

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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, 2024

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: 001-36343



**A10 NETWORKS, INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware

20-1446869

(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. Employer  
Identification No.)

2300 Orchard Parkway, San Jose, California 95131

(Address of Principal Executive Offices and Zip Code)

(408) 325-8668

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class               | Trading Symbol(s) | Name of each exchange on which registered |
|-----------------------------------|-------------------|---|
| Common Stock, \$0.00001 par value | ATEN              | New York Stock Exchange                   |

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 every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |

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 26, 2024, the number of outstanding shares of the registrant's common stock, par value \$0.00001 per share, was 74,455,219.

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A10 NETWORKS, INC.  
FORM 10-Q

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#### NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," "expect," and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our strategy, business plan and our ability to effectively manage our growth and business operations;
- our expectations with respect to recognizing revenue related to remaining performance obligations;
- our plans to introduce new products;
- loss or delay of expected purchases by our largest end-customers;
- our expectations concerning relationships with third parties;
- our expectations with respect to the realization of our tax assets and our unrecognized tax benefits;
- our plans with respect to the repatriation of our earnings from our foreign operations;
- our ability to maintain profitability while continuing to invest in our sales, marketing, product development, distribution channel partner programs and research and development teams;
- our expectations regarding our future costs and expenses;
- variability of our gross margin and the factors affecting it;
- our expectations with respect to liquidity position and future capital requirements;
- our stock repurchase program and our quarterly cash dividends;
- our accounting policies and estimates;
- fluctuations in currency exchange rates;
- the cost and potential outcomes of litigation; and
- future acquisitions of or investments in complementary companies, products, services or technologies.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in "Risk Factors" and elsewhere in our Annual Report on Form 10-K filed with the SEC on February 29, 2024. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: execution risks related to closing key deals and improving our execution; the continued market adoption of our products; our ability to successfully anticipate market needs and opportunities; our timely development of new products and features; our ability to maintain profitability; any loss or delay of expected purchases by our largest end-customers; our ability to maintain or improve our competitive position; competitive and execution risks related to cloud-based computing trends; our ability to attract and retain new end-customers and our largest end-consumers; our ability to maintain and enhance our brand and reputation; changes demanded by our customers in the deployment and payment model for our products; continued growth in markets relating to networking and network security; the success of any future acquisitions or investments in complementary companies, products, services or technologies; the ability of our sales and other teams to execute well; our ability to shorten our close cycles; the ability of our channel partners to sell our products; variations in product mix or geographic locations of our sales; risks associated with our presence in international markets; any unforeseen need for capital which may require us to divert funds we may have otherwise used for the dividend program or stock repurchase program; a significant decline in global macroeconomic or political conditions that have an adverse impact on our business and financial results; business interruptions related to our supply chain; our ability to manage our business and expenses if customers cancel or delay orders; weaknesses or deficiencies in our internal control over financial reporting; and our ability to timely file periodic reports required to be filed under the Securities Exchange Act of 1934, as well as other risks identified in the "Risk Factors" section contained in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Any

forward-looking statements made by us in this report speak only as of the date of this report, and we do not intend to update these forward-looking statements after the filing of this report, except as required by law.

Our investor relations website is located at <https://investors.A10networks.com>. We use our investor relations website, our company blog (<https://www.a10networks.com/blog>) and our corporate X (formerly Twitter) account (<https://x.com/A10Networks>) to post important information for investors, including news releases, analyst presentations, and supplemental financial information, and as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, our company blog and our corporate X account, in addition to following press releases, SEC filings and public conference calls and webcasts. We also make available, free of charge, on our investor relations website under "SEC Filings," our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports as soon as reasonably practicable after electronically filing or furnishing those reports to the SEC.

**PART I. FINANCIAL INFORMATION**

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**A10 NETWORKS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
 (unaudited, in thousands, except par value)

|  | <b>March 31, 2024</b> | <b>December 31, 2023</b> |
|--|-----------------------|--------------------------|
| <b>ASSETS</b>  |                       |                          |
| Current assets:  |                       |                          |
| Cash and cash equivalents  | \$ 122,909            | \$ 97,244                |
| Marketable securities  | 59,163                | 62,056                   |
| Accounts receivable, net of allowances of \$1,181 and \$405, respectively  | 55,906                | 74,307                   |
| Inventory  | 24,895                | 23,522                   |
| Prepaid expenses and other current assets  | 13,225                | 14,695                   |
| Total current assets   | 276,098               | 271,824                  |
| Property and equipment, net  | 30,254                | 29,876                   |
| Goodwill   | 1,307                 | 1,307                    |
| Deferred tax assets, net   | 62,323                | 62,725                   |
| Other non-current assets   | 25,676                | 24,077                   |
| Total assets   | <u>\$ 395,658</u>     | <u>\$ 389,809</u>        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                       |                          |
| Current liabilities:   |                       |                          |
| Accounts payable   | \$ 5,049              | \$ 7,024                 |
| Accrued liabilities  | 24,466                | 21,388                   |
| Deferred revenue   | 83,345                | 82,657                   |
| Total current liabilities  | 112,860               | 111,069                  |
| Deferred revenue, non-current  | 57,561                | 58,677                   |
| Other non-current liabilities  | 10,928                | 12,187                   |
| Total liabilities  | <u>181,349</u>        | <u>181,933</u>           |
| Commitments and contingencies (Note 2 and Note 6)  |                       |                          |
| Stockholders' equity:  |                       |                          |
| Common stock, \$0.00001 par value: 500,000 shares authorized; 89,309 and 89,003 shares issued and 74,434 and 74,359 shares outstanding, respectively | 1                     | 1                        |
| Treasury stock, at cost: 14,875 and 14,644 shares, respectively  | ( 153,948 )           | ( 150,909 )              |
| Additional paid-in-capital   | 491,164               | 486,958                  |
| Dividends paid   | ( 42,091 )            | ( 37,619 )               |
| Accumulated other comprehensive income (loss)  | ( 59 )                | ( 71 )                   |
| Accumulated deficit  | ( 80,758 )            | ( 90,484 )               |
| Total stockholders' equity   | <u>214,309</u>        | <u>207,876</u>           |
| Total liabilities and stockholders' equity   | <u>\$ 395,658</u>     | <u>\$ 389,809</u>        |

See accompanying notes to the condensed consolidated financial statements.

**A10 NETWORKS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited, in thousands, except per share amounts)

|  | <b>Three Months Ended March 31,</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2024</b>                         | <b>2023</b> |
| <b>Net revenue:</b>  |                                     |             |
| Products   | \$ 30,069                           | \$ 31,182   |
| Services   | 30,606                              | 26,509      |
| Total net revenue  | 60,675                              | 57,691      |
| <b>Cost of net revenue:</b>  |                                     |             |
| Products   | 6,799                               | 6,083       |
| Services   | 4,645                               | 4,133       |
| Total cost of net revenue  | 11,444                              | 10,216      |
| <b>Gross profit</b>  | 49,231                              | 47,475      |
| <b>Operating expenses:</b>   |                                     |             |
| Sales and marketing  | 21,214                              | 22,334      |
| Research and development   | 14,063                              | 11,665      |
| General and administrative   | 6,741                               | 7,309       |
| Total operating expenses   | 42,018                              | 41,308      |
| <b>Income from operations</b>  | 7,213                               | 6,167       |
| <b>Non-operating income (expense), net:</b>                            |                                     |             |
| Interest income  | 1,681                               | 973         |
| Other income (expense), net  | 2,326                               | ( 2,218 )   |
| Non-operating income (expense), net                                    | 4,007                               | ( 1,245 )   |
| <b>Income before provision for income taxes</b>                        | 11,220                              | 4,922       |
| Provision for income taxes   | 1,494                               | 964         |
| <b>Net income</b>  | \$ 9,726                            | \$ 3,958    |
| <b>Net income per share:</b>   |                                     |             |
| Basic  | \$ 0.13                             | \$ 0.05     |
| Diluted  | \$ 0.13                             | \$ 0.05     |
| <b>Weighted-average shares used in computing net income per share:</b> |                                     |             |
| Basic  | 74,451                              | 74,001      |
| Diluted  | 75,318                              | 75,541      |

See accompanying notes to the condensed consolidated financial statements.

**A10 NETWORKS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(unaudited, in thousands)**

|   | <b>Three Months Ended March 31,</b> |                 |
|---|-------------------------------------|-----------------|
|   | <b>2024</b>                         | <b>2023</b>     |
| Net income  | \$ 9,726                            | \$ 3,958        |
| Other comprehensive income (loss), net of tax:              |                                     |                 |
| Unrealized gain (loss) on marketable securities, net of tax | ( 39 )                              | 527             |
| Unrealized gain on cash flow hedge, net of tax              | 51                                  | 36              |
| Comprehensive income  | <u>\$ 9,738</u>                     | <u>\$ 4,521</u> |

See accompanying notes to the condensed consolidated financial statements.

**A10 NETWORKS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(unaudited, in thousands)

| Three Months Ended March 31,<br>2023                         | Common Stock  |             | Treasury<br>stock, at cost | Additional<br>Paid-in Capital | Dividends<br>Paid  | Accumulated Other<br>Comprehensive Income |                     | Accumulated<br>Deficit | Total Stockholders'<br>Equity |
|--|---------------|-------------|----------------------------|-------------------------------|--------------------|---|---------------------|------------------------|-------------------------------|
|  | Shares        | Amount      |                            |                               |                    | (Loss)                                    |                     |                        |                               |
| <b>Balance at December 31, 2022</b>                          | <b>73,738</b> | <b>\$ 1</b> | <b>\$ (134,934)</b>        | <b>\$ 466,927</b>             | <b>\$ (19,802)</b> | <b>\$ (726)</b>                           | <b>\$ (130,454)</b> | <b>\$ 181,012</b>      |                               |
| Common stock issued under<br>employee equity incentive plans | 459           | —           | —                          | 473                           | —                  | —   | —                   | —                      | 473                           |
| Stock-based compensation expense                             | —             | —           | —                          | 3,941                         | —                  | —   | —                   | —                      | 3,941                         |
| Payments for dividends                                       | —             | —           | —                          | —                             | (4,446)            | —   | —                   | —                      | (4,446)                       |
| Unrealized gain on marketable<br>securities, net of tax      | —             | —           | —                          | —                             | —                  | 527                                       | —                   | —                      | 527                           |
| Unrealized gain on cash flow hedge,<br>net of tax            | —             | —           | —                          | —                             | —                  | 36  | —                   | —                      | 36                            |
| Net Income   | —             | —           | —                          | —                             | —                  | —   | 3,958               | —                      | 3,958                         |
| <b>Balance at March 31, 2023</b>                             | <b>74,197</b> | <b>\$ 1</b> | <b>\$ (134,934)</b>        | <b>\$ 471,341</b>             | <b>\$ (24,248)</b> | <b>\$ (163)</b>                           | <b>\$ (126,496)</b> | <b>\$ 185,501</b>      |                               |
| Three Months Ended March 31,<br>2024                         | Common Stock  |             | Treasury<br>stock, at cost | Additional<br>Paid-in Capital | Dividends<br>Paid  | Accumulated Other<br>Comprehensive Income |                     | Accumulated<br>Deficit | Total Stockholders'<br>Equity |
|  | Shares        | Amount      |                            |                               |                    | (Loss)                                    |                     |                        |                               |
| <b>Balance at December 31, 2023</b>                          | <b>74,359</b> | <b>\$ 1</b> | <b>\$ (150,909)</b>        | <b>\$ 486,958</b>             | <b>\$ (37,619)</b> | <b>\$ (71)</b>                            | <b>\$ (90,484)</b>  | <b>\$ 207,876</b>      |                               |
| Common stock issued under<br>employee equity incentive plans | 305           | —           | —                          | 89                            | —                  | —   | —                   | —                      | 89                            |
| Repurchase of common stock                                   | (230)         | —           | (3,039)                    | —                             | —                  | —   | —                   | —                      | (3,039)                       |
| Stock-based compensation expense                             | —             | —           | —                          | 4,117                         | —                  | —   | —                   | —                      | 4,117                         |
| Payments for dividends                                       | —             | —           | —                          | —                             | (4,472)            | —   | —                   | —                      | (4,472)                       |
| Unrealized loss on marketable<br>securities, net of tax      | —             | —           | —                          | —                             | —                  | (39)                                      | —                   | —                      | (39)                          |
| Unrealized gain on cash flow hedge,<br>net of tax            | —             | —           | —                          | —                             | —                  | 51  | —                   | —                      | 51                            |
| Net Income   | —             | —           | —                          | —                             | —                  | —   | 9,726               | —                      | 9,726                         |
| <b>Balance at March 31, 2024</b>                             | <b>74,434</b> | <b>\$ 1</b> | <b>\$ (153,948)</b>        | <b>\$ 491,164</b>             | <b>\$ (42,091)</b> | <b>\$ (59)</b>                            | <b>\$ (80,758)</b>  | <b>\$ 214,309</b>      |                               |

See accompanying notes to the condensed consolidated financial statements.

**A10 NETWORKS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited, in thousands)

|   | <b>Three Months Ended March 31,</b> |                  |
|---|-------------------------------------|------------------|
|   | <b>2024</b>                         | <b>2023</b>      |
| <b>Cash flows from operating activities:</b>  |                                     |                  |
| Net income  | \$ 9,726                            | \$ 3,958         |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                     |                  |
| Depreciation and amortization   | 2,692                               | 2,106            |
| Stock-based compensation  | 3,839                               | 3,742            |
| Other non-cash items  | 456                                 | ( 169 )          |
| <b>Changes in operating assets and liabilities:</b>   |                                     |                  |
| Accounts receivable   | 17,684                              | 5,687            |
| Inventory   | ( 2,187 )                           | ( 1,522 )        |
| Prepaid expenses and other assets   | 1,549                               | 1,519            |
| Accounts payable  | ( 2,707 )                           | ( 676 )          |
| Accrued liabilities   | 1,820                               | ( 16,997 )       |
| Deferred revenue  | ( 428 )                             | 1,506            |
| Net cash provided by (used in) operating activities   | <u>32,444</u>                       | <u>( 846 )</u>   |
| <b>Cash flows from investing activities:</b>  |                                     |                  |
| Proceeds from sales of marketable securities  | 4,391                               | —                |
| Proceeds from maturities of marketable securities   | 39,899                              | 29,263           |
| Purchases of marketable securities  | ( 40,722 )                          | ( 21,221 )       |
| Capital expenditures  | ( 2,925 )                           | ( 2,675 )        |
| Net cash provided by investing activities   | <u>643</u>                          | <u>5,367</u>     |
| <b>Cash flows from financing activities:</b>  |                                     |                  |
| Proceeds from issuance of common stock under employee equity incentive plans                | 89                                  | 473              |
| Repurchase of common stock  | ( 3,039 )                           | —                |
| Payments for dividends  | ( 4,472 )                           | ( 4,446 )        |
| Net cash used in financing activities   | <u>( 7,422 )</u>                    | <u>( 3,973 )</u> |
| Net increase in cash and cash equivalents   | 25,665                              | 548              |
| Cash and cash equivalents—beginning of period   | 97,244                              | 67,971           |
| Cash and cash equivalents—end of period   | <u>\$ 122,909</u>                   | <u>\$ 68,519</u> |
| <b>Non-cash investing and financing activities:</b>   |                                     |                  |
| Transfers between inventory and property and equipment                                      | \$ 813                              | \$ 824           |
| Purchases of property and equipment included in accounts payable                            | \$ 732                              | \$ 142           |

See accompanying notes to the condensed consolidated financial statements.

**1. Description of Business and Summary of Significant Accounting Policies**

**Description of Business**

A10 Networks, Inc. (together with our subsidiaries, the "Company", "we", "our" or "us") was incorporated in California in 2004 and reincorporated in Delaware in March 2014. We are headquartered in San Jose, California and have wholly-owned subsidiaries throughout the world including Asia and Europe.

We are a leading provider of secure application solutions and services that enable a new generation of intelligently connected companies with the ability to continuously improve cyber protection and digital responsiveness across dynamic Information Technology ("IT") and network infrastructures. Our product portfolio seeks to address many of the cyber protection challenges and solution requirements. The portfolio consists of six secure application solutions; Thunder Application Delivery Controller ("ADC"), Lightning Application Delivery Controller ("Lightning ADC"), Thunder Carrier Grade Networking ("CGN"), Thunder Threat Protection System ("TPS"), Thunder SSL Insight ("SSLI") and Thunder Convergent Firewall ("CFW"), and two intelligent management and automation tools; Harmony Controller and aGalaxy TPS. Our solutions are available in a variety of form factors, such as optimized hardware appliances, bare metal software, containerized software, virtual appliances and cloud-native software. Our customers include leading service providers (cloud, telecommunications, multiple system operators, cable), government organizations, and enterprises.

