

Investor Presentation

PRGX[®]

August 2019

Forward-Looking Statements

In addition to historical information, this presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include both implied and express statements regarding the Company's overall condition and growth prospects, the Company's execution of its business strategy, the Company's ability to grow its core recovery audit business and provide other services to drive incremental revenue, the effectiveness of the Company's efforts to improve profitability, margins, and free cash flow, and the Company's expectations regarding its financial performance in 2019 and beyond. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from the historical results or from any results expressed or implied by such forward-looking statements. Risks that could affect the Company's future performance include revenue that does not meet expectations or justify costs incurred, the Company's ability to develop material sources of new revenue in addition to revenue from its core recovery audit services, changes in the market for the Company's services, the Company's ability to retain and attract qualified personnel, the Company's ability to execute on its profitability and margin improvement efforts, the Company's ability to integrate recent and future acquisitions, uncertainty in the credit markets, the Company's ability to maintain compliance with its financial covenants, client bankruptcies, loss of major clients, and other risks generally applicable to the Company's business. For a discussion of other risk factors that may impact the Company's business, please see the Company's filings with the Securities and Exchange Commission. The Company disclaims any obligation or duty to update or modify these forward-looking statements.

PRGX at a Glance

Helping clients take back >\$1.2B in annual cash flow

PRGX

49 YEARS IN BUSINESS	30+ COUNTRIES	22% GLOBAL FORTUNE 50 SERVED	\$1.2B VALUE RECOVERED/YR
1500+ EMPLOYEES	300+ CLIENTS	80% TOP 15 GLOBAL RETAILERS SERVED	\$2.0T SPEND ANALYZED/YR

Source: Fortune Global Ranking, 2018; Deloitte Global Retail Survey, 2018; PRGX Estimates

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PRGX Brand Promise

WHO WE ARE

PRGX helps companies spot value in their source-to-pay processes that other sophisticated solutions couldn't get to before. By helping our clients see what they've been missing, we enable them to minimize leakage, maximize value and mitigate risk.

WHERE WE'RE GOING

It's not enough to be competitive; we want to change the way companies think about compliance audit. Our mission is to reach wider, dig deeper and act faster – to set new standards by which customers measure source-to-pay processes.

