

# Rimini Street Announces Fiscal Second Quarter 2021 Financial Results

**Quarterly revenue of \$91.6 million, up 16.9% year over year Gross margin of 62.2%, up from 61.2% year over year Quarterly billings of \$107.3 million, up 44.4% year over year 2,645 active clients at June 30, 2021, up 22.5% year over year**

LAS VEGAS--(BUSINESS WIRE)--Aug. 4, 2021-- [Rimini Street, Inc.](#) (Nasdaq: RMNI), a global provider of enterprise software products and services, the leading third-party support provider for Oracle and SAP software products and a Salesforce partner, today announced results for the second quarter ended June 30, 2021.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20210804005261/en/>

Rimini Street Announces Fiscal Second Quarter 2021 Financial Results (Photo: Business Wire)

“For the second quarter, we executed well and remain on track to achieve our strategic growth plan of \$1 billion in annual revenue by 2026. We achieved record revenue of \$91.6 million, up 16.9% year over year and above the high-end of our guidance range. We also ended the quarter with strong year over year billings growth of 44.4%, a gross margin over 62% and an active client count that grew by 22.5%,” stated [Seth A. Ravin](#), Rimini Street co-founder, CEO and chairman of the board. “In addition, our revenue retention rate grew to 94%, cross-sales continued to grow as a percent of billings and we achieved year over year billings growth in all three U.S. regions.”

“For the second quarter, we generated \$22.7 million of operating cash flow and ended with more than \$110 million in cash,” stated [Michael L. Perica](#), Rimini Street chief financial officer. “During the quarter, we also completed a \$60 million buyback of Series A Preferred Stock. Subsequent to the second quarter, on July 20, 2021, we redeemed and retired the remaining Series A Preferred Stock, with the transaction funded by commercial bank financing of \$90 million at a rate of LIBOR + 1.75% to 2.50% on a five-year term loan. Accordingly, go-forward annual financing costs have been reduced by \$24 million compared to fiscal year 2020. Today, we are issuing guidance for the third quarter ending September 30, 2021, maintaining full year 2021 guidance and re-affirming our continued commitment to the long-term goals of increasing top-line growth, operating cash flow and profitability.”

## Second Quarter 2021 Financial Highlights

- Revenue was \$91.6 million for the 2021 second quarter, an increase of 16.9% compared to \$78.4 million for the same period last year.
- Annual Recurring Revenue was \$362.1 million for the 2021 second quarter, an increase of 16.4% compared to \$311.2 million for the same period last year.
- Active Clients as of June 30, 2021 were 2,645 an increase of 22.5% compared to 2,159 Active Clients as of June 30, 2020.
- Revenue Retention Rate was 94% for the trailing 12 months ended June 30, 2021 and 92% for the comparable period ended June 30, 2020.
- Gross margin was 62.2% for the 2021 second quarter compared to 61.2% for the same period last year.
- Operating income was \$4.6 million for the 2021 second quarter compared to \$5.1 million for the same period last year.
- Non-GAAP Operating Income was \$9.8 million for the 2021 second quarter compared to \$9.7 million for the same period last year.
- Net income was \$6.8 million for the 2021 second quarter compared to net income of \$2.9 million for the same period last year.
- Non-GAAP Net Income was \$8.4 million for the 2021 second quarter compared to \$8.1 million for the same period last year.
- Adjusted EBITDA for the 2021 second quarter was \$9.9 million compared to \$9.6 million for the same period last year.

- Basic and diluted net loss per share attributable to common stockholders was a net loss per share of \$0.06 for the 2021 second quarter compared to a net loss per share of \$0.06 for the same period last year.
- Employee count as of June 30, 2021 was 1,556, a year-over-year increase of 15.9%.
- On April 16, 2021, completed the buyback of \$60 million face-value of Series A preferred stock, plus make-whole of approximately \$2.3 million.

Reconciliations of the non-GAAP financial measures provided in this press release to their most directly comparable GAAP financial measures are provided in the financial tables included at the end of this press release. An explanation of these measures, why we believe they are meaningful and how they are calculated is also included under the heading “About Non-GAAP Financial Measures and Certain Key Metrics.”

