# Paychex Inc.

**PAYX**

Nasdaq; other; SIC 8700, Services-Engineering, Accounting, Research, Management; CIK 0000723531

**A/B**

**on the A/B boundary of 334 graded peers in other**

rank 76 of 334; percentile 22.5; sampling error 2.7 points; lower is stronger




**A/B, the bull**



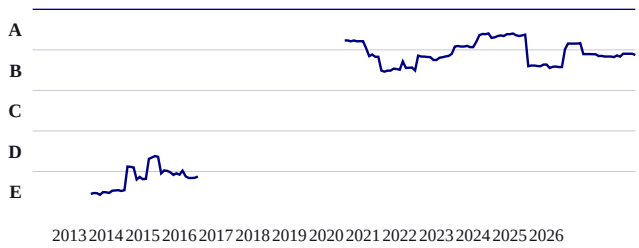
| Scoreboard | |
|---|---|
| **Profitability** | B<br>percentile 33.6 |
| **Solvency** | B/C<br>percentile 42.3 |
| **Growth and financing** | B/C<br>percentile 40.2 |
| **Reliability** | 0.94 AUC<br>filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025 |
| **Peer failure 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 $16.2B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered |
| **Inputs computable** | 13 of 14 |
| **Graded from** | filings received through Jul 17, 2026<br>95 days before the rescan; latest periodic filing 10-Q received Sep 24, 2026 |
| **Last close** | $110.79<br>2026-10-19; market equity $39.4B; 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 Jul 17, 2026*

Unless we state otherwise or the context otherwise requires, the terms "Paychex," the "Company," "we," "our," and "us" refer to Paychex, Inc., a Delaware corporation, and its consolidated subsidiaries. We are an industry-leading human capital management ("HCM") company providing comprehensive technology and advisory solutions in human resources ("HR"), payroll processing, employee benefits, and insurance. As of May 31, 2026, we served approximately 840,000 total customers across the U.S. and parts of Europe, of which approximately 800,000 are payroll clients.

## The fourteen inputs

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

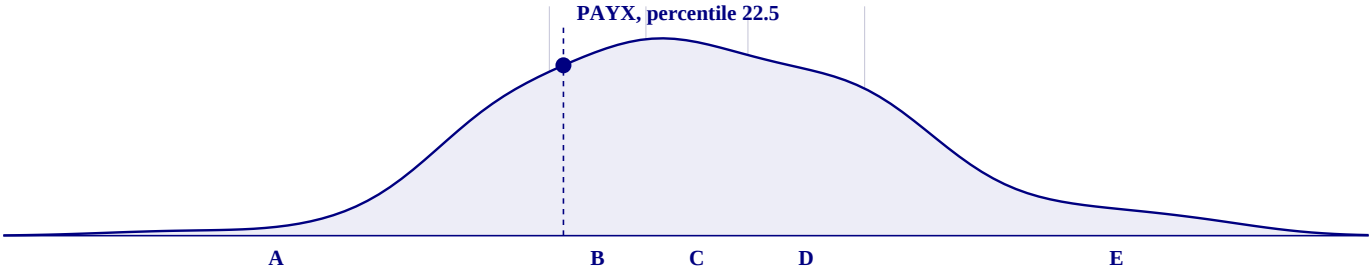
| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 33.6** | | | | | | |
| Gross profitability | 28.6% | 27.1% | | 43.4 | 287 | 2026-05-31 |
| Return on invested capital | 26.1% | 10.0% | | 11.3 | 151 | 2026-05-31 |
| Accruals ratio | (4.9%) | (5.8%) | | 56.1 | 502 | 2026-05-31 |

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.

| | | | | | |
|---|---|---|---|---|---|
| Gross margin stability, five years | 1.1 pts | 2.2 pts | 23.5 | 205 | 2026-05-31 |
| **Solvency, sleeve percentile 42.3** | | | | | |
| Twelve-month failure probability | 0.04% | 0.04% | 52.3 | 45 | 2026-08-31 |
| Altman Z double-prime | 2.44 | 2.05 | 36.0 | 384 | 2026-05-31 |
| Net debt to EBITDA | 1.17x | 2.52x | 29.8 | 182 | 2026-05-31 |
| Interest coverage | not computable | 2.18x | | | |
| *latest aligned inputs end 2024-05-31; latest annual assets end 2026-05-31* | | | | | |
| Current ratio | 1.26x | 1.33x | 51.2 | 503 | 2026-05-31 |
| **Growth and financing, sleeve percentile 40.2** | | | | | |
| Revenue growth, three-year compound | 8.7% | 5.1% | 35.1 | 400 | 2026-05-31 |
| Free cash flow growth, three-year compound | 14.1% | 8.9% | 42.2 | 219 | 2026-05-31 |
| Reinvestment rate | (20.7%) | 11.9% | 66.1 | 190 | 2026-05-31 |
| Asset growth, three years | 15.3% | 4.1% | 20.1 | 434 | 2026-05-31 |
| Net share issuance, one year | (1.3%) | (0.5%) | 37.4 | 354 | 2026-06-30 |

