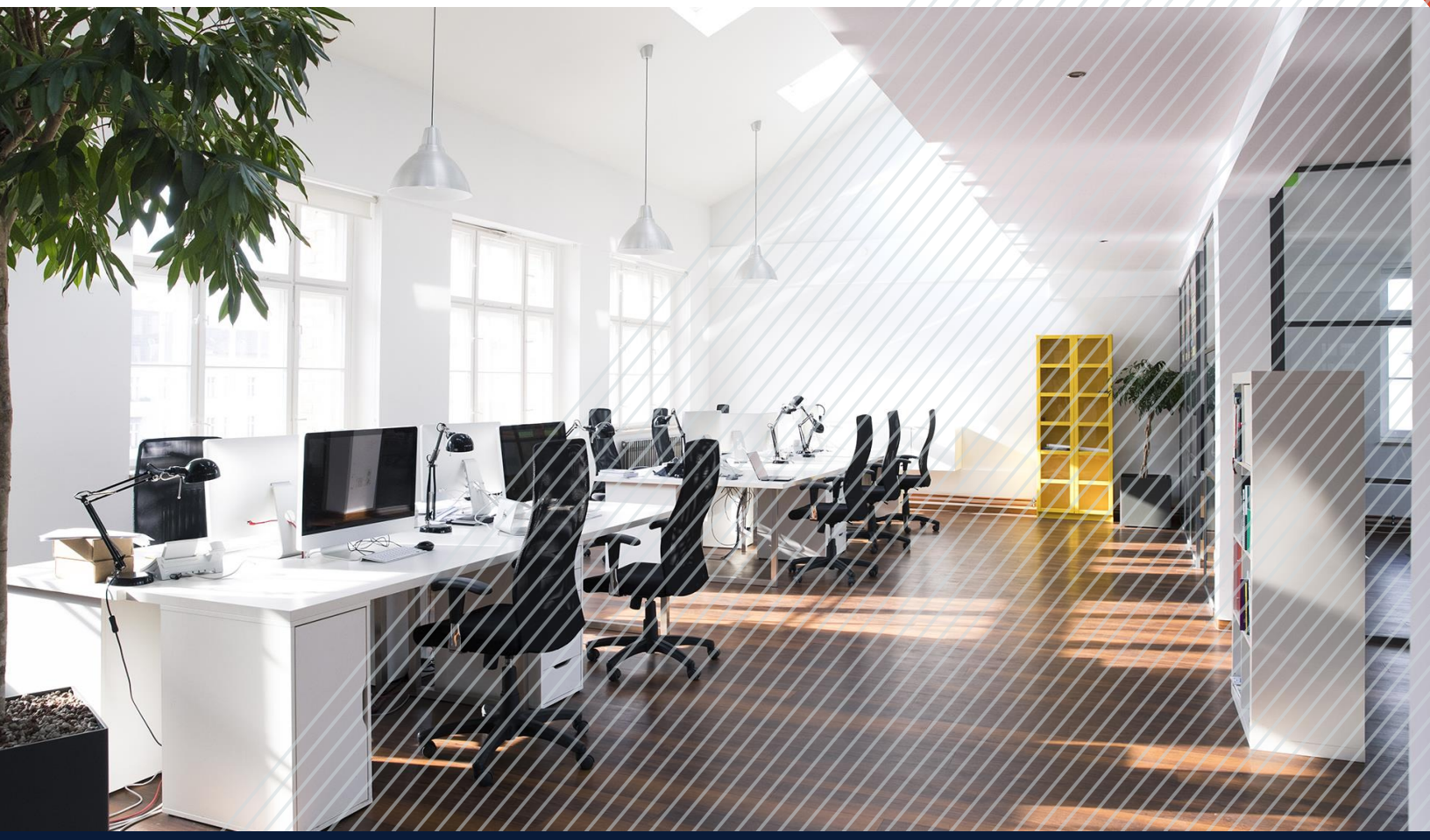
KRONOS® & Ultimate SOFTWARE

An Update on U.S. Workforce Activity

June 15–21, 2020



Tracking approximately 30,000 U.S. businesses and their 3.2 million employees, this report explores workforce data from week to week — including employee shifts worked, employee new hires and terminations, and pay statements generated — to better understand the economic health of the national workforce.

The Current State of the National Workforce

Measuring four critical real-time metrics

Understanding the working economy with anonymized and aggregated workplace data

By tracking employee shifts, new hires and terminations, and pay statements based on daily employee data captured by Kronos customers, this update on **U.S. workforce activity** intends to provide directional insight into the current conditions of the national working economy.