## Second Quarter 2021 Company Highlights

- Announced that leading Brazilian chemical distributor [quantiQ](#), switched to Rimini Street Support for its SAP S/4HANA implementation, saving an estimated 75% in total annual support costs which enabled the organization to invest in intelligent automation and RFID capabilities to further its business and maintain its competitive edge.
- Announced that the International Air Transport Association ([IATA](#)) in Montreal, Canada, switched to Rimini Street for integrated support and application management services for its SAP applications, enabling the organization to improve productivity and free up resources to focus on pandemic recovery and expansion.
- Promoted and appointed [Emmanuelle Hose](#) to group vice president and theatre general manager for Europe, Middle East and Africa, and [Daniel Benad](#) to group vice president and regional general manager for Australia, New Zealand and South Pacific, to support and capitalize on the growing demand for Rimini Street’s third-party support solutions in these respective regions.
- Closed nearly 10,000 support cases and delivered more than 15,000 tax, legal and regulatory updates for 35 countries. Also achieved an average client satisfaction rating on the Company’s support delivery of 4.9 out of 5.0 (where 5.0 is “excellent”).
- Announced results of a [global CFO survey report](#), revealing that CFOs and financial leaders prioritize digital transformation investments and want to cut spending on non-essential IT investments, including major ERP reimplementation and migration projects that lack clear value and strong ROI.
- Honored with four Stevie American Business Awards including a gold award for the Company’s innovative AI platform for delivering excellence in customer service, as well as awards for Company of the Year, Corporate Social Responsibility Program of the Year and Customer Service Team of the Year.
- Rimini Street UK recognized in the top 10 for the [2021 UK’s Best Workplaces™](#), ranking favorably for the Company’s corporate social responsibility, job security and employee engagement program.
- Announced that Rimini Street’s India operations earned the designation of a [Great Place to Work-Certified™](#) company based on the Company’s high-trust culture, employee engagement programs, training and career development and creating a positive work environment for all.
- Presented at 11 CIO, IT and finance leader conferences globally including Gartner CFO and Finance Leader Conference, MIT CIO Symposium and CIO Connect.
- Supported more than 30 charities around the world through the Rimini Street Foundation giving programs.

## Subsequent Events

On July 20, 2021, the Company completed the buyback of \$87.8 million face-value of Series A preferred stock, plus dividends payable of approximately \$0.6 million, thereby redeeming the Series A preferred stock in full. The transaction was funded by commercial bank financing of \$90 million by lenders Capital One and Fifth Third Bank at a rate of LIBOR + 1.75% to 2.50% on a five-year term loan.

## 2021 Revenue Guidance

The Company is providing third quarter 2021 revenue guidance to be in the range of \$93.5 million to \$95.5 million. The Company is maintaining full year revenue guidance to be in the range of \$370 million to \$380 million.

## Webcast and Conference Call Information

Rimini Street will host a conference call and webcast to discuss the second quarter 2021 results and select third quarter 2021

performance to-date commentary at 5:00 p.m. Eastern Time / 2:00 p.m. Pacific Time on August 4, 2021. A live webcast of the event will be available on Rimini Street's Investor Relations site at <https://investors.riministreet.com/news-events/events>. Dial-in participants can access the conference call by dialing (800) 773-2954 in the U.S. and Canada and enter the code 50194141. A replay of the webcast will be available for at least 90 days following the event.

## Company's Use of Non-GAAP Financial Measures

This press release contains certain "non-GAAP financial measures." Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements and is not intended to represent a measure of performance in accordance with disclosures required by U.S. generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, financial measures determined in accordance with GAAP. A reconciliation of GAAP to non-GAAP results is included in the financial tables included in this press release. Presented under the heading "About Non-GAAP Financial Measures and Certain Key Metrics" is a description and explanation of our non-GAAP financial measures.

## About Rimini Street, Inc.

Rimini Street, Inc. (Nasdaq: RMNI), a Russell 2000® Company, is a global provider of enterprise software products and services, the leading third-party support provider for Oracle and SAP software products and a Salesforce partner. The Company offers premium, ultra-responsive and integrated application management and support services that enable enterprise software licensees to save significant costs, free up resources for innovation and achieve better business outcomes. To date, more than 4,200 Fortune 500, Fortune Global 100, midmarket, public sector and other organizations from a broad range of industries have relied on Rimini Street as their trusted application enterprise software products and services provider. To learn more, please visit <http://www.riministreet.com>, follow [@riministreet](https://twitter.com/riministreet) on Twitter and find Rimini Street on [Facebook](https://www.facebook.com/riministreet) and [LinkedIn](https://www.linkedin.com/company/riministreet). (IR-RMNI)

