



RMNI Q4- FISCAL YEAR 2022  
8K EARNING RELEASE  
EXHIBIT 99.1



**RIMINI STREET, INC.**  
**Unaudited Condensed Consolidated Balance Sheets**  
(In thousands, except per share amounts)

ASSETS	December 31, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 109,008	\$ 119,571
Restricted cash	426	419
Accounts receivable, net of allowance of \$723 and \$576, respectively	116,093	135,447
Deferred contract costs, current	17,218	14,985
Short-term investments	20,115	—
Prepaid expenses and other	18,846	16,340
Total current assets	<u>281,706</u>	<u>286,762</u>
<b>Long-term assets:</b>		
Property and equipment, net of accumulated depreciation and amortization of \$15,441 and \$13,278, respectively	6,113	4,435
Operating lease right-of-use assets	7,142	12,722
Deferred contract costs, noncurrent	23,508	21,524
Deposits and other	7,057	1,786
Deferred income taxes, net	65,515	64,033
Total assets	<u>\$ 391,041</u>	<u>\$ 391,262</u>
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 4,789	\$ 3,664
Accounts payable	8,040	5,708
Accrued compensation, benefits and commissions	37,459	36,558
Other accrued liabilities	32,676	26,124
Operating lease liabilities, current	4,223	4,227
Deferred revenue, current	265,840	253,221
Total current liabilities	<u>353,027</u>	<u>329,502</u>
<b>Long-term liabilities:</b>		
Long-term debt, net of current maturities	70,003	79,655
Deferred revenue, noncurrent	34,081	47,047
Operating lease liabilities, noncurrent	9,094	12,511
Other long-term liabilities	2,006	2,933
Total liabilities	<u>468,211</u>	<u>471,648</u>
<b>Stockholders' deficit:</b>		
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 88,517 and 87,107 shares, respectively	9	9
Additional paid-in capital	156,401	149,234
Accumulated other comprehensive loss	(4,195)	(2,724)
Accumulated deficit	(228,269)	(225,789)
Treasury stock	(1,116)	(1,116)
Total stockholders' deficit	<u>(77,170)</u>	<u>(80,386)</u>
Total liabilities, redeemable preferred stock and stockholders' deficit	<u>\$ 391,041</u>	<u>\$ 391,262</u>

**RIMINI STREET, INC.**  
**Unaudited Condensed Consolidated Statements of Operations**  
(In thousands, except per share amounts)

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue	\$ 108,621	\$ 99,279	\$ 409,662	\$ 374,430
Cost of revenue	38,563	34,657	152,385	136,464
Gross profit	70,058	64,622	257,277	237,966
<b>Operating expenses:</b>				
Sales and marketing	39,181	32,429	143,018	128,496
General and administrative	18,100	15,444	75,367	64,172
Impairment charges related to operating lease right-of-use assets	3,013	1,256	3,013	1,649
Reorganization costs	2,525	—	2,525	—
Litigation costs and related recoveries:				
Litigation settlement expense	—	7,530	—	7,530
Professional fees and other costs of litigation	12,817	2,327	25,654	16,457
Insurance costs and recoveries, net	—	(7,111)	(389)	(7,111)
Litigation costs and related recoveries, net	12,817	2,746	25,265	16,876
Total operating expenses	75,636	51,875	249,188	211,193
Operating income (loss)	(5,578)	12,747	8,089	26,773
<b>Non-operating income and (expenses):</b>				
Interest expense	(1,296)	(812)	(4,271)	(1,550)
Loss from change in fair value of redeemable warrants	—	(1,160)	—	(4,183)
Other income (expenses), net	2,684	(720)	(13)	(1,605)
Income (loss) before income taxes	(4,190)	10,055	3,805	19,435
Income taxes	(1,082)	60,002	(6,285)	55,784
Net income (loss)	\$ (5,272)	\$ 70,057	\$ (2,480)	\$ 75,219
Net income (loss) attributable to common stockholders	\$ (5,272)	\$ 70,057	\$ (2,480)	\$ 45,197
Net income (loss) per share attributable to common stockholders:				
Basic	\$ (0.06)	\$ 0.81	\$ (0.03)	\$ 0.54
Diluted	\$ (0.06)	\$ 0.77	\$ (0.03)	\$ 0.51
Weighted average number of shares of Common Stock outstanding:				
Basic	88,355	86,898	87,672	84,318
Diluted	88,355	90,780	87,672	88,970

