

Model **N**

Investor Supplemental

Fourth Quarter and Fiscal Year 2019 Financial Results

November 5, 2019

Forward Looking Statements

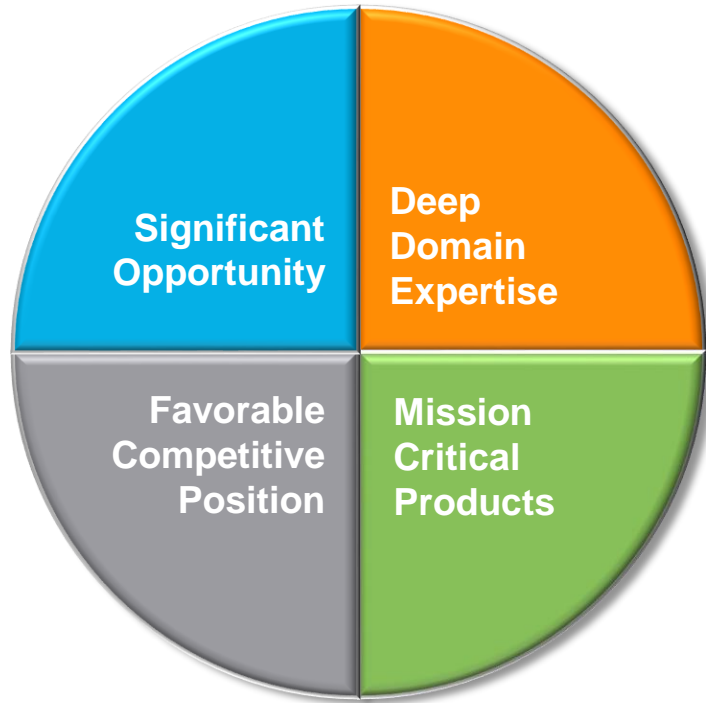
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Well-Positioned for Growth as a Vertical SaaS Company

Industry Cloud Solutions for Life Sciences and High Tech



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

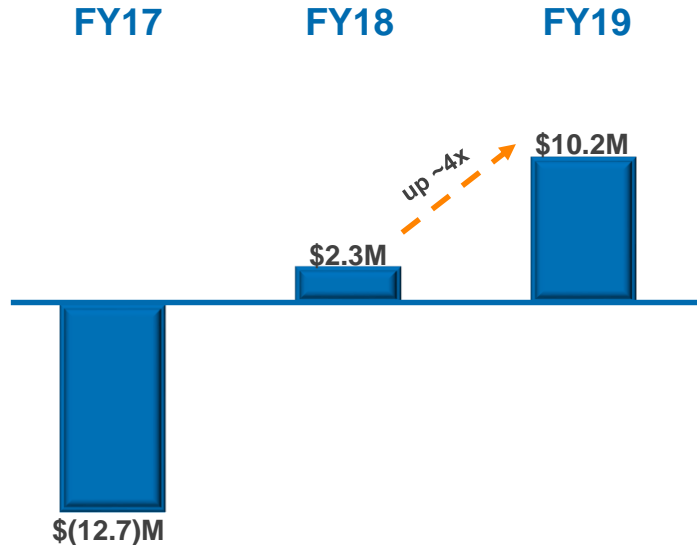
Strong Execution Drove Fourth Quarter Results and Exceeded Guidance Metrics

	In \$ millions (except per share)	FY19-Q4 Actual	FY19-Q4 Guidance Range
✓	Total Revenue	\$36.6	\$35.5 - \$35.9
✓	Subscription Revenue	\$27.4	\$26.8 - \$27.2
✓	Non-GAAP Operating Income ⁽¹⁾	\$4.8	\$3.2 - \$4.2
✓	Non-GAAP EPS ⁽¹⁾	\$0.12	\$0.06 - \$0.10
✓	Adjusted EBITDA ⁽¹⁾	\$5.1	\$3.5 - \$4.5

⁽¹⁾ Reconciliation of GAAP to Non-GAAP numbers is available in the 8-K filed on 11/05/2019 related to fiscal year 2019 and Q4 2019 earnings release.