## Forward-Looking Statements

Certain statements included in this communication are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "may," "should," "would," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "seem," "seek," "continue," "future," "will," "expect," "outlook" or other similar words, phrases or expressions. These forward-looking statements include, but are not limited to, statements regarding our expectations of future events, future opportunities, global expansion and other growth initiatives and our investments in such initiatives. These statements are based on various assumptions and on the current expectations of management and are not predictions of actual performance, nor are these statements of historical facts. These statements are subject to a number of risks and uncertainties regarding Rimini Street's business, and actual results may differ materially. These risks and uncertainties include, but are not limited to, the impact of our credit facility's ongoing debt service obligations and financial covenants and operational covenants on our business and related interest rate risk, the duration of and operational and financial impacts on our business of the COVID-19 pandemic and related economic impact, as well as the actions taken by governmental authorities, clients or others in response to the COVID-19 pandemic; catastrophic events that disrupt our business or that of our current and prospective clients, changes in the business environment in which Rimini Street operates, including inflation and interest rates, and general financial, economic, regulatory and political conditions affecting the industry in which Rimini Street operates; adverse developments in pending litigation or in the government inquiry or any new litigation; our need and ability to raise additional equity or debt financing on favorable terms and our ability to generate cash flows from operations to help fund increased investment in our growth initiatives; the sufficiency of our cash and cash equivalents to meet our liquidity requirements; including under our new credit facility; our ability to maintain an effective system of internal control over financial reporting, and our ability to remediate identified material weaknesses in our internal controls, including in relation to the accounting treatment of our warrants; changes in taxes, laws and regulations; competitive product and pricing activity; difficulties of managing growth profitably; the customer adoption of our recently introduced products and services, including our Application Management Services (AMS), Rimini Street Advanced Database Security, and services for Salesforce Sales Cloud and Service Cloud products, in addition to other products and services we expect to introduce in the near future; the loss of one or more members of Rimini Street's management team; uncertainty as to the long-term value of Rimini Street's equity securities; and those discussed under the heading "Risk Factors" in Rimini Street's Quarterly Report on Form 10-Q filed on August 4, 2021, and as updated from time to time by Rimini Street's future Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings by Rimini Street with the Securities and Exchange Commission. In addition, forward-looking statements provide Rimini Street's expectations, plans or forecasts of future events and views as of the date of this communication. Rimini Street anticipates that subsequent events and developments will cause Rimini Street's assessments to change. However, while Rimini Street may elect to update these forward-looking statements at some point in the future, Rimini Street specifically disclaims any obligation to do so, except as required by law. These forward-looking statements should not be relied upon as representing Rimini Street's assessments as of any date subsequent to the date of this communication.

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specified, Rimini Street claims no affiliation, endorsement, or association with any such trademark holder or other companies referenced herein.

**RIMINI STREET, INC.**

**Unaudited Condensed Consolidated Balance Sheets**

(In thousands, except per share amounts)

<b>ASSETS</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 110,387	\$ 87,575
Restricted cash	334	334
Accounts receivable, net of allowance of \$960 and \$723, respectively	85,665	117,937
Deferred contract costs, current	14,722	13,918
Prepaid expenses and other	15,593	13,456
Total current assets	226,701	233,220
<b>Long-term assets:</b>		
Property and equipment, net of accumulated depreciation and amortization of \$12,123 and \$10,985, respectively	4,465	4,820
Operating lease right-of-use assets	15,772	17,521
Deferred contract costs, noncurrent	21,839	21,027
Deposits and other	1,717	1,476
Deferred income taxes, net	1,630	1,871
Total assets	\$ 272,124	\$ 279,935

**LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT**

**Current liabilities:**

Accounts payable	\$4,427	\$3,241
Accrued compensation, benefits and commissions	38,650	38,026
Other accrued liabilities	15,926	21,154
Operating lease liabilities, current	4,055	3,940
Deferred revenue, current	229,768	228,967
Total current liabilities	292,826	295,328

**Long-term liabilities:**

Deferred revenue, noncurrent	35,870	27,966
Operating lease liabilities, noncurrent	14,495	15,993
Accrued PIK dividends payable	647	1,193
Liability for redeemable warrants	3,092	2,122
Other long-term liabilities	2,288	2,539
Total liabilities	349,218	345,141

**Redeemable Series A Preferred Stock:**

Authorized 180 shares; issued and outstanding 87 shares and 155 shares as of June 30, 2021 and December 31, 2020, respectively. Liquidation preference of \$87,155, net of discount of \$8,020 and \$154,911, net of discount of \$17,057, as of June 30, 2021 and December 31, 2020, respectively	79,135	137,854
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**Stockholders' Deficit:**

Preferred Stock, \$0.0001 par value per share. Authorized 99,820 shares (excluding 180 shares of Series A Preferred Stock); no other series has been designated	—	—
Common Stock, \$0.0001 par value. Authorized 1,000,000 shares; issued and outstanding 85,704 and 76,406 shares as of June 30, 2021 and December 31, 2020, respectively	9	8

