



2021 Q1 INVESTOR PRESENTATION

May 3, 2021

Safe Harbor Statement

The statements contained herein that are not historical facts are forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify such forward-looking statements by the words “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “likely,” “possibly,” “probably,” “goal,” “opportunity,” “objective,” “target,” “assume,” “outlook,” “guidance,” “predicts,” “appears,” “indicator” and similar expressions. Forward-looking statements involve a number of risks and uncertainties. In the normal course of business, in an effort to help keep our stockholders and the public informed about our operations, from time to time, we may issue such forward-looking statements, either orally or in writing. Generally, these statements relate to business plans or strategies; projected or anticipated benefits or other consequences of such plans or strategies; or projections involving anticipated revenues, earnings, average number of worksite employee, benefits and workers’ compensation costs, or other operating results. We base the forward-looking statements on our current expectations, estimates and projections. We caution you that these statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Therefore, the actual results of the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are (i) adverse economic conditions; (ii) impact of the COVID-19 pandemic, or other future pandemics, including the scope, severity and duration of the pandemic; government responses; regulatory developments; and the related disruptions and economic impact to our business and the small and medium-sized businesses that we serve; (iii) vulnerability to regional economic factors because of our geographic market concentration (iv) failure to comply with covenants under our credit facility; (v) our liability for worksite employee payroll, payroll taxes and benefits costs; (vi) increases in health insurance costs and workers’ compensation rates and underlying claims trends, health care reform, financial solvency of workers’ compensation carriers, other insurers or financial institutions, state unemployment tax rates, liabilities for employee and client actions or payroll-related claims; (vii) cancellation of client contracts on short notice, or the inability to renew client contracts or attract new clients; (viii) the ability to secure competitive replacement contracts for health insurance and workers’ compensation insurance at expiration of current contracts; (ix) regulatory and tax developments and possible adverse application of various federal, state and local regulations; (x) failure to manage growth of our operations and the effectiveness of our sales and marketing efforts; (xi) the impact of the competitive environment and other developments in the human resources services industry, including the PEO industry, on our growth and/or profitability; (xii) an adverse final judgment or settlement of claims against Insperity; (xiii) disruptions of our information technology systems; (xiv) our liability or damage to our reputation relating to disclosure of sensitive or private information; (xv) failure of third-party providers, data centers or cloud service providers; and (xvi) our ability to integrate or realize expected returns on our acquisitions. These factors are discussed in further detail in Insperity’s filings with the U.S. Securities and Exchange Commission. Any of these factors, or a combination of such factors, could materially affect the results of our operations and whether forward-looking statements we make ultimately prove to be accurate.

Any forward-looking statements are made only as of the date hereof and, unless otherwise required by applicable securities laws, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Review of Insperity

Helping businesses succeed...



...so communities prosper



Co-Employment

Clients outsource entire HR function to a single strategic partner

Client enters into agreement with Insperity to establish a relationship between themselves, their employees and Insperity

Insperity assumes or shares certain HR responsibilities and risks, empowering clients to focus on operating and growing their core business



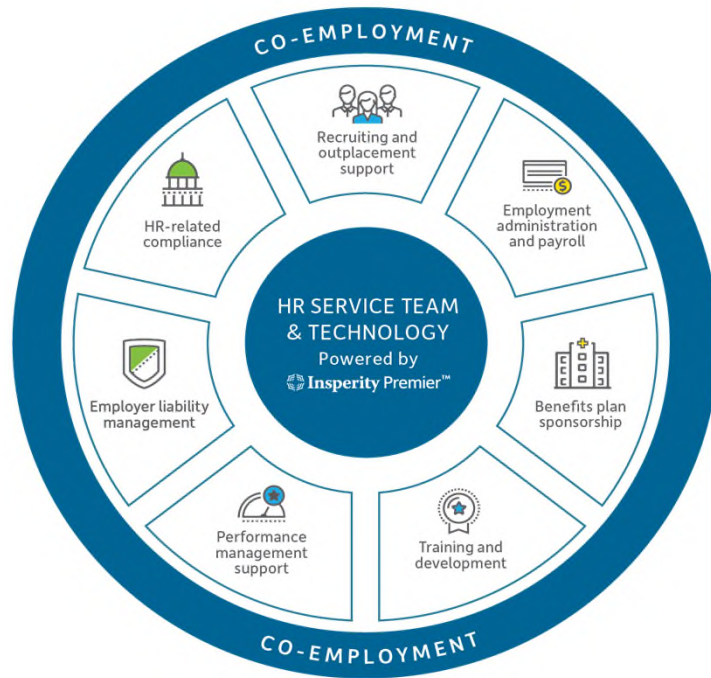
Traditional Employment

Expands market opportunity beyond core PEO model

Address clients who are not ready for co-employment and may prefer more flexibility and autonomy in their Human Capital Management (HCM) strategy

Meet prospects at their point of need and address distinct elements of their HCM strategy