We derive revenue from two sources: (i) products revenue, which includes hardware, perpetual software license and subscription offerings, which include term-based license agreements; and (ii) services revenue, which includes post contract support ("PCS"), professional services, training and software-as-a-service offerings. Revenue for term-based license agreements is recognized at a point in time when the Company delivers the software license to the customer and over time once the subscription term has commenced. For our software-as-a-service offerings, our customers do not take possession of the Company's software but rather we provide access to the service via a hosting arrangement. Revenue in these arrangements is recognized over time as the services are provided. A substantial portion of our revenue is from sales of our products and services through distribution channel partners, such as resellers and distributors. Our customers predominantly purchase PCS services in conjunction with purchases of our products. We recognize services revenue ratably over the term of the PCS contract, which is typically one year, but can be up to seven years.

We sell our products globally to service providers and enterprises that depend on data center applications and networks to generate revenue and manage operations efficiently. We report two customer verticals: service providers and enterprises, and we report customer revenues in three broad geographic regions: the Americas, APJ and EMEA regions. The Americas region comprises the United States and all other countries in the Americas (excluding the United States). The APJ region comprises Japan and all other countries in APAC (excluding Japan). The EMEA region comprises Europe, Middle East and Africa. We believe this geographic revenue view is consistent with how we evaluate our financial performance.

Our end-customers operate in a variety of industries, including telecommunications, technology, industrial, retail, financial, gaming, education and government. Since inception, our customer base has grown rapidly.

We sell substantially all of our solutions through our high-touch sales organization as well as distribution channel partners, including distributors, value-added resellers and system integrators, and fulfill nearly all orders globally through such partners. We believe this sales approach allows us to obtain the benefits of channel distribution, such as expanding our market coverage, while still maintaining face-to-face relationships with our end-customers. We outsource the manufacturing of our hardware products to original design manufacturers. We perform quality assurance and testing at our San Jose, Taiwan and Japan distribution centers, as well as at our manufacturers' locations.

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include those of A10 Networks, Inc. and its subsidiaries after elimination of all intercompany accounts and transactions.

We have prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC" or the "Commission"). As permitted under these rules and regulations, we have condensed or omitted certain financial information and footnote disclosures we normally include in our annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The unaudited condensed consolidated balance sheet as of December 31, 2023 has been derived from our audited financial statements, which are included in our 2023 Annual Report on Form 10-K for the year ended December 31, 2023 on file with the SEC (the "2023 Annual Report").

These financial statements have been prepared on the same basis as our annual financial statements and, in management's opinion, reflect all adjustments consisting only of normal recurring adjustments that are necessary for a fair presentation of our financial information. Our interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year.

These financial statements and accompanying notes should be read in conjunction with the financial statements and accompanying notes thereto in the 2023 Annual Report.

#### **Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Those estimates and assumptions affect revenue recognition and deferred revenue, the allowance for credit losses for potential uncollectible amounts, the sales return reserve, the valuation of inventory, the fair value of marketable securities, contingencies and litigation, accrued liabilities, deferred commissions and the determination of fair value of stock-based compensation. These estimates are based on information available as of the date of the condensed consolidated financial statements, therefore, actual results could differ from management's estimates.

#### **Significant Accounting Policies**

The Company's significant accounting policies are disclosed in Part II – Item 8, "Financial Statements and Supplementary Data" of the 2023 Annual Report filed with the SEC on February 29, 2024. There have been no material changes to the Company's significant accounting policies during the three months ended March 31, 2024.

#### **Concentration of Credit Risk and Significant Customers**

Financial instruments that potentially subject us to concentrations of credit risk consist of cash, cash equivalents, marketable securities and accounts receivable. Our cash, cash equivalents and marketable securities are held and invested in high-credit quality financial instruments by recognized financial institutions and are subject to minimum credit risk.

Our accounts receivable are unsecured and represent amounts due to us based on contractual obligations of our customers. We mitigate credit risk in respect to accounts receivable by performing periodic credit evaluations based on a number of factors, including past transaction experience, evaluation of credit history and review of the invoicing terms of the contract. We generally do not require our customers to provide collateral to support accounts receivable.

Significant customers, including distribution channel partners and direct customers (end-customers), are those which represent 10% or more of our total revenue for each period presented or our gross accounts receivable balance as of each respective balance sheet date.

Revenues from our significant end-customers as a percentage of our total revenue are as follows:

| Customers  | Three Months Ended March 31, |      |
|------------|------------------------------|------|
|            | 2024                         | 2023 |
| Customer A | 14 %                         | *    |
| Customer B | 11 %                         | 15 % |

\* represents less than 10% of total revenue

As of March 31, 2024, one customer accounted for 19 % of our total gross accounts receivable. As of December 31, 2023, one customer accounted for 19 % of our total gross accounts receivable.

#### **Recent Accounting Standards Not Yet Adopted**

In November 2023, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280, on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We do not expect the adoption of this accounting standard to have an impact on our consolidated financial statements, but will require certain additional disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

There have been no other recent accounting pronouncements, changes in accounting pronouncements or recently adopted accounting guidance during the three months ended March 31, 2024 that are of significance or potential significance to us.

#### **2. Leases**

The Company leases various operating spaces in the United States, Asia and Europe under non-cancellable operating lease arrangements that expire on various dates through July 2027. These arrangements require us to pay certain operating expenses, such as taxes, repairs and insurance, and contain renewal and escalation clauses.

The table below presents the Company's right-of-use assets and lease liabilities as of March 31, 2024 (in thousands):

|                                   | <b>As of March 31, 2024</b> | <b>As of December 31, 2023</b> |
|-----------------------------------|-----------------------------|--------------------------------|
| <b>Operating leases</b>           |                             |                                |
| Right-of-use assets:              |                             |                                |
| Other non-current assets          | \$ 15,155                   | \$ 16,376                      |
| Total right-of-use assets         | <hr/> \$ 15,155             | <hr/> \$ 16,376                |
| <br>Lease liabilities:            |                             |                                |
| Accrued liabilities               | \$ 5,000                    | \$ 4,998                       |
| Other non-current liabilities     | 10,558                      | 11,822                         |
| Total operating lease liabilities | <hr/> \$ 15,558             | <hr/> \$ 16,820                |

The aggregate future lease payments for non-cancelable operating leases as of March 31, 2024 were as follows (in thousands):

|                                    |           |
|------------------------------------|-----------|
| Remainder of 2024                  | \$ 4,059  |
| 2025                               | 4,945     |
| 2026                               | 4,893     |
| 2027                               | 2,441     |
| Total lease payments               | 16,338    |
| Less: imputed interest             | ( 780 )   |
| Present value of lease liabilities | \$ 15,558 |

The components of lease costs were as follows (in thousands):

|                        | Three Months Ended March 31, |          |
|------------------------|------------------------------|----------|
|                        | 2024                         | 2023     |
| Operating lease costs  | \$ 1,085                     | \$ 1,110 |
| Short-term lease costs | 116                          | 127      |
| Total lease costs      | \$ 1,201                     | \$ 1,237 |

Average lease terms and discount rates for the Company's operating leases were as follows:

|   | Three Months Ended March 31, |       |
|---|------------------------------|-------|
|   | 2024                         | 2023  |
| Weighted-average remaining term (years) | 3.15                         | 4.07  |
| Weighted-average discount rate          | 3.2 %                        | 3.2 % |

Supplemental cash flow information for the Company's operating leases were as follows (in thousands):

|   | Three Months Ended March 31, |      |
|---|------------------------------|------|
|   | 2024                         | 2023 |
| Cash paid for amounts included in the measurement of lease liabilities: |                              |      |
| Operating cash flows from operating leases                              | \$ 1,354                     | \$ 1 |
| Right-of-use assets obtained in exchange for new lease liabilities      | \$ —                         | \$ — |

### 3. Marketable Securities and Fair Value Measurements

#### Marketable Securities

Marketable securities, classified as available-for-sale, consisted of the following (in thousands):

|   | As of March 31, 2024 |                  |           |            |                | As of December 31, 2023 |           |            |                |            |
|---|----------------------|------------------|-----------|------------|----------------|-------------------------|-----------|------------|----------------|------------|
|   | Amortized Cost       | Gross Unrealized |           | Fair Value | Amortized Cost | Gross Unrealized        |           | Fair Value | Amortized Cost | Fair Value |
|   |                      | Gains            | Losses    |            |                | Gains                   | Losses    |            |                |            |
| Corporate securities                      | \$ 12,749            | \$ —             | \$ ( 15 ) | \$ 12,734  | \$ 15,393      | \$ 2                    | \$ ( 2 )  | \$ 15,393  | \$ 15,393      | \$ 15,393  |
| U.S. Treasury and agency securities       | 43,889               | 1                | ( 61 )    | 43,829     | 39,963         | 6                       | ( 32 )    | 39,937     | 39,937         | 39,937     |
| Commercial paper                          | —                    | —                | —         | —          | 998            | —                       | —         | 998        | 998            | 998        |
| Debt securities                           | \$ 56,638            | \$ 1             | \$ ( 76 ) | \$ 56,563  | \$ 56,354      | \$ 8                    | \$ ( 34 ) | \$ 56,328  | 56,328         | 56,328     |
| Publicly held equity securities - Level 1 |                      |                  | 2,600     |            |                |                         |           |            | 5,728          | 5,728      |
| Total marketable securities               |                      |                  |           | \$ 59,163  |                |                         |           |            | \$ 62,056      | \$ 62,056  |

During the three months ended March 31, 2024 and 2023, we did not reclassify any amount to earnings from accumulated other comprehensive income (loss) related to unrealized gains or losses.

The following table summarizes the cost and estimated fair value of our marketable securities based on stated effective maturities as of March 31, 2024 (excluding publicly held equity securities, in thousands):

| As of March 31, 2024  | Amortized Cost | Fair Value |
|-----------------------|----------------|------------|
| Less than 1 year      | \$ 52,088      | \$ 52,028  |
| Mature in 1 - 3 years | 4,550          | 4,535      |
| Total                 | \$ 56,638      | \$ 56,563  |

All available-for-sale securities have been classified as current because they are available for use in current operations.

Marketable securities in an unrealized loss position as of March 31, 2024 consisted of the following (in thousands):

| As of March 31, 2024                | Less Than 12 Months |                         | 12 Months or More |                         | Total      |                         |
|-------------------------------------|---------------------|-------------------------|-------------------|-------------------------|------------|-------------------------|
|                                     | Fair Value          | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| Corporate securities                | \$ 12,734           | \$ (15)                 | \$ —              | \$ —                    | \$ 12,734  | \$ (15)                 |
| U.S. Treasury and agency securities | 33,332              | (48)                    | 6,432             | (13)                    | 39,764     | (61)                    |
| Total                               | \$ 46,066           | \$ (63)                 | \$ 6,432          | \$ (13)                 | \$ 52,498  | \$ (76)                 |

Marketable securities in an unrealized loss position as of December 31, 2023 consisted of the following (in thousands):

| As of December 31, 2023             | Less Than 12 Months |                         | 12 Months or More |                         | Total      |                         |
|-------------------------------------|---------------------|-------------------------|-------------------|-------------------------|------------|-------------------------|
|                                     | Fair Value          | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| Corporate securities                | \$ 9,418            | \$ (2)                  | \$ —              | \$ —                    | \$ 9,418   | \$ (2)                  |
| U.S. Treasury and agency securities | 24,304              | (32)                    | —                 | —                       | 24,304     | (32)                    |
| Total                               | \$ 33,722           | \$ (34)                 | \$ —              | \$ —                    | \$ 33,722  | \$ (34)                 |

Based on evaluation of securities that have been in a continuous loss position, we did not recognize any other-than-temporary impairment charges during the three months ended March 31, 2024 and 2023.

#### Fair Value Measurements

The following is a summary of our cash, cash equivalents and marketable securities measured at fair value on a recurring basis (in thousands):

|   | As of March 31, 2024 |           |         |            | As of December 31, 2023 |           |         |            |
|---|----------------------|-----------|---------|------------|-------------------------|-----------|---------|------------|
|   | Level 1              | Level 2   | Level 3 | Total      | Level 1                 | Level 2   | Level 3 | Total      |
| Cash                                      | \$ 77,050            | \$ —      | \$ —    | \$ 77,050  | \$ 52,451               | \$ —      | \$ —    | \$ 52,451  |
| Cash equivalents                          | 45,859               | —         | —       | 45,859     | 44,793                  | —         | —       | 44,793     |
| Corporate securities                      | —                    | 12,734    | —       | 12,734     | —                       | 15,393    | —       | 15,393     |
| U.S. Treasury and agency securities       | 13,233               | 30,596    | —       | 43,829     | 12,701                  | 27,236    | —       | 39,937     |
| Commercial paper                          | —                    | —         | —       | —          | —                       | 998       | —       | 998        |
|   | \$ 136,142           | \$ 43,330 | \$ —    | \$ 179,472 | \$ 109,945              | \$ 43,627 | \$ —    | \$ 153,572 |
| Publicly held equity securities - Level 1 |                      |           |         | 2,600      |                         |           |         | 5,728      |
| Total marketable securities               |                      |           |         | \$ 182,072 |                         |           |         | \$ 159,300 |

There were no transfers between Level 1 and Level 2 fair value measurement categories during the three months ended

March 31, 2024 and 2023.

#### 4. Derivatives

##### *Foreign Exchange Forward Contracts*

The Company uses derivative financial instruments to manage exposures to foreign currency that may or may not be designated as hedging instruments. The Company's objective for holding derivatives is to use the most effective methods to minimize the impact of these exposures. The Company does not enter into derivatives for speculative or trading purposes. The Company enters into foreign exchange forward contracts primarily to mitigate the effect of gains and losses generated by foreign currency transactions related to certain operating expenses and remeasurement of certain assets and liabilities denominated in foreign currencies.

For foreign exchange forward contracts not designated as hedging instruments, the fair value of the derivatives in a net gain or not loss position are recorded in prepaid expenses and other current assets in the consolidated balance sheets. Changes in the fair value of derivatives are recorded in other income, net in the consolidated statements of operations. As of March 31, 2024 and December 31, 2023, foreign exchange forward currency contracts not designated as hedging instruments had the total notional amount of \$ 43.3 million and \$ 34.5 million, respectively. These contracts have maturities of less than 30 days. For the three months ended March 31, 2024 and 2023, the Company recorded net losses of \$ 0.2 million and \$ 0.6 million, respectively, in its consolidated statements of operations related to these contracts.

For foreign exchange forward contracts designated as hedging instruments, unrealized gains and losses arising from these contracts are recorded as a component of accumulated other comprehensive income (loss) on the consolidated balance sheets. The hedging gains and losses in accumulated other comprehensive income (loss) in the consolidated balance sheet are subsequently reclassified to expenses, as applicable, in the consolidated statements of operations in the same period in which the underlying transactions affect the Company's earnings. As of March 31, 2024, no foreign exchange forward currency contracts designated as hedging instruments were outstanding and as of December 31, 2023, foreign exchange forward currency contracts designated as hedging instruments had a notional amount of \$ 10.8 million. These contracts have 30 days maturities.

