

# INVESTOR OVERVIEW

2025



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for People®

# DISCLAIMERS

## FORWARD-LOOKING STATEMENTS

This document 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.

## NON-GAAP MEASURES

This presentation contains non-GAAP financial metrics, including Adjusted EBIT margin and adjusted diluted earnings per share. For a discussion and reconciliation of historic non-GAAP financial metrics to their closest comparable GAAP financial metrics, see our earnings releases for the applicable periods presented, available at [adp.investors.com](http://adp.investors.com) or [sec.gov](http://sec.gov). We have not provided a reconciliation of our revenue outlook (in organic constant currency), adjusted EBIT margin outlook or adjusted earnings per share outlook to their most comparable GAAP measures for such years because it would be potentially misleading and not practical given the difficulty of projecting event-driven transactional or other non-core operating items that are included in the GAAP metrics, including gains/losses on sales of businesses and assets and certain income tax adjustments. The reconciliations provided in earnings releases prepared by ADP are indicative of the reconciliation that will be prepared upon completion of the periods covered by the non-GAAP medium-term objectives.

**\$21B**

FY25 revenue

**1.1M+**

clients

**78M**

employee tax  
statements processed

**42M+**

employees paid in  
140+ countries and  
territories



**IS THE WORLD'S LARGEST HCM ORGANIZATION**

**80%+**

of Fortune 500  
are clients

**\$3.3T**

in client funds  
moved in US

**67K**

ADP associates

**14M+**

monthly  
users on app

# SUPPORTING EVERY CLIENT HCM NEED



HR



Payroll



Time



Benefits



HRO



Talent

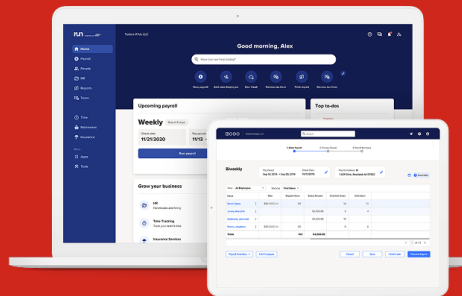


Compliance

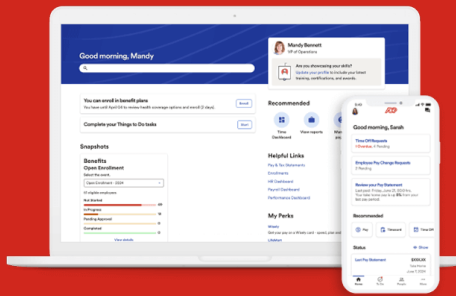


Retirement

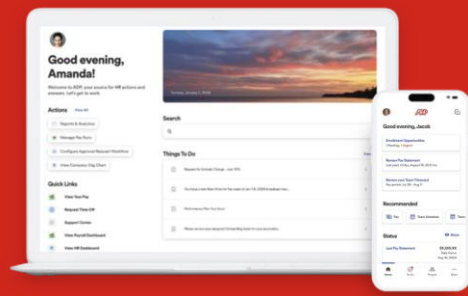
# SUPPORTING EVERY CLIENT SIZE



**Small Business**  
1-49 Employees (EEs)



**Mid-Market**  
50-999 EEs

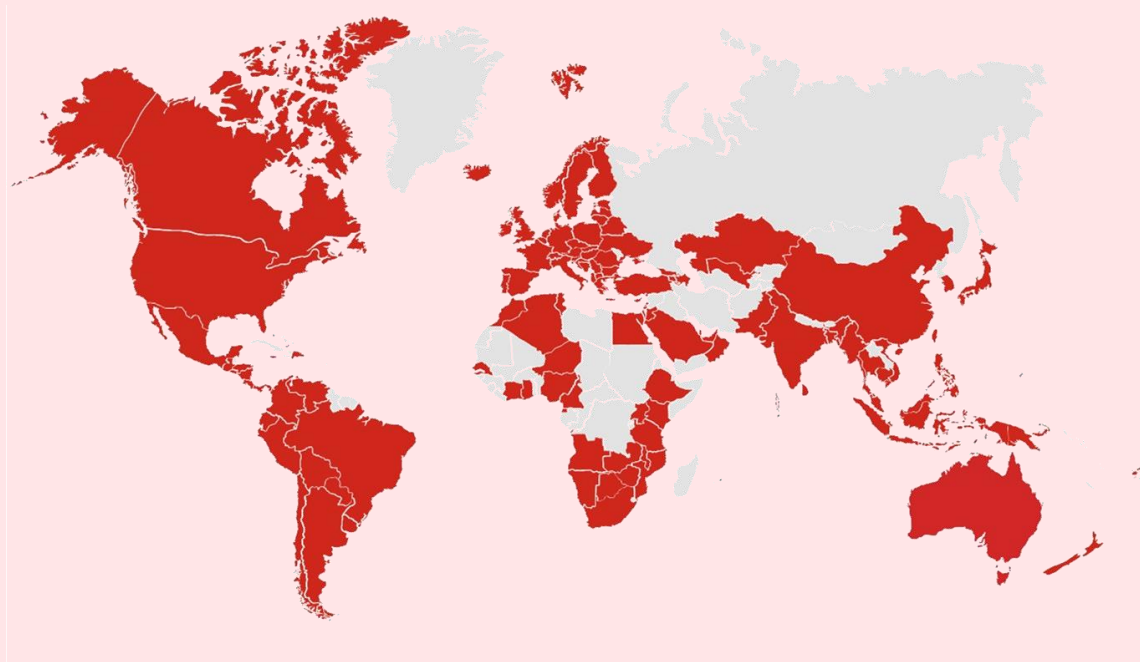


**Up-Market**  
1,000+ EEs

# SUPPORTING EVERY CLIENT LOCATION

140+

Countries and  
Territories



# TRACK RECORD OF INNOVATION AND FIRSTS

**1973**

ADP  
International

**2000**

FIRST global  
cloud-based  
HCM solution

**2009**

FIRST HCM  
Mobile App

**2014**

FIRST HCM  
Marketplace

**2018**

FIRST digital  
pay solution

**2023**

Launched API  
Central

**1962**

ADP leases  
its first IBM  
computers

**1998**

FIRST cloud-  
based payroll  
solution

**2006**

National  
Employment  
Report (NER)

