



INVESTOR PRESENTATION  
NASDAQ: BBSI  
February 2024

# Forward-Looking Statement

---



Statements in this presentation about future events and financial outlook 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 lingering effects of the COVID-19 pandemic; the effects of inflation on our operating expenses and those of our clients; the availability of certain fully insured medical and other health and welfare benefits to qualifying worksite employees; the effect of changes in the Company's mix of services on gross margin; the Company's ability to attract and retain clients and to achieve revenue growth; 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; changes in the workers' compensation regulatory environment in the Company's primary markets; litigation costs; security breaches or failures in the Company's information technology systems; the collectability of accounts receivable; changes in executive management; changes in effective payroll tax rates and federal and state income tax rates; the carrying value of deferred income tax assets and goodwill; the effects of conditions in the global capital markets on the Company's investment portfolio; and the potential for and effect of acquisitions, among others. Other important factors that may affect the Company's prospects are described in the Company's 2022 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 presentation to reflect events or changes in circumstances that occur after the date of this presentation.

**BBSI delivers expertise  
and solutions that enable  
our clients to prosper.**

Only

3

out  
of

10

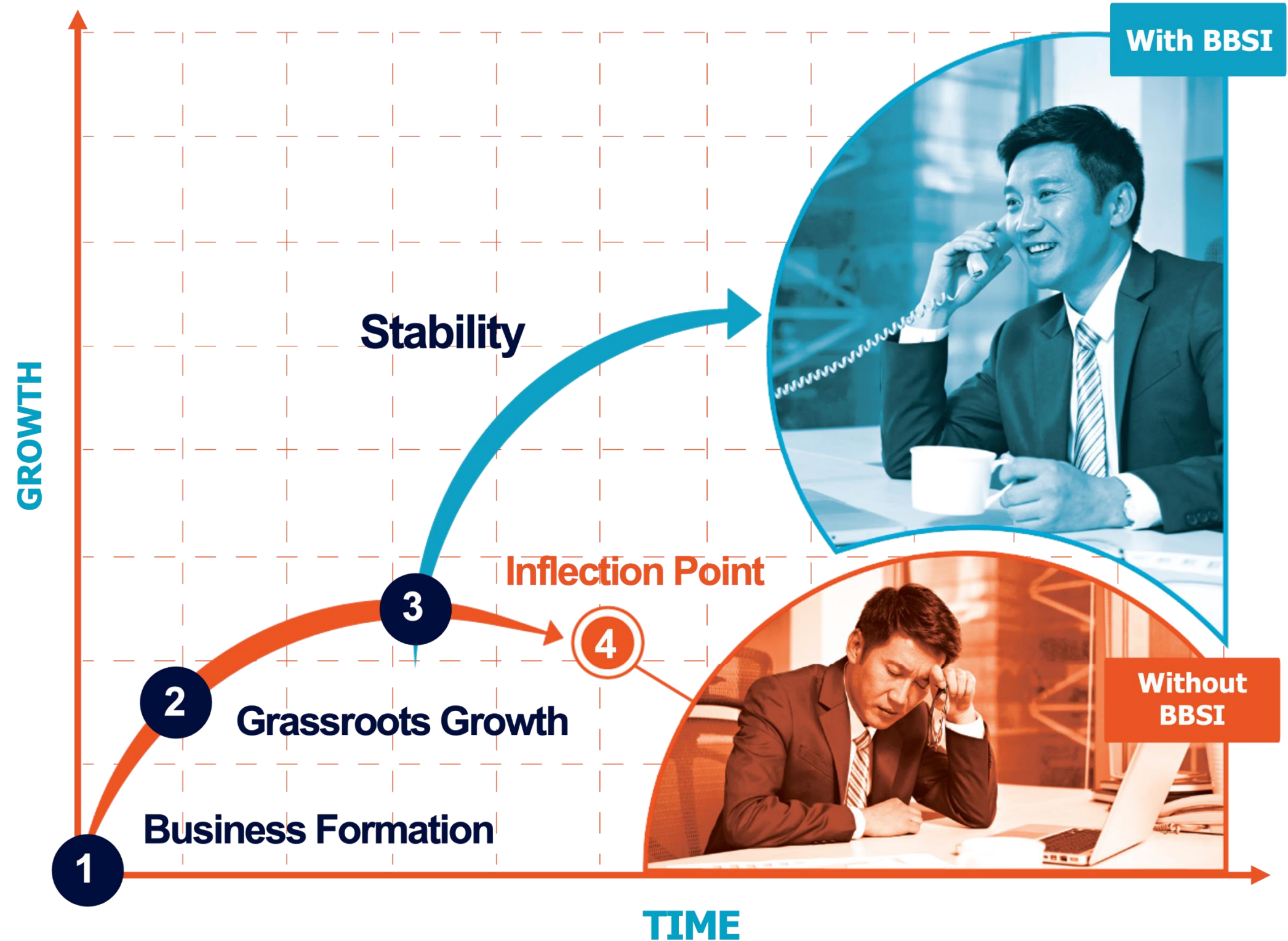
Business Owners  
will still be in  
business after 10  
years.

