



2024

Letters to Shareholders

A Letter from our Independent Board Chair



Fellow Shareholders,

Throughout ADP's 75-year history, we have continuously challenged ourselves to take actions that not only strengthen our company, but also empower us to better serve our clients in the ever-evolving world of work. In fiscal year 2024, we advanced each of these goals while maintaining our unwavering commitment to strong corporate governance and shareholder engagement. We are confident that ADP can remain a trusted partner to our clients, providing technology, data and expertise to navigate through any change, while continuing to deliver sustainable, profitable growth and consistent shareholder value creation. On behalf of your Board of Directors, we want to thank you for your investment in ADP and the trust you have placed in us to help continue to drive ADP forward.

Executing in a Dynamic Environment

The Human Capital Management (HCM) industry never stands still, as new business models emerge, technology evolves, and other significant events continuously reshape the way people work. This is especially true today, as recent breakthroughs in generative AI promise to profoundly impact how humans interact with technology. To stay ahead of these trends, ADP recognizes the need to further transform HCM from an administrative challenge facing clients to a strategic business advantage.

ADP is specifically focused on executing across three key strategic priorities – leading with best-in-class HCM technology, providing unmatched expertise and outsourcing solutions, and benefiting our clients through our global scale. Strong execution in these areas allowed ADP to grow revenue by 7% and to increase diluted earnings per share by 11% in fiscal year 2024. We remain well positioned for solid growth in the years ahead, as we continue to establish new client partnerships and build on our existing relationships with more than 1.1 million businesses around the world.

**49 consecutive years
of dividend increases**

ADP's disciplined approach to capital allocation balances near-term financial performance with investments designed to drive long-term, sustainable growth. In fiscal year 2024, ADP invested nearly \$1.3 billion in research and development to drive innovation in new product development and to leverage recent advances in generative AI. We also added to our worldwide sales force headcount to support continued growth in our new business bookings. Finally, the ADP Board raised our dividend for the 49th consecutive year, returning \$2.2 billion in dividends, and ADP repurchased \$1.2 billion in shares to further enhance shareholder return.

Committed to Strong Governance

As ADP continues to harness the power of data through both AI and machine learning, we recognize the importance of accountability, transparency, privacy, explainability and governance. Our commitment to strong governance did not begin with the introduction of generative AI but has been a part of our best practices for years, including through our active AI & Data Ethics Council comprised of both industry leaders and ADP experts who meet regularly and have provided guidance within ADP on the responsible use of AI and machine learning. We have developed a compliance-by-design process that establishes key guardrails around transparency, bias, and accuracy of our generative AI tools.

Our process also integrates privacy, security and intellectual property principles into our ideation and development phases for generative AI use cases and to monitor the use of our generative AI tools. This process involves interdisciplinary teams comprised of our security, privacy and compliance experts to ensure we continue to approach this new technology in an ethical, secure and compliant way that is beneficial to our clients.

In addition to overseeing important governance matters within ADP's business, the Board takes a thoughtful approach to its own structure and composition. Following a seamless CEO transition to Maria Black as CEO, the Board returned to an Independent, Non-Executive Board Chair structure effective January 31, 2024. Board succession plans are also regularly reviewed with a balance of experience and tenure in mind to ensure the appropriate mix of directors is maintained to support our strategic direction and our commitment to long-term value creation.

ADP believes that true success is achieved when we contribute to the well-being of our clients, their workers, and the global communities in which our associates live and work. During fiscal year 2024, we were pleased to issue our latest Global Corporate Social Responsibility Report, which highlights the steps we continue to take to create value for all stakeholders.

Engaged with our Shareholders

Your Board and the ADP management team believe proactive dialogue with shareholders helps organizations become stronger. To this end, ADP invited or met with shareholders representing nearly half of the company's shares outstanding in fiscal year 2024. Our directors participated in these engagement efforts and look forward to continuing to do so. We appreciate the thoughtful feedback provided.

Thank you for your continued ownership in ADP and trust in our Board.

Sincerely,

A handwritten signature in black ink that reads "Tom Lynch". The signature is written in a cursive, flowing style.

Thomas J. Lynch
Independent Board Chair of ADP

A Letter from our CEO



To our Shareholders,

75 years ago, our founders saw the opportunity to fulfill a critical business need and created a solution that launched an entire industry.

Through decades of change – ADP has remained at the helm of workforce innovation. Today, we help businesses thrive with insightful Human Capital Management (HCM) solutions that meet their evolving needs as well as those of their employees. Our HCM technology, industry and compliance expertise, and data insights deliver measurable results and peace-of-mind while helping to support an engaged and productive workforce.

As the power of technologies like artificial intelligence, machine learning, and generative AI continue to transform how people work, we are focused on providing our clients and our associates with technology that's easy to use, powered with smart insights, and personalized to support a human-centric experience. We believe our cutting-edge products, premium services, and exceptional experiences will continue to guide our clients and empower their employees to reach their full potential.

“We are designing a future of work that is easy, smart and wonderfully human”

Raising the Bar in Fiscal Year 2024

We delivered strong fiscal year 2024 results amidst a steady HCM demand backdrop in our key markets. Our revenue grew 7%, as we served more than 1.1 million clients and paid over 42 million workers in more than 140 countries and territories during the year.

