NAPEO Quarterly Pulse Survey – Q3 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>7</td>
<td>147</td>
</tr>
</tbody>
</table>

*Internal employees excluding sales staff

How did the 3rd quarter of 2018 compare with the 3rd quarter of 2017?

PEO Revenue

Typical PEO

- Increased Somewhat: 11.8%
- Increased Significantly: 20.6%
- Increased Somewhat: 61.8%
- Decreased Somewhat: 5.9%
- Decreased Significantly: 1.5%
- Stayed About the Same: 11.8%

Response Count: 34

Average annual wage per worksite employee (WSE)

Typical PEO

- Increased Somewhat: 31.3%
- Increased Significantly: 6.3%
- Increased Somewhat: 62.5%
- Decreased Somewhat: 5.9%
- Decreased Significantly: 1.5%
- Stayed About the Same: 11.8%

Response Count: 32

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 3rd quarter of 2018 compare with the 3rd quarter of 2017?

Average number of worksite employees (WSEs) per client company

**Typical PEO**

- Increased Somewhat: 61.8%
- Decreased Somewhat: 12.1%
- Decreased Significantly: 6.1%
- Increased Significantly: 11.8%
- Stayed About the Same: 11.8%

**Response Count**: 33

Gross profit ($)

**Typical PEO**

- Increased Somewhat: 61.8%
- Decreased Somewhat: 12.1%
- Decreased Significantly: 6.1%
- Increased Significantly: 11.8%
- Stayed About the Same: 11.8%

**Response Count**: 34

Operating income ($)

**Typical PEO**

- Increased Somewhat: 63.6%
- Decreased Somewhat: 12.1%
- Decreased Significantly: 6.1%
- Increased Significantly: 12.1%
- Stayed About the Same: 6.1%

**Response Count**: 33
How did the 3rd quarter of 2018 compare with the 3rd quarter of 2017?

Number of internal employees (including salespeople)

Typical PEO

- Stayed About the Same

Response Count 34

Number of Clients

Typical PEO

- Increased Somewhat

Response Count 34

Number of Worker’s Compensation claims reported to carrier

Typical PEO

- Stayed About the Same

Response Count 28
How do you anticipate your number of WSEs will change over the next 12 months?

Typical PEO

Increase Somewhat

Response Count
34

- Increase Significantly
- Increase Somewhat
- Stay About the Same
- Decrease Somewhat
- Decrease Significantly

- 70.6% Increase Somewhat
- 23.5% Increase Somewhat
- 5.9% Increase Somewhat