**BBSI can change that trajectory.**

## Business Benefits from working with a PEO

- Grow 7-9% faster
- Employee turnover is 10-14% lower
- 50% less likely to go out of business

“BBSI gave us the confidence to continue to grow our company”





## BBSI Business Team

## Our Services



Business Strategy



Human Resources



Payroll



Workers' Comp



Risk & Safety



Health Benefits



Retirement Benefits



Staffing Services



Learning Management System



Technology Solutions

## Technology Solutions

- **Proprietary myBBSI Portal**
- **Custom Dashboard**
- **Employee Access**
- **Payroll Processing**
- **Advanced Reporting**



## Every business is required to have workers' compensation coverage

- Provides entry point for conversations with businesses
- Often a pain point for business owners

## Why we are better at workers' comp

- Decades of experience
- Dedicated corporate expertise in underwriting, actuarial, claims oversight, loss management and insurance operations
- Coupled with local underwriting and local risk management
- Holistic view that incorporates HR, talent management, culture, structure

## Low risk for shareholders

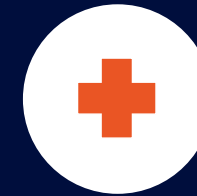
- **Fully-insured for 80%+ of our workers' compensation claims exposure**
- Strong track record of favorable performance
- Best-in-class underwriting and claims management
- Well capitalized balance sheet and claim reserves
- Strategically lowered risk exposure over time
  - ✓ Lowered BBSI claim retention levels in 2019 and forward
  - ✓ Sold most historical claims exposure prior to 2019 with no remaining risk to BBSI
  - ✓ Moved to a fully insured model effective July 2021 and forward, for over 80% of our exposure



# BBSI Benefits Program – New in 2023



- BBSI has entered into a **strategic, multi-year partnership** with one of the world's leading health insurance companies.
- Clients now have access to **premium health care benefits through BBSI.**
  - ✓ Master Group policy with industry-leading provider networks, local pharmacies, and clinical care programs
  - ✓ Better pricing and access to plan designs not available in the traditional small group market
  - ✓ Delivered seamlessly through the myBBSI Portal
- BBSI Benefits program is **fully insured with no claims risk to BBSI.**
- Expands BBSI's **value proposition** and **addressable market**, while continuing our strategic collaboration with referral partners.
- The program launched in **January 2023** and is now available nationwide.



