

REFINITIV

# DELTA REPORT

## 10-K

ANET - ARISTA NETWORKS, INC.

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	3359
CHANGES	281
DELETIONS	868
ADDITIONS	2210

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
  
FORM 10-K

(Mark One)

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

For the fiscal year ended ~~December 31, 2023~~ December 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: 001-36468

**ARISTA NETWORKS, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-1751121  
(I.R.S. Employer  
Identification Number)

5453 Great America Parkway  
Santa Clara, California 95054  
(Address of principal executive offices)  
(408) 547-5500  
(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, \$0.0001 par value	ANET	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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"/>
		Emerging growth 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$40.8 \$90.2 billion as of June 30, 2023 June 28, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) based on the closing price of the registrant's common stock on the New York Stock Exchange on such date. Shares held by persons who may be deemed affiliates have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

On February 7, 2024 February 12, 2025, 812,633,612 1,261,122,596 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2024 2025 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of December 31, 2023 December 31, 2024 are incorporated by reference into Part III of this Annual Report on Form 10-K.

ARISTA NETWORKS, INC.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K, including the sections entitled "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," 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, which statements involve substantial risks and uncertainties. The words "believe," "may," "will," "potentially," "likely" "estimate," "continue," "anticipate," "intend," "could," "would," "should", "project," "plan," "predict," "expect", the negative of any of these words 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 ability to maintain an adequate rate of revenue growth and our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin and operating expenses;
- our belief that the networking market is rapidly evolving and has a significant potential opportunity for growth;
- our business plan and our ability to effectively manage our growth;

- our ability to expand our leadership position in the networking industry and to develop new products and expand our business into new markets such as the AI Ethernet switching, campus workspace, enterprise data center and security markets;
- our ability to satisfy the requirements for networking solutions and to successfully anticipate technological shifts and market needs, including the impact of artificial intelligence, innovate new products, rapidly develop new features and applications, and bring them to market in a timely manner;
- our ability to fulfill our customers' orders despite supply chain delays, **issues with** access to key commodities or technologies or geopolitical events that impact our manufacturers or their suppliers such as the **recent U.S. escalating tariff and non-tariff-related international trade wars, measures**, the Russia-Ukraine and Israel-Hamas conflicts, the Houthi attacks on marine vessels in the Red Sea or the impact of global pandemics such as the global coronavirus ("COVID-19") pandemic;
- **our expectations related to our inventory and purchase commitments;**
- our ability to identify, complete and realize the benefits of recent and future acquisitions of, or investments in, complementary companies, products, services or technologies;
- costs associated with defending intellectual property infringement and other claims and the potential outcomes of such disputes, such as any claims discussed in "Legal Proceedings";
- our ability to retain and increase sales to existing customers and attract new customers, including large customers;
- our ability to expand our business domestically and internationally;
- the effects of increased competition in our market and our ability to compete effectively;
- the budgeting cycles and purchasing practices of customers, including large customers who may receive lower pricing terms due to volume discounts or who may elect to re-assign allocations to multiple vendors based upon specific network roles or projects;
- the growth and buying patterns of our large customers and resulting volatility in our customer concentration in which large bulk purchases may or may not occur in certain quarters or may be deferred into future quarters or cancelled due to adjustments in their capital expenditure forecasts;
- the deferral or cancellation of orders by customers, warranty returns or delays in acceptance of our products;
- our ability to further penetrate our existing customer base and sell more complex and higher-performance configurations of our products;
- our belief that increasing channel leverage will extend and improve our engagement with a broad set of customers;
- our plans to continue to expand our sales force, marketing activities and relationships with channel, technology and system-level partners;
- our ability to scale our operational and manufacturing capacity;
- our plans to invest in our research and development;
- our ability to timely and effectively scale and adapt our existing technology;
- the benefits realized by our customers in their use of our products and services including lower total cost of ownership;
- our ability to detect breaches of our cybersecurity systems or other security breaches;
- the effects of seasonal and cyclical trends on our results of operations;
- our relationships with and expectations concerning third parties, including, but not limited to our large customers, suppliers, distributors, systems integrators, channel partners and value-added resellers;
- the attraction and retention of qualified employees and key personnel;
- our ability to maintain, protect and enhance our brand and intellectual property;
- economic and industry trends;
- estimates and estimate methodologies used in preparing our financial statements;
- future trading prices of our common stock;

- 
- our belief that we have adequately reserved for uncertain tax positions;
  - the impact of global economic and political conditions that introduce instability into the U.S. and other economies;
- 

- the impact of climate change and natural disasters;
- the impact of global and domestic tax reform;
- the impact of tariffs **or other changes in international trade policies** imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods; and
- our belief that our existing cash and cash equivalents together with cash flow from operations will be sufficient to meet our working capital requirements and our growth strategies for the foreseeable future.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. 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. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K 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.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

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## PART I

### Item 1. Business

Arista Networks is an industry leader in data-driven, **client to cloud client-to-cloud** networking for large **AI**, data center, campus and routing environments. Arista's platforms deliver availability, agility, automation, analytics, and security through an advanced network operating stack. Since Arista's inception, our founders have reimagined cloud networks for performance, scale and programmability with a focus on differentiating in three ways: uncompromising **reliability built on the foundation of robust quality assurance capabilities with a suite of automated diagnostics**, advanced open and standards-based technology and **a robust quality assurance capability built intelligent automation to decrease the manual workload on a suite of automated diagnostics, the operator.**

At the core of Arista's platform is Arista's Extensible Operating System (**EOS® ("EOS®")**), a modernized publish-subscribe state-sharing networking operating system. Arista EOS, combined with a set of network applications and our Ethernet switching and routing platforms using best of breed merchant silicon, provides customers with a highly competitive and diversified portfolio of products with improved price/performance and time to market.

Our current portfolio of **offerings products, services and technologies** are **categorized in grouped into** the following **three product** categories:

**Core:** high-speed Data Core (Data Center, **Cloud** and **AI Networking**), Cognitive Adjacencies (Campus and Routing), and Cognitive Network (Software and Services). Our customers include companies of all sizes and span a range of industries and geographies and are grouped into the following categories: Cloud **Networking systems including newer artificial intelligence ("AI") Ethernet switching platforms.**

**Cognitive Adjacencies:** campus wired and wireless products **AI Titans, Enterprise** and **advanced routing systems addressing Core Routing, Edge Routing, Data Center Interconnect (DCI), Multi-cloud and Wide Area Networking (WAN) use cases.**

**Network Software and Services:** a suite of value-add software solutions that leverage Arista's EOS to provide advanced end-to-end orchestration, automation, analytics, **network monitoring and security.**

**Providers.** Since we began shipping our products in 2008, we have experienced rapid growth, and, according to market research in **2023, 2024**, we have achieved the leadership position **in high-speed Ethernet port shipments of 100G and above and the second largest market share** in overall data center Ethernet switch ports and **revenue. revenue and continue to lead the market in higher speed Ethernet port shipments of 100G and above.** We have been profitable and cash flow positive since 2010.

#### Our Market Opportunity

We sell our products through both a direct sales force and channel partners, competing primarily in the high-speed data center Ethernet switching markets for 10 Gigabit Ethernet ("GbE") and above, including the **Cloud and AI Ethernet switching markets, Enterprise Data Center switching/routing market, the cloud-grade and enterprise routing markets, and the campus wired and wireless markets. In recent years, we have** We also **entered into participate in** the Network Monitoring, **and** Network Detection and Response (**NDR**) ("**NDR**") **and Network Access Control** security markets through both acquisition and organic development.

#### Our Customers

Our customers **span a range of industries and geographies, including include** large cloud customers or **hyperscalers, Cloud and AI Titans**, other internet **providers, and** service providers, **including specialty and AI Neoclouds, and a wide breadth of enterprise customers, including financial services organizations and government agencies and a cross section of enterprise customers. Over the past five years, we have diversified agencies. We continue to diversify** the types of enterprise customers we sell to and have continued to expand our presence across a wide spectrum of industries including media and entertainment, healthcare, oil and gas, education, manufacturing, industrial, and more. Meta Platforms and Microsoft, two of our **cloud Cloud and AI Titan** end customers, each accounted for more than 10% of our total revenue for the years ended **December 31, 2023 December 31, 2024, and December 31, 2022 December 31, 2023.**

#### Market Drivers

##### Digital Transformation

Digital transformation is fundamentally changing the way technology is integrated into business operations and as a result how IT infrastructure is built, and applications are delivered across cloud and end-customer environments. The expanded dependency of business operations on the network has increased the complexity of the network and heightened the importance of network availability, predictable performance, open programmability, **security**, and operational simplicity.

**The public Public** cloud leaders pioneered the development of large-scale cloud data centers to meet these growing demands from their users, including business customers. Enterprises now have the option to move applications to the cloud as cloud services are generally easier and more cost effective to deploy, scale and operate than traditional applications. These cloud metrics have become the baseline for performance, cost and efficiency of IT infrastructure investments. Enterprises and service

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providers around the world are also now adopting cloud computing technologies and principles to their own non-cloud or hybrid operations in order to achieve similar performance, operational efficiencies and cost reductions.

Arista addresses our customers' requirements through our approach to network architecture, our platforms and our software. Our comprehensive R-series, X-series and X-series Etherlink switching and routing portfolios running the highly programmable EOS, transform networks with simplified and scalable architectures across multiple use-cases.

### Artificial Intelligence (AI)

The expansion of generative AI computing and distributed applications is further pushing the boundary of predictable scale and performance in the network. A common characteristic of these AI workloads is that they are both data and compute intensive. A typical AI workload involves large sparse matrix computations, distributed across hundreds or thousands of processors (CPU, GPU, TPU, etc.) with intense computations for a period of time and requires a high-bandwidth, scalable, lossless network in order to service these workloads. With the exponential growth of AI applications, the need for standardized transport like Ethernet becomes paramount, enabling a power-efficient interconnect while overcoming the complexities of traditional approaches.

Arista's AI strategy is based on achieving two key objectives. Arista first offers to customers the Arista Autonomous Virtual Assist (AVA™) using natural processing language to provide AI assisted outcomes for security and observability. Arista also provides network switching products intended to provide a robust interconnect that seamlessly links GPUs, compute and storage to deliver fast job completion time for training and generative AI workloads. Arista also offers customers the Arista Autonomous Virtual Assist (AVA™) which uses natural processing language to provide AI-assisted outcomes for network operations, security and observability.

An overview of our AI enabled solutions is shown below:



Screenshot 2025-01-26 130728.jpg

As a proud founding member, Arista is committed to leading the Ultra Ethernet Consortium (UEC) ("UEC") to achieve scalable and efficient remote memory access, implemented with enhanced packet spraying, flexible ordering, and modern congestion control algorithms.

### Hybrid Work

In the post-pandemic world, the traditional "campus" has been redefined and the boundaries between the office, home, teleworker and user have converged. At the same time, the proliferation and sophistication of devices that connect the campus, such as smart devices, security cameras and Internet of Things ("IoT"), has grown dramatically. The challenge lies in successfully transitioning the existing siloed campus into a data-driven, distributed campus model with a common experience, while addressing the growing security and availability needs.

Arista's campus portfolio was driven by customers desiring the same quality and operational efficiency available from EOS and CloudVision® throughout their entire enterprise network. We entered the campus market with a diverse portfolio of modular and fixed form factor Campus spine switches, Power-over-Ethernet (PoE) ("PoE") leaf switches and WiFi access points based on EOS and Wi-Fi

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EOS and access points managed through CloudVision. We continue to expand our campus portfolio to offer the advantages of EOS across the entire enterprise network. Most recently, we have added incremental Enterprise WAN products as well as embedded NDR security sensors into our campus switches to address more of the security challenges that face campus administrators.

### Zero Trust Networking Security

Today, Zero trust architectures attempt to mitigate risk associated with cyber threats by eliminating implicit trust in a device simply because it is on the "internal" network. However, this is easier said than done, given today's changing definition of the network that spans campus, data center, cloud, and more. Adding multiple network security layers such as firewalls, network access control, and threat detection, among others, comes with tremendous cost, complexity, and brittleness, whereas the benefits are often hard to quantify.

Arista offers a full suite of security solutions built on the foundations of our unified operating system in EOS® and the common management plane in CloudVision™. These solutions map to the Cybersecurity and Infrastructure Security Agency's Zero Trust Maturity Model and help organizations accelerate their journey toward optimal zero trust networking approach to maturity. Moreover, these network security is paramount controls can help compensate for organizations looking to build a robust cybersecurity program. Irrespective of which device, application, or user is accessing an enterprise resource, gaps in the organization's zero trust focuses on complete visibility posture in domains such as identity, devices, workload, and control over all activity on the network.

Arista's zero trust networking principles, based on NIST 800-207, help customers address this challenge with three cornerstones: visibility, continuous diagnostics, and enforcement. The Arista NDR platform delivers continuous diagnostics for the entire enterprise threat landscape, processes countless points of data, senses abnormalities or threats, and reacts if/when warranted, data.

### Limitations of Traditional Enterprise Data Center and Campus Networks

The introduction of large scale, highly complex, public cloud environments and the digital transformation of end customer business models meant that the traditional ways of building networks were no longer adequate to meet the needs of customers for the deployment and provision of cloud applications and more recently generative AI applications, and new applications. New innovations were needed to push network performance forward.

Historically, most common network designs were rigidly hierarchical, based on a 3-tiered model developed in the early days of the internet for sparse north/south traffic patterns. This model was limited in the number of devices that could be connected to a network and introduced many points of congestion as customers tried to scale the solution. As more applications move to the cloud, network connections must scale, and the increased east/west traffic must be managed without congestion.

In addition, the switches and routers used to build these tiered networks were based on proprietary, application-specific integrated circuits ("ASICs") that historically underperformed when measured against Moore's Law, and operating systems that lacked the openness and programmability necessary to automate and effectively manage these networks. As demand for scale and performance increased, the end-user experience was degraded, operational costs increased, and the host cost-per-connection increased.

Similarly, traditional enterprise networks have been mired in complexity, proprietary features and architectures, custom ASICs, siloed designs, and fragile software offerings built up over the previous three decades. Because of this, operating a legacy network is riddled with challenges; critical outages that cause risk-averse behaviors, labor-intensive rollouts that impede business initiatives, limited visibility that prevent problem detection and isolation, and overall lack of automation and uniformity that results in inefficiency. In addition, there had historically been little or no attempt to address the needs of building and operating a network infrastructure at massive, cloud scale. As a result, as enterprises moved applications to the cloud and implemented hybrid and multi-cloud strategies, there have been insufficient solutions that could configure, deploy, automate, and manage these scaled and dispersed resources.

In the post-pandemic world, enterprise campus wired and wireless networks must cope with an ever increasing number of endpoint IoT devices and remote work locations that require users to be connected from virtually anywhere. Campus administrators have sought to address the resulting increased network complexities and bottlenecks through the adoption of a myriad of platforms, operating systems, proprietary features and network management tools. Coupled with the explosive growth of IoT and the requirement for remote workloads, the operational costs of managing these complexities have become prohibitive.

Visibility is a critical component to a more efficient cloud-like network. Being able to capture what a network is 'thinking' or 'doing' is the basis for true network automation and analytics. Legacy networking has long suffered from limitations in network visibility largely due to inefficient polling mechanisms that only provide a limited subset of data. As a result, the operators of legacy networks have been essentially blinded when it comes to true network insight.

### Our Data-Driven Cloud Networking Solutions

The core of our cloud networking platform is our data-driven operating system, EOS, which runs on top of standard Linux and offers programmability at all layers of the stack. System state and data are stored in EOS and maintained in a highly efficient, centralized system database where data is accessed via an automated publish/subscribe model. This distinct design principle provides module independence, self-healing resiliency, and multi-process software stability. EOS is packaged as a perpetual license on Arista hardware platforms, virtualized EOS (vEOS) and CloudEOS for production or simulations use cases with flexible platform support including third-party hardware.

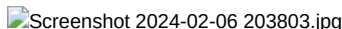
Our cloud networking innovations started with pioneering a modern software platform, Arista EOS, which provides switching, routing, state-streaming and telemetry functions across all Arista platforms. EOS established a new standard in networking for large-scale cloud operators, opened the door to the widespread adoption of merchant silicon hardware in

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networks, and provided dramatic decreases in deployment and operating costs while delivering high reliability for cloud customers, service providers, enterprises, and more.

The Arista EOS network stack architecture provides a foundation for consolidation of streamed device state, telemetry, packet, flow, alert, sensor and third-party data into an aggregated Network Data Lake (Arista EOS NetDL™). Arista EOS NetDL consolidates diverse datasets required for effectively applying AI/Machine Learning (ML) methods in by Arista AVA for Network Operations (NetOps) and Security Operations (SecOps) environments, and it use cases. NetDL also presents a single application programming interface ("API") surface for access to network and network-related data for enhancing Arista and third-party applications.

An overview of our cloud networking solutions is shown below:

Screenshot 2024-02-06 203803.jpg

The key benefits of our cloud networking solutions are as follows:

#### Capacity, Performance and Scale

Our data-driven cloud networking platforms enable data center networks to scale to hundreds of thousands of physical servers and millions of virtual machines with the least number of switching tiers. We achieve this by leveraging standard protocols, non-blocking switch architectures and EOS to meet the scale requirements of cloud computing. We architect active-active Layer 2 and Layer 3 network topologies to enable customers to build extremely large and resilient networks.

Emerging capabilities including recent developments related to AI will continue to place increased demands on networking infrastructure. Arista's strategic commitment to using merchant silicon is also a key competitive differentiator for Arista in addressing these capacity demands. Merchant silicon not only provides the best price/performance available but allows Arista to bring next generation platforms to market early, allowing customers to benefit from Moore's Law.

#### Availability

Networks are only useful when they are available. Arista's modular EOS architecture and software testing innovations provide features and network designs that keep the network available even during maintenance and upgrades. EOS publish-subscribe architecture provides self-healing resiliency through live patching, upgrades, fault isolation and containment and graceful process restart to reduce maintenance windows and allow for intelligent insertion and removal of network elements.



## Openness and Programmability

Customers demand open, standards-based networking that avoids vendor lock-in and enables third-party integration to support best in-class technology ecosystems. Arista EOS, built on Linux, features open standard protocols, such as Border Gateway Protocol ("BGP") and Ethernet VPN ("EVPN"), offering interoperable solutions. Our well-structured set of APIs and EOS Software Development Kit ("SDK") as well as multiple DevOps integrations, enable enterprises to automate networking provisioning without manual intervention. EOS also natively supports Ansible, CFEngine, Chef, Puppet, virtual network orchestration applications and **third party third-party** management tools.

## Visibility

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Monitoring network performance in real time is a core need for current and next-generation architectures to run dependably. Arista EOS and CloudVision bring a modern approach to network telemetry and a replacement for legacy polling mechanisms. CloudVision **Analytics analytics** engines and CloudVision **Telemetry Apps telemetry apps** leverage the state streaming infrastructure of EOS and NetDL to give Arista customers an unprecedented level of visibility into their network operations.

Arista EOS also supports multiple telemetry tracers that bring deeper workload-level visibility by integrating with distributed applications like big data, cloud, container and virtualized environments.

## Security

Arista focuses on building security into the networking layers through features native to EOS, such as segmentation and encryption, **as well as and network access control** and NDR powered by AI. **Most importantly**, Arista's **zero trust networking principles**, based on NIST 800-207, help customers address **integrated security challenges toolset uses the underlying network infrastructure from switches to WAN routers to deliver key security capabilities and integrates seamlessly with three cornerstones: visibility, continuous diagnostics, the organization's existing security program and enforcement. The Arista NDR platform delivers continuous diagnostics for the entire enterprise threat landscape, processes countless points of data, senses abnormalities or threats, and reacts if necessary. tools.**

## Operational Efficiency

Automation is critical to delivering operational efficiency and Arista has taken the lessons learned from building large public clouds and engineered network automation into our CloudVision management platform. CloudVision eliminates burdensome manual tasks so organizations can become more agile in making changes to network infrastructure. Fewer manual configurations enable faster time to service and improved availability for our customers. Our open APIs enable standards-based integration with third-party tools as well, supporting additional automation capabilities.

## Total Cost of Ownership

We believe our programmable, scalable leaf-spine architectures, combined with our applications, significantly reduce networking costs when compared to legacy network designs, enabling faster time to service and improved availability. Our automation tools reduce the operational costs of provisioning, managing and monitoring a data center network and speed up service delivery. Our tools provide visibility into complex network environments without the need for additional data collection equipment.

## Cognitive Campus Workspace Solutions

Arista's Cognitive **campus Campus** is based on a data driven architecture and offers consistent, unified management across the campus edge for wired and wireless networks as well as integrated security & proactive network assurance. Our Cognitive Campus **Networking networking** solutions are based on three **capabilities: pillars:**

**Universal Cloud Network (UCN) Networking** - Offered Customers want a network that minimizes planned and unplanned downtime. Arista delivers that through capabilities such as smart software upgrades that can update a switch to a new version of code without taking an **alternative to brittle, proprietary solutions from legacy vendors**. Arista UCN is an open, outage. Moreover, Arista's standards-based design focusing on data-driven control principles. Arista's Spine™ architecture, 7300 Series spine switches, 720/750 Series POE leaf switches, offerings minimize the learning curve for operators both in the wired and Wi-Fi platforms consolidate campus layers into simpler topologies that **reduce costs and improve reliability, the wireless space.**

**Cognitive Zero Touch Operations** - The Cognitive management features built into Arista's solutions are designed from the ground up for real-time telemetry, automation, and AI for networking based on our unified network data lake architecture. As a result, customers can achieve faster deployment to new locations and lower their cost of network operations.

**Zero Trust Network** - Arista CloudVision **rely** delivers a combination of capabilities that help customers secure their campus networks, from controlling who can get on NetDL to collect real time streaming telemetry from across the campus network and automates many critical IT functions. These features provide real time visibility into the state of the network including traffic flows. CloudVision's AI-enabled AVA leverages data from NetDL for AI/ML-driven outcomes, helping **via network access control ("CloudVision AGNI") to detect anomalies in detecting threats using network detection and response ("Arista NDR") or wireless intrusion prevention. Arista also provides identity-based micro segmentation ("Arista MSS") to ensure the network, identify root causes and offer recommendations for mitigation. The Wi-Fi access points in conjunction with CloudVision also provide proactive network assurance zero trust posture extends to monitor end user experience without every critical asset within the need for an overlay network. organization.**

**Zero-trust Network Security** - Securing the Campus requires a built-in approach to network segmentation, encryption, device compliance and auditing, as well as service integration with Arista's security partners. Arista delivers these capabilities through EOS and CloudVision AVA. Arista campus leaf switches have an integrated AVA sensor that enables the access layer to provide Arista NDR capability without the complexity and cost of additional network monitoring devices. Arista's Macro Segmentation Service Group (MSS-G) provides a simpler, standards-based approach to segmenting traffic in the campus that is more flexible than other proprietary solutions. We believe Arista's Wireless Intrusion Prevention Service (WIPS) provides strong security while eliminating false positives.



## Our Competitive Strengths

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We believe the following strengths will allow us to maintain and extend our technology leadership position in data-driven cloud networking and next-generation data center and campus workspace Ethernet products:

### **Purpose-Built Cloud Networking Platform**

We have developed a highly scalable cloud networking platform that uses software to address the needs of large-scale cloud companies, cloud service providers, and large enterprises, including AI, virtualization, big data and low-latency applications. As a result, our cloud networking platform does not have the inherent limitations of legacy network architectures.

### **Broad and Differentiated Portfolio**

Using multiple merchant silicon architectures, we deliver switches, capable of routing, with industry-leading capacity, low latency, port density and power efficiency, and have innovated in areas such as deep packet buffers, highly available modular hardware, and reversible cooling options. Our broad portfolio has allowed us to offer customers products that best match their specific requirements.

### **Single Binary Image Software**

The single binary image of EOS software allows us to maintain feature consistency across our entire product portfolio and enables us to introduce new software innovations into the market that become available to our entire installed base without a “forklift upgrade” (i.e., a broad upgrade of the data center infrastructure).

### **Rapid Development of New Features and Applications**

Our highly modular EOS software has allowed us to rapidly deliver new features and applications while preserving the structural integrity and quality of our network operating system. We believe our ability to deliver new features and capabilities more quickly than legacy switch/router operators provides us with a strategic advantage given that the requirements in cloud and next-generation data center and campus networking continue to evolve rapidly.

### **Deep Understanding of Customer Requirements**

We have developed close working partnerships with many of our largest customers that provide us with insights into their needs and future requirements. This has allowed us to develop and deliver products to the market that meet customer demands and expectations as well as to rapidly grow sales to existing customers.