**2012**

ADP Data Cloud  
introduced

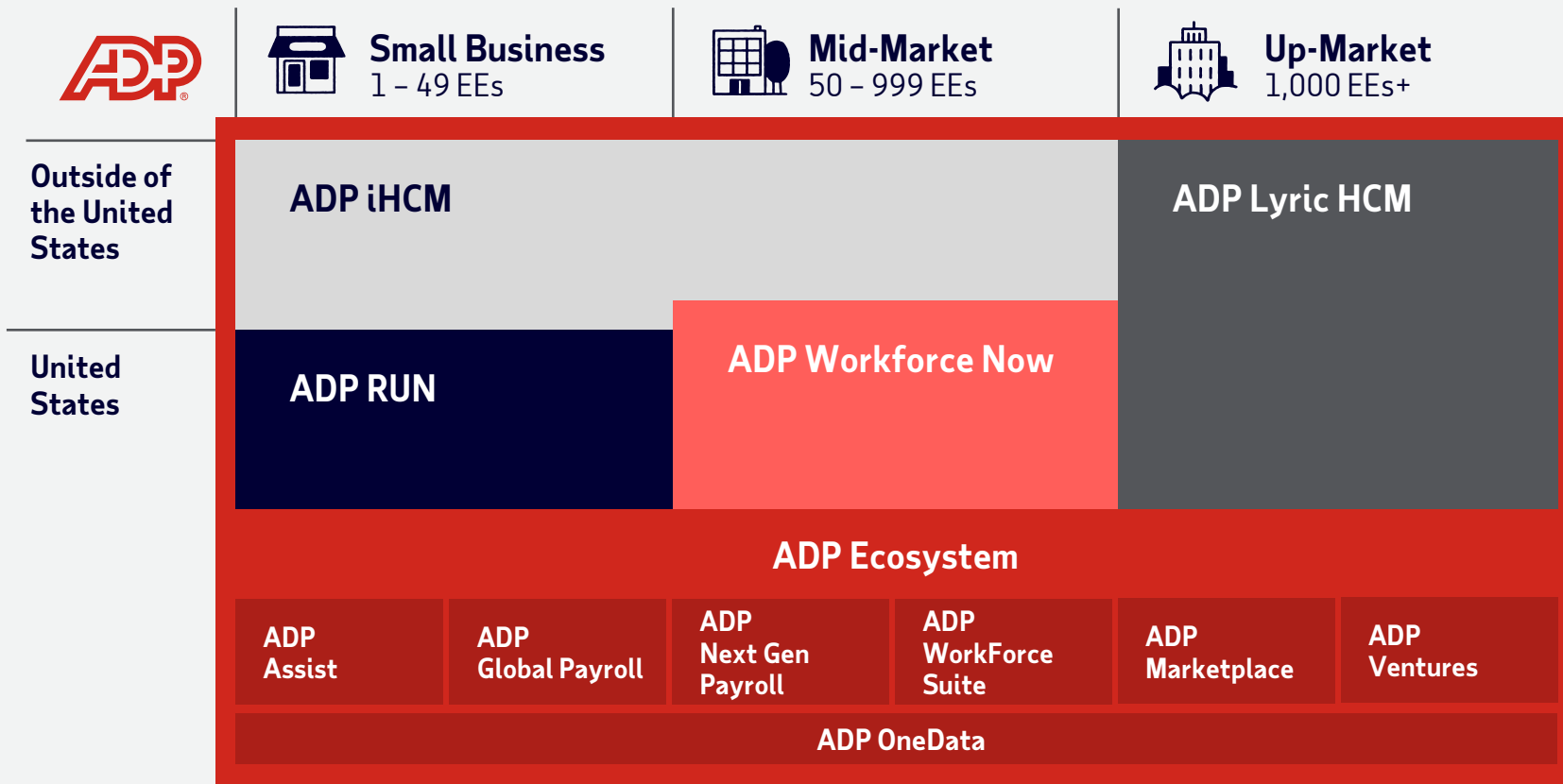
**2021**

FIRST app-  
based  
conversational  
payroll solution

**2024**

Deployed ADP Assist  
across platforms  
Launched ADP Lyric HCM

# SCALABLE HCM OFFERINGS WITH GLOBAL REACH



# \$2.5B

in worldwide new  
business bookings

# 200K+

New logos sold  
annually



**OUR GO-TO-MARKET SCALE & REACH IS UNPARALLELED**

# 8.5K

Quota-carrying  
sellers

# 140+

Countries and territories  
with sales coverage

# 50%+

of new logos sold  
through partnership

# DIVERSIFIED REVENUE PORTFOLIO

## OUR \$19.2B

FY24 Revenue Portfolio<sup>1</sup>

\$6.2B PEO<sup>2</sup>

\$3.4B Small Business

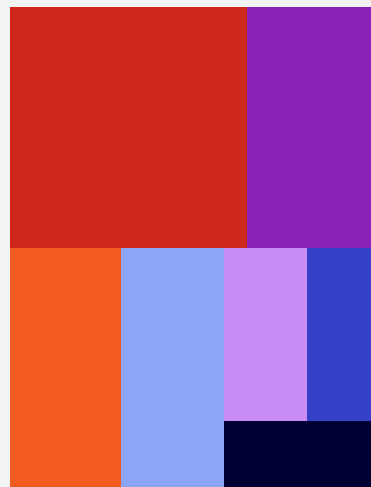