**RIMINI STREET, INC.**  
**GAAP to Non-GAAP Reconciliations**  
(In thousands)

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Non-GAAP operating income reconciliation:</b>				
Operating income (loss)	\$ (5,578)	\$ 12,747	\$ 8,089	\$ 26,773
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	12,817	2,746	25,265	16,876
Stock-based compensation expense	2,242	2,606	10,895	9,710
Impairment charges related to operating lease right-of-use assets	3,013	1,256	3,013	1,649
Reorganization costs	2,525	—	2,525	—
Non-GAAP operating income	<u>\$ 15,019</u>	<u>\$ 19,355</u>	<u>\$ 49,787</u>	<u>\$ 55,008</u>
<b>Non-GAAP net income reconciliation:</b>				
Net income (loss)	\$ (5,272)	\$ 70,057	\$ (2,480)	\$ 75,219
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	12,817	2,746	25,265	16,876
Loss on change in fair value of redeemable warrants	—	1,160	—	4,183
Stock-based compensation expense	2,242	2,606	10,895	9,710
Impairment charges related to operating lease right-of-use assets	3,013	1,256	3,013	1,649
Reorganization costs	2,525	—	2,525	—
Non-GAAP net income	<u>\$ 15,325</u>	<u>\$ 77,825</u>	<u>\$ 39,218</u>	<u>\$ 107,637</u>
<b>Non-GAAP Adjusted EBITDA reconciliation:</b>				
Net income (loss)	\$ (5,272)	\$ 70,057	\$ (2,480)	\$ 75,219
Non-GAAP adjustments:				
Interest expense	1,296	812	4,271	1,550
Income taxes	1,082	(60,002)	6,285	(55,784)
Depreciation and amortization expense	633	632	2,504	2,404
EBITDA	<u>(2,261)</u>	<u>11,499</u>	<u>10,580</u>	<u>23,389</u>
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	12,817	2,746	25,265	16,876
Loss on change in fair value of redeemable warrants	—	1,160	—	4,183
Stock-based compensation expense	2,242	2,606	10,895	9,710
Impairment charges related to operating lease right-of-use assets	3,013	1,256	3,013	1,649
Reorganization costs	2,525	—	2,525	—
Adjusted EBITDA	<u>\$ 18,336</u>	<u>\$ 19,267</u>	<u>\$ 52,278</u>	<u>\$ 55,807</u>
<b>Calculated Billings:</b>				
Revenue	\$ 108,621	\$ 99,279	\$ 409,662	\$ 374,430
Deferred revenue, current and noncurrent, end of the period	299,921	300,268	299,921	300,268
Deferred revenue, current and noncurrent, beginning of the period	248,187	243,682	300,268	256,933
Change in deferred revenue	<u>51,734</u>	<u>56,586</u>	<u>(347)</u>	<u>43,335</u>
Calculated billings	<u>\$ 160,355</u>	<u>\$ 155,865</u>	<u>\$ 409,315</u>	<u>\$ 417,765</u>

### 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, Annualized 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. A reconciliation of Adjusted EBITDA is not available on a forward-looking basis because the Company is unable to predict its net income with reasonable certainty due to the effects of foreign currency exchange rates, income tax provisions, future interest rates on our variable rate indebtedness, the non-cash component of employee compensation expense, changes in its working capital and financing needs, and other such items without unreasonable effort. Similarly, the high variability of certain expense items renders us unable to provide a reconciliation to the guidance as to margin and selected expenses as a percentage of revenue presented in our earnings conference call. These items, which depend on various factors and could be material to the Company's results computed in accordance with GAAP, are uncertain. 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.

**Annualized 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 related 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.

*Loss on Change in Fair Value of Redeemable Warrants:* We have excluded the 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 serving our clients, and therefore we 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 Charges Related to Operating Lease Right-of-Use Assets:* This relates to impairment charges on our leased assets for a portion of one of our locations as we no longer use the space and have revised our estimated loss.

*Reorganization Costs:* The costs consist primarily of severance costs associated with the Company's reorganization plan.

**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, loss on change in fair value of redeemable warrants, stock-based compensation expense, impairment charges related to operating right-of-use assets and reorganization costs, each as discussed above.