### **Strong Management and Engineering Team with Significant Data Center Networking Expertise**

Our management and engineering team consists of networking veterans with extensive data center and campus networking expertise. Our Chief Executive Officer and Chairperson, Jayshree Ullal, has over 40 years of networking expertise from silicon to systems companies, and Kenneth Duda, our Founder, Chief Technology Officer and Director, leads our software development team including EOS. Our technical team also includes highly experienced leaders such as Hugh Holbrook, our Chief Development Officer, who leads our platform driven software engineering, and Andy Bechtolsheim, our Founder and Chief Architect, who was previously a founder and chief system architect at Sun Microsystems.

### **Significant Technology Lead**

We believe that our networking technology represents a fundamental advance in networking software. Our EOS software is a key cloud networking software stack that is state-driven and a result of tremendous research and development efforts.

## Our Products and Technology Services

Our portfolio of products and technology consists of services are grouped into the following three categories:

### **Core Data Center/Center/Cloud/AI Switching Products, Adjacent Campus and Routing Products and Network Software and Services.**

#### **Extensible Operating System (EOS)**

The core of our cloud networking platform is our data-driven operating system, EOS, which runs on top of standard Linux and offers programmability at all layers of the stack. System state and data are stored in EOS and maintained in a highly efficient, centralized system database where data is accessed via an automated publish/subscribe model. This distinct design principle provides module independence, self-healing resiliency, and multi-process software stability.

We have continued to evolve the EOS software stack transforming the centralized EOS network database into a multi-modal, multi-tenant, capable data lake. The EOS NetDL™ unifies the multiple data types gathered in a network and allows for external data ingestion and enrichment. NetDL™ aggregates data from systems, platforms, and services enabling smoother operations between NetOps, CloudOps, and DevOps operators.

EOS is packaged as a perpetual license on Arista hardware platforms, virtualized EOS (vEOS) for production or simulations use cases or containerized EOS (cEOS) for flexible platform support including third-party hardware.

#### **Core Datacenter/Cloud/AI**

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Arista offers one of the broadest product portfolios of data-driven, high-speed, cloud and **datacenter data center** Ethernet switches. Built on top of the superior quality and openness of Arista EOS, we deliver high performance, industry-leading capacity, ultra-low latency, **feature rich features**, and powerful efficient solutions **to meet our customers demand for customers building capacity and operating cloud networks. network speeds for both front-end and back-end storage, compute and AI zones.** Our core switching portfolio contains both fixed and modular form factors, varying port configurations and densities, and options in power delivery all driven by customer requirements.

The Arista Etherlink AI portfolio of 800G switches, coupled with Arista's EOS innovations such as AI Analyzer along with optimal load balancing solutions, offer compelling solutions for contemporary AI applications and deployment. Arista also continues to be innovative in such areas as deep packet buffer architectures, virtual output queuing, non-disruptive upgrades, embedded optics and next-generation optics, reversible cooling and overall system power efficiency. The Arista 7800R AI Spine, 7060 AI Leaf and the Distributed Etherlink Switch ("DES") are designed to address the demanding scale and performance requirements driven by large-scale AI networks. Arista also provides solutions for compute, GPU and storage interconnects in driving AI/ML workloads, leveraging its IP/Ethernet switches to deliver unparalleled performance and scalability. **With**

The Arista 7700R4 DES is an ultra-scalable, intelligent distributed system engineered to meet the **exponential growth rigorous demands of large-scale AI applications, and machine learning ("ML") environments.** Building upon the **need foundations of the 7800R4 series, the 7700R4 DES delivers strong performance and scalability for standardized transport like Ethernet becomes paramount, enabling accelerated computing.** The Arista 7700R4 represents a **power-efficient interconnect while overcoming significant advancement in networking technology, offering a robust and scalable solution tailored for the complexities most demanding AI and ML workloads.** Its combination of **traditional approaches. high throughput, deterministic performance, and advanced congestion management makes it an ideal choice for organizations aiming to build or expand their AI infrastructure.**

AI workloads require optimized performance and availability at all times, to minimize job completion time and thus maximize utilization of expensive XPU accelerators. The **7800R EOS-based AI spine and 7060X AI leaf switches, coupled with Arista's EOS innovations such as AI Analyzer Agent can reside either directly on a SmartNIC or on a server CPU, to provide local configuration management of NICs along with optimal load balancing solutions offer compelling solutions streaming telemetry of NIC performance fed to directly-attached Arista EOS-based switches. This ensures the QoS parameters for contemporary AI applications and deployment.**

**We continue optimization are consistently applied from the NIC to innovate the network alike, to avoid misconfigurations which might cause performance bottlenecks without an easy-to-diagnose root cause. And with every generation of switching platforms. Most recently, Arista has brought to market telemetry data spanning the Arista 7800R AI Spine NICs and the 7060 AI Leaf to address networking platforms, the demanding scale network operations team can have comprehensive visibility into the entire traffic path with immediate insight into performance and performance requirements driven by large-scale AI networks. We also continue to be innovative in areas concerning deep packet buffer architectures, virtual output queuing, non-disruptive upgrades, embedded optics and next-generation optics, reversible cooling and overall system power efficiency. problems.**

#### Cognitive Adjacencies

##### Cognitive Campus Switching

Arista's Cognitive Campus switching products, powered by EOS, offer consistent, unified management across the campus edge for wired and wireless networks as well as integrated security & proactive network assurance. Our campus products include the Arista 7300 Series spine/Spline™, Spline™, 720/750 Series POE switches, and a broad range of indoor and outdoor Cognitive Wi-Fi Access Points.

##### Cloud-Grade Routing

Arista's Cloud-Grade Routing platforms, powered by EOS, combine high performance routing, high port density, deep buffers, integrated DWDM and **wirespeed wire speed** encryption. Our 7280R3 Universal Leaf and 7500R3 and 7800R3 Universal Spine platforms serve a variety of use cases including high speed multi-cloud connect, Data Center Interconnect (DCI), controller-based traffic engineering, peering, business VPNs, core routing and Secure Enterprise edge routing.

##### WAN Routing System

**Arista's new 5000- The Arista AWE-7200R Series of WAN Routing System, purpose built by Arista and powered by Arista EOS, offers high performance and scale to meet enterprise modern WAN edge and aggregation requirements. The 5000 We believe the Arista AWE-7200R Series supports sets the standard for aggregation and critical site interconnect by supporting 1/10/100GbE interfaces and flexible network modules while delivering modules. It delivers from 5Gb 1Gb to over 50Gb of bidirectional AES256 encrypted traffic with high VRF and tunnel scale.**

#### Networking Software and Services

**CloudVision Our software and services are based on subscription-based models and include the following offerings:**

**CloudVision -** CloudVision is Arista's modern, multi-domain management platform that leverages cloud networking principles to deliver a simplified end-to-end network operations experience for our Enterprise market. Unlike traditional domain-specific management solutions, CloudVision enables consistent zero touch network operations across data center, campus wired and wireless, routing interconnect and multi-cloud networks helping to break down the complexity of siloed management approaches.

CloudVision is built on Arista's NetDL architecture and leverages real-time network state to provide an abstraction of the physical network to a broader, network-wide perspective allowing for a more efficient approach for several operational and network telemetry capabilities.

**CloudVision's cloud-native architecture gives customers a choice to consume CloudVision as a subscription service or an on-premise licensed appliance.**

#### Arista A-Care Services

We have designed our customer support offerings, Arista A-Care Services, to provide our customers with high levels of support. Our global team of support engineers engages directly with client IT teams and is always available over e-mail, by phone or through our website.

We offer multiple service options that allow our customers to select the product replacement service level that best meets their needs. We stock spare parts in over 200 locations around the world through our third-party logistics suppliers. All our service options include unlimited access to bug-fixes, new-feature-releases, online case management and our community forums.

#### **DANZ Monitoring Fabric (DMF)**

DANZ Monitoring Fabric (DMF) ("DMF") is a next-generation network packet broker (NPB) architected for pervasive, organization-wide visibility and security, delivering multi-tenant monitoring-as-a-service. Leveraging Arista's high-performance and versatile Ethernet switch platforms with DMF, IT operators can pervasively monitor all user, device/IoT and application traffic (north-south and east-west) by gaining complete visibility into physical, virtual and container environments. Deep hop-by-hop visibility, predictive analytics, contextual insights and scale-out packet capture, integrated through a single dashboard, enables simplified network performance monitoring (NPM) ("NPM") and SecMon workflows for real-time and historical context across production data centers, enterprise campus/branch and 4G/5G mobile networks. DMF switch licenses are sold as subscription licenses.

#### **Arista Guardian Network Identity (AGNI)**

To overcome the new security challenges and the explosion of clients in today's perimeter-less enterprise networks, Arista delivers a novel AI-driven network Identity service, Arista Guardian for Network Identity (AGNI) to connect the network, users, and devices across remote and geographically dispersed locations. Based on Arista's flagship CloudVision, the new AGNI platform brings scale, simplicity, and security across users, their associated endpoints, and IoT devices. AGNI integrates with Arista NDR and other third-party XDR and EDR solutions for post-admission control functionality. AGNI is sold as subscription licenses.

#### **Arista's AI-driven Network Detection and Response (NDR)**

An AI-driven Security Platform, powered by AVA™, Arista NDR analyzes billions of network communications to autonomously discover, profile and classify every device, user, and application across perimeter, core, IoT, and cloud networks. Based on this deep understanding of the attack surface, the platform then detects threats to and from these entities, while providing the context necessary to respond rapidly.

The analysis begins with AVA Sensors that span the network and perform deep packet inspection. These sensors are available in a variety of form factors: physical hardware, virtual, cloud-based, and now also incorporated into Arista campus switches. Arista NDR licenses are sold as a subscription license.

#### **CloudEOS™**

CloudEOS is Arista's multi-cloud and cloud-native networking solution supporting autonomic operation to deliver an enterprise-class, highly secure, and reliable networking experience for any cloud. As part of the Arista EOS and CloudVision product family, it delivers consistent segmentation, automation, telemetry, provisioning and troubleshooting for the enterprise edge, WAN, campus, data center and multiple public and private clouds. To provide a scalable and automated network experience, CloudEOS integrates with Arista CloudVision to simplify the operator's experience of interconnecting and managing multi-cloud, cloud-native and on-premises enterprise networks.

CloudEOS is designed for consumption on Amazon AWS, Microsoft Azure, and Google public clouds via their marketplace and service catalogs, and it is also available as a cloud-native instance for deployment in Kubernetes clusters. catalogs.

Our portfolio of products and technology consists of our Core Data Center/Cloud Switching Products, our Adjacent Campus and Routing Products and our Network Software and Services.

#### **Sales and Marketing**

We market and sell our products through our direct sales force and in partnership with our channel partners, including distributors, value-added resellers, systems integrators and original equipment manufacturer ("OEM") partners. We also sell in conjunction with various technology partners. To facilitate channel coordination and increase productivity, we have created a partner program, the Arista Partner Program, to engage partners who provide value-added services and extend our reach into the

marketplace. Authorized training partners perform technical training of our channel partners and end customers. Our partners commonly receive an order from an end customer prior to placing an order with us, and we confirm the identification of the end customer prior to accepting such orders. Our partners generally do not stock inventory received from us.

Our sales organization is supported by systems engineers with deep technical expertise and responsibility for pre-sales technical support and solutions engineering for our customers, systems integrators, OEMs, and channel partners. In general, the personnel in our sales organization are formed into teams, and each team is responsible for a geographical territory, has responsibility for a number of major direct end-customer accounts or has assigned accounts in a specific vertical market. A pool of shared channel sales and marketing representatives also supports these teams.

Our marketing activities consist primarily of technology conferences, webinars, web marketing, trade shows, product demonstrations, seminars and events, public relations, analyst relations, demand generation and direct marketing to build our brand, increase end-customer awareness, communicate our product advantages and generate qualified leads for our field sales force and channel partners.

## Seasonality

We operate on a December 31st year end and typically have lower sequential quarter over quarter revenue growth in the first quarter of each fiscal year, often followed by stronger sequential revenue growth in the **ensuring ensuing** quarters. We believe that this seasonality results from a number of factors, including the procurement, budgeting and deployment cycles of many of our customers. The effects of recent supply chain disruptions and our rapid growth may have reduced the impact of seasonal or cyclical factors that might otherwise have influenced our business and broader industry performance. If our growth rates slow, seasonal or cyclical variations in our operations may become more pronounced over time and may materially affect our business, financial condition, results of operations and prospects. In addition, any supply chain shortages and manufacturing disruptions that result in extended lead times may impact our ability to manufacture and ship products to our customers in a timely manner, which may disrupt typical seasonal trends.

## Research and Development

Our success relies on the timely enhancement of existing products and the development of new solutions and features to address changing customer needs and technological advancements. Our in-house engineering personnel are responsible for the development, testing, documentation, support and release of our products. We have a highly skilled team of software and hardware engineers with extensive experience in wired and wireless networking technologies, network protocols, network security, operating systems, programming languages, compilers, databases, hardware system design, Field-Programmable Gate Array programming, high-speed signal integrity, and other related technologies.

Our research and development strategy focuses on advancing our core products and expanding into new markets while maintaining high product quality. We are focusing research and development efforts in (1) adapting EOS for new **and existing** silicon architectures, especially to support the unique requirements of AI workloads; (2) adding or enhancing EOS control plane and management plane functionality; (3) expanding our CloudVision management stack with enhanced automation, provisioning, monitoring, and security capabilities; (4) building related services, such as NDR and Network Access Control (NAC); (5) improving the security and scalability of our software development infrastructure and software supply chain; and (6) maintaining high product quality throughout. We have dedicated significant time and resources in test automation, ensuring high test pass rates, and working with our support group whenever customers experience technical defects in our products. Collaboration with customers and other industry leaders is integral to our approach, though uncertainties persist regarding the successful development and market acceptance of emerging technologies. Looking ahead, we plan to continue to invest in resources to conduct our research and development efforts to **evolving evolve** and **extending extend** our portfolio's capabilities, ensuring our products continue to address dynamic market needs and solidify our industry leadership.

## Manufacturing

We subcontract the manufacturing of **all the majority of** our products to various contract manufacturers. Our primary manufacturing partners are Jabil Inc., Sanmina Corporation, Flex Ltd. and Foxconn Hon Hai. **This approach allows us to reduce** These partners manufacture our **costs, manufacturing overhead products internationally in Malaysia, Vietnam, Mexico and inventory position and allows us to adjust more quickly to changing end-customer demand, other countries.** We require all our manufacturing locations to be ISO-9001 certified. **After manufacturing and testing, the products are shipped to direct fulfillment facilities in the United States, the Netherlands and Singapore for further transformation as needed and distribution.** We have four direct fulfillment facilities worldwide to hold finished goods inventory and perform **final product transformations, configuration and install our EOS software to ship shipping** to customers and partners. **After distribution, our products are installed by the customers or by third-party service providers such as system integrators or value-added resellers on their behalf.**

Our contract manufacturing partners procure **the majority of the** components needed to build our products and assemble our products according to our design specifications. This allows us to leverage the purchasing power of our contract

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manufacturing partners. We retain complete control over the bill of materials, **qualified component suppliers,** test procedures and quality assurance programs. Our personnel work closely with our partners and review on an ongoing basis **the** forecasts, inventory levels, processes, capacity, yields and overall quality. Our contract manufacturing partners procure components and assemble our products based on our demand forecasts. These forecasts represent our estimates of future demand for our products based upon historical trends and analyses from our sales and product management functions as adjusted for overall market conditions. For example, when industry-wide supply chain shortages resulted in extended lead times for components, we were required to extend the time horizon of our demand forecasts and increase our purchase commitments for long lead time components.

Our products rely on key components, including merchant silicon, integrated circuit components and power supplies purchased from a limited number of suppliers, including certain sole source providers. We may also see increased consolidation among our component suppliers. **In particular, we are primarily reliant upon our predominant merchant silicon vendor,**

**Broadcom, for our switching chips.** Generally, neither we nor our contract manufacturers have a written agreement with these component providers to guarantee the supply of the key components used in our products, nor do we have exclusive rights to such key components, and our suppliers could suffer shortages, delay shipments, prioritize shipments to other vendors, increase prices or cease manufacturing such products or selling them to us at any time. The supply of components may also be adversely affected by geopolitical conditions such as **international escalating tariff and non-tariff trade wars like measures imposed by the U.S. trade war with , Mexico, China the Houthi attacks on marine vessels and other countries present in the Red Sea, and the impact of public health epidemics like COVID-19, our supply chain.**

Our product development efforts also depend upon continued collaboration with our key suppliers including our merchant silicon vendors such as Broadcom and Intel. Broadcom. As we develop our product roadmap and continue to expand our relationships with these and other merchant silicon vendors, it is critical that we work in tandem with our key merchant silicon vendors to ensure that their silicon includes improved features and that our products take advantage of such improved features. This enables us to focus our development resources on software core competencies and to leverage the investments made by merchant silicon vendors to achieve cost-effective solutions.

Once the completed products are manufactured and tested, our contract manufacturing partners ship them to various direct fulfillment facilities in the United States, the Netherlands and Singapore for final configuration, quality-control inspection and shipment to our distribution partners and customers. After the products are shipped to our customers, our products are installed by the customers or by third-party service providers such as system integrators or value-added resellers on their behalf.

## Competition

The markets in which we compete are highly competitive and characterized by rapidly changing technology, changing end-customer needs, evolving industry standards, frequent introductions of new products and services and industry consolidation. We expect competition to intensify in the future as the market for cloud and AI networking expands and existing competitors and new market entrants introduce new products or enhance existing products.

The data center and campus networking markets have been historically dominated by Cisco, with competition also coming from other large network equipment and system vendors, including Nvidia, Dell/EMC, Extreme Networks, Dell/EMC, Hewlett Packard Enterprise, Huawei, Juniper Networks, Nvidia, and Juniper Networks. white box networking vendors utilizing open-source operating systems. Most of our competitors and some strategic alliance partners have made acquisitions and/or have entered into or extended partnerships or other strategic relationships to offer more comprehensive product lines, including cloud networking solutions. For example, Broadcom has acquired VMware VMware and Hewlett Packard Enterprises has entered into an agreement to acquire Juniper Networks.

With the emergence of AI networking, new competitive technologies may enter the market to address the requirements of AI clusters. Ethernet, today, faces competition from both InfiniBand (IB) ("IB") and NV Link interconnects for back-end AI networking clusters. IB has traditionally been used in supercomputer clusters due to its high reliability, low latency and high bandwidth. Both IB and NV Link are often sold as part of a vertical solution along with the GPUs from Nvidia.

We also face competition from other companies and new market entrants, current technology partners and customers who may acquire or develop network switches and cloud service solutions for internal use and/or to broaden their portfolio of products to market and sell to customers. Some of these competitors are developing "white box" networking products based on off-the-shelf or commoditized hardware technology, or "white box" hardware, particularly where a customer's network strategy seeks to emphasize deployment of such product offerings or adopt a disaggregated approach to the procurement of hardware and software. Customers may also increase their adoption of networking solutions based upon open-source network operating systems that may be provided for free and used either on off-the-shelf or commoditized hardware technology, or "white box" or hardware, while other competitors may adopt a disaggregated approach to the procurement of hardware and their proprietary hardware, software. The entrance of new competitors into our markets or the increased adoption of these new technology solutions or consumption models may cause downward pricing pressures, result in lost sales or otherwise have a material adverse effect on our business, prospects, financial condition and operating results.

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In the NDR market, our Arista NDR offerings compete with other network security vendors including Cisco, DarkTrace, Darktrace, and ExtraHop. In the network packet broker (NPB) ("NPB") market, Arista DANZ Monitoring Fabric (DMF) ("DMF") competes with Cisco, Gigamon, Keysight, Cisco, Netscout AVIZ networks and other network monitoring software providers.

Our relationships with our strategic alliance partners or suppliers may also shift as industry dynamics change. If strategic alliance partners acquire or develop competitive products or services, our relationship with those partners may be adversely impacted, which could lead to more variability to our results of operations and impact the pricing of our solutions.

The principal competitive factors applicable to our products include:

- breadth of product offerings and features;
- reliability and product quality;
- ease of use;
- pricing;
- total cost of ownership, including automation, monitoring and integration costs;
- performance and scale;
- programmability and extensibility;
- interoperability with other products;
- ability to be bundled with other vendor offerings;
- product availability and shipment lead times; and
- quality of service, support and fulfillment.

We believe our products compete favorably with respect to these factors. Our EOS software offers high reliability, integrates with existing network protocols and is open and programmable. We believe the combination of EOS, a set of network applications and our 1/2.5/5/10/25/40/50/100/200/400/800 Gigabit Ethernet platforms make our offering highly competitive for both cloud and enterprise data centers. However, many of our competitors have greater name recognition, longer operating histories, larger sales and marketing budgets and resources, broader distribution and established relationships with channel partners and end customers, greater access to larger customer bases, greater customer support resources, greater manufacturing resources, the ability to leverage their sales efforts across a broader portfolio of products, the ability to leverage purchasing power when purchasing subcomponents, the ability to bundle competitive offerings with other products and services, the ability to develop their own silicon chips, the ability to set more aggressive pricing policies, lower labor and development costs, greater resources to make acquisitions, larger intellectual property portfolios and substantially greater financial, technical, research and development or other resources.

## Intellectual Property

Our success and ability to compete depend substantially upon our core technology and intellectual property. We rely on patent, trademark and copyright laws, trade secret protection and confidentiality agreements with our employees, customers, resellers, systems integrators, manufacturers, and others to protect our intellectual property rights. We file U.S. and foreign patent applications to protect our intellectual property and believe that the duration of our issued patents is adequate relative to the expected lives of our products. Patents generally have a duration of twenty years from filing. The remaining duration on the individual patents in our patent portfolio varies.

We cannot assure that any of our patent applications will result in the issuance of a patent or whether the examination process will result in patents of valuable breadth or applicability. In addition, any patents that may be issued may be contested, circumvented, found unenforceable or invalidated, and we may not be able to prevent third parties from infringing upon them. We also license software from third parties for integration into our products, including open-source software and other software available on commercially reasonable terms. We own a number of trademarks in the U.S. and other jurisdictions, and Arista, EOS, and CloudVision are among our core trademarks.

We control access to and use of our software, technology and other proprietary information through internal and external controls, including contractual protections with employees, contractors, customers and partners. Our software is protected by U.S. and international copyright, patent and trade secret laws. Despite our efforts to protect our software,

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technology and other proprietary information, unauthorized parties may still copy or otherwise obtain and use our software, technology and other proprietary information. In addition, we intend to expand our international operations, and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. If we become more successful, we believe that competitors will be more likely to try to develop products that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our products infringe their proprietary rights. In particular, large and established companies in our industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time to time, third parties, including certain of these large companies and non-practicing entities, may assert patent, copyright, trademark and other intellectual property rights against us, our channel partners or our end customers, whom our standard license and other agreements obligate us to indemnify against such claims.

Successful claims of infringement by a third-party, if any, could prevent us from distributing certain products or performing certain services, require us to expend spend time and money to develop non-infringing solutions or force us to pay substantial damages, royalties or other fees. We cannot assure that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents or other proprietary rights.

## Human Capital Management

At Arista, we seek to maintain an environment that is open, diverse and inclusive, and where our people feel valued, included and accountable. One of our key principles is always doing the right thing for our employees. We are committed to maintaining the highest level of professional and ethical standards in the conduct of our business around the world. As of December 31, 2023 December 31, 2024, we employed approximately 4,023 4,412 full-time employees worldwide. None of our employees are represented by unions. We consider our relationship with our employees to be good and have not experienced significant interruptions of operations due to labor disagreements.

Arista is proud to have been recognized in November 2024 by Forbes magazine as one of America's Best Companies to Work & Invest For as well as by Time Magazine as one of the World's Best Companies.

### Inclusion, Diversity and Equal Employment

We seek to maintain an environment that is open, diverse and inclusive, and where our employees feel valued. We believe that diverse and inclusive teams enhance individual and company performance and help us attract and retain the best talent available. talent. We strive to build an inclusive culture that encourages, supports and celebrates the diverse voices of our employees. As part of the Arista way, we believe in treating peers with respect, mentoring individuals and developing teams for overall success.

We are proud to be an one of a few S&P 500 company companies with both a female CEO and CFO. We were also recognized by Comparably in 2023 2024 amongst the Top 50 best large companies for diversity culture, happiness, leadership and Top 100 best large companies for happiness, work-life balances career growth as well as compensation. 50% of our board of directors are women or underrepresented minorities. We Arista also supports inclusion through mentorship opportunities for our employees which are also continuing to make progress towards building diversity in the workspace. In 2023, the percentage offered through Women@Arista, one of our employee population that were women or underrepresented minorities increased compared to 2022. We offer mentorship opportunities to our employees facilitated by our Women@Arista employee resource group. In addition, we groups; support of numerous under-represented employee affinity organizations organizations; and actively recruit active recruiting from historically black colleges and universities, women's colleges and Hispanic/Latinx and African-American professional societies and job fairs.