#### 5. Condensed Consolidated Financial Statement Components

##### *Accounts Receivable Allowance for Credit Losses*

The following table presents the change in the Company's accounts receivable allowance for credit losses (in thousands):

|  | As of March 31, 2024   | As of December 31, 2023 |
|--|------------------------|-------------------------|
| Allowance for credit losses, beginning balance | \$ 405                 | \$ 32                   |
| Increase (decrease) in allowance               | 1,562                  | 1,181                   |
| Write-offs                                     | ( 786 )                | ( 808 )                 |
| Allowance for credit losses, ending balance    | <u><u>\$ 1,181</u></u> | <u><u>\$ 405</u></u>    |

##### *Inventory*

Inventory consisted of the following (in thousands):

|                 | As of March 31, 2024    | As of December 31, 2023 |
|-----------------|-------------------------|-------------------------|
| Raw materials   | \$ 17,585               | \$ 15,473               |
| Finished goods  | 7,310                   | 8,049                   |
| Total inventory | <u><u>\$ 24,895</u></u> | <u><u>\$ 23,522</u></u> |

##### *Prepaid Expenses and Other Current Assets*

Prepaid expenses and other current assets consisted of the following (in thousands):

|   | As of March 31, 2024 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Prepaid expenses                                | \$ 5,636             | \$ 6,143                |
| Deferred contract acquisition costs             | 5,789                | 6,177                   |
| Other   | 1,800                | 2,375                   |
| Total prepaid expenses and other current assets | \$ 13,225            | \$ 14,695               |

**Property and Equipment, Net**

Property and equipment, net, consisted of the following (in thousands):

|                                | Useful Life<br>(in years) | As of March 31, 2024 | As of December 31, 2023 |
|--------------------------------|---------------------------|----------------------|-------------------------|
| Equipment                      | 1 - 5                     | \$ 33,148            | \$ 31,174               |
| Software                       | 1 - 3                     | 3,846                | 5,339                   |
| Furniture and fixtures         | 1 - 7                     | 531                  | 520                     |
| Leasehold improvements         | Lease term                | 3,425                | 3,207                   |
| Construction in process        |                           | 14,860               | 13,731                  |
| Property and equipment, gross  |                           | 55,810               | 53,971                  |
| Less: accumulated depreciation |                           | ( 25,556 )           | ( 24,095 )              |
| Property and equipment, net    |                           | \$ 30,254            | \$ 29,876               |

Construction in process primarily consists of deferred software development costs related to several software-as-a-service projects that will take longer than one year to complete.

Depreciation expense on property and equipment was \$ 1.5 million and \$ 0.9 million for the three months ended March 31, 2024 and 2023, respectively.

**Internally Developed Software to be Marketed and Sold**

During the three months ended March 31, 2024, no costs were capitalized associated with internally developed software to be marketed and sold. During the three months ended March 31, 2023, costs associated with internally developed software to be marketed and sold totaled \$ 0.1 million. During the three months ended March 31, 2024 and 2023, amortization cost totaled \$ 0.1 million in each period, respectfully. As of March 31, 2024, the unamortized capitalized internally developed software balance was \$ 2.9 million and is included in other non-current assets. Internally developed software typically has a useful life of 6 years once it's released and is generally available to customers.

**Accrued Liabilities**

Accrued liabilities consisted of the following (in thousands):

|                                   |  | As of March 31, 2024 | As of December 31, 2023 |
|-----------------------------------|--|----------------------|-------------------------|
| Accrued compensation and benefits |  | \$ 8,899             | \$ 7,633                |
| Accrued tax liabilities           |  | 3,332                | 1,429                   |
| Lease liability                   |  | 5,000                | 4,998                   |
| Other                             |  | 7,235                | 7,328                   |
| Total accrued liabilities         |  | \$ 24,466            | \$ 21,388               |

#### Deferred Revenue

Deferred revenue consisted of the following (in thousands):

|                        | As of March 31, 2024    | As of December 31, 2023 |
|------------------------|-------------------------|-------------------------|
| Deferred revenue:      |                         |                         |
| Products               | \$ 15,131               | \$ 14,917               |
| Services               | 125,775                 | 126,417                 |
| Total deferred revenue | 140,906                 | 141,334                 |
| Less: current portion  | ( 83,345 )              | ( 82,657 )              |
| Non-current portion    | <u><u>\$ 57,561</u></u> | <u><u>\$ 58,677</u></u> |

#### 6. Commitments and Contingencies

##### Lease Commitments

We lease various operating spaces in the United States, Asia and Europe under non-cancelable operating lease arrangements that expire on various dates through July 2027. These arrangements require us to pay certain operating expenses, such as taxes, repairs and insurance, and contain renewal and escalation clauses. We recognize rent expense under these arrangements on a straight-line basis over the term of the lease. See Note 2 – Leases for the Company's aggregate future lease payments for the Company's non-cancelable operating leases as of March 31, 2024.

Rent expense was \$ 1.2 million for both the three months ended March 31, 2024 and 2023.

##### Purchase Commitments

We have open purchase commitments with third-party contract manufacturers with facilities in Taiwan to supply nearly all of our finished goods inventories, spare parts, and accessories. These purchase orders are expected to be paid within one year of the issuance date. We had open purchase commitments with manufacturers in Taiwan totaling \$ 11.1 million as of March 31, 2024.

##### Guarantees and Indemnifications

In the normal course of business, we provide indemnifications to customers against claims of intellectual property infringement made by third parties arising from the use of our products. Other guarantees or indemnification arrangements include guarantees of product and service performance, and standby letters of credit for lease facilities and corporate credit cards. We have not recorded a liability related to these indemnification and guarantee provisions and our guarantees and indemnification arrangements have not had any significant impact on our condensed consolidated financial statements to date.

#### 7. Equity Incentive Plans, Stock-Based Compensation and Stock Repurchase Program

##### Equity Incentive Plans

###### 2014 Equity Incentive Plan and 2023 Stock Incentive Plan

The 2014 Equity Incentive Plan (the "2014 Plan") was in effect until it was replaced by the 2023 Stock Incentive Plan (the "2023 Plan") on April 1, 2023. No further grants will be made under the 2014 Plan. Both the 2014 Plan and 2023 Plan provide for the granting of stock options, restricted stock awards, restricted stock units ("RSUs"), market performance-based RSUs ("PSUs"), stock appreciation rights, performance units and performance shares to our employees, consultants and members of our Board of Directors. As of March 31, 2024, we had 4,379,799 shares available for future grant under the 2023 Plan.

Like the 2014 Plan, shares authorized for the 2023 Plan increase annually by the lesser of (i) 8,000,000 shares, (ii) 5 % of the outstanding shares of common stock on the last day of our immediately preceding fiscal year, or (iii) such other lesser

amount as determined by our Board of Directors. Our Board of Directors determined current shares authorized under the 2023 Plan were sufficient for the time being and decided not to increase the number of shares authorized on January 1, 2024.

#### **2014 Employee Stock Purchase Plan**

The 2014 Employee Stock Purchase Plan, as amended (the "Amended 2014 Purchase Plan") provides employees with an opportunity to purchase our common stock through accumulated contributions, up to a maximum of 10 % of eligible compensation, with offering periods of six months in duration, beginning on or about December 1 and June 1 each year. As of March 31, 2024, the Company had 812,277 shares available for future issuance under the Amended 2014 Purchase Plan.

#### **Stock-Based Compensation**

A summary of our stock-based compensation expense is as follows (in thousands):

|   | <b>Three Months Ended March 31,</b> |                 |
|---|-------------------------------------|-----------------|
|   | <b>2024</b>                         | <b>2023</b>     |
| <b>Stock-based compensation by type of award:</b>       |                                     |                 |
| Stock awards  | \$ 3,532                            | \$ 3,443        |
| Employee stock purchase rights                          | 307                                 | 299             |
|   | <b>\$ 3,839</b>                     | <b>\$ 3,742</b> |
| <b>Stock-based compensation by category of expense:</b> |                                     |                 |
| Cost of net revenue                                     | \$ 457                              | \$ 412          |
| Sales and marketing                                     | 1,033                               | 1,165           |
| Research and development                                | 869                                 | 831             |
| General and administrative                              | 1,480                               | 1,334           |
|   | <b>\$ 3,839</b>                     | <b>\$ 3,742</b> |

As of March 31, 2024, the Company had \$ 33.7 million of unrecognized stock-based compensation expense related to unvested stock-based awards, including common stock acquired under our Amended 2014 Purchase Plan, which will be recognized over a weighted-average period of 2.73 years.

#### **Stock Options**

The following table summarizes our stock option activities and related information:

|   | <b>Number of Shares<br/>(thousands)</b> | <b>Weighted-Average<br/>Exercise Price Per<br/>Share</b> | <b>Weighted-Average<br/>Remaining Contractual<br/>Term<br/>(years)</b> | <b>Aggregate Intrinsic<br/>Value (thousands)</b> |
|---|---|--|--|--|
| Outstanding as of December 31, 2023         | 80                                      | \$ 4.63  |  |  |
| Exercised                                   | ( 20 )                                  | 4.40   |  |  |
| Canceled                                    | ( 3 )                                   | 12.19  |  |  |
| Outstanding as of March 31, 2024            | 57                                      | 4.38   | 0.72   | \$ 529   |
| Vested and exercisable as of March 31, 2024 | 57                                      | \$ 4.38  | 0.72   | \$ 529   |

As of March 31, 2024, the aggregate intrinsic value represents the excess of the closing price of our common stock of \$ 13.69 over the exercise price of the outstanding in-the-money options.

The intrinsic value of options exercised was \$ 0.2 million and \$ 0.7 million during the three months ended March 31, 2024 and 2023, respectively.

#### Stock Awards

The Company has granted RSUs to its employees, consultants and members of its Board of Directors, and PSUs to certain executives and employees. The Company's PSUs have market performance-based vesting conditions as well as service-based vesting conditions. As of March 31, 2024, there were 2,389,566 RSUs and 900,590 PSUs outstanding.

The following table summarizes our stock award activities and related information:

|                                   | Number of Shares<br>(thousands) | Weighted-Average<br>Grant Date Fair Value<br>Per Share | Weighted-Average<br>Remaining Vesting Term<br>(years) | Aggregate Fair Value<br>(thousands) |
|-----------------------------------|---------------------------------|--|---|-------------------------------------|
| Nonvested as of December 31, 2023 | 3,017                           | \$ 13.15   |   |                                     |
| Granted                           | 602                             | 12.38  |   |                                     |
| Released                          | ( 285 )                         | 10.32  |   |                                     |
| Canceled                          | ( 44 )                          | 13.73  |   |                                     |
| Nonvested as of March 31, 2024    | <u>3,290</u>                    | \$ 13.25   | 2.04  | \$ 45,042                           |

The aggregate fair value of stock awards released was \$ 2.9 million and \$ 3.0 million for the three months ended March 31, 2024 and 2023, respectively.

#### Stock Repurchase Programs

On November 1, 2022, the Company announced its Board of Directors authorized a stock repurchase program of up to \$ 50 million of its common stock over a period of twelve months (the "2022 Program"). Through March 31, 2023, no shares had been repurchased under the 2022 Program. This repurchase program was active for twelve months and expired in the second half of 2023.

On November 7, 2023, the Company announced its Board of Directors authorized a new stock repurchase program of up to \$ 50 million of its common stock over a period of twelve months (the "2023 Program"). During the three months ended March 31, 2024, the Company repurchased 0.2 million shares for a total cost of \$ 3.0 million under the 2023 Program.

Under the Company's stock repurchase programs, repurchased shares are held in treasury at cost. The Company's stock repurchase programs do not obligate it to acquire any specific number of shares. Shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

#### 8. Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding for the period. Diluted net income per share applying the treasury stock method is computed using the weighted average number of common shares outstanding for the period plus potential dilutive common shares, including stock options, RSUs, PSUs and employee stock purchase rights, unless the potential common shares are anti-dilutive.

Basic and diluted net income per share are calculated as follows (in thousands, except per share amounts):

|  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2024                         | 2023     |
| Basic and diluted net income per share   |                              |          |
| Numerator:   |                              |          |
| Net income   | \$ 9,726                     | \$ 3,958 |
| Denominator:   |                              |          |
| Weighted-average shares outstanding - basic  | 74,451                       | 74,001   |
| Effect of dilutive potential common shares from stock options, stock awards and employee stock purchase plan | 867                          | 1,540    |
| Weighted-average shares outstanding - diluted  | 75,318                       | 75,541   |
| Net income per share:  |                              |          |
| Basic  | \$ 0.13                      | \$ 0.05  |
| Diluted  | \$ 0.13                      | \$ 0.05  |

The following table presents common shares related to potentially dilutive shares excluded from the calculation of diluted net income per share as their effect would have been anti-dilutive (in thousands):

|  | Three Months Ended March 31, |      |
|--|------------------------------|------|
|  | 2024                         | 2023 |
| Stock options, restricted stock units and employee stock purchase rights | 65                           | 186  |

## 9. Income Taxes

We recorded a provision for income tax \$ 1.5 million and \$ 1.0 million for the three months ended March 31, 2024 and 2023, respectively. The Company's income tax provision for the three months ended March 31, 2024 and 2023 primarily consisted of U.S. federal and state taxes.

We had \$ 8.1 million of unrecognized tax benefits as of March 31, 2024. We do not anticipate a material change to our unrecognized tax benefits over the next twelve months. Unrecognized tax benefits may change during the next twelve months for items that arise in the ordinary course of business.

Accrued interest and penalties related to unrecognized tax benefits are recognized as part of our provision for income taxes in our condensed consolidated statements of operations.

We are subject to taxation in the United States, various states, and several foreign jurisdictions. Because we have net operating loss and credit carryforwards, there are open statutes of limitations in which federal, state and foreign taxing authorities may examine our tax returns for all years from 2005 through the current period. We are not currently under examination by any taxing authorities.

## 10. Geographic Information

We report customer revenues in three broad geographic regions: the Americas, APJ and EMEA regions. The Americas region comprises the United States and all other countries in the Americas (excluding the United States). The APJ region

comprises Japan and all other countries in APAC (excluding Japan). The EMEA region comprises Europe, Middle East and Africa. We believe this geographic revenue view is consistent with how we evaluate our financial performance.

The following table depicts the disaggregation of revenue by geographic region based on the ship to location of our customers (in thousands):

|                   | Three Months Ended March 31, |               |
|-------------------|------------------------------|---------------|
|                   | 2024                         | 2023          |
| <b>Americas</b>   | \$ 27,442                    | \$ 29,956     |
| United States     | 23,144                       | 24,121        |
| Americas-other    | 4,298                        | 5,835         |
| <b>APJ</b>        | <b>25,043</b>                | <b>15,760</b> |
| <b>EMEA</b>       | <b>8,190</b>                 | <b>11,975</b> |
| Total net revenue | \$ 60,675                    | \$ 57,691     |

The following table is a summary of our long-lived assets which include property and equipment, net and operating lease right-of-use assets based on the physical location of the assets (in thousands):

|               | As of March 31, 2024 | As of December 31, 2023 |
|---------------|----------------------|-------------------------|
| United States | \$ 42,761            | \$ 43,782               |
| APAC          | 1,426                | 1,094                   |
| Japan         | 925                  | 1,096                   |
| EMEA          | 297                  | 280                     |
| Total         | \$ 45,409            | \$ 46,252               |

## 11. Revenue

We report two customer verticals: service providers and enterprises. Revenue generated from service providers and enterprises was as follows (in thousands):

|                   | Three Months Ended March 31, |           |
|-------------------|------------------------------|-----------|
|                   | 2024                         | 2023      |
| Service providers | \$ 37,661                    | \$ 32,566 |
| Enterprises       | 23,014                       | 25,125    |
| Total             | \$ 60,675                    | \$ 57,691 |

### Contract Balances

The following table reflects contract balances with customers (in thousands):

|                               | As of March 31, 2024 | As of December 31, 2023 |
|-------------------------------|----------------------|-------------------------|
| Accounts receivable, net      | \$ 55,906            | \$ 74,307               |
| Deferred revenue, current     | 83,345               | 82,657                  |
| Deferred revenue, non-current | 57,561               | 58,677                  |

We receive payments from customers based upon billing cycles. Invoice payment terms usually range from 30 to 90 days.

Accounts receivable are recorded when the right to consideration becomes unconditional.

Contract assets include amounts related to our contractual right to consideration for performance obligations not yet billed and are included in prepaid and other current assets in the condensed consolidated balance sheets. The amounts were immaterial as of March 31, 2024 and December 31, 2023.

Deferred revenue primarily consists of amounts that have been invoiced but not yet been recognized as revenue and consists of performance obligations pertaining to support and subscription services. We recognized revenue of \$ 27.2 million and \$ 25.2 million during the three months ended March 31, 2024 and 2023, respectively, related to deferred revenues at the beginning of the respective periods.

#### **Deferred Contract Acquisition Costs**

We capitalize certain contract acquisition costs consisting of incremental sales commissions incurred to obtain customer contracts. Deferred commissions related to product revenues are recognized upon transfer of control to customers. Deferred commissions related to services revenue are recognized as the related performance obligations are met. Deferred commissions that will be recognized during the succeeding 12-month period are recorded as prepaid expenses and other current assets, and the remaining portion is recorded as other non-current assets. Amortization of deferred commissions is included in sales and marketing expense.