A comprehensive solution

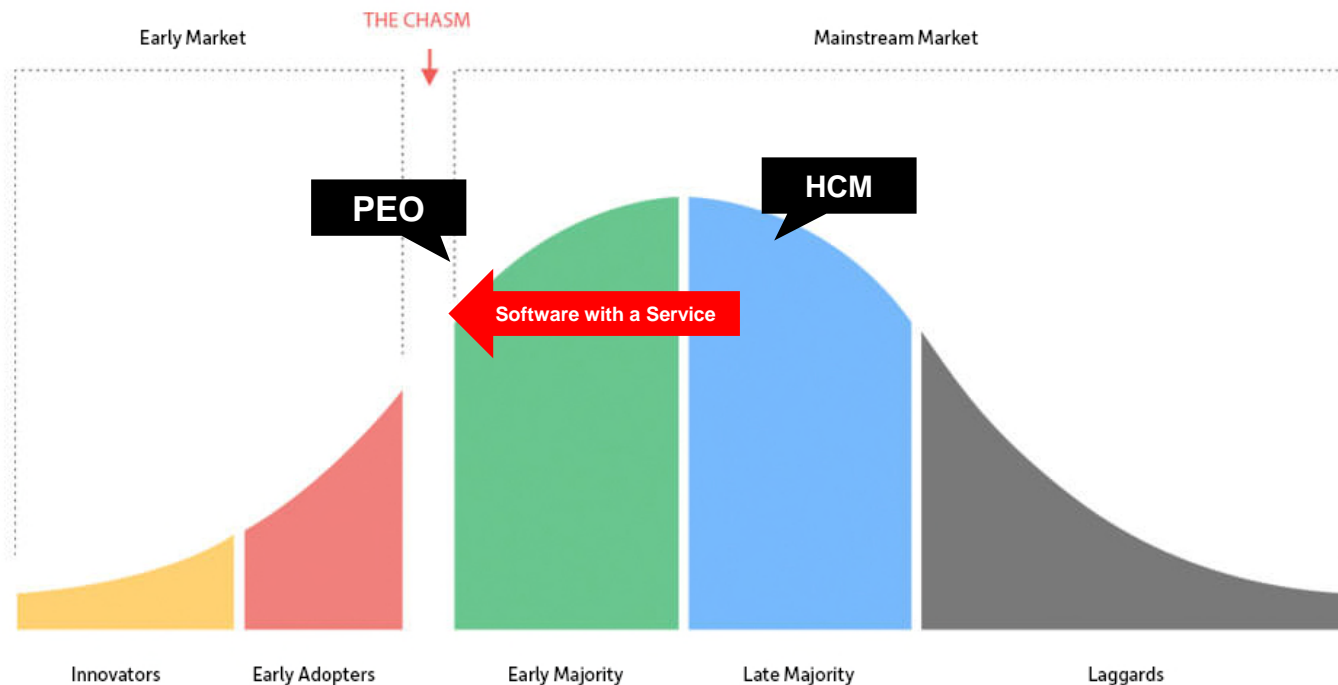


* Available for an additional fee.

† All insurance products are offered and sold only through a licensed insurance broker, such as Insperity Insurance Services LLC (CA license #OE22586), or their licensed agents.

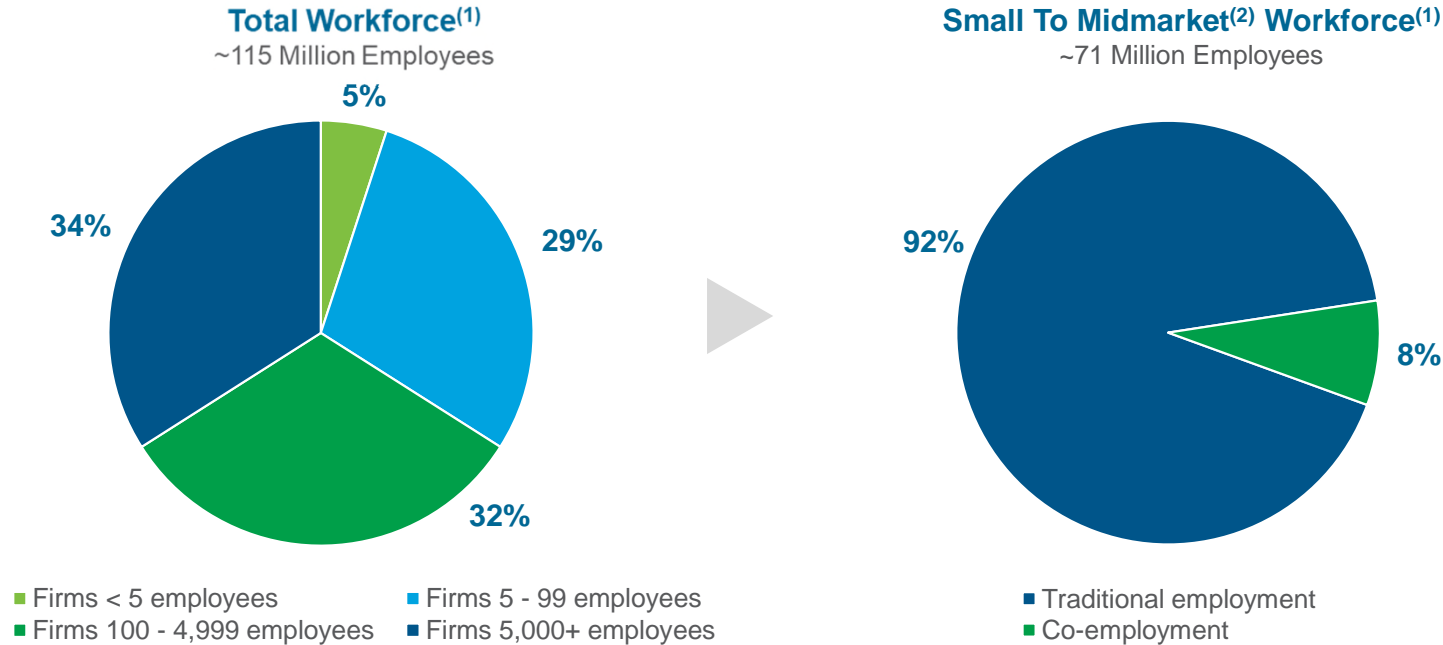
Where is the PEO industry in the adoption life cycle?

