

Model **N**

# Investor Supplemental

First Quarter Fiscal Year 2020 Financial Results

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February 4, 2020

# Forward Looking Statements

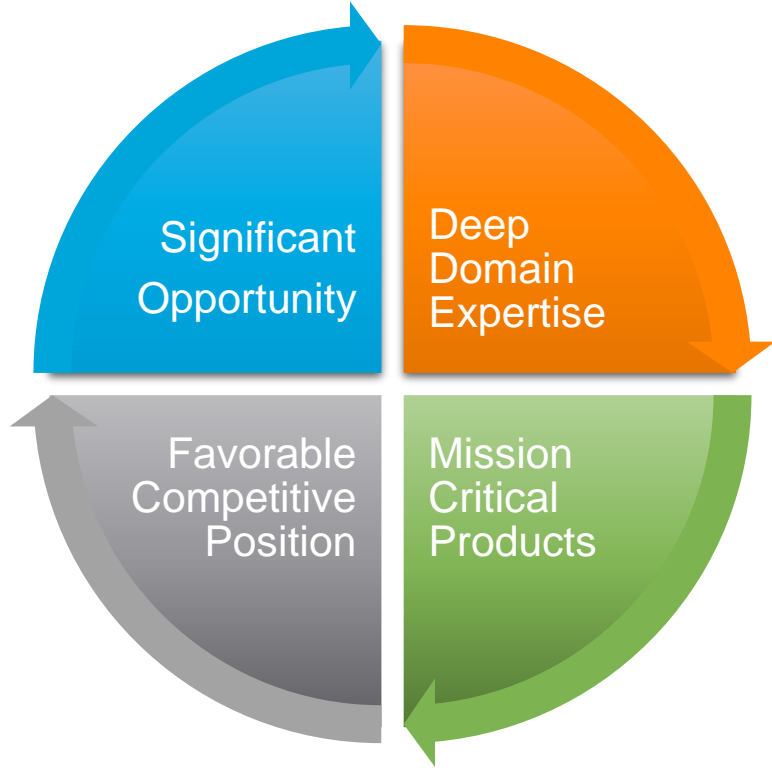
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# Well-Positioned for Growth as a Vertical SaaS Company

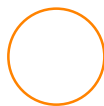
Industry Cloud Solutions for Life Sciences and High Tech



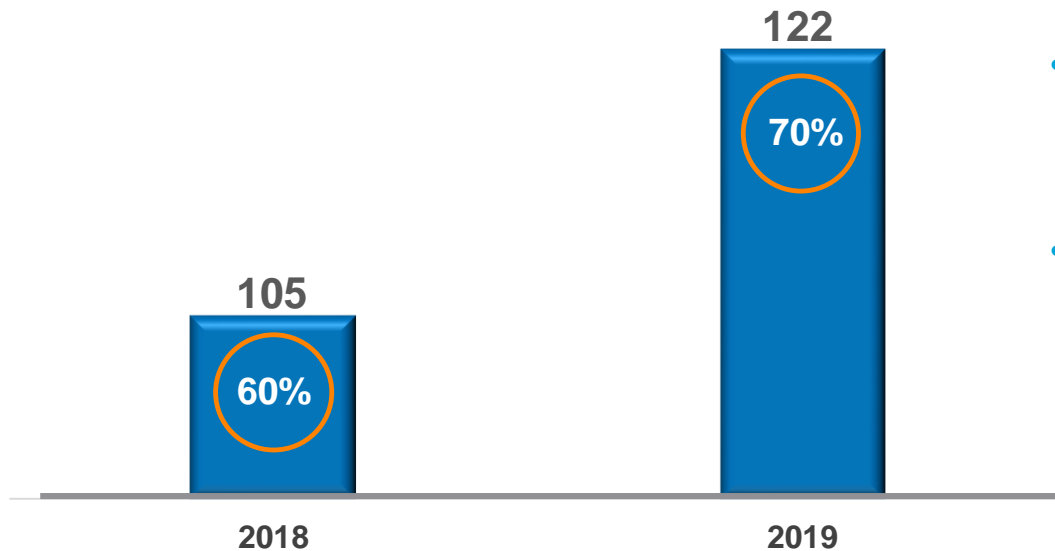
- Industry focus yielding significant impact and proven results
- Executing dynamic shift to cloud
- Delivering profitable growth

# Cloud Services Adoption

Over 120 Customers Are Now Using Our Cloud



% of customers using our cloud



- Over 70% of our customers use an average of 2.4 cloud products
- Significant opportunity to expand within our customer base