\$2.9B Major Accounts

\$2.6B International

\$1.6B Complementary Solutions

\$1.3B ES HRO

\$1.2B National Accounts



● PEO 32%

● Small Business 18%

● Major Accounts 15%

● International 14%

● Complementary Solutions 8%

● ES HRO 7%

● National Accounts 6%

<sup>1</sup> See Appendix for a brief overview of these different businesses.

<sup>2</sup> PEO includes zero-margin benefits pass-through revenue.

# ADP STRATEGIC PRIORITIES



Lead with  
Best-in-Class  
HCM Technology



Provide  
Unmatched  
Expertise and  
Outsourcing



Benefit our  
clients with  
Global Scale

# WHY ADP?

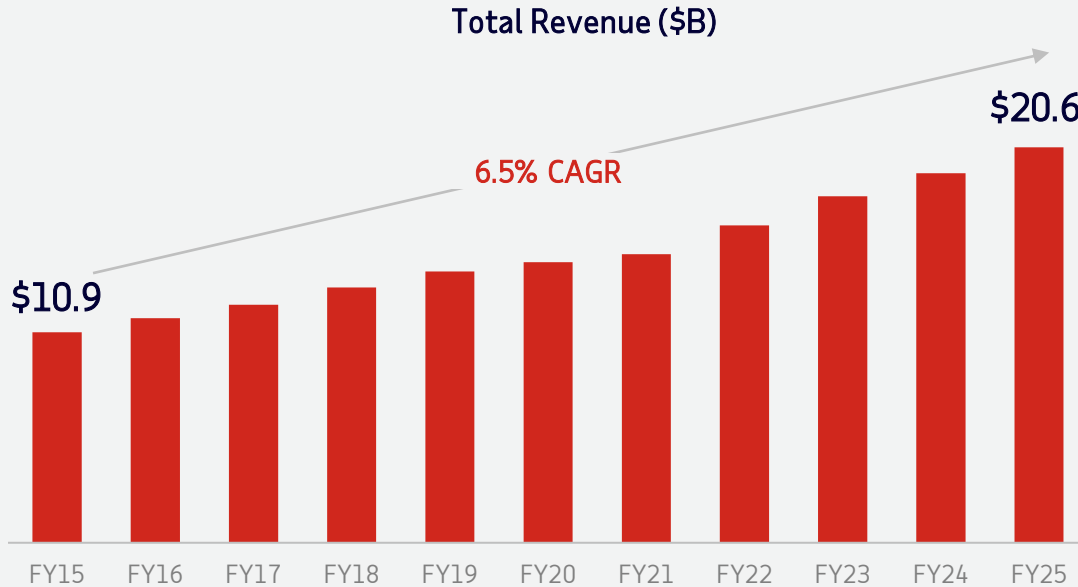
## CONSISTENT AND GROWING REVENUE AND EARNINGS