Insperty's Co-Employment model incorporating Software with a Service has jumped the chasm to Early Majority compared to the Late Majority stage of the HCM Software as a Service Solution.



What is Insperity's market opportunity?

Insperity competes in a large, fragmented and highly attractive market



(1) U.S. Census Bureau Data; Insperity management estimates.
(2) Represents businesses with less than 5,000 employees.

Who does Insperity target?

Insperity is focused on being a trusted advisor to the best small-to-midmarket businesses

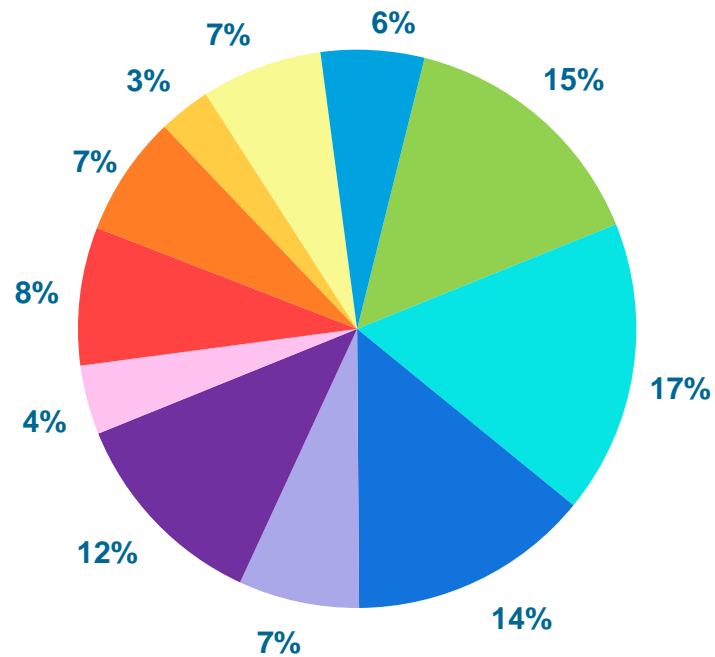


Who are Insperity's clients?

Insperity currently provides Workforce Optimization solutions for ~9,500 clients

FY 2020 Average Paid Worksite Employees ("WSEs"): 234,223

- Computer and information sciences
- Finance, Insurance, Real Estate
- Management, administration, consulting
- Medical services
- Manufacturing
- Construction
- Wholesale trade
- Engineering, accounting, legal
- Retail trade
- Other
- Not-for-profit and similar organizations



How does Insperity serve its target market?

Insperity's solutions address a diverse set of client types and needs

	Small Business	Core	Emerging Growth	MidMarket / Enterprise
Overview	Likely newly formed, require HR function on an as needed basis	Small business with less than 50 employees; requires HR function to evolve	Typically a growing organization struggling with HR complexity as their employee base grows	Established organization; requires customizable HR function
WSEs	< 20	21 - 49	50 - 149	150 – 5,000
Approach	Essential	Collaborative	Integrated	Strategic
Customization	Low	Low / Medium	Medium / High	High
Engagement	Responsive	Dedicated	Proactive	Engaged

How is Insperity different?

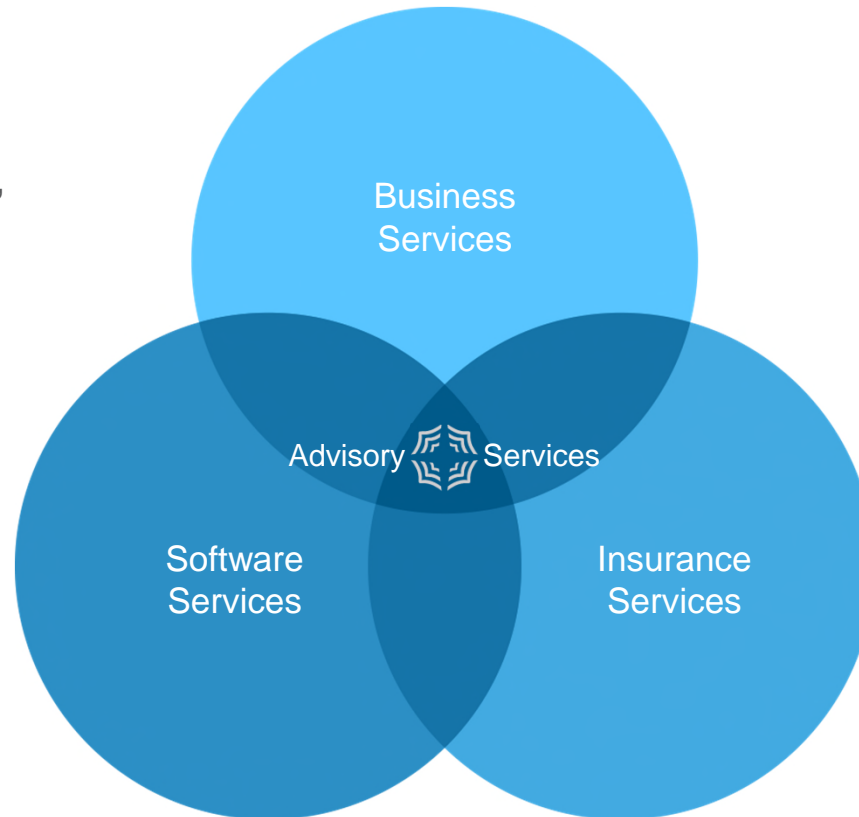
Our breadth of services.