We affirm the principle of equal employment opportunity without regard to any protected characteristic, including but not limited to race, religion, national origin, color, gender, age, disability, pregnancy, marital status, ancestry, military status or sexual orientation. We practice and promote such policies in all locations as appropriate under applicable law. We affirm this principle of freedom from discrimination in all aspects of the employment relationship from recruitment and hiring, through performance evaluations, compensation and promotions. At Arista, we believe that all employees should be treated with dignity and respect.

### Health and Safety



We are Arista is committed to protecting the health and safety of our employees, visitors, and the public. Our health and safety policy is to maintain our facilities and run our business operations in a manner that does not jeopardize the occupational health and safety of employees. We work have implemented our injury and illness prevention program to provide safe working environments in our operations. protect employees from occupational risks of injury or illness.

## Compensation and Benefits

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We provide competitive and comprehensive benefit packages that are designed to help and empower employees to make the best decisions for themselves, their family and their lifestyle. Arista offers a broad variety of physical and mental wellness offerings to our global employees in a virtual as well as on-demand format, including fitness classes, webinars on practical wellness takeaways, strategies for stress reduction, financial planning and education, career development and a variety of other topics. In addition, in the United States, we offer our employees an employee stock purchase plan, healthcare and retirement benefits, paid time off and family leave, flexible time away, family planning benefits, backup resources for childcare and elder care, and other employee assistance programs including behavioral health and emotional support assistance. In addition to base salary and benefits, Arista's employees participate in stock and bonus incentive plans that support our organizational philosophy of allowing employees to share in our performance and success. We are committed to paying our employees fairly and equitably and regularly and work with a third party to identify and resolve any gaps. Our executive compensation program is designed to attract, retain, and reward performance and align incentives with the achievement of Arista's strategic plan and both short- and long-term operating objectives. Our compensation committee provides an oversight of our compensation policies, plans, benefit programs and overall compensation philosophy.

Along with our traditional healthcare benefits, we have created Arista offers a detailed injury broad variety of physical and illness prevention program mental wellness offerings to better protect our global employees from occupational risks of injury or illness. in a virtual as well as on-demand format, including fitness classes, webinars on practical wellness takeaways, strategies for stress reduction, financial planning and education, career development and social activities. We periodically also host periodic wellness weeks, whose purpose is to raise awareness on health issues, increase education on preventive medicine and available services and shift employee behavior through interactive activities and live presentations. We also maintain a proudly support an active community employee engagement program, which provides opportunities for our employees to engage in volunteering and community service. service in support of the communities they live, work, and thrive in. We employ a hybrid work model for designated roles, giving our employees the flexibility to work offsite or onsite and regularly survey our employees to gain valuable feedback and suggestions on improvements to our culture and strategy. Arista was recognized in 2024 by Most Loved Workplace as a Most Loved Workplace for Wellness and Volunteering.

## Employee Training, Development and Development Upskilling

Our employees receive regular periodic training on various topics, numerous subjects, including our Code of Ethics and Business Conduct, information security, data privacy, intellectual property, anticorruption, insider trading, and other topics, anticorruption. In addition, Arista provides extensive training and accreditation opportunities to employees in Sales, Customer Engineering and Software Research and Development roles including our Arista Certified Engineering (ACE) ("ACE") certification program as well as mentorship programs facilitated sponsored by our Women@Arista employee resource group. Additional career development content including management and AI training is available through our E-Learning portal to facilitate a culture of lifelong learning. learning and allow employees to personalize their development. Our engineering teams have the opportunity to Technical employees can further develop their technical skills upskill through our internal Arista PREP Training Program, technical summits, and participation in industry conferences or associations.

We also offer a variety of webinars on physical and mental health, career development and financial wellness topics, fitness classes, and social engagement activities. We also partner with non-profit organizations across the globe to provide volunteer opportunities to our employees.

## Available Information

Our website is located at [www.arista.com](http://www.arista.com) and our investor relations website is located at [investors.arista.com](http://investors.arista.com). Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange" ("Exchange Act")), are available free of charge on the Investors portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC) ("SEC"). The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

Webcasts of our earnings calls and certain events we participate in or host with members of the investment community are on our investor relations website. Additionally, we announce investor information, including news and commentary about our business and financial performance, SEC filings, notices of investor events, and our press and earnings releases, on our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts and RSS feeds. Further corporate governance information, including our corporate governance guidelines, board committee charters, and code of conduct, is also available on our investor relations website under the heading "Governance." The contents of our websites, or information that can be accessed through our websites, are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

## Item 1A. Risk Factors

You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, which could materially affect our business, financial condition, results of operations and prospects. The risks described below are not the only risks facing us. Risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially affect our business, financial condition, results of operations and prospects.

### Risk Factors Summary

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

#### Risks Related to Our Business and Industry

- large purchases by a limited number of customers represent a substantial portion of our revenue;
- adverse economic conditions, continuing uncertain economic conditions or reduced information technology and network infrastructure spending may adversely affect our business;



- some key components in our products come from sole or limited sources of supply and increases the risk of supply shortages, extended lead times or supply changes;
- our revenue and revenue growth rates are volatile and may decline or not meet our or our investor's expectations;
- our results of operations may vary significantly from period to period and can be unpredictable;
- the networking market is rapidly evolving;
- failure to successfully carry out new products and service offerings and expand into adjacent markets could adversely impact our business;
- we expect our gross margins to vary over time and may be adversely affected by numerous factors;
- we face intense competition and industry consolidation;
- we are subject to risks associated with the expansion of our international sales and operations;
- we face risks associated with the investments in and acquisitions of complementary companies, products or technologies;
- seasonality and industry cyclicality may cause fluctuations in our revenue;
- fluctuations in currency exchange rates could adversely affect our business;
- failure to raise additional capital on favorable terms could harm our business.

#### **Risks Related to Customers and Sales**

- inability to attract new large customers or sell additional products and services to our existing customers could adversely affect our revenue growth;
- sales of our switches generate most of our product revenue;
- large customers require more favorable terms;
- inability to increase market awareness or acceptance of our new products and services may adversely affect our revenue;
- sales prices of our products and services may decrease;
- sales cycles can be long and unpredictable;
- inability to offer high quality support and services could adversely affect our business;
- declines in maintenance renewals by customers could harm our business;
- indemnification provisions under our standard sales contracts could expose us to losses;
- we rely on distributors, systems integrators and value-added resellers to sell our products;
- sales to government entities are subject to a number of challenges and risks;
- we are exposed to the credit risk of our channel partners and some of our end customers.

#### **Risks Related to Products and Services**

- product quality problems, defects, errors or vulnerabilities could harm our business;
- failure to anticipate technological shifts could harm our business;
- our products must interoperate with operating systems, software applications and hardware that is developed by others.

#### **Risks Related to Supply Chain and Manufacturing**

- managing the supply of our products and product components is complex;
- primarily reliant upon a predominant merchant silicon vendor;
- we depend on third-party manufacturers to build our products;
- future sales forecasts may be materially inaccurate change, which could result in incorrect levels of inventory and purchase commitments;
- shipment interruptions or delays could cause our revenue to fall.

#### **Risks Related to Intellectual Property and Other Proprietary Rights**

- assertions by third parties of intellectual property rights infringement, misappropriation or other violation could harm our business;
- failure or inability to protect or assert our intellectual property rights could harm our competitive position;
- we rely on the availability of licenses to third-party software and other intellectual property;
- failure to comply with licenses to software and other technology could restrict our ability to sell our products;
- risk that our competitors could develop products that are similar to or better than ours because we provide access to our software and selected source code to certain partners.

#### **Risks Related to Litigation**

- we may become involved in litigation that may materially adversely affect us.

#### **Risks Related to Cybersecurity and Data Privacy**

- defects, errors or vulnerabilities in our products, failure of our products to detect security breaches or incidents, misuse of our products or risks of product liability could harm our business;
- breaches of our cybersecurity systems or other security breaches could degrade our ability to conduct our business operations and deliver products and services to our customers, cause vulnerabilities in our products and services or subject us to regulatory enforcement actions and or fines or liabilities for damages incurred by our customers or partners.

#### **Risks Related to Accounting, Compliance, Regulation and Tax**

- failure to maintain effective internal control over financial reporting could adversely affect the accuracy and timing of our financial reporting;
- if our critical accounting policies are based on incorrect assumptions, our results of operations could fall below analyst and investor expectations and result in a decline in the market price of our common stock;
- enhanced U.S. tax, tariff, import/export restrictions, Chinese regulations or other trade barriers may negatively affect our business;
- changes in our income taxes, effective tax rate or new tax laws could adversely affect our results;

- failure to comply with government laws and regulations could harm our business;
- issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations;
- we are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability for violations.
- failure to comply with anti-bribery and anti-corruption laws and anti-money laundering laws, and similar laws, could subject us to penalties and other adverse consequences.

#### **Risks Related to Ownership of Our Common Stock**

- the trading price of our common stock has been and may continue to be volatile and the value of your investment could decline;
- any future decisions to reduce or discontinue repurchasing our common stock pursuant to our stock repurchase programs could cause the market price of our common stock to decline;
- sales of substantial amounts of our common stock could reduce the market price of our common stock;
- insiders have substantial control over us;
- our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

#### **General Risks**

- inability to hire, retain, train and motivate qualified personnel and senior management could cause our business to suffer;
- earthquakes, fire, power outages, floods, health epidemics and other catastrophic events could harm our business;
- we have not paid dividends in the past and do not intend to pay dividends for the foreseeable future.

#### **Risks Related to Our Business and Industry**

**We expect large purchases by a limited number of customers to continue to represent a substantial portion of our revenue, and any loss, delay, decline or other change in expected purchases could result in material quarter-to-quarter fluctuations of our revenue or otherwise adversely affect our results of operations.**

Historically, large purchases by a relatively limited number of customers have accounted for a significant portion of our revenue. We have experienced unpredictability in the timing of orders from these large customers primarily due to the time it takes these customers to evaluate, test, qualify and accept our products, the overall complexity of these large orders and changes in demand patterns specific to these customers, including reductions in or changes in mix of capital expenditures by these customers and the impact of cost reduction and other efficiency efforts by these customers. For example, sales to our end customer Microsoft represented 20%, 18% and 16% of our total revenue for the years ended 2024, 2023 and 2022 collectively respectively. And sales to our end customer Meta Platforms represented 39%, 21% and 26% of our total revenue, respectively whereas sales to Microsoft in fiscal 2021 amounted to 15% of our revenue for the years ended 2024, 2023 and sales to Meta Platforms in fiscal 2021 represented less than 10% of our revenue. This variability in customer concentration has been linked to the timing of new product deployments, and spending cycles with these customers, and we expect continued variability in our customer concentration and timing of sales on a quarterly and annual basis. In addition, we typically provide pricing discounts to large customers, which reduces gross margins for the period in which such sales occur.

As a consequence of the concentrated nature of our customer base and their purchasing behavior, our quarterly revenue and results of operations have fluctuated from quarter to quarter and are difficult to estimate. Changes in the business requirements or focus, upgrade cycles, vendor selection, project prioritization, manner in which spending allocations are assigned among multiple vendors based upon specific network roles or projects, financial prospects, lack of growth of our large customers, capital resources and expenditures or purchasing behavior and deceleration in spending of these customers could significantly decrease our sales to such customers or could lead to delays, reductions or cancellations of planned purchases of our products or services. In addition, an increased focus on the deployment of AI enabled solutions by these customers has accelerated the need for advanced technology offerings including some offerings from potential new market entrants. This prioritization of AI related infrastructure investment has at times come in conjunction with the announcement of various cost reduction measures by such customers, including optimization and increased efficiency in non-AI related capital expenditures. In addition, although the focus on deployment of AI enabled solutions has driven increased demand for networking, the long-term trajectory is unknown. As such, demand estimates for our new products are difficult to forecast and can create volatility in our revenue. In some instances, such measures have had, and may continue to have, an impact on certain current or future projects and have reduced our visibility to customer demand increased and may result in a reduction or uncertainty in the timing of orders from these large customers, which may negatively impact our revenue and increase the risk of excess and obsolescence charges on existing products, our products. In addition, fiscal 2024 was marked by a year of new product introductions and expanded use cases, particularly in the AI Ethernet market, and we expect this to continue into fiscal 2025. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our product deferred revenue balances, which in turn may create variability in our revenue results on a quarterly and annual basis. In addition, if we are not able to satisfy the requirements under customer trials or contracts with acceptance periods, we may be required to accept product returns from our customers, which would prevent us from recognizing revenue on such transactions and may result in reductions in future demand and negatively impact our revenue, financial condition, business or prospects, the write-down of inventory.

Moreover, because our sales are based primarily on purchase orders, some of our customers may have previously and could continue to cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. For example, due to manufacturing and supply chain disruptions resulting in increased lead times, customers had placed have, and may continue to place orders based on longer planning horizons. These customers may decide to delay or cancel such orders for any reason, including changes in their IT investment priorities, if economic conditions worsen or their financial performance, condition or prospects deteriorate. This limited visibility regarding our customers' product needs or changes in those needs, the timing and quantity of which could vary significantly, requires us to rely on estimated demand forecasts to determine how much material to purchase and product to manufacture. Our failure to accurately forecast demand combined with extended supplier lead times on some newer technologies can create greater pressure on our ability to forecast future demand, which can lead to excess inventory or product shortages which could lead and to delays in fulfilling current and future purchase orders that can impede production by our customers and harm our customer relationships. Further, if we are unable to reduce our lead times, customers may also cancel existing orders or reduce future orders. In the event of any cancellations or reductions of orders, or any reductions in future demand, we may not have enough time to reduce operating expenses to mitigate the effect of the lost revenue on our business, and in addition, could incur increased excess and obsolete inventory-related charges, all of which could materially affect our operating results.

We may be unable to sustain or increase our revenue from our large customers, grow revenue with new or other existing customers at the rate we anticipate or at all, or offset a decline or discontinuation of concentrated purchases by our larger customers with purchases by new or existing customers. These customers could reduce their spending levels or otherwise could choose to divert all or a portion of their business with us to one of our competitors, re-assign spending allocations, increase their adoption of "white box" solutions and open-source network operating systems, demand pricing concessions for our services, or require us to provide enhanced services that increase our costs. Moreover, the AI market is new and customers continue to evaluate their opportunity in this market, recent advances in network architecture may result in increased efficiencies and lowering of infrastructure spending and the potential demand for our AI Ethernet switches may not develop as anticipated or at all. If these factors drive some of our large customers to cancel all or a portion of their business relationships with us, the growth in our business and the ability to meet our current and long-term financial forecasts may be materially impacted. We expect that such concentrated purchases will continue to contribute materially to our revenue for the foreseeable future and that our results of operations may fluctuate materially as a result of such larger customers' buying patterns. In addition, we may see consolidation of our customer base, such as among Internet companies and cloud service providers, which could result in the loss of customers. The loss of such customers, or a significant delay or reduction in their purchases, including reductions or delays due to customer departures from recent buying patterns, or an unfavorable change in competitive conditions could materially harm our business, financial condition, results of operations and prospects.

**Adverse economic conditions, continuing uncertain economic conditions or reduced information technology and network infrastructure spending may adversely affect our business, financial condition, results of operations and prospects.**

Our business depends on the overall demand for information technology, network connectivity and access to data and applications. Weak domestic or global economic conditions and continuing economic uncertainty, fear or anticipation of such conditions, a recession, geopolitical pressures, including international trade disputes, global pandemics such as the COVID-19 pandemic, or a reduction in information technology and network infrastructure spending or a deterioration of the financial performance, condition or prospects of our customers, even if economic conditions improve, could adversely affect our business, financial condition, results of operations and prospects in a number of ways, including longer sales cycles, reduced demand or lower prices for our products and services, higher default rates among our channel partners, reduced unit sales and lower or no growth. While all our markets may be adversely affected by negative macroeconomic conditions, the impact may be particularly significant in our enterprise market where we are seeking to increase our penetration into this market. In addition, the global macroeconomic environment has been negatively affected by, among other things, the uncertainty in the global banking and financial services markets, epidemics, instability in global economic markets, the new U.S. presidential administration, increased uncertainty associated with recent and scheduled increases in U.S. trade tariffs in the context of escalated and unresolved trade disputes and tensions between the U.S., China, Mexico, Canada and other countries, inflationary pressures, higher interest rates, instability in the global credit markets, the impact and uncertainty regarding global central bank monetary policy, instability in the geopolitical environment, the Russia-Ukraine and Israel-Hamas conflicts, the Houthi attacks on marine vessels in the Red Sea, political tensions between Taiwan and China, political demonstrations, and foreign governmental debt concerns which have caused, and are likely to continue to cause, uncertainty and instability in local economies and in global financial markets. While some of our customers may be adversely affected by negative macroeconomic conditions, the impact may be particularly significant in our enterprise market where we are seeking to increase our penetration into this market. A government shutdown or a default by the U.S. government on its debt obligations, or related credit-rating downgrades could also have adverse effects on the broader global economy and contribute to, or worsen, an economic recession. We believe that any extended or renewed economic disruptions or deterioration in the global economy could have an adverse impact to our liquidity or to our current and projected business operations, financial condition or results of operations. For example, if banks or other financial institutions with whom we have banking relationships or whose corporate bonds are held in our marketable securities investment portfolio, enter receivership or become insolvent in the future, we may be unable to access, and we may lose some of our existing cash, cash equivalents and investments to the extent those funds are not insured or otherwise protected by the FDIC. In addition, in such circumstances we might not be able to timely pay key vendors and others. We regularly maintain cash balances that are not insured or are in excess of the FDIC's insurance limit. Any delay in our ability to access our cash, cash equivalents and investments (or the loss of such funds) or to timely pay key vendors and others could have a material adverse effect on our operations and cause us to need to seek additional capital sooner than planned.

In addition, business disruptions and supply chain and manufacturing disruptions may result in customers delaying or canceling or reprioritizing capital expenditures on information technology and network infrastructure, which may affect the overall demand for our products. Customers may also be placing orders based on longer planning horizons to ensure supply. We also believe that our customers continue to assess the impact of these macroeconomic factors on their businesses and future investment plans, resulting in business uncertainty and a more constrained approach to forecasts and orders. Continuing or

worsening economic instability or the deterioration of the financial performance, condition or prospects of our customers could result in a cancellation of, or defaults in the payments for, such orders or otherwise adversely affect spending for IT, network infrastructure, systems and tools, and limit our ability to forecast future demand for our products, which could reduce expected revenue or result in a write-down of excess or obsolete inventory. A downturn or a recession may also significantly affect financing markets, the availability of capital and the terms and conditions of any financing arrangements, including the overall cost of financing as well as the financial health or creditworthiness of our customers. Circumstances may arise in which we need, or desire, to raise additional capital, and such capital may not be available on commercially reasonable terms, or at all.

Because some Some of the key components in our products come from sole or limited sources of supply, we have entered into significant purchase commitments and are susceptible to supply shortages, extended lead times or supply changes, which could disrupt or delay our scheduled product deliveries to our customers and may result in the loss of sales and customers, supply.

Our products rely on components, including merchant silicon chips, integrated circuit components, printed circuit boards, connectors, optics, cables, custom-tooled sheet metal and power supplies that we purchase, or our contract manufacturers purchase on our behalf from a limited number of suppliers, including certain sole source providers. Generally, we do not have guaranteed supply contracts with our component suppliers, and our suppliers have suffered and could continue to suffer shortages, require longer lead times, delay shipments, prioritize shipments to other vendors, decommit orders, increase prices, impose expedite fees or cease manufacturing such products or selling them to us at any time. Supply of these components worldwide was and could continue to be adversely affected by supply constraints, as well as industry consolidation and geopolitical conditions such as international trade wars like the U.S. trade war with China, the Russia-Ukraine conflict, Israel-Hamas conflict, the Houthi attacks on marine vessels in the Red Sea, and increased political tensions in Russia, Europe or Asia. Such shortages, increased component lead times, reduced allocations of components and decommitments of orders have resulted in and may continue to result in increased component prices, fewer sourcing options, unpredictability of supply, prolonged manufacturing disruptions and increased product lead times, which has impacted and may continue to adversely impact our revenue and gross margins.

Although we have entered into significant purchase commitments to support long-term customer demand, if in particular, we are unable to obtain sufficient quantities of any of these components on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources primarily reliant upon our predominant merchant silicon vendor, Broadcom, for these components, shipments of our products could be delayed or halted entirely, or we may be required to redesign our products. Any of these events could result in the cancellation of orders, lost sales, reduced gross margins or damage to our customer relationships, which would adversely impact our business, financial condition,

results of operations and prospects. Additionally, if our suppliers do not meet their commitments, customers cancel orders or actual demand is less than our demand forecasts, it could result in excess or obsolete inventory, which we would be required to write down to its estimated realizable value, which in turn could result in lower gross margins and operating income. Our operating cash flows have also been and may continue to be negatively impacted by significant component inventories on hand or at our contract manufacturers, switching chips.

Our reliance on component suppliers also yields the potential for the infringement, misappropriation or other violation of third-party intellectual property rights due to the incorporation of such components into our products. We may not be indemnified by such component suppliers for such infringement, misappropriation or other violation claims. Any litigation for which we do not receive indemnification could require us to incur significant legal expenses in defending against such claims or require us to pay substantial royalty payments or settlement amounts that would not be reimbursed by our component suppliers.

Our product development efforts are also dependent upon the success of our continued collaboration with our key merchant silicon vendors such as **Broadcom and Intel, Broadcom**. As we develop our product roadmap, we select specific merchant silicon from these vendors for each new product. It is critical that we work in tandem with these vendors to ensure that their silicon includes improved features, that our products take advantage of such improved features, and that such vendors are able to supply us with sufficient quantities on commercially reasonable term to meet customer demand. Reliance on these relationships allows us to focus our research and development resources on our software core competencies while leveraging their investments and expertise. The merchant silicon vendors may not be successful in continuing to innovate, **develop products that outperform their competitors or meet the requirements of our customers**, meet deadlines for the release of their products or produce a sufficient supply of their products. Moreover, these vendors may not collaborate with us or may become competitive with us by selling merchant silicon for "white boxes" **with open-source network operating systems** or other products to our customers.

If our key merchant silicon vendors do not continue to innovate, **develop products that outperform their competitors or fail to meet the requirements of our customers**, if there are delays in the release of their products or supply shortages, if they no longer collaborate in such fashion or if such merchant silicon is not offered to us on commercially reasonable terms, our products may become less competitive, our own product launches could be delayed or we may be required to redesign our products to incorporate alternative merchant silicon, which could result in lost sales, reduce gross margins, damage to our customer relationships or otherwise have a material effect on revenue and business, financial condition, results of operations and prospects.

**We have entered into significant purchase commitments and are susceptible to supply shortages, extended lead times or supply changes, which could disrupt or delay our scheduled product deliveries to our customers and may result in the loss of sales and customers.**

Generally, we do not have guaranteed supply contracts with our component suppliers, and our suppliers have, or in the future could continue to, suffer shortages, require longer lead times, delay shipments, prioritize shipments to other vendors, reject orders, decommit orders, increase prices, impose expedite fees or cease manufacturing such products or selling them to us at any time. Supply of these components worldwide was and could continue to be adversely affected by supply constraints, as well as industry consolidation and geopolitical conditions such as international trade wars and increased political tensions. Such shortages, increased component lead times, reduced allocations of components and rejections or decommitments of orders have resulted in and may continue to result in increased component prices, fewer sourcing options, unpredictability of supply, prolonged manufacturing disruptions and increased product lead times, which has impacted and may in the future adversely impact our revenue and gross margins.

Although we have entered into significant purchase commitments to support long-term customer demand, if we are unable to obtain sufficient quantities of any of these components on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources for these components, shipments of our products could be delayed or halted entirely,

or we may be required to redesign our products. Any of these events could result in the cancellation of orders, lost sales, reduced gross margins or damage to our customer relationships, which would adversely impact our business, financial condition, results of operations and prospects. Additionally, if our suppliers do not meet their commitments, customers cancel orders or actual demand is less than our demand forecasts, it could result in excess or obsolete inventory, which we would be required to write down to its estimated realizable value, which in turn could result in lower gross margins and operating income. Our operating cash flows have also been and may in the future be negatively impacted by an increase of component inventories on hand or at our contract manufacturers.

In the event of a shortage or supply interruption from our component suppliers, we may not be able to develop alternate or second sources in a timely manner. Further, long-term supply and maintenance obligations to customers increase the duration for which specific components are required, which may increase the risk of component shortages or the cost of carrying inventory. In addition, our component suppliers change their selling prices frequently in response to market trends, including industry-wide increases in demand, or charge additional fees to expedite orders, and because we do not have contracts with these suppliers or guaranteed pricing, we are susceptible to availability or price fluctuations related to raw materials and components. If we are unable to pass component price increases along to our customers or maintain stable pricing, our gross margins could be adversely affected and our business, financial condition, results of operations and prospects could suffer.