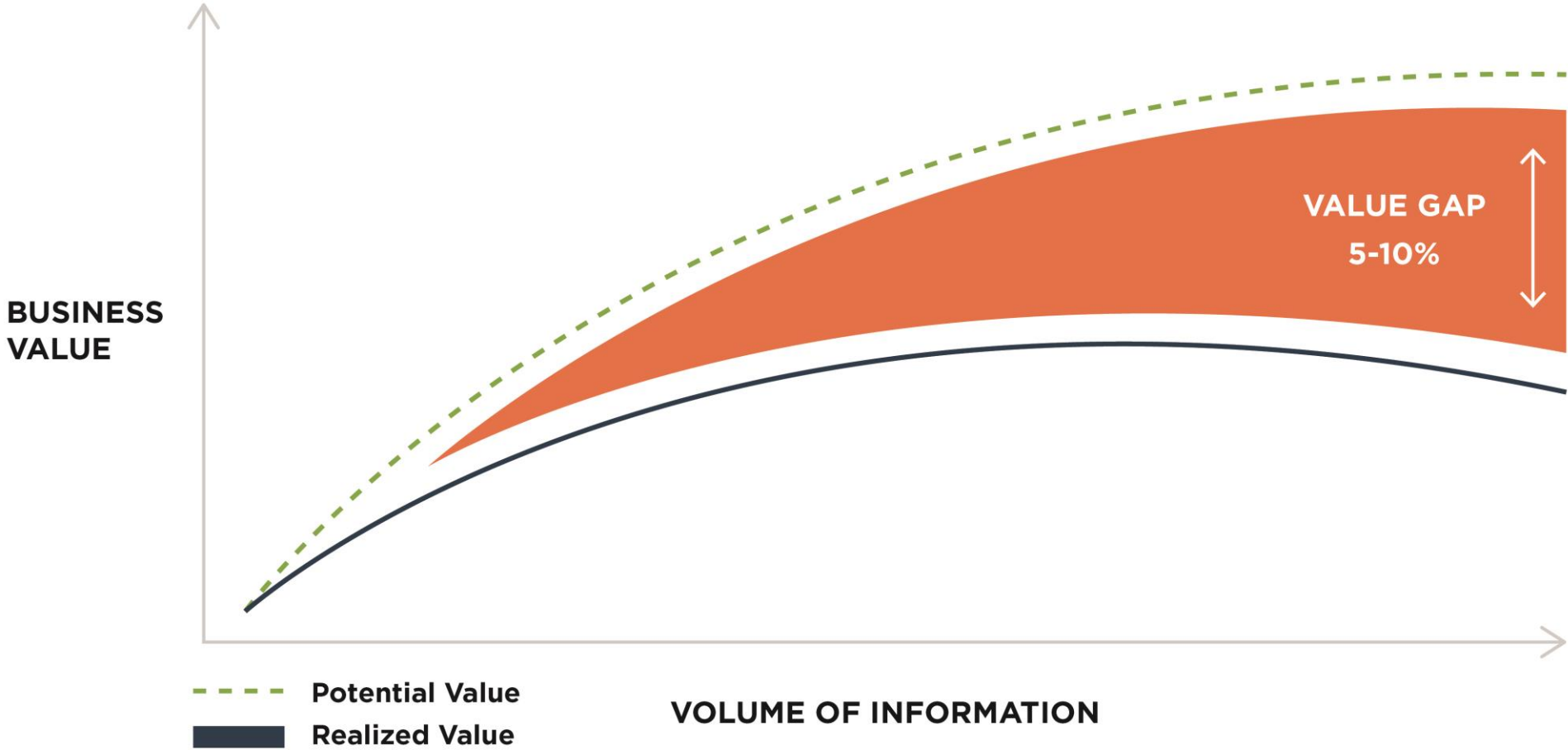
Companies typically lose
5 – 10+% of the value
of every dollar spent
on third-party goods
and services through
>300 points of leakage
in source-to-pay
processes and data
complexity.

**Market Served:
Global 2000
Over \$10Trillion S2P Spend**

S2P Leakage is Structural & Getting Worse

Gap sits above ERP across all systems and processes, enterprise-wide

PRGX



Source: PRGX Estimates
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Root Causes of S2P Leakage



SUPPLY CHAIN COMPLEXITY

- Massive shift to global supply chain
- Steady churn in new suppliers and new products
- Variability in supplier capabilities and sophistication



GLOBAL ORGANIZATIONAL COMPLEXITY

- S2P processes are pervasive across a company
- Challenging to align organizational departments and functions around constantly changing S2P processes



SYSTEM & DATA PROLIFERATION

- Proliferation in systems supporting S2P processes across the company
- ERP systems are important but do not address all transactions and sources of data
- Data generated in S2P increasing at an accelerating rate



IMBALANCE BETWEEN INNOVATION & CONTROL

- Significant increase in % of spend under contract
- Strategic sourcing & omni-channel marketing drive significant increase in number of contracts to be managed
- Investment in compliance systems and resources falling behind demand for compliance controls