Medical



Dental



Vision



Life  
Insurance



Disability



Employee  
Assistance  
Program



Flexible  
Spending  
Account



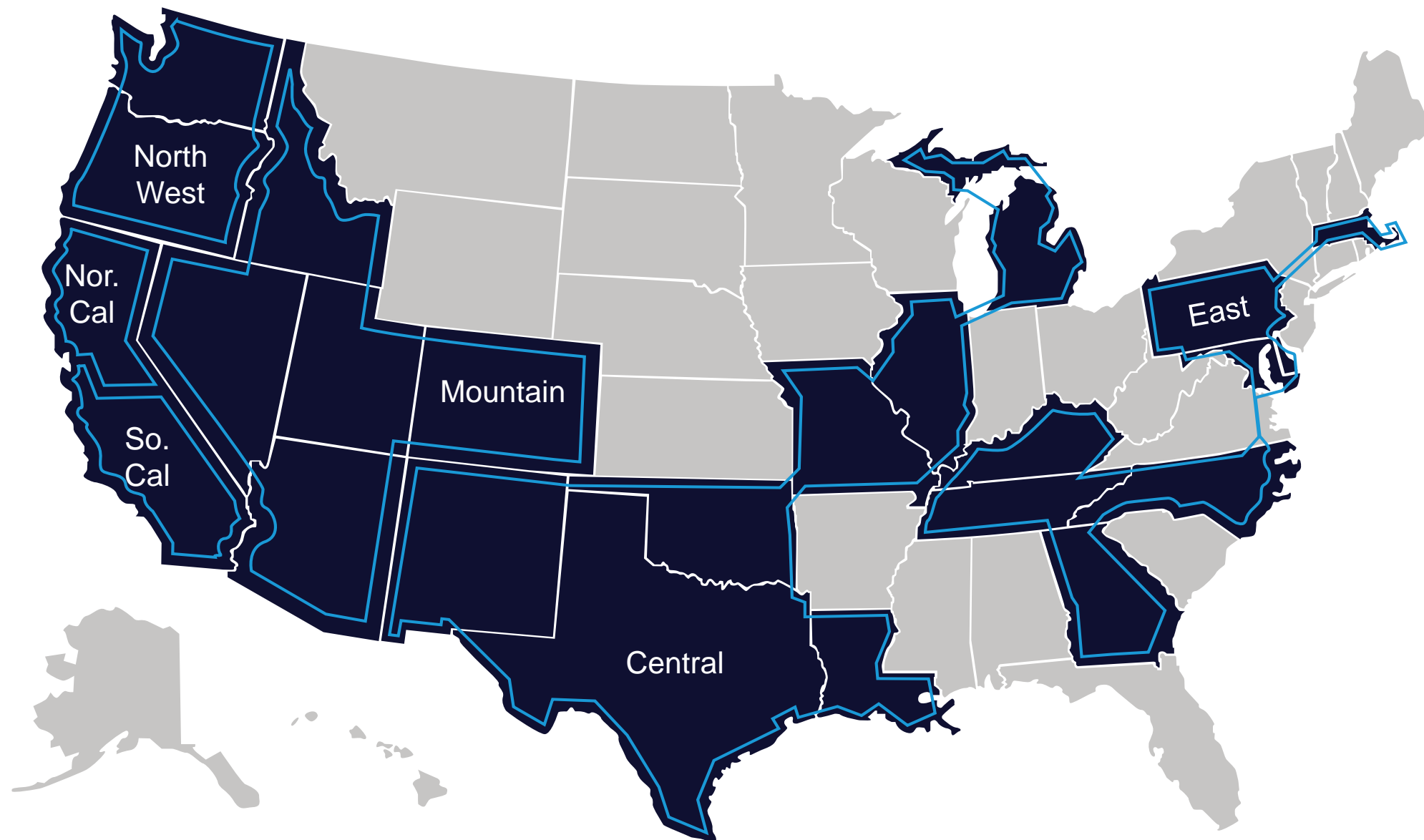
Health  
Savings  
Account



Voluntary  
Accident &  
Critical Illness

## Target Market

Companies with 10-500 employees

