

AEROHIVE NETWORKS, INC  
Form 10-Q  
October 31, 2018

UNITED  
STATES  
SECURITIES  
AND  
EXCHANGE  
COMMISSION  
Washington,  
D.C. 20549  
Form 10-Q

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

For the quarterly period ended September 30, 2018.

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: 001-36355

Aerohive Networks, Inc.

(Exact name of registrant as specified in its charter)

Delaware 20-4524700

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

1011 McCarthy Boulevard  
Milpitas, California 95035  
(408) 510-6100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 days. 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, or a 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

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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

The number of shares of the registrant's common stock, par value \$0.001, outstanding as of October 26, 2018 was 55,555,420.

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The Aerohive Networks design logo and the marks “Aerohive®,” “HiveManager®,” “HiveOS” “Aerohive Networks™,” “Aerohive Atom AP30™,” “Aerohive Connect™,” “HiveManager Connect™,” “Aerohive Select™,” and “HiveCare Select™” property of Aerohive Networks, Inc. All Rights Reserved. This Quarterly Report on Form 10-Q contains additional trade names, trademarks and service marks of other companies.

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## AEROHIVE NETWORKS, INC.

## Condensed Consolidated Balance Sheets

(unaudited, in thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017 (As Adjusted)*
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$32,473	\$27,249
Short-term investments	62,270	57,675
Accounts receivable, net of allowance for doubtful accounts of \$22 and \$127 as of September 30, 2018 and December 31, 2017, respectively	14,810	17,662
Inventories	13,690	13,495
Prepaid expenses and other current assets	6,430	6,396
Total current assets	129,673	122,477
Property and equipment, net	6,529	6,381
Goodwill	513	513
Other assets	5,244	4,900
Total assets	\$141,959	\$134,271
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$15,117	\$11,946
Accrued liabilities	8,568	8,602
Debt, current	20,000	—
Deferred revenue, current	38,183	33,279
Total current liabilities	81,868	53,827
Debt, non-current	—	20,000
Deferred revenue, non-current	37,642	33,761
Other liabilities	1,612	1,769
Total liabilities	121,122	109,357
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, par value of \$0.001 per share - 25,000,000 shares authorized as of September 30, 2018 and December 31, 2017; no shares issued and outstanding as of September 30, 2018 and December 31, 2017	—	—
Common stock, par value of \$0.001 per share - 500,000,000 shares authorized as of September 30, 2018 and December 31, 2017; 55,505,380 and 54,171,498 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	56	55
Additional paid-in capital	289,383	278,528
Treasury stock - 1,929,016 and 1,361,243 shares as of September 30, 2018 and December 31, 2017, respectively	(8,572)	(6,216)
Accumulated other comprehensive loss	(25)	(30)
Accumulated deficit	(260,005)	(247,423)
Total stockholders' equity	20,837	24,914
Total liabilities and stockholders' equity	\$141,959	\$134,271

See notes to condensed consolidated financial statements.

\* The Company has adjusted certain amounts for the retrospective change in accounting policy for revenue recognition

(See Note 1).

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## AEROHIVE NETWORKS, INC.

## Condensed Consolidated Statements of Operations

(unaudited, in thousands, except share and per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	(As Adjusted)*		(As Adjusted)*	
Revenue:				
Product	\$28,817	\$ 29,162	\$83,151	\$ 88,234
Subscription and support	11,735	10,139	33,643	29,597
Total revenue	40,552	39,301	116,794	117,831
Cost of revenue <sup>(1)</sup> :				
Product	10,595	9,880	29,645	29,165
Subscription and support	3,344	3,244	10,131	9,573
Total cost of revenue	13,939	13,124	39,776	38,738
Gross profit	26,613	26,177	77,018	79,093
Operating expenses:				
Research and development <sup>(1)</sup>	8,529	9,260	26,389	28,032
Sales and marketing <sup>(1)</sup>	15,449	16,153	46,850	51,001
General and administrative <sup>(1)</sup>	5,243	5,700	16,469	17,486
Total operating expenses	29,221	31,113	89,708	96,519
Operating loss	(2,608 )			