

Paylocity Holding Corp  
Form S-1/A  
December 08, 2014

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[PAYLOCITY HOLDING CORPORATION](#)

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As filed with the Securities and Exchange Commission on December 8, 2014.

Registration No. 333-200448

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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AMENDMENT NO. 1

to

**FORM S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**Paylocity Holding Corporation**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**7372**  
(Primary Standard Industrial  
Classification Code Number)  
**3850 N. Wilke Road**  
**Arlington Heights, Illinois 60004**  
**(847) 463-3200**

**46-4066644**  
(I.R.S. Employer  
Identification No.)

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

---

**Steven R. Beauchamp**  
**President and Chief Executive Officer**  
**3850 N. Wilke Road**  
**Arlington Heights, Illinois 60004**  
**(847) 463-3200**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:**

As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

(do not check if a  
smaller reporting company)

*The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.*

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell securities, and it is not soliciting an offer to buy these securities, in any state or jurisdiction where the offer or sale is not permitted.

Preliminary prospectus, subject to completion. Dated December 8, 2014

Prospectus

**4,000,000 Shares**

## Paylocity Holding Corporation

### Common Stock

We are selling 750,000 shares of common stock. The selling stockholders identified in this prospectus are selling an additional 3,250,000 shares of common stock. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "PCTY." On December 5, 2014, the last reported sale price of our common stock on the NASDAQ Global Select Market was \$28.41.

We are an "emerging growth company" under the federal securities laws and, as such, are subject to reduced public company reporting requirements. Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to us, before expenses	\$	\$
Proceeds to the selling stockholders, before expenses	\$	\$

(1)

See "Underwriting" for a description of the compensation payable to the underwriters.

The underwriters may also purchase up to an additional 600,000 shares of common stock from the selling stockholders, at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus.

The underwriters expect to deliver the shares of common stock on or about December , 2014.

Deutsche Bank Securities

BofA Merrill Lynch

William Blair

**JMP Securities**  
December , 2014.

**Raymond James**

**Needham & Company**

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We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared and filed with the Securities and Exchange Commission. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The



information contained in this prospectus is current only as of the date on the front cover of this prospectus, or other earlier date stated in this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

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**PROSPECTUS SUMMARY**

*This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should carefully read the entire prospectus, including the financial statements and related notes included in this prospectus and the section entitled "Risk Factors," before deciding whether to invest in our common stock. Unless otherwise indicated or the context otherwise requires, references in this prospectus to "Paylocity," "the Company," "our company," "we," "us," and "our" refer to Paylocity Holding Corporation, a Delaware corporation, and, where appropriate, its wholly-owned subsidiary. References to any year herein refer to the twelve months ended June 30 of the year indicated unless otherwise specified.*

**Paylocity Holding Corporation**

**Overview**

We are a cloud-based provider of payroll and human capital management, or HCM, software solutions for medium-sized organizations, which we define as those having between 20 and 1,000 employees. Our comprehensive and easy-to-use solutions enable our clients to manage their workforces more effectively. As of June 30, 2014, we served approximately 8,500 clients across the U.S., which on average had over 100 employees. Our solutions help drive strategic human capital decision-making and improve employee engagement by enhancing the human resource, payroll and finance capabilities of our clients.

Our multi-tenant software platform is highly configurable and includes a unified suite of payroll and HCM applications, such as time and labor tracking, benefits and talent management. Our solutions have been organically developed from our core payroll solution, which we believe is the most critical system of record for medium-sized organizations and an essential gateway to other HCM functionality. Our payroll and HCM applications use a unified database and provide robust on-demand reporting and analytics. Our platform provides intuitive self-service functionality for employees and managers combined with seamless integration across all our solutions. We supplement our comprehensive software platform with an integrated implementation and client service organization, which is designed to meet the needs of medium-sized organizations.

We market and sell our products primarily through our direct sales force. We generate sales leads through a variety of focused marketing initiatives and by referrals from our extensive referral network of 401(k) advisors, benefits administrators, insurance brokers, third-party administrators and HR consultants. We derive revenue from a client based on the solutions purchased by the client, the number of client employees and the amount, type and timing of services provided in respect of those client employees.

