

Model **N**

Investor Supplemental

Third Quarter of Fiscal Year 2019 Financial Results

August 6, 2019

Forward Looking Statements

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Exceeded All Q3 Guidance Metrics; Another Well Executed Quarter with Continued Momentum Acquiring New Customers

- **Subscription revenue of \$26.6M**, up 2.7% sequentially
- **Record subscription Non-GAAP gross margin of 71%**, up 6 pts vs. FY18-Q3
- **Adjusted EBITDA margin of 9%**, up 1.7 pts vs. FY18-Q3
- **Free cash flow of \$4.6M** through the third quarter
- **Augmented management team with proven leaders from Workday and Veeva Systems** in the last 6 months
- **New customer acquisition momentum** continued after strong H1
- **Increased full year guidance midpoint** for revenue and profitability

*Reconciliation of GAAP to Non-GAAP numbers is available in the 8K filed in 08/06/2019 related to Q3 2019 Earnings Release

ASC 606 and SaaS Transition Headwinds are Moderating; Q4 Guidance Implies Healthy Sequential Total Revenue Growth

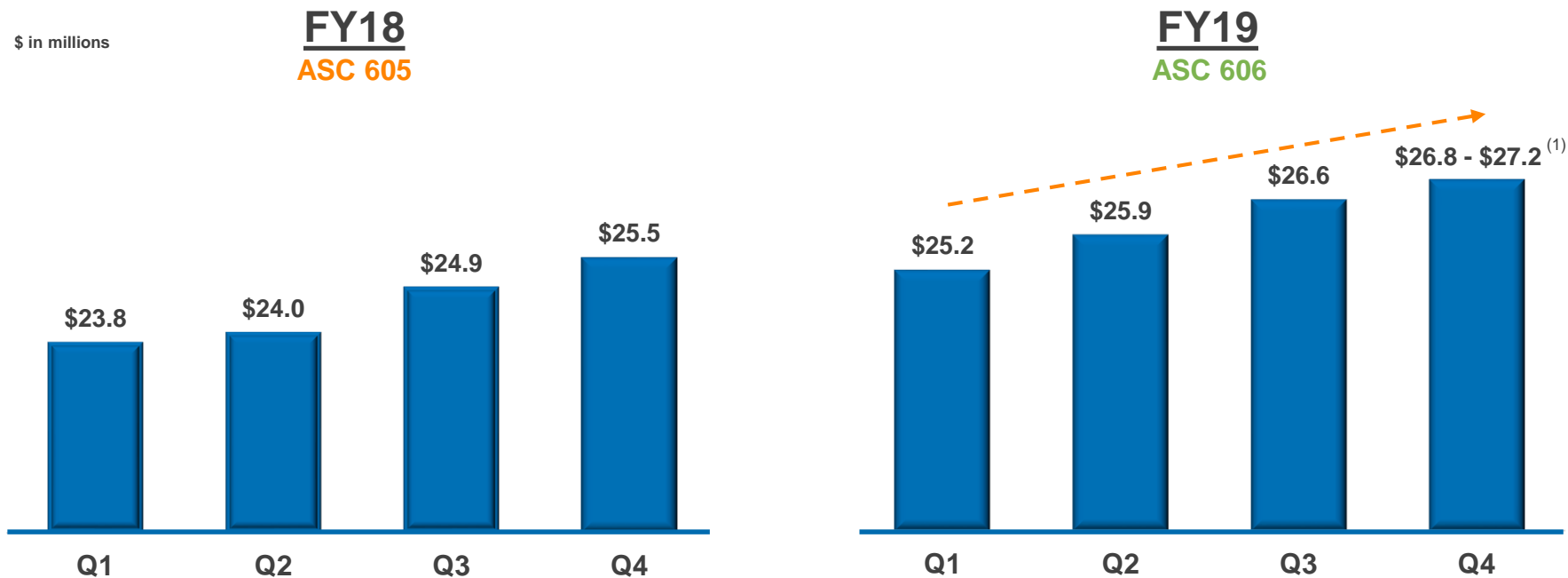
\$ in millions (except per share)	FY19-Q3 Actual	FY19-Q3 Guidance Range	FY19-Q4 Guidance Range	FY19 Full Year Guidance Range
Total Revenue	\$34.7	\$33.9 - \$34.3	\$35.5 - \$35.9	\$140.1 - \$140.5
Subscription Revenue	\$26.6	\$26.0 - \$26.4	\$26.8 - \$27.2	\$104.6 - \$105.0
Non-GAAP Operating Income	\$3.0	\$1.8 - \$2.2	\$3.2 - \$4.2	\$10.2 - \$11.2
Non-GAAP EPS	\$0.06	\$0.00 - \$0.02	\$0.06 - \$0.10	\$0.16 - \$0.20
Adjusted EBITDA	\$3.3	\$1.4 - \$1.8	\$3.5 - \$4.5	\$11.5 - \$12.5

- Exceeded all Q3 guidance metrics
- Q4 guidance implies continued subscription revenue growth and profitability expansion
- Q4 guidance implies total revenue sequential growth