**Our revenue and our revenue growth rates are volatile and may decline or not meet our or our investors' expectations.**

Our revenue growth rates in previous periods may not be indicative of our future performance. We have experienced annual revenue growth rates of **19.5%, 33.8%, 48.6%, 27.2%, and -3.9% 27.2% in 2024, 2023, 2022 2021 and 2020, 2021**, respectively. In the future, our revenue growth rates will continue to be volatile due to cyclical trends in our business, and as we become more penetrated in our existing customer base and product markets and look to enter and expand into new markets. In addition, we have experienced supply constraints that have resulted in manufacturing and shipment delays, which have negatively affected the timing of revenue recognition. If these manufacturing and supply chain disruptions recur and/or if we are unable to reduce our lead times it could also result in the cancellation of orders by customers, reduce demand from existing customers in future periods, and increase difficulty in adding new customers. Other factors may also contribute to declines in our growth rates, including changes in demand for our products and services, particularly from our large customers, the deterioration of the financial performance, condition or prospects of our large customers, changes in capital spending by our large customers, increased competition, price sensitivities from our customers to increases in our pricing, our ability to successfully manage our expansion or continue to capitalize on growth opportunities, the maturation of our business, **the Russia-Ukraine geopolitical pressures, recession risks and Israel-Hamas conflicts**, the Houthi attacks on marine vessels in the Red Sea, a potential global economic downturn or recession that would particularly impact our enterprise customers, uncertainty in the global banking and financial service markets and other general economic and international trade conditions such as **political tensions between Taiwan and China and international trade wars involving the U.S. and China and other countries, monetary policy shifts**, and our ability to be successful in the AI market and adjacent markets, such as campus switching, **WiFi Wi-Fi** networking markets and network security markets. **We** Recent technologies, such as generative AI models, have **experienced** emerged, and while they have driven increased demand for networking, **the long-term trajectory is unknown and it is difficult for us to predict the demand for such new technologies**. Customers may overestimate demand for their AI build outs and cancel,

delay, reduce or otherwise modify their purchase commitments with little or no notice to us. In addition, customer may implement changes to their network architecture to improve efficiencies and reduce demand for our products. As such, demand estimates for our new products are difficult to forecast and create volatility in our revenue. In addition, given the timing and prioritization of customer orders and shipment patterns, near term revenue trends may not be reflective of current demand levels. Furthermore, any prolonged economic disruptions or deterioration in the global economy could have a negative impact on demand from certain of our large customers and some of in future periods, particularly in the enterprise market where we are continuing to expand our large customers have announced various cost reduction measures or are considering changing technology roadmaps and priorities including the need for the rapid deployment of AI and related technologies, which have had and could continue to have, an impact on certain current or future projects and have reduced our visibility to demand for these customers, penetration, which may result in reductions in overall demand from these customers in future periods and negatively impact our revenue, financial condition, business or prospects. You should not rely on our revenue for any prior quarterly or annual period as an indication of our future revenue or revenue growth. If we are unable to maintain consistent revenue or revenue growth, our business, financial condition, results of operations and prospects could be materially adversely affected, and our stock price could be volatile.

**Our results of operations have varied significantly from period to period and are unpredictable and if we fail to meet the expectations of analysts or investors or our previously issued financial guidance, or if any forward-looking financial guidance does not meet the expectation of analysts or investors, the market price of our common stock could decline substantially.**

Our results of operations have historically varied from period to period, and we expect that this trend will continue. As a result, you should not rely upon our past financial results for any period as indicators of future performance. Our results of operations in any given period have been and could continue to be influenced by a number of factors, many of which are outside of our control and may be difficult to predict, including:

- general economic conditions, both domestically and in foreign markets, and disruptions in our business and the markets due to, among other things, recessionary risks and a global economic downturn, higher interest rates, monetary policy shifts, inflationary pressures, supply chain and labor shortages, the new U.S. presidential administration, the recent banking crisis, potential disruptions from the Russia-Ukraine and Israel-Hamas conflicts, the Houthi attacks on marine vessels in the Red Sea, political tensions between Taiwan and China and international trade wars involving the U.S. and China and other countries; geopolitical pressures;
- our inability to fulfill our customers' orders, the deferral, reduction or cancellation of orders or the delay in shipment of our products;
- the reduction in future demand for our products by our customers or increased difficulty in adding new customers due to the unavailability or unpredictable supply of inventory, supply chain delays, access to key commodities or technologies, manufacturing disruptions or other events that impact our manufacturers or their suppliers;
- deferral, a reduction, or cancellation uncertainty in the timing, of orders from customers due to long lead times, our large customers;
- announcements by us or other competitors of new products or product enhancements, warranty returns, general economic conditions or other factors;
- our ability to increase sales to existing customers and attract new customers, including large customers;
- the budgeting, sales, implementation and refresh cycles, purchasing practices, technology roadmaps and priorities and buying patterns of customers, including large customers who generally receive lower pricing terms due to volume discounts and who may or may not make large bulk purchases in certain quarters or who may elect to re-assign

allocations to multiple vendors based upon specific network roles or projects or who may be placing orders based on longer planning horizons to ensure supply;

- changes in the growth rate of existing or new customers or the deterioration of the financial performance, condition or prospects of existing or new customers, including large customers and service providers, changes in end-customer, distributor or reseller requirements or market needs, and changes in growth rates of the networking market;
- the inclusion of any acceptance provisions in our customer contracts and increased customer trials, and any delays in acceptance, or rejection, or any return, of those products;
- the cost and potential outcomes of existing and future litigation;
- increased expenses resulting from increases in component, production and logistics costs resulting from factors such as global inflationary pressures, shortages in supply for semiconductors, and China's controls on the use of certain products and on the export of metals used in semiconductor manufacturing, or the tariffs imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods, including the tariffs implemented by the U.S. government on various imports from China; China and Mexico;
- changes in our pricing policies, whether initiated by us or as a result of competition;
- the amount and timing of operating costs and capital expenditures related to the operation and expansion of our business;
- difficulty forecasting, budgeting and planning due to limited visibility into the spending plans of current or prospective customers;
- excess or obsolete inventory resulting in write-downs and charges related to supplier liabilities;
- the inclusion of any acceptance provisions in our customer contracts or any delays in acceptance of those products;
- the actual or rumored timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of our industry, including consolidation among our competitors or customers;
- our ability to successfully expand our business domestically and internationally;
- our ability to increase the size and production of our sales or distribution channel, or any disruption in, or termination of, our sales or distribution channels;
- decisions by potential customers to purchase our networking solutions from larger, more established vendors, white box vendors with open-source network operating systems or their primary network equipment vendors;
- disruptions caused by pandemics, such as the COVID-19 pandemic, and the government restrictions in response to the pandemic; pandemics;
- insolvency or credit difficulties confronting our customers, which could adversely affect their ability to purchase or pay for our products and services, or confronting our key suppliers, including our sole source suppliers, which could disrupt our supply chain;
- seasonality or cyclical fluctuations in our markets;
- future accounting pronouncements or changes in our accounting policies;
- our overall effective tax rate, including impacts caused by any reorganization in our corporate structure, any changes in our valuation allowance for domestic deferred tax assets and any new legislation or regulatory developments;



- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates, as an increasing portion of our expenses are incurred and paid in currencies other than the U.S. dollar;
- increases in cybersecurity threats, including security threats from state sponsors; and
- other risk factors described in this Annual Report on Form 10-K.

Any one of the factors above or the cumulative effect of several of the factors described above may result in significant fluctuations in our financial and other results of operations and may cause the market price of our common stock to decline. This variability and unpredictability could result in our failure to meet our revenue, gross margins, results of operations or other expectations contained in any forward-looking financial guidance we have issued or the expectations of securities analysts or investors for a particular period. If we fail to meet or exceed such guidance or expectations for these or any other reasons, the market price of our common stock could decline substantially, and we could face costly lawsuits, including securities class action suits. In the past, we have failed to meet investor financial expectations and the market price of our common stock declined.

**The networking market is rapidly evolving. If this market does not evolve as we anticipate or our target customers do not adopt our networking solutions, we may not be able to compete effectively, and our ability to generate revenue will suffer.**

A substantial portion of our business and revenue depends on the growth and evolution of the networking market, including the evolution of the market for AI networks and the future deployment of Ethernet networking solutions in these AI

networks. The market demand for networking solutions has increased in recent years as customers have deployed larger, more sophisticated networks and have increased the use of virtualization and cloud computing. The continued growth of this market will be dependent upon many factors including but not limited to the adoption of and demand for our customers' products and services, the expansion, evolution and build out of our customers' networks, the capacity utilization of existing network infrastructures, changes in the technological requirements for the products and services to be deployed in these networks, the amount and mix of capital spending by our customers, including any changing technology priorities such as the rapid deployment of AI and related technologies, the development of network switches and cloud service solutions by our large customers for internal use, the financial performance and prospects of our customers, the availability of capital resources to our customers, changes in government regulation that could impact networking business models including those regulations related to AI, cybersecurity, privacy, data protection and net neutrality, our ability to provide networking solutions that address the needs of our customers more effectively and economically than those of other competitors or existing technologies and general economic conditions.

In particular, recent technologies, such as generative AI models, have emerged, and while they have driven increased demand for networking, the market long-term trajectory is unknown and it is difficult for us to predict the demand for such new technologies. Customers may overestimate demand for their AI applications is build outs and cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. In addition, customers may implement changes to their network architectures to improve efficiencies and reduce demand for our products. As such, demand estimates for our new products are difficult to forecast and create volatility in our customers are continuing to evaluate their opportunity in this market. revenue and inventory levels. If the AI market does not develop as anticipated or at all, then the potential demand for AI Ethernet switches may not be realized. Moreover, even if the market for AI applications does develop, the successful adoption of AI Ethernet products will be dependent upon their ability to compete against more established InfiniBand products or against the AI Ethernet products of other competitors to address AI networking clusters.

If the networking solutions market including the AI Ethernet market does not develop in the way we anticipate or otherwise experiences a slow-down, if our solutions do not offer benefits compared to competing networking products or if customers do not recognize the benefits that our solutions provide, then our business, financial condition, results of operations and prospects could be materially adversely affected.

**We pursue new product and service offerings and expand into adjacent markets, and if we fail to successfully carry out these initiatives, our business, financial condition, or results of operations could be adversely impacted.**

We have made substantial investments to develop new products and services and enhancements to existing products through our acquisitions and internal research and development efforts to expand our product offerings and maintain our revenue growth. If we are unable to anticipate technological changes in our industry by introducing new or enhanced products and services in a timely and cost-effective manner or if we fail to introduce products and services that meet market demand, we may lose our competitive position, our products may become obsolete, and our business, financial condition or results of operations could be adversely affected. For example, with our most recently introduced 800 GbE and AI focused Ethernet

products, our ability to continue to maintain our competitive position with our customers will depend on our ability to deliver these new products in a timely manner, our customers' acceptance of these products and the growth of the markets that these products serve. In addition, the evaluation, testing and qualification of our new products by our customers may be lengthy and may require contractual increased customer trials and contracts with acceptance clauses, which could delay revenue recognition may negatively impact our revenue.

Fiscal 2024 was marked by a year of new product introductions and expanded use cases, particularly in the AI Ethernet market, and we expect this to continue into fiscal 2025. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our product deferred revenue balances, which in turn may create variability in our revenue recognition results on a quarterly and impact annual basis. In addition, if we are not able to satisfy the requirements under customer trials or contracts with acceptance periods, we may be required to accept product returns from our customers, which would prevent us from recognizing revenue on such transactions and deferred revenue balances, may result in the write-down of inventory.

Additionally, from time to time, we invest in expansion into adjacent markets, including campus and WiFi Wi-Fi networking, AI networking, cloud and enterprise routing markets, network security markets and SD-WAN markets. Although we believe these solutions are complementary to our current offerings, we have less experience and a more limited operating history in these markets, and our efforts in this area may not be successful. Expanding our services in existing and new markets and increasing the depth and breadth of our presence imposes significant burdens on our marketing, compliance, and other administrative and managerial resources. Our plan to expand and deepen our market share in our existing markets and possibly expand into additional markets is subject to a variety of risks and challenges. Our success in these new markets depends on a variety of factors, including but not limited to our ability to develop new products, new product features and services that address the customer requirements for these markets, attract a customer base in markets in which we have less experience, compete with new and existing competitors in these adjacent markets, and gain market acceptance of our new products. In addition, when we introduce new products, we expect that it will take time for manufacturing to ramp production and fulfill customer demand.

Developing our products is expensive, and the investment in product development may involve typically involves a long payback cycle. We expect to continue to invest heavily in software development in order to expand the capabilities of our cloud networking platform and introduce new products and features. We expect that our results of operations will be impacted by the timing and size of these investments. These investments may take several years to generate positive returns, if ever.

Additionally, future market share gains may take longer than planned and cause us to incur significant costs. If we are unable to attract new large customers or to sell additional products and services to our existing customers, our revenue growth will be adversely affected, and our revenue could decrease. Difficulties in any of our new product development efforts or our efforts to enter adjacent markets could adversely affect our operating results and financial condition.

**We expect our gross margins to vary over time and may be adversely affected by numerous factors.**

We expect our gross margins to vary over time and the gross margins we have achieved in recent years may not be sustainable and may be adversely affected in the future by numerous factors, including but not limited to pricing pressure on our products and services due to competition, the ability of more fully integrated competitors to bundle their networking products with other products, or utilize proprietary silicon in their products, the mix of sales to large customers who generally receive lower pricing, the mix of products sold, manufacturing-related costs, including costs associated with sourcing key components from sole or limited suppliers and potential changes to our manufacturing and supply chain to respond to international trade wars, supply chain sourcing activities, merchant silicon costs, and excess/obsolete inventory and supplier liability charges, including charges for excess/obsolete component inventory held by and fees to expedite supplier components and costs related to tariffs from our contract manufacturers, products that are manufactured internationally. In addition, other factors that may impact our gross margins over time include the introduction of new products and new business models including the sale and delivery of more software and subscription solutions, entry into new markets or growth in lower margin markets, entry in markets with different pricing and cost structures, pricing discounts given to customers, costs associated with defending intellectual property rights infringement, misappropriation or other violation claims and the potential outcomes of such disputes, increased costs arising from epidemics, changes in distribution channels, increased warranty costs, and our ability to execute our operating plans. In addition, inflationary pressures and shortages have increased and may continue to increase costs for certain materials, components, supplies and services. As a result of cost inflation in our supply chain, we have implemented targeted price increases from time to time. However, these price increases could result in a decrease in demand for our products which would decrease revenue. In addition, if business were subject to sustained economic

stress or recession, many of the risk factors identified in this risk factors section could be heightened. We determine our operating expenses largely on the basis of anticipated revenue and a high percentage of our expenses are fixed in the short and medium term. As a result, a failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter to quarter. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock price.

**We face intense competition, especially from larger, well-established companies and industry consolidation may lead to further increased competition, which may harm our business, financial condition, results of operations and prospects.**

The markets in which we compete, including the markets for data center, campus networking and network visibility and security, are intensely competitive, and we expect competition to increase in the future from established competitors, industry consolidation and new market entrants. This competition has resulted in increased pricing pressure, which could result in reduced profit margins, increased sales and marketing expenses and the loss of market share, any of which would likely harm our business, financial condition, results of operations and prospects.

The data center and campus networking markets have been historically dominated by Cisco, with competition also coming from other large network equipment and system vendors, including Dell/EMC, Extreme Networks, Dell/EMC, Hewlett Packard Enterprise, Nvidia, Huawei, Juniper Networks, Nvidia and white box networking vendors, vendors utilizing open-source operating systems. Most of our competitors and some strategic alliance partners have made acquisitions and/or have entered into or extended partnerships or other strategic relationships to offer more comprehensive product lines, including cloud networking solutions and network security. For example, Cisco acquired Acacia Communications, Broadcom acquired Brocade Communications and VMware, Dell acquired Force10 Networks, Hewlett Packard Enterprise recently announced the acquisition of Juniper Networks. This industry consolidation may lead to increased competition and may harm our business. Large system vendors are increasingly seeking to deliver vertically integrated cloud networking solutions to customers that combine cloud-focused hardware and software solutions as an alternative to our products. We expect this trend to continue as companies attempt to strengthen their market positions in an evolving industry and as companies are acquired or are unable to continue operations. Industry consolidation may result in stronger competitors that are better able to compete with us, and this could lead to more variability in our results of operations and could have a material adverse effect on our business, the pricing of our solutions, financial condition, results of operations and prospects.

We also face competition from other companies and new market entrants, including current technology partners, suppliers and customers or other cloud service providers who may acquire or develop network switches and cloud service solutions for internal use and/or to broaden their portfolio of products to market and sell to customers. Some of these competitors are developing "white box" networking products based on open-source network operating systems that may be provided for free and off-the-shelf or commoditized hardware technology, or "white box" hardware, particularly where a customer's network strategy seeks to emphasize deployment of such product offerings or while other competitors may adopt a disaggregated approach to the procurement of hardware and their proprietary software. Customers may also increase their adoption of networking solutions based upon open-source network operating systems that may be provided for free and used either on "white box" or proprietary hardware. As new markets emerge like AI, we expect the field to remain intensely competitive. In addition, we have not established broad market awareness or acceptance of our AI Ethernet products that will compete against more established InfiniBand products, products or against the AI Ethernet products of other competitors. Furthermore, the entrance of new competitors into our markets or the increased adoption of these new technology solutions or consumption models may cause downward pricing pressures, result in lost sales or otherwise have a material adverse effect on our business, prospects, financial condition and operating results.

Our relationships with our strategic alliance partners or suppliers may also shift as industry dynamics changes. If strategic alliance partners acquire or develop competitive products or services, our relationship with those partners may be adversely impacted, which could lead to more variability to our results of operations and impact the pricing of our solutions.

Many of our existing and potential competitors enjoy substantial competitive advantages, such as greater name recognition and longer operating histories, larger sales and marketing budgets and resources, broader distribution and established relationships with channel partners and end customers, the ability to leverage their sales efforts across a broader portfolio of products, the ability to bundle competitive offerings with other products and services or to reduce the price of products and services that compete with ours in order to promote the sale of other products or services, the ability to develop their own silicon chips, the ability to set more aggressive pricing policies, lower labor and development costs, greater resources to make acquisitions, larger intellectual property rights portfolio, and substantially greater financial, technical, research and development or other resources.

In addition, large competitors may have more extensive relationships with and within existing and potential customers that provide them with an advantage in competing for business with those customers, customers or may have a dominant market position in certain markets that they can utilize to leverage sales of their Ethernet switching products. For example, certain large competitors encourage customers of their other products and services to adopt their data networking solutions through discounted bundled product packages. Our ability to compete will depend upon our ability to provide a better solution than our competitors at a more competitive price. We may be required to make substantial additional



investments in research, development, marketing and sales in order to respond to competition, and we cannot assure you that these investments will achieve any returns for us or that we will be able to compete successfully in the future.

We also expect increased competition if our market continues to expand. As we continue to expand globally, we have seen and continue to see new competition in different geographic regions. In particular, we have experienced and could continue to experience price-focused competition from competitors in Asia, especially from China. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets, as well as those with greater resources, including technical and engineering resources, than we do. Conditions in our market could change rapidly and significantly as a result of technological advancements or other factors.

**We are subject to a number of risks associated with the expansion of our international sales and operations.**

Our ability to grow our business and our future success will depend to a significant extent on our ability to expand our operations and customer base worldwide. Many of our customers, resellers, partners, suppliers and manufacturers operate around the world. Operating in a global marketplace, we are subject to risks associated with having an international reach and compliance and regulatory requirements. Our international sales and operations are subject to a number of risks, including the following:

- ability to establish necessary business relationships and to comply with local business requirements, including distributor and reseller relationships;
- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods and non-standard terms with customers related to payment, warranties or performance obligations;
- increased management complexity involved in, and expenses incurred in establishing and maintaining our international operations;
- deterioration of political relations between the U.S. and China, Canada, Mexico, Russia and EU including international trade wars and increased tariffs between the U.S. and such countries or regions, which could have a material adverse effect on our sales as well as our manufacturing operations and supply chain in these countries;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies where we do business;
- general economic and political conditions in these foreign markets;
- global macroeconomic conditions, including recessionary cycles;
- risks associated with U.S. and foreign legal requirements, including those relating to anti-corruption, anti-bribery, telecommunications, cybersecurity, supply chain integrity, privacy, data protection and the importation, certification and localization of our products in foreign countries;
- risks associated with government trade restrictions, including those which may impose restrictions, including prohibitions on the exportation, re-exportation, sale, shipment or other transfer of programming, technology, components, and/or services to foreign persons;
- changes in trade controls, economic sanctions, or other international trade regulations, which have in general recently trended toward increasing breadth and complexity of controls, and which may affect our ability to import or export our products to and from various countries;
- risks of unexpected changes in regulatory practices, tariffs and tax laws and treaties;
- greater risk of unexpected changes in tariffs imposed by the U.S. and other countries;
- deterioration of political relations between the U.S. and China, Russia, the United Kingdom and the EU as well as the Israel-Hamas conflict and Houthi attacks on marine vessels in the Red Sea, which could have a material adverse effect on our sales and operations as well as our supply chain in these countries;
- possible deterioration in relations between Taiwan and China, and other factors affecting military, political, or economic conditions in Taiwan or elsewhere in Asia;
- issues related to cloud-specific and/or AI regulatory requirements in certain countries, including the UK, EU and Asia-Pacific countries;
- the uncertainty of protection and enforcement for intellectual property rights in some countries; and
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements.

These and other factors could harm our ability to gain future international revenue and, consequently, materially affect our business, financial condition, results of operations and prospects. Expanding our existing international operations and entering into additional international markets will require significant management attention and financial commitments. Our failure to successfully manage our international operations and the associated risks effectively could limit our future growth or materially adversely affect our business, financial condition, results of operations and prospects.

**We have invested and may continue to invest in or acquire other businesses which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our business, financial condition, results of operations and prospects.**

As part of our business strategy, we have made and could continue to make investments in complementary companies, products or technologies which could involve licenses, additional channels of distribution, discount pricing or investments in or acquisitions of other companies. For example, we completed the acquisition of Untangle Holdings and Pluribus Networks in 2022, which required management to focus efforts on integrating these acquisitions with the company. In addition, the privately-held companies in which we invested are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize, and we could lose our entire investment in these companies. We may not be able to find suitable investment or acquisition candidates and we may not be able to complete such investments or acquisitions on favorable terms, if at all. If we do complete investments or acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any investments or acquisitions we complete could be viewed negatively by our customers, investors and securities analysts. Through acquisitions, we continue to expand into new markets and we may experience challenges in entering into new markets for which we have not previously manufactured and sold products, including facing exposure to new market risks, difficulty achieving expected business results due to a lack of experience in new markets, products or technologies or the initial dependence on unfamiliar distribution partners or vendors.

In addition, investments and acquisitions may result in unforeseen operating difficulties and expenditures. For example, if we are unsuccessful at integrating any acquisitions or retaining key talent from those acquisitions, or the technologies associated with such acquisitions, into our company, the business, financial condition, results of operations and prospects of the combined company could be adversely affected. We may have difficulty retaining the employees of any acquired business or the acquired technologies or research and development expectations may prove unsuccessful. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. Acquisitions may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for development of our business. We may not successfully evaluate or utilize the acquired technology or personnel or accurately forecast the financial effects of an acquisition transaction, including accounting charges. Any acquisition or investment could expose us to unknown liabilities. Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized or that we would not be exposed to unknown liabilities. We may not be successful in retaining or expanding the customers and sales

activities of any acquired business or in realizing the expected operational and cost efficiencies anticipated with the acquisition. We may have to pay cash, incur debt or issue equity securities to pay for any such investment or acquisition, each of which could adversely affect our financial condition or the market price of our common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. Moreover, if the investment or acquisition becomes impaired, we may be required to take an impairment charge, which could adversely affect our financial condition or the market price of our common stock.

**Seasonality and industry cyclicality may cause fluctuations in our revenue and results of operations.**

We operate on a December 31st year end and typically have lower sequential quarter over quarter revenue growth in the first quarter of each fiscal year, often followed by stronger sequential revenue growth in subsequent the ensuing quarters. We believe that this seasonality results from a number of factors, including the procurement, budgeting and deployment cycles of many of our customers. The effects of recent supply chain disruptions and our rapid growth may have reduced the impact of seasonal or cyclical factors that might otherwise have influenced our business and broader industry performance. If our growth rates slow, seasonal or cyclical variations in our operations may become more pronounced over time and may materially affect our business, financial condition, results of operations and prospects. In addition, any supply chain shortages and manufacturing

disruptions that result in extended lead times may impact our ability to manufacture and ship products to our customers in a timely manner, which may disrupt typical seasonal trends.

