

AEROHIVE NETWORKS, INC  
Form 10-Q  
May 03, 2017

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 March 31, 2017

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 April 28, 2017 was 52,840,074.

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## 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)

	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$28,907	\$34,346
Short-term investments	45,926	42,408
Accounts receivable, net of allowance for doubtful accounts of \$25 and \$61 as of March 31, 2017 and December 31, 2016, respectively	21,628	26,190
Inventories	11,668	12,629
Prepaid expenses and other current assets	6,927	6,289
Total current assets	115,056	121,862
Property and equipment, net	8,206	9,008
Goodwill	513	513
Other assets	5,158	5,100
Total assets	\$128,933	\$136,483
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$9,694	\$10,762
Accrued liabilities	9,444	9,300
Debt, current	—	20,000
Deferred revenue, current	31,847	31,727
Total current liabilities	50,985	71,789
Debt, non-current	20,000	—
Deferred revenue, non-current	33,060	34,177
Other liabilities	1,780	1,829
Total liabilities	105,825	107,795
Commitments and contingencies (Note 5)		
<b>Stockholders' equity:</b>		
Preferred stock, par value of \$0.001 per share - 25,000,000 shares authorized as of March 31, 2017 and December 31, 2016; no shares issued and outstanding as of March 31, 2017 and December 31, 2016	—	—
Common stock, par value of \$0.001 per share - 500,000,000 shares authorized as of March 31, 2017 and December 31, 2016; 52,780,574 and 52,245,252 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	53	52
Additional paid-in capital	261,730	258,063
Treasury stock - 364,627 shares as of March 31, 2017 and December 31, 2016	(2,139 )	(2,139 )
Accumulated other comprehensive loss	(37 )	(31 )
Accumulated deficit	(236,499 )	(227,257 )
Total stockholders' equity	23,108	28,688
Total liabilities and stockholders' equity	\$128,933	\$136,483
See notes to condensed consolidated financial statements.		



## AEROHIVE NETWORKS, INC.

## Condensed Consolidated Statements of Operations

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

	Three Months Ended March 31,	
	2017	2016
Revenue:		
Product	\$26,870	\$ 32,456
Software subscription and services	9,481	7,672
Total revenue	36,351	40,128
Cost of revenue <sup>(1)</sup> :		
Product	8,736	10,439
Software subscription and services	3,176	2,903
Total cost of revenue	11,912	13,342
Gross profit	24,439	26,786
Operating expenses:		
Research and development <sup>(1)</sup>	9,550	10,210
Sales and marketing <sup>(1)</sup>	17,439	21,068
General and administrative <sup>(1)</sup>	6,297	7,895
Total operating expenses	33,286	39,173
Operating loss	(8,847 )	(12,387 )
Interest income	140	119
Interest expense	(130 )	(126 )
Other income (expense), net	(85 )	16
Loss before income taxes	(8,922 )	(12,378 )
Provision for income taxes	97	145
Net loss	\$(9,019 )	\$(12,523 )
Net loss per share, basic and diluted	\$(0.17 )	\$(0.25 )
Weighted-average shares used in computing net loss per share, basic and diluted	52,439,039	49,140,340

(1) Includes stock-based compensation as follows:

Cost of revenue	\$271	\$ 272
Research and development	688	1,345
Sales and marketing	1,294	1,768