- Leader in the large and growing HCM industry
- High levels of recurring revenue and strong client revenue retention
- Diversified portfolio addressing all segments of the HCM market
- Consistent track record of expanding margins
- Client funds extended investment strategy delivers incremental interest income and minimizes rate volatility

## STRONG CASH FLOWS AND BALANCE SHEET

- Low capital requirements
- Efficient model allows ample reinvestment for organic growth
- Disciplined approach to M&A
- Thoughtful approach to leverage with high investment-grade credit ratings
- Longstanding commitment to shareholder-friendly actions and capital return

# ADP'S HISTORY OF DURABLE GROWTH

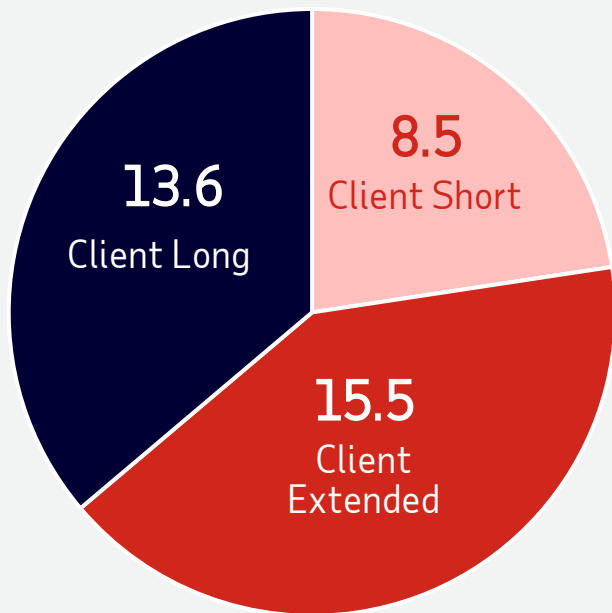


**92.1%**

Gross ES  
Revenue  
Retention in  
FY25

# CLIENT FUNDS PORTFOLIO INVESTMENT STRATEGY

FY25 Average Balance (\$B)

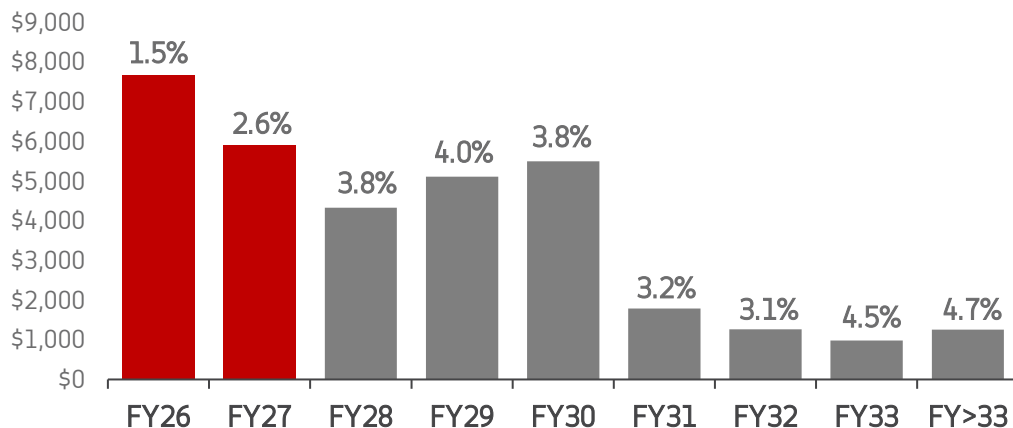


- Enabled by our strong balance sheet and high, investment-grade credit ratings
- Extend and ladder maturities of the investment portfolio for client funds
- Utilize short-term financing arrangements to satisfy client funds obligations
- Safety of principal, liquidity and diversification remain our primary objectives

# LADDERING APPROACH – A DIFFERENTIATOR AND MEDIUM-TERM TAILWIND

Client Funds Investment Strategy Portfolio<sup>1</sup> at June 30, 2025  
Available for Sale Securities Maturities and Book Yields

Market Value (\$ Millions)



~\$13B

Maturing in  
FY26 and FY27

Positive reinvestment rate  
differentials expected on Client  
Funds maturing in FY26 and FY27