PRGX Core Competencies

PRGX



**UNSURPASSED
ABILITY TO
AGGREGATE &
PENETRATE
CLIENT DATA**



**DEEP
EXPERTISE IN
SOURCE-TO-PAY
ANALYTICS**

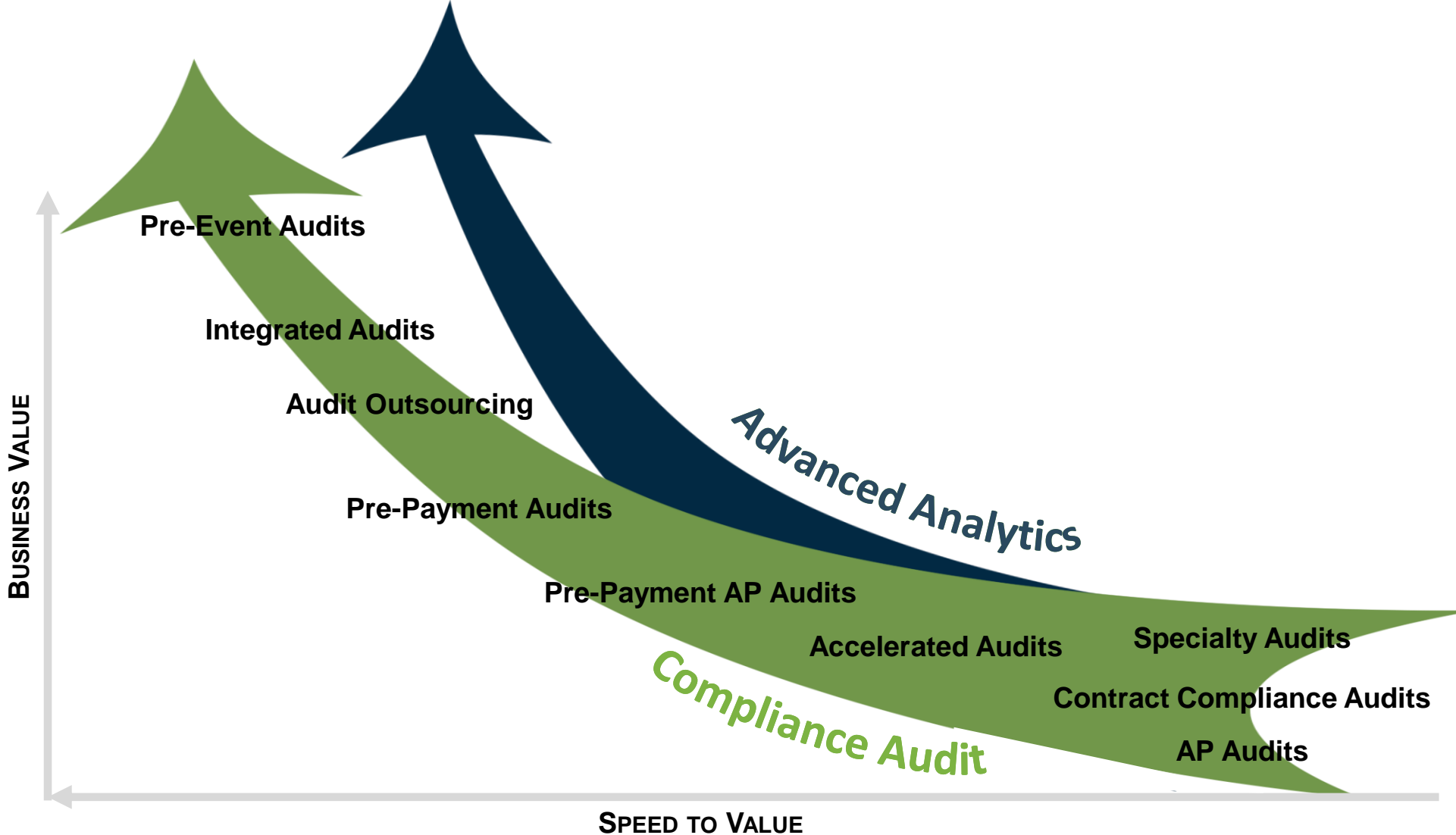


