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BBSI Announces Transfer of \$116 Million of Claims Liabilities and Renewal of Fronted Workers' Compensation Program with Lower Retention Levels

VANCOUVER, Wash., July 06, 2020 (GLOBE NEWSWIRE) -- Barrett Business Services, Inc. (BBSI) (NASDAQ: BBSI), a leading provider of business management solutions and one of the largest professional employer organizations (PEO) in the U.S., announced today that it has entered into a loss portfolio transfer (LPT) agreement to effectively remove all outstanding workers' compensation claims obligations for claims incurred on its fronted insurance program between February 1, 2014 and December 31, 2017. This transaction reduces BBSI's outstanding workers' compensation liabilities by approximately 27%.

The LPT results in the immediate removal of \$116 million of outstanding claims liabilities from BBSI's balance sheet along with a corresponding reduction in restricted cash and investments. The transfer price of the LPT was approximately equal to the book value of the claims liabilities with no material gain or loss on the transaction. BBSI has no exposure to unfavorable claims development on these years, but the agreement allows for potential participation in future favorable development.

BBSI also announced the renewal of its fronted program effective July 1, 2020. The renewed program includes a reduction in loss retention from \$5 million per occurrence to \$3 million and a multiyear commitment until 2022. As a result of the LPT and BBSI's overall continued favorable claims experience, third-party collateral requirements have also been reduced significantly. These reductions will result in a one-time increase in unrestricted cash and investments at June 30, 2020 of approximately \$48 million, with additional cash flow benefits to be realized throughout the program term.

"We have made great strides in our workers' compensation program over the last several years as demonstrated by our consistent and favorable claims experience," said Gary Kramer, BBSI's President and CEO. "This work and the quality of our program have created new opportunities for us to de-risk our model. By removing \$116 million of claims liabilities from our balance sheet and lowering our retention on future claims, we are able to bring even more predictability and stability to our operations and financial results."

Forward-Looking Statements

Statements in this release about future events or performance, including expectations regarding the effects of the reductions in workers' compensation claims liabilities and loss retention levels, are forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic

conditions in the Company's service areas, the effects on clients and the Company's business operations of governmental orders imposing social distancing and other requirements relating to the COVID-19 pandemic, changes in the Company's mix of services on gross margin, the Company's ability to retain current clients and attract new clients, the availability of financing or other sources of capital, the Company's relationship with its primary bank lender, the potential for material deviations from expected future workers' compensation claims experience, the workers' compensation regulatory environment in the Company's primary markets, litigation costs, the effect of governmental investigations, security breaches or failures in the Company's information technology systems, the collectability of accounts receivable, changes in executive management, the carrying value of deferred income tax assets and goodwill, and the effect of conditions in the global capital markets on the Company's investment portfolio, among others. Other important factors that may affect the Company's prospects are described in the Company's 2019 Annual Report on Form 10-K and in subsequent reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements are less reliable than historical information. The Company undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

About BBSI

BBSI (NASDAQ: BBSI) is a leading provider of business management solutions, combining human resource outsourcing and professional management consulting to create a unique operational platform that differentiates it from competitors. The Company's integrated platform is built upon expertise in payroll processing, employee benefits, workers' compensation coverage, risk management and workplace safety programs, and human resource administration. BBSI's partnerships help businesses of all sizes improve the efficiency of their operations. The Company works with more than 7,200 clients across all lines of business in 29 states. For more information, please visit www.mybbsi.com.

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