As of March 31, 2024, the current and non-current portions of deferred contract acquisition costs were \$ 5.8 million and \$ 4.1 million, respectively. As of December 31, 2023, the current and non-current portions of deferred contract acquisition costs were \$ 6.2 million and \$ 4.4 million, respectively. Related amortization expense was \$ 2.0 million and \$ 1.9 million for the three months ended March 31, 2024 and 2023, respectively.

We had no impairment loss in relation to the costs capitalized and no asset impairment charges related to contract assets during the three months ended March 31, 2024 and 2023.

#### **Remaining Performance Obligations**

Remaining performance obligations represent contracted revenues that are non-cancellable and have not yet been recognized due to unsatisfied or partially satisfied performance obligations, which include deferred revenues and amounts that will be invoiced and recognized as revenues in future periods.

We expect to recognize revenue on the remaining performance obligations as follows (in thousands):

|                   | <b>As of March 31, 2024</b> |
|-------------------|-----------------------------|
| Within 1 year     | \$ 83,345                   |
| Next 2 to 3 years | 54,135                      |
| Thereafter        | 3,426                       |
| <b>Total</b>      | <b>\$ 140,906</b>           |

#### **11. Subsequent Events**

On April 30, 2024, the Company announced its Board of Directors declared a quarterly cash dividend. The dividend, in the amount of \$ 0.06 per share outstanding, will be paid on June 3, 2024 to stockholders of record on May 15, 2024 as a return of capital. Future dividends will be subject to further review and approval by the Board in accordance with applicable law. The Board reserves the right to adjust or withdraw the quarterly dividend in future periods as it reviews the Company's capital allocation strategy from time-to-time.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations ("MD&A") should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this document. In addition to historical information, the MD&A contains forward-looking statements that reflect our plans, estimates, and beliefs that involve significant risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in "Note Regarding Forward-Looking Statements" and other risk factors contained in Part I, Item 1A "Risk Factors" in our 2023 Annual Report.*

### Overview

We are a leading provider of secure application solutions and services that enable a new generation of intelligently connected companies with the ability to continuously improve cyber protection and digital responsiveness across dynamic Information Technology ("IT") and network infrastructures. Our product portfolio seeks to address many of the cyber protection challenges and solution requirements. The portfolio consists of six secure application solutions; Thunder Application Delivery Controller ("ADC"), Lightning Application Delivery Controller ("Lightning ADC"), Thunder Carrier Grade Networking ("CGN"), Thunder Threat Protection System ("TPS"), Thunder SSL Insight ("SSLI") and Thunder Convergent Firewall ("CFW"), and two intelligent management and automation tools; Harmony Controller and aGalaxy TPS. Our solutions are available in a variety of form factors, such as optimized hardware appliances, bare metal software, containerized software, virtual appliances and cloud-native software. Our customers include leading service providers (cloud, telecommunications, multiple system operators, cable), government organizations, and enterprises.

We derive revenue from two sources: (i) products revenue, which includes hardware, perpetual software license and subscription offerings, which include term-based license agreements; and (ii) services revenue, which includes post contract support ("PCS"), professional services, training and software-as-a-service offerings. Revenue for term-based license agreements is recognized at a point in time when the Company delivers the software license to the customer and over time once the subscription term has commenced. For our software-as-a-service offerings, our customers do not take possession of the Company's software but rather we provide access to the service via a hosting arrangement. Revenue in these arrangements is recognized over time as the services are provided. A substantial portion of our revenue is from sales of our products and services through distribution channel partners, such as resellers and distributors. Our customers predominantly purchase PCS services in conjunction with purchases of our products. We recognize services revenue ratably over the term of the PCS contract, which is typically one year, but can be up to seven years.

We sell our products globally to service providers and enterprises that depend on data center applications and networks to generate revenue and manage operations efficiently. We report two customer verticals: service providers and enterprises, and we report customer revenues in three broad geographic regions: the Americas, APJ and EMEA regions. The Americas region comprises the United States and all other countries in the Americas (excluding the United States). The APJ region comprises Japan and all other countries in APAC (excluding Japan). The EMEA region comprises Europe, Middle East and Africa. We believe this geographic revenue view is consistent with how we evaluate our financial performance.

Our end-customers operate in a variety of industries, including telecommunications, technology, industrial, retail, financial, gaming, education and government. Since inception, our customer base has grown rapidly.

We sell substantially all of our solutions through our high-touch sales organization as well as distribution channel partners, including distributors, value-added resellers and system integrators, and fulfill nearly all orders globally through such partners. We believe this sales approach allows us to obtain the benefits of channel distribution, such as expanding our market coverage, while still maintaining face-to-face relationships with our end-customers. We outsource the manufacturing of our hardware products to original design manufacturers. We perform quality assurance and testing at our San Jose, Taiwan and Japan distribution centers, as well as at our manufacturers' locations.

During the three months ended March 31, 2024, (i) 45% of our total revenue was generated from the Americas region, of which 38% was generated from the United States, (ii) 41% from the APJ region, of which 31% was generated from Japan, and (iii) 14% from the EMEA region. During the three months ended March 31, 2023, (i) 52% of our total revenue was generated from the Americas region, of which 42% was generated from the United States, (ii) 27% from the APJ region, of which 18% was generated from Japan, and (iii) 21% from the EMEA region. One of our priorities is to strengthen our sales efforts in North America. Our enterprise customers accounted for 38% and 44% of our total revenue during the three months ended March 31, 2024 and 2023, respectively, and our service provider customers accounted for 62% and 56% of our total revenue during the three months ended March 31, 2024 and 2023, respectively.

As a result of the nature of our target market and the current stage of our development, a substantial portion of our revenue comes from a limited number of large customers, including service providers and enterprise customers, in any period. Purchases by our ten largest end-customers accounted for 44% and 33% of our total revenue for the three months ended March 31, 2024 and 2023, respectively. Sales to these large end-customers have typically been characterized by large but irregular purchases with long sales cycles. The timing of these purchases and the delivery of the purchased products are difficult to predict. Consequently, any acceleration or delay in anticipated product purchases by or deliveries to our largest customers could materially impact our revenue and operating results in any quarterly period. This may cause our quarterly revenue and operating results to fluctuate from quarter to quarter and make them difficult to predict.

As of March 31, 2024, we had \$122.9 million of cash and cash equivalents and \$59.2 million of marketable securities. Cash provided by operating activities was \$32.4 million during the three months ended March 31, 2024, compared to cash used in operating activities of \$0.8 million in the same period of 2023.

We intend to continue to invest for long-term growth. We have invested and expect to continue to invest in our product development efforts to deliver new products and additional features in our current products to address customer needs. In addition, we may expand our global sales and marketing organizations, expand our distribution channel partner programs and increase awareness of our solutions on a global basis. Our investments in growth in these areas may affect our short-term profitability.

## Results of Operations

A summary of our condensed consolidated statements of operations for the three months ended March 31, 2024 and 2023 is as follows (dollars in thousands):

|   | Three Months Ended March 31, |                          |           |                          |            |         | Increase (Decrease) |  |
|---|------------------------------|--------------------------|-----------|--------------------------|------------|---------|---------------------|--|
|   | 2024                         |                          | 2023      |                          |            |         |                     |  |
|   | Amount                       | Percent of Total Revenue | Amount    | Percent of Total Revenue | Amount     | Percent |                     |  |
| <b>Net revenue:</b>                         |                              |                          |           |                          |            |         |                     |  |
| Products                                    | \$ 30,069                    | 49.6 %                   | \$ 31,182 | 54.1 %                   | \$ (1,113) | (3.6)%  |                     |  |
| Services                                    | 30,606                       | 50.4                     | 26,509    | 45.9                     | 4,097      | 15.5    |                     |  |
| Total net revenue                           | 60,675                       | 100.0                    | 57,691    | 100.0                    | 2,984      | 5.2     |                     |  |
| <b>Cost of net revenue:</b>                 |                              |                          |           |                          |            |         |                     |  |
| Products                                    | 6,799                        | 11.2                     | 6,083     | 10.5                     | 716        | 11.8    |                     |  |
| Services                                    | 4,645                        | 7.7                      | 4,133     | 7.2                      | 512        | 12.4    |                     |  |
| Total cost of net revenue                   | 11,444                       | 18.9                     | 10,216    | 17.7                     | 1,228      | 12.0    |                     |  |
| Gross profit                                | 49,231                       | 81.1                     | 47,475    | 82.3                     | 1,756      | 3.7     |                     |  |
| <b>Operating expenses:</b>                  |                              |                          |           |                          |            |         |                     |  |
| Sales and marketing                         | 21,214                       | 35.0                     | 22,334    | 38.7                     | (1,120)    | (5.0)   |                     |  |
| Research and development                    | 14,063                       | 23.2                     | 11,665    | 20.2                     | 2,398      | 20.6    |                     |  |
| General and administrative                  | 6,741                        | 11.1                     | 7,309     | 12.7                     | (568)      | (7.8)   |                     |  |
| Total operating expenses                    | 42,018                       | 69.3                     | 41,308    | 71.6                     | 710        | 1.7     |                     |  |
| Income from operations                      | 7,213                        | 11.9                     | 6,167     | 10.7                     | 1,046      | 17.0    |                     |  |
| <b>Non-operating income (expense), net:</b> |                              |                          |           |                          |            |         |                     |  |
| Interest income                             | 1,681                        | 2.8                      | 973       | 1.7                      | 708        | 72.8    |                     |  |
| Other income (expense), net                 | 2,326                        | 3.8                      | (2,218)   | (3.8)                    | 4,544      | (204.9) |                     |  |
| Non-operating income (expense), net         | 4,007                        | 6.6                      | (1,245)   | (2.2)                    | 5,252      | (421.8) |                     |  |
| Income before provision for income taxes    | 11,220                       | 18.5                     | 4,922     | 8.5                      | 6,298      | 128.0   |                     |  |
| Provision for income taxes                  | 1,494                        | 2.5                      | 964       | 1.7                      | 530        | 55.0    |                     |  |
| Net income                                  | \$ 9,726                     | 16.0 %                   | \$ 3,958  | 6.9 %                    | \$ 5,768   | 145.7 % |                     |  |

### Net Revenue

We derive revenue from two sources: (i) products revenue, which includes hardware, perpetual software license and subscription offerings, which include term-based license agreements; and (ii) services revenue, which includes post contract support ("PCS"), professional services, training and software-as-a-service offerings.

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one or more of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. With respect to sales of our hardware appliances, we recognize products revenue upon transfer of control, generally at the time of shipment, provided that all other revenue recognition criteria have been met. Revenue for term-based license agreements is recognized at a point in time when we deliver the software license to the customer and the subscription term has commenced. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclical and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.

We generate services revenue from sales of post contract support ("PCS"), which is bundled with sales of products and technical services. We offer tiered PCS services under renewable, fee-based PCS contracts, primarily including technical support, hardware repair and replacement parts, and software upgrades on a when-and-if-available basis. We recognize services

revenue ratably over the term of the PCS contract, which is typically one year, but can be up to seven years. For our software-as-a-service offerings, our customers do not take possession of our software but rather we provide access to the service via a hosting arrangement. Revenue in these arrangements is recognized over time as the services are provided. Additionally, an immaterial portion of our services revenue comes from subscription revenue. We offer several services by subscription, primarily through either term-based license agreements or as a service through our cloud-based platform.

A summary of our total revenue is as follows (dollars in thousands):

|  | Three Months Ended March 31, |                          |                  |                          |                   |              | Increase (Decrease) |  |
|--|------------------------------|--------------------------|------------------|--------------------------|-------------------|--------------|---------------------|--|
|  | 2024                         |                          | 2023             |                          |                   |              |                     |  |
|  | Amount                       | Percent of Total Revenue | Amount           | Percent of Total Revenue | Amount            | Percent      |                     |  |
| <b>Net revenue:</b>                      |                              |                          |                  |                          |                   |              |                     |  |
| Products                                 | \$ 30,069                    | 50 %                     | \$ 31,182        | 54 %                     | \$ (1,113)        | (4) %        |                     |  |
| Services                                 | 30,606                       | 50                       | 26,509           | 46                       | 4,097             | 15           |                     |  |
| <b>Total net revenue</b>                 | <b>\$ 60,675</b>             | <b>100 %</b>             | <b>\$ 57,691</b> | <b>100 %</b>             | <b>\$ 2,984</b>   | <b>5 %</b>   |                     |  |
| <b>Net revenue by geographic region:</b> |                              |                          |                  |                          |                   |              |                     |  |
| <b>Americas</b>                          | <b>\$ 27,442</b>             | <b>45 %</b>              | <b>\$ 29,956</b> | <b>52 %</b>              | <b>\$ (2,514)</b> | <b>(8) %</b> |                     |  |
| United States                            | 23,144                       | 38 %                     | 24,121           | 42 %                     | (977)             | (4) %        |                     |  |
| Americas-other                           | 4,298                        | 7 %                      | 5,835            | 10 %                     | (1,537)           | (26) %       |                     |  |
| <b>APJ</b>                               | <b>\$ 25,043</b>             | <b>41 %</b>              | <b>\$ 15,760</b> | <b>27 %</b>              | <b>\$ 9,283</b>   | <b>59 %</b>  |                     |  |
| <b>EMEA</b>                              | <b>\$ 8,190</b>              | <b>14 %</b>              | <b>\$ 11,975</b> | <b>21 %</b>              | <b>\$ (3,785)</b> | <b>(32)</b>  |                     |  |
| <b>Total net revenue</b>                 | <b>\$ 60,675</b>             | <b>100 %</b>             | <b>\$ 57,691</b> | <b>100 %</b>             | <b>\$ 2,984</b>   | <b>5 %</b>   |                     |  |

Total net revenue increased \$3.0 million, or 5%, during the three months ended March 31, 2024, compared to the same period of 2023. Changes in revenue were due primarily to (i) a \$9.3 million increase in the APJ region, comprised of an increase in the Japan region of \$8.8 million and an increase in APAC of \$0.5 million, (ii) a \$3.8 million decrease in the EMEA region, and (iii) a \$2.5 million decrease in the Americas region, comprised of a decrease in Americas-other of \$1.5 million and a decrease in the United States of \$1.0 million. The overall increase in revenue was attributable to a \$5.1 million increase in revenue from service provider customers, partially offset by a \$2.1 million decrease in revenue from enterprise customers during the three months ended March 31, 2024 compared to the same period of 2023. Products revenue decreased \$1.1 million, of which the EMEA region decreased \$4.6 million and the Americas region decreased \$3.9 million, partially offset by an increase of \$7.5 million in the APJ region for the three months ended March 31, 2024, compared to the same period of 2023. Services revenue increased \$4.1 million, comprised of increase of \$1.8 million, \$1.4 million and \$0.8 million in the APJ, Americas and EMEA regions, respectively, for the three months ended March 31, 2024, compared to the same period of 2023.

Products revenue decreased \$1.1 million, or 4%, during the three months ended March 31, 2024 compared to the same period of 2023, as a result of a decrease in demand from our enterprise customers in the EMEA and Americas regions.

Services revenue increased \$4.1 million, or 15%, during the three months ended March 31, 2024, compared to the same periods of 2023, primarily attributable to an increase in PCS sales as a result of our growing installed customer base, especially in the APJ and Americas regions.

During the three months ended March 31, 2024, \$27.4 million, or 45% of total revenue, was generated from the Americas region, which represents an 8% decrease in revenue compared to the same period of 2023. The decrease was primarily due to lower products revenue due to a decrease in demand from our enterprise customers.

During the three months ended March 31, 2024, \$25.0 million, or 41% of total revenue, was generated from the APJ region, which represents a 59% increase compared to the same period of 2023. The increase was primarily due to higher services revenue due to an increase in demand from our service provider customers.

During the three months ended March 31, 2024, \$8.2 million, or 14% of total revenue, was generated from the EMEA region, which represents a 32% decrease compared to the same period of 2023. The decrease was primarily due to lower products revenue due to a decrease in demand from our enterprise customers.

#### **Cost of Net Revenue, Gross Profit and Gross Margin**

##### **Cost of Net Revenue**

Cost of products revenue is primarily comprised of cost of third-party manufacturing services and cost of inventory for the hardware component of our products. Cost of products revenue also includes warehouse personnel costs, shipping costs, inventory write-downs, certain allocated facilities and information technology infrastructure costs, and expenses associated with logistics and quality control.

