0.27	0.39
Gain on modification of naming rights agreement		(0.18)	—
Income tax effect on non-GAAP adjustments		0.01	(0.07)
Non-GAAP net income per share, diluted	\$	3.15	\$ 2.80

	Three Months Ended March 31,		
	2026	2025	
<b>Adjusted gross profit:</b>			
Total revenues	\$	571.9	\$ 530.5
Less: Total cost of revenues		(87.3)	(84.6)
Total gross profit		484.5	445.9
Plus: Non-cash stock-based compensation expense		2.2	3.0

Total adjusted gross profit	\$ 486.7	\$ 448.9
Gross margin	84.7%	84.0%
Adjusted gross margin	85.1%	84.6%

	Three Months Ended March 31,	
	2026	2025
<b>Adjusted sales and marketing expenses:</b>		
Sales and marketing expenses	\$ 117.6	\$ 110.9
Less: Non-cash stock-based compensation expense	(4.1)	(5.9)
Adjusted sales and marketing expenses	\$ 113.5	\$ 105.0
Total revenues	\$ 571.9	\$ 530.5
Sales and marketing expenses as a % of revenues	20.6%	20.9%
Adjusted sales and marketing expenses as a % of revenues	19.8%	19.8%

	Three Months Ended March 31,	
	2026	2025
<b>Adjusted total administrative expenses:</b>		
Total administrative expenses	\$ 274.3	\$ 260.8
Less: Non-cash stock-based compensation expense	(11.9)	(19.2)
Adjusted total administrative expenses	\$ 262.5	\$ 241.6
Total revenues	\$ 571.9	\$ 530.5
Total administrative expenses as a % of revenues	48.0%	49.1%
Adjusted total administrative expenses as a % of revenues	45.9%	45.5%

	Three Months Ended March 31,	
	2026	2025
<b>Adjusted research and development expenses:</b>		
Research and development expenses	\$ 60.7	\$ 62.3
Less: Non-cash stock-based compensation expense	0.1	(6.9)
Adjusted research and development expenses	\$ 60.8	\$ 55.4
Total revenues	\$ 571.9	\$ 530.5
Research and development expenses as a % of revenues	10.6%	11.7%
Adjusted research and development expenses as a % of revenues	10.6%	10.4%

	Three Months Ended March 31,	
	2026	2025
<b>Total research and development costs:</b>		
Capitalized research and development costs	\$ 25.3	\$ 33.7
Research and development expenses	60.7	62.3
Total research and development costs	\$ 86.0	\$ 96.0
Total revenues	\$ 571.9	\$ 530.5
Total research and development costs as a % of revenues	15.0%	18.1%
<b>Adjusted total research and development costs:</b>		
Total research and development costs	\$ 86.0	\$ 96.0
Less: Capitalized non-cash stock-based compensation	(0.3)	(5.3)

Less: Non-cash stock-based compensation expense	0.1	(6.9)
Adjusted total research and development costs	\$ 85.8	\$ 83.8
Total revenues	\$ 571.9	\$ 530.5
Adjusted total research and development costs as a % of revenues	15.0%	15.8%

	Three Months Ended March 31,	
	2026	2025
Free cash flow and free cash flow margin:		
Net cash provided by operating activities	\$ 213.8	\$ 182.5
Purchases of property and equipment	(31.2)	(37.7)
Free cash flow	\$ 182.7	\$ 144.8
Operating cash flow margin	37.4%	34.4%
Free cash flow margin	31.9%	27.3%

Paycom Software, Inc.  
 Unaudited Components of Non-Cash Stock-Based Compensation Expense  
 (in millions)

	Three Months Ended March 31,	
	2026	2025
Non-cash stock-based compensation expense:		
Operating expenses	\$ 2.2	\$ 3.0
Sales and marketing	4.1	5.9
Research and development	(0.1)	6.9
General and administrative	7.8	6.4
Total non-cash stock-based compensation expense	\$ 14.1	\$ 22.2

Paycom Software, Inc.

Investor Relations Contact:

James Samford, 800-580-4505

[investors@paycom.com](mailto:investors@paycom.com)

Source: Paycom Software, Inc.