Significantly Improved Free Cash Flow by more than 4x in the Last Year and over \$20M in the Last 2 Years

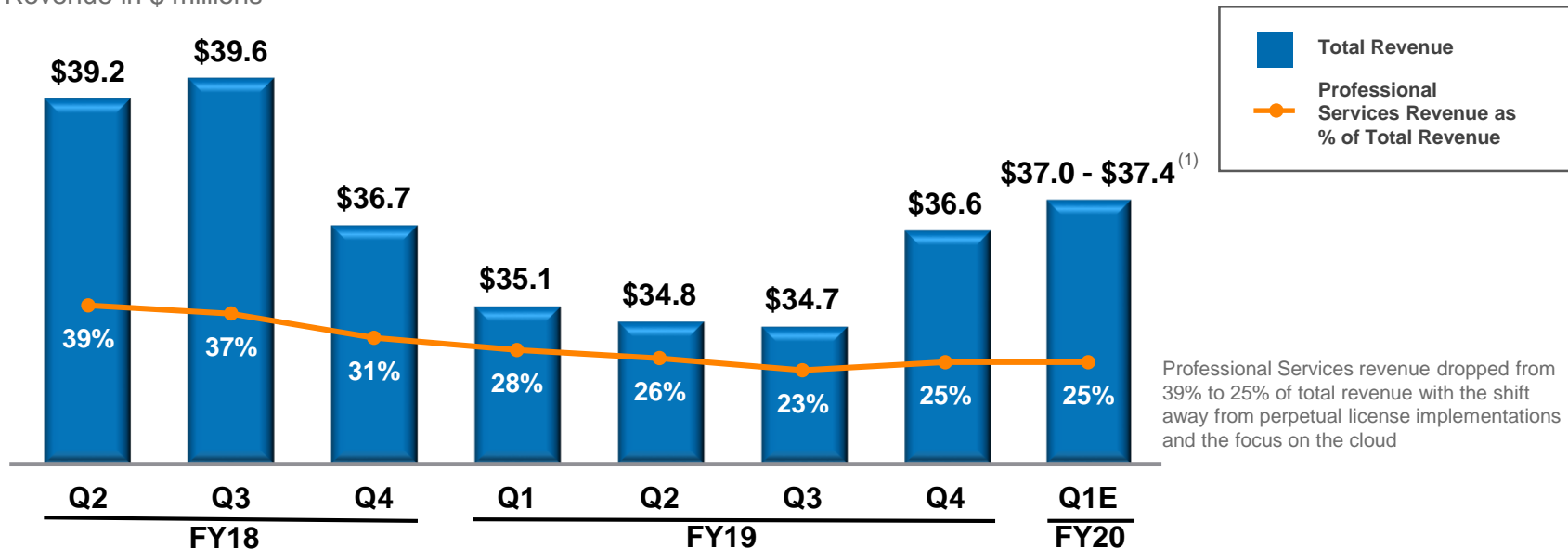
Focused Execution Producing Meaningful Growth in Free Cash Flow



- Improved execution led to meaningful, positive free cash flow generation
- Free cash flow is being used to de-leverage the business
- Repaid 25% of the debt in the last 5 quarters

Financial Model Reset in FY19 with Transition from On-Premise to SaaS; Revenue Expansion Well Underway