**MODEL BUILT ON
DELIVERING
ACTIONABLE,
SELF-FUNDED
INSIGHTS**

S2P Compliance Journey

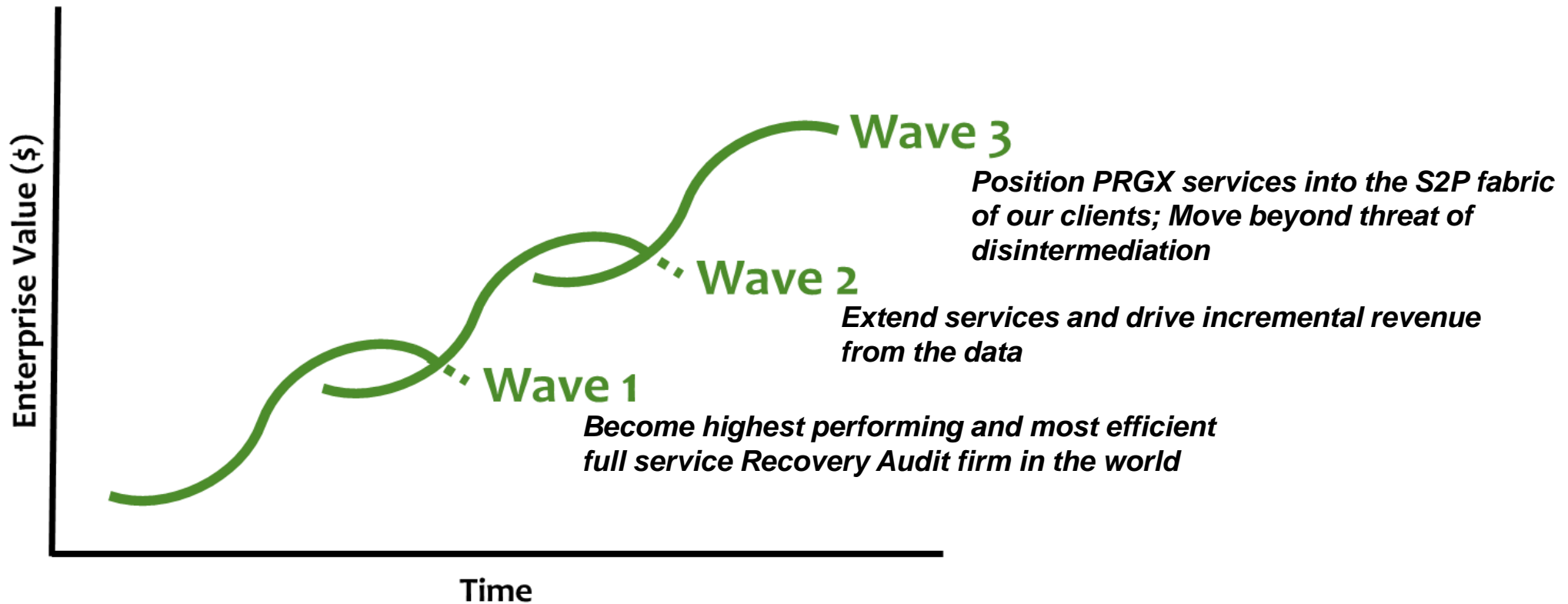
Moving from post audit recovery to pre-payment compliance and leakage prevention