	Bundled Solutions Providers		Point Solutions Providers		
	Insperity	Other Bundled	Insurance Brokers	Payroll Processors	Payroll Processors
Complete HR Solution for Small Business	●	◐	◐	◐	◐
MidMarket Service Offerings	●	◐	◐	◐	◐
High Touch / High Value Solution	●	◐	◐	◐	◐
High Quality Risk Management and Cost Stability	●	◐	○	○	○
Cloud Technology	●	●	○	◐	●

How is Insperity different?

Our **depth** of services.

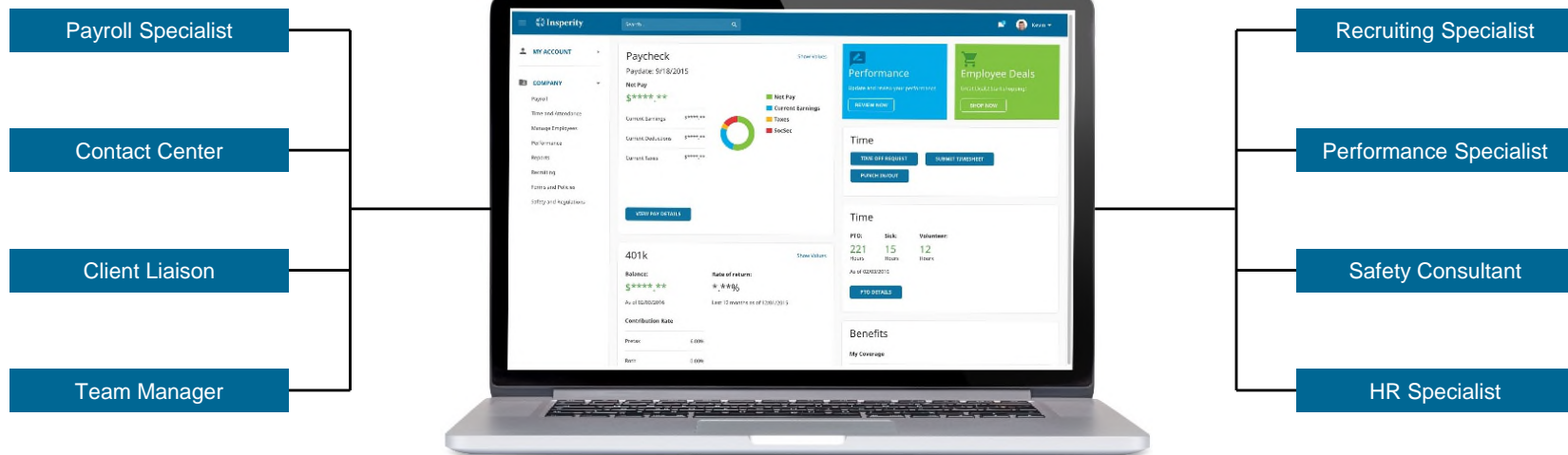
Insperity sits at the nexus of Business,
Software and Insurance Services



How is Insperity different?

Our level of care.

Insperity Offers a High-Touch Service on a High-Tech Platform



 **Insperity Premier™**

Built upon Insperity's extensive HR knowledge base, the Insperity Premier platform is a cloud-based human capital management system that maximizes the power of Workforce Optimization, our industry-leading co-employment solution.

How does Insperity go to market?

Key components of our strategy

Business Performance Advisors



Quarterback for our services
Trusted advisor to the local business community
Guiding clients to the right solutions; execute bundle plus strategy

Channel Partners



Partners in professional services, insurance and banking
Leverage partners for leads/referrals

Rewards Program



Re-engage clients
Build value in the Insperity/client relationship
Gain referrals

Digital Marketing



Increase brand awareness through targeted digital strategy
Establish thought leadership through online content
Generate high quality leads for Business Performance Advisors