**We are exposed to fluctuations in currency exchange rates, which could adversely affect our business, financial condition, results of operations and prospects.**

Our sales contracts are primarily denominated in U.S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk; however, as a result of the strengthening U.S. dollar, there has been an increase in the cost of our products to our customers outside of the U.S., which could adversely affect our business, financial condition, results of operations and prospects. In addition, a decrease in the value of the U.S. dollar relative to foreign currencies could increase our product and operating costs in foreign locations. Further, a portion of our operating expenses is incurred outside the U.S., is denominated in foreign currencies and is subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with the currency fluctuations, our business, financial condition, results of operations and prospects could be adversely affected.

**If we needed to raise additional capital to expand our operations, invest in new products or for other corporate purposes, our failure to do so on favorable terms could reduce our ability to compete and could harm our business, financial condition, results of operations and prospects.**

We expect that our existing cash and cash equivalents, will be sufficient to meet our anticipated cash needs for the foreseeable future. If we did need to raise additional funds to expand our operations, invest in new products or for other corporate purposes, we may not be able to obtain additional debt or equity financing on favorable terms. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the market price of our common stock could decline. Furthermore, if we engage in debt financing, the holders of such debt would have priority over the holders of common stock, and we may be required to accept terms that restrict our ability to incur additional indebtedness or impose other restrictions on our business. We may also be required to take other actions that would otherwise be in the interests of the debt holders, including maintaining specified liquidity or other ratios, any of which could harm our business, financial condition, results of operations and prospects. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things, enhance our products and services, expand our sales and marketing and research and development organizations, acquire complementary technologies, products or businesses, and respond to competitive pressures or unanticipated working capital requirements. Our failure to do any of these things could seriously harm our business, financial condition, results of operations and prospects.

**Risks Related to Customers and Sales**

**If we are unable to attract new large customers or to sell additional products and services in the AI Ethernet, Campus Workspace and Network Security Markets, to our existing customers, our revenue growth will be adversely affected and our revenue could decrease.**

To increase our revenue, we must add new customers, especially large customers, and sell additional products and services to existing customers. For example, one of our sales strategies is to target expand our current footprint by targeting specific projects at our current customers because they are familiar with the operational and economic benefits of our solutions, thereby reducing the sales cycle into these customers. We also believe the opportunity with current customers is significant given their existing infrastructure and expected future spend. Another one of our sales strategies is focused on increasing penetration in the enterprise, campus and campus AI markets. However, sales strategies focused on expansion to adjacent markets can require more time and effort since enterprise and campus customers typically start with small purchases, and in the case of new markets such as AI where we are introducing new products there is are often a long longer testing period. and qualification periods. For this reason, in order to grow our revenue, it is important for us to attract new large customers. Some factors that may limit our ability to attract new large customers include, but are not limited to, saturation with certain large cloud networking customers, customers priorities and initiatives to invest in new technology, competition, decreased capital spending by such customers, a limited number of such customers, and a decline in growth at such customers. If we fail to attract new large customers, including enterprise, campus and campus AI customers, or fail to reduce the sales cycle and sell additional products to our existing customers or if our products are not accepted by these customers, our business, financial condition, results of operations and prospects will be harmed.

**Sales of our switches generate most of our product revenue, and if we are unable to continue to grow sales of these products, our business, financial condition, results of operations and prospects will suffer.**

Historically, we have derived substantially all of our product revenue from sales of our switching and routing platforms, and we expect to continue to do so for the foreseeable future. We have experienced declines in sales for some of our products over time as they mature and are superseded by products with improved performance and functionality. A decline in the price of switches and related services, or our inability to increase sales of these products, would harm our business, financial condition, results of operations and prospects more seriously than if we derived significant revenue from a larger variety of product lines and services. Our future financial performance will also depend upon successfully developing and selling next-generation versions of our switches. If we fail to deliver new products, new features, or new releases that customers want and that allow us to maintain leadership in what will continue to be a competitive market environment, our business, financial condition, results of operations and prospects will be harmed.

**Our large customers generally require more favorable terms and conditions from their vendors and may request price concessions. As we seek to sell more products to these customers, we may be required to agree to terms and conditions that may have an adverse effect on our business or ability to recognize revenue.**

Our large customers have significant purchasing power and, as a result, generally receive more favorable terms and conditions than we typically provide to other customers, including lower prices, bundled upgrades, extended warranties, acceptance terms, indemnification terms and extended return policies and other contractual rights. As we seek to

sell more products to these large customers, an increased mix of our shipments may be subject to such terms and conditions, which may reduce our margins or affect the timing and amount of our revenue, recognition and thus may have an adverse effect on our business, financial condition, results of operations and prospects.

**If we are unable to increase market awareness or acceptance of our new products and services, our revenue may not continue to grow or may decline.**

We have not yet established broad market awareness or acceptance of products and services that we have introduced in the AI Ethernet, campus workspace and network security markets. Market awareness of our value proposition and products and services will be essential to our continued growth and our success, particularly for the service provider and broader enterprise markets. Additionally, because we are introducing new products in markets such as the AI Ethernet market, some products are subject to trials, testing, qualification and acceptance periods. If our marketing efforts are unsuccessful in creating market awareness of our company and our products and services or in gaining access to new customer markets, or if these new products and services are not accepted by customers, then our business, financial condition, results of operations and prospects will be adversely affected, and we will not be able to achieve sustained growth.

**The sales prices of our products and services may decrease, which may reduce our gross profits and adversely affect our results of operations.**

The sales prices for our products and services may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products and services, the introduction of new products and services by us or by our competitors including the adoption of "white box" solutions, promotional programs, or broader macroeconomic factors. In addition, we have provided, and plan to continue to in the future provide, pricing discounts to large customers, which may result in lower margins for the period in which such sales occur. Our gross margins may also fluctuate as a result of the timing of such sales to large customers.

We have historically experienced declines in sales prices for some of our products and services and could continue to experience such declines. Competition continues to increase in the markets in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products and services that compete with ours or may bundle them with other products and services. Additionally, although we generally price our products and services worldwide in U.S. dollars, currency fluctuations in certain countries and regions may adversely affect actual prices that partners and customers are willing to pay in those countries and regions. Furthermore, sales prices and gross profits for our products may decrease over product life cycles. Decreased sales prices for any reason may reduce our gross profits and adversely affect our result of operations.

**Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.**

The timing of our sales and revenue recognition is difficult to predict because of the length and unpredictability of our products' sales cycles. A sales cycle is the period between initial contact with a prospective customer and any sale of our products. End-customer orders often involve the purchase of multiple products. These orders are complex and difficult to complete because prospective customers generally consider a number of factors over an extended period of time before committing to purchase the products and solutions we sell. Customers, especially our large customers, often view the purchase of our products as a significant and strategic decision and require considerable time to evaluate, test and qualify our products prior to making a purchase decision and placing an order. The length of time that customers devote to their evaluation, contract negotiation and budgeting processes varies significantly. In addition, customers may delay upgrades to their network infrastructure which extends the upgrade and sales cycle. Our products' sales cycles can be lengthy in certain cases, especially with respect to our prospective large customers and certain markets including the enterprise, campus and campus AI markets. During the sales cycle, we expend significant time and money on sales and marketing activities and make investments in evaluation equipment, all of which lower our operating margins, particularly if no sale occurs. Even if a customer decides to purchase our products, there are many factors affecting the timing of our recognition of revenue, which makes our revenue difficult to forecast. For example, there may be unexpected delays in a customer's internal procurement processes, particularly for some of our larger customers for which our products represent a very small percentage of their total procurement activity. In addition, due to macroeconomic uncertainties, the sales cycle may be extended and there may be delays and reductions of expenditures and cancellations by customers. There are many other factors specific to customers that contribute to the timing of their purchases and the variability of our revenue recognition, including the strategic importance of a particular project to a customer, budgetary constraints and changes in their personnel.

Even after a customer makes a purchase, there may be circumstances or terms relating to the purchase that delay our ability to recognize revenue from that purchase, purchase including acceptance terms contained in such agreements. In addition, the significance and timing of our product enhancements, and the introduction of new products by our competitors, may also affect customers' purchases. For all of these reasons, it is difficult to predict whether a sale will be completed, the particular period in which a sale will be completed or the period in which revenue from a sale will be recognized, recognized, if at all. If our sales cycles lengthen or acceptance of such products is not achieved, our revenue could be lower than expected, which would have an adverse effect on our business, financial condition, results of operations and prospects.

**Our ability to sell our products is highly dependent on the quality of our support and services offerings, and if we are unable to offer high-quality support and services this could adversely effect on our business, financial condition, results of operations and prospects.**

Once our products are deployed within our customers' networks, our customers depend on our support organization and our channel partners to resolve any issues relating to our products. High-quality support is critical for the successful marketing and sale of our products. If we or our channel partners do not assist our customers in deploying our products effectively, do not succeed in helping our customers resolve post-deployment issues quickly or do not provide adequate ongoing support, or if we experience quality issues with these new products, it could adversely affect our ability to sell our products to existing customers and could harm our reputation with potential customers. In addition, as we continue to expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training and documentation in languages other than English. Our failure or the failure of our channel partners to maintain high-quality support and services could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Our business depends on customers renewing their maintenance and support contracts. Declines in maintenance renewals by customers could harm our future business, financial condition, results of operations and prospects.**

We typically sell our products with maintenance and support as part of the initial purchase, and a portion of our annual revenue comes from renewals of maintenance and support contracts. Our customers have no obligation to renew their maintenance and support contracts after the expiration of the initial period, and they may elect not to renew their maintenance and support contracts, to renew their maintenance and support contracts at lower prices through alternative channel partners or to reduce the product quantity under their maintenance and support contracts, thereby reducing our future revenue from maintenance and support contracts. If our customers, especially our large customers, do not renew their maintenance and support contracts or if they renew them on terms that are less favorable to us, our revenue may decline and our business, financial condition, results of operations and prospects will suffer.

**Our standard sales contracts contain indemnification provisions requiring us to defend our customers against third-party claims, including against infringement, misappropriation or other violation of certain intellectual property rights that could expose us to losses which could seriously harm our business, financial conditions, results of operations and prospects.**

Under the indemnification provisions of our standard sales contracts, we agree to defend our customers and channel partners against third-party claims asserting infringement, misappropriation or other violation of certain intellectual property rights, which may include patents, copyrights, trademarks or trade secrets, and to pay judgments entered on such claims. An adverse ruling in such litigation may potentially expose us to claims in the event that claims are brought against our customers based on the ruling and we are required to indemnify such customers.

Our exposure under these indemnification provisions is frequently limited to the total amount paid by our customer under the agreement. However, certain agreements include indemnification provisions that could potentially expose us to losses in excess of the amount received under the agreement. Any of these events, including claims for indemnification, could seriously harm our business, financial condition, results of operations and prospects.

**In addition to our own direct sales force, we rely on distributors, systems integrators and value-added resellers to sell our products, and our failure to effectively develop, manage or prevent disruptions to our distribution channels and the processes and procedures that support them could cause a reduction in the number of customers of our products.**

Our future success is highly dependent upon maintaining our relationships with distributors, systems integrators and value-added resellers and establishing additional sales channel relationships. We anticipate that sales of our products to a limited number of channel partners will continue to account for a material portion of our total product revenue for the foreseeable future. We provide our channel partners with specific training and programs to assist them in selling our products, but these steps may not be effective. In addition, our channel partners may be unsuccessful in marketing, selling and supporting our products and services. If we are unable to develop and maintain effective sales incentive programs for our channel partners, we may not be able to incentivize these partners to sell our products to customers. These partners may have incentives to promote our competitors' products to the detriment of our own or may cease selling our products altogether. One of our channel partners could elect to consolidate or enter into a strategic partnership with one of our competitors, which could reduce or eliminate our future opportunities with that channel partner. Our agreements with our channel partners may generally be terminated for any reason by either party with advance notice. We may be unable to retain these channel partners or secure additional or replacement channel partners. The loss of one or more of our significant channel partners requires extensive training, and any new or expanded relationship with a channel partner may take several months or more to achieve productivity.

Where we rely on the channel partners for sales of our products, we may have little or no contact with the ultimate users of our products that purchase through such channel partners, thereby making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our products, service ongoing end-customer requirements, estimate end-customer demand and respond to evolving end-customer needs. In addition, our channel partner sales structure could subject us to lawsuits, potential liability and reputational harm if, for example, any of our channel partners misrepresent the functionality of our products or services to customers, fail to comply with their contractual obligations or violate laws such as the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption laws or our corporate policies. If we fail to effectively manage our existing sales channels, or if our channel partners are unsuccessful in fulfilling the orders for our products, if we are unable to enter into arrangements with, and retain a sufficient number of, high-quality channel partners in each of the regions in which we sell products and keep them motivated to sell our products, our ability to sell our products and our business, financial condition, results of operations and prospects will be harmed.

**A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.**

We anticipate increasing our sales efforts to U.S. and foreign, federal, state and local governmental customers in the future. Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. The substantial majority of our sales to date to government entities have been made indirectly through our channel partners. Government certification requirements for products like ours may change and, in doing so, restrict our ability to sell into the government sector until we have attained revised certifications. Government demand and payment for our products and services may be affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services. Government entities may have statutory, contractual or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default. Selling to government entities requires us to comply with various regulations that are not applicable to sales to non-government

entities, including regulations that may relate to pricing, prohibitions against use of certain foreign components in our products and services, anti-corruption and other matters. The U.S. government may require certain products that it purchases to be manufactured in, or may require that products it purchases contain a certain threshold of "domestic origin" components from, the U.S. and other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements.

Complying with these regulations may also require requires us to put in place controls and procedures to monitor compliance with applicable regulations that may be costly or not possible. Governments also routinely investigate and audit government contractors' administrative processes and contract compliance. Failure to comply with the terms of our government contracts or applicable regulations, or an unfavorable audit, could result in the government ceasing to buy our products and services, a reduction of revenue, fines or civil or criminal liability, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

**We are exposed to the credit risk of our channel partners and some of our customers, which could result in material losses.**

Most of our contracts with customers are on an open credit basis, with standard payment terms payment terms of 30 days and the remainder generally between 30 to 90 days. We monitor individual end-customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay and maintain reserves we believe are adequate to cover exposure for doubtful accounts. We are unable to recognize revenue from shipments until the collection of those amounts becomes reasonably assured. Any significant delay or default in the collection of significant accounts receivable could result in an increased need for us to obtain working capital from other sources, possibly on worse terms than we could have negotiated if we had established such working capital resources prior to such delays or defaults. Any significant default could adversely affect our results of operations and delay our ability to recognize revenue.

A material portion of our sales is derived through our distributors, systems integrators and value-added resellers. Some of our distributors, systems integrators and value-added resellers may experience financial difficulties, which could adversely affect our collection of accounts receivable. Distributors tend to have more limited financial resources than other systems integrators, value-added resellers and customers. Distributors represent potential sources of increased credit risk because they may be less likely to have the reserve resources required to meet payment obligations. Our exposure to credit risks of our channel partners may increase if our channel partners and their customers are adversely affected by global or regional economic conditions. One or more of these channel partners could delay payments or default on credit extended to them, either of which could materially adversely affect our business, financial condition, results of operations and prospects.

#### **Risks Related to Products and Services**

**Product quality problems, defects, errors or vulnerabilities in our products or services could harm our reputation and adversely affect our business, financial condition, results of operations and prospects.**

We produce highly complex products that incorporate advanced technologies, including both hardware and software technologies. Despite testing prior to their release, our products may contain undetected defects or errors, especially when first introduced or when new versions are released. Product defects or errors could affect the performance of our products, could result in a failure of appropriate updates to be distributed or installed, could delay the development or release of new products or new versions of products, and could result in warranty claims and product liability claims from customers. Any actual or perceived defect, error, or vulnerability in our products or services, or other allegations of unsatisfactory performance could cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs in analyzing, correcting or redesigning the products or otherwise addressing defects, errors or vulnerabilities, cause us to lose significant customers, harm our reputation and market positions, subject us to liability for damages, subject us to litigation, regulatory inquiries or investigations, and divert our resources from other tasks, any one of which could materially adversely affect our business, financial condition, results of operations and prospects.

From time to time, we have had to replace certain components of products that we had shipped and provide remediation in response to the discovery of defects or bugs, including failures in software protocols or defective component batches resulting in reliability issues, in such products, and we may be required to do so in the future. We may also be required to provide full replacements or refunds for such defective products. We cannot assure you that such remediation or any of the other circumstances described above, including claims, litigation, or regulatory investigations, would not have a material effect on our business, financial condition, results of operations and prospects.

**If we do not successfully anticipate technological shifts and develop products and product enhancements that meet those technological shifts, if those products are not made available in a timely manner or do not gain market acceptance, or if we do not successfully manage product introductions, we may not be able to compete effectively, and our ability to generate revenue will suffer.**

We must continue to enhance our existing products and develop new technologies and products that address emerging technological trends, evolving industry standards and changing end-customer needs. The process of enhancing our existing products and developing new technology is complex and uncertain, and new offerings require significant upfront investment that may not result in material design improvements to existing products or result in marketable new products or costs savings or revenue for an extended period of time, if at all.

In addition, new technologies could render our existing products obsolete or less attractive to customers, and our business, financial condition, results of operations and prospects could be materially adversely affected if such technologies are widely adopted. For example, customers may prefer to address their network switch requirements by licensing software operating systems separately and placing them on "white box" hardware rather than purchasing integrated hardware products as has occurred in the server industry. Additionally, customers may require product upgrades including higher Ethernet speeds and additional functionality to address the increasing demands of the cloud computing environments.

In the past several years, we have announced a number of new products and enhancements to our products and services, including new products in the AI Ethernet, campus workspace and network security markets. The success of our new products depends on several factors including, but not limited to, appropriate new product definition, the development of product features that sufficiently meet end-user requirements, our ability to manage the risks associated with new product production ramp-up issues, component costs, availability of components, timely completion and introduction of these products, prompt solution of any defects or bugs in these products, our ability to support these products, differentiation of new products from those of our competitors and market acceptance of these products. For example, our new product releases will require strong execution from our third-party merchant silicon chip suppliers to develop and release new merchant silicon chips that satisfy end-customer requirements, to meet expected release schedules and to provide sufficient quantities of these components. If we are unable to successfully manage our product introductions or transitions, or if we fail to penetrate new markets, as a result of any of these or other factors, our business, financial condition, results of operations and prospects could be adversely affected.

Our product releases introduced new software products that include the capability for disaggregation of our software operating systems from our hardware. The success of our strategy to expand our software business is subject to a number of risks and uncertainties including the additional development efforts and costs to create these new products or make them compatible with other technologies, the potential for our strategy to negatively impact revenue and gross margins and additional costs associated with regulatory compliance.

We may not be able to successfully anticipate or adapt to changing technology or end-customer requirements on a timely basis, or at all. If we fail to keep up with technology changes or to convince our customers and potential customers of the value of our solutions even in light of new technologies, we may lose customers, decrease or delay market acceptance and sales of our present and future products and services and materially and adversely affect our business, financial condition, results of operations and prospects.

**Our products must interoperate with operating systems, software applications and hardware that is developed by others, and if we are unable to devote the necessary resources to ensure that our products interoperate with such software and hardware, we may lose or fail to increase market share and experience a weakening demand for our products.**

Generally, our products comprise only a part of the network infrastructure and must interoperate with our customers' existing infrastructure, specifically their networks, servers, software and operating systems, which may be manufactured by a wide variety of vendors and OEMs. Our products must comply with established industry standards in order to interoperate with the servers, storage, software and other networking equipment in the network infrastructure such that all systems function efficiently together. We depend on the vendors of servers and systems in a data center to support prevailing industry standards. Often, these vendors are significantly larger and more influential in driving industry standards than we are. Also, some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers.

In addition, when new or updated versions of these software operating systems or applications are introduced, we must sometimes develop updated versions of our software so that our products will interoperate properly. We may not accomplish these development efforts quickly, cost-effectively or at all. These development efforts require capital investment and the devotion of engineering resources. If we fail to maintain compatibility with these systems and applications, our customers may not be able to adequately utilize our products, and we may lose or fail to increase market share and experience a weakening in demand for our products, among other consequences, which would adversely affect our business, financial condition, results of operations and prospects.

#### **Risks Related to Supply Chain and Manufacturing**

**Managing the supply of our products and product components is complex. Insufficient component supply and inventory and the time to manufacture our products may result in lost sales opportunities or delayed revenue, while excess inventory may harm our gross margins.**

Managing our manufacturing capacity and extended supply chain is complex, and our inventory management systems and related supply-chain visibility tools may not enable us to **forecast accurately and** effectively manage the supply of our products and product components. Our ability to manage our supply chain has also and could continue to be adversely affected by other factors including geopolitical conditions such as the Russia-Ukraine conflict and related economic sanctions against Russia, the Israel-Hamas



conflict, the Houthi attacks on marine vessels in the Red Sea, the U.S. changing international trade war with China policies and political tensions between China and Taiwan. Global geopolitical and macroeconomic uncertainties have resulted in prolonged manufacturing and supply chain disruptions, including temporary closures of certain contract manufacturer manufacturing and supplier facilities particularly within China and controls on certain supplies including China's restrictions in the use of Micron products and its controls on metals used in semiconductor manufacturing such as gallium and germanium which, in turn, have caused and may continue to cause shortages of, and extended lead times for, components used to manufacture our products, increases in the prices for such components, a reduction, unpredictability or interruption of supply, prioritization of component shipments to other vendors and decommitments of orders. In addition, China imposed additional export controls on critical metals including tungsten, tellurium, bismuth, molybdenum, and indium (and related compounds) in February 2025 as part of its response to the United States's imposition of an additional 10% tariff on products from China. Insufficient component supply, and increases in the time required to manufacture our products may lead to prolonged inventory shortages, manufacturing disruptions and increased customer lead times for our products that could result in increased cancellation of orders or loss of future sales opportunities altogether as potential customers turn to competitors' products that are readily available. In addition, in order to meet customer lead times, we have, and may continue to expedite the supply of components and make incremental investments in our supply chain to increase our capacity for manufacturing products, which increases our product costs.

In order to reduce manufacturing lead times and plan for adequate component supply, we have issued and expect to continue to issue purchase orders for components and products that are non-cancellable and non-returnable, including purchase commitments for semiconductor as disclosed in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. Industry wide Our business is emerging from a period of unprecedented global supply chain shortages resulted in extended lead time for components, which required us to extend the lead time horizon of our demand forecast for such components and increased our disruptions. Throughout this period, we made significant supply chain investments, including incremental purchase commitments for long lead time components, components in response to extended visibility to deployment plans from our customers. Although the global supply chain has shown improvement, we have had to invest in inventory to address forecast uncertainty and expect that our inventory and purchase commitments will remain volatile as we ramp new product introductions. In particular, we have increased our purchase commitments for components to respond to the rapid deployment of AI networks and products have recently declined, they remain at elevated levels, and may continue to remain elevated in the near term, and there reduce overall lead times which will increase our working capital requirements. There is no guarantee that suppliers will meet their commitments commitments or that actual customer demand will not be lower than our demand forecasts. As customer lead times improve more broadly, we have seen and expect to continue to see a commensurate reduction in visibility to customer demand and a gradual return to a somewhat shorter demand-planning horizon. Additionally, certain customers have and may continue to engage in cost reduction measures including reductions in capital expenditures and other efficiency efforts which may result in a cancellation of orders or reduce demand for our products. We establish a liability for non-cancellable, non-returnable purchase commitments with our component inventory suppliers for quantities in excess of our demand forecasts, or for products that are considered obsolete. In addition, we establish a liability and reimburse our contract manufacturer for component inventory purchased on our behalf that has been rendered excess or obsolete due to manufacturing and engineering change orders, or in cases where inventory levels greatly exceed our demand forecasts. The larger magnitude of these balances, combined with a reduction in customer demand-planning horizons and shifting product priorities, has resulted in increased risk that we may not be able to sell all of this inventory, which in turn has resulted, and may in the future result, in additional excess

and obsolete inventory-related charges. Our non-cancellable commitments and the cash deposits to secure our purchases with our contract manufacturers are disclosed in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K. If we ultimately determine that we have excess or obsolete inventory, we may have to reduce our prices and write down inventory to its estimated realizable value, which in turn could result in lower gross margins. If we are unable to effectively manage our supply and inventory, our business, financial condition, results of operations and prospects could be adversely affected.

