# Paycom Software, Inc.

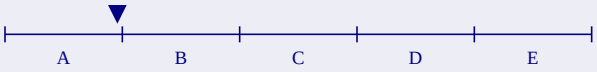
**PAYC**

NYSE; business equipment; SIC 7372, Services-Prepackaged Software; CIK 0001590955

**A/B**

**on the A/B boundary of 497 graded peers in business equipm...**

rank 96 of 497; percentile 19.2; sampling error 2.2 points; lower is stronger




**A/B, the bull**



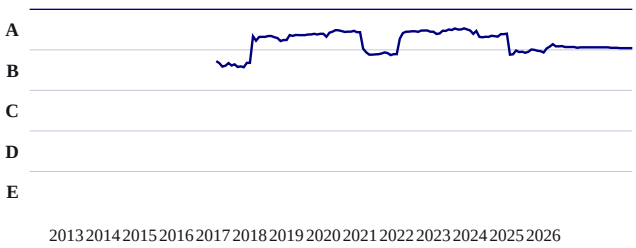
| Scoreboard | |
|---|---|
| **Profitability** | C<br>percentile 48.8 |
| **Solvency** | B/C<br>percentile 40.5 |
| **Growth and financing** | B<br>percentile 26.7 |
| **Reliability** | 0.94 AUC<br>filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025 |
| **Peer failure rate** | 0.52% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | over $2.67B assets<br>total assets $7.6B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered; fortress balance sheet<br>not computable: distress |
| **Inputs computable** | 11 of 14 |
| **Graded from** | filings received through Feb 19, 2026<br>243 days before the rescan; latest periodic filing 10-Q received Aug 6, 2026 |
| **Last close** | $253.21<br>2026-10-19; market equity $11.4B; no price enters the letter |

**Share price, twelve months to the rescan**




*Split-adjusted close. Each lollipop is a rescan and carries the letter held then.*

**Letter at every rescan, 2012 to 2026**




*Sector percentile at each rescan, stronger toward the top; facts filed by each date only.*

## Business, in the company's words

*opening of Item 1 of the 10-K received Feb 19, 2026*

We are a leading provider of a comprehensive, cloud-based HCM solution delivered as Software-as-a-Service ("SaaS"). We provide functionality and data analytics that businesses need to manage the complete employment lifecycle, from recruitment to retirement. Our solution requires virtually no customization and is based on a core system of record maintained in a single database for all HCM functions, including payroll, talent acquisition, talent management, human resources ("HR") management and time and labor management applications.

## The fourteen inputs

*lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight*

| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 48.8** | | | | | | |
| Gross profitability | 22.5% | 28.6% | | 60.3 | 557 | 2025-12-31 |
| Return on invested capital | not computable | 11.0% | | | | |

*latest aligned inputs end 2022-12-31; latest annual assets end 2025-12-31*

Not investment advice. Informational and educational only. Data from SEC EDGAR, may contain errors, is not warranted. The grade ranks reported financial condition and is not a return forecast.

| | | | | | | |
|---|---|---|---|---|---|---|
| Accruals ratio | (3.4%) | (7.4%) | | 73.5 | 620 | 2025-12-31 |
| Gross margin stability, five years | 0.9 pts | 2.3 pts | | 12.7 | 427 | 2025-12-31 |
| **Solvency, sleeve percentile 40.5** | | | | | | |
| Twelve-month failure probability | not computable | 0.05% | | | | |
| *latest liabilities, cash plus short-term investments, book equity, and shares are required* | | | | | | |
| Altman Z double-prime | 2.19 | 2.16 | | 43.5 | 564 | 2025-12-31 |
| Net debt to EBITDA | not computable | 1.11x | | | | |
| *latest aligned inputs end 2022-12-31; latest annual assets end 2025-12-31* | | | | | | |
| Interest coverage | 166.82x | 3.77x | | 1.1 | 88 | 2025-12-31 |
| Current ratio | 1.09x | 2.01x | | 76.9 | 664 | 2025-12-31 |
| **Growth and financing, sleeve percentile 26.7** | | | | | | |
| Revenue growth, three-year compound | 14.3% | 6.4% | | 28.5 | 537 | 2025-12-31 |
| Free cash flow growth, three-year compound | 20.6% | 17.7% | | 45.3 | 266 | 2025-12-31 |
| Reinvestment rate | 40.2% | 13.5% | | 38.4 | 225 | 2025-12-31 |
| Asset growth, three years | 24.9% | 5.0% | | 13.7 | 562 | 2025-12-31 |
| Net share issuance, one year | (5.2%) | 0.5% | | 7.3 | 410 | 2026-02-10 |

