



For Immediate Release

November 3, 2016

Covisint Corporation Announces Second Quarter Fiscal 2017 Financial Results

DETROIT – November 3, 2016 -- [Covisint Corporation](#) (Nasdaq: COVS), the leading Cloud Platform for building Identity and Internet of Things (IoT) applications, today announced financial results for the second quarter of fiscal 2017, which ended September 30, 2016.

"During the second quarter, we delivered total revenue of \$17.2 million, which included \$14.6 million in subscription revenue. Our margins remain strong and we finished the quarter with nearly \$35 million in cash, which was ahead of our expectations. We remain focused on driving subscription revenue sales growth, particularly within our core automotive vertical, while aggressively managing our cash position through strong expense management. We are raising our Fiscal Year End 2017 cash guidance to \$33 million and expect to be cash flow break-even for Fiscal Year 2018," said Covisint CEO, Sam Inman.

Second Quarter Fiscal 2017 Financial Highlights

Revenue

- Total revenue was \$17.2 million, a decrease of 7% compared to \$18.4 million in the prior year period.
- Subscription revenue was \$14.6 million, a decrease of 4% compared to \$15.3 million in the prior year period.
- Services revenue was \$2.6 million, a decrease of 18% compared to the prior year period.

Profitability

- GAAP gross margin was 48%, compared to 53% in the prior fiscal quarter and 54% in the prior year period.
- Non-GAAP gross margin was 55%, compared to 58% in the prior fiscal quarter and 59% in the prior year period.
- GAAP net loss was \$4.9 million or (\$0.12) per diluted share, compared to net loss of \$4.1 million or (\$0.10) per diluted share in the prior year.
- Non-GAAP net loss was \$4.1 million or (\$0.10) per diluted share, compared to net loss of \$3.7 million or (\$0.09) per diluted share in the prior year.

Balance Sheet

- The Company had \$34.8 million in cash and cash equivalents at September 30, 2016, compared with \$41.8 million at June 30, 2016.

Second Quarter Fiscal 2017 Business Highlights

- Enhanced relationships by renewing contracts with two global automotive OEMs to deliver their Supplier Portal, with new 5-year and 3-year agreements. We also renewed contracts with several Tier I automotive suppliers.
- Showcased the Covisint Platform at the [2016 Cisco Live! Conference](#) in Las Vegas, July 2016.
- Featured in 451 Research, [The Internet of Things Market Map 2016](#), published August 2016.
- Exhibited and presented at the [2016 Gartner Catalyst Conference](#) in San Diego, August 2016, where Covisint Chief Security Officer, David Miller presented on “Orchestrating Identities Across People, Systems and Things.”
- Featured in Gartner Research, [Critical Capabilities for Identity and Access Management as a Service, Worldwide](#), published September 2016.
- Showcased the Covisint Platform at the [2016 World Mobility Leadership Forum](#) in Detroit, September 2016.
- Featured in ABI Research, [Vehicle Prognostics Pave the Way for Advanced Driver Assistance Systems Progression](#), published September 2016.

Use of Non-GAAP Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles (“GAAP”), Covisint monitors non-GAAP measures, including non-GAAP gross profit, non-GAAP gross margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share. Each of these financial measures excludes the impact of certain items (the impact of stock award compensation expense, the amortization and impairment of intangible assets and amounts incurred for capitalized internal software costs) and, therefore, has not been calculated in accordance with GAAP.

Covisint monitors these non-GAAP measures to evaluate its ongoing operational performance and enhance an overall understanding of its past financial performance. Covisint believes that these non-GAAP metrics help illustrate underlying trends in its business that could otherwise be masked by the effect of the expenses that are excluded in non-GAAP gross profit, non-GAAP gross margin, non-GAAP net income (loss), non-GAAP net income (loss) per diluted share. Furthermore, Covisint uses these measures to establish budgets and operational goals for managing its business and evaluating its performance. Covisint also believes that these non-GAAP measures provide additional tools for investors to use in comparing its recurring core business operating results over multiple periods against other companies in its industry.