We have experienced significant growth in recent years. Our total revenues increased from \$55.1 million in fiscal 2012 to \$77.3 million in fiscal 2013, representing a 40% year-over-year increase, and to \$108.7 million in fiscal 2014, representing a 41% year-over-year increase. Our recurring revenues increased from \$52.5 million in fiscal 2012 to \$72.8 million in fiscal 2013, representing a 39% year-over-year increase, and to \$101.9 million in fiscal 2014, representing a 40% year-over-year increase. Our annual revenue retention rate was greater than 92% in each of the fiscal years 2012, 2013 and 2014. Although we do not have long-term contracts with our clients and our agreements with clients are generally terminable on 60 days or less notice, our recurring revenue model and our high annual revenue retention rates provide significant visibility into our future operating results. As of June 30, 2014, we had approximately 8,500 clients. For more information about our key operating metrics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Key Metrics."

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We have invested, and intend to continue to invest, in growing our business by expanding our sales and marketing activities, increasing research and development to expand and improve our product offerings, and scaling our technical infrastructure and operations. We incurred net losses of \$7.1 million in fiscal 2014 and had net income of \$1.7 million and \$617,000 in fiscal 2012 and 2013, respectively.

**Industry Background**

Effective management of human capital is a core function in all organizations and requires a significant commitment of resources. Organizations are faced with complex and ever-changing requirements, including diverse federal, state and local regulations across multiple jurisdictions. In addition, the workplace operating environment is rapidly changing as employees become increasingly mobile, work remotely and expect a user experience similar to that of consumer-oriented Internet applications. Medium-sized organizations operating without the infrastructure, expertise or personnel of larger enterprises are uniquely pressured in this complex and dynamic environment.

We believe that existing payroll and HCM solutions have limitations that cause them to underserve the unique needs of medium-sized organizations. Traditional payroll service providers are primarily focused on delivery of a variety of payroll processing services, insurance products and HR business process outsourcing solutions. Many of these solutions offer limited capabilities and lack a unified and configurable payroll and HCM suite. Enterprise-focused payroll and HCM software vendors offer solutions that are designed for the complex needs and structures of large enterprises. As a result, their solutions can be overly complex, expensive and time-consuming to implement, operate and maintain.

The market opportunity is driven by the importance of payroll and HCM solutions to the successful management of organizations. According to market analyses published by International Data Corporation, or IDC, titled *Worldwide and U.S. Human Capital Management Applications 2014-2018 Forecast* (May 2014) and *U.S. Payroll Outsourcing Services 2013-2017 Forecast and Analysis* (October 2013), the U.S. market for HCM applications and payroll outsourcing services is estimated to be \$22.6 billion in 2014. To estimate our addressable market, we focus our analysis on the number of U.S. medium-sized organizations and the number of their employees. According to the U.S. Census Bureau, there were over 565,000 firms with 20 to 999 employees in the U.S. in 2010, employing over 40 million persons. We estimate that if clients were to buy our entire suite of existing solutions at list prices, they would spend approximately \$220 per employee annually. Based on this analysis, we believe our current target addressable market is approximately \$8.8 billion. Although our existing clients do not typically buy our entire suite of solutions, we plan to sell a broader selection of solutions to our existing clients by expanding their use of our solutions.

**Our Solution**

Our solution provides the following key benefits to our clients:

*Comprehensive Platform Optimized for Medium-Sized Organizations.* Our solutions empower finance and HR professionals in medium-sized organizations to drive strategic human capital decisions by providing enterprise-grade payroll and HCM applications, including robust reporting and analytics. Our unified platform fully automates payroll and HCM processes, enabling our clients to focus on core business activities.

*Modern, Intuitive User Experience.* Our intuitive, easy-to-use interface is based on current technology and automatically adapts to users' devices, including mobile platforms. Our

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platform's self-service functionality and performance management applications provide employees with an engaging experience.

*Flexible and Configurable Platform.* We design our solutions to be flexible and configurable, allowing our clients to match their use of our software with their specific business processes and workflows. Our platform has been organically developed from a common code base, data structure and user interface, providing a consistent user experience with powerful features that are easily adaptable to our clients' needs.

*Highly-Attractive SaaS Solution for Medium-Sized Organizations.* Our solutions are cloud-based and offered on a subscription basis, making them easier and more affordable to implement, operate and update.

*Seamless Integration with Extensive Ecosystem of Partners.* Our platform offers our clients automated data integration with over 200 related third-party partner systems, such as 401(k), benefits and insurance provider systems. This integration reduces the complexity and risk of error of manual data transfers and saves time for our clients and their employees.