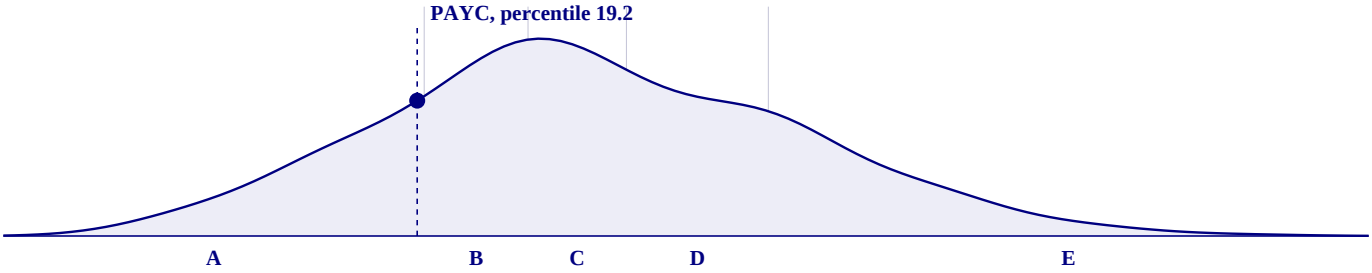
## Warnings

*1 of 7 checks triggered; none of them enters the letter*

| Check | Measured |
|---|---|
| Fortress balance sheet | cash minus debt is 371,700,000 USD; Altman Z is not used |

## Among 497 peers

*business equipment; letters are fifths of this list*




*Composite score of every graded peer, smoothed; vertical rules are the letter band edges; stronger to the left.*

| Rank | Company | Percentile | Letter | Warnings |
|---|---|---|---|---|
| 91 | Jack Henry & Associates Inc. (JKHY) | 18.1 | A/B | |
| 92 | Hubspot Inc. (HUBS) | 18.3 | A/B | |
| 93 | Teradyne, Inc. (TER) | 18.5 | A/B | fortress balance sheet |
| 94 | Nextpower Inc. (NXT) | 18.8 | A/B | |
| 95 | KLA Corp. (KLAC) | 19.0 | A/B | |
| 96 | Paycom Software, Inc. (PAYC) | 19.2 | A/B | fortress balance sheet |
| 97 | Verisk Analytics, Inc. (VRSK) | 19.4 | A/B | |
| 98 | Cadence Design Systems Inc. (CDNS) | 19.6 | A/B | |
| 99 | Qualys, Inc. (QLYS) | 19.8 | A/B | |
| 100 | Pegasystems Inc. (PEGA) | 20.0 | A/B | |
| 101 | Grid Dynamics Holdings, Inc. (GDYN) | 20.2 | A/B | |

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## What the price implies

*at the 2026-10-19 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | 15.8% | 2.2% | 62 |
| Distance from 52-week high | 0.0% | (31.8%) | 99 |
| EBIT to enterprise value | 5.0% | 1.5% | 79 |
| Free cash flow yield | 3.6% | 2.8% | 58 |
| Book value to price | 0.05 | 0.25 | 14 |
| Sales to price | 0.18 | 0.33 | 35 |
| Composite equity issuance, five years | (31.5%) | 4.2% | 5 |
| Relative strength against the sector, log excess return | (0.14) | (0.26) | 62 |

