NAPEO Quarterly Pulse Survey – Q2 2018 Results

<table>
<thead>
<tr>
<th>WSEs per Client</th>
<th>Clients per FTE*</th>
<th>WSEs per FTE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical PEO</td>
<td>Typical PEO</td>
<td>Typical PEO</td>
</tr>
<tr>
<td>21</td>
<td>6</td>
<td>148</td>
</tr>
</tbody>
</table>

*Internal employees excluding sales staff

How did the 2nd quarter of 2018 compare with the 2nd quarter of 2017?

PEO Revenue

Typical PEO

- Increased Somewhat: 51.4%
- Increased Significantly: 28.6%
- Decreased Somewhat: 17.1%
- Decreased Significantly: 2.9%
- Stayed About the Same: 5.9%

Response Count: 35

Average annual wage per worksite employee (WSE)

Typical PEO

- Increased Somewhat: 55.9%
- Increased Significantly: 5.9%
- Decreased Somewhat: 38.2%
- Decreased Significantly: 5.9%
- Stayed About the Same: 5.9%

Response Count: 35

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 2nd quarter of 2018 compare with the 2nd quarter of 2017?

Average number of worksite employees (WSEs) per client company

Typical PEO

- Stayed About the Same: 52.9%
- Increased Somewhat: 38.2%
- Increased Significantly: 2.9%
- Decreased Somewhat: 5.9%

Response Count: 35

Gross profit ($)

Typical PEO

- Increased Somewhat: 60.0%
- Stayed About the Same: 14.3%
- Increased Significantly: 2.9%

Response Count: 35

Operating income ($)

Typical PEO

- Increased Somewhat: 57.1%
- Increased Significantly: 17.1%
- Stayed About the Same: 17.1%
- Decreased Somewhat: 5.7%
- Decreased Significantly: 2.9%

Response Count: 35
How did the 2\textsuperscript{nd} quarter of 2018 compare with the 2\textsuperscript{nd} quarter of 2017?

**Number of internal employees (including salespeople)**

**Typical PEO**

- Stayed About the Same

| Response Count | 35 |

**Number of Clients**

**Typical PEO**

- Increased Somewhat

| Response Count | 35 |

**Number of Worker’s Compensation claims reported to carrier**

**Typical PEO**

- Stayed About the Same

| Response Count | 33 |
WSE Projection

How do you anticipate your number of WSEs will change over the next 12 months?

Typical PEO

- Increase Somewhat

Response Count

35

Pie chart showing:
- 62.9% Stay About the Same
- 28.6% Increase Significantly
- 8.6% Increase Somewhat
- 8.6% Decrease Somewhat
- Decrease Significantly