

A person is standing on the edge of a rocky cliff on the left side of the image. The background is a vast, blue-tinted landscape featuring a large mountain peak and a winding river in the distance. The overall scene is dramatic and scenic.

Model **N**

Investor Supplemental

Second Quarter Fiscal Year 2020 Financial Results

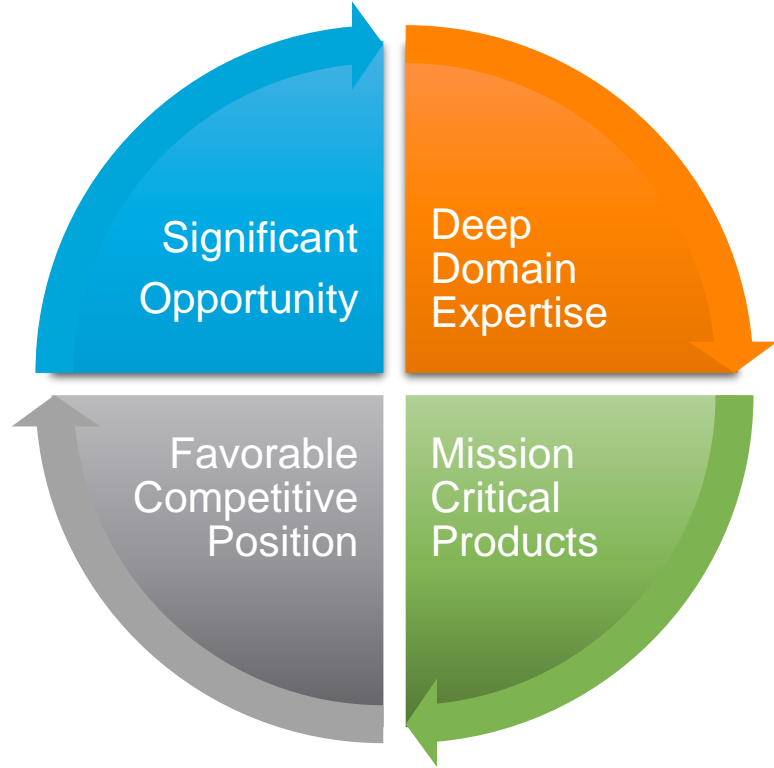
May 5, 2020

Forward Looking Statements

This presentation may contain forward-looking statements including, among other things, statements regarding Model N's third quarter and full fiscal year 2020 guidance, future prospects and financial results, the impact COVID-19 will have on our business, including the ability to continue to execute on business strategy. All statements other than statements of historical fact contained in this presentation are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" "maintain profitable growth" or "continue" or the negative of these terms or other comparable terminology. These statements are only current predictions and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. Risks include, but are not limited to: (i) delays in closing customer contracts; (ii) our ability to improve and sustain our sales execution; (iii) the timing of new orders and the associated revenue recognition; (iv) adverse changes in general economic or market conditions; (v) delays or reductions in information technology spending and resulting variability in customer orders from quarter to quarter; (vi) competitive factors, including but not limited to pricing pressures, industry consolidation, entry of new competitors and new applications and marketing initiatives by our competitors; (vii) our ability to manage our growth effectively; and (viii) acceptance of our applications and services by customers; (ix) success of new products; (x) the risk that the strategic initiatives that we may pursue will not result in significant future revenues; (xi) changes in health care regulation and policy and tax in the United States and worldwide; and (xii) our ability to retain customers and (xiii) adverse impacts on our business and financial condition due to COVID-19. These forward-looking statements are subject to a number of risks, including those described under the heading "Risk Factors" in our most recent Annual Report of Form 10-K and Quarterly Reports on Form 10-Q that we have filed with the SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation. In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of GAAP to Non-GAAP numbers is available in the 8-K filed on 05/05/2020 related to Q2 fiscal year 2020 earnings release. This presentation may also contain statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data.