Between the weeks ending March 15 and June 21, Kronos has tracked a 17% decrease in total time punches (i.e. shifts worked by employees), with declines occurring across every industry and geographic region. However, between the weeks ending April 12 and June 21, data reveals a promising 29% uptick in time punches across all industries and regions. As of June 21, businesses have recovered more than half (53%) of shifts lost between mid-March and mid-April.

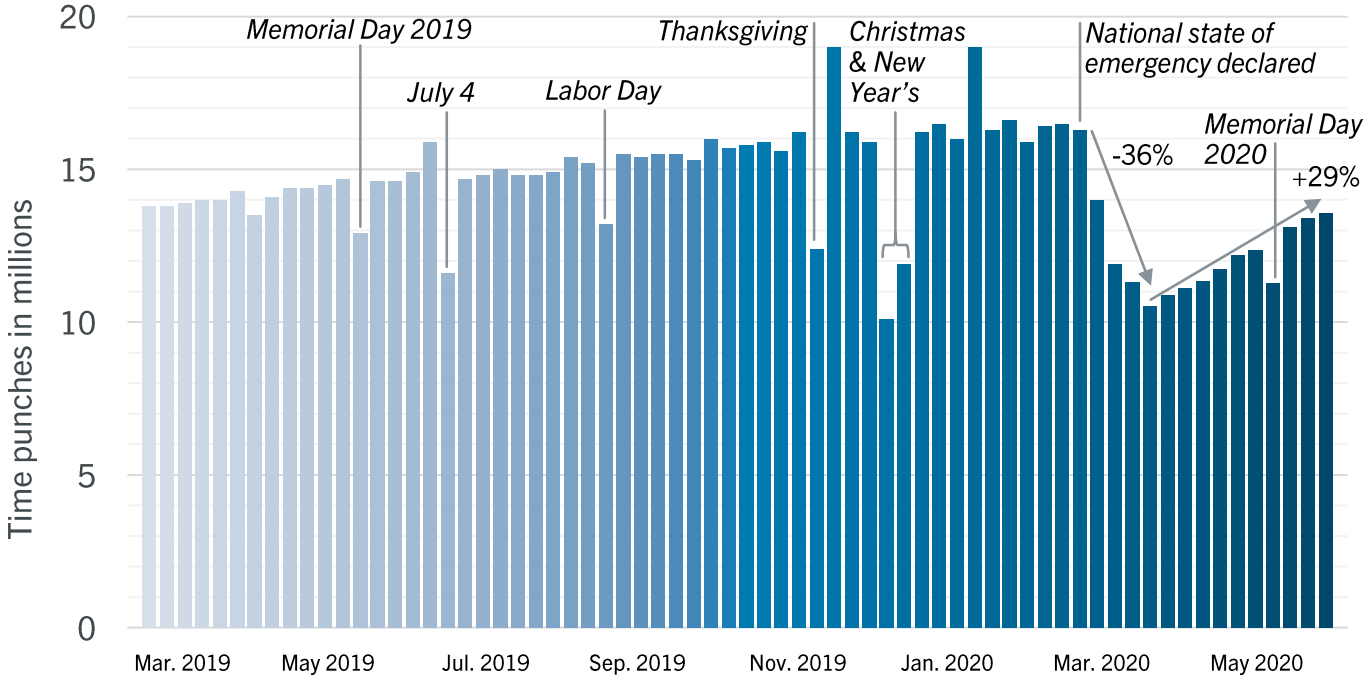
Shifts worked

More than half of lost shifts have been recovered

Shifts worked across the country

This data reflects shifts worked as measured by 980 million time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — over the past 15 months. With the exception of national holidays, data shows remarkable consistency despite expected fluctuations in time off, hirings, and firings.

