

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549**

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**July 28, 2020  
Date of Report (Date of earliest event reported)**

**PRGX Global, Inc.**  
(Exact Name of Registrant as Specified in Its Charter)

**Georgia**  
(State or Other Jurisdiction of Incorporation)

**0-28000**  
(Commission File Number)

**58-2213805**  
(IRS Employer Identification No.)

**600 Galleria Parkway, Suite 100,**  
**Atlanta, Georgia**  
(Address of Principal Executive Offices)

**30339-5949**  
(Zip Code)

**770-779-3900**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, no par value</b>	<b>PRGX</b>	<b>The Nasdaq Global Select Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

The following information is being furnished pursuant to Item 2.02 of Form 8-K. This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On July 28, 2020, PRGX Global, Inc. issued a press release announcing its unaudited results for the second quarter of 2020, a copy of which is furnished herewith as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

The following exhibit is furnished herewith:

99.1 [Press Release dated July 28, 2020](#)

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PRGX Global, Inc.

By: /s/ Victor A. Allums

Victor A. Allums

Senior Vice President, General Counsel and Secretary

Dated: July 28, 2020



Press Release

**PRGX Global, Inc. Announces Second Quarter 2020 Financial Results  
Increasing 2020 Adjusted EBITDA Guidance**

ATLANTA, July 28, 2020 — PRGX Global, Inc. (Nasdaq: PRGX), a global leader in Recovery Audit and Spend Analytics services, today announced its unaudited financial results for the second quarter and six months ended June 30, 2020.

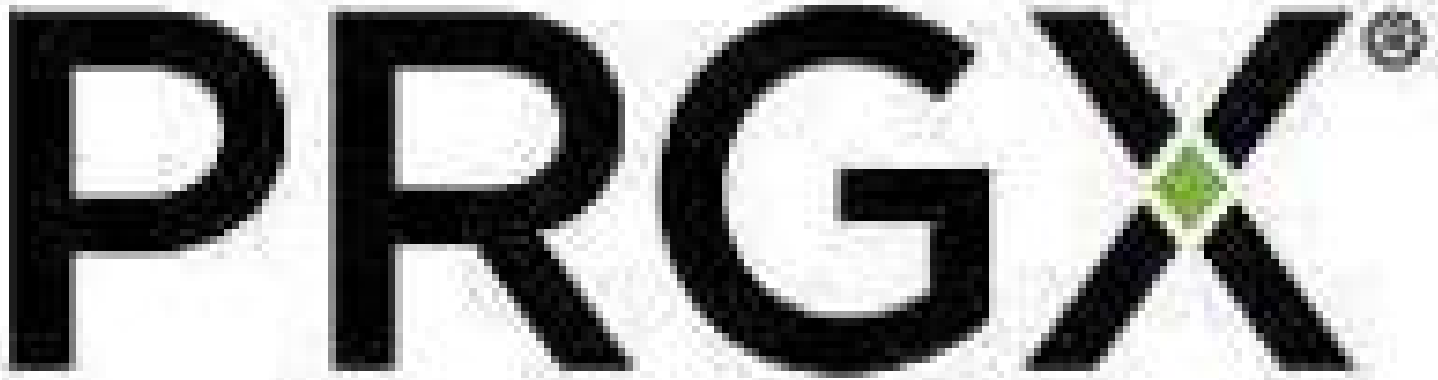
**Quarterly Highlights**

- Revenue of \$39.0 million, which was negatively impacted by approximately \$0.7 million from a strengthening U.S. dollar compared to the same period last year
- Net income from continuing operations of \$0.4 million compared to a loss of \$4.2 million in the same period last year
- Adjusted EBITDA from continuing operations of \$7.6 million, the highest second quarter Adjusted EBITDA in seven years and a 165% increase compared to the second quarter of 2019
- Increasing 2020 annual guidance for Adjusted EBITDA to a revised range of \$29 million to \$30 million

Selected Financial Data (dollars in thousands)	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenue</b>						
Recovery Audit Services—Americas	\$26,962	\$28,935	-6.8%	\$53,185	\$56,308	-5.5%
Recovery Audit Services—Europe/Asia-Pacific	11,157	11,836	-5.7%	20,942	21,595	-3.0%
Adjacent Services	892	1,203	-25.9%	1,723	2,875	-40.1%
<b>Total</b>	<b>\$39,011</b>	<b>\$41,974</b>	<b>-7.1%</b>	<b>\$75,850</b>	<b>\$80,778</b>	<b>-6.1%</b>
Net income (loss) from continuing operations	418	(4,176)	110.0%	(3,465)	(8,417)	58.8%
<b>Non-GAAP Financial Measures</b>						
Adjusted EBITDA from continuing operations	\$ 7,555	\$ 2,856	164.5%	\$11,023	\$ 4,589	140.2%