1. Chart represents maturities for Client Long and Client Extended portfolios.

# ORGANIC INVESTMENTS DRIVING FUTURE GROWTH

## BEST-IN-CLASS TECHNOLOGY

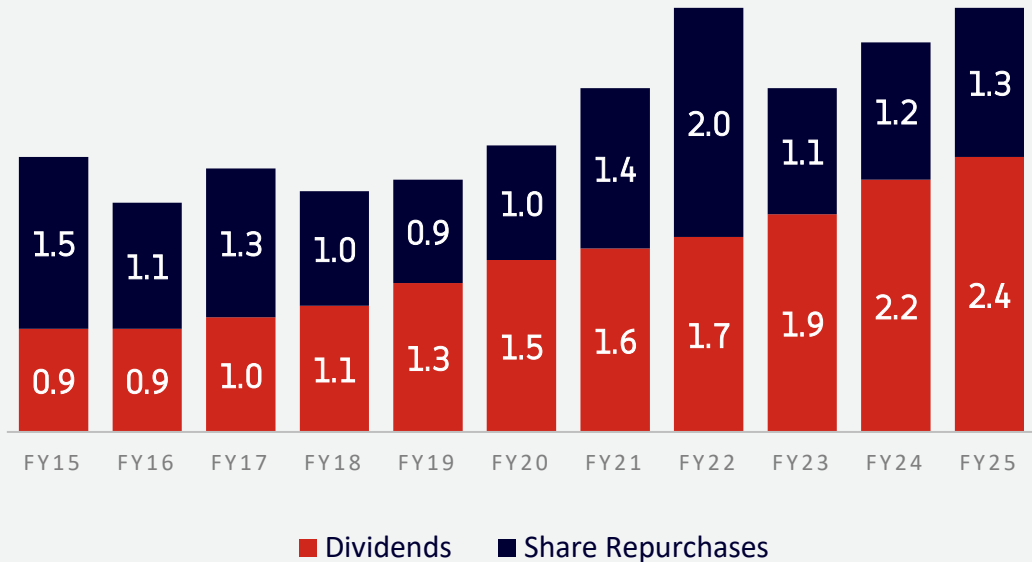
- Continue to scale Lyric with more in-depth features and broaden global reach
- WorkForce Software product integration and client migrations
- Extending WFN Next Gen addressable market
- Continue to modernize technology infrastructure
- ◆ Investments in AI (e.g. continued expansion of ADP Assist and agentic solutions)

## DISTRIBUTION AND SERVICE

- Expand sales force headcount
- Invest in partner channels and embedded payroll
- Augment digital marketing efforts
- Utilize industry-leading service tools
- ◆ Investments in AI (e.g. broadly deploy Sales Assist and Service Assist)

# ADP'S DIVIDENDS AND SHARE REPURCHASES

(\$ Billions)



## 50

Years of consecutive dividend increases

## \$30B

Cash returned to shareholders FY15-FY25

## Aa3/AA-

Leading credit ratings from Moody's (Aa3), S&P (AA-), and Fitch (AA-)

# RECOGNIZED AS AN INDUSTRY LEADER

# 19<sup>th</sup> year

Named by FORTUNE®  
Magazine as one of the  
“World’s Most Admired  
Companies” in 2025

# #1

HR Data Solution of the  
Year 2025

# Leader

Everest Multi-Country  
Payroll Solutions 2024

# #1

G2 Best Software  
Products for Small  
Businesses 2025

# MEDIUM-TERM FINANCIAL OBJECTIVES

**6-7%**

Revenue Growth<sup>1</sup>  
~6% Employer Services and  
6-8% PEO segment growth

**8-10%**

Adjusted EBIT growth  
Supported by ~50-75bps  
margin expansion per year

**9-11%**

Adjusted EPS Growth  
Assuming 1% annual net  
share count reduction

**11-13%**

Total Shareholder Return  
Assuming 2% dividend yield

<sup>1</sup> Organic constant currency

Note: These objectives assume no significant impact from M&A or changes in the macroeconomic environment, corporate tax rates, the yield curve, or ADP's valuation multiple.

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# APPENDIX



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# FY24 REVENUE DISAGGREGATION DETAIL

**\$6.2B PEO** – Fully outsourced HR and benefits for U.S. businesses under a co-employment model. Includes Zero Margin Benefit Pass-Through revenue.

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**\$3.4B Small Business** – HCM solutions for U.S. businesses with typically 50 or fewer employees.

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**\$2.9B Major Accounts** – HCM solutions for U.S. businesses with typically 50 to 1,000 employees.

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**\$2.6B International** – HCM and HRO solutions for clients based outside of the U.S. Includes the U.S. portion of certain multinational businesses using ADP global platforms.

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**\$1.6B Complementary Solutions** – A variety of differentiated offerings, including tax filing services for non-payroll clients, wage garnishment, background screening, employment and income verification, certain other data solutions revenues, Wisely revenues, and tax credit services.

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**\$1.3B ES HRO** – Outsourcing solutions for U.S. businesses of all sizes.

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**\$1.2B National Accounts** – HCM solutions for U.S. businesses with typically 1,000+ employees.