## **Our Strategy**

We intend to strengthen and extend our position as a cloud-based provider of payroll and HCM software solutions to medium-sized organizations. Key elements of our strategy include:

*Grow Our Client Base.* We believe that our current client base represents only a small portion of the medium-sized organizations that could benefit from our solutions. In order to acquire new clients, we plan to continue to grow our sales organization aggressively across all U.S. geographies.

*Expand Our Product Offerings.* We plan to increase investment in software development to continue to advance our platform and expand our product offerings. For example, we recently introduced new onboarding functionality that enables payroll and HR departments to deliver a highly intuitive, mobile-responsive onboarding experience to new hires.

*Increase Average Revenue Per Client.* Our average revenue per client has consistently increased in each of the last three years as we have broadened our product offerings. We plan to further grow average revenue per client by selling a broader selection of products to new clients and deepening relationships with existing clients by expanding their use of our products.

*Extend Technological Leadership.* We believe that our organically developed cloud-based multi-tenant software platform, combined with our unified database architecture, enhances the experience and usability of our products. We plan to continue our technology innovation, as we have done with our mobile applications, social features and analytics capabilities.

*Further Develop Our Referral Network.* We have developed a strong network of referral participants, such as 401(k) advisors, benefits administrators, insurance brokers, third-party administrators and HR consultants that recommend our solutions and provide referrals. We plan to increase integration with third-party providers and expand our referral network to grow our client base and lower our client acquisition costs.

## **Summary Risk Factors**

Investing in our common stock involves significant risks and uncertainties. You should carefully consider the risks and uncertainties discussed under the section titled "Risk Factors" elsewhere in this prospectus before making a decision to invest in our common stock. If any of these risks and uncertainties occur, our business, financial condition or results of operations may be materially



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adversely affected. In such case, the trading price of our common stock would likely decline and you may lose all or part of your investment. Below is a summary of some of the principal risks we face:

We have incurred losses in the past, and we may not be able to achieve or sustain profitability for the foreseeable future.

Our quarterly operating results have fluctuated in the past and may continue to fluctuate.

Failure to manage our growth effectively could increase our expenses, decrease our revenue and prevent us from implementing our business strategy.

The markets in which we participate are highly competitive, and if we do not compete effectively, our operating results could be adversely affected.

If we fail to adequately expand our direct sales force with qualified and productive sales representatives, we may not be able to grow our business effectively.

Insiders will continue to have substantial control over us after this offering, which may affect the trading price for our common stock and delay or prevent a third party from acquiring control over us.

The trading price of our common stock may be subject to wide fluctuations.

Upon completion of this offering, our directors, executive officers and holders of more than 5% of our common stock, together with their respective affiliates, will beneficially own, in the aggregate, approximately 71.4% of our outstanding common stock. See "Risk Factors Insiders will continue to have substantial control over us after this offering, which may limit our stockholders' ability to influence corporate matters and delay or prevent a third party from acquiring control over us."

### **Corporate Information**

We were incorporated in July 1997 as an Illinois corporation. In November 2005, we changed our name to Paylocity Corporation. In November 2013, we effected a restructuring whereby Paylocity Corporation became a wholly-owned subsidiary of Paylocity Holding Corporation, a Delaware corporation. Except as otherwise provided herein, this prospectus gives effect to this restructuring. All of our business operations are conducted by Paylocity Corporation.

We are headquartered in Arlington Heights, Illinois. Our principal executive offices are located at 3850 N. Wilke Road, Arlington Heights, Illinois 60004. Our telephone number is (847) 463-3200. Our corporate website address is [www.paylocity.com](http://www.paylocity.com). The information contained in, or that can be accessed through, our website is not part of this prospectus.

Paylocity and "Apple and Orange" and other trademarks or service marks of Paylocity appearing in this prospectus are our property. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

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**THE OFFERING**

Common stock offered by us	750,000 shares
Common stock offered by the selling stockholders	3,250,000 shares
Common stock to be outstanding after this offering	50,327,236 shares
Option to purchase additional shares offered by the selling stockholders	600,000 shares
Use of proceeds	We intend to use the net proceeds from this offering primarily for working capital and other general corporate purposes, including to finance our growth, develop new technologies and fund capital expenditures. We will not receive any of the proceeds from the sale of shares by the selling stockholders. See the section titled "Use of Proceeds."
Risk Factors	You should read carefully "Risk Factors" in this prospectus for a discussion of factors that you should consider before deciding to invest in our common stock.
NASDAQ Global Select Market symbol	PCTY
Except as otherwise indicated, all information in this prospectus is based upon 49,577,236 shares of common stock outstanding as of September 30, 2014 and excludes:	

4,600,430 shares of common stock issuable upon the exercise of options outstanding as of September 30, 2014 having a weighted average exercise price of \$10.96 per share;

479,594 shares of common stock subject to restricted stock unit agreements outstanding as of September 30, 2014;

1,952,469 shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2014 Equity Incentive Plan; and

1,000,000 shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2014 Employee Stock Purchase Plan.