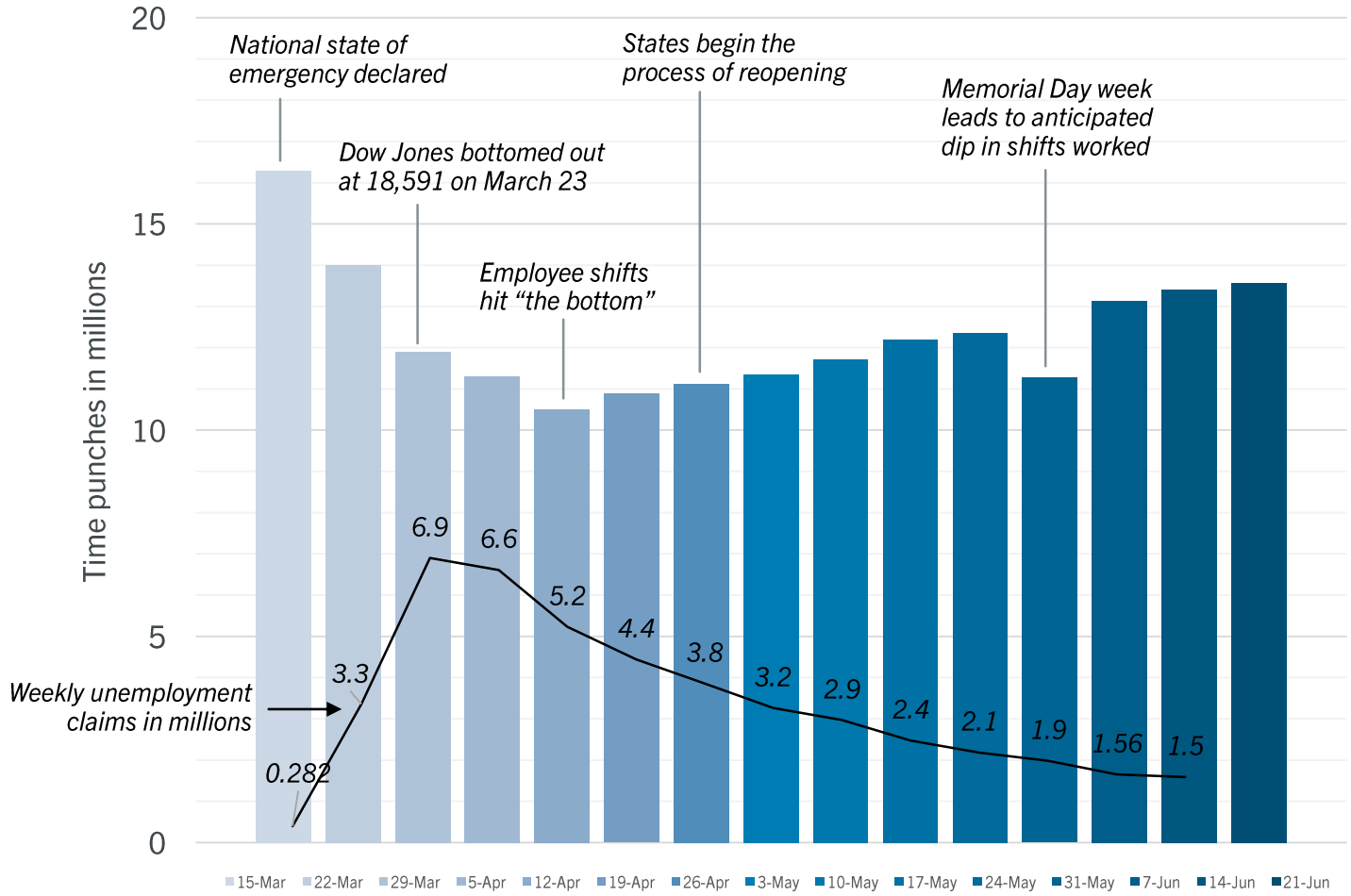
After an unprecedented drop correlating with the rising COVID-19 pandemic, the data reveals a steady and promising rise in shifts worked (29%) from mid-April to mid-June. The 8.8% shift decrease seen the week of Memorial Day 2020 closely mirrors the 12.3% decrease in shifts during the week of Memorial Day 2019 — making this dip an anticipated one with no long-term impact.



Close up: Shifts worked since hitting "the bottom"