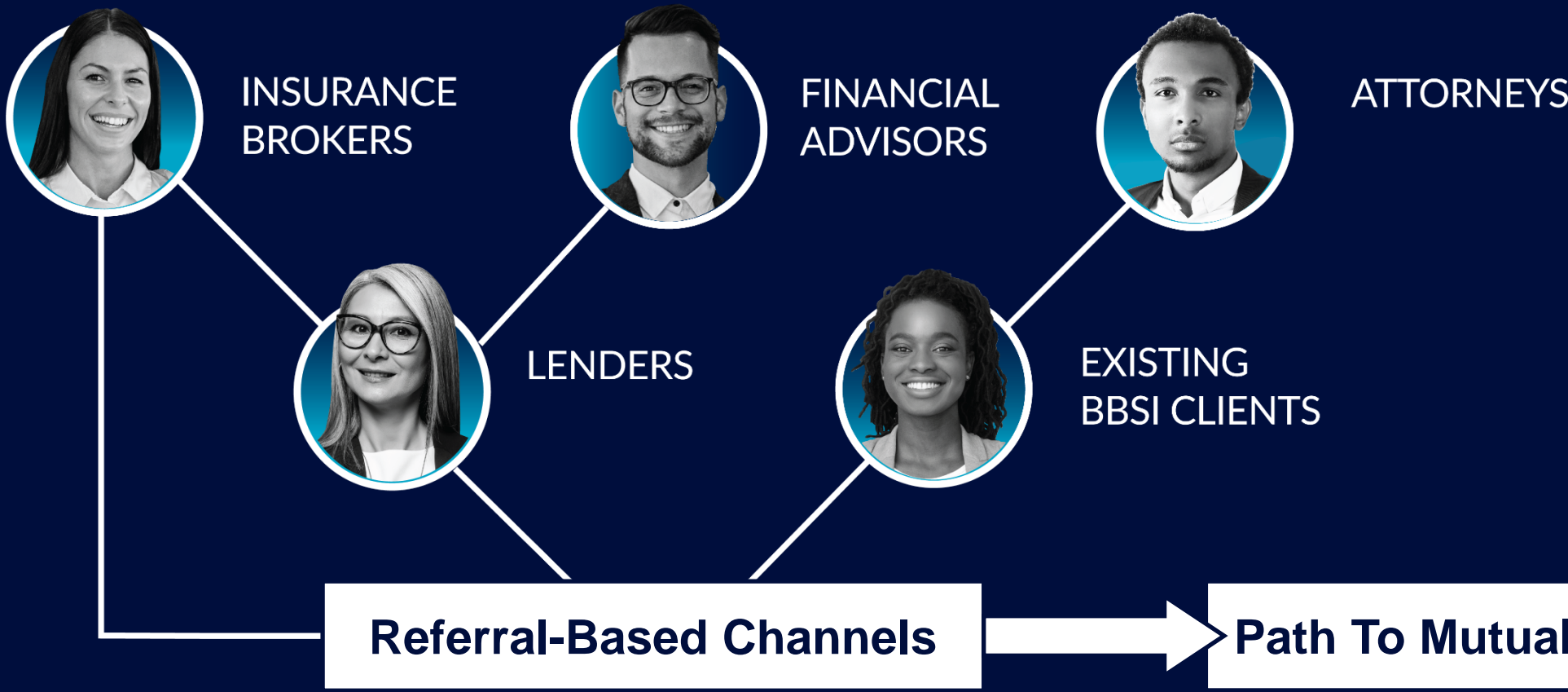


- **85% of employers with 10-99 WSEs are not currently represented by a PEO.**
- **Since 2008, the CAGR of the PEO industry is more than 7% higher than the CAGR for the total U.S. employed labor force.**