The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial

measures discussed in this press release to the most directly comparable GAAP financial measures is included with the financial statements contained in this press release. Management uses both GAAP and non-GAAP information in evaluating and operating its business internally and as such has determined that it is important to provide this information to investors.

Conference Call and Webcast Information

Covisint management will hold a conference call at 5:00 p.m. (Eastern time) today to discuss these results. The U.S. toll free dial-in for the conference call is 1-877-407-4018, and the international dial-in number is 1-201-689-8471. No passcode is required. A live webcast of the conference call will also be available on the company's website at investors.covisint.com.

For those unable to participate in the conference call, a replay will be available after the conclusion of the earnings call on November 3, 2016, through November 10, 2016. The U.S. toll-free replay dial-in number is 1-844-512-2921 and the international replay dial-in number is 1-412-317-6671. The replay passcode is 13647593.

About Covisint Corporation

Covisint is the leading Cloud Platform for building Identity and Internet of Things (IoT) applications. Our Cloud Platform technology facilitates the rapid development of identification, authorization and connection of complex networks of people, processes, systems and things.

The Covisint Cloud Platform supports customers in their endeavors to securely identify, authenticate and connect users, devices, applications and information. It supports 2,000 organizations who connect more than 212,000 business partners and customers that support \$4 billion in ecommerce transactions annually. Learn more at <http://www.covisint.com/>.

- [Covisint on Twitter](#)
- [Covisint on LinkedIn](#)
- [Covisint on Facebook](#)

Forward-looking Statements

This press release contains forward-looking statements, including statements regarding Covisint's future financial performance, market growth, the demand for Covisint's solutions, and general business conditions. Any forward-looking statements contained in this press release are based upon Covisint's historical performance and its current plans, estimates and expectations and are not a representation that such plans, estimates, or expectations will be achieved. These forward-looking statements represent Covisint's expectations as of the date of this press release. Subsequent events may cause these expectations to change, and Covisint disclaims any obligation to update the forward-looking statements in the future. These forward-looking statements are subject to known and unknown risks and

uncertainties that may cause actual results to differ materially. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, our ability to attract new customers; the extent to which customers renew their contracts; the extent we are able to maintain pricing with our customers at renewal; the continued growth of the market for our solutions; the success of our channel partner and certified partner strategies; competition from current competitors and new market entrants; unpredictable macro-economic conditions; the loss of any of our key employees; the length of the sales for our solutions; and other risk and uncertainties. Further information on potential factors that could affect actual results is included in Covisint's reports filed with the SEC.

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<http://www.covisint.com>

COVISINT CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)
(Unaudited)

| | <u>September 30, 2016</u> | <u>March 31, 2016</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$34,814 | \$39,681 |
| Accounts receivable, net of allowance for doubtful accounts of \$72 and \$39 as of September 30, 2016 and March 31, 2016, respectively | 9,243 | 12,836 |
| Prepaid expenses | 2,069 | 2,167 |
| Other current assets | 689 | 1,603 |
| Total current assets | <u>46,815</u> | <u>56,287</u> |
| PROPERTY AND EQUIPMENT, NET | <u>6,460</u> | <u>7,847</u> |
| CAPITALIZED SOFTWARE AND OTHER INTANGIBLE ASSETS, NET | <u>10,920</u> | <u>11,486</u> |
| OTHER: | | |
| Goodwill | 25,385 | 25,385 |
| Deferred costs | 381 | 580 |
| Deferred tax asset, net | 169 | 171 |
| Other assets | 205 | 289 |
| Total other assets | <u>26,140</u> | <u>26,425</u> |
| TOTAL ASSETS | <u>\$90,335</u> | <u>\$102,045</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$4,654 | \$5,061 |
| Accrued commissions | 1,911 | 1,071 |
| Deferred revenue | 16,504 | 15,952 |
| Accrued expenses | 1,565 | 2,377 |
| Total current liabilities | <u>24,634</u> | <u>24,461</u> |
| DEFERRED REVENUE | 655 | 3,595 |
| ACCRUED LIABILITIES | 2,355 | 2,327 |
| DEFERRED TAX LIABILITY, NET | 364 | 353 |
| Total liabilities | <u>28,008</u> | <u>30,736</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, no par value - authorized 5,000,000 shares; none issued and outstanding | — | — |
| Common stock, no par value - authorized 50,000,000 shares; issued and outstanding 40,797,757 (40,490,928 issued and outstanding as of March 31, 2016) | — | — |
| Additional paid-in capital | 163,038 | 161,997 |
| Retained deficit | (100,442) | (90,527) |
| Accumulated other comprehensive loss | (269) | (161) |
| Total shareholders' equity | <u>62,327</u> | <u>71,309</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$90,335</u> | <u>\$102,045</u> |