Well-Positioned for Growth as a Vertical SaaS Company

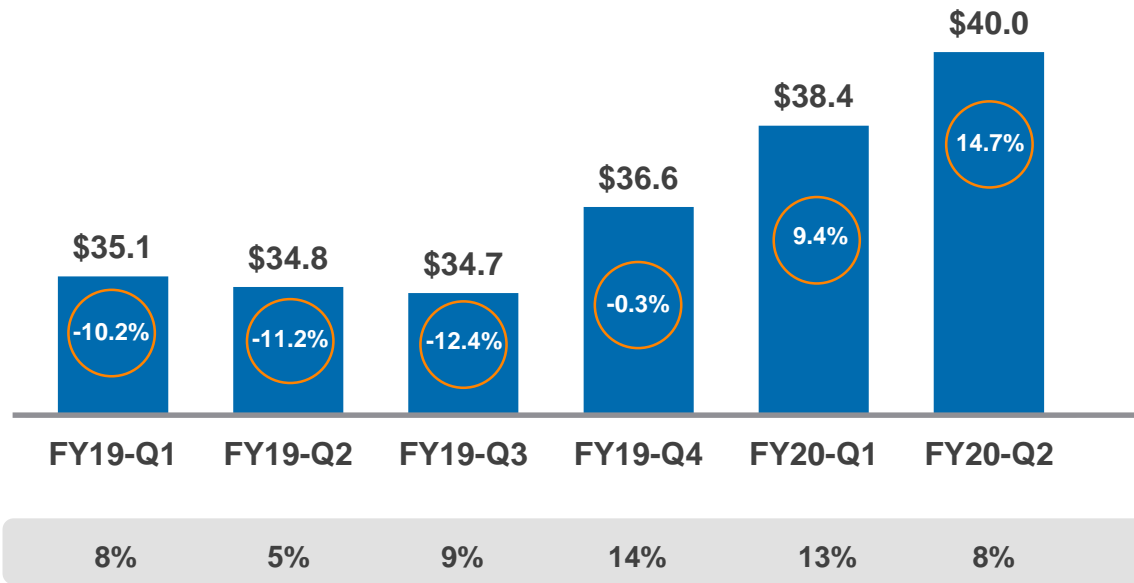
Industry Cloud Solutions for Life Sciences and High Tech



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

Persistent Execution Starting to Show the Potential of Model N Despite the Headwinds from a Business Model Transition

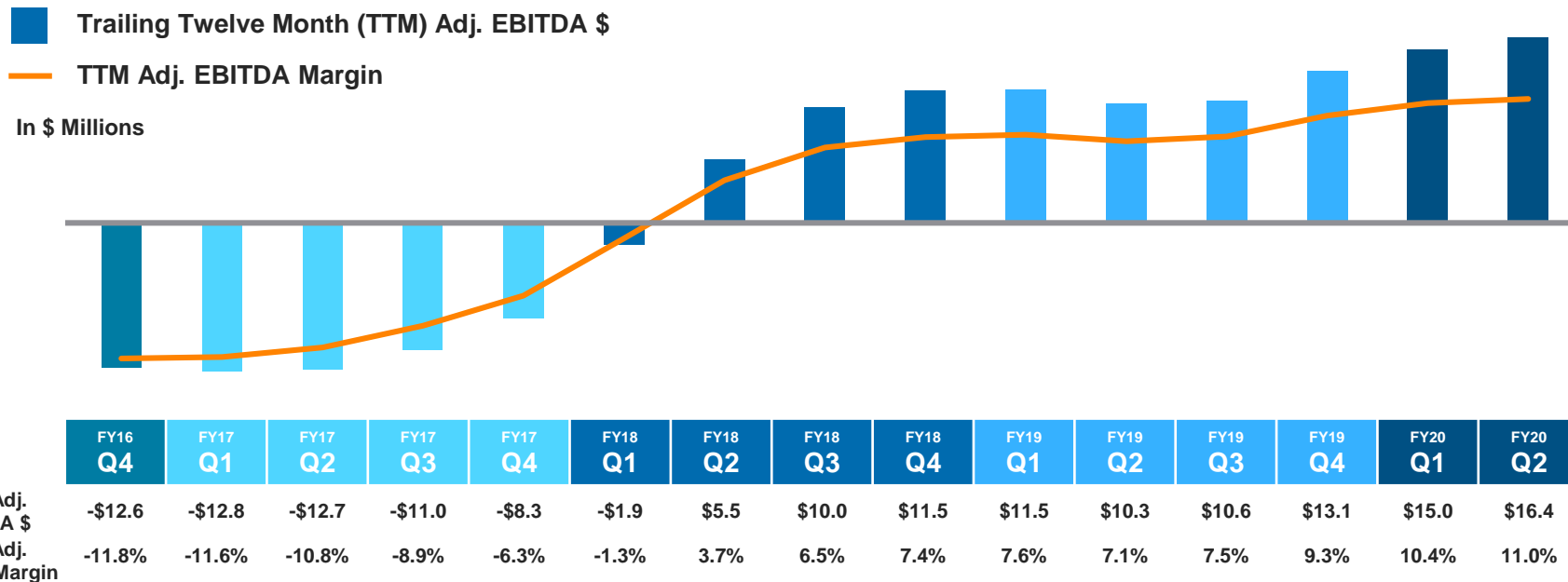
○ = Year over year growth %
Total Revenue In \$ Millions