“We continue to deliver on our promises of fiscal discipline, improved productivity, and expanded operating leverage in 2020. We achieved another milestone in the second quarter of 2020, delivering our highest second quarter Adjusted EBITDA in seven years. More than 75 percent of our revenue comes from clients engaged in providing essential goods and services, and our clients continue to look to PRGX to help them generate working capital during this challenging pandemic period. Our employees around the world stepped up to the challenge of working remotely to deliver strong results for the quarter. I am very pleased with our improved financial performance in the second quarter and over the last several quarters, and am confident that we can continue to deliver strong results going forward,” said Ron Stewart, President and Chief Executive Officer.

“In the second quarter we continued rolling out our next generation global audit platform which is strategically important to enabling additional margin improvement and increased audit revenue. Based on strong operating results in the first half of the year and further revenue generation opportunities from our solid client base and robust audit operations productivity, we are increasing the lower end of our 2020 Adjusted EBITDA guidance and establishing a revised range of \$29 million to \$30 million. We also continue to expect a significant improvement in free cash flow compared to 2019,” concluded Stewart.



### **Unaudited Consolidated Results from Continuing Operations for the Three Months Ended June 30, 2020**

Consolidated revenue for the second quarter of 2020 was \$39.0 million, compared to \$42.0 million for the same period in 2019, a decrease of 7.1%. Second quarter 2020 revenue from the Recovery Audit Services segments was \$38.1 million compared to \$40.8 million in the second quarter of the prior year, and from the Adjacent Services segment was \$0.9 million compared to \$1.2 million in 2019. On a constant dollar basis adjusted for changes in foreign exchange rates, revenue decreased by 5.4% in the second quarter of 2020 compared to the same period in the prior year.

Total cost of revenue from continuing operations for the second quarter of 2020 was \$20.6 million, or 52.8% of revenue, compared to total cost of revenue from continuing operations of \$26.3 million, or 62.7% of revenue, for the same period in the prior year.

Selling, general and administrative expenses from continuing operations for the second quarter of 2020 were \$14.7 million compared to selling, general and administrative expenses from continuing operations of \$15.7 million in the prior year period.

Consolidated net income from continuing operations for the second quarter of 2020 was \$0.4 million, or \$0.02 per basic and diluted share, compared to consolidated net loss from continuing operations of \$4.2 million, or \$(0.18) per basic and diluted share, for the same period in 2019.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) from continuing operations for the second quarter of 2020 was \$7.6 million, or 19.4% of revenue, compared to Adjusted EBITDA from continuing operations of \$2.9 million, or 6.8% of revenue, for the second quarter of 2019, an increase of \$4.7 million or 164.5%.

Schedule 4 attached to this press release provides a reconciliation of net income (loss) to each of Earnings Before Interest and Taxes (EBIT), Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA.

### **Unaudited Consolidated Results from Continuing Operations for the Six Months Ended June 30, 2020**

Consolidated revenue for the six months ended June 30, 2020 was \$75.9 million, compared to \$80.8 million for the same period in 2019, a decrease of 6.1%. For the six months ended June 30, 2020, revenue from the Recovery Audit Services segments was \$74.1 million compared to \$77.9 million in the prior year, and from the Adjacent Services segment was \$1.7 million compared to \$2.9 million in 2019. On a constant dollar basis adjusted for changes in foreign exchange rates, revenue decreased by 4.4% for the six months ended June 30, 2020 compared to the same period in the prior year.

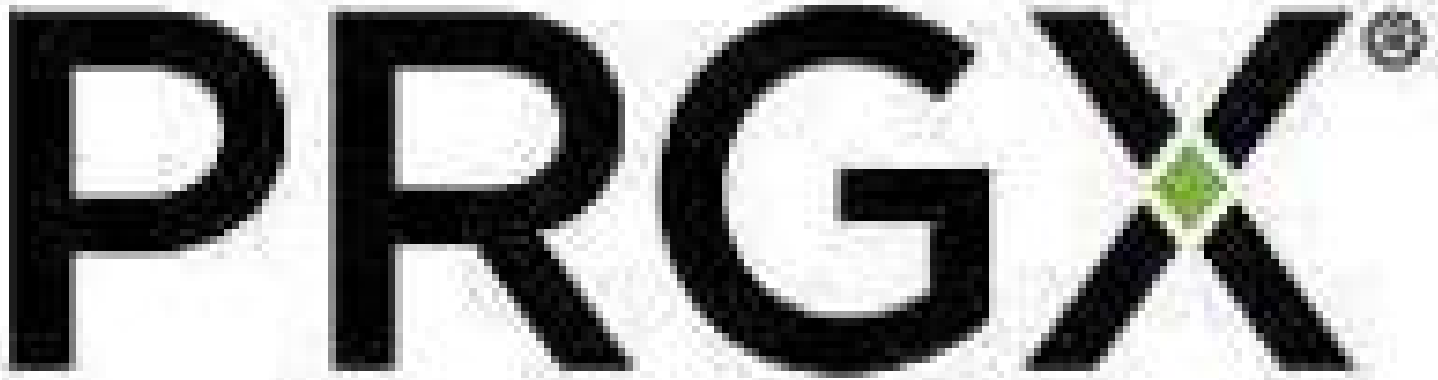
Total cost of revenue from continuing operations for the six months ended June 30, 2020 was \$43.1 million, or 56.8% of revenue, compared to total cost of revenue from continuing operations of \$51.5 million, or 63.8% of revenue, for the same period in the prior year.