# Our Cloud Customers Include Many Industry Leaders

Serving Small, Emerging Companies to Global Enterprises



Land with a Single Product, Expand to a Full Suite

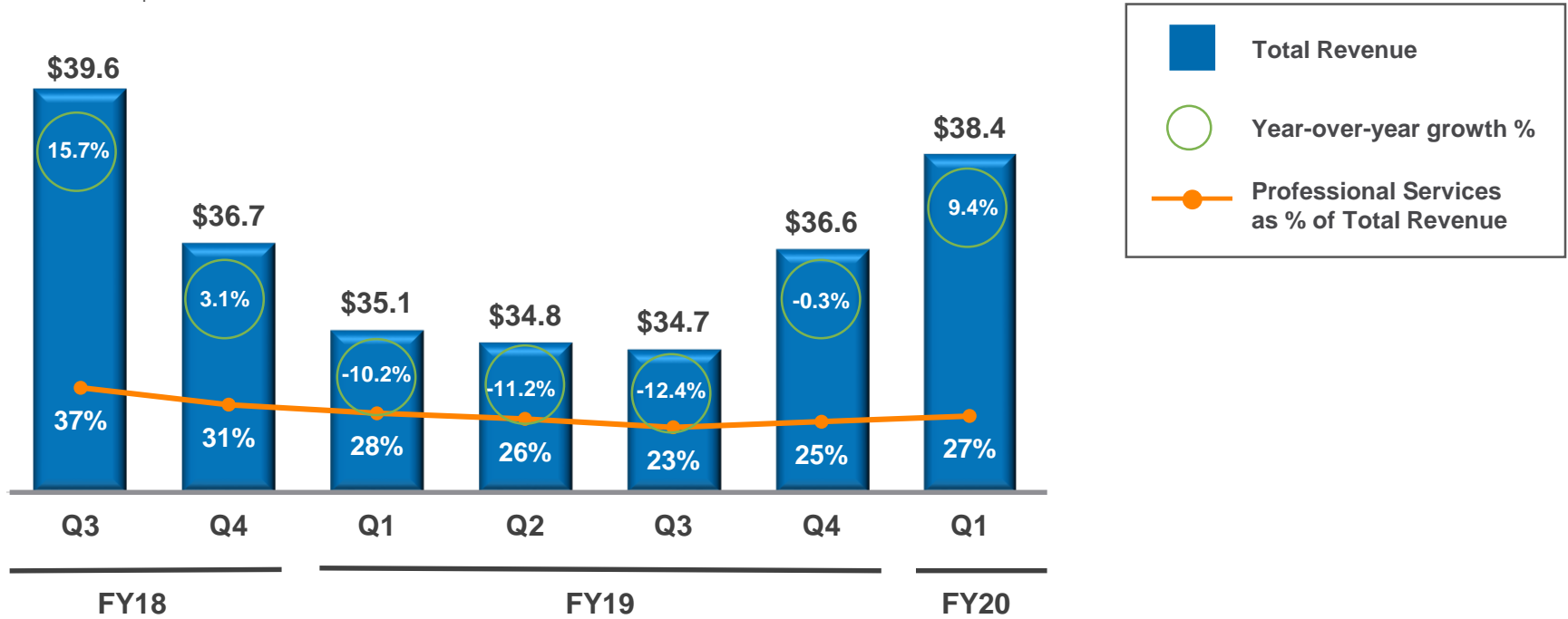
Small to Mid-sized

Global Enterprises

Note: The logos above are a representative sample of our cloud customers

# Revenue Expansion Continues Due to Momentum of Persistent Execution and Business Model Reset

Revenue in \$ millions



# Strong Execution Drove First Quarter Results and Exceeded Guidance Metrics

	In \$ millions (except per share)	FY20-Q1 Actual	FY20-Q1 Guidance Range
✓	Total Revenue	\$38.4	\$37.0 - \$37.4
✓	Subscription Revenue	\$28.2	\$27.6 - \$28.0
✓	Non-GAAP Operating Income <sup>(1)</sup>	\$4.6	\$2.9 - \$3.3
✓	Non-GAAP EPS <sup>(1)</sup>	\$0.12	\$0.05 - \$0.07
✓	Adjusted EBITDA <sup>(1)</sup>	\$4.8	\$3.2 - \$3.6

<sup>(1)</sup> Reconciliation of GAAP to Non-GAAP numbers is available in the 8-K filed on 02/04/2020 related to Q1 fiscal year 2020 earnings release.

# FY20 Guidance Represents Revenue and Profitability Expansion with Targeted Additions to the Sales and Product Organizations

In \$ millions (except per share)	FY20-Q2 Guidance Range	<u>Current</u> FY20 Full Year Guidance Range	<u>Prior</u> FY20 Full Year Guidance Range
Total Revenue	\$38.8 - \$39.2	\$154.0 - \$156.0	\$152.0 - \$155.0
Subscription Revenue	\$28.4 - \$28.8	\$113.0 - \$115.0	\$113.0 - \$115.0
Non-GAAP Operating Income	\$1.4 - \$1.8	\$12.0 - \$14.0	\$11.0 - \$14.0
Non-GAAP EPS	\$0.01 - \$0.03	\$0.25 - \$0.31	\$0.22 - \$0.31
Adjusted EBITDA	\$1.8 - \$2.2	\$13.0 - \$15.0	\$12.0 - \$15.0