PRGX

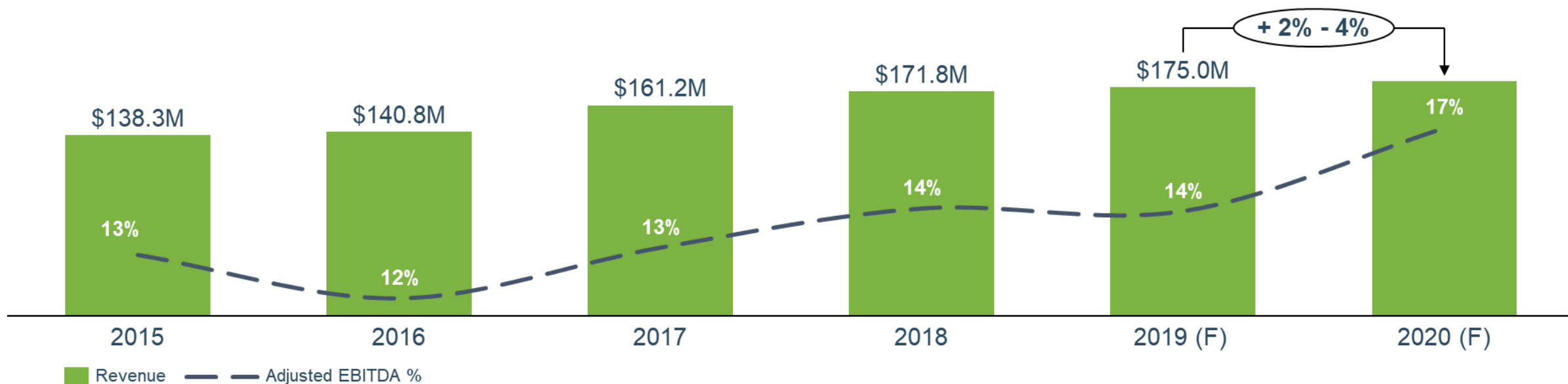


Our Strategy

Maintaining industry leadership position and driving incremental value by delivering next generation tech



PRGX Path to Transformation



2014 - 2015

- Get focused on core business
- Exit from unprofitable and non-strategic businesses
- RA processes reengineering

2016 - 2018

- Return to growth
- Recovery audit acceleration
- Data centralization and consolidation
- Audit development

2019 - 2020

- Pivot the business
- Next generation data engine and audit platform
- Integrated and pre-payment audit execution
- Drive insights from the data

2021 forward

- Scale the model
- Fully integrated and automated audit
- Expansions into middle market
- Expand analytics insights

Note: 2015-2018 figures are as reported. 2019 (F) is midpoint of guidance range.

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Near-Term Focus

PRGX

Drive to
higher
EBITDA & FCF

- Reduce SGA & overhead costs to improve margins
- Rationalize CAPEX investment
- Improve internal systems and controls

Deliver
technology
investment &
realize ROI

- Complete conversion of client data to high-performance data platform
- Complete development & rollout of next-generation audit platform
- Realize ROI from technology investments

Prioritize
known &
profitable
solutions

- Rationalize Adjacent Services offerings to profitable ones
- Build S2P analytics from high-performance data infrastructure
- Optimize business model, e.g. contract compliance (time and materials)

Why PRGX?

Global leader

Long-term client base

Well-positioned to expand presence in multi-billion dollar S2P market

Continued improvement in gross margins and Adjusted EBITDA

Big data technology platform fundamentally changes approach to delivering client solutions

A large green arrow pointing to the right, occupying the left side of the slide.

PRGX

Thank You.

The logo for PRGX, consisting of the letters 'PRGX' in a bold, white, sans-serif font. The logo is positioned on a large green arrow-shaped graphic that points to the right, which is part of a larger green shape on the left side of the slide.