Selling, general and administrative expenses from continuing operations for the six months ended June 30, 2020 were \$28.2 million compared to selling, general and administrative expenses from continuing operations of \$29.7 million in the prior year period.

Consolidated net loss from continuing operations for the six months ended June 30, 2020 was \$3.5 million, or \$(0.15) per basic and diluted share, compared to consolidated net loss from continuing operations of \$8.4 million, or \$(0.37) per basic and diluted share, for the same period in 2019.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) from continuing operations for the six months ended June 30, 2020 was \$11.0 million, or 14.5% of revenue, compared to Adjusted EBITDA from continuing operations of \$4.6 million, or 5.7% of revenue, for the same period in 2019, an increase of \$6.4 million or 140.2%.

Schedule 4 attached to this press release provides a reconciliation of net income (loss) to each of EBIT, EBITDA and Adjusted EBITDA.



### **Cash Flow and Liquidity**

Net cash provided by operating activities for the second quarter of 2020 was \$7.0 million, compared to net cash used by operating activities of \$0.1 million in the second quarter of the prior year and net cash provided by operating activities was \$12.3 million for the six months ended June 30, 2020 compared to net cash used of \$2.4 million in the same period in the prior year.

At June 30, 2020, the Company had unrestricted cash and cash equivalents of \$21.1 million, and borrowings of \$37.0 million against its \$60.0 million revolving credit facility.

### **Guidance**

For 2020, Adjusted EBITDA from continuing operations is expected to be in the range of \$29 million to \$30 million.

### **Second Quarter Earnings Call**

As previously announced, management will hold a conference call later today at 5:00 PM (Eastern time) to discuss the Company's second quarter 2020 financial results. To access the conference call, listeners in the U.S. and Canada should dial (877) 755-7423 at least 5 minutes prior to the start of the conference. Listeners outside the U.S. and Canada should dial (678) 894-3069. To be admitted to the call, listeners should use passcode 9289271.

This teleconference will also be audiocast on the Internet at [www.prgx.com](http://www.prgx.com) (click on "Events & Presentations" under "Investors"). A replay of the audiocast will be available at the same location on [www.prgx.com](http://www.prgx.com) beginning approximately two hours after the conclusion of the live audiocast, extending through December 31, 2020. Please note that the Internet audiocast is "listen-only." Microsoft Windows Media Player is required to access the live audiocast and the replay and can be downloaded from [www.microsoft.com/en-us/downloads](http://www.microsoft.com/en-us/downloads).

### **About PRGX**

PRGX helps companies spot value in their source-to-pay processes that other sophisticated solutions didn't get to before. Having identified more than 300 common points of leakage, we help companies reach wider, dig deeper, and act faster to get more value out of their source-to-pay data. We pioneered this industry nearly 50 years ago, and today we help clients in more than 30 countries take back \$1.2 billion in annual cash flow. It's why 75% of top global retailers and a third of the largest companies in the Fortune 500 rely on us. For additional information on PRGX, please visit [www.prgx.com](http://www.prgx.com).



## **Forward-Looking Statements**

In addition to historical information, this press release 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, and the Company's expectations regarding its 2020 financial performance. 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 impact of the COVID-19 pandemic on the Company or its clients, 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 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.