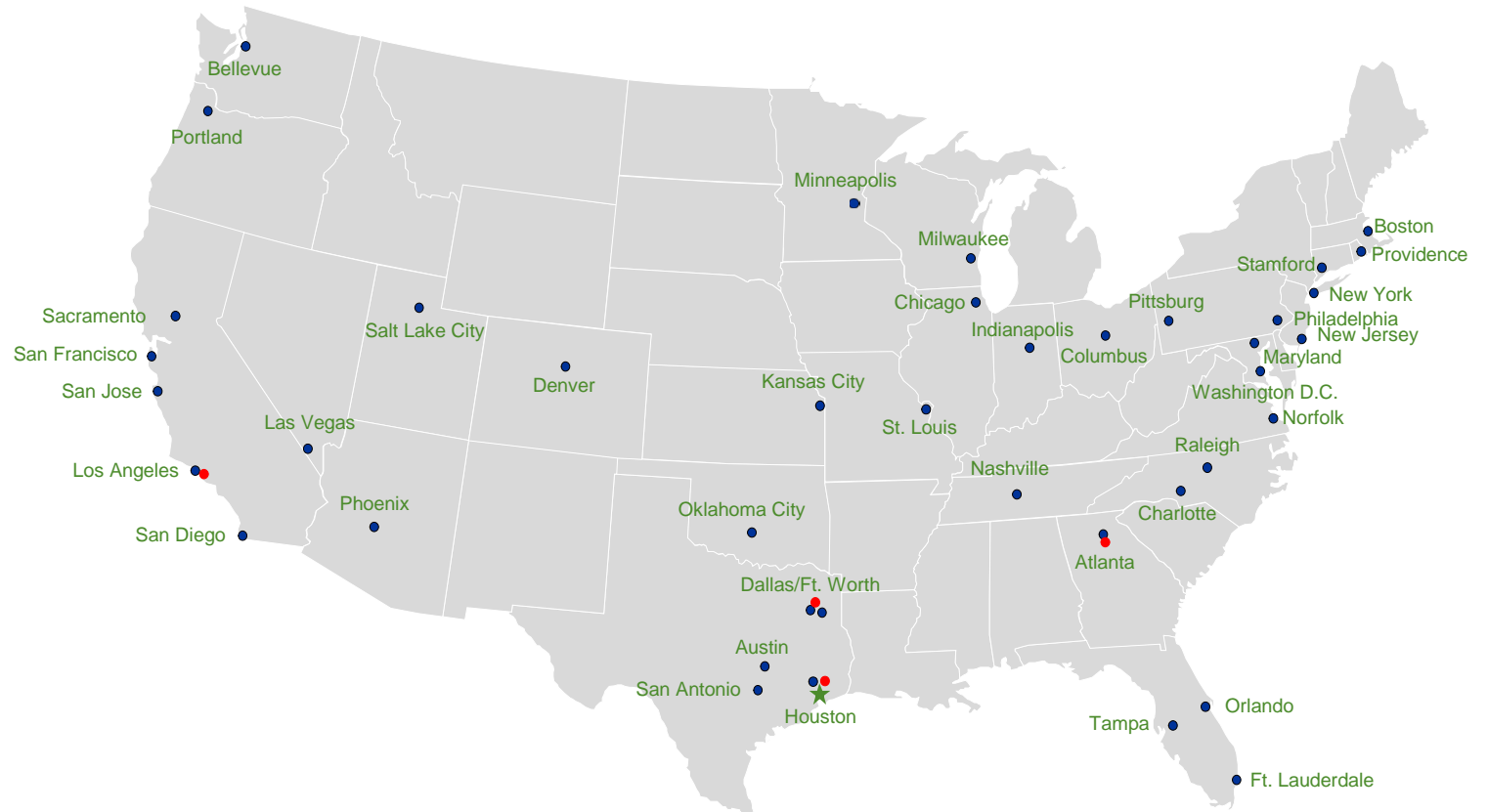
How does Insperity go-to-market? (cont.)

National sales and service infrastructure

2020 Revenue Contribution by Region

- Southeast 12%
- Northeast 28%
- Central 18%
- West 20%
- Southwest 22%

- Sales (82 Offices, 40 Markets)
- Service Center (4 Locations)
- ★ Corporate Headquarters



How does Insperity price its Workforce Optimization service?

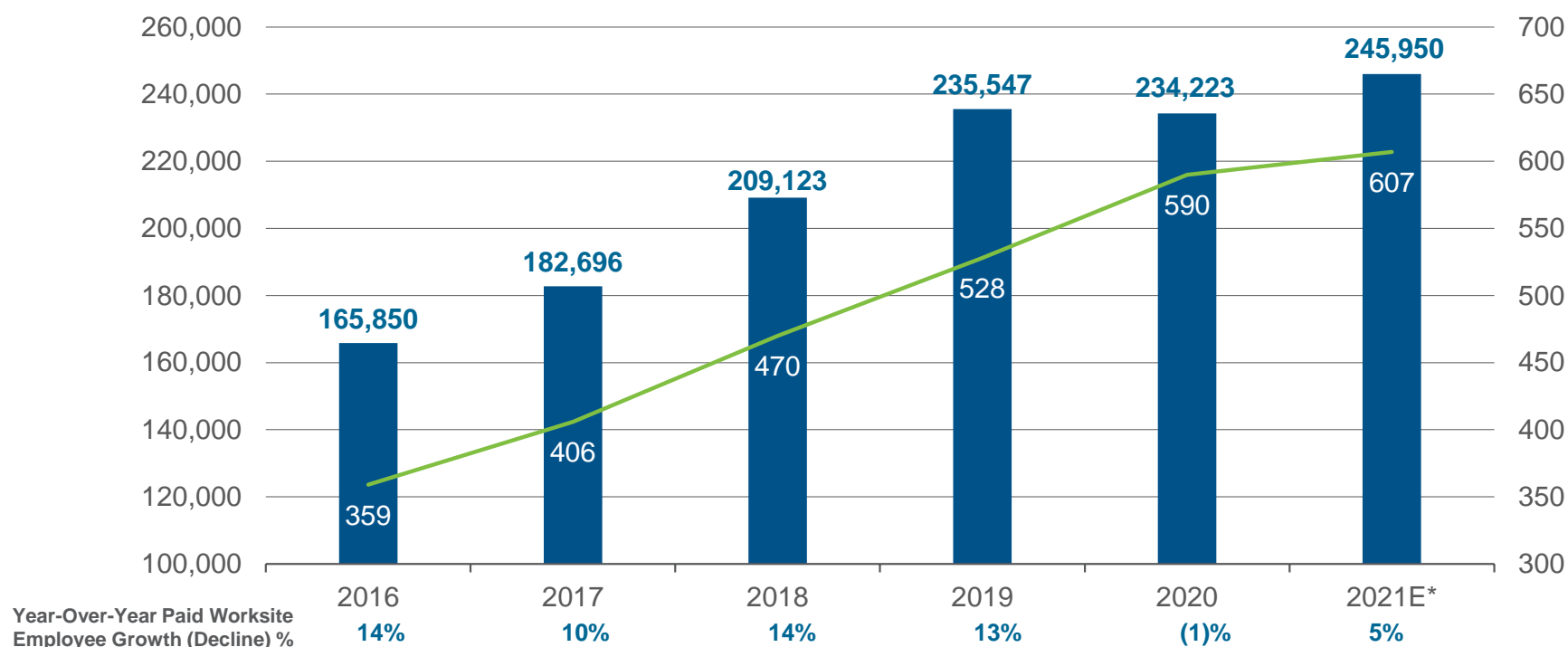
Total Service Fee (quoted as a % of Employee's Wages)		Bundle Plus / Add-on Services with discounted pricing for Workforce Optimization customers
HR Services Fee	Separate Direct Cost Program Allocations	
Human Resources Management Recruiting and Selection Training and Development Policies and Practices Payroll Administration Government Compliance	Employee Benefits Employer Payroll Taxes Workers' Compensation Employer Liability Management	Performance Management Direct Placement Recruiting Employment Screening Retirement Services Time and Attendance Expense Management Organizational Planning Insurance Services Payroll Services Financial Services Human Capital Management