Appendix

Financials & Non-GAAP Reconciliations

Financials & Non-GAAP Reconciliations

Condensed Consolidated Statements of Operations

(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue, net	\$ 41,974	\$ 42,102	\$ 80,778	\$ 78,823
Operating expenses:				
Cost of revenue	26,312	27,389	51,547	52,186
Selling, general and administrative expenses	15,748	12,809	29,665	24,073
Depreciation of property, equipment and software assets	2,381	2,360	4,584	3,583
Amortization of intangible assets	872	864	1,734	1,652
Total operating expenses	<u>45,313</u>	<u>43,422</u>	<u>87,530</u>	<u>81,494</u>
Operating loss from continuing operations	(3,339)	(1,320)	(6,752)	(2,671)
Foreign currency transaction (gains) losses on short-term intercompany balances	(77)	880	129	660
Interest expense, net	592	486	1,065	884
Other loss (income)	11	5	(8)	17
Loss from continuing operations before income tax	<u>(3,865)</u>	<u>(2,691)</u>	<u>(7,938)</u>	<u>(4,232)</u>
Income tax expense	311	189	479	976
Net loss from continuing operations	<u>\$ (4,176)</u>	<u>\$ (2,880)</u>	<u>\$ (8,417)</u>	<u>\$ (5,208)</u>
Discontinued operations:				
Loss from discontinued operations	(103)	(26)	(258)	(359)
Income tax expense	-	-	-	-
Net loss from discontinued operations	<u>(103)</u>	<u>(26)</u>	<u>(258)</u>	<u>(359)</u>
Net loss	<u>\$ (4,279)</u>	<u>\$ (2,906)</u>	<u>\$ (8,675)</u>	<u>\$ (5,567)</u>
Basic loss per common share:				
Basic loss from continuing operations	\$ (0.18)	\$ (0.13)	\$ (0.37)	\$ (0.23)
Basic loss from discontinued operations	-	-	(0.01)	(0.01)
Total basic loss per common share	<u>\$ (0.18)</u>	<u>\$ (0.13)</u>	<u>\$ (0.38)</u>	<u>\$ (0.24)</u>
Diluted loss per common share:				
Diluted loss from continuing operations	\$ (0.18)	\$ (0.13)	\$ (0.37)	\$ (0.23)
Diluted loss from discontinued operations	-	-	(0.01)	(0.01)
Total diluted loss per common share	<u>\$ (0.18)</u>	<u>\$ (0.13)</u>	<u>\$ (0.38)</u>	<u>\$ (0.24)</u>
Weighted average common shares outstanding:				
Basic	<u>22,763</u>	<u>23,283</u>	<u>22,687</u>	<u>22,930</u>
Diluted	<u>22,763</u>	<u>23,283</u>	<u>22,687</u>	<u>22,930</u>

Financials & Non-GAAP Reconciliations

Condensed Consolidated Balance Sheet

(Amounts in thousands)
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,504	\$ 13,973
Restricted cash	146	46
Receivables:		
Contract receivables, net	41,773	46,865
Employee advances and miscellaneous receivables, net	98	567
Total receivables	41,871	47,432
Prepaid expenses and other current assets	4,517	3,144
Total current assets	58,038	64,595
Property, equipment and software, net	23,670	22,028
Operating lease right-of-use assets	11,152	-
Goodwill	17,528	17,531
Intangible assets, net	13,207	14,945
Deferred income taxes	3,575	3,561
Other assets	1,665	2,169
Total assets	<u>\$ 128,835</u>	<u>\$ 124,829</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,064	\$ 7,515
Accrued payroll and related expenses	9,906	15,073
Current portion of operating lease liabilities	4,161	-
Refund liabilities	6,196	6,497
Deferred revenue	2,141	2,428
Current portion of long-term debt	42	48
Current portion of business acquisition obligations	4,000	4,162
Total current liabilities	29,510	35,723
Long-term debt	32,628	21,553
Long-term operating lease liabilities	7,647	-
Refund liabilities	65	100
Deferred income taxes	666	666
Other long-term liabilities	9	458
Total liabilities	70,525	58,500
Shareholders' equity:		
Common stock	236	232
Additional paid-in capital	582,982	582,574
Accumulated deficit	(524,131)	(515,456)
Accumulated other comprehensive income	(777)	(1,021)
Total shareholders' equity	58,310	66,329
Total liabilities and shareholders' equity	<u>\$ 128,835</u>	<u>\$ 124,829</u>

Financials & Non-GAAP Reconciliations

Adjusted EBITDA from Continuing Operations Reconciliation

Reconciliation of Net Loss to EBIT, EBITDA and Adjusted EBITDA
(Amounts in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Reconciliation of net loss to EBIT, EBITDA and Adjusted EBITDA:				
Net loss	\$ (4,279)	\$ (2,906)	\$ (8,675)	\$ (5,567)
Income tax expense	311	189	479	976
Interest expense, net	592	486	1,065	884
EBIT	(3,376)	(2,231)	(7,131)	(3,707)
Depreciation of property, equipment and software assets	2,381	2,360	4,584	3,584
Amortization of intangible assets	872	864	1,734	1,652
EBITDA	(123)	993	(813)	1,529
Foreign currency transaction (gains) losses on short-term intercompany balances	(77)	880	129	660
Transformation, severance, and other expenses	1,280	1,315	1,977	1,989
Other loss (income)	11	5	(8)	17
Stock-based compensation	1,662	873	3,046	2,818
Adjusted EBITDA	\$ 2,753	\$ 4,066	\$ 4,331	\$ 7,013
Adjusted EBITDA from continuing operations	\$ 2,856	\$ 4,092	\$ 4,589	\$ 7,371
Adjusted EBITDA from discontinued operations	\$ (103)	\$ (26)	\$ (258)	\$ (358)