Cost of services revenue is primarily comprised of personnel costs for our technical support and training teams. Cost of services revenue also includes the costs of inventory used to provide hardware replacements to end- customers under PCS contracts and certain allocated facilities and information technology infrastructure costs.

A summary of our cost of net revenue is as follows (dollars in thousands):

|                                  | Three Months Ended March 31, |                  | Increase (Decrease) |               |
|----------------------------------|------------------------------|------------------|---------------------|---------------|
|                                  | 2024                         | 2023             | Amount              | Percent       |
| <b>Cost of net revenue:</b>      |                              |                  |                     |               |
| Products                         | \$ 6,799                     | \$ 6,083         | \$ 716              | 11.8 %        |
| Services                         | \$ 4,645                     | \$ 4,133         | \$ 512              | 12.4          |
| <b>Total cost of net revenue</b> | <b>\$ 11,444</b>             | <b>\$ 10,216</b> | <b>\$ 1,228</b>     | <b>12.0 %</b> |

Products cost of revenue increased 11.8% during the three months ended March 31, 2024 compared to the same periods of 2023, primarily due to an increase in products revenue.

Services cost of revenue increased 12.4% during the three months ended March 31, 2024 compared to the same periods of 2023, primarily driven by the mix of services delivered, which include technical support, training and service costs.

##### **Gross Margin**

Gross margin may vary and be unpredictable from period to period due to a variety of factors. These may include the mix of revenue from each of our regions, the mix of our products sold within a period, discounts provided to customers, inventory write-downs and foreign currency exchange rates.

Our sales are generally denominated in U.S. Dollars; however, in Japan, our sales are denominated in Japanese Yen.

Any of the factors noted above can generate either a favorable or unfavorable impact on gross margin.

A summary of our gross profit and gross margin is as follows (dollars in thousands):

|                           | Three Months Ended March 31, |               |                  |               | Increase (Decrease) |                |
|---------------------------|------------------------------|---------------|------------------|---------------|---------------------|----------------|
|                           | 2024                         | Gross Margin  | 2023             | Gross Margin  | Amount              | Gross Margin   |
| <b>Gross profit:</b>      |                              |               |                  |               |                     |                |
| Products                  | \$ 23,270                    | 77.4 %        | \$ 25,099        | 80.5 %        | \$ (1,829)          | (3.1) %        |
| Services                  | \$ 25,961                    | 84.8          | \$ 22,376        | 84.4          | \$ 3,585            | 0.4            |
| <b>Total gross profit</b> | <b>\$ 49,231</b>             | <b>81.1 %</b> | <b>\$ 47,475</b> | <b>82.3 %</b> | <b>\$ 1,756</b>     | <b>(1.2) %</b> |

Products gross margin decreased 3.1% during the three months ended March 31, 2024 compared to the same period of 2023, primarily due to product and regional mix.

Services gross margin increased 0.4% during the three months ended March 31, 2024 compared to the same period of 2023, primarily driven by the mix of services delivered, which include technical support, training and service costs.

#### ***Operating Expenses***

Our operating expenses consist of sales and marketing, research and development and general and administrative expenses. The largest component of our operating expenses is personnel costs which consist of wages, benefits, bonuses, and, with respect to sales and marketing expenses, sales commissions. Personnel costs also include stock-based compensation.

A summary of our operating expenses is as follows (dollars in thousands):

|                                 | Three Months Ended March 31, |                  | Increase (Decrease) |              |
|---------------------------------|------------------------------|------------------|---------------------|--------------|
|                                 | 2024                         | 2023             | Amount              | Percent      |
| <b>Operating expenses:</b>      |                              |                  |                     |              |
| Sales and marketing             | \$ 21,214                    | \$ 22,334        | \$ (1,120)          | (5.0) %      |
| Research and development        | 14,063                       | 11,665           | 2,398               | 20.6         |
| General and administrative      | 6,741                        | 7,309            | (568)               | (7.8)        |
| <b>Total operating expenses</b> | <b>\$ 42,018</b>             | <b>\$ 41,308</b> | <b>\$ 710</b>       | <b>1.7 %</b> |

#### ***Sales and Marketing***

Sales and marketing expenses are our largest functional category of operating expenses and primarily consist of personnel costs. Sales and marketing expenses also include the cost of marketing programs, trade shows, consulting services, promotional materials, demonstration equipment, depreciation and certain allocated facilities and information technology infrastructure costs.

Sales and marketing operating expenses decreased \$1.1 million, or 5.0%, in the three months ended March 31, 2024, compared to the same period in 2023, primarily due to a decrease in personnel costs.

In 2024, we expect sales and marketing expenses to increase from 2023 levels in line with overall revenue growth as we apply a disciplined approach to focus our investments in areas that offer the greatest opportunities.

#### ***Research and Development***

Research and development efforts are focused on new product development and on developing additional functionality for our existing products. These expenses primarily consist of personnel costs, and, to a lesser extent, prototype materials, depreciation and certain allocated facilities and information technology infrastructure costs. We expense research and development costs as incurred.

Research and development operating expenses increased \$2.4 million, or 20.6%, in the three months ended March 31, 2024, compared to the same period in 2023, primarily due to an increase in personnel costs.

In 2024, we expect research and development expenses to increase from 2023 levels reflecting strategic investments in our growth priorities, including cybersecurity technology.

#### ***General and Administrative***

General and administrative expenses primarily consist of personnel costs, professional services and office expenses. General and administrative personnel costs include executive, finance, human resources, information technology, facility and legal related expenses. Professional services primarily consist of fees for outside accounting, tax, external legal counsel (including litigation), recruiting and other administrative services.

General and administrative operating expenses decreased \$0.6 million, or 7.8%, in the three months ended March 31, 2024, compared to the same period in 2023, primarily due to a decrease in professional services costs.

In 2024, we expect general and administrative expenses to increase modestly as we apply a disciplined approach to focus our investments in areas that offer the greatest opportunities.

#### ***Non-Operating Income (Expense), Net***

Non-Operating income (expense), net, consists primarily of foreign currency exchange gains and losses, partially offset by interest income earned on our cash and cash equivalents and marketable securities.

Non-operating income (expense), net, had a favorable change of \$5.3 million for the three months ended March 31, 2024, compared to the same period of 2023. The favorable change for the three months ended March 31, 2024, compared to the same period of 2023, was primarily driven by a favorable change of \$3.8 million in foreign exchange gains and losses. Foreign currency exchange gains and losses are primarily a result of fluctuations in the Japanese Yen versus the U.S. Dollar. Interest income increased \$0.7 million and fair value adjustments increased \$0.7 million for the three months ended March 31, 2024, compared to the same period of 2023, respectively.

#### ***Provision for Income Taxes***

We recorded income tax provisions of \$1.5 million and \$1.0 million for the three months ended March 31, 2024 and 2023, respectively. Our income tax provisions for the three months ended March 31, 2024 and 2023 primarily consisted of U.S. federal and state taxes.

#### ***Liquidity and Capital Resources***

As of March 31, 2024, we had cash and cash equivalents of \$122.9 million, including \$2.2 million held outside the United States in our foreign subsidiaries, and \$59.2 million of marketable securities. We currently do not have any plans to repatriate our earnings from our foreign operations. As of March 31, 2024, we had working capital of \$163.2 million, accumulated deficit of \$80.8 million and total stockholders' equity of \$214.3 million. Our marketable securities are highly liquid and are classified as available for sale should the Company decide to quickly raise cash at any time in the future.

We plan to continue to invest for long-term growth, and our investment may increase. We believe that our existing cash and cash equivalents and marketable securities will be sufficient to meet our anticipated cash needs for at least the next 12 months and beyond. Our future capital requirements will depend on many factors, including our growth rate, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced product and service offerings and the continuing market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition could be adversely affected.

On November 1, 2022, the Company announced its Board of Directors authorized a new stock repurchase program (the "2022 Program") of up to \$50 million of its common stock over a period of twelve months. Under all programs, repurchased shares are held in treasury at cost. The Company's stock repurchase programs do not obligate us to acquire any specific number of shares. Shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. Through March 31, 2023, no shares had been repurchased under the 2022 Program.

On November 7, 2023, the Company announced its Board of Directors authorized a new stock repurchase program of up to \$50 million of its common stock over a period of twelve months (the "2023 Program"). During the three months ended March 31, 2024, the Company repurchased 0.2 million shares for a total cost of \$3.0 million under the 2023 Program.

In October 2021, our Board approved the initiation of a regular quarterly cash dividend on our common stock. In the three months ended March 31, 2024, the Company paid a cash dividend of \$0.06 per share outstanding, for a total of \$4.5 million as a return of capital. In the three months ended March 31, 2023, the Company paid a cash dividend of \$0.06 per share outstanding, for a total of \$4.4 million as a return of capital. The next dividend, in the amount of \$0.06 per share, will be paid on June 3, 2024 to stockholders of record on May 15, 2024 as a return of capital. We currently anticipate that we will continue to pay comparable quarterly cash dividends in the future. However, the payment, amount and timing of future dividends remain within the discretion of our Board and will depend upon our results of operations, financial condition, cash requirements, and other factors.

As described in Part II – Item 1, “Legal Proceedings” of this Quarterly Report on Form 10-Q, from time to time we are involved in ongoing litigation. Any adverse settlements or judgments in any litigation could have a material adverse impact on our results of operations, cash balances and cash flows in the period in which such events occur.

#### **Statements of Cash Flows**

The following table summarizes our cash flow related activities (in thousands):

|  | <b>Three Months Ended March 31,</b> |               |
|--|-------------------------------------|---------------|
|  | <b>2024</b>                         | <b>2023</b>   |
| <b>Cash provided by (used in):</b>               |                                     |               |
| Operating activities                             | \$ 32,444                           | \$ (846)      |
| Investing activities                             | 643                                 | 5,367         |
| Financing activities                             | (7,422)                             | (3,973)       |
| <b>Net increase in cash and cash equivalents</b> | <b>\$ 25,665</b>                    | <b>\$ 548</b> |

#### **Cash Flows from Operating Activities**

Our cash provided by operating activities is driven primarily by sales of our products and management of working capital investments. Our primary uses of cash from operating activities have been for personnel-related expenditures, manufacturing costs, marketing and promotional expenses and costs related to our facilities. Our cash flows from operating activities will continue to be affected principally by the extent to which we increase spending on our business and our working capital requirements.

During the three months ended March 31, 2024, cash provided by operating activities was \$32.4 million, consisting of net income of \$9.7 million, non-cash charges of \$7.0 million and an increase in cash resulting from the net change in operating assets and liabilities of \$15.7 million. Our non-cash charges consisted primarily of depreciation and amortization expenses of \$2.7 million and stock-based compensation expense of \$3.8 million. The net change in our operating assets and liabilities primarily reflects cash inflows from the changes in accounts receivable of \$17.7 million, prepaid expense and other assets of \$1.5 million and accrued liabilities of \$1.8 million, partially offset by cash outflows from accounts payable of \$2.7 million, inventory of \$2.2 million and deferred revenue of \$0.4 million.

The favorable change in accounts receivable was attributed to timing of billing and cash collections. The favorable change in prepaid expenses and other assets was primarily due to changes in the balance of prepaid marketing. The favorable change in accrued liabilities was attributed to variable cash compensation payments. The unfavorable change in accounts payable was attributable to the timing of payments to vendors. The unfavorable change in inventory was attributable to the timing of product shipments. The unfavorable change in deferred revenue was attributable to the timing of service contract bookings.

During the three months ended March 31, 2023, cash used in operating activities was \$0.8 million, consisting of net income of \$4.0 million and non-cash charges of \$5.7 million, partially offset by a decrease in cash resulting from the net change in operating assets and liabilities of \$10.5 million. Our non-cash charges consisted primarily of depreciation and amortization expenses of \$2.1 million and stock-based compensation expense of \$3.7 million. The net change in our operating assets and liabilities primarily reflects cash outflows from the changes in accrued liabilities of \$17.0 million, inventory of \$1.5 million and accounts payable of \$0.7 million, partially offset by cash inflows from changes in accounts receivable of \$5.7 million, prepaid expense and other assets of \$1.5 million and deferred revenue of \$1.5 million.

The unfavorable change in accrued liabilities was attributed to variable cash compensation accruals. The unfavorable change in inventory was attributable to the timing of product shipments. The unfavorable change in accounts payable was attributable to the timing of payments to vendors. The favorable change in accounts receivable was attributed to timing of billing and cash collections. The favorable change in prepaid expenses and other assets was primarily due to the release and return of a security deposit. The favorable change in deferred revenue was attributable to the timing of service contract bookings.

#### ***Cash Flows from Investing Activities***

During the three months ended March 31, 2024, cash provided by investing activities was \$0.6 million, consisting of maturities of marketable securities of \$39.9 million and sales of marketable securities of \$4.4 million, partially offset by purchases of marketable securities of \$40.7 million and property and equipment of \$2.9 million.

During the three months ended March 31, 2023, cash provided by investing activities was \$5.4 million, consisting of maturities of marketable securities of \$29.3 million, partially offset by purchases of marketable securities of \$21.2 million and property and equipment of \$2.7 million.

#### ***Cash Flows from Financing Activities***

During the three months ended March 31, 2024, cash used in financing activities was \$7.4 million and primarily consisting of \$4.5 million used for cash dividend payments and \$3.0 million used for repurchases of common stock, partially offset by \$0.1 million of proceeds from common stock issued under the Company's equity plans.

During the three months ended March 31, 2023, cash used in financing activities was \$4.0 million and primarily consisting of \$4.4 million used for cash dividend payments, partially offset by \$0.4 million of proceeds from common stock issued under the Company's equity plans.

#### ***Contractual Obligations***

Our contractual obligations consist of non-cancellable operating lease arrangements and totaled \$15.6 million as of March 31, 2024. Our operating lease arrangements expire on various dates through July 2027. These arrangements require us to pay certain operating expenses, such as taxes, repairs and insurance, and contain renewal and escalation clauses.

The Company also has \$8.1 million of tax liabilities related to uncertain tax positions as of March 31, 2024. We are unable to make a reasonably reliable estimate of the timing of settlement, if any, of these future payments.

#### **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

The Company's significant accounting policies are disclosed in Part II – Item 8, "Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024. There have been no material changes to the Company's significant accounting policies during the three months ended March 31, 2024.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

##### ***Foreign Currency Risk***

Our condensed consolidated results of operations, financial position and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Historically, the majority of our revenue contracts are denominated in U.S. Dollars, with the most significant exception being Japan where we invoice primarily in Japanese Yen. Our costs and expenses are generally denominated in the currencies where our operations are located, which is primarily in the Americas, EMEA and, to a lesser extent, Japan and the Asia Pacific region. We have a hedging program with respect to foreign currency risk. Revenue resulting from selling in local currencies and costs and expenses incurred in local currencies are exposed to foreign currency exchange rate fluctuations, which can affect our revenue and operating income. As exchange rates vary, operating income may differ from expectations.

The functional currency of our foreign subsidiaries is the U.S. Dollar. At the end of each reporting period, monetary assets and liabilities are remeasured to the functional currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses related to remeasurement are recorded in interest and other income, net in the condensed consolidated statements of operations. A significant fluctuation in

the exchange rates between our subsidiaries' local currencies, especially the Japanese Yen, British Pound and Euro, and the U.S. Dollar could have an adverse impact on our condensed consolidated financial position and results of operations.

We recorded \$1.6 million of net foreign exchange gains during the three months ended March 31, 2024, and we recorded \$2.2 million of net foreign exchange losses in the three months ended March 31, 2023. The effect of a hypothetical 10% change in our exchange rate would not have a significant impact on our condensed consolidated results of operations.

#### **Interest Rate Sensitivity**

Our exposure to market risk for changes in interest rates relates primarily to our marketable securities. Our marketable securities are typically comprised of corporate securities, U.S. Treasury and agency securities, commercial paper, asset-backed securities and equity securities of publicly traded companies. We do not enter into investments for trading or speculative purposes. As of March 31, 2024, our investment portfolio included marketable securities with an aggregate amortized cost basis of \$56.6 million and a fair value of \$59.2 million. Fair value includes \$2.6 million for our investment in publicly held equity securities. The effect of a hypothetical 10% change in interest rates would not have had a material impact on our interest expense.