Financial Results

Key financial metrics

Average Paid Worksite Employees

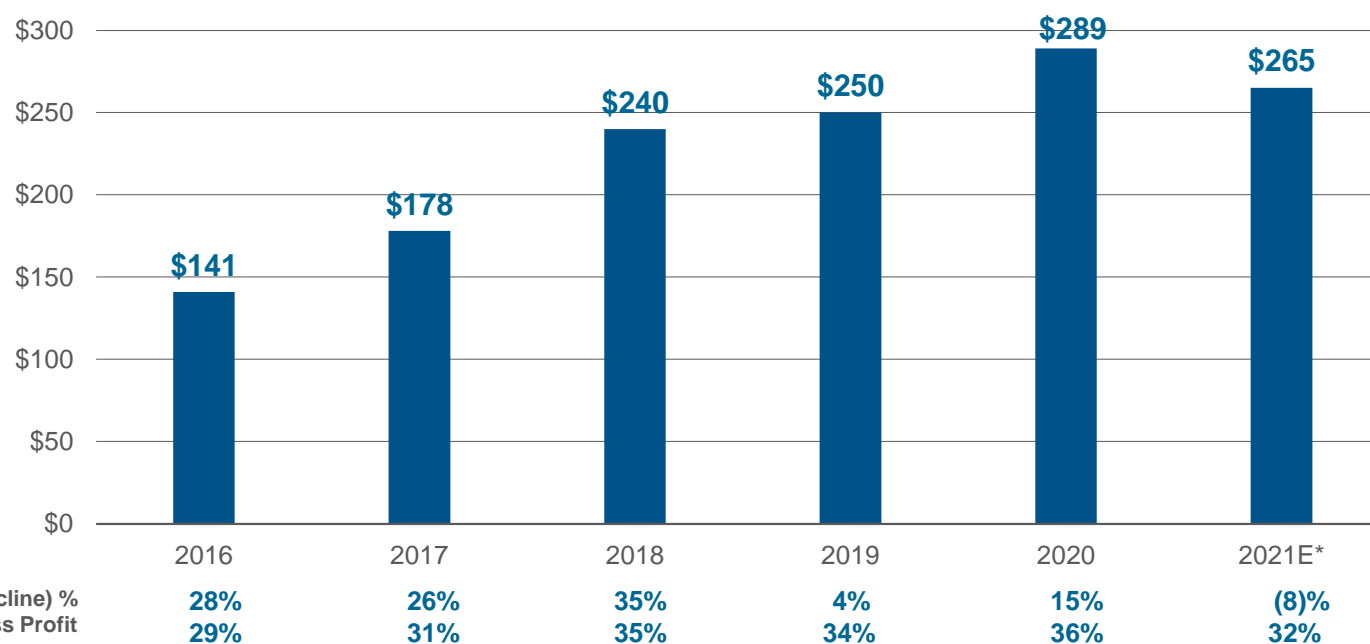
Average Trained BPAs



*Amount represents midpoint of Financial guidance issued on May 3, 2021.

Key financial metrics (in millions)

Adjusted EBITDA⁽¹⁾



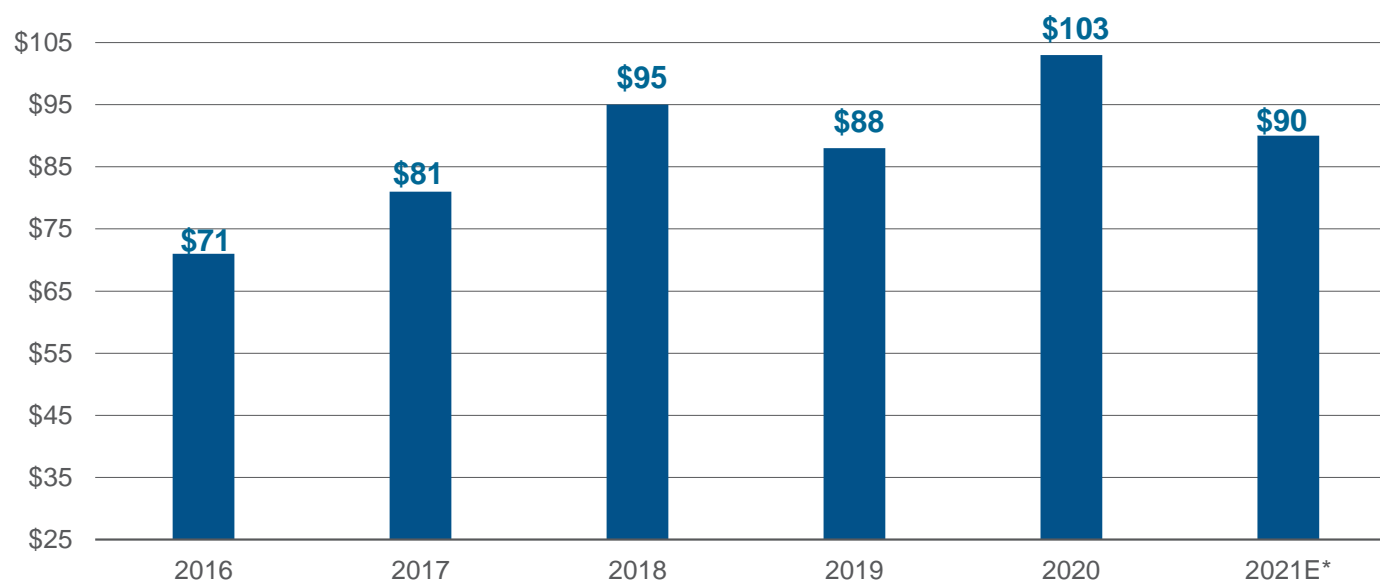
*Amount represents midpoint of Financial guidance issued on May 3, 2021.



