



# RMNI Q1-2022 GAAP TO NON-GAAP RECONCILIATION



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

ASSETS	March 31, 2022	December 31, 2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 158,046	\$ 119,571
Restricted cash	419	419
Accounts receivable, net of allowance of \$792 and \$576, respectively	91,288	135,447
Deferred contract costs, current	15,714	14,985
Prepaid expenses and other	17,087	16,340
Total current assets	282,554	286,762
<b>Long-term assets:</b>		
Property and equipment, net of accumulated depreciation and amortization of \$13,869 and \$13,278, respectively	4,519	4,435
Operating lease right-of-use assets	12,498	12,722
Deferred contract costs, noncurrent	23,107	21,524
Deposits and other	1,760	1,786
Deferred income taxes, net	63,358	64,033
Total assets	\$ 387,796	\$ 391,262
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 3,664	\$ 3,664
Accounts payable	3,620	5,708
Accrued compensation, benefits and commissions	37,327	36,558
Other accrued liabilities	22,451	26,124
Operating lease liabilities, current	4,482	4,227
Deferred revenue, current	248,503	253,221
Total current liabilities	320,047	329,502
<b>Long-term liabilities:</b>		
Long-term debt, net of current maturities	78,770	79,655
Deferred revenue, noncurrent	51,526	47,047
Operating lease liabilities, noncurrent	11,900	12,511
Other long-term liabilities	2,852	2,933
Total liabilities	465,095	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 87,011 and 87,107 shares, respectively	9	9
Additional paid-in capital	149,420	149,234
Accumulated other comprehensive loss	(2,910)	(2,724)
Accumulated deficit	(225,702)	(225,789)
Treasury stock, at cost	(1,116)	(1,116)
Total stockholders' deficit	(77,299)	(80,386)
Total liabilities and stockholders' deficit	\$ 387,796	\$ 391,262

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ 97,910	\$ 87,895
Cost of revenue	37,207	33,836
Gross profit	60,703	54,059
<b>Operating expenses:</b>		
Sales and marketing	31,700	30,383
General and administrative	19,951	16,603
Impairment charges related operating right of use assets	—	393
Litigation costs and related recoveries:		
Professional fees and other costs of litigation	3,499	4,763
Insurance costs and recoveries, net	(389)	—
Litigation costs and related recoveries, net	3,110	4,763
Total operating expenses	54,761	52,142
Operating income	5,942	1,917
<b>Non-operating income and (expenses):</b>		
Interest expense	(808)	(47)
Loss on change in fair value of redeemable warrants	—	(4,668)
Other income, net	209	772
Income (loss) before income taxes	5,343	(2,026)
Income tax expense	(2,256)	(1,550)
Net income (loss)	\$ 3,087	\$ (3,576)
Net income (loss) attributable to common stockholders	\$ 3,087	\$ (9,845)
Net income (loss) per share attributable to common stockholders:		
Basic	\$ 0.04	\$ (0.13)
Diluted	\$ 0.03	\$ (0.13)
Weighted average number of shares of Common Stock outstanding:		
Basic	87,124	78,733
Diluted	88,485	78,733

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Non-GAAP operating income reconciliation:</b>		
Operating income	\$ 5,942	\$ 1,917
Non-GAAP adjustments:		
Litigation costs and related recoveries, net	3,110	4,763
Stock-based compensation expense	3,051	2,233
Impairment charges related to operating right-of-use assets	—	393
Non-GAAP operating income	<u>\$ 12,103</u>	<u>\$ 9,306</u>
<b>Non-GAAP net income reconciliation:</b>		
Net income (loss)	\$ 3,087	\$ (3,576)
Non-GAAP adjustments:		
Litigation costs and related recoveries, net	3,110	4,763
Loss on change in fair value of redeemable warrants	—	4,668
Stock-based compensation expense	3,051	2,233
Impairment charges related to operating right-of-use assets	—	393
Non-GAAP net income	<u>\$ 9,248</u>	<u>\$ 8,481</u>
<b>Non-GAAP Adjusted EBITDA reconciliation:</b>		
Net income (loss)	\$ 3,087	\$ (3,576)
Non-GAAP adjustments:		
Interest expense	808	47
Income tax expense	2,256	1,550
Depreciation and amortization expense	577	584
EBITDA	<u>6,728</u>	<u>(1,395)</u>
Non-GAAP adjustments:		
Litigation costs and related recoveries, net	3,110	4,763
Loss on change in fair value of redeemable warrants	—	4,668
Stock-based compensation expense	3,051	2,233
Impairment charges related to operating right-of-use assets	—	393
Adjusted EBITDA	<u>\$ 12,889</u>	<u>\$ 10,662</u>
<b>Billings:</b>		
Revenue	\$ 97,910	\$ 87,895
Deferred revenue, current and noncurrent, as of the end of the period	300,029	249,997
Deferred revenue, current and noncurrent, as of the beginning of the period	<u>300,268</u>	<u>256,933</u>
Change in deferred revenue	(239)	(6,936)
Billings	<u>\$ 97,671</u>	<u>\$ 80,959</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.

*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.