The following table presents the hypothetical fair values of our marketable securities assuming immediate parallel shifts in the yield curve of 50 basis points ("BPS"), 100 BPS and 150 BPS as of March 31, 2024 (in thousands):

|                       | Fair Value as of |           |           |           |           |           |           |
|-----------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                       | (150 BPS)        | (100 BPS) | (50 BPS)  | 3/31/2024 | 50 BPS    | 100 BPS   | 150 BPS   |
| Marketable securities | \$ 56,563        | \$ 57,057 | \$ 56,728 | \$ 59,163 | \$ 56,399 | \$ 56,234 | \$ 56,069 |

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### ***Management's Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934, or the Exchange Act. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits to the SEC, under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and financial officers, as appropriate to enable timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, our management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that our management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our Chief Executive Officer and Chief Financial Officer, as our principal executive officer and principal financial officer, respectively, concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024, and that the condensed consolidated financial statements included in this Form 10-Q present fairly, in all material respects, and in conformity with U.S. GAAP, our financial position, results of operations and cash flows for the periods presented.

##### ***Changes in Internal Control over Financial Reporting***

There were no changes in the Company's internal control over financial reporting during the three months ended March 31, 2024, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15

and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

***Inherent Limitations on Effectiveness of Controls***

Our management, including our principal executive officer and our principal financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We have been and may currently be involved in various legal proceedings, the outcomes of which are not within our complete control or may not be known for prolonged periods of time. Management is required to assess the probability of loss and amount of such loss, if any, in preparing our condensed consolidated financial statements. We evaluate the likelihood of a potential loss from legal proceedings to which we are a party. We record a liability for such claims when a loss is deemed probable and the amount can be reasonably estimated. Significant judgment may be required in the determination of both probability and whether an exposure is reasonably estimable. Our judgments are subjective based on the status of the legal proceedings, the merits of our defenses and consultation with in-house and outside legal counsel. As additional information becomes available, we reassess the potential liability related to pending claims and may revise our estimates. Due to the inherent uncertainties of the legal processes in the multiple jurisdictions in which we operate, our judgments may be materially different than the actual outcomes, which could have material adverse effects on our business, financial conditions and results of operations.

### ITEM 1A. RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to the risk factors disclosed in our 2023 Annual Report on Form 10-K.*

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On November 7, 2023, we announced that our Board of Directors authorized a new \$50 million share repurchase program (the "2023 Program") under which we may repurchase up to \$50 million of our outstanding common stock during the next 12 months. Under the share repurchase program, we may repurchase shares of common stock in the open market, privately negotiated transactions, in block trades or a combination of the foregoing. We are not obligated under the share repurchase program to repurchase any specific number or dollar amount of shares of common stock, and we may modify, suspend or discontinue the share repurchase program at any time. Our management and Board will determine the timing and amount of any repurchase in its discretion based on a variety of factors, such as the market price of our common stock, corporate requirements, general market economic conditions and legal requirements. The Company plans to fund repurchases from its existing cash balance and cash provided by operating activities.

Share repurchase activity during the three months ended March 31, 2024 was as follows (in thousands, except per share amounts):

| Periods               | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs |    | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1) |
|-----------------------|----------------------------------|------------------------------|--|----|--|
|                       |                                  |                              | —  | —  |  |
| January 1 - 31, 2024  | —                                | \$ —                         | —  | —  | \$ 49,702  |
| February 1 - 28, 2024 | 147                              | \$ 12.93                     | 147  | \$ | 47,794   |
| March 1 - 31, 2024    | 83                               | \$ 13.65                     | 83   | \$ | 46,663   |
| Total                 | <u>230</u>                       |                              |  |    | <u>\$ 46,663</u>   |

(1) The \$46,663 thousand in the table above represents the amount available to repurchase shares under the authorized repurchase program as of March 31, 2024.

### ITEM 5. OTHER INFORMATION

#### Insider Adoption or Termination of Trading Arrangements

On November 27, 2023, Dhrupad Trivedi, President, Chief Executive Officer and Chairman, adopted a trading plan intended to satisfy Rule 10b5-1(c) under the Exchange Act with respect to the sale of up to 60,606 shares of our common stock.

between March 5, 2024 and May 16, 2024. On March 5, 2024 , Mr. Trivedi sold 60,606 shares of our common stock under the trading plan and the trading plan terminated as all shares under the plan were sold.

#### ITEM 6. EXHIBITS

Incorporated herein by reference is a list of the exhibits contained in the Exhibit Index below.

#### EXHIBIT INDEX

| Exhibit Number | Description   |
|----------------|---|
| 3.1            | <a href="#">Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 6, 2019)</a>                 |
| 3.2            | <a href="#">Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on December 6, 2019)</a>                                       |
| 10.1+          | <a href="#">2023 Stock Incentive Plan</a>   |
| 10.2+*         | <a href="#">Form of Stock Option Agreement pursuant to the 2023 Stock Incentive Plan</a>  |
| 10.3+*         | <a href="#">Form of Restricted Stock Unit Agreement pursuant to the 2023 Stock Incentive Plan</a>   |
| 10.4+*         | <a href="#">Form of Restricted Stock Agreement pursuant to the 2023 Stock Incentive Plan</a>  |
| 31.1*          | <a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act</a>  |
| 31.2*          | <a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act</a>  |
| 32.1**         | <a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act</a>  |
| 32.2**         | <a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act</a>  |
| 101*           | Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I – Item 1, “Condensed Consolidated Financial Statements (Unaudited)” of this Quarterly Report on Form 10-Q |
| 104*           | Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set  |

+ Indicates a management contract or compensatory plan.

\* Filed herewith.

\*\* The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of A10 Networks, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**A10 NETWORKS, INC.**

Date: May 3, 2024

By: /s/ Dhrupad Trivedi

**Dhrupad Trivedi**

*President and Chief Executive Officer  
(Principal Executive Officer)*

Date: May 3, 2024

By: /s/ Brian Becker

**Brian Becker**

*Chief Financial Officer  
(Principal Accounting and Financial Officer)*

**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**NOTICE OF STOCK OPTION GRANT**

You have been granted the following Option (this “Option” or this “Award”) to purchase shares of Common Stock (“Stock”) of A10 Networks, Inc. (the “Company”) under the A10 Networks, Inc. 2023 Stock Incentive Plan (as may be amended from time to time, the “Plan”):

Name of Optionee: [Name of Optionee]

Grant Date: [Date of Grant]

Total Number of Shares Subject to Option: [Total Shares]

Type of Option:  Incentive Stock Option  
 Nonstatutory Stock Option

Exercise Price Per Share: \$[Exercise Price]

Vesting Commencement Date: [Vesting Commencement Date]

Vesting Schedule: [This Option becomes exercisable when you complete [ ] months of continuous Service as an Employee or a Consultant from the Vesting Commencement Date. Actual vesting schedule to be inserted.]

Expiration Date: [Expiration Date] This Option expires earlier if your Service terminates earlier, as described in the Stock Option Agreement.

By your written signature below (or your electronic acceptance) and the signature of the Company’s representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, this Notice of Option Grant and the Stock Option Agreement, including any special terms for Participants outside the United States (collectively, this “Agreement”), each of which are attached to and made a part of this document.

By your written signature below (or your electronic acceptance), you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail. Should you

electronically accept this Agreement, you agree to the following: “**This electronic contract** contains my electronic signature, which I have executed with the intent to sign this Agreement.”

You acknowledge and agree that (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Notice of Stock Option Grant, the attached Stock Option Agreement and the Plan and (ii) you have been given an opportunity to consult your own legal and tax counsel with respect to all matters relating to this Option prior to signing (or electronically accepting) this Notice of Stock Option Grant and that you have either consulted such counsel or voluntarily declined to consult such counsel.

OPTIONEE

\_\_\_\_\_  
Optionee's Signature

\_\_\_\_\_  
Optionee's Printed Name

A10 NETWORKS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**STOCK OPTION AGREEMENT**

|                               |   |
|-------------------------------|---|
| The Plan and Other Agreements | <p>The Option that you are receiving is granted pursuant and subject in all respects to the applicable provisions of the Plan, which is incorporated herein by reference. Capitalized terms not defined in this Agreement will have the meanings ascribed to them in the Plan.</p> <p>The attached Notice of Stock Option Grant, this Agreement, including any additional terms for Participants outside of the United States (“U.S.”) set forth in the addendum hereto, and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Option are superseded with the exception of (1) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (2) any written employment or severance arrangement that would provide for vesting acceleration of this Option upon the terms and conditions set forth therein. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under this Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.</p> |
| Tax Treatment                 | <p>This Option is intended to be an incentive stock option under Section 422 of the Code or a nonstatutory option, as provided in the Notice of Stock Option Grant. Even if this Option is designated as an incentive stock option, it will be deemed to be a nonstatutory option to the extent required by the \$100,000 annual limitation under Section 422(d) of the Code.</p>   |
| Vesting                       | <p>This Option becomes exercisable in installments, as shown in the Notice of Stock Option Grant. This Option will in no event become exercisable for additional Shares after your Service as an Employee, an Outside Director or a Consultant has terminated for any reason.</p>   |
| Term                          | <p>This Option expires in any event at the close of business at the Company’s headquarters on the day before the tenth (10th) anniversary of the Grant Date, as shown on the Notice of Stock Option Grant (fifth (5th) anniversary for a more than ten percent (10%) shareholder as provided under the Plan if this is an incentive stock option). This Option may expire earlier if your Service terminates, as described below.</p>   |
| Regular Termination           | <p>If your Service terminates for any reason except due to your death or Disability, then this Option will expire at the close of business at the Company’s headquarters on the date three (3) months after the date</p>  |

your Service terminates (or, if earlier, the Expiration Date). The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.

|                          |  |
|--------------------------|--|
| Death                    | If your Service terminates because of your death, then this Option will expire at the close of business at the Company's headquarters on the date twelve (12) months after the date your Service terminates (or, if earlier, the Expiration Date). During that period of up to twelve (12) months, your estate or heirs may exercise this Option.  |
| Disability               | If your Service terminates because of your Disability, then this Option will expire at the close of business at the Company's headquarters on the date twelve (12) months after the date your Service terminates (or, if earlier, the Expiration Date).  |
| Leaves of Absence        | For purposes of this Option, your Service does not terminate when you go on a military leave, a sick leave or another bona fide leave of absence, if the leave of absence was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work.<br><br>If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Option Grant may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If your work schedule changes (i.e., your work hours are increased or reduced), then the vesting schedule specified in the Notice of Stock Option Grant may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule. |
| Restrictions on Exercise | The Company will not permit you to exercise this Option if the issuance of Shares at that time would violate any law or regulation. The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of the Stock pursuant to this Option will relieve the Company of any liability with respect to the non-issuance or sale of the Stock as to which such approval will not have been obtained.  |
| Notice of Exercise       | When you wish to exercise this Option you must provide a written or electronic notice of exercise form (substantially in the form attached to this Agreement as <u>Exhibit A</u> ) in accordance with such procedures as are established by the Company and communicated to you from time to time. Any notice of exercise must specify how many Shares you   |

wish to purchase and how your Shares should be registered. The notice of exercise will be effective when it is received by the Company. If someone else wants to exercise this Option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

#### Form of Payment

When you submit your notice of exercise, you must include payment of the Option exercise price for the Shares you are purchasing. Payment may be made in the following form(s):

- Your personal check, a cashier's check, a money order or a wire transfer.
- Certificates for Shares that you own, along with any forms needed to effect a transfer of those Shares to the Company. The value of the Shares, determined as of the effective date of the Option exercise, will be applied to the Option exercise price. If approved by the Company, instead of surrendering Shares, you may attest to the ownership of those Shares on a form provided by the Company and have the same number of Shares subtracted from the Shares issued to you upon exercise of this Option. However, you may not surrender or attest to the ownership of Shares in payment of the exercise price if your action would cause the Company to recognize a compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes.
- By delivery on a form approved by the Company of an irrevocable direction to a securities broker approved by the Company to sell all or part of the Shares that are issued to you when you exercise this Option and to deliver to the Company from the sale proceeds an amount sufficient to pay the Option exercise price and any withholding taxes. The balance of the sale proceeds, if any, will be delivered to you. The directions must be given by providing a notice of exercise form approved by the Company.
- By delivery on a form approved by the Company of an irrevocable direction to a securities broker or lender approved by the Company to pledge Shares that are issued to you when you exercise this Option as security for a loan and to deliver to the Company from the loan proceeds an amount sufficient to pay the Option exercise price and any withholding taxes. The directions must be given by providing a notice of exercise form approved by the Company.
- If permitted by the Committee, by a "net exercise"

arrangement pursuant to which the number of Shares issuable upon exercise of the Option will be reduced by the largest whole number of Shares having an aggregate Fair Market Value that does not exceed the aggregate exercise price (plus tax withholdings, if applicable) and any remaining balance of the aggregate exercise price (and/or applicable tax withholdings) not satisfied by such reduction in the number of whole Shares to be issued will be paid by you in cash or other form of payment permitted under this Option. The directions must be given by providing a notice of exercise form approved by the Company.

- Any other form permitted by the Committee in its sole discretion.

Notwithstanding the foregoing, payment may not be made in any form that is unlawful, as determined by the Committee in its sole discretion.

**Withholding Taxes  
and Stock  
Withholding**

Regardless of any action the Company and/or the Subsidiary or Affiliate employing you (your “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to structure the terms of the grant or any aspect of this Option to reduce or eliminate your liability for Tax-Related Items. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and your Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to exercise of this Option, you will pay or make adequate arrangements satisfactory to the Company and/or your Employer to satisfy all withholdings and payments on account obligations of the Company and/or your Employer. In this regard, you authorize the Company and/or your Employer to withhold all applicable Tax-Related Items legally payable by you from your wages or other cash compensation paid to you by the Company and/or your Employer. With the Company’s consent, these arrangements may also include, if permissible under local law, (a) withholding Shares that otherwise would be issued to you when you exercise this Option, provided that the Company only withholds the amount of Shares necessary to satisfy

the maximum applicable tax withholding rate, (b) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), or (c) any other arrangement approved by the Committee. The Fair Market Value of the Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the withholding taxes. The Company and your Employer may withhold or account for Tax-Related Items by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the Stock equivalent. Finally, you will pay to the Company or your Employer any amount of Tax-Related Items that the Company or your Employer may be required to withhold as a result of your participation in the Plan or your purchase of Shares that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise and refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

**Restrictions on Resale** You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**Transfer of Option** In general, only you can exercise this Option prior to your death. You may not sell, transfer, assign, pledge or otherwise dispose of this Option, other than as designated by you, by will or by the laws of descent and distribution, except as provided below. For instance, you may not use this Option as security for a loan. If you attempt to do any of these things, this Option will immediately become invalid. You may in any event dispose of this Option in your will. Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your former spouse's interest in this Option in any other way.

However, if this Option is designated as a nonstatutory stock option in the Notice of Stock Option Grant, then the Committee may, in its sole discretion, allow you to transfer this Option as a gift to one or more family members. For purposes of this Agreement, "family member" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), any individual sharing your

household (other than a tenant or employee), a trust in which one or more of these individuals have more than fifty percent (50%) of the beneficial interest, a foundation in which you or one or more of these persons control the management of assets, and any entity in which you or one or more of these persons own more than fifty percent (50%) of the voting interest.

In addition, if this Option is designated as a nonstatutory stock option in the Notice of Stock Option Grant, then the Committee may, in its sole discretion, allow you to transfer this Option to your spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights.

The Committee will allow you to transfer this Option only if both you and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this Agreement.

**Stockholder Rights**

This Option carries neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a shareholder of the Company unless and until you have exercised this Option by giving the required notice to the Company and paying the exercise price. No adjustments will be made for dividends or other rights if the applicable record date occurs before you exercise this Option, except as described in the Plan.

**No Retention Rights**

Neither this Option nor this Agreement gives you the right to be employed or retained by the Company or any Subsidiary or Affiliate of the Company in any capacity. The Company and its Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.

You understand and acknowledge that the vesting of this Option pursuant to the vesting schedule hereof is earned only by your continued Service, or the satisfaction of any other conditions set forth herein, in each case at the will of the Company (not through the act of being hired or being granted this Option). As such, this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as a service provider for the vesting period, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your continued Service at any time, with or without cause.

**Adjustments**

The number of Shares covered by this Option and the exercise price per Share will be subject to adjustment in the event of a stock split, a stock dividend or a similar change in Company Shares, and in other

circumstances, as set forth in the Plan. The forfeiture provisions and restrictions described above will apply to all new, substitute or additional stock options or securities to which you are entitled by reason of this Award.