Unless otherwise noted, the information in this prospectus assumes:

No exercise of outstanding options after September 30, 2014;

No purchase of shares in this offering by our officers and directors; and

No exercise by the underwriters of their option to purchase additional shares.

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following table sets forth our summary consolidated financial data as of the dates and for the periods indicated. Our fiscal year ends on June 30. The summary consolidated statement of operations data for each of the three fiscal years ended June 30, 2012, 2013 and 2014 and the summary consolidated balance sheet data as of June 30, 2013 and 2014 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data for the three months ended September 30, 2013 and 2014 has been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data as of September 30, 2014 has been derived from our unaudited financial statements for such period, included elsewhere in this prospectus. Historical results are not necessarily indicative of future results. You should read this data together with our consolidated financial statements and related notes included elsewhere in this prospectus and the information under the sections titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended June 30,			Three Months Ended	
	2012	2013	2014	2013	2014
	(in thousands, except per share data)				

**Consolidated Statements of Operations Data:**

## Revenues:

Recurring fees	\$ 51,211	\$ 71,309	\$ 100,362	\$ 20,738	\$ 29,142
Interest income on funds held for clients	1,263	1,459	1,582	353	363

Total recurring revenues	52,474	72,768	101,944	21,091	29,505
Implementation services and other	2,622	4,526	6,743	1,278	1,604

Total revenues	55,096	77,294	108,687	22,369	31,109
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## Cost of revenues:

Recurring revenues	22,054	28,863	37,319	7,993	10,057
Implementation services and other	7,040	10,803	17,775	3,754	5,395

Total cost of revenues	29,094	39,666	55,094	11,747	15,452
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Gross profit	26,002	37,628	53,593	10,622	15,657
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## Operating expenses:

Sales and marketing	12,828	18,693	28,276	5,189	9,078
Research and development	1,788	6,825	10,355	1,956	4,027
General and administrative	8,618	12,079	21,980	3,911	7,448

Total operating expenses	23,234	37,597	60,611	11,056	20,553
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Operating income (loss)	2,768	31	(7,018)	(434)	(4,896)
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Other income (expense)	(196)	(16)	163	28	49
Income (loss) before income taxes	2,572	15	(6,855)	(406)	(4,847)
Income tax (benefit) expense	884	(602)	255	(362)	28
Net income (loss)	\$ 1,688	\$ 617	\$ (7,110)	\$ (44)	\$ (4,875)

Net income (loss) attributable to common stockholders	\$ 998	\$ (2,291)	\$ (9,392)	(825)	(4,875)
Net income (loss) per share attributable to common stockholders:					
Basic	\$ 0.02	\$ (0.07)	\$ (0.26)	\$ (0.03)	\$ (0.10)
Diluted	\$ 0.02	\$ (0.07)	\$ (0.26)	\$ (0.03)	\$ (0.10)
Weighted average shares used in computing net income (loss) per share attributable to common stockholders:					
Basic	43,873	31,988	36,707	31,988	49,566
Diluted	44,317	31,988	36,707	31,988	49,566

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	Year Ended June 30,			Three Months Ended	
	2012	2013	2014	2013	2014
	(in thousands, except per share data)				
Other Financial Data:					
Adjusted Gross Profit(1)	\$ 28,729	\$ 40,695	\$ 57,029	\$ 11,227	\$ 16,889
Adjusted Recurring Gross Profit(1)	\$ 33,147	\$ 46,972	\$ 67,458	\$ 13,703	\$ 20,389
Adjusted EBITDA(1)	\$ 7,660	\$ 6,301	\$ 5,448	\$ 1,188	\$ 367

	As of June 30,		As of
	2013	2014	September 30,
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 7,594	\$ 78,848	72,843
Working capital(2)	2,305	67,137	64,513
Funds held for clients	355,905	417,261	432,225
Total assets	377,916	528,151	538,725
Debt, current portion	625		
Client fund obligations	355,905	417,261	432,225
Long-term debt, net of current portion	938		
Redeemable convertible preferred stock	36,573		
Stockholders' equity (deficit)	(26,592)	91,134	89,770

(1)

We use Adjusted Gross Profit, Adjusted Recurring Gross Profit, and Adjusted EBITDA to evaluate our operating results. We prepare Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA to eliminate the impact of items we do not consider indicative of our ongoing operating performance. However, Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA are not measurements of financial performance under generally accepted accounting principles in the United States, or GAAP, and these metrics may not be comparable to similarly-titled measures of other companies.