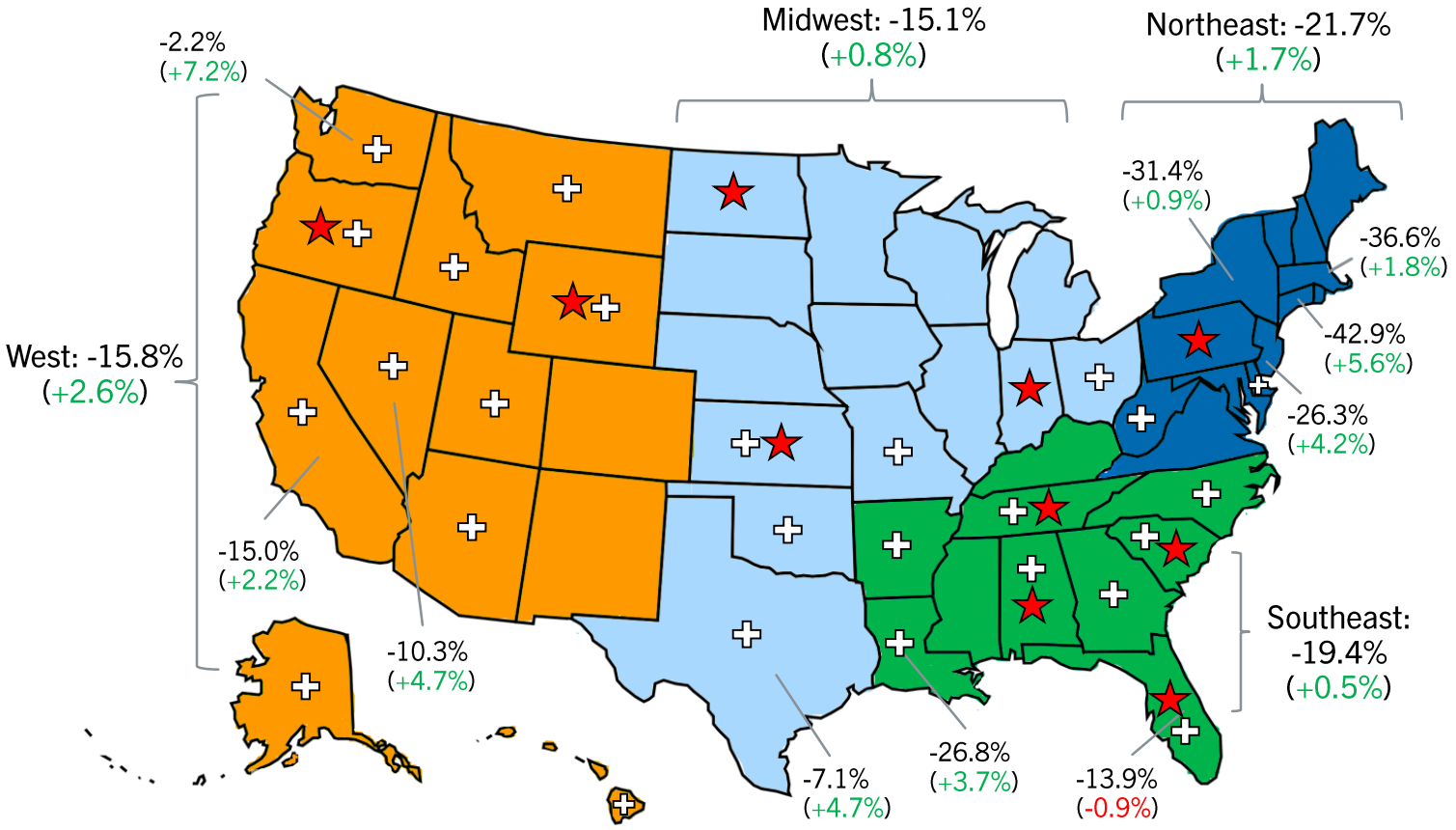
This data reflects shifts worked as measured by 185 million time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — since reaching "the bottom" in the week ending April 12. While total punches have decreased by 17% since the week ending March 15, this data reveals ten weeks of steady and promising growth in shifts worked (29% since the week ending April 12) in alignment with the decrease in May unemployment claims and anticipating another dip in June unemployment claims.

Data over the coming weeks should provide insight into whether shifts worked will continue to increase — and, if so, where — as more states reopen in phases and employees return to work.



Shifts worked across specific regions and states

This data reflects the changes in shifts worked as measured by time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — between the weeks ending March 15 and June 21 (denoted in black), as well as week-over-week shift increases (denoted in green) or decreases (denoted in red) in specific areas.



10

While shifts rise overall, 10 states saw shifts decline last week (denoted with red stars).

26

In 26 states, COVID-19 cases have risen since early June (denoted with white crosses).

3

In 3 states, shifts are within 3% of pre-pandemic levels: Alaska, New Hampshire, and Washington.

Shifts worked across all U.S. states

The states below are ranked in order from largest to smallest decline in shifts worked as measured by punches between the weeks ending March 15 and June 14, with parentheticals denoting rank change in the past week; states moving up the list saw a *decrease* in punches relative to other states, while states moving down the list saw an *increase* in punches as they approach pre-pandemic shift levels):

-57%

decrease in Rhode Island, the largest decrease in the U.S.