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| Successors and Assigns             | Except as otherwise provided in the Plan or this Agreement, every term of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.  |
| Notice                             | Any notice required or permitted under this Agreement will be given in writing, including electronically, and will be deemed effectively given upon the earliest of personal delivery, electronic delivery to the email address assigned to you by the Company or provided by you to the Company, receipt or the third (3 <sup>rd</sup> ) full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.                     |
|                                    | The Company may, in its sole discretion, deliver any documents related to your current or future participation in the Plan by electronic means. By accepting this Award, you hereby: (1) consent to receive such documents by electronic means; (2) consent to the use of electronic signatures; and (3) agree to participate in the Plan and/or receive any such documents through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions. |
| Section 409A of the Code           | To the extent this Agreement is subject to, and not exempt from, Section 409A of the Code, this Agreement is intended to comply with Section 409A, and its provisions will be interpreted in a manner consistent with such intent. You acknowledge and agree that changes may be made to this Agreement to avoid adverse tax consequences to you under Section 409A.  |
| Applicable Law and Choice of Venue | This Agreement will be interpreted and enforced under the laws of the State of California without application of the conflicts of law principles thereof.   |
|                                    | For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that any such litigation will be conducted only in the courts of Santa Clara County, California,  |

or the federal courts of the United States for the Northern District of California and no other courts.

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| Governing Document                 | <p>This Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided in this Agreement, in the event of any conflict between the provisions of this Agreement, the Notice of Stock Option Grant, and those of the Plan, the provisions of the Plan will control.</p> <p>Notwithstanding provisions in this Agreement, the Award shall be subject to additional terms and conditions for Participants outside the U.S. set forth in an addendum to this Agreement, including any additional terms and conditions for your country. Moreover, if you relocate to another country, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Any addendum to this Agreement constitutes part of this Agreement.</p> |
| Severability                       | <p>In the event that all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any section of this Agreement (or part of such a section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such section or part of a section to the fullest extent possible while remaining lawful and valid.</p>  |
| Recoupment                         | <p>This Option is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require forfeiture of the Option and repayment or forfeiture of any Stock or other cash or property received with respect to the Option (including any value received from a disposition of the Stock acquired upon exercise of the Option).</p>  |
| No Tax, Legal or Investment Advice | <p>The Company and your Employer are not providing any tax, legal or financial advice, nor is the Company or your Employer making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying Stock. You understand and agree that you should consult with your own personal tax, financial and/or legal advisors regarding the Award and Tax-Related Items arising in connection with the Award and by accepting the Award, you have</p>  |

agreed that you have done so or knowingly and voluntarily declined to do so.

**Miscellaneous**

You understand and acknowledge that (1) the Plan is entirely discretionary, (2) the Company and your Employer have reserved the right to amend, suspend or terminate the Plan at any time, (3) the grant of this Option does not in any way create any contractual or other right to receive additional grants of options (or benefits in lieu of options) at any time or in any amount and no inference shall be drawn from the grant of this Option with respect to the quality of your service to, or standing with, the Company and (4) all determinations with respect to any additional grants, including (without limitation) the times when options will be granted, the number of shares of Stock subject to options, the exercise price and the vesting schedule, will be at the sole discretion of the Company.

The value of this Option will be an extraordinary item of compensation outside the scope of your employment contract, if any, and will not be considered a part of your normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, service awards, pension or retirement benefits or similar payments.

You understand and acknowledge that participation in the Plan ceases upon termination of your Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

You hereby authorize and direct your Employer to disclose to the Company or any Subsidiary or Affiliate any information regarding your employment, the nature and amount of your compensation and the fact and conditions of your participation in the Plan, as your Employer deems necessary or appropriate to facilitate the administration of the Plan.

You consent to the collection, use and transfer of personal data as described in this subsection. You understand and acknowledge that the Company, your Employer and the Company's other Subsidiaries and Affiliates hold certain personal information regarding you for the purpose of managing and administering the Plan, including (without limitation) your name, home address, telephone number, date of birth, social insurance or other government identification number, salary, nationality, job title, any shares of Stock or directorships held in the Company and details of all options or any other entitlements to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"). You further understand and acknowledge that the Company, its Subsidiaries and/or its Affiliates will transfer Data among themselves as necessary for the purpose of implementation,

administration and management of your participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. You understand and acknowledge that the recipients of Data may be located in the United States or elsewhere, and that the laws of a recipient's country of operation (e.g., the United States) may not have equivalent privacy protections as local laws where you reside or work. You authorize such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering your participation in the Plan, including a transfer to any broker or other third party with whom you elect to deposit shares of Stock acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of Stock on your behalf. You may, at any time, view Data, require any necessary modifications of Data, make inquiries about the treatment of Data or withdraw the consents set forth in this subsection by contacting the Human Resources Department of the Company in writing.

You acknowledge and agree that you have reviewed the documents provided to you in relation to the Option in their entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting the Option, and fully understand all provisions of such documents. You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of the Option.

**BY SIGNING THE NOTICE OF STOCK OPTION GRANT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

EXHIBIT A

**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**NOTICE OF EXERCISE OF STOCK OPTION**

**OPTIONEE INFORMATION:**

Name: \_\_\_\_\_

Social Security Number: \_\_\_\_\_

Employee Number: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

**OPTION INFORMATION:**

Grant Date: \_\_\_\_\_

Exercise Price per Share: \$ \_\_\_\_\_

Total Number of Shares of A10 Networks, Inc. (the "Company") Covered by Option: \_\_\_\_\_

Type of Stock Option:  Nonstatutory (NSO)  Incentive (ISO) \_\_\_\_\_

Number of Shares of the Company for which Option is Being Exercised Now: \_\_\_\_\_  
(the "Purchased Shares")

Total Exercise Price for the Purchased Shares: \$ \_\_\_\_\_

Form of Payment:  Cash or Check for \$ payable to "A10 Networks, Inc."  Cashless exercise  Net exercise \_\_\_\_\_

Name(s) in which the Purchased Shares should be Registered: \_\_\_\_\_

The Certificate for the Purchased Shares (if any) should be sent to the Following Address: \_\_\_\_\_

**ACKNOWLEDGMENTS:**

1. I understand that all sales of Purchased Shares are subject to compliance with the Company's policy on securities trades.

2. I hereby acknowledge that I received and read a copy of the prospectus describing the A10 Networks, Inc. 2023 Stock Incentive Plan and the tax consequences of an exercise.
3. In the case of a nonstatutory option, I understand that I must recognize ordinary income equal to the spread between the fair market value of the Purchased Shares on the date of exercise and the exercise price. I further understand that I am required to pay withholding taxes at the time of exercising a nonstatutory option.
4. In the case of an incentive stock option, I agree to notify the Company if I dispose of the Purchased Shares before I have met both of the tax holding periods applicable to incentive stock options (that is, if I dispose of the Purchased Shares prior to the date that is two (2) years after the Grant Date and one (1) year after the date the option was exercised).

SIGNATURE AND DATE:

\_\_\_\_\_, 20



**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**

You have been granted the following Restricted Stock Units (the “Restricted Stock Units”, “RSUs” or this “Award”) representing shares of Common Stock of A10 Networks, Inc. (the “Company”) under the A10 Networks, Inc. 2023 Stock Incentive Plan (as may be amended from time to time, the “Plan”):

Name of Recipient: %%FIRST\_NAME\_MIDDLE\_NAME\_LAST\_NAME%-%

Participant ID: %%EMPLOYEE\_IDENTIFIER%-%

Grant Number: %%OPTION\_NUMBER%-%

Grant Date: %%OPTION\_DATE,'Month DD, YYYY'%-%

Total Number of Shares Subject to Restricted Stock Units: %%TOTAL\_SHARES\_GRANTED,'999,999,999'%-%

Vesting Commencement Date: %%VEST\_BASE\_DATE,'Month DD, YYYY'%-%

**Vesting Schedule:**

|                                   |                        |   |
|-----------------------------------|------------------------|---|
| %%SHARES_PERIOD1,'999,999,999'%-% | %%VEST_TYPE_PERIOD1%-% | %%VEST_DATE_PERIOD1,'Month DD, YYYY'%-% |
| %%SHARES_PERIOD2,'999,999,999'%-% | %%VEST_TYPE_PERIOD2%-% | %%VEST_DATE_PERIOD2,'Month DD, YYYY'%-% |
| %%SHARES_PERIOD3,'999,999,999'%-% | %%VEST_TYPE_PERIOD3%-% | %%VEST_DATE_PERIOD3,'Month DD, YYYY'%-% |
| %%SHARES_PERIOD4,'999,999,999'%-% | %%VEST_TYPE_PERIOD4%-% | %%VEST_DATE_PERIOD4,'Month DD, YYYY'%-% |

By your written signature below (or your electronic acceptance) and the signature of the Company’s representative below, you and the Company agree that the RSUs are granted under and governed by the terms and conditions of the Plan, this Notice of Restricted Stock Unit Grant and the Restricted Stock Unit Agreement, including any special terms for Participants outside of the United States (“U.S.”) (collectively, this “Agreement”), each of which are attached to and made a part of this document.

By your written signature below (or your electronic acceptance), you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail. Should you electronically accept this Agreement, you agree to the following: **“This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement.”**

You acknowledge and agree that (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Notice of Restricted Stock Unit Award, the attached Restricted Stock Unit Agreement and the Plan and (ii) you have been given an opportunity to consult your own legal and tax counsel with respect to all matters relating to these RSUs prior to signing (or electronically accepting) this Notice of Restricted Stock Unit Award and that you have either consulted such counsel or voluntarily declined to consult such counsel.

RECIPIENT:

%%FIRST\_NAME\_MIDDLE\_NAME\_LAST\_NAME%%

**A10 NETWORKS, INC.**

By: /s/ Scott Weber

Name: Scott Weber

Title: General Counsel

**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK UNIT AGREEMENT**

|                               |  |
|-------------------------------|--|
| The Plan and Other Agreements | <p>The RSUs that you are receiving are granted pursuant and subject in all respects to the applicable provisions of the Plan, which is incorporated herein by reference. Capitalized terms not defined in this Agreement will have the meanings ascribed to them in the Plan.</p> <p>The attached Notice of Restricted Stock Unit Award, this Agreement, including any additional terms for Participants outside of the United States (“U.S.”) set forth in the addendum hereto, and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded, with the exception of (1) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (2) any written employment or severance arrangement that would provide for vesting acceleration of the RSUs upon the terms and conditions set forth therein. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under this Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.</p> |
| Payment for RSUs              | No cash payment is required for the RSUs you receive. You are receiving the RSUs in consideration for Services rendered by you.  |
| Vesting                       | The RSUs that you are receiving will vest as shown in the Notice of Restricted Stock Unit Award. No additional RSUs vest after your Service as an Employee, an Outside Director or a Consultant has terminated for any reason.   |
| Forfeiture                    | If your Service terminates for any reason, then this Award expires immediately as to the number of RSUs that have not vested before the termination date and do not vest as a result of termination. Your Service will not be extended by any notice period. This means that the unvested RSUs will immediately be cancelled. You will receive no payment for RSUs that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.  |
| Leaves of Absence             | For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another bona fide leave of absence, if the leave of absence was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by  |

applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Restricted Stock Unit Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If your work schedule changes (i.e., your work hours are increased or reduced), then the vesting schedule specified in the Notice of Restricted Stock Unit Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.

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| Nature of RSUs                | Your RSUs are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue Shares on a future date. As a holder of RSUs, you have no rights other than the rights of a general unsecured creditor of the Company.  |
| No Voting Rights or Dividends | Your RSUs carry neither voting rights nor rights to dividends. Neither you, nor your estate or heirs, have any rights as a stockholder of the Company in respect of the RSUs, unless and until your RSUs are settled by issuing Shares. No adjustments will be made for dividends or other rights if the applicable record date occurs before your Shares are issued, except as described in the Plan.  |
| RSUs<br>Nontransferable       | You may not sell, transfer, assign, pledge or otherwise dispose of any RSUs. For instance, you may not use your RSUs as security for a loan. If you attempt to do any of these things, your RSUs will immediately become invalid.   |
| Settlement of RSUs            | Each of your vested RSUs will be settled when it vests; provided, however, that if the Committee requires you to pay withholding taxes through a sale of Shares, settlement of each RSU may be deferred to the first permissible trading day for the Shares, if later than the applicable vesting date.<br><br>Under no circumstances may your RSUs be settled later than two and one-half (2-1/2) months following the calendar year in which the applicable vesting date occurs.<br><br>For purposes of this Agreement, "permissible trading day" means a day that satisfies all of the following requirements: (1) the exchange on which the Shares are traded is open for trading on that day; (2) you are permitted to sell Shares on that day without incurring liability under Section 16(b) of the Exchange Act; (3) either (a) you are not in possession of material non-public information that would make it illegal for you to sell Shares on that day under Rule 10b-5 under the Exchange Act or (b) Rule 10b5-1 under the Exchange Act would apply to the sale; |

(4) you are permitted to sell Shares on that day under such written insider trading policy as may have been adopted by the Company; and (5) you are not prohibited from selling Shares on that day by a written agreement between you and the Company or a third party.

At the time of settlement, you will receive one Share for each vested RSU; provided, however, that no fractional Shares will be issued or delivered pursuant to the Plan or this Agreement, and the Committee will determine whether cash will be paid in lieu of any fractional Share or whether such fractional Share and any rights thereto will be canceled, terminated or otherwise eliminated. In addition, the Shares are issued to you subject to the condition that the issuance of the Shares does not violate any law or regulation.

**Withholding Taxes and Stock Withholding** Regardless of any action the Company and/or the Subsidiary or Affiliate employing you (your “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Award, including the award, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to settlement and the receipt of any dividends; and (2) do not commit to structure the terms of the award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and your Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Unless the Committee determines otherwise, by accepting this Award, you expressly consent to the sale of Shares to cover the Tax Related Items (and any associated broker or other fees) and agree and acknowledges that you may not satisfy them by any means other than such sale of Shares, unless required to do so by the Committee or pursuant to the Committee express written consent.