# Income Statement

<b>Model N, Inc.</b>							
<b>Condensed Consolidated Statements of Operations - GAAP</b>							
<b>(Unaudited, in thousands)</b>							
	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>	<b>FY'19</b>	<b>Q1'20</b>	
<b>Revenues:</b>							
Subscription	\$ 25,202	\$ 25,940	\$ 26,638	\$ 27,439	\$ 105,219	\$ 28,182	
Professional Services	9,875	8,903	8,074	9,164	36,016	10,206	
Total revenues	<u>35,077</u>	<u>34,843</u>	<u>34,712</u>	<u>36,603</u>	<u>141,235</u>	<u>38,388</u>	
<b>Cost of Revenues:</b>							
Subscription	8,738	8,852	8,658	8,970	35,218	8,710	
Professional Services	7,829	7,894	7,206	7,983	30,912	7,642	
Total cost of revenues	<u>16,567</u>	<u>16,746</u>	<u>15,864</u>	<u>16,953</u>	<u>66,130</u>	<u>16,352</u>	
Gross profit	18,510	18,097	18,848	19,650	75,105	22,036	
<b>Operating Expenses:</b>							
Research and development	7,412	7,415	7,060	8,122	30,009	8,516	
Sales and marketing	8,052	8,598	7,164	9,080	32,894	9,013	
General and administrative	6,156	6,833	6,713	7,511	27,213	6,965	
Total operating expenses	<u>21,620</u>	<u>22,846</u>	<u>20,937</u>	<u>24,713</u>	<u>90,116</u>	<u>24,494</u>	
Loss from operations	(3,110)	(4,749)	(2,089)	(5,063)	(15,011)	(2,458)	
Interest expense, net	733	891	689	620	2,933	563	
Other expenses (income), net	285	127	(4)	(89)	319	(12)	
Loss before income taxes	(4,128)	(5,767)	(2,774)	(5,594)	(18,263)	(3,009)	
Provision for (benefit from) income taxes	598	141	230	61	1,030	(11)	
Net loss	<u>\$ (4,726)</u>	<u>\$ (5,908)</u>	<u>\$ (3,004)</u>	<u>\$ (5,655)</u>	<u>\$ (19,293)</u>	<u>\$ (2,998)</u>	
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)

	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20
Amortization	\$ 476	\$ 476	\$ 476	\$ 476	\$ 1,904	\$ 347
Stock-based compensation	460	469	435	1,104	2,468	522
<b>Total adjustment to cost of revenue - subscription</b>	<b>936</b>	<b>945</b>	<b>911</b>	<b>1,580</b>	<b>4,372</b>	<b>869</b>
Stock-based compensation	479	561	503	1,351	2,894	597
<b>Total adjustment to cost of revenue - professional services</b>	<b>479</b>	<b>561</b>	<b>503</b>	<b>1,351</b>	<b>2,894</b>	<b>597</b>
Stock-based compensation	764	861	771	1,749	4,145	1,426
<b>Total adjustment to operating expenses - research and development</b>	<b>764</b>	<b>861</b>	<b>771</b>	<b>1,749</b>	<b>4,145</b>	<b>1,426</b>
Amortization	895	889	889	890	3,563	890
Stock-based compensation	1,145	1,239	440	1,817	4,641	1,406
<b>Total adjustment to operating expenses - sales and marketing</b>	<b>2,040</b>	<b>2,128</b>	<b>1,329</b>	<b>2,707</b>	<b>8,204</b>	<b>2,296</b>
Stock-based compensation	1,355	1,766	1,574	2,497	7,192	1,872
<b>Total adjustment to operating expenses - general and administrative</b>	<b>\$ 1,355</b>	<b>\$ 1,766</b>	<b>\$ 1,574</b>	<b>\$ 2,497</b>	<b>\$ 7,192</b>	<b>\$ 1,872</b>

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# Adjusted EBITDA

## Model N, Inc.

### Reconciliation of Adjusted EBITDA

(Unaudited, in thousands)

	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20
<b>Reconciliation of Adjusted EBITDA:</b>						
Net loss	(4,726)	(5,908)	(3,004)	(5,655)	(19,293)	(2,998)
Adjustments:						
Stock-based compensation expense	4,203	4,896	3,723	8,518	21,340	5,823
Depreciation and amortization	1,842	1,691	1,658	1,599	6,790	1,452
Interest expense, net	733	891	689	620	2,933	563
Other expenses (income), net	285	127	(4)	(89)	319	(12)
Provision for (benefit from) income taxes	598	141	230	61	1,030	(11)
Adjusted EBITDA	2,935	1,838	3,292	5,054	13,119	4,817
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# Free Cash Flow

<b>Model N, Inc.</b>						
<b>Free Cash Flow</b>						
<b>(Unaudited, in thousands)</b>						
	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>	<b>FY'19</b>	<b>Q1'20</b>
Cash flows from operating activities	(4,261)	4,726	4,336	5,649	10,450	(4,991)
Purchases of property and equipment	(141)	(26)	(60)	(53)	(280)	(29)
Free cash flow	(4,402)	4,700	4,276	5,596	10,170	(5,020)
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