# **CORPORATE GOVERNANCE DETAIL**

# GOVERNANCE: COMMITTED TO SHAREHOLDER ENGAGEMENT

We are committed to proactively engaging with shareholders; our Board is highly attuned to shareholder feedback, including governance & compensation best practices

## Monitoring & Assessment

- Board and management review:
  - ✓ Annual meeting voting results
  - ✓ Investor feedback from IR & governance engagement
  - ✓ Trends and best practices across the governance, executive compensation, regulatory, and environmental & social landscape
- This review allows ADP to identify and prioritize topics for discussion

## Outreach & Engagement

- ADP regularly meets with shareholders to actively gather feedback on a range of issues
- Fiscal Year 2025: We invited shareholders representing nearly half of our shares outstanding to discuss our strategy, corporate governance and executive compensation programs, and held meetings with shareholders representing over 20% of our shares outstanding

## Evaluation & Response

- ✓ Board of Directors & key committees evaluate and discuss feedback from stockholders and key stakeholders
- ✓ ADP enhances disclosure and practices, as appropriate
- ✓ ADP updates governance practices and documents to align with best practices, and incorporates feedback, as appropriate

# GOVERNANCE: LEADING WITH BEST PRACTICES

## ADP is committed to shareholder-friendly corporate governance practices that help to drive long-term value creation

- ✓ Proxy access right at 3% / 3-year ownership threshold (adopted August 2016)
- ✓ Independent, Non-Executive Board Chair
- ✓ Majority voting standard
- ✓ Shareholder ability to call special meetings
- ✓ Shareholder right to act by written consent
- ✓ No dual-class stock; one share, one vote
- ✓ No poison pill
- ✓ Active shareholder engagement to better understand investor perspective
- ✓ Annually elected Board; directors may be removed without cause
- ✓ Annual succession planning review
- ✓ Significant Board role in strategy and risk oversight
- ✓ Non-employee director pay limits and stock ownership requirements
- ✓ Annual Board assessment of corporate governance best practices
- ✓ Oversight of executive compensation by the Compensation and Management Development Committee
- ✓ Executive sessions of independent directors held regularly

# GOVERNANCE: RESPONSIVE TO SHAREHOLDER FEEDBACK

## Board & Governance

- Board composition, self-assessment, and refreshment process
- Governance practices and oversight structures (proxy access proactively adopted in Aug 2016)

## Executive Compensation

- Compensation program and practices, including ADP's increase in focus on performance-based awards in LTI
- Performance metric selection and weighting, pay mix, and peer group selection

## Risk Management

- Enterprise risk management structure and how the Board oversees the risk assessment process

## Corporate Social Responsibility

- Sustainability efforts and the underlying economic rationale for environmental, social and governance initiatives

## Topics of Discussion

## ADP Actions Taken

- ✓ Ongoing Board Refreshment: New Board members joined in 2025, 2022 and 2020
- ✓ Following seamless CEO transition, returned to an independent, non-executive Board Chair structure with Committee Chair and membership rotation (January 2024)
- ✓ New FY'23 LTI design for executives, increasing focus on performance-based awards
- ✓ Compensation peer group refinements for FY'24, FY'22 and FY'18
- ✓ Amended the charter of our re-named compensation and management development committee to formalize its existing practice to review the Company's HCM practices
- ✓ Risk oversight changes to Board and Committee responsibilities, including formalization of Corporate Development and Technology Committee (previously an advisory committee) (May 2025)
- ✓ Ongoing enhanced risk management disclosures in proxy statement including in the areas of cyber and privacy
- ✓ Issued new CSR report in November 2025 (aligned to SASB and GRI)
- ✓ Announced enhanced financial disclosures at 2018 Investor Day, which began FY'19

# GOVERNANCE: BEST-IN-CLASS BOARD WITH BALANCED SKILL SET

## Deliberate Board Composition

- **Commitment to both continuity and fresh perspectives**
  - 5 of our 10 independent Directors have a tenure of 5 years or less<sup>1</sup>
  - Average independent Director tenure of 5.5 years<sup>1</sup>, compared to an S&P 500 average of 7.8 years
  - 50% are women; 25% are racially diverse
- **Director succession planning**
  - Conducted in the context of a skill set review
  - Skill set used to identify and recruit Directors
- **The right set of skills and experience to set ADP's corporate strategy**
  - 8 of 10 independent Directors are current or former C-Suite of major public companies
  - Leaders with significant technology experience (Peter Bisson, David Goeckeler, Linnie Haynesworth, Fran Katsoudas, Nazzic Keene, Tom Lynch, Bob Swan)
- **Independent mindset and focus on accountability to shareholders**
  - 10 of 12 Directors are independent
  - All Board Committees are composed of independent Directors
  - Committed to formal shareholder engagement program
- **Ongoing board refreshment**

## Skill Set Aligns and Evolves With Corporate Strategy

### Director Skill Set<sup>2</sup>



Source: Spencer Stuart Board Index 2025

1. As of November 2025 Annual Shareholder Meeting (10 of 12 directors are independent directors)

2. Skill set matrix as reported in 2025 ADP Proxy Statement



# COMPENSATION: RIGOROUS APPROACH

## Five Guiding Principles

- 1 Emphasize variable, performance-based compensation to ensure that pay and performance are closely aligned
- 2 Rigorous metric selection and goal-setting process to support ADP's financial, transformation, client satisfaction, paperless and HCM objectives
- 3 Pay competitively to attract and retain executives critical to our long-term success
- 4 Commitment to high standards of corporate governance and best practices
- 5 Thoughtful design to minimize excessive risk-taking and to ensure high integrity