See notes to consolidated financial statements.

COVISINT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In Thousands, Except Per Share Data)
(Unaudited)

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|-----------------------------------------------|-------------------------------------|-----------|-----------------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| REVENUE | \$17,170 | \$18,393 | \$34,616 | \$36,875 |
| COST OF REVENUE | 8,873 | 8,469 | 17,094 | 18,246 |
| GROSS PROFIT | 8,297 | 9,924 | 17,522 | 18,629 |
| OPERATING EXPENSES: | | | | |
| Research and development | 2,962 | 3,127 | 6,738 | 6,790 |
| Sales and marketing | 7,053 | 7,183 | 14,264 | 14,659 |
| General and administrative | 3,187 | 3,730 | 6,395 | 7,817 |
| Total operating expenses | 13,202 | 14,040 | 27,397 | 29,266 |
| OPERATING LOSS | (4,905) | (4,116) | (9,875) | (10,637) |
| Other income (expense) | 17 | (33) | 33 | (31) |
| LOSS BEFORE INCOME TAX PROVISION | (4,888) | (4,149) | (9,842) | (10,668) |
| INCOME TAX PROVISION (BENEFIT) | 24 | (23) | 73 | 44 |
| NET LOSS | (\$4,912) | (\$4,126) | (\$9,915) | (\$10,712) |
| Basic and diluted loss per share | (\$0.12) | (\$0.10) | (\$0.24) | (\$0.27) |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX | | | | |
| Foreign currency translation adjustments | (13) | (85) | (108) | (82) |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX | (13) | (85) | (108) | (82) |
| COMPREHENSIVE LOSS | (\$4,925) | (\$4,211) | (\$10,023) | (\$10,794) |

See notes to consolidated financial statements.

COVISINT CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(In Thousands, Except Per Share Data)
(Unaudited)

| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
|--------------------------------------|-------------------------------------|----------|-----------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Gross profit | \$8,297 | \$9,924 | \$17,522 | \$18,629 |
| Gross margin | 48 % | 54 % | 51 % | 51 % |
| <i>Adjustments:</i> | | | | |
| Stock compensation expense | 16 | 22 | 21 | 52 |
| % of total revenue | — % | — % | — % | — % |
| Amortization of capitalized software | 1,150 | 905 | 1,995 | 1,809 |
| % of total revenue | 7 % | 5 % | 5 % | 5 % |
| Non-GAAP gross profit | \$9,463 | \$10,851 | \$19,538 | \$20,490 |
| Non-GAAP gross margin | 55 % | 59 % | 56 % | 56 % |

| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
|--------------------------------------|-------------------------------------|---------|-----------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Cost of revenue | \$8,873 | \$8,469 | \$17,094 | \$18,246 |
| <i>Adjustments:</i> | | | | |
| Stock compensation expense | 16 | 22 | 21 | 52 |
| Amortization of capitalized software | 1,150 | 905 | 1,995 | 1,809 |
| Non-GAAP cost of revenue | \$7,707 | \$7,542 | \$15,078 | \$16,385 |

| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
|------------------------------------|-------------------------------------|---------|-----------------------------------|---------|
| | 2016 | 2015 | 2016 | 2015 |
| Research and development | \$2,962 | \$3,127 | \$6,738 | \$6,790 |
| <i>Adjustments:</i> | | | | |
| Capitalized intenal software costs | (740) | (1,126) | (1,428) | (1,526) |
| Stock compensation expense | 11 | 28 | 15 | 54 |
| Non-GAAP research and development | \$3,691 | \$4,225 | \$8,151 | \$8,262 |