\*Source: The PEO Industry Footprint, NAPEO White Paper, McBassi & Co., May 2021

Market

95% of build comes through Referrals



~25% Yield

90% Client Retention





## Market



## Alignment

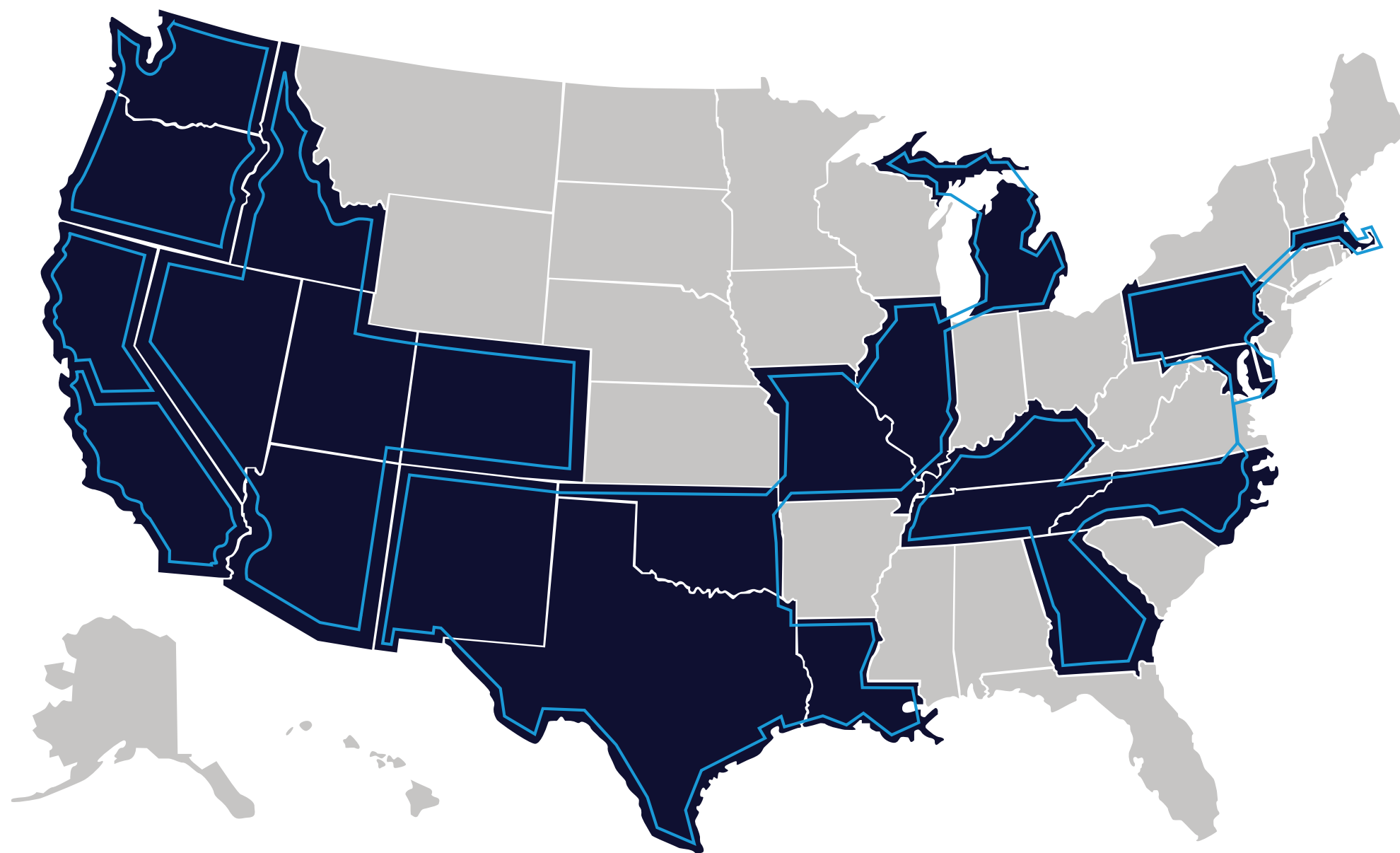


## Client Life Cycle

**Contract**



- 68 established markets + asset-light expansion
- Decentralized structure
- Most clients within 50- mile radius of BBSI branch





## Organic Growth

- Client adds
- Client retention
- Client Growth (employees +wages)
- New client services – *including medical benefits*
- Additional business teams

1

## Geographic Expansion

- Acquisitions
- Asset-light expansion into new markets

2

## Leverage

- Capacity utilization against infrastructure
- Additional benefits of scale in medical benefits offering
- Additional advantages of scale with new benefits offering

3

## Human Resource Outsourcing

TYPICAL OUTCOME:  
TOOLS, SYSTEMS, PROCESSES

- Engage as a tactical subordinate
- Minimal integration with the business



**BUSINESS MANAGEMENT SOLUTIONS**

PEOPLE, PROCESS, AND  
PROSPERITY FOR YOUR BUSINESS.