## Compensation Governance Ensures Alignment with Principles

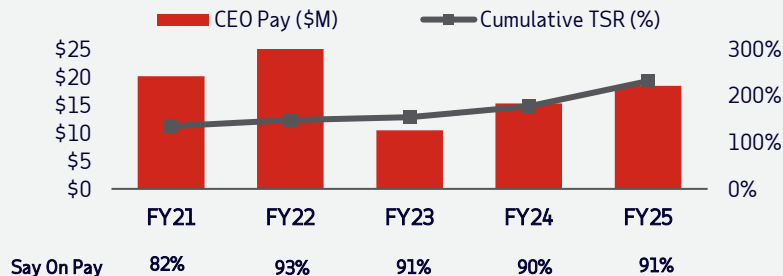
- ✓ Robust Clawback Policy exceeding Nasdaq listing requirements applicable to cash and equity incentives
- ✓ Stock Ownership Guidelines for CEO (6x) & NEOs (3x)
- ✓ No option repricing
- ✓ Target pay levels generally benchmarked to median, with variation based on tenure and experience
- ✓ Regular peer group analysis (peer group refined for FY'24, FY'22 and FY'18 to enhance alignment with ADP strategy)
- ✓ Double-trigger change-in-control severance and equity vesting provisions
- ✓ Limited perquisites
- ✓ Anti-Hedging and Pledging Policy
- ✓ No tax-gross ups
- ✓ No dividends on unearned performance stock

# COMPENSATION: PAY CLOSELY ALIGNED TO PERFORMANCE

## Balanced, Performance-Based Compensation Policy

- **Designed to incentivize sustainable value creation**
  - Thoughtful design to encourage strategic transformation while mitigating excessive risk-taking
  - Approved by independent compensation committee using independent compensation consultant
  - CEO compensation was near the Proxy Peer median for FY21, slightly above the median for FY22 and below the median for FY23, FY24 and FY25
  - Robust clawback policy allows for cash and stock recovery
- **Emphasizes equity-based compensation to foster commonality of interest between management and shareholders**

## Strong Performance Alignment & Shareholder Support



## Transformation, Client Satisfaction and ESG Objectives

- Transformation, Client Satisfaction, Paperless and HCM objectives represent 20%, 10% and 10%, respectively, of the short-term incentive compensation for our executive officers
- Important leading indicators of our transformation, creation of long-term value and future success
- These objectives are measurable and pay out formulaically

### Transformation

- Reduce low value contacts per client
- Digital sales goal
- Adoption % of GenAI
- Mobile active users
- Sales from newest products

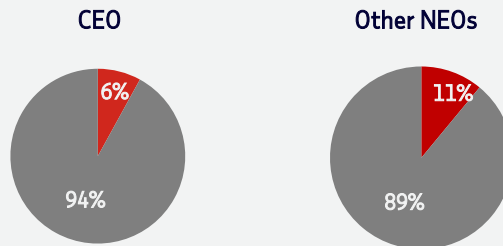
### Client Satisfaction

- Improve client experience through net promoter score goals
- Client retention goal