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| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
|------------------------------------------------------------|-------------------------------------|-----------|-----------------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| Sales and marketing | \$7,053 | \$7,183 | \$14,264 | \$14,659 |
| <i>Adjustments:</i> | | | | |
| Stock compensation expense | 69 | 232 | 118 | 341 |
| Amortization of customer relationship agreements | — | — | — | — |
| Non-GAAP sales and marketing | \$6,984 | \$6,951 | \$14,146 | \$14,318 |
| | | | | |
| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| General and administrative | \$3,187 | \$3,730 | \$6,395 | \$7,817 |
| <i>Adjustments:</i> | | | | |
| Stock compensation expense | 340 | 391 | 773 | 1,375 |
| Amortization of trademarks | — | — | — | — |
| Non-GAAP general and administrative | \$2,847 | \$3,339 | \$5,622 | \$6,442 |
| | | | | |
| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net loss | (\$4,912) | (\$4,126) | (\$9,915) | (\$10,712) |
| <i>Adjustments:</i> | | | | |
| Capitalized internal software costs | (740) | (1,126) | (1,428) | (1,526) |
| Stock compensation expense | 436 | 673 | 927 | 1,822 |
| Amortization of capitalized software and other intangibles | 1,150 | 905 | 1,995 | 1,809 |
| Non-GAAP net loss | (\$4,066) | (\$3,674) | (\$8,421) | (\$8,607) |
| | | | | |
| | THREE MONTHS ENDED SEPTEMBER 30, | | SIX MONTHS ENDED SEPTEMBER 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Diluted EPS | (\$0.12) | (\$0.10) | (\$0.24) | (\$0.27) |
| <i>Adjustments:</i> | | | | |
| Capitalized internal software costs | (0.02) | (0.03) | (0.04) | (0.04) |
| Stock compensation expense | 0.01 | 0.02 | 0.02 | 0.05 |
| Amortization of capitalized software and other intangibles | 0.03 | 0.02 | 0.05 | 0.04 |
| Non-GAAP diluted EPS | (\$0.10) | (\$0.09) | (\$0.21) | (\$0.22) |

COVISINT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

| | Six Months Ended September 30, | |
|-----------------------------------------------------------------------------|-----------------------------------|-----------------|
| | 2016 | 2015 |
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Net loss | (\$9,915) | (\$10,712) |
| Adjustments to reconcile net loss to cash provided by (used in) operations: | | |
| Depreciation and amortization | 3,587 | 3,497 |
| Deferred income taxes | 23 | 48 |
| Stock award compensation | 927 | 1,822 |
| Other | — | 5 |
| Net change in assets and liabilities: | | |
| Accounts receivable | 3,565 | 2,723 |
| Other assets | 1,285 | 3,658 |
| Accounts payable and accrued expenses | (72) | (1,625) |
| Deferred revenue | (2,360) | (2,986) |
| Net cash used in operating activities | <u>(2,960)</u> | <u>(3,570)</u> |
| CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES: | | |
| Purchase of: | | |
| Property and equipment | (188) | (3,451) |
| Capitalized software | (1,428) | (1,526) |
| Proceeds from asset disposals | — | 29 |
| Net cash used in investing activities | <u>(1,616)</u> | <u>(4,948)</u> |
| CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES: | | |
| Vendor financing payments | (369) | (369) |
| Net proceeds from exercise of stock awards | 121 | 486 |
| Net cash provided by (used in) financing activities | <u>(248)</u> | <u>117</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (43) | 19 |
| NET CHANGE IN CASH | <u>(4,867)</u> | <u>(8,382)</u> |
| CASH AT BEGINNING OF PERIOD | 39,681 | 50,077 |
| CASH AT END OF PERIOD | <u>\$34,814</u> | <u>\$41,695</u> |

See notes to consolidated financial statements.