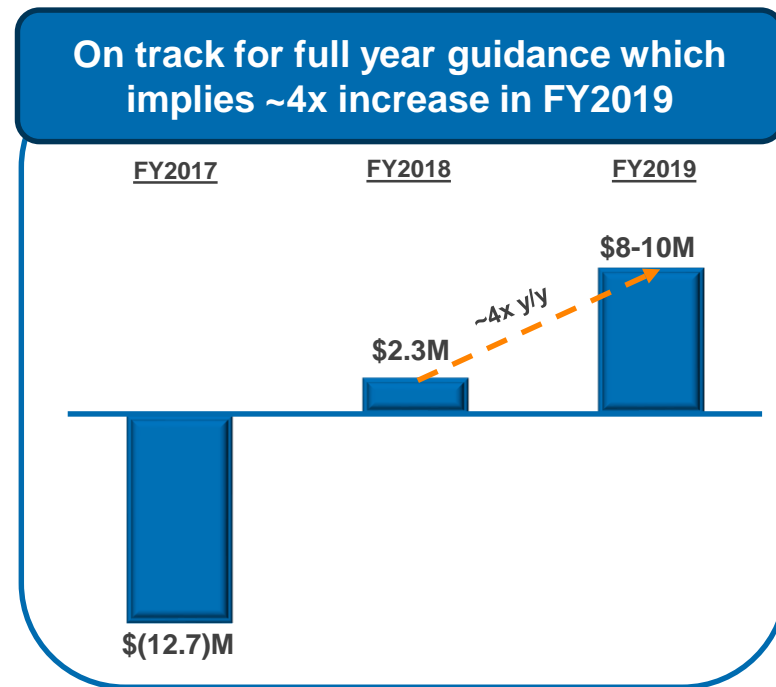
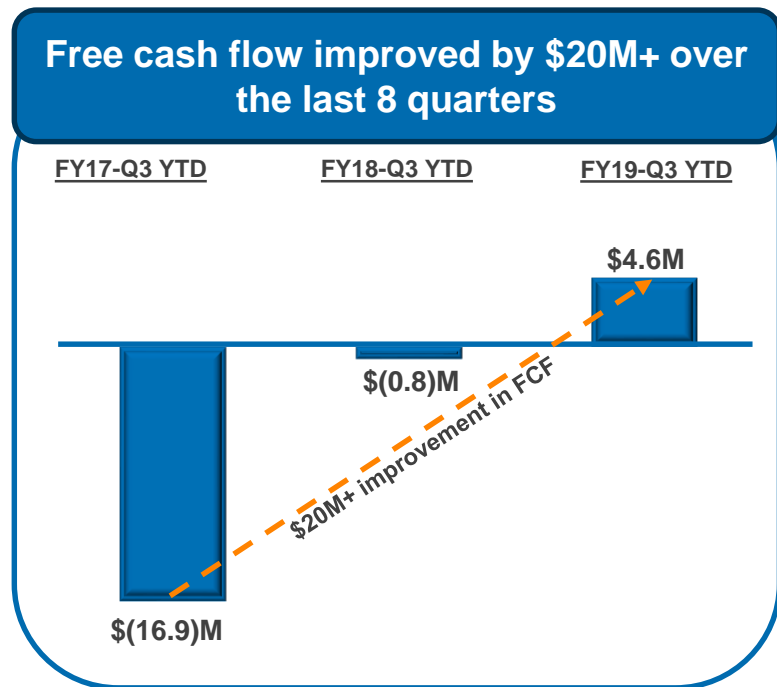
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Revenue Visibility and Predictability Improving as Subscription Revenue Base Continues Building