1) Please see reconciliation to GAAP measure in the Appendix. Adjusted EBITDA represents EBITDA adjusted to add back stock-based compensation expense and a one-time tax reform bonus.

Key financial metrics

Adjusted EBITDA⁽¹⁾ Per Worksite Employee Per Month

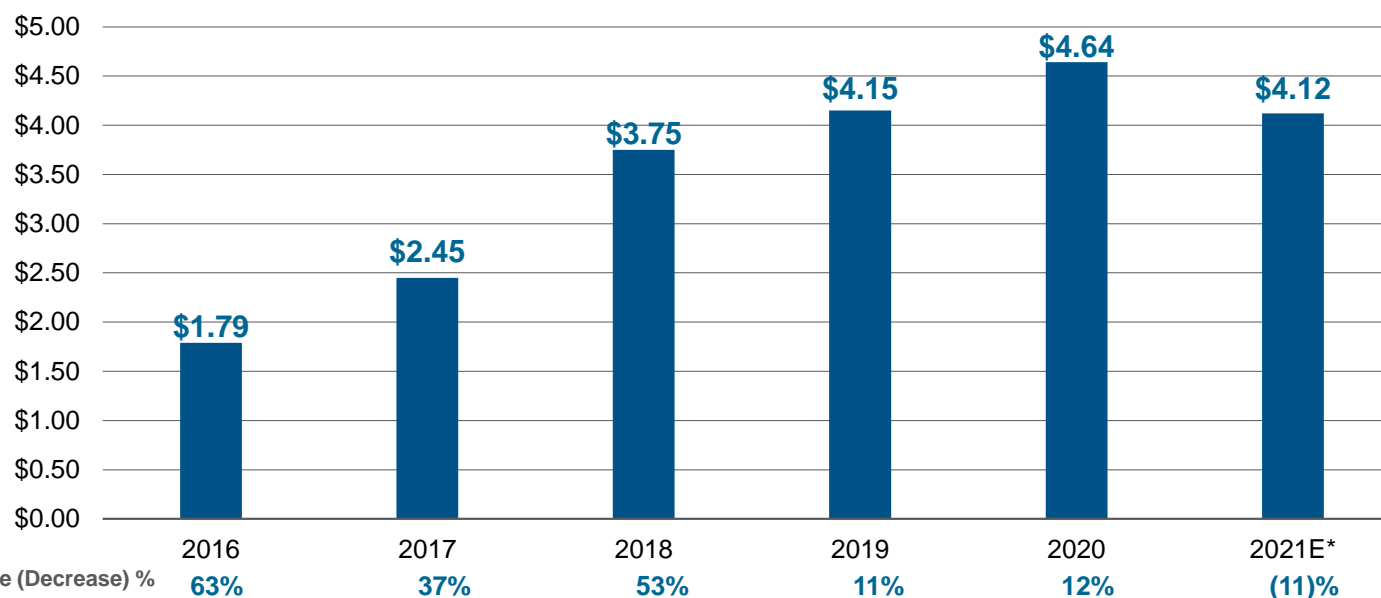


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Key financial metrics

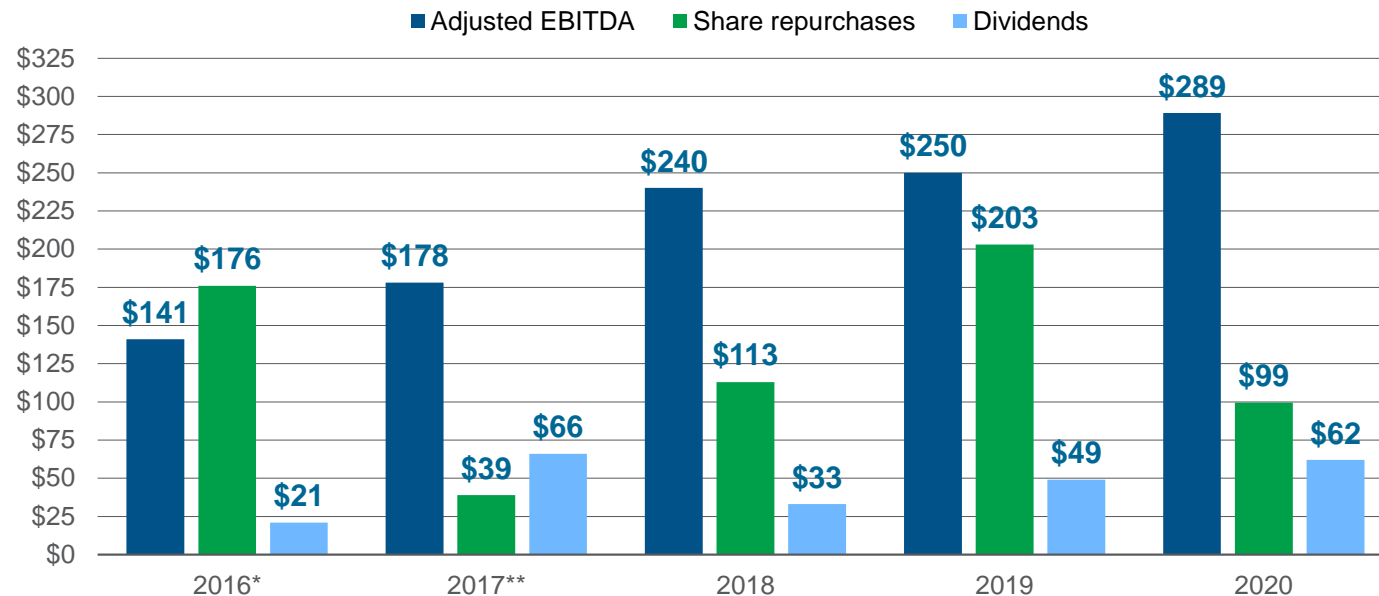
Adjusted EPS ⁽¹⁾



*Amount represents midpoint of Financial guidance issued on May 3, 2021.

1) Please see reconciliation to GAAP measure in the Appendix. Adjusted EPS represents EPS adjusted to add back stock-based compensation expense and a one-time tax reform bonus.

Return to investors from cash flow and debt (in millions)



*2016 share repurchases includes a dutch auction tender offer that was completed in January 2016 resulting in the repurchase of six million shares at a cost of \$23.75 per share, plus transaction costs. The tender offer was funded with approximately \$40 million of cash and \$104 million of debt.

**2017 dividends includes a \$1 per share special dividend paid in Q4 2017.

Appendix

Full year and Q2 guidance

	FY 2021 Guidance	Q2 2021 Guidance
Average paid WSEs	243,600 – 248,300	239,300 – 241,600
Implied y-o-y increase in average paid WSEs	4% - 6%	5% - 6%
Adj. EBITDA ⁽¹⁾	\$250 - \$280	\$44 - \$49
Implied y-o-y decrease in Adj. EBITDA	(13)% - (3)%	(52)% - (47)%
Adj. EPS ⁽²⁾	\$3.83 - \$4.40	\$0.60 - \$0.70
Implied y-o-y decrease in Adj. EPS	(17)% - (5)%	(61)% - (55)%

Note: Financial guidance referenced above issued on May 3, 2021.

(1) Adjusted EBITDA represents EBITDA adjusted to add back stock-based compensation expense.

(2) Adjusted EPS represents EPS adjusted to add back stock-based compensation expense.

Adjusted EBITDA reconciliation (in millions)

	FY 2018	FY 2019	FY2020	2021E*
Net income (GAAP)	\$135.4	\$151.1	\$138.2	\$128.5
Interest expense	4.7	7.7	8.0	7.4
Income tax expense	47.0	38.5	51.0	46.2
Depreciation and amortization	<u>22.8</u>	<u>28.7</u>	<u>31.3</u>	<u>40.4</u>
EBITDA	209.9	226.0	228.5	222.5
Stock-based compensation	20.4	24.0	60.1	42.5