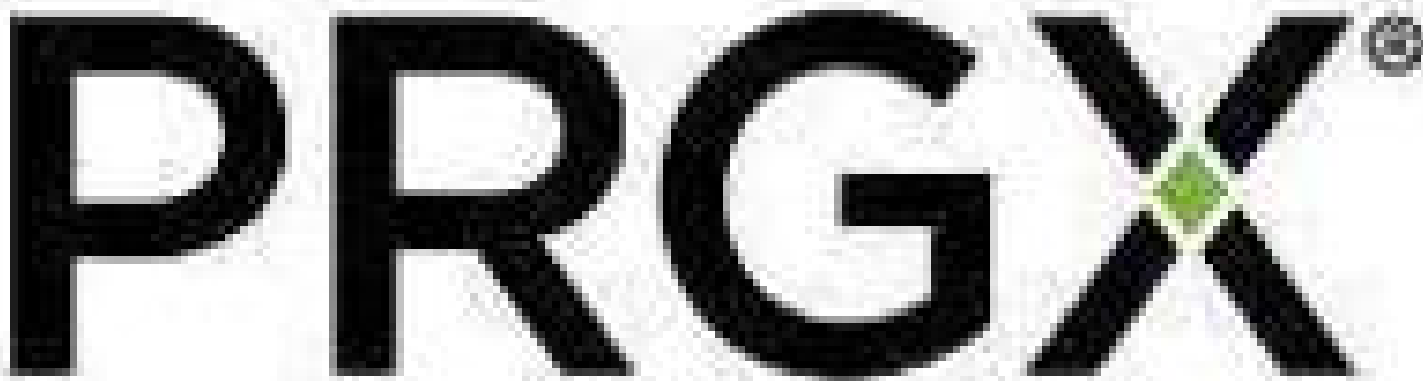
#### **Non-GAAP Financial Measures**

EBIT, EBITDA and Adjusted EBITDA are all “non-GAAP financial measures” presented as supplemental measures of the Company’s 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 its performance over time, and that the rating agencies and a number of lenders use 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 the Company’s results as reported under GAAP. In addition, in evaluating EBIT, EBITDA and Adjusted EBITDA, you should be aware that, as described above, the adjustments may vary from period to period and in the future the Company will incur expenses such as those used in calculating these measures. The Company’s presentation of these measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. Schedule 4 to this press release provides a reconciliation of net income (loss) to each of EBIT, EBITDA and Adjusted EBITDA.

CONTACT: PRGX Global, Inc.

[investor-relations@prgx.com](mailto:investor-relations@prgx.com)