### Paperless and HCM

- Paperless payments goal
- Executive human capital goals

## Significant Pay at Risk



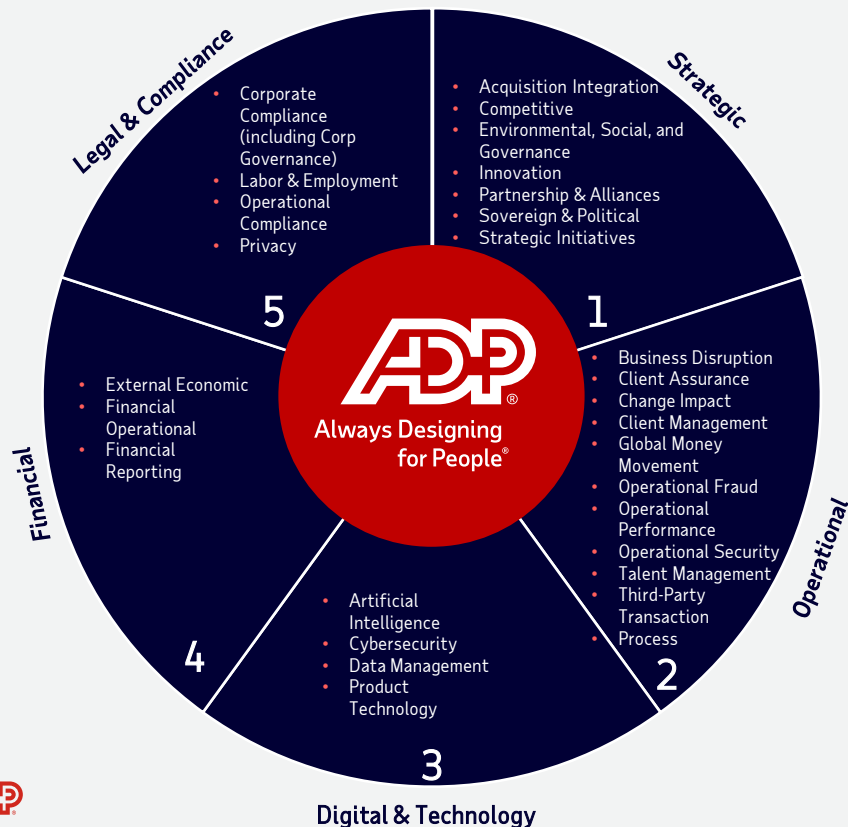
■ = Base Salary

■ = Performance-Based (STIP + LTIP)

Sources: Institutional Shareholder Services 2025 Report on ADP; ADP 2025 Proxy Statement.

# ENTERPRISE RISK MANAGEMENT

BOARD AND KEY COMMITTEES MAINTAIN DISCIPLINED RISK ASSESSMENT PROCESS TO EFFECTIVELY PURSUE STRATEGIC GOALS



## COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

- 2 Components of Operational (Talent Management)

## CORPORATE DEVELOPMENT AND TECHNOLOGY COMMITTEE

- 1 Components of Strategic (M&A, Innovation)
- 2 Components of Operational (Technology Talent)
- 3 Components of Digital & Technology (Product Security/Resiliency)

## AUDIT COMMITTEE

- 2 Components of Operational (Client Assurance, Global Money Movement, Operational Fraud)
- 4 Financial
- 5 Legal & Compliance

## BOARD

- 1 Strategic
- 2 Operational
- 3 Digital & Technology
- 4 Components of Financial
- 5 Components of Legal & Compliance

## NOMINATING/CORPORATE GOVERNANCE COMMITTEE

- 1 Components of Strategic (Environmental, Social & Governance)
- 5 Components of Legal & Compliance (Corporate Governance)

# COMMITTED TO SUSTAINABLE PRACTICES

## Environment

- Commitment to Net-Zero GHG Emissions by 2050
- Reducing Scope 1 & 2 GHG emissions 25.2% by 2025 and 50% by 2030
- Executive compensation linked to environmental objectives

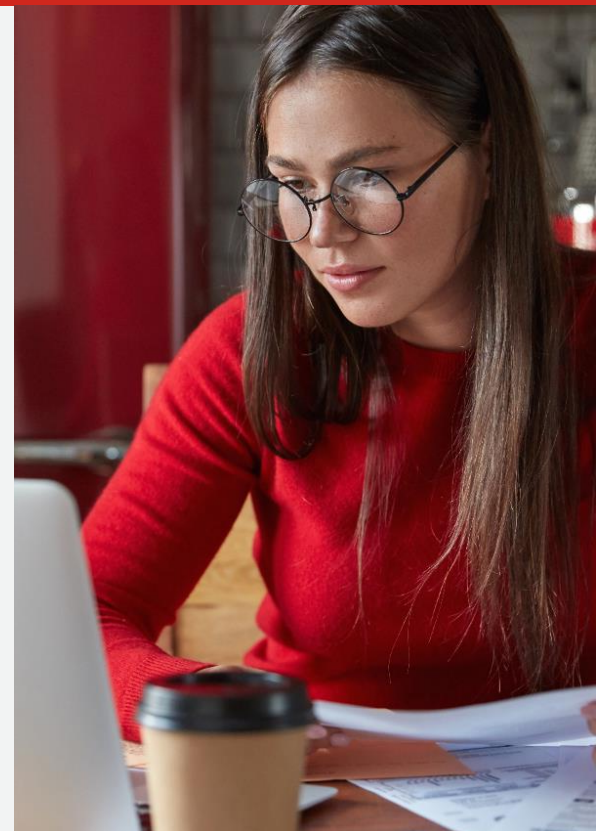
## Social

- Commitment to an inclusive workplace
- Always Designing for People – all people
- Key HCM solutions also support financial wellness



## Governance

- Refreshed board with diversity in experience and background
- Leading governance scores from third-party rating providers



# CORPORATE SOCIAL RESPONSIBILITY REPORT

**MOST RECENT CSR REPORT ISSUED NOVEMBER 2025**

## OUR CORPORATE RESPONSIBILITY LEADERSHIP BY DESIGN 2025



- ✓ Commitment to Strong Governance, Ethics, and Compliance
- ✓ Associate Inclusion, Engagement and Wellness
- ✓ Client Betterment Through Innovation
- ✓ Community Engagement and Volunteer Involvement
- ✓ Environmental Sustainability