- Go to Market execution across new logos, customer base expansions and SaaS transitions has driven top line revenue growth
- Gross Margin improvements have funded targeted investments and fueled EBITDA Margin expansion

Focused on Delivering Profitable Growth

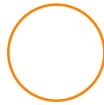
Execution Demonstrated Over Last Two Years



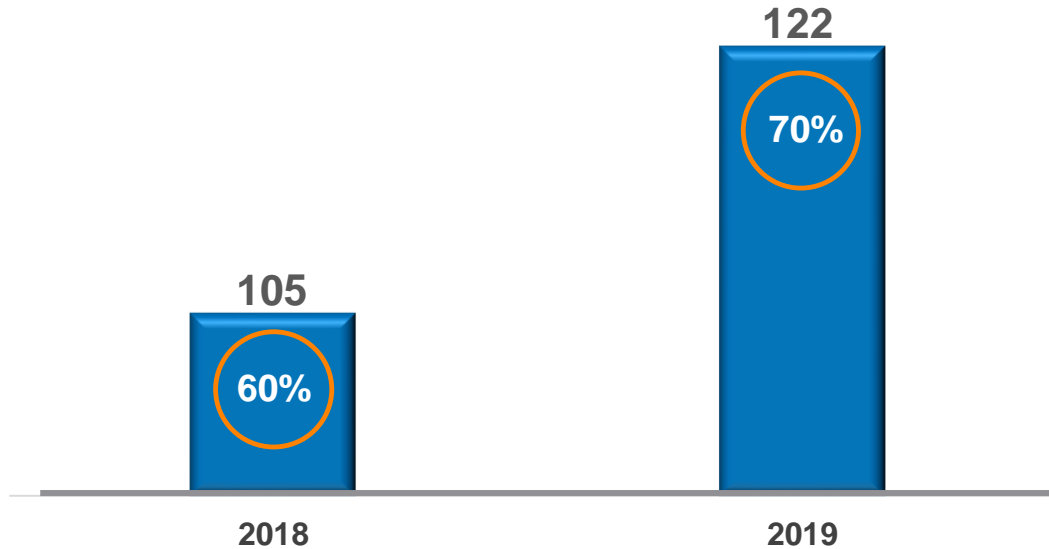
**Our efforts to grow, scale, and thoughtfully invest in the business are paying off;
Model N is consistently generating greater absolute profitability dollars at higher margins**

Cloud Services Adoption Important to Customer Expansion

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 and 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

Continued Strong Execution Drove Second Quarter Results and Again Exceeded Guidance Metrics

	In \$ millions (except per share)	FY20- Q2 Actual	FY20-Q2 Guidance Range
✓	Total Revenues	\$40.0	\$38.8 - \$39.2
✓	Subscription Revenues	\$29.0	\$28.4 - \$28.8
✓	Non-GAAP Income from Operations ⁽¹⁾	\$3.0	\$1.4 - \$1.8
✓	Non-GAAP Net Income per Share ⁽¹⁾	\$0.07	\$0.01 - \$0.03
✓	Adjusted EBITDA ⁽¹⁾	\$3.2	\$1.8 - \$2.2

⁽¹⁾ Reconciliation of GAAP to Non-GAAP numbers is available in the 8-K filed on 05/05/2020 related to Q2 fiscal year 2020 earnings release.

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

In \$ millions (except per share)	FY20-Q3 Guidance Range	<u>Current</u> FY20 Full Year Guidance Range	<u>Prior</u> FY20 Full Year Guidance Range
Total Revenues	\$39.4 - \$39.8	\$154.0 - \$156.0	\$154.0 - \$156.0
Subscription Revenues	\$28.7 - \$29.1	\$114.0 - \$115.0	\$113.0 - \$115.0
Non-GAAP Income from Operations	\$3.2 - \$3.6	\$13.0 - \$14.0	\$12.0 - \$14.0
Non-GAAP Net Income per Share	\$0.05 - \$0.07	\$0.28 - \$0.31	\$0.25 - \$0.31
Adjusted EBITDA	\$3.4 - \$3.8	\$14.0 - \$15.0	\$13.0 - \$15.0