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score None of 9, period end 2025-12-31** | |
| Return on assets above zero | pass |
| Operating cash flow above zero | pass |
| Return on assets improved | fail |
| Operating cash flow exceeds net income | pass |
| Long-term leverage fell | fail |
| Current ratio improved | fail |
| No new shares issued | pass |
| Gross margin improved | pass |
| Asset turnover improved | fail |
| **Cash, filings, liquidity** | |
| Cash and equivalents | $198.0M |
| Operating cash flow, four quarters | $801.5M |
| Months of runway | not finite |
| Days since last periodic filing | 75 (10-Q received Aug 6, 2026) |
| Median daily dollar volume, 63 sessions | $143.9M |

## Sources

*every fact behind the inputs; each row links to its filing index on sec.gov*

| # | Concept | XBRL tag | Value | Period end | Received | Form | Accession |
|---|---|---|---|---|---|---|---|
| 1 | gross profit | us-gaap:GrossProfit | $1.7B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 2 | assets | us-gaap:Assets | $7.6B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 3 | operating income | us-gaap:OperatingIncomeLoss | $378.7M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 4 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $389.6M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 5 | income tax | us-gaap:IncomeTaxExpenseBenefit | $108.2M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 6 | total debt | us-gaap:LongTermDebt | $29.0M | 2022-12-31 | 2023-02-16 | 10-K | 23-003049 |
| 7 | book equity | us-gaap:StockholdersEquity | $1.2B | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 8 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $400.7M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 9 | total debt | us-gaap:LongTermDebt | $29.2M | 2021-12-31 | 2023-02-16 | 10-K | 23-003049 |
| 10 | book equity | us-gaap:StockholdersEquity | $893.7M | 2021-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 11 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $278.0M | 2021-12-31 | 2024-02-15 | 10-K | 24-015863 |
| 12 | net income | us-gaap:NetIncomeLoss | $453.4M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 13 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $678.9M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 14 | assets | us-gaap:Assets | $5.9B | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 15 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $2.1B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 16 | gross profit | us-gaap:GrossProfit | $1.5B | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 17 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $1.9B | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 18 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $1.7B | 2023-12-31 | 2026-02-19 | 10-K | 26-059372 |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 19 | cost of revenue | us-gaap:CostOfRevenue | $276.3M | 2023-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 20 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $1.4B | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 21 | cost of revenue | us-gaap:CostOfRevenue | $212.7M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 22 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $1.1B | 2021-12-31 | 2024-02-15 | 10-K | 24-015863 |
| 23 | cost of revenue | us-gaap:CostOfRevenue | $161.9M | 2021-12-31 | 2024-02-15 | 10-K | 24-015863 |
| 24 | current assets | us-gaap:AssetsCurrent | $5.8B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 25 | current liabilities | us-gaap:LiabilitiesCurrent | $5.4B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 26 | retained earnings | us-gaap:RetainedEarningsAccumulatedDeficit | $2.3B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 27 | operating income | us-gaap:OperatingIncomeLoss | $567.2M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 28 | book equity | us-gaap:StockholdersEquity | $1.7B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 29 | liabilities | us-gaap:Liabilities | $5.9B | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 30 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $92.7M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 31 | interest expense | us-gaap:InterestAndDebtExpense | $3.4M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 32 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $270.9M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 33 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $533.9M | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 34 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $192.9M | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 35 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $485.0M | 2023-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 36 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $192.6M | 2023-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 37 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $365.1M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 38 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $132.7M | 2022-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 39 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $176.3M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 40 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $619.4M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 41 | income tax | us-gaap:IncomeTaxExpenseBenefit | $166.0M | 2025-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 42 | current assets | us-gaap:AssetsCurrent | $4.3B | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 43 | current liabilities | us-gaap:LiabilitiesCurrent | $3.9B | 2024-12-31 | 2026-02-19 | 10-K | 26-059372 |
| 44 | assets | us-gaap:Assets | $4.2B | 2023-12-31 | 2025-02-20 | 10-K | 25-024136 |
| 45 | assets | us-gaap:Assets | $3.9B | 2022-12-31 | 2024-02-15 | 10-K | 24-015863 |
| 46 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 54,275,097 | 2026-02-10 | 2026-02-19 | 10-K | 26-059372 |
| 47 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 57,264,718 | 2025-02-11 | 2025-02-20 | 10-K | 25-024136 |

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