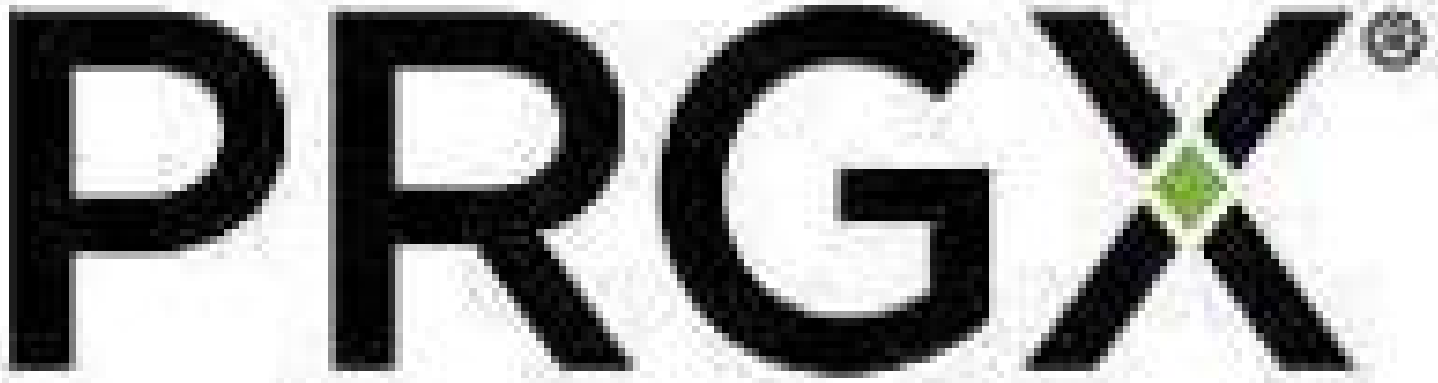
Phone: 770-779-3011



**SCHEDULE 1**  
**PRGX Global, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**(Amounts in thousands, except per share data)**  
**(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue, net	\$39,011	\$41,974	\$75,850	\$80,778
Operating expenses:				
Cost of revenue	20,584	26,312	43,118	51,547
Selling, general and administrative expenses	14,726	15,748	28,190	29,665
Depreciation of property, equipment and software assets	1,965	2,381	4,106	4,584
Amortization of intangible assets	828	872	1,657	1,734
Total operating expenses	<u>38,103</u>	<u>45,313</u>	<u>77,071</u>	<u>87,530</u>
Operating income (loss) from continuing operations	908	(3,339)	(1,221)	(6,752)
Foreign currency transaction (gains) losses on short-term intercompany balances	(819)	(77)	637	129
Interest expense, net	303	592	645	1,065
Other loss (income)	2	11	2	(8)
Income (loss) from continuing operations before income tax	1,422	(3,865)	(2,505)	(7,938)
Income tax expense	1,004	311	960	479
Net income (loss) from continuing operations	<u>\$ 418</u>	<u>\$ (4,176)</u>	<u>\$ (3,465)</u>	<u>\$ (8,417)</u>
Discontinued operations:				
Loss from discontinued operations	—	(103)	—	(258)
Income tax expense	—	—	—	—
Net loss from discontinued operations	—	(103)	—	(258)
Net income (loss)	<u>\$ 418</u>	<u>\$ (4,279)</u>	<u>\$ (3,465)</u>	<u>\$ (8,675)</u>
Basic income (loss) per common share:				
Basic income (loss) from continuing operations	\$ 0.02	\$ (0.18)	\$ (0.15)	\$ (0.37)
Basic loss from discontinued operations	—	—	—	(0.01)

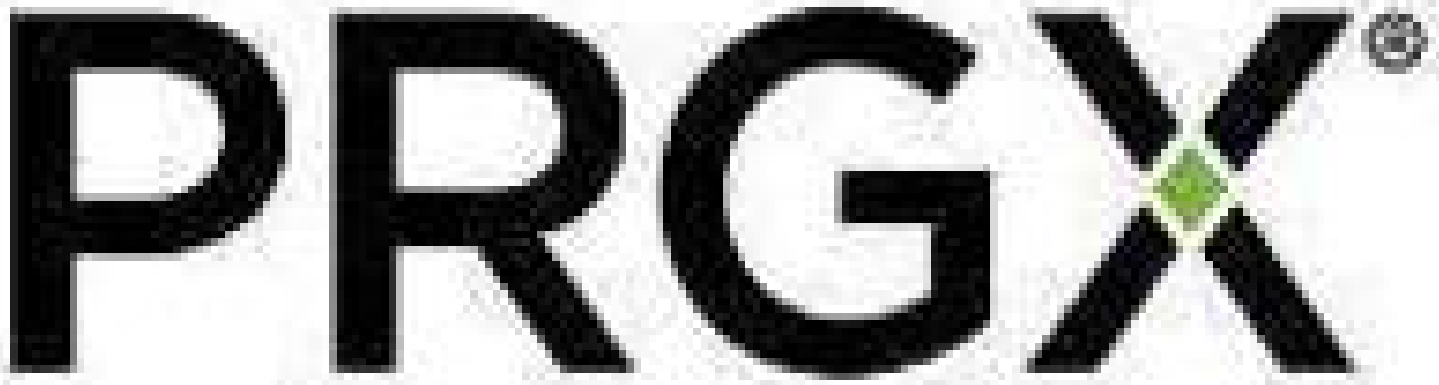
Total basic income (loss) per common share	<u>\$ 0.02</u>	<u>\$ (0.18)</u>	<u>\$ (0.15)</u>	<u>\$ (0.38)</u>
Diluted income (loss) per common share:				
Diluted income (loss) from continuing operations	\$ 0.02	\$ (0.18)	\$ (0.15)	\$ (0.37)
Diluted loss from discontinued operations	—	—	—	(0.01)
Total diluted income (loss) per common share	<u>\$ 0.02</u>	<u>\$ (0.18)</u>	<u>\$ (0.15)</u>	<u>\$ (0.38)</u>
Weighted average common shares outstanding:				
Basic	<u>22,606</u>	<u>22,763</u>	<u>22,542</u>	<u>22,687</u>
Diluted	<u>22,716</u>	<u>22,763</u>	<u>22,542</u>	<u>22,687</u>



**SCHEDULE 2**  
**PRGX Global, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**(Amounts in thousands)**  
**(Unaudited)**

<b>ASSETS</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 21,061	\$ 14,982
Restricted cash	123	46
Receivables:		
Contract receivables, net	36,060	43,112
Employee advances and miscellaneous receivables, net	740	704
Total receivables	36,800	43,816
Prepaid expenses and other current assets	4,062	5,582
Total current assets	62,046	64,426
Property, equipment and software, net	19,137	17,746
Operating lease right-of-use assets	11,044	10,969
Goodwill	14,962	15,070
Intangible assets, net	9,714	11,506
Deferred income taxes	3,636	3,921
Other assets	1,396	1,828
Total assets	<u>\$ 121,935</u>	<u>\$ 125,466</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,094	\$ 4,326
Accrued payroll and related expenses	14,070	12,951
Current portion of operating lease liabilities	4,077	3,717
Refund liabilities	4,152	4,513

