

AEROHIVE NETWORKS, INC.

**ADDITIONAL METRICS – REVISED FOR NEW REVENUE RECOGNITION STANDARD (UNAUDITED)
DECEMBER 31, 2017**

NEW REVENUE RECOGNITION STANDARD, ACCOUNTING STANDARDS CODIFICATION No. 606

The revenue, non-GAAP cost of revenue, non-GAAP gross profit and non-GAAP gross margin metrics included in this document have been revised for the new revenue recognition standard, ASC 606, which was adopted by Aerohive Networks in the first quarter of 2018. The changes to Aerohive’s revenue, non-GAAP cost of revenue, non-GAAP gross profit and non-GAAP gross margin for the year ended December 31, 2017, were not material to results of operations. Under ASC 606, the Company recognizes revenue as of the time of transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to from those goods or services.

In the first quarter of 2018, the Company adopted ASC 606, using the full retrospective method, which required the Company to restate its historical financial information to be consistent with the new standard. The most significant impact of the standard related to the way the Company accounts for arrangements with its stocking distributors. The Company previously deferred the recognition of revenue and the cost of revenue from sales to these stocking distributors until the stocking distributors had sold the products to their customers (known as “sell-through” revenue recognition). Under the new standard, the Company recognizes all revenue and related cost of revenue on sales to stocking distributors upon shipment and transfer of control (known as “sell-in” revenue recognition), rather than deferring recognition until the stocking distributors report that they have sold the products to their customers, provided that all other revenue recognition criteria have been met.

	FY17Q1	FY17Q2	FY17Q3	FY17Q4	FY2017	FY17Q1	FY17Q2	FY17Q3	FY17Q4	FY2017
	As previously reported under ASC 605*					As revised under ASC 606*				
<i>(in Thousands)</i>										
Revenue:										
Product	\$ 26,870	\$ 32,046	\$ 26,750	\$ 26,173	\$ 111,839	\$ 26,967	\$ 32,105	\$ 29,162	\$ 24,899	\$ 113,133
Subscription and support	\$ 9,481	\$ 10,254	\$ 10,318	\$ 11,007	\$ 41,060	\$ 9,362	\$ 10,096	\$ 10,139	\$ 10,828	\$ 40,425
Total Revenue	\$ 36,351	\$ 42,300	\$ 37,068	\$ 37,180	\$ 152,899	\$ 36,329	\$ 42,201	\$ 39,301	\$ 35,727	\$ 153,558
Non-GAAP Cost of Revenue:										
Product	\$ 8,634	\$ 10,564	\$ 9,346	\$ 8,552	\$ 37,096	\$ 8,713	\$ 10,417	\$ 9,819	\$ 7,926	\$ 36,875
Subscription and support	\$ 2,921	\$ 2,894	\$ 2,958	\$ 3,038	\$ 11,811	\$ 2,921	\$ 2,894	\$ 2,958	\$ 3,038	\$ 11,811
Total Non-GAAP Cost of Revenue	\$ 11,555	\$ 13,458	\$ 12,304	\$ 11,590	\$ 48,907	\$ 11,634	\$ 13,311	\$ 12,777	\$ 10,964	\$ 48,686
Non-GAAP Gross Profit:										
Product	\$ 18,236	\$ 21,482	\$ 17,404	\$ 17,621	\$ 74,743	\$ 18,254	\$ 21,688	\$ 19,343	\$ 16,973	\$ 76,258
Subscription and support	\$ 6,560	\$ 7,360	\$ 7,360	\$ 7,969	\$ 29,249	\$ 6,441	\$ 7,202	\$ 7,181	\$ 7,790	\$ 28,614
Total Non-GAAP Gross Profit	\$ 24,796	\$ 28,842	\$ 24,764	\$ 25,590	\$ 103,992	\$ 24,695	\$ 28,890	\$ 26,524	\$ 24,763	\$ 104,872
Non-GAAP Gross Margin:										
Product	67.9%	67.0%	65.1%	67.3%	66.8%	67.7%	67.6%	66.3%	68.2%	67.4%
Subscription and support	69.2%	71.8%	71.3%	72.4%	71.2%	68.8%	71.3%	70.8%	71.9%	70.8%
Total Non-GAAP Gross Profit	68.2%	68.2%	66.8%	68.8%	68.0%	68.0%	68.5%	67.5%	69.3%	68.3%

* Unaudited