Additional paid-in capital	143,801	98,258
Accumulated other comprehensive loss	(2,262 )	(318 )
Accumulated deficit	(297,777 )	(301,008 )
Total stockholders' deficit	(156,229 )	(203,060 )
Total liabilities, redeemable preferred stock and stockholders' deficit	\$272,124	\$279,935

**RIMINI STREET, INC.**

**Unaudited Condensed Consolidated Statements of Operations**

(In thousands, except per share amounts)

	<b>Three Months Ended Six Months Ended</b>			
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	\$ 91,614	\$ 78,402	\$ 179,509	\$ 156,434
Cost of revenue	34,595	30,437	68,431	60,636
Gross profit	57,019	47,965	111,078	95,798
<b>Operating expenses:</b>				
Sales and marketing	33,157	26,836	63,540	55,248
General and administrative	16,494	13,133	33,097	25,134
Impairment charge related operating right of use assets	—	—	393	—
Litigation costs and related recoveries:				
Professional fees and other costs of litigation	2,786	2,722	7,549	5,474

Insurance costs and recoveries, net	—	141	—	1,062
Litigation costs and related recoveries, net	2,786	2,863	7,549	6,536
Total operating expenses	52,437	42,832	104,579	86,918
Operating income	4,582	5,133	6,499	8,880
<b>Non-operating income and (expenses):</b>				
Interest expense	(38 )	(12 )	(85 )	(25 )
Gain (loss) on change in fair value of redeemable warrants	3,698	(546 )	(970 )	(546 )
Other income (expenses), net	(496 )	(567 )	276	(785 )
Income before income taxes	7,746	4,008	5,720	7,524
Income tax expense	(939 )	(1,084 )	(2,489 )	(2,055 )
Net income	\$ 6,807	\$ 2,924	\$ 3,231	\$ 5,469
Net loss attributable to common stockholders	\$ (4,846 )	\$ (3,763 )	\$ (14,691 )	\$ (7,848 )
<b>Net loss per share attributable to common stockholders:</b>				
Basic and diluted	\$ (0.06 )	\$ (0.06 )	\$ (0.18 )	\$ (0.12 )
Weighted average number of shares of Common Stock outstanding:				
Basic and diluted	85,343	68,290	82,056	68,076

**RIMINI STREET, INC.**

**GAAP to Non-GAAP Reconciliations**

(In thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
<b>Non-GAAP operating income reconciliation:</b>				
Operating income	\$4,582	\$5,133	\$6,499	\$8,880
<b>Non-GAAP adjustments:</b>				
Litigation costs and related recoveries, net	2,786	2,863	7,549	6,536
Stock-based compensation expense	2,478	1,726	4,711	3,236
Impairment charge related to operating right-of-use assets	—	—	393	—
Non-GAAP operating income	\$9,846	\$9,722	\$19,152	\$18,652
<b>Non-GAAP net income reconciliation:</b>				
Net income	\$6,807	\$2,924	\$3,231	\$5,469
<b>Non-GAAP adjustments:</b>				
Litigation costs and related recoveries, net	2,786	2,863	7,549	6,536
Gain (loss) on change in fair value of redeemable warrants	(3,698	) 546	970	546
Stock-based compensation expense	2,478	1,726	4,711	3,236
Impairment charge related to operating right-of-use assets	—	—	393	—
Non-GAAP net income	\$8,373	\$8,059	\$16,854	\$15,787
<b>Non-GAAP Adjusted EBITDA reconciliation:</b>				

Net income	\$6,807	\$2,924	\$3,231	\$5,469
Non-GAAP adjustments:				
Interest expense	38	12	85	25
Income tax expense	939	1,084	2,489	2,055
Depreciation and amortization expense	590	438	1,174	886
EBITDA	8,374	4,458	6,979	8,435
<b>Non-GAAP adjustments:</b>				
Litigation costs and related recoveries, net	2,786	2,863	7,549	6,536
Gain (loss) on change in fair value of redeemable warrants	(3,698	) 546	970	546
Stock-based compensation expense	2,478	1,726	4,711	3,236
Impairment charge related to operating right-of-use assets	—	—	393	—
Adjusted EBITDA	\$9,940	\$9,593	\$20,602	\$18,753
<b>Billings:</b>				
Revenue	\$91,614	\$78,402	\$179,509	\$156,434
Deferred revenue, current and noncurrent, as of the end of the period	265,638	218,506	265,638	218,506
Deferred revenue, current and noncurrent, as of the beginning of the period	249,997	222,654	256,933	235,498
Change in deferred revenue	15,641	(4,148	) 8,705	(16,992
Billings	\$107,255	\$74,254	\$188,214	\$139,442