## Among 334 peers

*other; 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 |
|---|---|---|---|---|
| 71 | Information Services Group Inc. (III) | 21.0 | A/B | |
| 72 | Live Nation Entertainment, Inc. (LYV) | 21.3 | A/B | |
| 73 | Etsy Inc. (ETSY) | 21.6 | A/B | |
| 74 | Centrus Energy Corp. (LEU) | 21.9 | A/B | fortress balance sheet |
| 75 | Tutor Perini Corp. (TPC) | 22.2 | A/B | fortress balance sheet |
| 76 | Paychex Inc. (PAYX) | 22.5 | A/B | |
| 77 | Castellum, Inc. (CTM) | 22.8 | B | |
| 78 | Prog Holdings, Inc. (PRG) | 23.1 | B | |
| 79 | IES Holdings, Inc. (IESC) | 23.4 | B | fortress balance sheet |
| 80 | Kirby Corp. (KEX) | 23.7 | B | |
| 81 | Koppers Holdings Inc. (KOP) | 24.0 | B | |

## 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 | 4.9% | 2.0% | 52 |
| Distance from 52-week high | (13.2%) | (26.1%) | 72 |
| EBIT to enterprise value | 5.8% | 4.4% | 64 |
| Free cash flow yield | 5.9% | 4.1% | 63 |
| Book value to price | 0.09 | 0.35 | 17 |
| Sales to price | 0.16 | 0.72 | 10 |
| Composite equity issuance, five years | (17.2%) | (8.8%) | 36 |
| Relative strength against the sector, log excess return | (0.10) | (0.13) | 52 |

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.

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score 6 of 9, period end 2026-05-31** | |
| 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 | pass |
| Current ratio improved | fail |
| No new shares issued | pass |
| Gross margin improved | pass |
| Asset turnover improved | fail |
| **Cash, filings, liquidity** | |
| Cash and equivalents | $600.9M |
| Operating cash flow, four quarters | $2.3B |
| Months of runway | not finite |
| Days since last periodic filing | 26 (10-Q received Sep 24, 2026) |
| Median daily dollar volume, 63 sessions | $314.6M |

## 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 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $6.3B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 2 | cost of revenue | us-gaap:CostOfRevenue | $1.7B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 3 | assets | us-gaap:Assets | $16.2B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 4 | operating income | us-gaap:OperatingIncomeLoss | $2.5B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 5 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $2.3B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 6 | income tax | us-gaap:IncomeTaxExpenseBenefit | $550.8M | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 7 | total debt | us-gaap:LongTermDebt | $4.6B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 8 | book equity | us-gaap:StockholdersEquity | $3.7B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 9 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $1.1B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 10 | total debt | us-gaap:LongTermDebt | $4.9B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 11 | book equity | us-gaap:StockholdersEquity | $4.1B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 12 | cash | us-gaap:CashAndCashEquivalentsAtCarryingValue | $1.6B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 13 | net income | us-gaap:NetIncomeLoss | $1.8B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 14 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $2.6B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 15 | assets | us-gaap:Assets | $16.6B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 16 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $5.4B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 17 | cost of revenue | us-gaap:CostOfRevenue | $1.5B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 18 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $5.1B | 2024-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 19 | cost of revenue | us-gaap:CostOfRevenue | $1.5B | 2024-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 20 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $4.9B | 2023-05-31 | 2025-07-11 | 10-K | 25-095300 |
| 21 | cost of revenue | us-gaap:CostOfRevenue | $1.5B | 2023-05-31 | 2025-07-11 | 10-K | 25-095300 |
| 22 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $4.6B | 2022-05-31 | 2024-07-11 | 10-K | 24-082958 |
| 23 | cost of revenue | us-gaap:CostOfRevenue | $1.4B | 2022-05-31 | 2024-07-11 | 10-K | 24-082958 |
| 24 | current assets | us-gaap:AssetsCurrent | $8.6B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 25 | current liabilities | us-gaap:LiabilitiesCurrent | $6.8B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 26 | retained earnings | us-gaap:RetainedEarningsAccumulatedDeficit | $1.8B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 27 | liabilities | us-gaap:Liabilities | $12.4B | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 28 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $442.6M | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 29 | operating income | us-gaap:OperatingIncomeLoss | $2.2B | 2024-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 30 | interest expense | us-gaap:InterestExpense | $37.3M | 2024-05-31 | 2024-07-11 | 10-K | 24-082958 |
| 31 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $234.9M | 2026-05-31 | 2026-07-17 | 10-K | 26-307785 |

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.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 32 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.9B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 33 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $191.8M | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 34 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.9B | 2024-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 35 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $161.4M | 2024-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 36 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.7B | 2023-05-31 | 2025-07-11 | 10-K | 25-095300 |
| 37 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $143.0M | 2023-05-31 | 2025-07-11 | 10-K | 25-095300 |
| 38 | current assets | us-gaap:AssetsCurrent | $8.9B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 39 | current liabilities | us-gaap:LiabilitiesCurrent | $7.0B | 2025-05-31 | 2026-07-17 | 10-K | 26-307785 |
| 40 | assets | us-gaap:Assets | $10.4B | 2024-05-31 | 2025-07-11 | 10-K | 25-095300 |
| 41 | assets | us-gaap:Assets | $10.5B | 2023-05-31 | 2024-07-11 | 10-K | 24-082958 |
| 42 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 355,682,860 | 2026-06-30 | 2026-07-17 | 10-K | 26-307785 |
| 43 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 360,243,877 | 2025-06-30 | 2025-07-11 | 10-K | 25-095300 |

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.