Revenue in \$ millions

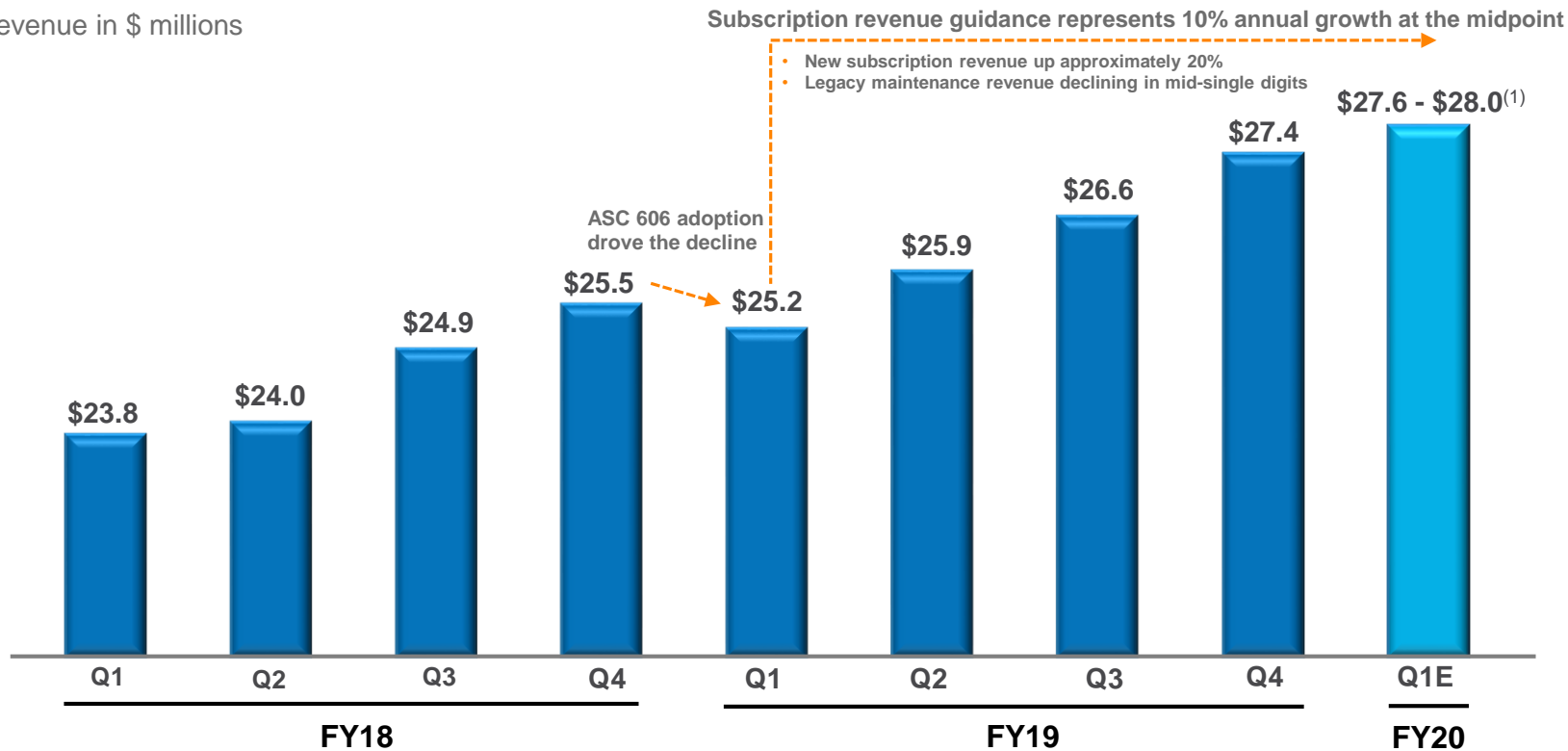


Subscription revenue powering growth; Professional Services revenue mix now aligned with the SaaS delivery model

(1) Guidance provided in the 8-K filed on 11/05/2019 related to fiscal year 2019 and Q4 2019 earnings release.

Subscription Revenue Continues to Expand at a Healthy Rate Post Transition and Adoption of ASC 606

Revenue in \$ millions



(1) Guidance provided in the 8-K filed on 11/05/2019 related to fiscal year 2019 and Q4 2019 earnings release.

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

In \$ millions (except per share)	FY20-Q1 Guidance Range	FY20 Full Year Guidance Range
Total Revenue	\$37.0 - \$37.4	\$152.0 - \$155.0
Subscription Revenue	\$27.6 - \$28.0	\$113.0 - \$115.0
Non-GAAP Operating Income ⁽¹⁾	\$2.9 - \$3.3	\$11.0 - \$14.0
Non-GAAP EPS ⁽¹⁾	\$0.05 - \$0.07	\$0.22 - \$0.31
Adjusted EBITDA ⁽¹⁾	\$3.2 - \$3.6	\$12.0 - \$15.0

⁽¹⁾ Reconciliation of GAAP to Non-GAAP numbers is available in the 8-K filed on 11/05/2019 related to fiscal year 2019 and Q4 2019 earnings release.