1. Rhode Island: -57.1%
2. Connecticut: -42.9%
3. South Carolina: -41.5%
4. Massachusetts: -36.6%
5. Oklahoma: -36.4% (▲1)
6. Utah: -35.7% (▼1)
7. Alabama: -31.8% (▲2)
8. New York: -31.4% (▼1)
9. New Mexico: -30.5% (▼1)
10. Arizona: -27.9% (▲2)
11. Louisiana: -26.8% (▼1)
12. New Jersey: -26.3% (▼1)
13. Michigan: -20.4% (▲2)
14. Kentucky: -20.2% (▼1)
15. Indiana: -20.0% (▲6)
16. Illinois: -19.5% (▲1)
17. South Dakota: -19.4% (▲3)
18. Minnesota: -19.1% (▲1)
19. Georgia: -18.5% (▼3)
20. North Carolina: -18.1% (▲2)
21. North Dakota: -18.1% (▲3)
22. Oregon: -18.0% (▲1)
23. Kansas: -17.7% (▲20)
24. Colorado: -16.9% (▼10)
25. West Virginia: -15.9% (▼7)
26. California: -15.0% (▼1)
27. Maryland: -15.0% (▼1)
28. Mississippi: -14.4%
29. Tennessee: -14.1% (▲4)
30. Florida: -13.9% (▲4)
31. Ohio: -12.8% (▲1)
32. Virginia: -12.4% (▼3)
33. Wisconsin: -12.3% (▼3)
34. Missouri: -12.2% (▲1)
35. Iowa: -11.5% (▲1)
36. Hawaii: -11.3% (▼9)
37. Nebraska: -10.4% (▲1)
38. Nevada: -10.3% (▼7)
39. Idaho: -7.3% (▲1)
40. Texas: -7.1% (▼3)
41. Pennsylvania: -7.0% (▲3)
42. Arkansas: -6.5%
43. Maine: -4.9% (▲2)
44. Alaska: -2.3% (▲2)
45. Washington: -2.2% (▼6)
46. New Hampshire: -0.5% (▼5)
47. Delaware*
48. Montana*
49. Vermont*
50. Wyoming*

-0.5%

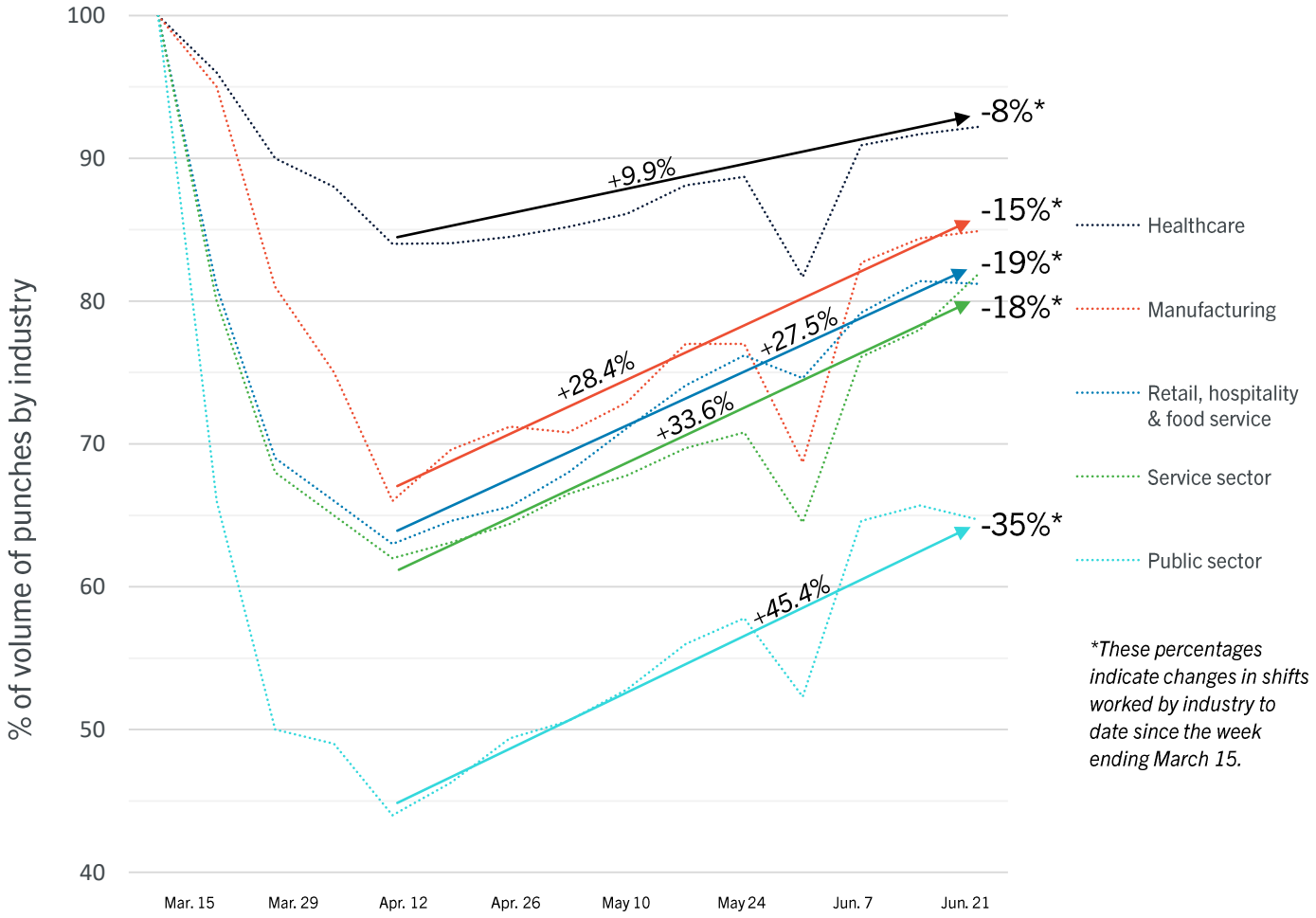
decrease in New Hampshire, the smallest decrease in the U.S.