- New subscription bookings drive sequential growth



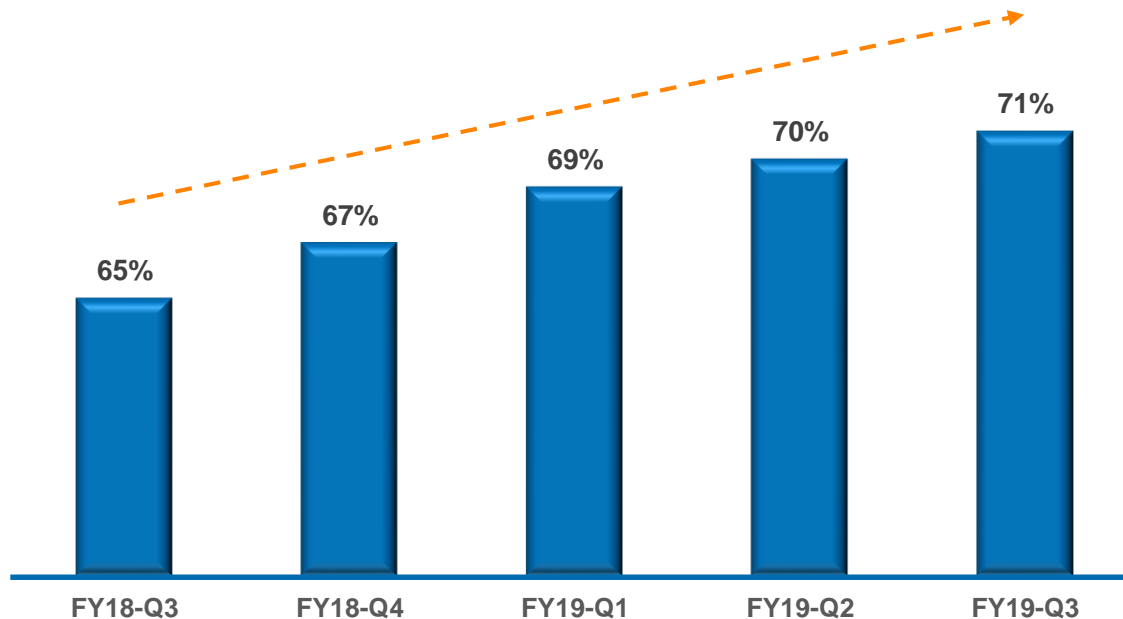
Significant Free Cash Flow Improvement



- Improved execution has led to meaningful positive free cash flow generation
- Free cash flow is being used to de-leverage the business

Non-GAAP Subscription Gross Margin Expansion Continues

- Continuing to execute on our plan



Income Statement

Model N, Inc.										
Condensed Consolidated Statements of Operations - GAAP										
(Unaudited, in thousands)										
	Q1'18	Q2'18	Q3'18	Q4'18	FY'18	Q1'19	Q2'19	Q3'19		
Revenues:										
Subscription	\$ 23,847	\$ 24,004	\$ 24,944	\$ 25,513	\$ 98,308	\$ 25,202	\$ 25,940	\$ 26,638		
Professional Services	15,220	15,230	14,673	11,201	56,324	9,875	8,903	8,074		
Total revenues	39,067	39,234	39,617	36,714	154,632	35,077	34,843	34,712		
Cost of Revenues:										
Subscription	9,615	9,440	9,564	9,201	37,820	8,738	8,852	8,658		
Professional Services	7,194	7,813	6,881	5,626	27,514	7,829	7,894	7,206		
Total cost of revenues	16,809	17,253	16,445	14,827	65,334	16,567	16,746	15,864		
Gross profit	22,258	21,981	23,172	21,887	89,298	18,510	18,097	18,848		
Operating Expenses:										
Research and development	9,068	8,047	7,746	7,555	32,416	7,412	7,415	7,060		
Sales and marketing	8,492	9,015	9,338	8,637	35,482	8,052	8,598	7,164		
General and administrative	8,731	7,324	17,044	9,079	42,178	6,156	6,833	6,713		
Total operating expenses	26,291	24,386	34,128	25,271	110,076	21,620	22,846	20,937		
Loss from operations	(4,033)	(2,405)	(10,956)	(3,384)	(20,778)	(3,110)	(4,749)	(2,089)		
Interest (income) expense, net	1,423	1,449	4,478	828	8,178	733	891	689		
Other (income) expenses, net	125	(87)	(344)	(416)	(722)	285	127	(4)		
Loss before income taxes	(5,581)	(3,767)	(15,090)	(3,796)	(28,234)	(4,128)	(5,767)	(2,774)		
Provision (benefit) for income taxes	(324)	129	345	(177)	(27)	598	141	230		
Net loss	\$ (5,257)	\$ (3,896)	\$ (15,435)	\$ (3,619)	\$ (28,207)	\$ (4,726)	\$ (5,908)	\$ (3,004)		
These schedules have been derived from, and should be read in conjunction with, our financial statements in our reports on Forms 10-Q and 10-K which are filed with the SEC.										

Intangibles Amortization & SBC

Model N, Inc.											
Condensed Consolidated Statements of Operations --- Non GAAP Adjustments											
(Unaudited, in thousands)											
	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19			
Amortization	\$ 476	\$ 476	\$ 476	\$ 476	\$ 1,904	\$ 476	\$ 476	\$ 476			
Stock-based compensation	251	346	375	428	1,400	460	469	435			
Total adjustment to cost of revenue - subscription	727	822	851	904	3,304	936	945	911			
Stock-based compensation	319	357	324	256	1,256	479	561	503			
Total adjustment to cost of revenue - professional services	319	357	324	256	1,256	479	561	503			
Stock-based compensation	657	743	744	839	2,983	764	861	771			
Total adjustment to operating expenses - research and development	657	743	744	839	2,983	764	861	771			
Amortization	942	906	905	905	3,658	895	889	889			
Stock-based compensation	871	660	986	1,007	3,524	1,145	1,239	440			
Total adjustment to operating expenses - sales and marketing	1,813	1,566	1,891	1,912	7,182	2,040	2,128	1,329			
Stock-based compensation	1,938	1,140	9,601	1,482	14,161	1,355	1,766	1,574			
Total adjustment to operating expenses - general and administrative	\$ 1,938	\$ 1,140	\$ 9,601	\$ 1,482	\$ 14,161	\$ 1,355	\$ 1,766	\$ 1,574			
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