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	Q4'19	FY'19
Revenues:										
Subscription	\$ 23,847	\$ 24,004	\$ 24,944	\$ 25,513	\$ 98,308	\$ 25,202	\$ 25,940	\$ 26,638	\$ 27,439	\$ 105,219
Professional Services	15,220	15,230	14,673	11,201	56,324	9,875	8,903	8,074	9,164	36,016
Total revenues	39,067	39,234	39,617	36,714	154,632	35,077	34,843	34,712	36,603	141,235
Cost of Revenues:										
Subscription	9,615	9,440	9,564	9,201	37,820	8,738	8,852	8,658	8,970	35,218
Professional Services	7,194	7,813	6,881	5,626	27,514	7,829	7,894	7,206	7,983	30,912
Total cost of revenues	16,809	17,253	16,445	14,827	65,334	16,567	16,746	15,864	16,953	66,130
Gross profit	22,258	21,981	23,172	21,887	89,298	18,510	18,097	18,848	19,650	75,105
Operating Expenses:										
Research and development	9,068	8,047	7,746	7,555	32,416	7,412	7,415	7,060	8,122	30,009
Sales and marketing	8,492	9,015	9,338	8,637	35,482	8,052	8,598	7,164	9,080	32,894
General and administrative	8,731	7,324	17,044	9,079	42,178	6,156	6,833	6,713	7,511	27,213
Total operating expenses	26,291	24,386	34,128	25,271	110,076	21,620	22,846	20,937	24,713	90,116
Loss from operations	(4,033)	(2,405)	(10,956)	(3,384)	(20,778)	(3,110)	(4,749)	(2,089)	(5,063)	(15,011)
Interest (income) expense, net	1,423	1,449	4,478	828	8,178	733	891	689	620	2,933
Other (income) expenses, net	125	(87)	(344)	(416)	(722)	285	127	(4)	(89)	319
Loss before income taxes	(5,581)	(3,767)	(15,090)	(3,796)	(28,234)	(4,128)	(5,767)	(2,774)	(5,594)	(18,263)
Provision (benefit) for income taxes	(324)	129	345	(177)	(27)	598	141	230	61	1,030
Net loss	\$ (5,257)	\$ (3,896)	\$ (15,435)	\$ (3,619)	\$ (28,207)	\$ (4,726)	\$ (5,908)	\$ (3,004)	\$ (5,655)	\$ (19,293)

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	Q4'19	FY'19	
Amortization	\$ 476	\$ 476	\$ 476	\$ 476	\$ 1,904	\$ 476	\$ 476	\$ 476	\$ 476	\$ 1,904	\$
Stock-based compensation	251	346	375	428	1,400	460	469	435	1,104	2,468	
Total adjustment to cost of revenue - subscription	727	822	851	904	3,304	936	945	911	1,580	4,372	
Stock-based compensation	319	357	324	256	1,256	479	561	503	1,351	2,894	\$
Total adjustment to cost of revenue - professional services	319	357	324	256	1,256	479	561	503	1,351	2,894	
Stock-based compensation	657	743	744	839	2,983	764	861	771	1,749	4,145	
Total adjustment to operating expenses - research and development	657	743	744	839	2,983	764	861	771	1,749	4,145	
Amortization	942	906	905	905	3,658	895	889	889	890	3,563	\$
Stock-based compensation	871	660	986	1,007	3,524	1,145	1,239	440	1,817	4,641	
Total adjustment to operating expenses - sales and marketing	1,813	1,566	1,891	1,912	7,182	2,040	2,128	1,329	2,707	8,204	
Stock-based compensation	1,938	1,140	9,601	1,482	14,161	1,355	1,766	1,574	2,497	7,192	\$
Total adjustment to operating expenses - general and administrative	\$ 1,938	\$ 1,140	\$ 9,601	\$ 1,482	\$ 14,161	\$ 1,355	\$ 1,766	\$ 1,574	\$ 2,497	\$ 7,192	

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Adjusted EBITDA

Model N, Inc.
Reconciliation of Adjusted EBITDA
(Unaudited, in thousands)

	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19	Q4'19	FY'19
Reconciliation of Adjusted EBITDA:										
Net loss	(5,257)	(3,896)	(15,435)	(3,619)	(28,207)	(4,726)	(5,908)	(3,004)	(5,655)	(19,293)
Adjustments:										
Stock-based compensation expense	4,036	3,246	12,030	4,012	23,324	4,203	4,896	3,723	8,518	21,340
Depreciation and amortization	2,265	2,162	1,983	1,889	8,299	1,842	1,691	1,658	1,599	6,790
Deferred revenue adjustments	627	—	—	—	627	—	—	—	—	—
Interest expense, net	1,423	1,449	4,478	828	8,178	733	891	689	620	2,933
Other expenses (income), net	125	(87)	(344)	(416)	(722)	285	127	(4)	(89)	319
Provision for (benefit from) income taxes	(324)	129	345	(177)	(27)	598	141	230	61	1,030
Adjusted EBITDA	2,895	3,003	3,057	2,517	11,472	2,935	1,838	3,292	5,054	13,119

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Free Cash Flow

Model N, Inc.											
Free Cash Flow											
(Unaudited, in thousands)											
	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	
Cash flows from operating activities	(9,741)	4,715	4,384	3,165	2,523	(4,261)	4,726	4,336	5,649	10,450	
Purchases of property and equipment	(60)	(31)	(74)	(87)	(252)	(141)	(26)	(60)	(53)	(280)	
Free cash flow	(9,801)	4,684	4,310	3,078	2,271	(4,402)	4,700	4,276	5,596	10,170	
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