**The volume of time punches in these states, while meaningful, may not provide the representative sample needed to confirm statistical significance.*

Shifts worked across specific industries

This data reflects the percentage changes in shifts worked across industries as measured by time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches. Between the weeks ending March 15 and June 21, punches are down between 8% and 35% depending on industry. However, every industry has been steadily recovering since hitting "the bottom" the week ending April 12, with businesses in public sector (45.4%), service sector (33.6%), and manufacturing (28.4%) recovering the quickest. Healthcare is nearing pre-pandemic levels, down just 8% overall since mid-March.

Over the coming weeks, this data will continue to signal how industries are being impacted and when businesses begin to stabilize and eventually regain footing within the economic climate.



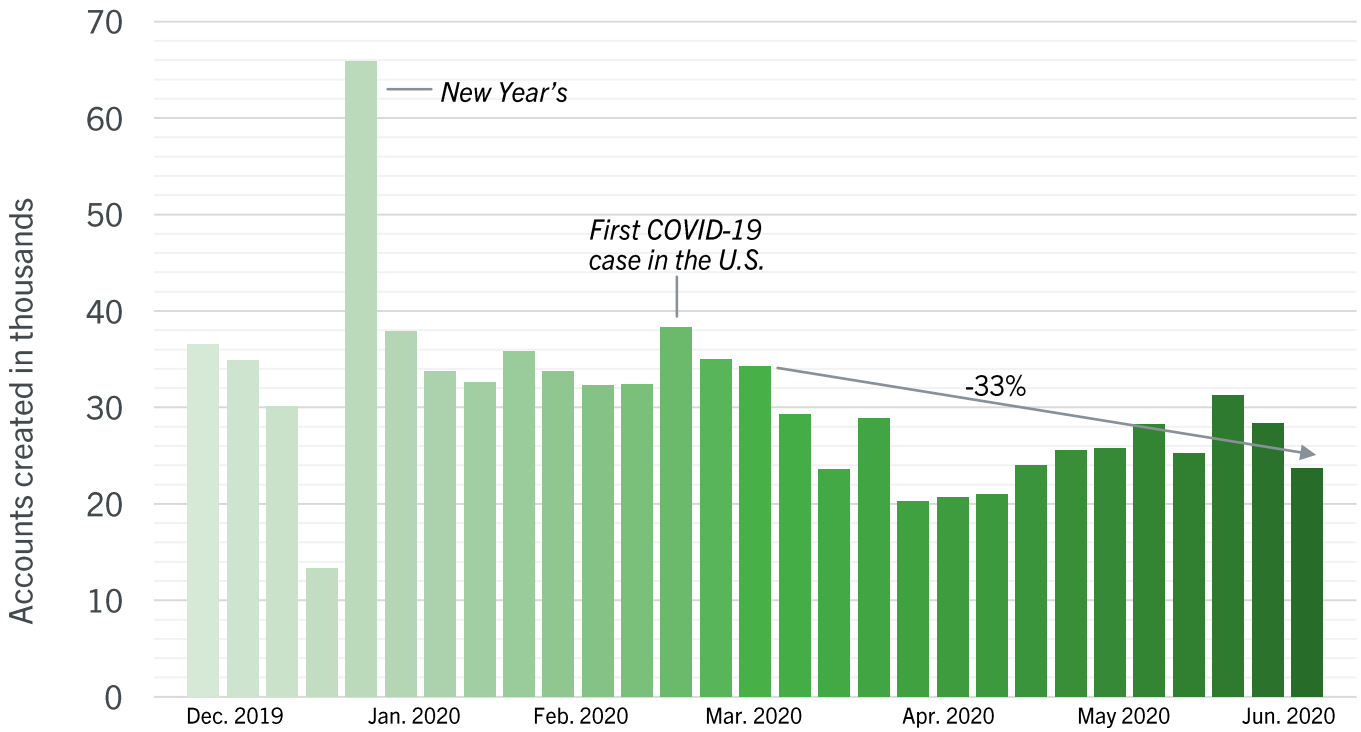
Employee accounts

Workforces continue to be trimmed

Employee new hires

This data reflects the number of new U.S. employees being hired and onboarded, based on new accounts created in their employer's human capital management system. Since the week ending March 15, account creations have declined by 33%, suggesting that newly recovered shifts are being worked by furloughed employees who have been called back rather than by net-new employee hires.