FISCAL YEAR 2024 BUSINESS HIGHLIGHTS

- 7%** Revenue growth
- 1.1M+** Clients
- 42M+** Workers paid globally
- 7%** Employer Services new business bookings growth
- 92.0%** Employer Services client revenue retention
- \$3.4B** in shareholder distributions
 - \$2.2B** Dividends
 - \$1.2B** Share Repurchases

Strong execution by our sales force produced 7% growth in Employer Services new business bookings to a new record of \$2.0 billion. This growth was broad-based with contributions ranging from small businesses in the U.S. to multinational companies headquartered internationally. We continued adding new clients and selling more to our existing base given ongoing strong demand for our solutions beyond payroll.

Our Employer Services client revenue retention rate of 92.0% exceeded our expectations for the year. We also achieved record retention in our mid-market business for the second consecutive year. Our client satisfaction scores for our total business also reached new all-time highs. We expect these recent client satisfaction gains to support our retention results moving forward.

Each year we strive to balance our desire to drive strong revenue growth with our long-standing goal of delivering annual margin improvement. We succeeded on both these fronts in fiscal year 2024, with our revenue growth and margin expansion resulting in 11% growth in diluted earnings per share. Our consistent dividend growth, which we increased for the 49th consecutive year, further enhanced our total shareholder return.

Executing on our Strategic Priorities

Our fiscal year 2024 accomplishments extended far beyond our strong financial results. We also made great progress on our three strategic priorities, which serve as our roadmap to the future to help keep us at the forefront of the HCM industry. Here are just a few highlights.

To continue to Lead with Best-in-Class HCM Technology, we deployed ADP Assist, our generative AI-powered cross-platform solution. ADP Assist is not just another technical solution, but rather an experience that combines ADP's deep dataset and expertise to empower HR professionals, leaders, and employees. It provides our clients with enhanced capabilities such as expedited report creation, natural language search capabilities, and the ability to quickly initiate common HR actions. We are proud to share that ADP Assist recently earned the "Generative AI Innovation Award" in the 2024 AI Breakthrough Awards. In addition to embedding generative AI in our products, we continued to advance our next-gen initiatives, with our number of active next-gen payroll clients increasing by nearly 50%, and our number of live next-gen HCM clients increasing by more than 30% in fiscal year 2024.

Our second strategic priority is to Provide Unmatched Expertise and Outsourcing. Our approach to partnering with our clients has been central to our winning formula for decades, and we introduced new technology in fiscal year 2024 to help us make an even greater impact for them. To further unlock the value of our expertise, we launched generative AI support tools including call summarization and real-time guidance for our service associates. We also invested in generative AI capabilities for our implementation teams, to help reduce manual data entry and minimize the risk of errors. We look forward to providing additional tools to help our associates deliver better, faster service.

Our third strategic priority is to Benefit our Clients with our Global Scale. In fiscal year 2024, we continued to leverage our global scale by acquiring the payroll business of our partner in Sweden, expanding the scope of our Celergo offering to include Iceland, and further growing our on-the-ground presence in the Asia Pacific region. Our iHCM offering also continued to scale in several European countries, with this platform now serving more than 5,000 clients and paying more than 1 million client employees. Finally, we deepened our existing partnership with several other leading technology providers to further simplify HCM processes and broaden the spectrum of support we can provide our clients.

ADP's Future is Bright

Overall, we were extremely pleased with our strong financial and strategic outcomes in fiscal year 2024. During the year, ADP was recognized as a "World's Most Admired Company" by Fortune Magazine for the 18th consecutive year, and we also celebrated our 30th straight year on the Fortune 500. These results and recognition reflect the power of our innovative HCM solutions and the collective efforts of our talented associates who deliver unmatched service for our clients each day.

As an organization focused on empowering the workforce, we will never stop raising the bar. We will continue to invest in new products for our clients, tools for our service associates, and powerful technology for our sellers. These investments promise to support our future growth and allow our client satisfaction scores to continue reaching new record levels. We will continue to build the next era of workforce innovation — driving scale and efficiency in every product design, every client relationship, and everything we do. I am excited for all we will achieve together.

Thank you for your investment and continued interest in ADP.

Sincerely,



Maria Black
Chief Executive Officer, ADP

FORWARD-LOOKING STATEMENTS

These letters and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “outlook,” “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could,” “is designed to” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and depend upon or refer to future events or conditions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements or that could contribute to such difference include: ADP’s success in obtaining and retaining clients, and selling additional services to clients; the pricing of products and services; the success of our new solutions; our ability to respond successfully to changes in technology, including artificial intelligence; compliance with existing or new legislation or regulations; changes in, or interpretations of, existing legislation or regulations; overall market, political and economic conditions, including interest rate and foreign currency trends and inflation; competitive conditions; our ability to maintain our current credit ratings and the impact on our funding costs and profitability; security or cyber breaches, fraudulent acts, and system interruptions and failures; employment and wage levels; availability of skilled associates; the impact of new acquisitions and divestitures; the adequacy, effectiveness and success of our business transformation initiatives; the impact of any uncertainties related to major natural disasters or catastrophic events; and supply-chain disruptions. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These risks and uncertainties, along with the risk factors discussed under “Item 1A. Risk Factors” of our most recent Annual Report on Form 10-K, and in other written or oral statements made from time to time by ADP, should be considered in evaluating any forward-looking statements contained herein.