



RMNI Q3-2022 8K EARNING  
RELEASE EXHIBIT 99.1



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

ASSETS	September 30, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 118,576	\$ 119,571
Restricted cash	417	419
Accounts receivable, net of allowance of \$744 and \$576, respectively	59,223	135,447
Deferred contract costs, current	16,372	14,985
Short-term Investments	11,147	—
Prepaid expenses and other	21,253	16,340
Total current assets	226,988	286,762
<b>Long-term assets:</b>		
Property and equipment, net of accumulated depreciation and amortization of \$14,754 and \$13,278, respectively	5,565	4,435
Operating lease right-of-use assets	10,843	12,722
Deferred contract costs, noncurrent	22,548	21,524
Deposits and other	3,975	1,786
Deferred income taxes, net	63,430	64,033
Total assets	\$ 333,349	\$ 391,262
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 4,227	\$ 3,664
Accounts payable	8,301	5,708
Accrued compensation, benefits and commissions	35,993	36,558
Other accrued liabilities	23,886	26,124
Operating lease liabilities, current	4,123	4,227
Deferred revenue, current	212,070	253,221
Total current liabilities	288,600	329,502
<b>Long-term liabilities:</b>		
Long-term debt, net of current maturities	71,445	79,655
Deferred revenue, noncurrent	36,117	47,047
Operating lease liabilities, noncurrent	9,987	12,511
Other long-term liabilities	2,575	2,933
Total liabilities	408,724	471,648
<b>Stockholders' Deficit:</b>		
Preferred Stock, \$0.0001 par value. 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 88,223 and 87,107 shares, respectively	9	9
Additional paid-in capital	154,111	149,234
Accumulated other comprehensive loss	(5,382)	(2,724)
Accumulated deficit	(222,997)	(225,789)
Treasury stock, at cost	(1,116)	(1,116)
Total stockholders' deficit	(75,375)	(80,386)
Total liabilities and stockholders' deficit	\$ 333,349	\$ 391,262

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue	\$ 101,931	\$ 95,642	\$ 301,041	\$ 275,151
Cost of revenue	39,271	33,376	113,822	101,807
Gross profit	62,660	62,266	187,219	173,344
<b>Operating expenses:</b>				
Sales and marketing	35,934	32,527	103,840	96,067
General and administrative	18,454	15,631	57,267	48,728
Impairment charges related operating right of use assets	—	—	—	393
Litigation costs and related recoveries:				
Professional fees and other costs of litigation	6,145	6,581	12,837	14,130
Insurance costs and recoveries, net	92	—	(389)	—
Litigation costs and related recoveries, net	6,237	6,581	12,448	14,130
Total operating expenses	60,625	54,739	173,555	159,318
Operating income	2,035	7,527	13,664	14,026
<b>Non-operating income and (expenses):</b>				
Interest expense	(1,167)	(653)	(2,974)	(738)
Loss on change in fair value of redeemable warrants	—	(2,053)	—	(3,023)
Other income (expenses), net	(1,329)	(1,161)	(2,696)	(885)
Income (loss) before income taxes	(461)	3,660	7,994	9,380
Income taxes	56	(1,729)	(5,202)	(4,218)
Net income (loss)	\$ (405)	\$ 1,931	\$ 2,792	\$ 5,162
Net income (loss) attributable to common stockholders	\$ (405)	\$ (6,691)	\$ 2,792	\$ (21,382)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ —	\$ (0.08)	\$ 0.03	\$ (0.26)
Diluted	\$ —	\$ (0.08)	\$ 0.03	\$ (0.26)
Weighted average number of shares of Common Stock outstanding:				
Basic	87,965	86,189	87,441	83,449
Diluted	87,965	86,189	89,054	83,449

**RIMINI STREET, INC.**  
**GAAP to Non-GAAP Reconciliations**

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
<b>Non-GAAP operating income reconciliation:</b>				
Operating income	\$ 2,035	\$ 7,527	\$ 13,664	\$ 14,026
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	6,237	6,581	12,448	14,130
Stock-based compensation expense	2,443	2,393	8,653	7,104
Impairment charges related to operating right-of-use assets	—	—	—	393
Non-GAAP operating income	<u>\$ 10,715</u>	<u>\$ 16,501</u>	<u>\$ 34,765</u>	<u>\$ 35,653</u>
<b>Non-GAAP net income reconciliation:</b>				
Net income (loss)	\$ (405)	\$ 1,931	\$ 2,792	\$ 5,162
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	6,237	6,581	12,448	14,130
Loss on change in fair value of redeemable warrants	—	2,053	—	3,023
Stock-based compensation expense	2,443	2,393	8,653	7,104
Impairment charges related to operating right-of-use assets	—	—	—	393
Non-GAAP net income	<u>\$ 8,275</u>	<u>\$ 12,958</u>	<u>\$ 23,893</u>	<u>\$ 29,812</u>
<b>Non-GAAP Adjusted EBITDA reconciliation:</b>				
Net income (loss)	\$ (405)	\$ 1,931	\$ 2,792	\$ 5,162
Non-GAAP adjustments:				
Interest expense	1,167	653	2,974	738
Income taxes	(56)	1,729	5,202	4,218
Depreciation and amortization expense	649	598	1,871	1,772
EBITDA	<u>1,355</u>	<u>4,911</u>	<u>12,839</u>	<u>11,890</u>
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	6,237	6,581	12,448	14,130
Loss on change in fair value of redeemable warrants	—	2,053	—	3,023
Stock-based compensation expense	2,443	2,393	8,653	7,104
Impairment charges related to operating right-of-use assets	—	—	—	393
Adjusted EBITDA	<u>\$ 10,035</u>	<u>\$ 15,938</u>	<u>\$ 33,940</u>	<u>\$ 36,540</u>
<b>Billings:</b>				
Revenue	\$ 101,931	\$ 95,642	\$ 301,041	\$ 275,151
Deferred revenue, current and noncurrent, as of the end of the period	248,187	243,682	248,187	243,682
Deferred revenue, current and noncurrent, as of the beginning of the period	<u>300,387</u>	<u>265,638</u>	<u>300,268</u>	<u>256,933</u>
Change in deferred revenue	(52,200)	(21,956)	(52,081)	(13,251)
Billings	<u>\$ 49,731</u>	<u>\$ 73,686</u>	<u>\$ 248,960</u>	<u>\$ 261,900</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. 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 Annualized 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 excluded 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 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 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 of redeemable warrants, stock-based compensation expense and impairment charge related to operating right-of-use assets, as discussed above.