#### About Non-GAAP Financial Measures and Certain Key Metrics

To provide investors and others with additional information regarding Rimini Street's results, we have disclosed the following non-GAAP financial measures and certain key metrics. We have described below Active Clients, Annual Recurring Revenue and Revenue Retention Rate, each of which is a key operational metric for our business. In addition, we have disclosed the following non-GAAP financial measures: non-GAAP operating income, non-GAAP net income, EBITDA, adjusted EBITDA and Billings. Rimini Street has provided in the tables above a reconciliation of each non-GAAP financial measure used in this

earnings release to the most directly comparable GAAP financial measure. Due to a valuation allowance for our deferred tax assets, there were no tax effects associated with any of our non-GAAP adjustments. These non-GAAP financial measures are also described below.

The primary purpose of using non-GAAP measures is to provide supplemental information that management believes may prove useful to investors and to enable investors to evaluate our results in the same way management does. We also present the non-GAAP financial measures because we believe they assist investors in comparing our performance across reporting periods on a consistent basis, as well as comparing our results against the results of other companies, by excluding items that we do not believe are indicative of our core operating performance. Specifically, management uses these non-GAAP measures as measures of operating performance; to prepare our annual operating budget; to allocate resources to enhance the financial performance of our business; to evaluate the effectiveness of our business strategies; to provide consistency and comparability with past financial performance; to facilitate a comparison of our results with those of other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results; and in communications with our board of directors concerning our financial performance. Investors should be aware however, that not all companies define these non-GAAP measures consistently.

**Billings** represents the change in deferred revenue for the current period plus revenue for the current period.

**Active Client** is a distinct entity that purchases our services to support a specific product, including a company, an educational or government institution, or a business unit of a company. For example, we count as two separate active clients when support for two different products is being provided to the same entity. We believe that our ability to expand our active clients is an indicator of the growth of our business, the success of our sales and marketing activities, and the value that our services bring to our clients.

**Annual Recurring Revenue** is the amount of subscription revenue recognized during a fiscal quarter and multiplied by four. This gives us an indication of the revenue that can be earned in the following 12-month period from our existing client base assuming no cancellations or price changes occur during that period. Subscription revenue excludes any non-recurring revenue, which has been insignificant to date.

**Revenue Retention Rate** is the actual subscription revenue (dollar-based) recognized over a 12-month period from customers that were clients on the day prior to the start of such 12-month period, divided by our Annual Recurring Revenue as of the day prior to the start of the 12-month period.

**Non-GAAP Operating Income** is operating income adjusted to exclude: litigation costs and related recoveries, net, stock-based compensation expense and impairment charge related to operating right-of-use assets. The exclusions are discussed in further detail below.

**Non-GAAP Net Income** is net income adjusted to exclude: litigation costs and related recoveries, net, loss on change in fair value of redeemable warrants, stock-based compensation expense and impairment charge related to operating right-of-use assets. These exclusions are discussed in further detail below.

Specifically, management is excluding the following items from its non-GAAP financial measures, as applicable, for the periods presented:

*Litigation Costs and Related Recoveries, Net* Litigation costs and the associated insurance and appeal recoveries relate to outside costs of litigation activities. These costs and recoveries reflect the ongoing litigation we are involved with, and do not relate to the day-to-day operations or our core business of serving our clients.

*Gain (loss) on Change in Fair Value of Redeemable Warrants:* We have determined to exclude the gains and losses on redeemable warrants related to the change in fair value of these instruments given the financial nature of this fair value requirement. We are not able to manage these amounts as part of our business operations nor are the costs core to servicing our clients and have excluded them.

*Stock-Based Compensation Expense:* Our compensation strategy includes the use of stock-based compensation to attract and retain employees. This strategy is principally aimed at aligning the employee interests with those of our stockholders and to achieve long-term employee retention, rather than to motivate or reward operational performance for any particular period. As a result, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any particular period.

*Impairment charge related to operating lease right-of-use assets:* This relates to an impairment charge related to our leased assets for a portion of one of our locations as we no longer use the space.

**EBITDA** is net income adjusted to exclude: interest expense, income tax expense, and depreciation and amortization expense.

**Adjusted EBITDA** is EBITDA adjusted to exclude: litigation costs and related recoveries, net, gain (loss) on change in fair value on redeemable warrants, stock-based compensation expense and impairment charge related to operating right-of-use assets, as discussed above.

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Additional assets available online:  [Photos \(1\)](#)

<https://investors.riministreet.com/2021-08-04-Rimini-Street-Announces-Fiscal-Second-Quarter-2021-Financial-Results>