## Business Consulting

TYPICAL OUTCOME:  
WHITE PAPERS

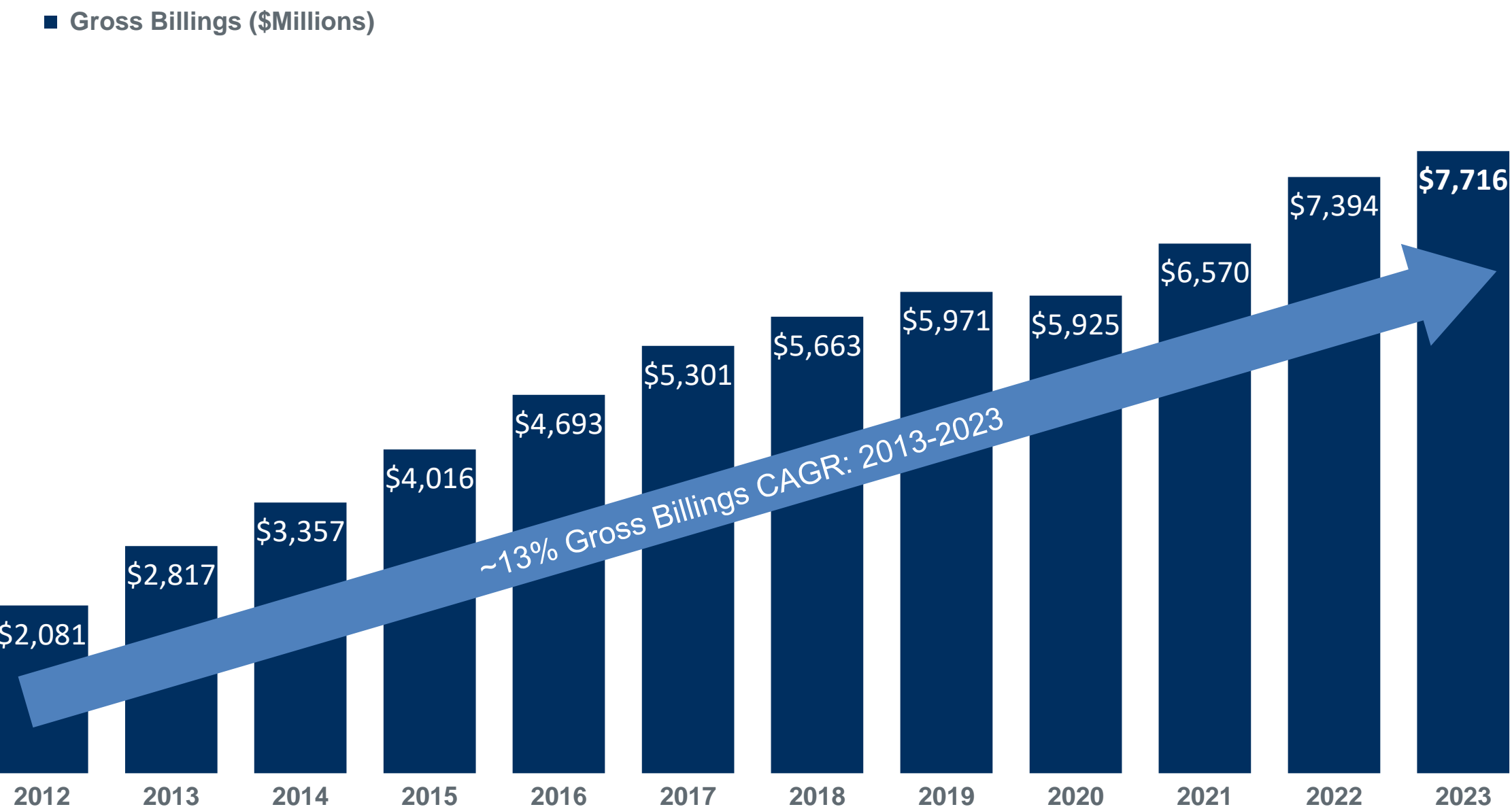
- Engage as an expert guide
- Highly integrated with the business