Income Statement

Model N, Inc. Condensed Consolidated Statements of Operations - GAAP (Unaudited, in thousands)								
	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20	
Revenues:								
Subscription	\$ 25,202	\$ 25,940	\$ 26,638	\$ 27,439	\$ 105,219	\$ 28,182	\$ 28,991	
Professional Services	9,875	8,903	8,074	9,164	36,016	10,206	10,961	
Total revenues	35,077	34,843	34,712	36,603	141,235	38,388	39,952	
Cost of Revenues:								
Subscription	8,738	8,852	8,658	8,970	35,218	8,710	8,798	
Professional Services	7,829	7,894	7,206	7,983	30,912	7,642	7,685	
Total cost of revenues	16,567	16,746	15,864	16,953	66,130	16,352	16,483	
Gross profit	18,510	18,097	18,848	19,650	75,105	22,036	23,469	
Operating Expenses:								
Research and development	7,412	7,415	7,060	8,122	30,009	8,516	9,102	
Sales and marketing	8,052	8,598	7,164	9,080	32,894	9,013	10,953	
General and administrative	6,156	6,833	6,713	7,511	27,213	6,965	7,545	
Total operating expenses	21,620	22,846	20,937	24,713	90,116	24,494	27,600	
Loss from operations	(3,110)	(4,749)	(2,089)	(5,063)	(15,011)	(2,458)	(4,131)	
Interest expense, net	733	891	689	620	2,933	563	402	
Other expenses (income), net	285	127	(4)	(89)	319	(12)	(243)	
Loss before income taxes	(4,128)	(5,767)	(2,774)	(5,594)	(18,263)	(3,009)	(4,290)	
Provision for (benefit from) income taxes	598	141	230	61	1,030	(11)	339	
Net loss	\$ (4,726)	\$ (5,908)	\$ (3,004)	\$ (5,655)	\$ (19,293)	\$ (2,998)	\$ (4,629)	
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	Q2'20	
Amortization	\$ 476	\$ 476	\$ 476	\$ 476	\$ 1,904	\$ 347	\$ 282	
Stock-based compensation	460	469	435	1,104	2,468	522	495	
Total adjustment to cost of revenue - subscription	936	945	911	1,580	4,372	869	777	
Stock-based compensation	479	561	503	1,351	2,894	597	560	
Total adjustment to cost of revenue - professional services	479	561	503	1,351	2,894	597	560	
Stock-based compensation	764	861	771	1,749	4,145	1,426	1,243	
Total adjustment to operating expenses - research and development	764	861	771	1,749	4,145	1,426	1,243	
Amortization	895	889	889	890	3,563	890	889	
Stock-based compensation	1,145	1,239	440	1,817	4,641	1,406	1,656	
Total adjustment to operating expenses - sales and marketing	2,040	2,128	1,329	2,707	8,204	2,296	2,545	
Stock-based compensation	1,355	1,766	1,574	2,497	7,192	1,872	2,055	
Total adjustment to operating expenses - general and administrative	\$ 1,355	\$ 1,766	\$ 1,574	\$ 2,497	\$ 7,192	\$ 1,872	\$ 2,055	
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.								

Adjusted EBITDA

Model N, Inc. Reconciliation of Adjusted EBITDA (Unaudited, in thousands)							
	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20
Reconciliation of Adjusted EBITDA:							
Net loss	(4,726)	(5,908)	(3,004)	(5,655)	(19,293)	(2,998)	(4,629)
Adjustments:							
Stock-based compensation expense	4,203	4,896	3,723	8,518	21,340	5,823	6,009
Depreciation and amortization	1,842	1,691	1,658	1,599	6,790	1,452	1,361
Interest expense, net	733	891	689	620	2,933	563	402
Other expenses (income), net	285	127	(4)	(89)	319	(12)	(243)
Provision for (benefit from) income	598	141	230	61	1,030	(11)	339
Adjusted EBITDA	2,935	1,838	3,292	5,054	13,119	4,817	3,239
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.							

Free Cash Flow

Model N, Inc.
Free Cash Flow
(Unaudited, in thousands)

	Q1'19	Q2'19	Q3'19	Q4'19	FY'19	Q1'20	Q2'20
Cash flows from operating activities	(4,261)	4,726	4,336	5,649	10,450	(4,991)	8,426
Purchases of property and equipment	(141)	(26)	(60)	(53)	(280)	(29)	(69)
Free cash flow	(4,402)	4,700	4,276	5,596	10,170	(5,020)	8,357

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