



RMNI Q4- FISCAL YEAR 2023
8K EARNING RELEASE
EXHIBIT 99.1



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

ASSETS	December 31, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 115,424	\$ 109,008
Restricted cash	428	426
Accounts receivable, net of allowance of \$656 and \$723, respectively	119,430	116,093
Deferred contract costs, current	17,934	17,218
Short-term investments	9,826	20,115
Prepaid expenses and other	25,647	18,846
Total current assets	<u>288,689</u>	<u>281,706</u>
Long-term assets:		
Property and equipment, net of accumulated depreciation and amortization of \$18,231 and \$15,441, respectively	10,496	6,113
Operating lease right-of-use assets	5,941	7,142
Deferred contract costs, noncurrent	23,559	23,508
Deposits and other	6,109	7,057
Deferred income taxes, net	59,002	65,515
Total assets	<u>\$ 393,796</u>	<u>\$ 391,041</u>
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	\$ 5,912	\$ 4,789
Accounts payable	5,997	8,040
Accrued compensation, benefits and commissions	38,961	37,459
Other accrued liabilities	18,128	32,676
Operating lease liabilities, current	4,321	4,223
Deferred revenue, current	263,115	265,840
Total current liabilities	<u>336,434</u>	<u>353,027</u>
Long-term liabilities:		
Long-term debt, net of current maturities	64,228	70,003
Deferred revenue, noncurrent	23,859	34,081
Operating lease liabilities, noncurrent	6,841	9,094
Other long-term liabilities	1,930	2,006
Total liabilities	<u>433,292</u>	<u>468,211</u>
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 89,595 and 88,517 shares, respectively	9	9
Additional paid-in capital	167,988	156,401
Accumulated other comprehensive loss	(4,167)	(4,195)
Accumulated deficit	(202,210)	(228,269)
Treasury stock	(1,116)	(1,116)
Total stockholders' deficit	<u>(39,496)</u>	<u>(77,170)</u>
Total liabilities, redeemable preferred stock and stockholders' deficit	<u>\$ 393,796</u>	<u>\$ 391,041</u>

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenue	\$ 112,111	\$ 108,621	\$ 431,496	\$ 409,662
Cost of revenue	43,712	38,563	162,513	152,385
Gross profit	68,399	70,058	268,983	257,277
Operating expenses:				
Sales and marketing	34,983	39,181	142,339	143,018
General and administrative	17,568	18,100	73,044	75,367
Impairment charges related to operating lease right-of-use assets	—	3,013	—	3,013
Reorganization costs	—	2,525	59	2,525
Litigation costs and related recoveries:				
Litigation settlement expense	2,743	—	2,743	—
Professional fees and other costs of litigation	1,558	12,817	7,033	25,654
Insurance costs and recoveries, net	—	—	—	(389)
Litigation costs and related recoveries, net	4,301	12,817	9,776	25,265
Total operating expenses	56,852	75,636	225,218	249,188
Operating income (loss)	11,547	(5,578)	43,765	8,089
Non-operating income and (expenses):				
Interest expense	(1,383)	(1,296)	(5,522)	(4,271)
Other income (expenses), net	1,189	2,684	2,989	(13)
Income (loss) before income taxes	11,353	(4,190)	41,232	3,805
Income taxes	(2,002)	(1,082)	(15,173)	(6,285)
Net income (loss)	\$ 9,351	\$ (5,272)	\$ 26,059	\$ (2,480)
Net income (loss) attributable to common stockholders	\$ 9,351	\$ (5,272)	\$ 26,059	\$ (2,480)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ 0.10	\$ (0.06)	\$ 0.29	\$ (0.03)
Diluted	\$ 0.10	\$ (0.06)	\$ 0.29	\$ (0.03)
Weighted average number of shares of Common Stock outstanding:				
Basic	89,462	88,355	89,073	87,672
Diluted	89,695	88,355	89,536	87,672

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Non-GAAP operating income reconciliation:				
Operating income (loss)	\$ 11,547	\$ (5,578)	\$ 43,765	\$ 8,089
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	4,301	12,817	9,776	25,265
Stock-based compensation expense	3,465	2,242	12,522	10,895
Impairment charges related to operating lease right-of-use assets	—	3,013	—	3,013
Reorganization costs	—	2,525	59	2,525
Non-GAAP operating income	<u>\$ 19,313</u>	<u>\$ 15,019</u>	<u>\$ 66,122</u>	<u>\$ 49,787</u>
Non-GAAP net income reconciliation:				
Net income (loss)	\$ 9,351	\$ (5,272)	\$ 26,059	\$ (2,480)
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	4,301	12,817	9,776	25,265
Stock-based compensation expense	3,465	2,242	12,522	10,895
Impairment charges related to operating lease right-of-use assets	—	3,013	—	3,013
Reorganization costs	—	2,525	59	2,525
Non-GAAP net income	<u>\$ 17,117</u>	<u>\$ 15,325</u>	<u>\$ 48,416</u>	<u>\$ 39,218</u>
Non-GAAP Adjusted EBITDA reconciliation:				
Net income (loss)	\$ 9,351	\$ (5,272)	\$ 26,059	\$ (2,480)
Non-GAAP adjustments:				
Interest expense	1,383	1,296	5,522	4,271
Income taxes	2,002	1,082	15,173	6,285
Depreciation and amortization expense	826	633	2,827	2,504
EBITDA	<u>13,562</u>	<u>(2,261)</u>	<u>49,581</u>	<u>10,580</u>
Non-GAAP adjustments:				
Litigation costs and related recoveries, net	4,301	12,817	9,776	25,265
Stock-based compensation expense	3,465	2,242	12,522	10,895
Impairment charges related to operating lease right-of-use assets	—	3,013	—	3,013
Reorganization costs	—	2,525	59	2,525
Adjusted EBITDA	<u>\$ 21,328</u>	<u>\$ 18,336</u>	<u>\$ 71,938</u>	<u>\$ 52,278</u>
Calculated Billings:				
Revenue	\$ 112,111	\$ 108,621	\$ 431,496	\$ 409,662
Deferred revenue, current and noncurrent, end of the period	286,974	299,921	286,974	299,921
Deferred revenue, current and noncurrent, beginning of the period	238,399	248,187	299,921	300,268
Change in deferred revenue	<u>48,575</u>	<u>51,734</u>	<u>(12,947)</u>	<u>(347)</u>
Calculated billings	<u>\$ 160,686</u>	<u>\$ 160,355</u>	<u>\$ 418,549</u>	<u>\$ 409,315</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, reorganization costs 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, stock-based compensation expense, reorganization costs 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.

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. As a result, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions 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 taxes, and depreciation and amortization expense.

Adjusted EBITDA is EBITDA adjusted to exclude: litigation costs and related recoveries, net, stock-based compensation expense, impairment charges related to operating right-of-use assets and reorganization costs, as discussed above.