**Because we depend on third-party manufacturers to build our products, we are susceptible to manufacturing delays and pricing fluctuations that could prevent us from shipping end-customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales and customers.**

We depend on third-party contract manufacturers to manufacture our product lines. A significant portion of our cost of revenue consists of payments to these third-party contract manufacturers. Our reliance on these third-party contract manufacturers reduces our control over the manufacturing process, quality assurance, product costs and product supply and timing, which exposes us to operational risks including their ability to obtain in a timely manner sufficient components for our products and to ramp manufacturing sufficiently to meet our customer demand. Our reliance on contract manufacturers also yields the potential for their infringement, misappropriation or other violation of third-party intellectual property rights in the manufacturing of our products or their infringement, misappropriation or other violation of our intellectual property rights in the manufacturing of other customers' products. If we are unable to manage our relationships with our third-party contract manufacturers effectively, or if these third-party manufacturers suffer delays or disruptions or quality control problems in their operations, experience increased manufacturing lead times, capacity constraints or fail to meet our future requirements for timely delivery, our ability to ship products to our customers would be severely impaired, and our business, financial condition, results of operations and prospects would be seriously harmed.

To the extent that our products are manufactured at facilities in foreign countries, we may be subject to additional risks associated with complying with local rules and regulations in those jurisdictions. For example, due to the COVID-19 pandemic, some of our contract manufacturers experienced temporary closures and labor shortages as a result of shelter in place orders issued in their local jurisdictions. Shortages. Shelter in place orders, factory closures or reductions in staffing at our manufacturing sites would result in material disruptions, increased lead times and supply shortages of our products. Due to their existence in foreign locations, our contract manufacturers may also be subject to or become subject to new or increased tariffs which, if sufficiently high, may affect the profitability of these operations and may require relocation to new locations, moves which may require bearing associated costs. There is no guarantee that any contract manufacturing location may not be targeted by tariffs or other trade measures imposed by the United States or another country.

Our contract manufacturers typically fulfill our supply requirements on the basis of individual orders. We do not have long-term contracts with our third-party manufacturers that guarantee capacity, the continuation of particular pricing terms or the extension of credit limits. Accordingly, they are not obligated to continue to fulfill our supply requirements, which could result in supply shortages, and the prices we are charged for manufacturing services could be increased on short notice. For example, a competitor could place large orders with the third-party manufacturer, thereby utilizing all or substantially all of such third-party manufacturer's capacity and leaving the manufacturer little or no capacity to fulfill our individual orders without price increases or delays, or at all. Our contract with one of our contract manufacturers permits it to terminate the agreement for convenience, subject to prior notice requirements. We may not be able to develop alternate or second contract manufacturers in a timely manner.

If we add or change contract manufacturers or change any manufacturing plant locations within a contract manufacturer network, we would add additional complexity and risk to our supply chain management and may increase our working capital requirements. Ensuring a new contract manufacturer or new plant location is qualified and has sufficient manufacturing capacity to manufacture our products to our standards and industry requirements could take significant effort and be time consuming and expensive, and any delays

or failures to adequately ramp production to meet our customer demand could negatively impact our business, financial condition, results of operations and prospects. Any addition or change in manufacturers may be extremely costly, time consuming and we may not be able to do so **successfully, successfully**

**. Furthermore, when we introduce new products, it could take time for manufacturing to ramp production and fulfill customer demand.**

In addition, we may be subject to additional significant challenges to ensure that quality, processes and costs, among other issues, are consistent with our expectations and those of our customers. A new contract manufacturer or manufacturing location may not be able to scale its production of our products at the volumes or quality we require. This could also adversely affect our ability to meet our scheduled product deliveries to our customers, which could damage our customer relationships and cause the loss of sales to existing or potential customers, late delivery penalties, delayed revenue or an increase in our costs which could adversely affect our gross margins. This could also result in increased levels of inventory subjecting us to increased risk of excess and obsolete charges that could have a negative impact on our operating results.

Any production interruptions, labor shortages or disruptions for any reason, including those noted above, as well as a natural disaster, epidemic, war, capacity shortages, adverse results from intellectual property litigation or quality problems, at one of our manufacturing partners would adversely affect sales of our product lines manufactured by that manufacturing partner and adversely affect our business, financial condition, results of operations and prospects.

**We base our inventory requirements on our forecasts of future sales. If these demand forecasts are materially inaccurate or change from our initial projections, we may procure inventory that we may be unable to use in a timely manner or at all.**

We and our contract manufacturers procure components and build our products based on our forecasts. These forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and analysis from our sales and marketing organizations, adjusted for overall market conditions and other factors. In order to address supply chain shortages and extended lead times, we have entered, **and may continue to enter**, into significant purchase commitments with our contract manufacturers and suppliers, **and we have issued with issuance of** non-cancellable purchase orders for such commitments. **Although we have seen a recent decline in our purchase commitments, we have also experienced increased inventory levels.** There is no guarantee that suppliers will meet their commitments or that actual customer demand will directly match our demand forecasts. If our forecasts **are materially inaccurate or change from our initial projections**, customers' orders are cancelled or if we otherwise do not need such inventory, we may under- or over-procure inventory, which could materially adversely affect our business, financial condition and results of operations.

**Interruptions or delays in shipments could cause our revenue for the applicable period to fall below expected levels.**

We have been and could **continue to** be subject to manufacturing disruptions and supply chain **delays, delays in the future.** This places significant pressure on supply chain management, manufacturing, inventory and quality control management, shipping and trade compliance. Consequently, this has hindered and may continue to hinder our ability to forecast component supply, manufacturing capacity and timing of inventory receipts. A significant interruption in these critical functions has resulted and could continue to result in delayed order fulfillment or cancellation of orders, which may negatively impact our relationships with our customers, reduce future sales or otherwise adversely affect our business, financial condition, results of operations and prospects and result in a decline in the market price of our common stock.

#### **Risks Related to Intellectual Property and Other Proprietary Rights**

**Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights, or other lawsuits asserted against us, could result in significant costs and substantially harm our business, financial condition, results of operations and prospects.**

Patent and other intellectual property **rights** disputes are common in the network infrastructure, network security and Wi-Fi industries and have resulted in protracted and expensive litigation for many companies. Many companies in the network infrastructure, network security and Wi-Fi industries, including our competitors and other third parties, as well as non-practicing entities, own large numbers of patents, copyrights, trademarks, trade secrets and other intellectual property rights, which they may use to assert claims of infringement, misappropriation, or other violations of intellectual property rights against us. From time to time, they have or may in the future also assert such claims against us, our customers or channel partners whom we typically indemnify against claims that our products infringe, misappropriate or otherwise violate the intellectual property rights of third parties. For example, we have previously been involved in litigation with Cisco and OptumSoft, and are currently involved in litigation with WSOU Investments LLC ("WSOU"), which is described in the "Legal Proceedings" subheading in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

As the number of products and competitors in our market increases and overlaps occur or if we enter into new markets, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violations of intellectual property rights by a third-party, even those without merit, could cause us to incur substantial costs defending against the claim, distract our management from our business and require us to cease use or practice of such intellectual property. In addition, some claims for patent infringement may relate to subcomponents that we purchase from third parties. If these third parties are unable or unwilling to indemnify us for these claims, we could be substantially harmed.

The patent portfolios of most of our competitors are larger than ours. This disparity may increase the risk that our competitors may sue us for patent infringement and may limit our ability to counterclaim for patent infringement or settle through patent cross-licenses. In addition, future assertions of patent rights by third parties, and any resulting litigation, may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may therefore provide little or no deterrence or protection. We cannot assure you that we are not infringing, misappropriating or otherwise violating any third-party intellectual property rights.

The third-party asserters of intellectual property rights infringement claims may be unreasonable in their demands, or may simply refuse to settle, which could lead to expensive settlement payments, longer periods of litigation and related expenses, additional burdens on employees or other resources, distraction from our business, supply stoppages and lost sales.

An adverse outcome of a dispute may require us to pay substantial damages or penalties including treble damages if we are found to have willfully infringed a third-party's patents; cease making, licensing, using or importing into the U.S. products or services that are alleged to infringe, misappropriate or violate the intellectual property rights of others; expend additional development resources to attempt to redesign our products or services or otherwise to develop non-infringing technology, which may not be successful; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights; and indemnify our partners and other third parties. Any damages, penalties or royalty obligations we may become subject to as a result of an adverse outcome, and any third-party indemnity we may need to provide, could harm our business, financial condition, results of operations and prospects. Royalty or licensing agreements, if required or desirable, may be unavailable on terms acceptable to us, or at all, and may require significant royalty payments and other expenditures. Further, there is little or no information publicly available concerning market or fair values for license fees, which can lead to overpayment of license or settlement fees. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Suppliers subject to third-party intellectual property rights infringement claims also may choose or be forced to discontinue or alter their arrangements with us, with little or no advance notice to us. Any of these events could seriously harm our business, financial condition, results of operations and prospects.



In the event that we are found to infringe, misappropriate or violate any third-party intellectual property rights, we could be enjoined, or subject to other remedial orders that would prohibit us, from making, licensing, using or importing into the U.S. or elsewhere such products or services. In order to resume such activities with respect to any affected products or services, we (or our component suppliers) would be required to develop technical redesigns that no longer infringe, misappropriate or violate the third-party intellectual property right. In any efforts to develop technical redesigns for these products or services, we (or our component suppliers) may be unable to do so in a manner that does not continue to infringe the third-party intellectual property right or that is acceptable to our customers. These redesign efforts could be extremely costly and time consuming as well as disruptive to our other development activities and distracting to management. Moreover, such redesigns could require us to obtain approvals from the court or administrative body to resume the activities with respect to these affected solutions. We may not be successful in our efforts to obtain such approvals in a timely manner, or at all. Any failure to effectively redesign our solutions or to obtain timely approval of those redesigns by a court or administrative body may cause a disruption to our product shipments and materially and adversely affect our business, prospects, reputation, results of operations, and financial condition. For example, in two prior investigations brought by Cisco in the International Trade Commission ("ITC"), we were subjected to remedial orders that prohibited us from importing and selling after importation any products the ITC found to infringe Cisco's patents. As a result, we were required to redesign certain aspects of our products and obtain U.S. Customs and Border Protection's approval of those redesigns before we could continue to import those products into the United States.

**If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights.**

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection.

The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions. Further, we do not know whether any of our pending patent applications will result in the issuance of patents or whether the examination process will require us to narrow our claims. To the extent that additional patents are issued from our patent applications, which is not certain, they may be contested, circumvented or invalidated in the future. Moreover, the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to our own now or in the future. In addition, we rely on confidentiality or license agreements with third parties in connection with their use of our products and technology. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights, in part because we rely on "shrink-wrap" or other unsigned licenses in some instances.

We have not registered our trademarks in all geographic markets. Failure to secure those registrations could adversely affect our ability to enforce and defend our trademark rights and result in indemnification claims. Further, any claim of infringement by a third-party, even those claims without merit, could cause us to incur substantial costs defending against such claim, could divert management attention from our business and could require us to cease use or practice of such intellectual property in certain geographic markets.

Despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement or any other violation is uncertain, particularly in countries outside of the United States.

Detecting and protecting against the unauthorized use of our products, technology and proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management resources, either of which could harm our business, financial condition, results of operations and prospects, and there is no guarantee that we would be successful. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to protecting their technology or intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing or misappropriating our intellectual property rights, which could result in a substantial loss of our market share.

**We rely on the availability of licenses to third-party software and other intellectual property.**

Many of our products and services include software or other intellectual property licensed from third parties, and we otherwise use software and other intellectual property licensed from third parties in our business. This exposes us to risks over which we may have little or no control. For example, a licensor may have difficulties keeping up with technological changes or may stop supporting the software or other intellectual property that it licenses to us. Also, it will be necessary in the future to renew licenses, expand the scope of existing licenses or seek new licenses, relating to various aspects of these products and services or otherwise relating to our business, which may result in increased license fees. These licenses may not be available on acceptable terms, if at all. In addition, a third-party may assert that we or our customers are in breach of the terms of a license, which could, among other things, give such third-party the right to terminate a license or seek damages from us, or both. The inability to obtain or maintain certain licenses or other rights or to obtain or maintain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could result in delays in releases of products and services and could otherwise disrupt our business, until equivalent technology can be identified, licensed or developed, if at all, and integrated into our products and services or otherwise in the conduct of our business. Moreover, the inclusion in our products and services of software or other intellectual property licensed from third parties on a nonexclusive basis may limit our ability to differentiate our products from those of our competitors. **Lastly, our use of third-party technology may subject us to claims of infringement which could result in a material adverse effect on our business, financial condition, results of operations and time-intensive litigation and for which we may not be eligible for indemnification protections.** Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Our products contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products.**

Our products contain software modules licensed to us by third-party authors under "open source" licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding intellectual property rights infringement, misappropriation or violation claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software that we use. If we combine our software with open source software in a certain manner, we could, under certain open source licenses, be required to release portions of the source code of our software to our customers or the public more generally.

This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of product sales for us.

Although we monitor our use of open source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. courts, and these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we cannot assure you that our processes for controlling our use of open source software in our products will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to

re-engineer our products, to discontinue the sale of our products if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition, results of operations and prospects.

**We provide access to our software and other selected source code to certain partners, which creates additional risk that our competitors could develop products that are similar to or better than ours.**

Our success and ability to compete depend substantially upon our internally developed technology, which is incorporated in the source code for our products. We seek to protect the source code, design code, documentation and other information relating to our software, under trade secret, patent and copyright laws. However, we have chosen to provide access to selected source code of our software to several of our partners for co-development, as well as for open application APIs, formats and protocols. Though we generally control access to our source code and other intellectual property and enter into confidentiality or license agreements with such partners as well as with our employees and consultants, this combination of procedural and contractual safeguards may be insufficient to protect our trade secrets and other rights to our technology. Our protective measures may be inadequate, especially because we may not be able to prevent our partners, employees or consultants from violating any agreements or licenses we may have in place or abusing their access granted to our source code. Improper disclosure or use of our source code could help competitors develop products similar to or better than ours.

#### **Risks Related to Litigation**

**We may become involved in litigation that may materially adversely affect us.**

From time to time, we are involved in legal proceedings relating to matters incidental to the ordinary course of our business, including patent, copyright, commercial, product liability, employment, class action, whistleblower and other litigation, in addition to governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. For example, we were previously involved in litigation with Cisco and OptumSoft. In addition, on November 25, 2020, WSOU filed a lawsuit against us in the Western District of Texas asserting that certain of our products infringe three WSOU patents. WSOU's allegations are directed to certain features of our wireless and switching products. WSOU seeks remedies including monetary damages, attorney's fees and costs. On February 4, 2021, we filed an answer denying WSOU's allegations. On November 5, 2021, the case was transferred to the Northern District of California. On March 30, 2022, WSOU dismissed one of the patents with prejudice, removing Arista wireless products from those accused of infringement. On July 1, 2022, the court stayed the case pending the resolution of an inter partes review of one of the patents-in-suit. On May 30, 2023, the US Patent Trial and Appeal Board ("PTAB") ruled all challenged claims in the inter partes review unpatentable. The district court case remains **stayed** pending appeal and/or final resolution of the PTAB ruling. We intend to vigorously defend against the claims brought against us by WSOU. However, we cannot be certain that any of WSOU's claims will be resolved in our favor, regardless of the merits of those claims. Any adverse litigation ruling could result in a significant damages award against us and injunctive relief.

Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses. Although we have insurance which may provide coverage for some kinds of claims we may face, that insurance may not cover some kinds of claims or types of relief and may not be adequate in a particular case. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

For more information regarding the litigation in which we have been involved, see the "Legal Proceedings" subheading in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

#### **Risks Related to Cybersecurity and Data Privacy**

**Defects, errors or vulnerabilities in our products, the failure of our products to detect security breaches or incidents, the misuse of our products or the risks of product liability could harm our reputation and adversely impact our operating results.**

Our products, services and internal network systems could become a target for security attacks, including attacks specifically designed to disrupt our business and our customers and introduce malicious software and attacks by state sponsors. If our products, services or internal networks, system or data are or are perceived to have been compromised, our reputation may be damaged and our financial results may be negatively affected.

Organizations are increasingly subject to a wide variety of attacks on their networks, systems, endpoints, products and services, and no security solution, including our security platform, can address all possible security threats or block all methods of penetrating a network, products and services or otherwise perpetrating a security incident. Additionally, any defects, errors, or vulnerabilities in our security platform or in the hardware upon which it is deployed, including a failure to implement updates to such platform, could temporarily or permanently limit our detection capabilities and expose our end-customers' networks, leaving their networks unprotected against the latest security threats. If customers of our security platform do suffer a data security incident or data breach, even if it is not attributable to a failure of our platform to identify any threat or vulnerability, customers may believe that our platform failed to detect a threat or vulnerability, which could harm our reputation or negatively affect our financial results.

The classifications of application type, virus, spyware, vulnerability exploits, data, or URL categories by our security platform may also falsely detect, report and act on applications, content, or threats that do not actually exist. These false positives may impair the perceived reliability of our security platform and may therefore adversely impact market acceptance of our security platform. Any such false identification of important files or applications could result in damage to our reputation, negative publicity, loss of channel partners, end-customers and sales, increased costs to remedy any problem, and costly litigation.

**Breaches of our cybersecurity systems, or other security or privacy breaches or incidents with respect to our products, services, networks, systems, or data, could degrade our ability to conduct our business operations and deliver products and services to our customers, cause vulnerabilities in our products and services, and subject us to regulatory enforcement actions and or fines or liabilities for damages incurred by our customers or partners, delay our ability to recognize revenue, compromise the integrity of our software products and our networks, systems, and data, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.**

We increasingly depend upon our IT systems to conduct virtually all of our business operations, ranging from our internal operations and product development activities to our marketing and sales efforts and communications with our customers and business partners. Computer programmers or other persons or organizations may attempt to penetrate our network security, or that of our website or systems, and access, use, or obtain confidential, personal, or otherwise sensitive or proprietary information about us or our customers, or via these or other methods, including denial of service attacks and other cyberattacks, disrupt or cause interruptions of our **service, systems, products, services and networks**. In addition, geopolitical tensions **and conflicts**, such as the Russia-Ukraine conflict, the Israel-Hamas hostilities and deteriorating relations with China, may create a greater risk of cyberattacks against our company and our manufacturers, suppliers, logistics providers, banks and other business partners. Because the techniques used to access, disrupt, or sabotage networks and systems change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. In addition, our

software and sophisticated hardware and operating system software and applications that we develop or procure from third parties may contain vulnerabilities or defects in design or manufacture, including "bugs," viruses, ransomware and other malware, and other problems that could cause the software or applications to fail or otherwise to unexpectedly interfere with the operation of the system or that could result in a breach of or disruption to our systems, products, services or networks or the systems, networks, products, or services of third parties that support us and our services. We also face risks of others gaining unauthorized access to our products and services and introducing malicious software, and such malicious software, defects, bugs or vulnerabilities, or other defects, bugs, or vulnerabilities in our products or services may result in failures or interruptions of our products or services or expose our end-customers' networks, leaving their networks unprotected against the latest security threats.

We have also outsourced a number of our some business functions to third parties, including our manufacturers, logistics providers, and cloud service providers, and our business operations also depend, in part, on the success of these third parties' own cybersecurity measures. Similarly, we rely upon distributors, resellers and system integrators to sell our products and our sales

sales operations depend, in part, on the reliability of their cybersecurity measures. Additionally, we depend upon our employees to appropriately handle confidential, sensitive, and proprietary data and comply with the security measures we have instituted to prevent exposure of our networks and systems to security breaches and incidents, the unauthorized access to our products and the loss of data. We and all of the aforementioned third parties also face the risk of ransomware and other malicious software, phishing schemes and other social engineering methods, fraud and other malfeasance, cybersecurity threats from state sponsors and other actors, and intentional or negligent acts or omissions of employees and contractors. Furthermore, our acquisition of Awake Security and our provision of its NDR platform may result in us being a more attractive target for such attacks. Accordingly, if our cybersecurity systems and measures or those of any of the aforementioned third parties fail to protect against sophisticated cyber-attacks, other means of effectuating security breaches or incidents, interruptions or other disruptions of our or our third-party service providers' systems, networks, products, or services, the mishandling of data by employees and contractors, the corruption, loss, or mishandling or other unauthorized processing of data by unauthorized persons, or any other means of unauthorized access to, or use of, our manufacturing process, products, services, networks, systems, or data that we or such third parties maintain, operate, or process, our ability to conduct our business effectively could be damaged in a number of ways, including:

- sensitive data regarding our business or our customers, including intellectual property and other proprietary data, could be stolen or lost, modified, rendered unavailable, or otherwise assessed, used, or processed; processed in authorized manners;
- our electronic communications systems, including email and other methods, or other systems, and access to or availability of data, could be disrupted or harmed, and our ability to conduct our business operations could be seriously damaged until such systems or data access and availability can be restored, which we may be unable to achieve in a prompt manner or at all;
- our ability to process customer orders and electronically deliver products and services could be degraded, and our distribution channels could be disrupted, resulting in delays in revenue recognition;
- defects and security vulnerabilities could be introduced into our software, thereby damaging the reputation and perceived reliability and security of our products and potentially making the data systems of our customers vulnerable to further data loss and cyber security breaches and incidents;
- our manufacturing process, products, services, supply chain, network systems and data could be corrupted; corrupted or otherwise disrupted; and
- personal data of our customers, employees, contractors, and business partners could be lost, accessed, obtained, modified, disclosed or used without authorization, corrupted or made unavailable, or otherwise compromised.

Should any of the above events occur, or be perceived to occur, we could be subject to significant claims for liability from our customers and others and regulatory investigations and actions from governmental agencies, and we could be required to expend significant capital and other resources to remediate and otherwise address any data security incident breach or breach, incident, including to notify individuals, entities, or regulatory bodies and to implement measures in an effort to prevent further breaches or incidents. In addition, our ability to protect our intellectual property rights could be compromised and our reputation and competitive position could be significantly harmed. Also, the regulatory and contractual actions, proceedings, litigation, investigations, fines, penalties and liabilities relating to any actual or perceived data breaches or security incidents that result in losses of, damage or destruction of, or unauthorized access to or acquisition of, credit card information or other personal or sensitive data of users of our services can be significant in terms of fines and reputational impact and necessitate changes to our business operations that may be disruptive to us. Additionally, we could incur significant costs in order to upgrade our cybersecurity systems and other measures in an effort to prevent network and system disruptions and other security breaches and other incidents. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers. Consequently, our financial performance and results of operations could be adversely affected by any of the foregoing types of security breaches, incidents, vulnerabilities, or other matters, or the perception that any of them have occurred.

In addition, we cannot assure that any limitation of liability provisions in our customer agreements, contracts with third-party vendors and service providers or other contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matter. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any future claim will not be excluded or otherwise be denied coverage by any insurer. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our reputation, financial condition and operating results.

#### **Risks Related to Accounting, Compliance, Regulation and Tax**

**If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.**

Assessing our processes, procedures and staffing in order to improve our internal control over financial reporting is an ongoing process. Preparing our financial statements involves a number of complex processes, many of which are done manually and are dependent upon individual data input or review. These processes include, but are not limited to, calculating revenue, inventory costs and the preparation of our statement of cash flows. While we continue to automate our processes and enhance our review controls to reduce the likelihood for errors, we expect that for the foreseeable future many of our processes will remain manually intensive and thus subject to human error.

**If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect or if there is a change in accounting principles, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. A change in these principles or interpretations could harm our

revenue and financial results, and could affect the reporting of transactions completed before the announcement of a change. In addition, we base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations", in Part II, Item 7, of this Annual Report on Form 10-K, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, inventory valuation and contract manufacturer/supplier liabilities, income taxes and loss contingencies. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations may be adversely affected and may fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

**Enhanced United States Escalating U.S. tax, tariff, import/export restrictions, Chinese regulations or and other trade or regulatory barriers, as well as countermeasures taken by affected countries, may have a negative effect on global economic conditions, financial markets and our business.**

Because our products are primarily manufactured internationally, the import of our products may be affected by changes in applicable tariffs. Our products are primarily manufactured in Malaysia, Vietnam, and Mexico, and we also procure some of our products directly from China. In February 2025, the U.S. government scheduled 25% tariffs to be imposed on products of Mexican origin. Although subsequent discussions between the President of the United States and the President of Mexico have resulted in an agreement to temporarily defer the effective date for these tariffs, this policy may be reversed at any time. In addition, imports of products manufactured in Malaysia and/or Vietnam may be targeted for U.S. tariff increases in light of the increased trade imbalances between the United States and these countries, which has increased significantly in the past decade as manufacturing operations have increasingly moved to these countries due to strained U.S.-China trade relations. An increase in trade-related costs associated with these imports may impair the profitability of such international production, may strain our suppliers' ability to provide inputs necessary for the production of these items, and may otherwise affect our manufacturing partners' ability to provide our products at previously contracted prices. We also may not be able to pass on the full burden of the increase in trade-related costs to our partners and/or customers which could impact our profitability and/or our competitiveness.