Deferred revenue	1,970	2,217
Current portion of long-term debt	—	17
Total current liabilities	26,363	27,741
Long-term debt	36,650	36,603
Long-term operating lease liabilities	7,368	7,435
Refund liabilities	21	9
Deferred income taxes	628	628
Total liabilities	71,030	72,416
Shareholders' equity:		
Common stock	236	234
Additional paid-in capital	584,922	582,404
Accumulated deficit	(532,641)	(529,176)
Accumulated other comprehensive income	(1,612)	(412)
Total shareholders' equity	50,905	53,050
Total liabilities and shareholders' equity	<u>\$121,935</u>	<u>\$ 125,466</u>

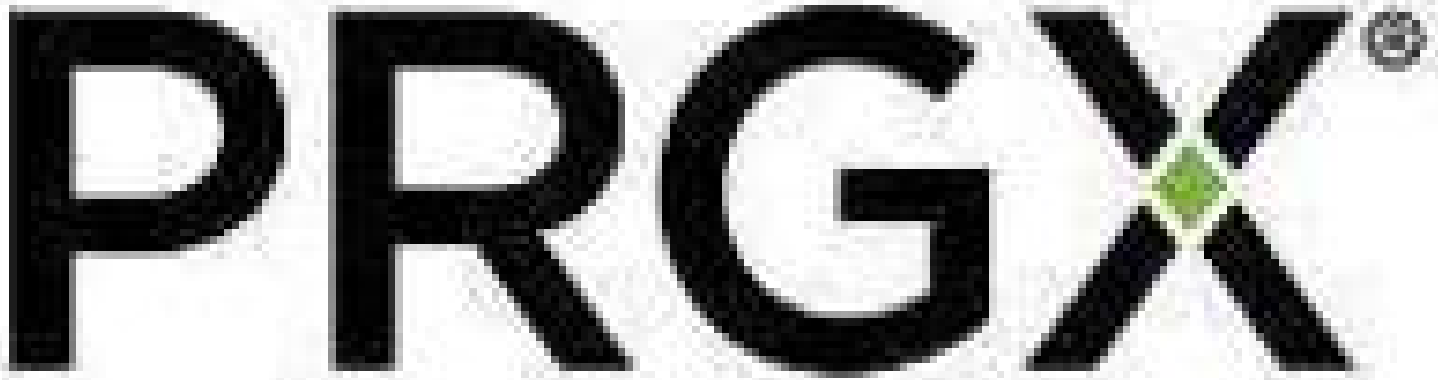


**SCHEDULE 3**  
**PRGX Global, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**(Amounts in thousands)**  
**(Unaudited)**

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Six Months</u> <u>Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 418	\$(4,279)	\$ (3,465)	\$(8,675)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>				
Depreciation and amortization	2,793	3,253	5,763	6,318
Operating lease right-of-use asset expense	1,043	1,113	2,195	2,248
Amortization of deferred loan costs	24	61	48	117
Noncash interest expense	298	—	643	—
Stock-based compensation expense	1,876	1,662	3,196	3,046
Foreign currency transaction (gains) losses on short-term intercompany balances	(819)	(77)	637	129
Deferred income taxes	—	—	338	—
<b>Changes in operating assets and liabilities</b>				
Billed receivables	(581)	2,180	4,550	6,593
Unbilled receivables	(166)	(1,790)	2,018	(851)
Prepaid expenses and other current assets	(1,145)	(1,812)	1,438	(1,296)
Operating lease liabilities	(970)	—	(1,979)	—
Other assets	11	(462)	(53)	(1,567)
Accounts payable and accrued expenses	1,910	118	(3,890)	(2,930)
Accrued payroll and related expenses	2,085	(32)	1,326	(4,970)
Refund liabilities	85	223	(270)	(314)
Deferred revenue	177	(247)	(224)	(292)
Net cash provided by (used in) operating activities	<u>7,039</u>	<u>(89)</u>	<u>12,271</u>	<u>(2,444)</u>
<b>Cash flows from investing activities:</b>				
Purchases of property, equipment and software, net of disposal proceeds	<u>(3,103)</u>	<u>(3,199)</u>	<u>(5,620)</u>	<u>(7,640)</u>

