NAPEO Quarterly Pulse Survey – Q4 2018 Results

<table>
<thead>
<tr>
<th>WSEs per Client</th>
<th>Clients per FTE*</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Typical PEO</td>
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</tr>
<tr>
<td>19</td>
<td>8</td>
<td>141</td>
</tr>
</tbody>
</table>

*Internal employees excluding sales staff

How did the 4th quarter of 2018 compare with the 4th quarter of 2017?

PEO Revenue

Typical PEO

- Increased Somewhat: 8.0%
- Stayed About the Same: 48.0%
- Decreased Somewhat: 4.0%
- Increased Significantly: 28.0%

Response Count: 25

Average annual wage per worksite employee (WSE)

Typical PEO

- Stayed About the Same: 47.8%
- Decreased Somewhat: 12.0%
- Increased Somewhat: 4.0%
- Increased Significantly: 8.7%

Response Count: 23

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 4th quarter of 2018 compare with the 4th quarter of 2017?

Average number of worksite employees (WSEs) per client company

Typical PEO

Stayed About the Same

Response Count
25

Gross profit ($)

Typical PEO

Increased Somewhat

Response Count
25

Operating income ($)

Typical PEO

Increased Somewhat

Response Count
24
How did the 4th quarter of 2018 compare with the 4th quarter of 2017?

Number of internal employees (including salespeople)

Typical PEO

<table>
<thead>
<tr>
<th>Response Count</th>
<th>25</th>
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</table>

Stayed About the Same

Number of Clients

Typical PEO

<table>
<thead>
<tr>
<th>Response Count</th>
<th>25</th>
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</thead>
</table>

Increased Somewhat

Number of Worker’s Compensation claims reported to carrier

Typical PEO

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<tr>
<th>Response Count</th>
<th>23</th>
</tr>
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</table>

Stayed About the Same
WSE Projection

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

Typical PEO

- Increase Somewhat

Response Count

24

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

75.0%
12.5%
12.5%