Our products may also be subject to further increased U.S. or international tariffs as a result of the outbreak of and escalation in international trade wars between the U.S., China, Mexico and other countries. In response to the February 2025 U.S. government tariffs scheduled on goods of Canadian, Mexican, and Chinese origin, all three affected countries announced plans to implement retaliatory measures including new tariffs on certain U.S. goods, and, in the case of China, new export controls on certain critical metal items. The U.S. tariffs on Canadian and Mexican origin products and the Canadian and Mexican tariffs on U.S. origin products has been suspended for a period of 30 days pursuant to agreements between the U.S. government and the Canadian and Mexican governments, pending further negotiations between these countries. Such

agreements and negotiations may fail and result in the imposition of new trade measures between any or all of these countries and the United States. The February 2025 U.S. government executive orders scheduling the tariff increases on goods of Canadian, Mexican, and Chinese origin also included provisions allowing for further escalation of tariffs in the event affected countries implement retaliatory measures. Such increases could result in the imposition of extreme tariff or non-tariff measures, which may lead to a breakdown in international supply chains due to increased tariff costs and disruptions in the availability of goods.

There is currently significant uncertainty about the future relationship between the United States, and various other countries, most significantly China, Canada and Mexico, with respect to trade policies, treaties, tariffs and taxes. The U.S. government has and continues to make significant additional changes in U.S. trade policy and has taken certain actions that could negatively impact U.S. trade. In addition, there may be further changes in U.S. trade policy given the change in the presidential administration.

For example, in 2018, the Office of the U.S. Trade Representative ("USTR") enacted various tariffs of 7.5%, 10%, 15% and 25% on imports into the U.S. from China, including communications equipment products and components manufactured and imported from China. USTR has continued to expand these tariffs recently announcing new tariffs of up to 100% on certain products. Since then, China has retaliated through various trade related measures including imposing tariffs on imports into China from the United States. Most recently, in February 2025, the U.S. government imposed an additional 10% tariff on imports from China, on top of existing tariff burdens, and the U.S. President has indicated that additional tariffs may be forthcoming. In response, China announced additional tariffs on certain U.S.-origin goods and implemented new export controls on various critical metals.

Additional changes or threatened changes in U.S. trade measures have affected and may continue to affect trade involving additional countries as well, including Mexico, Canada, Colombia, the United Kingdom, and the member countries of the European Union among others. Each of these measures or threatened measures may instigate reciprocal countermeasures by affected countries, potentially accelerating further increases in trade measures. Such escalations in these trade measures may directly impair our business by increasing trade-related costs or disrupting established supply chains and may indirectly impair our business by causing a negative effect on global economic conditions and financial markets. The ultimate impact of these trade measures is uncertain, and may be affected by various factors, including whether and when such trade measures are implemented, the timing when such measures may become effective, and the amount, scope, or nature of such trade measures.

The U.S. government continues to add additional entities, in China and elsewhere, to restricted party lists impacting the ability of U.S. companies to provide products, and in certain cases services, to these entities and, in some cases, receive products or services from these entities. Additionally, the U.S. government continues to expand controls enacted in October 2022 restricting the ability to send certain products and technology related to semiconductors, semiconductor manufacturing, and supercomputing to China without an export license. In 2023 and 2024, the U.S. government expanded the list of advanced integrated circuits subject to heightened export controls, including certain hardware containing these specified integrated circuits, expanded the list of destinations requiring export authorization for such items, and added new restrictions based on the headquarters location of the parties involved. Proposed regulations would further expand the controls to impose a worldwide licensing requirement on certain integrated circuits and computing resources that are used for training of AI models. The U.S. government also has expanded continues to expand the scope of restrictions on the development or production of advanced integrated circuits and certain semiconductor manufacturing equipment, and the restrictions on supercomputing, in China and other countries. Proposed regulations would expand these controls further and impose additional reporting requirements. Other foreign governments may in turn impose similar or more restrictive controls. These controls or any additional restrictions may impact our ability to export certain products to China or other countries, prohibit us from selling our products to certain of our customers, restrict our ability to use certain Integrated Circuits ("ICs") in our products, or impact our suppliers who may utilize facilities or equipment described in these controls.

It also is possible that the Chinese government will retaliate in ways that could impact our business. For example, China has announced controls on both the use of Micron products and export license requirements on certain materials used,

among other things, in the production of semiconductors, optical components, and other electronic devices including germanium and gallium. China also has announced a new export control regime. Additionally, these restrictions could disrupt the ability of China to produce semiconductors and other electronics and impact our ability to source components from China. China has also announced plans to implement retaliatory countermeasures in response to the additional 10% tariffs imposed by the United States in February 2025, including new tariffs on certain U.S. origin goods, and has implemented export controls on various critical metal materials. These restrictions could impact the cost of components or inputs used to produce our products.



Should the relationship between China and Taiwan deteriorate, it is possible that the U.S. government could impose new controls on China, specific parties, or specific kinds of transactions in the region that could impact our business including our ability to source components from China and sell to certain of our customers. These restrictions could impact the cost of components or inputs used to produce our products. Additionally, these controls or any additional restrictions may impact our ability to export certain products to China and/or prohibit us from selling our products to certain of our customers.

We cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, what products may be subject to such actions or what actions may be taken by the other countries in retaliation. If we are unable to obtain or use components for inclusion in our products, if component prices increase significantly or if we are unable to export or sell our products to any of our customers, our business, liquidity, financial condition, and/or results of operations would be materially and adversely affected.

As well, due to concerns with products and services from certain semiconductor, telecommunications and video providers based in China, U.S. Congress has enacted bans on the use of certain Chinese-origin components or systems either in items sold to the U.S. government or, in some cases, in the internal networks of government contractors and subcontractors (even if those networks are not used for government-related projects). Further, the Chinese government has responded to these U.S. actions by indicating its intention to develop an unreliable entity list, which may limit the ability of companies on the list to engage in business with Chinese customers.

If tariffs, trade restrictions, or trade barriers remain in place or if new tariffs, trade restrictions, or trade barriers are placed on products such as ours by U.S. or foreign governments, especially China, our costs may increase. We believe we can adjust our supply chain and manufacturing practices to minimize the impact of the tariffs and any impact on the supply chain of components sourced in China, but our efforts may not be successful, there can be no assurance that we will not experience a disruption in our business related to these or other changes in trade practices and the process of changing suppliers in order to mitigate any such tariff costs could be complicated, time-consuming, and costly.

The U.S. tariffs may also cause customers to delay orders as they evaluate where to take delivery of our products in connection with their efforts to mitigate their own tariff exposure. Such delays create forecasting difficulties for us and increase the risk that orders might be canceled or might never be placed. Current or future tariffs imposed by the U.S. may also negatively impact our customers' sales, thereby causing an indirect negative impact on our own sales. Even in the absence of further tariffs, the related uncertainty and the market's fear of an escalating trade war might cause our distributors and customers to place fewer orders for our products, which could have a material adverse effect on our business, liquidity, financial condition, and/or results of operations.

In June 2022, the import restrictions contained in the Uyghur Forced Labor Prevention Act ("UFLPA") became effective. The UFLPA creates a rebuttable presumption that any goods mined, produced or manufactured, wholly or in part in the Xinjiang Uyghur Autonomous Region ("XUAR") of China, or produced by a listed entity, were made with forced labor and would therefore not be entitled to entry at any U.S. port. Importers are required to present clear and convincing evidence that such goods are not made with forced labor. While we do not source items from the XUAR or from listed parties, and we have increased our supply chain diligence, there is risk that our ability to import components and products may be adversely affected by the UFLPA.

Given the relatively fluid regulatory environment in China and the United States and uncertainty how the U.S. government or foreign governments will act with respect to tariffs, international trade agreements and policies, a trade war, further governmental action related to tariffs or international trade policies, or additional tax or other regulatory changes in the future could directly and adversely impact our financial results and results of operations.

In addition to laws aimed directly at trade, failure of our products to comply with a broader set of evolving industry standards and government regulations may adversely impact our business and in particular our ability to market in particular countries. Our products must comply with various U.S. federal government regulations and standards defined by agencies such as the Federal Communications Commission, standards established by governmental authorities in various foreign countries and recommendations of the International Telecommunication Union. In some circumstances, we must obtain regulatory approvals or certificates of compliance before we can offer or distribute our products in certain jurisdictions or to certain customers. In recent years, certain jurisdictions have tied these approvals to concerns about international relationships, including, e.g., concerns about entities with components sourced from China. Complying with new regulations or obtaining certifications, especially as standards evolve, may be costly and disruptive to our business and also may affect our ability to sell our products where these standards or regulations apply, which in turn may prevent us from sustaining our net revenues or achieving profitability.

**Changes in our income taxes or our effective tax rate, enactment of new tax laws or changes in the application of existing tax laws of various jurisdictions or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.**

Our income taxes are subject to volatility and could be adversely affected by several factors, some of which are outside of our control, including earnings that are lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; our ability to generate and use tax attributes; changes in the valuation of our deferred tax assets and liabilities; transfer pricing adjustments from tax authorities challenging our methods for valuing developed technology or intercompany arrangements; tax effects of nondeductible compensation, including certain stock-based compensation; tax costs related to inter-company restructuring; changes in accounting principles; changes in tax law and regulations, treaties, or interpretation thereof; imposition of withholding or other taxes on payments by subsidiaries or customers; or a change in our decision to indefinitely reinvest certain foreign earnings.

Significant judgment is required to evaluate our tax positions and determine our income tax liability. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect income taxes.

Tax laws are dynamic and subject to change. Changes in tax laws and regulations and interpretations of such laws and regulations, including taxation of earnings outside of the U.S. may have adverse effects on our operating results and could impact the tax treatment of our earnings and cash and cash equivalent balances we currently maintain. Furthermore, due to shifting economic and political conditions, tax policies and rates in various jurisdictions, may be subject to significant change. For example, Domestically, following the 2024 Presidential election, it is possible the newly elected Trump Administration and Republican controlled Congress will pass some tax reform in 2022, order to address certain provisions of the United States passed the Inflation Reduction Act, which made a number of changes to the Internal Revenue Code of 1986, as amended ("IRC"), including a 15% corporate minimum tax on adjusted financial statement income of certain large companies. The impact of these provisions on our effective tax rate will depend on additional guidance to be issued by the Treasury Secretary. We are currently evaluating the impact of these provisions on our effective tax rate. While we do not anticipate any materially adverse impacts to our effective tax rate, we cannot provide any assurances that these provisions will not have a materially adverse impact on our effective tax rate. Further, beginning in 2022, the 2017 Tax Cuts and Jobs Act expiring at the end of 2017 ("TCJA") eliminated 2025. It is uncertain what proposals to reform U.S. and International tax laws might pass and whether such laws could increase or decrease the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five years for U.S. incurred expenditures or fifteen years for non-U.S. incurred expenditures, pursuant to IRC Section 174. However, recently proposed corporate tax legislation, if enacted, would restore the ability to deduct currently domestic research and development expenditures through 2025 and would retroactively restore this benefit for 2022 and 2023. Finally, several countries, including the United States and other members of the rate. The Organization for Economic Cooperation and Development ("OECD") have reached agreement on, comprising 38 international member countries including the United States, has introduced a global minimum tax initiative ("Pillar Two"). Other, which has been adopted by members of the European Union ("EU"), among other jurisdictions. While the U.S. has not yet adopted Pillar Two, other OECD countries outside of the EU are also

actively considering changes to existing tax laws or have proposed new laws to align with the recommendations and guidelines proposed by the OECD, including Pillar Two. Enactment of such tax laws could increase our tax obligations in countries where we do business or cause us to change the way we operate our business. We have assessed the impacts of these new laws in countries that we operate in and do not currently anticipate any material impacts to our effective tax rate. However, we cannot provide any assurance that there will not be a material impact to our effective tax rate in the future as a result of these **developments, developments or other proposed changes.**

Finally, we are subject to examination of our income tax returns by the Internal Revenue Service ("IRS") and other tax authorities. Audits by the IRS or other tax authorities are subject to inherent uncertainties and could result in unfavorable outcomes, including potential fines or penalties. As we operate in numerous taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. The expense of defending and resolving such audits may be significant. The amount of time to resolve an audit is also unpredictable and may divert management's attention from our business operations. We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our provision for income taxes. We cannot assure you that fluctuations in our provision for income taxes or our effective tax rate, the enactment of new tax laws or changes in the application or interpretation of existing tax laws or adverse outcomes resulting from examination of our tax returns by tax authorities will not have an adverse effect on our business, financial condition, results of operations and prospects.

#### **Failure to comply with governmental laws and regulations could harm our business, financial condition, results of operations and prospects.**

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws (including new laws related to climate change), consumer protection laws, privacy, data protection, **telecommunications**, anti-bribery laws such as the U.S. Foreign Corrupt Practices Act, import/export controls and sanctions, conflict minerals, federal securities laws and tax laws and regulations. In addition, emerging tools and technologies we utilize in providing our products, like AI and machine learning, may also become subject to regulation under new laws or new applications of existing laws. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation.

In addition, in certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. For example, States, such as the EU has implemented the EU's General Data Protection Regulation ("GDPR"). The GDPR provides for substantial obligations relating to the handling, storage and other processing of data relating to individuals and administrative fines for violations, which can be up to four percent of the previous year's annual revenue or €20 million, whichever is higher. We have in the past, we relied on the E.U.-U.S. and Swiss-U.S. Privacy Shield programs, and and/or the use of standard contractual clauses approved by the European Commission ("SCCs"), to legitimize these transfers. In July 2020, the Court transfers of Justice data out of the E.U. ("CJEU") issued a decision invalidating EU. EU courts later invalidated the E.U.-U.S. Privacy Shield and imposing imposed additional obligations in connection with the use of the SCCs. The European Commission subsequently issued new SCCs. The continued validity of these new SCCs that address certain of the CJEU's concerns and which are required to be implemented. The effects of the CJEU's decision and related developments relating to for cross-border data transfer are is uncertain and difficult to predict. Among other effects, we may experience additional costs associated with increased compliance burdens and new contract negotiations with third parties that aid in processing data on our behalf. We may experience reluctance or refusal by current or prospective European customers to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of residents of the European Economic Area ("EEA"). The regulatory environment applicable to the handling of EEA residents' personal data, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results and financial condition being harmed. Additionally, we and our customers may face a risk of enforcement actions by data protection authorities in the EEA relating to personal data transfers to us and by us from the EEA. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results, and financial condition. Further, the UK has implemented legislation that substantially mirrors the GDPR, and which provides for fines of up to the greater of 17.5 million British Pounds or four percent of the previous year's annual revenue, whichever is higher. The relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear following the UK's exit from the EU, including with respect to regulation of data transfers between EU member states and the UK. The UK has issued new standard contractual clauses that, like the SCCs, are required to be implemented.

We may experience reluctance or refusal by current or prospective customers in the European Economic Area (the "EEA"), the UK, or other regions to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of residents of the EEA, UK, or other regions. The regulatory environment applicable to the handling of personal data of EEA and UK residents, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results and financial condition being harmed. Additionally, we and our customers may face a risk of enforcement actions by data protection authorities relating to personal data transfers to us and by us from the EEA, UK, or other regions. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results, and financial condition.

Several jurisdictions have passed new laws and regulations relating to privacy, data protection, and other matters, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. For example, the California Consumer Privacy Act ("CCPA") became operative on January 1, 2020 and was amended by the California Privacy Rights Act ("CPRA") going into effect over time through July 1, 2023. The CCPA requires covered companies to, among other things, provide new disclosures to California consumers, and affords such consumers new abilities to opt-out of certain sales of personal information. Certain aspects Aspects of the CCPA CCPA/CPRA and its interpretation remain uncertain and are likely to remain uncertain for an extended period. Further, a new privacy law, the California Privacy Rights Act ("CPRA"), was approved in the November 3, 2020 election. The CPRA modified the CCPA significantly, creating obligations relating to consumer data that commenced on January 1, 2022 and went into effect on July 1, 2023. The CPRA has resulted in further uncertainty period and may require us to incur additional costs and expenses in an effort to comply. In addition to the CCPA/CPRA, numerous other states have enacted or are considering similar laws that will require ongoing compliance efforts and investment. For example, Connecticut, Virginia, Colorado and Utah have enacted legislation similar to the CCPA and CPRA that took effect in 2023; Florida, Montana, Oregon, and Texas have enacted similar legislation that becomes effective took effect in 2024; Delaware, Tennessee, Iowa, Maryland, Minnesota, New Hampshire, Nebraska, New Jersey and Iowa Tennessee have enacted similar legislation that will take effective, or taking effect in 2025; and Indiana, has Rhode Island and Kentucky have enacted similar legislation that will become effective in 2026.

Among other emerging laws relating to privacy and data protection globally, India has released its Digital Personal Data Protection Act 2023, although India's Ministry of Electronics and Information Technology has published Draft Digital Personal Data Protection Rules for public comment on January 3, 2025, addressing various matters under this law, but the full scope of the implementation remains uncertain. We maintain an employee and operational presence in India, and this act may require us to modify our policies and practices and incur increased costs in our efforts to comply.

In addition, some countries are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our services. Accordingly, we cannot predict the full impact of the CCPA, the CPRA or other evolving privacy and data protection obligations on our business or operations. Complying with emerging and changing legal and regulatory requirements relating to privacy, data protection and other matters may cause us to incur costs or require us to change our business practices, which could harm our business, financial condition, results of operations and prospects.

We are also subject to environmental laws and regulations governing the management and disposal of hazardous materials and wastes, including the hazardous material content of our products and laws relating to the collection, recycling and disposal of electrical and electronic equipment. Our failure, or the failure of our partners, including our contract manufacturers, to comply with past, present and future environmental laws could result in fines, penalties, third-party claims, reduced sales of our products, re-engineering our products, substantial product inventory write-offs and reputational damage, any of which could harm our business, financial condition, results of operations and prospects. We also expect that our business will be affected by new environmental laws and regulations on an ongoing basis applicable to us and our partners, including our contract manufacturers. To date, our expenditures for environmental compliance have not had a material effect on our results of operations or cash flows. Although we cannot predict the future effect of such laws or regulations, they will likely result in additional costs or require us to change the content or manufacturing of our products, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

From time to time, we may receive inquiries from governmental agencies or we may make voluntary disclosures regarding our compliance with applicable governmental regulations or requirements relating to various matters, including import/export controls, federal securities laws and tax laws and regulations which could lead to formal investigations. Actual or alleged noncompliance with applicable laws, regulations or other governmental requirements could lead to regulatory investigations, enforcement actions, and other proceedings, private claims and litigation, and potentially may subject us to sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental fines, penalties, or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition, results of operations and prospects could be materially adversely affected. In addition, responding to any investigation, action or other proceeding will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions, investigations, and fines, penalties, and other sanctions could harm our business, financial condition, results of operations and prospects.

**Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations.**

We use machine learning and AI technologies in our offerings and business, including in our Arista Guardian for Network Identity offering, and we are making investments in expanding our AI capabilities in our products, services, and tools, including ongoing deployment and improvement of existing machine learning and AI technologies, as well as developing new product features using AI technologies. AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as evolving legal and regulatory landscapes. Laws and regulations applicable to AI continue to develop and may be inconsistent from jurisdiction to jurisdiction. For example, the European Union has **reached political agreement adopted** on an Artificial Intelligence Act that, when **finalized, would prohibit effective, prohibits** certain AI applications and systems and **impose imposes** additional requirements on the use of certain applications or systems. **Additionally, some U.S. states have proposed, and in certain cases enacted, legislation addressing aspects of the use and deployment of AI.** The use of AI technologies in new or existing products may result in new or enhanced governmental or regulatory scrutiny, new or modified laws or regulations, claims, demands, and litigation, confidentiality, privacy, data protection, or security risks, ethical concerns, or other complications that could adversely affect our business, financial condition, results of operations and prospects.

Uncertainty around new and emerging AI technologies may require additional investment in the **development obtaining, developing and maintenance maintaining** of proprietary datasets and machine learning models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections, safeguards, and policies for handling the processing of data with AI technologies, which may be costly and could impact our expenses. AI technologies also present emerging **legal, ethical and social issues**, including with respect to potential or actual bias reflected in, or flawed outputs of,

models. AI technologies that we make use of may produce or create outputs that appear correct but are factually inaccurate or otherwise flawed, which may expose us to brand or reputational harm, competitive harm, regulatory scrutiny, and/or legal liability.

**We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate these controls.**

Our products are subject to various export controls and because we incorporate encryption technology into certain of our products, certain of our products may be exported from various countries only with the required export license or through an export license exception. If we were to fail to comply with the applicable export control laws, customs regulations, economic sanctions or other applicable laws, we could be subject to monetary damages or the imposition of restrictions which could be material to our business, operating results and prospects and could also harm our reputation. Further, there could be criminal penalties for knowing or willful violations, including incarceration for culpable employees and managers. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, certain export control and economic sanctions laws prohibit the shipment of certain products, technology, software and services to embargoed countries and sanctioned governments, entities, and persons. For example, in addition to the controls imposed on China, following Russia's invasion of Ukraine, the United States and other countries imposed restrictions on the import to the US of raw materials and goods from Russia and certain economic sanctions and severe export control restrictions against Russia, Belarus and regions of Ukraine as well as certain Russian nationals and entities which required us, in many cases, to terminate business relationships in those countries. These sanctions and restrictions have continued to increase as the conflict has further escalated, and the United States and other countries could impose wider sanctions and export restrictions as well as prohibitions on the import into the United States of additional raw materials from Russia and take other actions in the future that could further impact our business. Any deterioration in relations between Taiwan and China could lead to additional sanctions or export controls on China, on specific individuals or entities, or otherwise in the region which could impact our ability to sell to certain of our customers, source components from China, or otherwise negatively impact our business. Even though we take precautions to ensure that we and our channel partners comply with all relevant regulations, any failure by us or our channel partners to comply with such regulations could have negative consequences, including reputational harm, government investigations and penalties. In addition, economic sanctions that are vague and not subject to guidance by regulators lead to heightened compliance risk.

Although we have developed procedures and controls to comply with export control and other applicable laws, historically, we have had some instances where we, or a business that we acquired, inadvertently did not fully comply with certain trade laws, but we made relevant disclosures to, and implemented corrective actions with, the appropriate government agencies.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations or create delays in the introduction of our products into international markets. Any decreased use of our products or limitation on our ability to export or sell our products could adversely affect our business, financial condition, results of operations and prospects.

**Failure to comply with anti-bribery and anti-corruption laws and anti-money laundering laws, and similar laws, could subject us to penalties and other adverse consequences.**



We are subject to the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the United Kingdom Bribery Act 2010, and possibly other anti-bribery and anti-corruption laws and anti-money laundering laws in countries outside of the United States where we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector.

We sometimes leverage third parties to sell our products and conduct our business abroad. We, our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize such activities. We cannot assure you that all of our employees, agents, representatives, business partners or third-party intermediaries will not take actions in violation of applicable law for which we may be ultimately held responsible. As we **increase have increased** our international sales and business, our risks under these laws **may increase, have increased**.

These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any allegations or violation of the FCPA or other applicable anti-bribery and anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

#### **Risks Related to Ownership of Our Common Stock**

**The trading price of our common stock has been and may continue to be volatile, and the value of your investment could decline.**

The trading price of our common stock has historically been and is likely to continue to be volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. **In addition, although the trading price of our common stock has increased significantly in recent years, it is uncertain to continue to increase at the same rate and it may decrease in the future.** Factors that could cause fluctuations in the market price of our common stock include, but are not limited to, forward-looking statements related to future revenue, gross margins and earnings per share, changes or decreases in our growth rate, manufacturing, supply or distribution shortages or constraints, **the decline in purchases from any of our large customers or the degradation in our relationships with any of our material vendors or partners**, ratings changes by securities analysts, actual or anticipated announcements of new products by our company or our competitors, **developments in the markets in which we operate, both in the U.S. and globally**, litigation, actual or anticipated changes or fluctuations in our results of operations, regulatory developments, repurchases of our common stock, departures of key executives, the financial results or financial projections of our large customers, major catastrophic events, macroeconomic factors including **the new U.S. presidential administration, international trade wars**, inflation and interest rate fluctuations and other broad market and industry fluctuations.

In addition, technology stocks have historically experienced high levels of volatility and, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition, results of operations and prospects. The market price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us, or where actual financial results do not meet the expectations set by industry analysts or other market participants. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If the market price of our common stock is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business and prospects. This could have a material adverse effect on our business, financial condition, results of operations and prospects.

**We have adopted a stock repurchase programs program to repurchase shares of our common stock; however, any future decisions to reduce or discontinue repurchasing our common stock pursuant to such stock repurchase programs program could cause the market price of our common stock to decline.**

Although our board of directors has authorized a stock repurchase **programs, program**, any determination to execute stock **repurchase programs repurchases** will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, **market and business conditions, stock price, acquisition opportunities** and other factors, as well as our board of director's continuing determination that the repurchase **programs are program is** in the best interests of our shareholders and is in compliance with all laws and agreements applicable to the repurchase **programs, program**. Our stock repurchase program does not obligate us to acquire any common stock. If we fail to meet any expectations related to stock repurchases, the market price of our common stock could decline, and could have a material adverse impact on investor confidence. Additionally, price volatility of our common stock over a given period may cause the average price at which we repurchase our common stock to exceed the stock's market price at a given point in time.