One-time tax reform bonus	<u>9.3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted EBITDA	<u>\$239.6</u>	<u>\$250.0</u>	<u>\$288.6</u>	<u>\$265.0</u>

Note: Insperity management believes adjusted EBITDA is often a useful measure of the company's operating performance, as it allows for additional analysis of the company's operating results separate from the impact of these items. Adjusted EBITDA should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

* Based on the midpoint of the guidance issued on May 3, 2021.

Adjusted net income (in millions)

	FY 2018	FY 2019	FY 2020	FY 2021E*
Net income (GAAP)	\$135.4	\$151.1	\$138.2	\$128.5
Stock-based compensation	20.4	24.0	60.1	42.5
One-time tax reform bonus	<u>9.3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total pretax non-GAAP adjustments	29.7	24.0	60.1	42.5
Tax effect on non-GAAP adjustments	(7.6)	(5.6)	(17.0)	(11.0)
Adjusted net income	<u>\$157.5</u>	<u>\$169.5</u>	<u>\$181.3</u>	<u>\$160.0</u>

Note: Insperity management believes adjusted net income is often a useful measure of the company's operating performance, as it allows for additional analysis of the company's operating results separate from the impact of these items. Adjusted Net Income should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

* Based on the midpoint of the guidance issued on May 3, 2021.

Adjusted EPS reconciliation

	FY 2018	FY 2019	FY 2020	FY 2021E*
EPS (GAAP)	\$3.22	\$3.70	\$3.54	\$3.32
Stock based compensation	0.49	0.59	1.54	1.10
One-time tax reform bonus	<u>0.22</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total pretax non-GAAP adjustments	0.71	0.59	1.54	1.10
Tax effect on non-GAAP adjustments	<u>(0.18)</u>	<u>(0.14)</u>	<u>(0.44)</u>	<u>(0.30)</u>
Adjusted EPS ⁽¹⁾	<u>\$3.75</u>	<u>\$4.15</u>	<u>\$4.64</u>	<u>\$4.12</u>

Note: Insperity management believes adjusted EPS is often a useful measure of the company's operating performance, as it allows for additional analysis of the company's operating results separate from the impact of these items. Adjusted EPS should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

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Insperity®

HR that Makes a Difference™