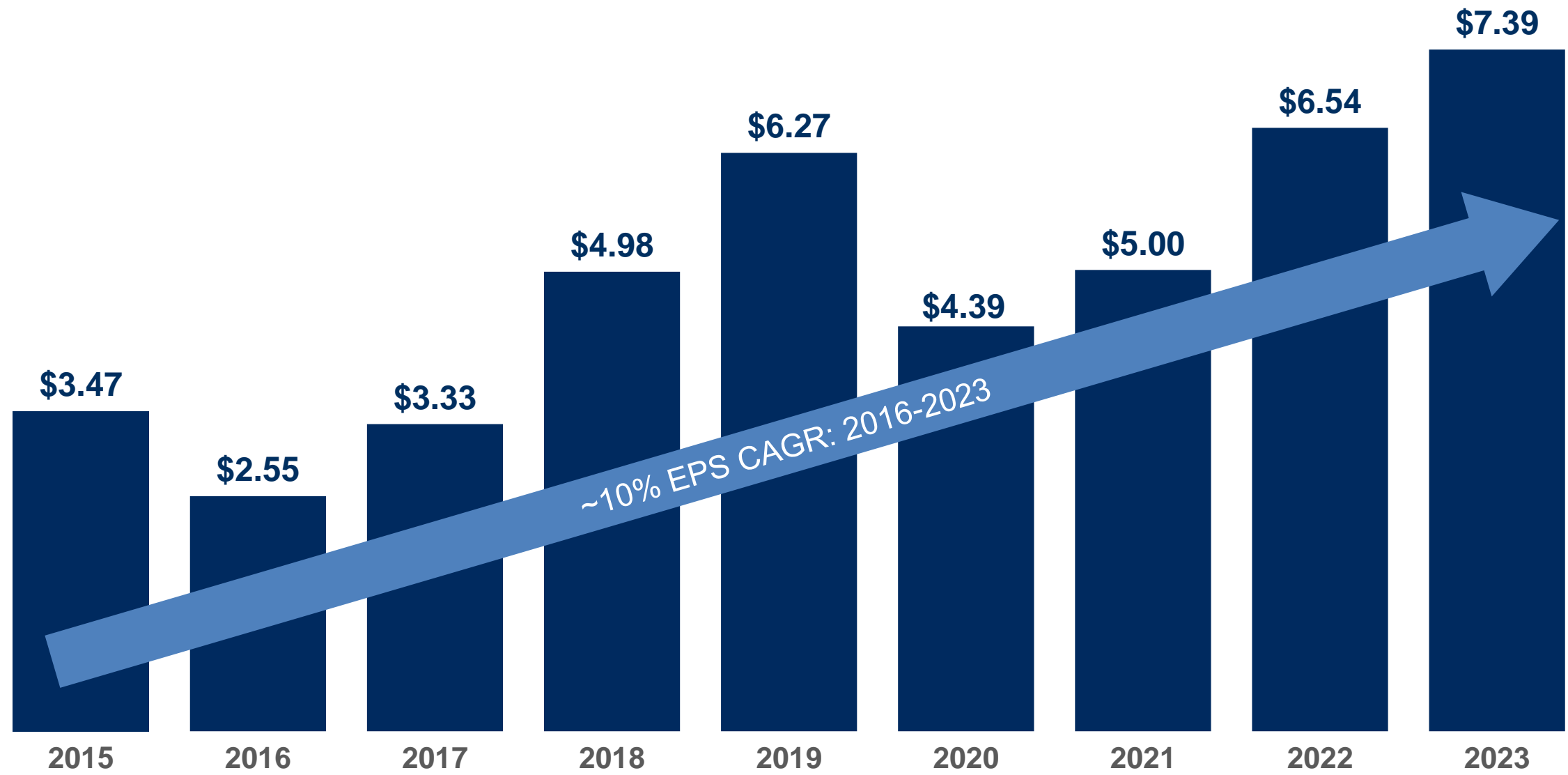
INTERNATIONAL



# Annual Gross Billings & PEO Client Growth



# Annual Diluted EPS Performance



# Key Stats: BBSI (NASDAQ)



## Trading Data (February 29, 2024)

<b>Stock Price</b>	<b>\$121.99</b>
52 Week High/Low	\$130.00/\$76.23
Avg. Daily Vol. (3 mo.)	30,646
Shares Outstanding	6.6M
Institutional Holdings	83.5%
Insider Holdings	2.90%

## Valuation Measures

<b>Market Cap</b>	<b>\$803.4M</b>
P/E (ttm)	16.5x
Dividend Payout Ratio (ttm)	16%

## Financial Highlights (December 31, 2023)

<b>Gross Billings (TTM)</b>	<b>\$7,716.2M</b>
Income from Ops. (TTM)	\$60.7M
Diluted EPS (TTM)	\$7.39
Cash <sup>1</sup> (mrq)	\$395.2M
Total Assets (mrq)	\$721.5M
Total Bank Debt (mrq)	\$0.0M
Total Liabilities (mrq)	\$522.4M
Total Equity (mrq)	\$199.1M

## 2024 Financial Outlook

<b>Gross Billings</b>	<b>6-8%</b>
Growth in WSEs	4-5%
Gross Margin as a % of Gross Billings	2.95-3.15%
Effective Annual Tax Rate	26-27%

Source: S&P Capital IQ & Company filings.

FY = full year; mrq = most recent quarter.

1. Represents cash and cash equivalents, investments, and restricted cash and investments.



# *BBSI*

INVESTOR CONTACT : CODY SLACH  
GATEWAY GROUP, INC.  
949-574-3860  
[BBSI@gateway-grp.com](mailto:BBSI@gateway-grp.com)  
NASDAQ: BBSI