Net cash used in investing activities	(3,103)	(3,199)	(5,620)	(7,640)
<b>Cash flows from financing activities:</b>				
Repayments of credit facility	(23,000)	(3,000)	(38,000)	(3,000)
Proceeds from credit facility	15,000	6,000	38,000	14,400
Payment of deferred loan costs	—	(47)	—	(394)
Payment of earnout liability related to business acquisitions	—	—	—	(479)
Restricted stock repurchased from employees for withholding taxes	(115)	(246)	(398)	(750)
Repurchases of common stock	—	—	(284)	(2,228)
Proceeds from option exercises	—	170	—	221
Net cash (used in) provided by financing activities	(8,115)	2,877	(682)	7,770
Effect of exchange rates on cash and cash equivalents	49	(225)	187	(55)
Net (decrease) increase in cash, cash equivalents and restricted cash	(4,130)	(636)	6,156	(2,369)
Cash, cash equivalents and restricted cash at beginning of period	25,314	12,286	15,028	14,019
Cash, cash equivalents and restricted cash at end of period	<u>\$ 21,184</u>	<u>\$ 11,650</u>	<u>\$ 21,184</u>	<u>\$ 11,650</u>
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid during the period for interest	<u>\$ 345</u>	<u>\$ 60</u>	<u>\$ 716</u>	<u>\$ 385</u>
Cash paid during the period for income taxes, net of refunds received	<u>\$ 640</u>	<u>\$ 859</u>	<u>\$ 804</u>	<u>\$ 1,638</u>



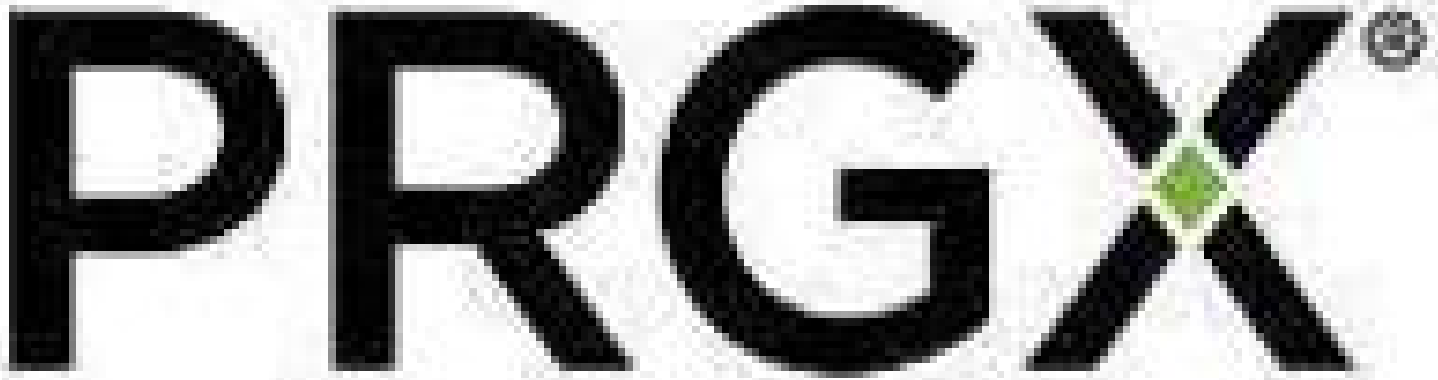


**SCHEDULE 4**  
**PRGX Global, Inc. and Subsidiaries**  
**Reconciliation of Net Income (Loss) to EBIT, EBITDA and Adjusted EBITDA**  
**(Amounts in thousands)**  
**(Unaudited)**

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Six Months</u> <u>Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Reconciliation of net income (loss) to EBIT, EBITDA and Adjusted EBITDA:				
Net income (loss)	\$ 418	\$(4,279)	\$ (3,465)	\$(8,675)
Income tax expense	1,004	311	960	479
Interest expense, net	303	592	645	1,065
<b>EBIT</b>	<b>1,725</b>	<b>(3,376)</b>	<b>(1,860)</b>	<b>(7,131)</b>
Depreciation of property, equipment and software assets	1,965	2,381	4,106	4,584
Amortization of intangible assets	828	872	1,657	1,734
<b>EBITDA</b>	<b>4,518</b>	<b>(123)</b>	<b>3,903</b>	<b>(813)</b>
Foreign currency transaction (gains) losses on short-term intercompany balances	(819)	(77)	637	129
Transformation, severance, and other expenses	672	1,280	1,979	1,977
Investigation and settlement of employment matter	1,306	—	1,306	—
Other loss (income)	2	11	2	(8)
Stock-based compensation	1,876	1,662	3,196	3,046
<b>Adjusted EBITDA</b>	<b>\$7,555</b>	<b>\$ 2,753</b>	<b>\$11,023</b>	<b>\$ 4,331</b>
<b>Adjusted EBITDA from continuing operations</b>	<b>\$7,555</b>	<b>\$ 2,856</b>	<b>\$11,023</b>	<b>\$ 4,589</b>
<b>Adjusted EBITDA from discontinued operations</b>	<b>\$ —</b>	<b>\$ (103)</b>	<b>\$ —</b>	<b>\$ (258)</b>

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.



