

MODEL N, INC.
Form 10-Q
May 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-35840

Model N, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	77-0528806 (I.R.S. Employer Identification No.)
777 Mariners Island Boulevard, Suite 300 San Mateo, California	94404

Edgar Filing: MODEL N, INC. - Form 10-Q

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (650) 610-4600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 27, 2018, the registrant had 30,529,972 shares of common stock, \$0.00015 par value per share, outstanding.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets as of March 31, 2018 and September 30, 2017</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended March 31, 2018 and 2017</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended March 31, 2018 and 2017</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2018 and 2017</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	31
Item 4. <u>Controls and Procedures</u>	32
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	33
Item	
1A. <u>Risk Factors</u>	33
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	54
Item 3. <u>Defaults Upon Senior Securities</u>	54
Item 4. <u>Mine Safety Disclosures</u>	54
Item 5. <u>Other Information</u>	54
Item 6. <u>Exhibits</u>	54
<u>Signatures</u>	55

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)
MODEL N, INC.

Condensed Consolidated Balance Sheets

(in thousands, except per share data)

(Unaudited)

	As of March 31, 2018	As of September 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$55,229	\$57,558
Accounts receivable, net of allowance for doubtful accounts of \$26 as of March 31, 2018 and \$85 as of September 30, 2017	31,490	24,784
Prepaid expenses	4,242	3,733
Other current assets	571	1,013
Total current assets	91,532	87,088
Property and equipment, net	3,043	4,611
Goodwill	39,283	39,283
Intangible assets, net	37,358	40,156
Other assets	1,056	798
Total assets	\$172,272	\$171,936
Liabilities And Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,319	\$3,002
Accrued employee compensation	9,521	14,996
Accrued liabilities	3,172	