EBIT, EBITDA and Adjusted EBITDA are all "non-GAAP financial measures" presented as supplemental measures of our performance. They are not presented in accordance with accounting principles generally accepted in the United States, or GAAP. The Company believes these measures provide additional meaningful information in evaluating the Company's performance over time, and that the rating agencies and a number of lenders use EBIT, EBITDA and similar measures for similar purposes. In addition, a measure similar to Adjusted EBITDA is used in the restrictive covenants contained in the Company's secured credit facility. However, EBIT, EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. In addition, in evaluating EBIT, EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses such as those used in calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Financials & Non-GAAP Reconciliations

Condensed Consolidated Statements of Cash Flows

(Amounts in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cash flows from operating activities:				
Net loss	\$ (4,279)	\$ (2,906)	\$ (8,675)	\$ (5,567)
Adjustments to reconcile net loss to net cash from operating activities:				
Depreciation and amortization	3,253	3,224	6,318	5,235
Amortization of deferred loan costs	61	24	117	32
Deferred income taxes	-	-	-	169
Stock-based compensation expense	1,662	873	3,046	2,818
Foreign currency transaction (gains) losses on short-term intercompany balances	(77)	880	129	660
Long-term incentive compensation payout	-	-	-	(5,380)
Decrease (increase) in receivables	390	(6,018)	5,742	(118)
Increase (decrease) in accounts payable, accrued payroll and other accrued expenses	86	96	(7,900)	(5,609)
Other, primarily changes in assets and liabilities	(1,185)	363	(1,221)	1,388
Net cash used in operating activities	(89)	(3,464)	(2,444)	(6,372)
Cash flows from investing activities:				
Purchases of property and equipment, net of disposals	(3,199)	(2,807)	(7,640)	(5,327)
Business acquisition, net of cash acquired	-	-	-	19
Net cash used in investing activities	(3,199)	(2,807)	(7,640)	(5,308)
Cash flows from financing activities:				
Net borrowings under line of credit	3,000	4,000	11,400	4,000
Payment of earnout liability related to business acquisitions	-	(4,000)	(479)	(4,000)
Payment of deferred loan costs	(47)	(28)	(394)	(28)
Repurchases of common stock	-	-	(2,228)	-
Other, net	(76)	813	(529)	1,985
Net cash provided by financing activities	2,877	785	7,770	1,957
Effect of exchange rates on cash and cash equivalents	(225)	316	(55)	739
Net change in cash, cash equivalents and restricted cash	(636)	(5,170)	(2,369)	(8,984)
Cash, cash equivalents and restricted cash at beginning of period	12,286	15,060	14,019	18,874
Cash, cash equivalents and restricted cash at end of period	\$ 11,650	\$ 9,890	\$ 11,650	\$ 9,890