**SCHEDULE 5**  
**PRGX Global, Inc. and Subsidiaries**  
**Results by Operating Segment \***  
**(Amounts in thousands)**  
**(Unaudited)**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
<b>Revenue, net</b>						
Recovery Audit Services—Americas	\$ 26,962	\$ 28,935	\$(1,973)	\$ 53,185	\$ 56,308	\$(3,123)
Recovery Audit Services—Europe/Asia-Pacific	11,157	11,836	(679)	20,942	21,595	(653)
Adjacent Services	892	1,203	(311)	1,723	2,875	(1,152)
<b>Total</b>	<b>\$ 39,011</b>	<b>\$ 41,974</b>	<b>\$(2,963)</b>	<b>\$ 75,850</b>	<b>\$ 80,778</b>	<b>\$(4,928)</b>
<b>Cost of revenue</b>						
Recovery Audit Services—Americas	\$ 14,346	\$ 16,076	\$(1,730)	\$ 30,334	\$ 31,939	\$(1,605)
Recovery Audit Services—Europe/Asia-Pacific	5,742	7,189	(1,447)	11,999	13,915	(1,916)
Adjacent Services	496	3,047	(2,551)	785	5,693	(4,908)
<b>Total</b>	<b>\$ 20,584</b>	<b>\$ 26,312</b>	<b>\$(5,728)</b>	<b>\$ 43,118</b>	<b>\$ 51,547</b>	<b>\$(8,429)</b>
<b>Selling, general and administrative expenses</b>						
Recovery Audit Services—Americas	\$ 1,712	\$ 3,647	\$(1,935)	\$ 4,227	\$ 7,026	\$(2,799)
Recovery Audit Services—Europe/Asia-Pacific	1,545	2,639	(1,094)	2,549	4,752	(2,203)
Adjacent Services	(40)	398	(438)	(53)	909	(962)
Corporate	11,509	9,064	2,445	21,467	16,978	4,489
<b>Total</b>	<b>\$ 14,726</b>	<b>\$ 15,748</b>	<b>\$(1,022)</b>	<b>\$ 28,190</b>	<b>\$ 29,665</b>	<b>\$(1,475)</b>
<b>Depreciation of property, equipment and software assets</b>						
Recovery Audit Services—Americas	\$ 1,777	\$ 1,919	\$ (142)	\$ 3,715	\$ 3,681	\$ 34
Recovery Audit Services—Europe/Asia-Pacific	155	182	(27)	324	344	(20)
Adjacent Services	33	280	(247)	67	559	(492)
<b>Total</b>	<b>\$ 1,965</b>	<b>\$ 2,381</b>	<b>\$(416)</b>	<b>\$ 4,106</b>	<b>\$ 4,584</b>	<b>\$(478)</b>

**Amortization of intangible assets**

Recovery Audit Services—Americas	\$ 408	\$ 438	\$ (30)	\$ 816	\$ 876	\$ (60)
Recovery Audit Services—Europe/Asia-Pacific	41	48	(7)	83	85	(2)
Adjacent Services	379	386	(7)	758	773	(15)
Total	<u>\$ 828</u>	<u>\$ 872</u>	<u>\$ (44)</u>	<u>\$ 1,657</u>	<u>\$ 1,734</u>	<u>\$ (77)</u>

**Operating income (loss)**

Recovery Audit Services—Americas	\$ 8,719	\$ 6,855	\$ 1,864	\$ 14,093	\$ 12,786	\$ 1,307
Recovery Audit Services—Europe/Asia-Pacific	3,674	1,778	1,896	5,987	2,499	3,488
Adjacent Services	24	(2,908)	2,932	166	(5,059)	5,225
Corporate	(11,509)	(9,064)	(2,445)	(21,467)	(16,978)	(4,489)
Total	<u>\$ 908</u>	<u>\$ (3,339)</u>	<u>\$ 4,247</u>	<u>\$ (1,221)</u>	<u>\$ (6,752)</u>	<u>\$ 5,531</u>

**Adjusted EBITDA from continuing operations**

Recovery Audit Services—Americas	\$ 11,231	\$ 9,462	\$ 1,769	\$ 19,639	\$ 17,721	\$ 1,918
Recovery Audit Services—Europe/Asia-Pacific	4,051	2,130	1,921	6,783	3,173	3,610
Adjacent Services	483	(1,637)	2,120	1,118	(3,104)	4,222
Corporate	(8,210)	(7,099)	(1,111)	(16,517)	(13,201)	(3,316)
Total	<u>\$ 7,555</u>	<u>\$ 2,856</u>	<u>\$ 4,699</u>	<u>\$ 11,023</u>	<u>\$ 4,589</u>	<u>\$ 6,434</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 advisory services, spend analytics and supplier information management services.