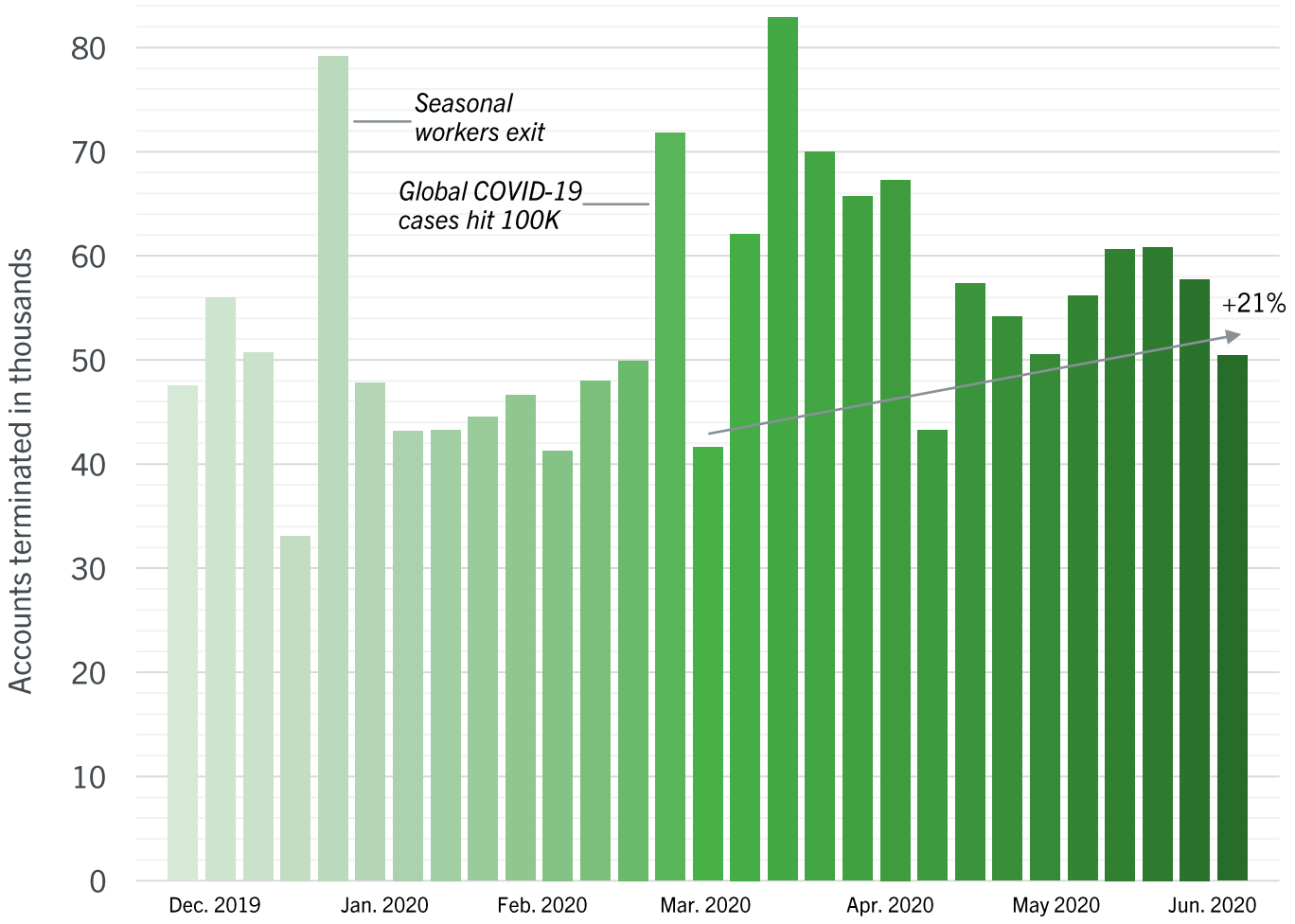
Over the coming weeks, employee account creation will continue to be a helpful indicator of business stability and recovery, as businesses begin to reopen and hire again.



Employee accounts terminated

This data reflects the number of U.S. employee accounts (i.e. the account they use to log their time) being terminated in their employer's human capital management system. Although staggered in recent weeks due to the fluctuating economic climate, account terminations have risen by just over one-fifth (21%) since the week ending March 15, aligning with significant employee layoffs resulting from national COVID-19 concerns starting in early March. The 17% decrease in terminations over the past two weeks may be a promising indicator of slowing employee terminations across the country.

Over the coming weeks, terminations — which include employee layoffs and resignations — will continue to be a helpful indicator of stability and recovery, as businesses maintain their workforce.