Financials & Non-GAAP Reconciliations

Segment Income Statement

Results by Operating Segment * (Amounts in thousands) (Unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
Revenue, net						
Recovery Audit Services - Americas	\$ 28,935	\$ 28,912	\$ 23	\$ 56,308	\$ 54,870	\$ 1,438
Recovery Audit Services - Europe/Asia-Pacific	11,836	11,445	391	21,595	21,472	123
Adjacent Services	1,203	1,745	(542)	2,875	2,481	394
Total	<u>\$ 41,974</u>	<u>\$ 42,102</u>	<u>\$ (128)</u>	<u>\$ 80,778</u>	<u>\$ 78,823</u>	<u>\$ 1,955</u>
Cost of revenue						
Recovery Audit Services - Americas	\$ 16,076	\$ 19,113	\$ (3,037)	\$ 31,939	\$ 35,264	\$ (3,325)
Recovery Audit Services - Europe/Asia-Pacific	7,189	6,834	355	13,915	13,919	(4)
Adjacent Services	3,047	1,442	1,605	5,693	3,003	2,690
Total	<u>\$ 26,312</u>	<u>\$ 27,389</u>	<u>\$ (1,077)</u>	<u>\$ 51,547</u>	<u>\$ 52,186</u>	<u>\$ (639)</u>
Selling, general and administrative expenses						
Recovery Audit Services - Americas	\$ 3,647	\$ 2,897	\$ 750	\$ 7,026	\$ 5,688	\$ 1,338
Recovery Audit Services - Europe/Asia-Pacific	2,639	1,737	902	4,752	3,108	1,644
Adjacent Services	398	523	(125)	909	854	55
Corporate	9,064	7,652	1,412	16,978	14,423	2,555
Total	<u>\$ 15,748</u>	<u>\$ 12,809</u>	<u>\$ 2,939</u>	<u>\$ 29,665</u>	<u>\$ 24,073</u>	<u>\$ 5,592</u>
Depreciation of property, equipment and software assets						
Recovery Audit Services - Americas	\$ 1,919	\$ 1,719	\$ 200	\$ 3,681	\$ 2,616	\$ 1,065
Recovery Audit Services - Europe/Asia-Pacific	182	206	(24)	344	348	(4)
Adjacent Services	280	435	(155)	559	619	(60)
Total	<u>\$ 2,381</u>	<u>\$ 2,360</u>	<u>\$ 21</u>	<u>\$ 4,584</u>	<u>\$ 3,583</u>	<u>\$ 1,001</u>
Amortization of intangible assets						
Recovery Audit Services - Americas	\$ 438	\$ 436	\$ 2	\$ 876	\$ 773	\$ 103
Recovery Audit Services - Europe/Asia-Pacific	48	38	10	85	99	(14)
Adjacent Services	386	390	(4)	773	780	(7)
Total	<u>\$ 872</u>	<u>\$ 864</u>	<u>\$ 8</u>	<u>\$ 1,734</u>	<u>\$ 1,652</u>	<u>\$ 82</u>
Operating income (loss)						
Recovery Audit Services - Americas	\$ 6,855	\$ 4,747	\$ 2,108	\$ 12,786	\$ 10,529	\$ 2,257
Recovery Audit Services - Europe/Asia-Pacific	1,778	2,630	(852)	2,499	3,998	(1,499)
Adjacent Services	(2,908)	(1,045)	(1,863)	(5,059)	(2,775)	(2,284)
Corporate	(9,064)	(7,652)	(1,412)	(16,978)	(14,423)	(2,555)
Total	<u>\$ (3,339)</u>	<u>\$ (1,320)</u>	<u>\$ (2,019)</u>	<u>\$ (6,752)</u>	<u>\$ (2,671)</u>	<u>\$ (4,081)</u>
Adjusted EBITDA from continuing operations						
Recovery Audit Services - Americas	\$ 9,462	\$ 7,388	\$ 2,074	\$ 17,721	\$ 14,467	\$ 3,254
Recovery Audit Services - Europe/Asia-Pacific	2,130	3,346	(1,216)	3,173	5,460	(2,287)
Adjacent Services	(1,637)	(220)	(1,417)	(3,104)	(1,308)	(1,796)
Corporate	(7,099)	(6,422)	(677)	(13,201)	(11,248)	(1,953)
Total	<u>\$ 2,856</u>	<u>\$ 4,092</u>	<u>\$ (1,236)</u>	<u>\$ 4,589</u>	<u>\$ 7,371</u>	<u>\$ (2,782)</u>

* The Recovery Audit Services - Americas segment represents recovery audit services provided in the United States, Canada and Latin America. The Recovery Audit Services - Europe/Asia-Pacific segment represents recovery audit services provided in Europe, Asia and the Pacific region. The Adjacent Services segment represents spend analytics and supplier information management services.