If the Committee determines that you cannot satisfy the Tax-Related Items through the procedure set forth in the immediately preceding sentence, then the Administrator may permit you to satisfy the Tax Withholding Obligations by (i) delivery of cash or check to the Company or the Employer, (ii) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer, (iii) withholding Shares otherwise issuable upon settlement of the RSUs with a Fair Market Value equal to the minimum amount of any Tax-Related

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|                        | Items required to be withheld, or (iv) such other means as the Committee deems appropriate.   |
|                        | Depending on the method of withholding, the Company may withhold or account for Tax-Related Items by considering the maximum or minimum applicable rates. If the Tax Withholding Obligations are satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.   |
| Restrictions on Resale | You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.   |
| No Retention Rights    | Neither this Award nor this Agreement gives you the right to be employed or retained by the Company or any Subsidiary or Affiliate of the Company in any capacity. The Company and its Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.  |
| Adjustments            | You understand and acknowledge that the vesting of your Award pursuant to the vesting schedule hereof is earned only by your continued Service, or the satisfaction of any other conditions set forth herein, in each case at the will of the Company (not through the act of being hired or being granted this Award). As such, this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as a service provider for the vesting period, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your continued Service at any time, with or without cause. |
| Successors and Assigns | The number of RSUs covered by this Award will be subject to adjustment in the event of a stock split, a stock dividend or a similar change in Shares, and in other circumstances, as set forth in the Plan. The forfeiture provisions and restrictions described above will apply to all new, substitute or additional restricted stock units or securities to which you are entitled by reason of this Award.  |
|                        | Except as otherwise provided in the Plan or this Agreement, every term of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.  |

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| Notice                   | <p>Any notice required or permitted under this Agreement will be given in writing, including electronically, and will be deemed effectively given upon the earliest of personal delivery, electronic delivery to the email address assigned to you by the Company or provided by you to the Company, receipt or the third (3rd) full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto. The Company may, in its sole discretion, deliver any documents related to your current or future participation in the Plan by electronic means. By accepting this Award, you hereby: (1) consent to receive such documents by electronic means; (2) consent to the use of electronic signatures; and (3) agree to participate in the Plan and/or receive any such documents through an online or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.</p>  |
| Section 409A of the Code | <p>This Agreement and the RSUs are intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, to the extent this Agreement and the RSUs are subject to, and not exempt from, Section 409A of the Code, this Agreement and the RSUs are intended to comply with Section 409A, and its provisions will be interpreted in a manner consistent with such intent. You acknowledge and agree that changes may be made to this Agreement to avoid adverse tax consequences to you under Section 409A. If it is determined that the RSUs are deferred compensation subject to Section 409A of the Code and you are a "specified employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "separation from service" (as defined in Section 409A of the Code), then the issuance of any Shares that would otherwise be made upon the date of your separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the Shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the Shares is necessary to avoid the imposition of adverse taxation on you in respect of the Shares under Section 409A of the Code. Each installment of Shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).</p> |

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| Applicable Law and Choice of Venue | <p>This Agreement will be interpreted and enforced under the laws of the State of California without application of the conflicts of law principles thereof.</p> <p>For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that any such litigation will be conducted only in the courts of Santa Clara County, California, or the federal courts of the United States for the Northern District of California and no other courts.</p> |
| Governing Document                 | <p>This Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided in this Agreement, in the event of any conflict between the provisions of this Agreement, the Notice of Restricted Stock Unit Award, and those of the Plan, the provisions of the Plan will control.</p>  |
|                                    | <p>Notwithstanding provisions in this Agreement, the Award shall be subject to additional terms and conditions for Participants outside the U.S. set forth in an addendum to this Agreement, including any additional terms and conditions for your country. Moreover, if you relocate to another country, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Any addendum to this Agreement constitutes part of this Agreement.</p>   |
| Severability                       | <p>In the event that all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any section of this Agreement (or part of such a section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such section or part of a section to the fullest extent possible while remaining lawful and valid.</p>   |
| No Tax, Legal or Investment Advice | <p>The Company and your Employer are not providing any tax, legal or financial advice, nor is the Company or your Employer making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying Shares. You understand and agree that you should consult with your own personal tax, financial and/or legal advisors regarding the Award and Tax-Related Items arising in connection with the Award and by accepting the Award, you have agreed that you have done so or knowingly and voluntarily declined to do so.</p>   |

## Miscellaneous

You understand and acknowledge that (1) the Plan is entirely discretionary, (2) the Company and your Employer have reserved the right to amend, suspend or terminate the Plan at any time, (3) the grant of this Award does not in any way create any contractual or other right to receive additional grants of awards (or benefits in lieu of awards) at any time or in any amount and no inference shall be drawn from the grant of this Award with respect to the quality of your service to, or standing with, the Company and (4) all determinations with respect to any additional grants, including (without limitation) the times when awards will be granted, the number of RSUs subject to awards and the vesting schedule, will be at the sole discretion of the Company.

The value of this Award will be an extraordinary item of compensation outside the scope of your employment contract, if any, and will not be considered a part of your normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, service awards, pension or retirement benefits or similar payments.

You understand and acknowledge that participation in the Plan ceases upon termination of your Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

You hereby authorize and direct your Employer to disclose to the Company or any Subsidiary or Affiliate any information regarding your employment, the nature and amount of your compensation and the fact and conditions of your participation in the Plan, as your Employer deems necessary or appropriate to facilitate the administration of the Plan.

You consent to the collection, use and transfer of personal data as described in this subsection. You understand and acknowledge that the Company, your Employer and the Company's other Subsidiaries and Affiliates hold certain personal information regarding you for the purpose of managing and administering the Plan, including (without limitation) your name, home address, telephone number, date of birth, social insurance or other government identification number, salary, nationality, job title, any Shares or directorships held in the Company and details of all awards or any other entitlements to RSUs or Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (the "Data"). You further understand and acknowledge that the Company, its Subsidiaries and/or its Affiliates will transfer Data among themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. You understand and

acknowledge that the recipients of Data may be located in the United States or elsewhere, and that the laws of a recipient's country of operation (e.g., the United States) may not have equivalent privacy protections as local laws where you reside or work. You authorize such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering your participation in the Plan, including a transfer to any broker or other third party with whom you elect to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf. You may, at any time, view Data, require any necessary modifications of Data, make inquiries about the treatment of Data or withdraw the consents set forth in this subsection by contacting the Human Resources Department of the Company in writing.

You acknowledge and agree that you have reviewed the documents provided to you in relation to the Award in their entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting the Award, and fully understand all provisions of such documents. You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of the Award.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK AWARD**

You have been granted the following restricted shares of Common Stock (the “Restricted Shares” or this “Award”) of A10 Networks, Inc. (the “Company”) under the A10 Networks, Inc. 2023 Stock Incentive Plan (as may be amended from time to time, the “Plan”):

|                                 |  |
|---------------------------------|--|
| Name of Recipient:              | [Name of Recipient]  |
| Grant Date:                     | [Date of Grant]  |
| Total Number of Shares Granted: | [Total Shares]   |
| Vesting Commencement Date:      | [Vesting Commencement Date]  |
| Vesting Schedule:               | [The Restricted Shares vest when you complete [ ] months of continuous Service as an Employee or a Consultant from the Vesting Commencement Date. Actual vesting schedule to be inserted.] |

By your written signature below (or your electronic acceptance) and the signature of **the Company’s representative below, you and the Company agree that the Restricted Shares** are granted under and governed by the terms and conditions of the Plan, this Notice of Restricted Stock Award and the Restricted Stock Agreement, including any special terms **for Participants outside of the United States (“U.S.”)** (collectively, **this “Agreement”**), **both** of which are attached to and made a part of this document.

By your written signature below (or your electronic acceptance), you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail. Should you electronically accept this Agreement, you agree to the following: **“This electronic contract contains my electronic signature, which I have executed with the intent to sign this Agreement.”**

You acknowledge and agree that (i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Notice of Restricted Stock Award, the attached Restricted Stock Agreement and the Plan and (ii) you have been given an opportunity to consult your own legal and tax counsel with respect to all matters relating to this Award prior to signing (or electronically accepting) this Notice of Restricted Stock Award and that you have either consulted such counsel or voluntarily declined to consult such counsel.

**RECIPIENT**

Recipient's Signature

Recipient's Printed Name

**A10 NETWORKS, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**A10 NETWORKS, INC.**  
**2023 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK AGREEMENT**

|                               |   |
|-------------------------------|---|
| The Plan and Other Agreements | <p>The Restricted Shares that you are receiving are granted pursuant and subject in all respects to the applicable provisions of the Plan, which is incorporated herein by reference. Capitalized terms not defined in this Agreement will have the meanings ascribed to them in the Plan.</p> <p>The attached Notice of Restricted Stock Award, this Agreement, including any additional terms for Participants outside of the United States (“U.S.”) set forth in the addendum hereto, and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded with the exception of (1) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (2) any written employment or severance arrangement that would provide for vesting acceleration of this Award upon the terms and conditions set forth therein. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under this Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.</p> |
| Payment For Shares            | No cash payment is required for the Shares you receive. You are receiving the Shares in consideration for Services rendered by you.   |
| Vesting                       | The Shares that you are receiving will vest as shown in the Notice of Restricted Stock Award. No additional Shares will vest after your Service as an Employee, an Outside Director or a Consultant has terminated for any reason.  |
| Shares Restricted             | Unvested Shares will be considered “Restricted Shares.” Except to the extent permitted by the Committee, you may not sell, transfer, assign, pledge or otherwise dispose of Restricted Shares.  |
| Forfeiture                    | If your Service terminates for any reason, then your Shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of termination. This means that the Restricted Shares will immediately revert to the Company. You will receive no payment for Restricted Shares that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.  |

|   |  |
|---|--|
| Leaves of Absence                       | <p>For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another bona fide leave of absence, if the leave of absence was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work.</p> <p>If you go on a leave of absence, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If your work schedule changes (i.e., your work hours are increased or reduced), then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.</p> |
| Stock Certificates or Book Entry Form   | <p>The Restricted Shares will be evidenced by either stock certificates or book entries on the Company's stock transfer records pending expiration of the restrictions thereon. If you are issued certificates for the Restricted Shares, the certificates will have stamped on them a special legend referring to the forfeiture restrictions. In addition to or in lieu of imposing the legend, the Company may hold the certificates in escrow. As your vested percentage increases, you may request (at reasonable intervals) that the Company release to you a non-legended certificate for your vested Shares.</p>   |
| Stockholder Rights                      | <p>During the period of time between the Grant Date and the date the Restricted Shares become vested, you will have all the rights of a shareholder with respect to the Restricted Shares except for the right to transfer the Restricted Shares, as set forth above, and except in the case of any unvested Restricted Shares, you will not be entitled to any dividends or other distributions paid or distributed by the Company in respect of outstanding Shares. Accordingly, you will have the right to vote the Restricted Shares and to receive any cash dividends paid with respect to the vested Restricted Shares.</p>  |
| Withholding Taxes and Stock Withholding | <p>Regardless of any action the Company and/or the Subsidiary or Affiliate employing you ("Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or your Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Shares received under this Award,</p>   |

including the award or vesting of such Shares, the subsequent sale of Shares under this Award and the receipt of any dividends; and (2) do not commit to structure the terms of the award to reduce or eliminate your liability for Tax-Related Items. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and your Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

No stock certificates will be released to you or no notations on any Restricted Shares issued in book-entry form will be removed, as applicable, unless you have paid or made adequate arrangements satisfactory to the Company and/or your Employer to satisfy all withholdings and payments on account obligations of the Company and/or your Employer. In this regard, you authorize the Company and/or your Employer to withhold all applicable Tax-Related Items legally payable by you from your wages or other cash compensation paid to you by the Company and/or your Employer. With the Company's consent, these arrangements may also include, if permissible under local law, (a) withholding Shares that otherwise would be delivered to you when they vest having a Fair Market Value equal to the amount necessary to satisfy the maximum applicable tax withholding rate, (b) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), or (c) any other arrangement approved by the Committee. The Fair Market Value of the Shares, determined as of the date when taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes. Finally, you will pay to the Company or your Employer any amount of Tax-Related Items that the Company or your Employer may be required to withhold as a result of your participation in the Plan or your acquisition of Shares that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section.

**Restrictions on Resale**

You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**No Retention Rights**

Neither this Award nor this Agreement gives you the right to be employed or retained by the Company or any Subsidiary or Affiliate of the Company in any capacity. The Company and its Subsidiaries

and Affiliates reserve the right to terminate your Service at any time, with or without cause.

You understand and acknowledge that the vesting of your Award pursuant to the vesting schedule hereof is earned only by your continued Service, or the satisfaction of any other conditions set forth herein, in each case at the will of the Company (not through the act of being hired or being granted this Award). As such, this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as a service provider for the vesting period, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your continued Service at any time, with or without cause.

|                         |  |
|-------------------------|--|
| Adjustments             | The number of Restricted Shares covered by this Award will be subject to adjustment in the event of a stock split, a stock dividend or a similar change in Shares, and in other circumstances, as set forth in the Plan. The forfeiture provisions and restrictions described above will apply to all new, substitute or additional restricted shares or securities to which you are entitled by reason of this Award.   |
| Successors and Assigns  | Except as otherwise provided in the Plan or this Agreement, every term of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.   |
| Governing Plan Document | This Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of the Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided in this Agreement, in the event of any conflict between the provisions of this Agreement, the Notice of Restricted Award, and those of the Plan, the provisions of the Plan will control. |

Notwithstanding provisions in this Agreement, the Award shall be subject to additional terms and conditions for Participants outside the U.S. set forth in an addendum to this Agreement, including any additional terms and conditions for your country. Moreover, if you relocate to another country, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Any addendum to this Agreement constitutes part of this Agreement.

|                                    |  |
|------------------------------------|--|
| Severability                       | In the event that all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any section of this Agreement (or part of such a section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such section or part of a section to the fullest extent possible while remaining lawful and valid.  |
| Recoupment                         | This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require forfeiture of the Award and repayment or forfeiture of any Shares or other cash or property received with respect to the Award (including any value received from a disposition of the Shares).  |
| No Tax, Legal or Investment Advice | The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You understand and agree that you should consult with your own personal tax, financial and/or legal advisors regarding the Award and Tax-Related Items arising in connection with the Award and by accepting the Award, you have agreed that you have done so or knowingly and voluntarily declined to do so.   |
| Notice                             | Any notice required or permitted under this Agreement will be given in writing, including electronically, and will be deemed effectively given upon the earliest of personal delivery, electronic delivery to the email address assigned to you by the Company or provided by you to the Company, receipt or the third (3rd) full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto. The Company may, in its sole discretion, deliver any documents related to your current or future participation in the Plan by electronic means. By accepting this Award, you hereby: (1) consent to receive such documents by electronic means; (2) consent to the use of electronic signatures; and (3) agree to participate in the Plan and/or receive any such documents through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions. |

**Applicable Law and  
Choice of Venue** This Agreement will be interpreted and enforced under the laws of the State of California without application of the conflicts of law principles thereof.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that any such litigation will be conducted only in the courts of Santa Clara County, California, or the federal courts of the United States for the Northern District of California and no other courts.

**Miscellaneous**

You understand and acknowledge that (1) the Plan is entirely discretionary, (2) the Company and your Employer have reserved the right to amend, suspend or terminate the Plan at any time, (3) the grant of this Award does not in any way create any contractual or other right to receive additional grants of awards (or benefits in lieu of awards) at any time or in any amount and no inference shall be drawn from the grant of this Award with respect to the quality of your service to, or standing with, the Company and (4) all determinations with respect to any additional grants, including (without limitation) the times when awards will be granted, the number of Shares subject to awards, the purchase price and the vesting schedule, will be at the sole discretion of the Company.

The value of this Award will be an extraordinary item of compensation outside the scope of your employment contract, if any, and will not be considered a part of your normal or expected compensation for purposes of calculating severance, resignation, redundancy or end-of-service payments, bonuses, service awards, pension or retirement benefits or similar payments.

You understand and acknowledge that participation in the Plan ceases upon termination of your Service for any reason, except as may explicitly be provided otherwise in the Plan or this Agreement.

You hereby authorize and direct your Employer to disclose to the Company or any Subsidiary or Affiliate any information regarding your employment, the nature and amount of your compensation and the fact and conditions of your participation in the Plan, as your Employer deems necessary or appropriate to facilitate the administration of the Plan.

You consent to the collection, use and transfer of personal data as described in this subsection. You understand and acknowledge that the Company, your Employer and the Company's other Subsidiaries

and Affiliates hold certain personal information regarding you for the purpose of managing and administering the Plan, including (without limitation) your name, home address, telephone number, date of birth, social insurance or other government identification number, salary, nationality, job title, any Shares or directorships held in the Company and details of all awards or any other entitlements to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”). You further understand and acknowledge that the Company, its Subsidiaries and/or its Affiliates will transfer Data among themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan and that the Company and/or any Subsidiary may each further transfer Data to any third party assisting the Company in the implementation, administration and management of the Plan. You understand and acknowledge that the recipients of Data may be located in the United States or elsewhere, and that the laws of a recipient’s country of operation (e.g., the United States) may not have equivalent privacy protections as local laws where you reside or work. You authorize such recipients to receive, possess, use, retain and transfer Data, in electronic or other form, for the purpose of administering your participation in the Plan, including a transfer to any broker or other third party with whom you elect to deposit Shares acquired under the Plan of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on your behalf. You may, at any time, view Data, require any necessary modifications of Data, make inquiries about the treatment of Data or withdraw the consents set forth in this subsection by contacting the Human Resources Department of the Company in writing.

You acknowledge and agree that you have reviewed the documents provided to you in relation to the Award in their entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting the Award, and fully understand all provisions of such documents. You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of the Award.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK AWARD, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



## CERTIFICATION

I, Dhrupad Trivedi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A10 Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

By: */s/* Dhrupad Trivedi

Dhrupad Trivedi

*President and Chief Executive Officer*

## CERTIFICATION

I, Brian Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of A10 Networks, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

By: /s/ Brian Becker

Brian Becker

*Chief Financial Officer*

*(Principal Accounting and Financial Officer)*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of A10 Networks, Inc. (the "Company") for the fiscal quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dhrupad Trivedi, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2024

By: /s/ Dhrupad Trivedi

Dhrupad Trivedi

*President and Chief Executive Officer*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of A10 Networks, Inc. (the "Company") for the fiscal quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Becker, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2024

By: /s/ Brian Becker

Brian Becker

*Chief Financial Officer*

*(Principal Accounting and Financial Officer)*