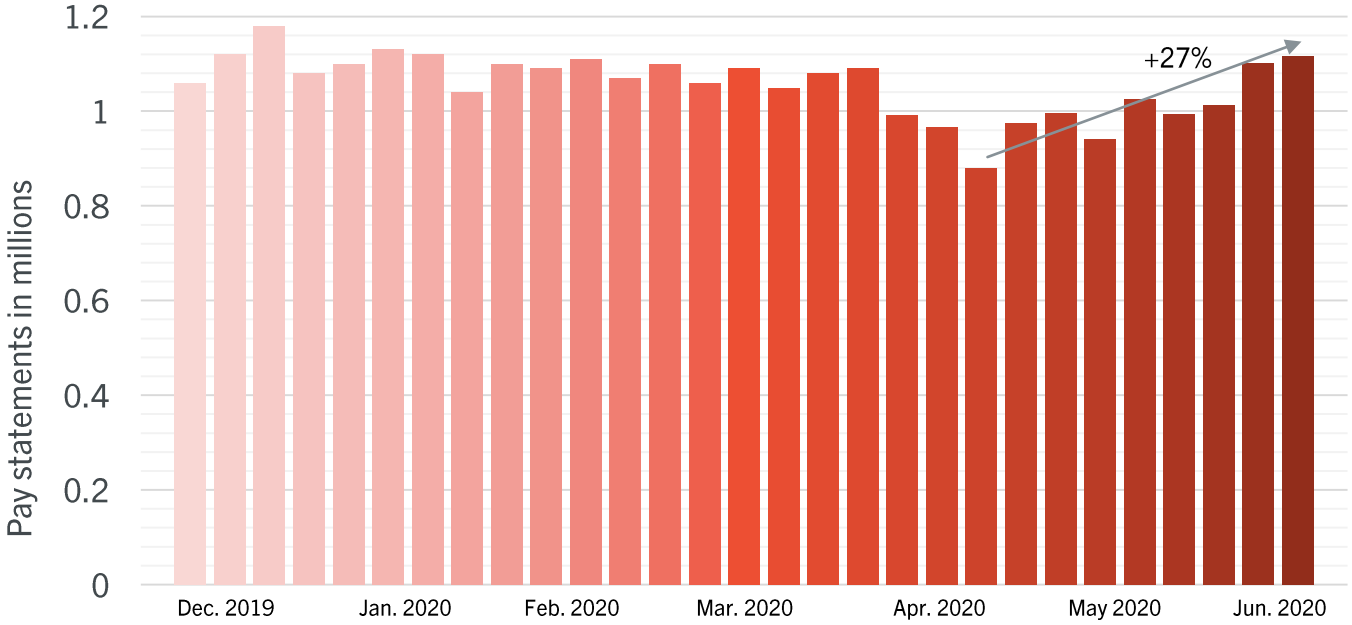
Pay statements

Paycheck creation is on the rise

Pay statements generated

This data reflects the number of pay statements generated each week — including direct deposit and physical checks — for 3.2 million U.S. employees. For the first time, pay statements have exceeded pre-pandemic levels, with the data trend indicating that the week ending April 26 — exactly two weeks after businesses hit "the bottom" of shifts worked — marks "the bottom" of pay statement generation. Since then, the number of pay statements generated has risen 27%.

Because pay statements reflect previous hours worked, are generated with varying frequencies (e.g., weekly, biweekly, monthly), and employees often receive payments after termination (e.g., vacation accrual payout, severance), data over the coming weeks should continue to reveal the long-term impact of changes in shifts worked and employee hirings and terminations.



About This Report

Methodology

The U.S. Workforce Activity Report measures week-by-week metrics including employee shifts worked, new hires and terminations, and pay statements across approximately 30,000 Kronos customers and their 3.2 million employees. The data included in this report is not seasonally adjusted.

Visit **Kronos.com/USWorkforceActivity** for the latest data report.

"Shifts worked" is a total derived from aggregated employee time and attendance data and reflects the number of times that employees, especially those who are paid hourly or must be physically present at a workplace to perform their jobs, "clock in" and "clock out" via a time clock, mobile app, computer, or other device at the beginning and end of each shift.

"New hires" is the aggregate number of new employee profiles created inside a Kronos cloud solution. A new employee profile is created when an individual is hired into a position. New hire dates may be pre- or post-dated, creating minor variations in prior week's data.

"Terminations" is the aggregate number of employee profiles that are deactivated/removed from a Kronos cloud solution, indicating a termination of employment. The cause could be a layoff or resignation, as examples. Termination dates may be pre- or post-dated, creating minor variations in prior week's data.

"Pay statements" reflect the number of payroll checks generated each week, including both direct deposit transfers and physical checks.

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