We define Adjusted Gross Profit as gross profit before amortization of capitalized internal-use software, stock-based compensation expenses and one-time bonus pay-outs funded by our founder, if any. We define Adjusted Recurring Gross Profit as total recurring revenues after cost of recurring revenues and before amortization of capitalized internal-use software, stock-based compensation expenses and one-time bonus pay-outs funded by our founder, if any. We define Adjusted EBITDA as net income (loss) before interest expense (income), income tax expense (benefit), depreciation and amortization, stock-based compensation expenses and one-time bonus pay-outs funded by our founder.

We disclose Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA, which are non-GAAP measures, because we believe these metrics assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. We believe these metrics are commonly used in the financial community to aid in comparisons of similar companies, and we present them to enhance investors' understanding of our operating performance and cash flows.

Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA have limitations as analytical tools. Some of these limitations are:

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Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not reflect our income tax expense or the cash requirement to pay our taxes;

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Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and

Other companies in our industry may calculate Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA differently than we do, limiting their usefulness as a comparative measure.

Additionally, stock-based compensation will be an element of our overall compensation strategy, although we exclude it from Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA as an expense when evaluating our ongoing operating performance for a particular period.

Because of these limitations, you should not consider Adjusted Gross Profit as an alternative to gross profit, Adjusted Recurring Gross Profit as an alternative to total recurring revenues, or Adjusted EBITDA as an alternative to net income (loss) or cash provided by operating activities, in each case as determined in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results, and we use Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA only as supplemental information.

Directly comparable GAAP measures to Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA are gross profit, total recurring revenues and net income (loss), respectively. We reconcile Adjusted Gross Profit, Adjusted Recurring Gross Profit and Adjusted EBITDA as follows:

	Year Ended June 30,			Three Months Ended	
	2012	2013	2014	2013	2014
	(in thousands)				
Reconciliation from Gross Profit to Adjusted Gross Profit					
Gross profit	\$ 26,002	\$ 37,628	\$ 53,593	\$ 10,622	\$ 15,657
Amortization of capitalized research and development costs	2,727	3,067	2,195	605	593
Stock-based compensation expense			920		639
One-time bonus pay-outs funded by our founder			321		
Adjusted Gross Profit	\$ 28,729	\$ 40,695	\$ 57,029	\$ 11,227	\$ 16,889

	Years Ended June 30,			Three Months Ended	
	2012	2013	2014	2013	2014
	(in thousands)				
Reconciliation from Total Recurring Revenues to Adjusted Recurring Gross Profit					

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Total recurring revenues	\$	52,474	\$	72,768	\$	101,944	\$	21,091	\$	29,505
Cost of recurring revenues		(22,054)		(28,863)		(37,319)		7,993		10,057

Recurring gross profit		30,420		43,905		64,625		13,098		19,448
Amortization of capitalized research and development costs		2,727		3,067		2,195		605		593
Stock-based compensation expense						496				348
One-time bonus pay-outs funded by our founder						142				

Adjusted Recurring Gross Profit	\$	33,147	\$	46,972	\$	67,458	\$	13,703	\$	20,389
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	Year Ended June 30,			Three Months Ended	
	2012	2013	2014	2013	2014
	(in thousands)				
Reconciliation from Net Income (Loss) to Adjusted EBITDA					
Net income (loss)	\$ 1,688	\$ 617	\$ (7,110)	\$ (44)	\$ (4,875)
Interest expense	261	192	67	22	
Income tax (benefit) expense	884	(602)	255	(362)	28
Depreciation and amortization	4,624	5,571	6,336	1,391	1,931
EBITDA(3)	7,457	5,778	(452)	1,007	(2,916)
Stock-based compensation expense(4)	203	523	4,929	181	3,283
One-time bonus pay-outs funded by our founder			971		