We may further increase or decrease the amount of repurchases of our common stock in the future. **As part of the Inflation Reduction Act of 2022 signed into law in August 2022, the United States implemented a 1% excise tax on the value of certain stock repurchases by publicly traded companies. This tax could increase the costs to us of any share repurchases, which could reduce the number of shares we repurchase.** Any reduction or discontinuance by us of repurchases of our common stock pursuant to our current stock repurchase program could cause the market price of our common stock to decline. Moreover, in the event repurchases of our common stock are reduced or discontinued, our failure or inability to resume repurchasing common stock at historical levels could result in a lower market valuation of our common stock.

**Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could reduce the market price that our common stock might otherwise attain and dilute your voting power and your ownership interest in us.**

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate and may dilute your voting power and your ownership interest in us. In addition, we have registered the offer and sale of all shares of common stock that we may issue under our equity compensation plans. If holders, by exercising their registration rights, sell large numbers of shares, it could adversely affect the market price of our common stock.

**Insiders have substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.**

Our directors, executive officers and each of our stockholders who own greater than 10% of our outstanding common stock together with their affiliates, in the aggregate, beneficially own approximately **18.4% 17.9%** of the outstanding shares of our common stock, based on shares outstanding as of **December 31, 2023 December 31, 2024**. As a

result, these stockholders, if acting together, could exercise a significant level of influence over matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may also discourage a potential investor from acquiring our common stock due to the limited voting power of such stock or otherwise may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

#### **Our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.**

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill an unfilled seat on our board of directors created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, our chief executive officer, our president (in the absence of our chief executive officer) or a majority vote of our board of directors, by a vote of a majority of the total number of authorized directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement that a director may be removed from office by our stockholders only for cause and only by the affirmative vote of holders of at least 66 2/3% of the voting power of our capital stock entitled to vote thereon;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of our capital stock entitled to vote generally in the voting stock, election of directors, voting together as a single class, to amend the provisions of our amended and

restated certificate of incorporation relating to the structure of our board of directors, the management of our business, and certain rights of our stockholders (including the right prohibition on

the stockholder's ability to take action act by written consent) or , which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;

- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of our capital stock entitled to vote thereon for stockholders to amend, alter or repeal our amended and restated bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors, by a vote of a majority vote, of the total number of authorized directors, to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

#### **General Risks**

**If we are unable to hire, retain, train and motivate qualified personnel and senior management, our business, financial condition, results of operations and prospects could suffer.**

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel, particularly software engineering and sales personnel. In addition, we are expanding internationally and into adjacent markets including the enterprise and AI market, which requires a significant investment of time, effort and financial resources into hiring and training our sales force to address these markets. If we do not effectively train our direct sales force, we may be unable to add new customers, increase sales to our existing customers, or successfully expand into new markets. Competition for highly skilled personnel is often intense, especially in the San Francisco Bay Area where we have a substantial presence and need for highly skilled personnel. Many of the companies with which we compete for experienced personnel have greater resources than we have to provide more attractive compensation packages and other amenities. Research and development personnel are aggressively recruited by startup and growth companies, which are especially active in many of the technical areas and geographic regions in which we conduct product development. In addition, in making employment decisions, particularly in the high-technology industry, job candidates often consider the value of the stock-based compensation they are to receive in connection with their employment. Declines in the market price of our stock could adversely affect our ability to attract, motivate or retain key employees. In addition, our future performance also depends on the continued services and continuing contributions of our senior management to execute our business plan and to identify and pursue new opportunities and product innovations. Our employment arrangements with our employees do not generally require that they continue to work for us for any specified period, and therefore, they could terminate their employment with us at any time. If we are unable to attract or retain qualified personnel, or if there are delays in hiring required personnel, our business, financial condition, results of operations and prospects may be seriously harmed.

**Our business is subject to the risks of earthquakes, fire, power outages, floods, health epidemics and other catastrophic events including as a result of climate change and to interruption by man-made problems such as terrorism and war.**

Our corporate headquarters and the operations of our key manufacturing vendors, logistics providers and partners, as well as many of our customers, are located in areas exposed to risks of natural disasters such as earthquakes and tsunamis, including the San Francisco Bay Area, Japan and Taiwan. In addition, climate change may result in greater frequency and severity of natural disasters. A significant natural disaster, such as an earthquake, tsunami, fire or a flood, or other catastrophic event such as the COVID-19 pandemic or other disease outbreak, could have a material adverse effect on our or their business, which could in turn materially affect our financial condition, results of operations and prospects. These events could result in manufacturing and supply chain disruptions, shipment delays, order cancellations, and sales delays which could result in missed financial targets. Any health epidemic could have a material adverse effect on our ability to obtain components for our products that are supplied from Asia or to manufacture our products in Asia. Any such disruption of our suppliers, our contract manufacturers or our service providers would likely impact our sales and operating results. In addition, a health epidemic could adversely affect the economies of many countries, resulting in an economic downturn that could affect demand for our products and likely impact our operating results. In addition, acts of terrorism and war could cause disruptions in our business or the business of our manufacturers, logistics providers, partners or customers or the economy as a whole. Given our typical concentration of sales at each quarter end, any disruption in the business of our manufacturers, logistics providers, partners or customers that affects sales at the end of our quarter could have a particularly significant adverse effect on our quarterly results.

**We have not paid dividends in the past and do not intend to pay dividends for the foreseeable future.**

We have never declared nor paid any dividends on our common stock, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

#### Item 1B. Unresolved Staff Comments

None. Not applicable.

#### Item 1C. Cybersecurity

##### Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. In addition, our Legal and Information Technology (IT)/Information Security (IS) teams work together to oversee our compliance with applicable laws and regulations and coordinate with subject matter experts throughout our business to identify, monitor and mitigate risk including information security risk management and cyber defense programs.

Our cybersecurity risk management program is aligned with our overall enterprise risk management programs and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management programs to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- an information security management systems policy, including a business continuity policy, acceptable use and physical security policies, and an incident response policy and plan for responding to cybersecurity incidents, among others;
- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of internal audit teams and external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness, data protection, and privacy training of our employees, incident response personnel, and senior management; and
- a vetting and management process for third party service providers, suppliers, and vendors

Through this program, our IT/IS team identifies and executes improvements based upon its own assessments, public cybersecurity events and the identification of new risks by third parties, including our external cybersecurity consultants. As part of these continuous improvement efforts, there may be times when the IT/IS team prioritizes certain cybersecurity fixes or program improvements over other measures, which could lead to new known or unknown risks being identified on an ongoing basis. Cybersecurity threat actors are often highly sophisticated and nimble in their attacks. Despite these efforts, we cannot guarantee that our priorities and efforts will prevent any cybersecurity incident from happening.

We also engage in periodic testing programs, using both internal assets and external consultants, including penetration testing, and incorporate multiple layers of physical, logical and written controls into our cybersecurity risk management program. Our IT/IS team leverages centralized identity management, encryption configurations and technologies on the systems, devices, and third-party connections used in our operations.

We also maintain cyber liability insurance coverage. While we currently hold such coverage, we cannot be certain that our insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any future claim will not be excluded or otherwise be denied coverage by any insurer.

As of the date of this report, we have not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that we believe have, or are likely to, materially affect us, our business strategy, results of operations, or financial condition. For additional information concerning risks from cybersecurity threats, please refer to Item 1A, "Risk Factors," in this annual report on Form 10-K, including the risk factors in the category entitled, "Risks Related to Cybersecurity and Data Privacy".

##### Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (Committee) oversight of cybersecurity and other information technology risks. The Committee oversees management's implementation of our cybersecurity risk management program. The Committee receives quarterly reports from our Vice

President and Chief Information Security Officer (CISO), in conjunction with other senior managers, on cybersecurity risks. In

addition, these managers update the Committee, as necessary, regarding any material cybersecurity incidents, as well as incidents with lesser impact potential. The Committee reports to the full Board on cybersecurity no less frequently than once annually. The full Board also receives briefings from management on our cyber risk management program on a periodic basis.

Our cybersecurity program includes an annual funding and forecast process, and we have further established processes to secure additional funding in response to emerging risks, threats and identified improvement opportunities. Our IS team, led by one of our Vice Presidents who also serves as our CISO, is responsible for assessing and managing risks from cybersecurity threats. The IS team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our external cybersecurity consultants.

Our CISO has over 20 years of experience in the cybersecurity industry and has been instrumental in building several key security technologies, viz. Network Intrusion Prevention Systems (NIPS), Host Intrusion Prevention Systems (HIPS), Web Application Firewalls (WAF), Whitelisting, Endpoint/Server Host Monitoring (EDR) and Virtualization Based Security (VBS). Previously, our CISO served in senior executive and technical leadership roles in several security companies. In addition, our CISO has experience as a pen-tester and has in-depth knowledge of operating system, networking and security products. Our CISO holds a bachelor's degree in computer science and a master's degree in software systems. In addition, our IS team includes over 20 members each with experience in network security related roles, with the two IS leads reporting to our CISO each having more than 20 years of security experience.

Our management team, including our CISO in consultation with our Chief Technology Officer and Chief Financial Officer, supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents, which may include: briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external cybersecurity consultants; and alerts and reports produced by security tools deployed in our IT environment. However, as indicated above, we cannot guarantee that our efforts will prevent any cybersecurity incident from occurring.

As part of our IT security program, our Cybersecurity Executive Committee and Information Security Steering Committee meet throughout the year to monitor and assess information security risks. In addition, we perform an enterprise risk assessment that is reviewed by the Committee and our Board of Directors on an annual basis and monitored on a quarterly basis by the Committee. The enterprise risk assessment is an assessment of key risks, including information security risks, data privacy, supply chain, human capital, and other risks.

## Item 2. Properties

Our corporate headquarters are located in Santa Clara, California where we lease approximately 180,000 square feet of space under a lease agreement that expires in September 2026. During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and lab data center space. In addition, we lease office spaces for data centers, operations, sales personnel and research and development in locations throughout the U.S. and various international locations, including Ireland, Canada, India, and Australia. We also lease data centers in the U.S., Ireland and Australia. We believe that our current facilities are adequate to meet our current needs and are being utilized by our business.

## Item 3. Legal Proceedings

The information set forth under the "Legal Proceedings" in Note 5. Commitments and Contingencies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K is incorporated herein by reference.

## Item 4. Mine Safety Disclosures

Not applicable.

## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

### Market Information

Our common stock is listed on the NYSE under the symbol "ANET". As of February 7, 2024 February 12, 2025, there were 52 44 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

### Dividend Policy

We have never declared nor paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

### Stock Performance Graph

The following shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act, except to the extent we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total return of our common stock with the total return for the NYSE Composite Index and the Standard & Poor's 500 Index (the "S&P 500") from December 31, 2018 December 31, 2019 (the last trading day of the year) to December 31, 2023 December 31, 2024.

The graph assumes \$100 was invested at the market close on December 31, 2018 2019 in the Company's common stock and in each of the aforementioned indices with the re-investment of dividends, if any. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

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## Securities Authorized for Issuance Under Equity Compensation Plans

Information about securities authorized for issuance under our equity compensation plans is provided in Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

Recent Sales of Unregistered Equity Securities

There were no sales of unregistered securities during fiscal year 2023, 2024.

Issuer Repurchases of Equity Securities

Under our equity incentive plans, certain participants may exercise options prior to vesting, subject to a right of repurchase by us. During the fourth quarter of 2023, 2024, there were no repurchases of unvested shares of our common stock made pursuant to our equity incentive plans as a result of us exercising our rights nor pursuant to any publicly-announced plan or program.

Stock Repurchase Program

In October 2021, our board of directors authorized a \$1.0 billion stock repurchase program (the "Repurchase Program"). This authorization allows us From time to time, we repurchase shares of our common stock pursuant to the Repurchase Programs (as defined below) that are funded from working capital. In April 2024, we completed repurchases under our previous \$1.0 billion stock repurchase program (the "Prior Repurchase Program"). In May 2024, our board of directors authorized and announced a new \$1.2 billion stock repurchase program (the "New Repurchase Program" and together with the Prior Repurchase Program, the "Repurchase Programs"), which expires in May 2027. The Repurchase Program expires in the fourth quarter of 2024. Repurchases may be made at management's discretion from time to time on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchase techniques, 10b5-1 trading plans, or a combination of the foregoing. The Repurchase Program does Programs do not obligate us to acquire any of our common stock, and may be suspended or discontinued by us the company at any time without prior notice.

We did not repurchase any shares during During the year ended December 31, 2024, we repurchased a total of \$279.0 million of our common stock under our New Repurchase Program and \$144.6 million of our common stock under our Prior Repurchase Program. As of December 31, 2024, the remaining authorized amount for stock repurchases under the New Repurchase Program was approximately \$921.0 million. Our repurchases for the three months ended December 31, 2023 December 31, 2024 are disclosed as below (in thousands, except per share amounts). For our repurchase activities made during for the year ended December 31, 2023, December 31, 2024, please refer to Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

	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 Publicly Announced Plans or Programs
October 1, 2024 - October 31, 2024	—	\$ —	—	\$ 1,044,650
November 1, 2024 - November 30, 2024 (1)	1,306	94.80	1,306	920,854
December 1, 2024 - December 31, 2024	—	—	—	920,854
	1,306		1,306	

(1) November results have been adjusted to reflect the four-for-one stock split effected in December, 2024. See Note 1, Organization and Summary of Accounting Policies, included in Part II, Item 8, of this Annual Report on Form 10-K for details.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Overview

Arista Networks is an industry leader in data-driven, client to cloud networking for large AI, data center, campus and routing environments. Arista's platforms deliver availability, agility, automation, analytics and security through an advanced network operating stack. Since Arista's inception, our founders have reimagined cloud networks for performance, scale and programmability with a focus on differentiating in three ways: uncompromising reliability built on the foundation of robust quality assurance capabilities with a suite of automated diagnostics, advanced open and standards-based technology and a robust quality assurance capability built intelligent automation to decrease the manual workload on a suite of automated diagnostics. the operator. At the core of Arista's platform is Arista's Arista EOS, a modernized publish-subscribe state-sharing networking operating system. Arista EOS, combined with a set of network applications and our Ethernet switching and routing platforms using best of breed merchant silicon, provides customers with a highly competitive and diversified portfolio of products with improved price/performance and time to market.

We generate The Company's current portfolio of products, services and technologies are grouped into the following categories: Core (Data Center, Cloud and AI Networking), Cognitive Adjacencies (Campus and Routing), and Cognitive Network (Software and Services). The percentage of revenue primarily derived from sales of our switching these product categories during the current fiscal year was approximately 65% from Core, 18% from Cognitive Adjacencies, and routing platforms, which incorporate our EOS 17% from Networking software and related network applications. We also generate revenue from post-contract support ("PCS"), which services. Our customers typically purchase in conjunction with our products, include companies of all sizes and renewals of PCS. We sell our products through both our direct sales force and our channel partners. Our customers span a range of industries and geographies including large cloud and are grouped into the following categories: Cloud and AI Titans, Enterprise and Providers. The percentage of revenue derived from these customers or hyperscalers, other internet providers, service providers, financial services organizations, government agencies during the current fiscal year was approximately 48% from Cloud and a cross section of enterprise customers. Over the past five years, we have diversified the types of enterprise customers we sell to AI Titans, 35% from Enterprise and have continued to expand our presence across a wide spectrum of industries including media and entertainment, healthcare, oil and gas, education, manufacturing, industrial, and more. 17% from Providers.



Historically, large purchases by a relatively limited number of customers have accounted for a significant portion of our revenue. We have experienced unpredictability in the timing of orders from these large customers primarily due to the time it takes these customers to evaluate, test, qualify and accept our newer products, the overall complexity of these large orders and changes in demand patterns specific to these customers, including reductions in or changes in mix of capital expenditures by these customers and the impact of cost reduction and other efficiency efforts by these customers. For example, sales to our end customer Microsoft and Meta Platforms represented 20%, 18% and 21% 16% of our total revenue respectively, in fiscal for the years ended 2024, 2023 16% and 2022 respectively. And sales to our end customer Meta Platforms represented 15%, 21% and 26% of our total revenue, respectively in fiscal 2022 for the years ended 2024, 2023 and 15% and less than 10% of our total revenue, respectively in fiscal 2021, 2022. This variability in customer concentration has been linked to the timing of new product deployments and spending cycles with these customers, and we expect continued variability in our customer concentration and timing of sales on a quarterly and annual basis. In addition, we typically provide pricing discounts to large customers, which reduces gross margins for the period in which such sales occur.

We believe an increased focus on the deployment of AI enabled solutions by these our large customers has accelerated the need for advanced technology offerings including some offerings from potential new market entrants. This prioritization and acceleration of AI related infrastructure investment has at times come in conjunction with a reduction or changes in the announcement mix of previously planned purchases and various cost reduction measures by these customers, including optimization and increased efficiency in non-AI related capital expenditures. In addition, although the focus on deployment of AI enabled solutions has driven increased demand for networking, the long-term trajectory is unknown. As such, demand estimates for our new products are difficult to forecast and can create volatility in our revenue. In some instances, such measures have had, and may continue to have, an impact on certain current or future projects and have reduced our visibility to customer demand increased our risk of excess and obsolescence charges on existing products, and may result in reductions a reduction or uncertainty in future demand the timing of orders from these large customers and negatively impact increase the risk of charges for excess and obsolete inventory. Fiscal 2024 was marked by a year of new product introductions and expanded use cases, particularly in the AI Ethernet market, and we expect this to continue into fiscal 2025. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our product deferred revenue balances, which in turn may create variability in our revenue financial condition, business results on a quarterly and annual basis. In addition, if we are not able to satisfy the requirements under customer trials or prospects. Furthermore, contracts with acceptance periods, we typically provide pricing discounts may be required to large accept product returns from our customers, which reduces gross margins for would prevent us from recognizing revenue on such transactions and may result in the period in which such sales occur, write-down of inventory.

We believe that cloud computing represents a fundamental shift from traditional legacy network architectures. As organizations of all sizes have moved workloads to the cloud, spending on cloud and next-generation data centers has increased rapidly, while traditional legacy IT spending has grown at a slower rate. Our cloud networking platforms are well positioned to address the growing cloud networking market, and to address increasing performance requirements driven by the growing number of connected devices, as well as the need for constant connectivity and access to data and applications.

The markets for cloud networking solutions are highly competitive and characterized by rapidly changing technology, changing end-customer needs, evolving industry standards, frequent introductions of new products and services, and industry consolidation. We expect competition to intensify in the future as the market for cloud networking expands and existing competitors and new market entrants introduce new products or enhance existing products. Our future success is dependent upon our ability to continue to evolve and adapt to our rapidly changing environment. We must also continue to develop

market-leading products and software features that address the changing needs of our existing and new customers, and increase sales in the cloud, AI and enterprise data center switching, ethernet switching/routing markets, and campus workspace markets. We intend to continue expanding our sales force and marketing activities in key geographies, as well as our relationships with channel, technology and system-level partners in order to reach new customers more effectively, increase sales to existing customers, and provide services and support. In addition, we intend to continue to invest in our research and development organization to enhance the functionality of our existing cloud networking platform, introduce new products and features, and build upon our technology leadership. We believe one of our greatest strengths lies in our ability to rapidly develop new features and applications.

#### Macroeconomic Update

Our development model is focused on the development of new products based on our EOS software and enhancements to EOS. We engineer our products to be agnostic with respect to the underlying merchant silicon architecture. The programmability of EOS has allowed us to expand our software applications to address the ever-increasing demands of cloud networking, including workflow automation, network visibility, analytics and network detection and response, and has further allowed us to integrate rapidly with a wide range of third-party applications for virtualization, management, automation, orchestration and network services. This enables us to focus our research and development resources on our software core competencies and to leverage the investments made by merchant silicon vendors to achieve cost-effective solutions. We work closely with third-party contract manufacturers to manufacture our products. Our contract manufacturers deliver our products to our third-party direct fulfillment facilities. We and our fulfillment partners then perform labeling, final configuration, quality assurance testing and shipment to our customers.

#### Macroeconomic Update

Global economic and business activities continue to face widespread macroeconomic uncertainties, including the effects of, among other things, inflation, monetary policy shifts, recession risks, and potential supply chain and other disruptions, such as the Russia-Ukraine and Israel-Hamas conflicts, the Houthi attacks on marine vessels changes in the Red Sea, U.S. administration, geopolitical pressures and the U.S. escalating international trade war with China. measures.

As we exit 2023, the Our business is emerging from a period of unprecedented global supply chain disruptions. Throughout this period, we made significant supply chain investments, including funding additional working capital and incremental purchase commitments in response to extended visibility to deployment plans from our customers. We have worked closely with our contract manufacturers and supply chain partners to ramp production following a period of delayed component sourcing and workforce disruptions. This increased Increased capacity has allowed us to ship products against previously committed demand/deployment plans and accelerate some deployments where needed, while trying to limit building customer inventory, balance our customers' requirements and to some extent balancing customer lead times with those currently experienced from the availability of key components and products and lead times of our key suppliers, suppliers and contract manufacturers. As a result, some shipments against these previously committed demand/deployment plans have extended into 2024, 2025.

As the global supply chain has experienced some improvements and as customer lead times have been reduced from their peak, we have seen and expect to continue to see a commensurate reduction in visibility to customer demand and a gradual return to shorter demand-planning horizons resulting in lower demand levels, horizons. Given these the



In addition, inflation pressure in our supply chain and scarcity of some materials needed to build our products and disruptions to our manufacturing process have increased our cost of revenue and have impacted, and may continue to negatively impact our gross margin. Our operating cash-flows have also been These cost pressures may be increased if escalating tariff and may non-tariff international trade measures continue to proliferate in or affect our supply chain. We also may not be able to pass on the full burden of the increase in trade-related costs to our customers, which could further negatively impacted by significant component inventories on hand or at impact our contract manufacturers, gross margin. While we have seen improvements in our supply chain and manufacturing operations, any remaining or new supply chain and manufacturing related constraints could negatively impact our business in future periods. In addition, although our business has experienced limited disruption as a result of the recent Russia-Ukraine conflict, continued escalation of this conflict as well as the Israeli-Hamas conflict and Houthi movement in the Red Sea may negatively impact the global economy and our future operating results and financial condition.

Management continues to actively monitor the impact of macroeconomic factors on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, the impact on our customers, partners, employees, contract manufacturers and supply chain, all of which continue to evolve and are unpredictable. In addition, any continued or renewed disruption in manufacturing and supply **and new or enhanced tariffs imposed by the U.S. and other countries** resulting from these factors could negatively impact our business. **We also believe that some of our customers, following a year of elevated purchases, must now consider changing technology roadmaps and priorities, including the need for the rapid deployment of AI and related technologies, resulting in some uncertainty as to future investment plans and a more constrained approach to some forecasts and orders in the near term.** In addition, **Furthermore**, any prolonged economic disruptions or further deterioration in the global economy could have a negative impact on demand from our customers in future periods, particularly in the enterprise market where we are continuing to expand our penetration. Accordingly, current results and financial conditions discussed herein may not be indicative of future operating results and trends.

## Results of Operations

Year Ended December 31, 2023 December 31, 2024 Compared to Year Ended December 31, 2022 December 31, 2023

## Revenue, Cost of Revenue and Gross Margin (in thousands, except percentages)

[illegible]

**Revenue by Geography (in thousands, except percentages)**

Year Ended December 31,													
		2023				% of Total				2022			
		2024				% of Total				2023			
Americas	Americas	\$4,651,193	79.4	79.4	%	\$3,462,621	79.0	79.0	%	Americas	\$5,729,039	81.8	81.8 %
Europe, Middle East and Africa													
Asia-Pacific													
Total revenue	Total revenue	\$5,860,168	100.0	100.0	%	\$4,381,310	100.0	100.0	%	Total revenue	\$7,003,146	100.0	100.0 %
Revenue													

Product revenue primarily consists of sales of our switching and routing products, and related network applications. Service revenue is primarily derived from sales of PCS contracts, which are typically purchased in conjunction with our products, and subsequent renewals of those contracts. We expect our revenue may vary from period to period based on, among other things, the timing, size, and complexity of orders, especially with respect to our large customers.

Product revenue increased by **\$1.3 billion** **\$854.5 million**, or **35.3%** **17.0%**, for the year ended **December 31, 2023** **December 31, 2024** compared to **2022**. These increases reflect increased 2023. This increase reflects healthy customer demand and higher shipments of our switching and routing products platforms, with strong contributions across our customer base including improved supply availability for our enterprise customers. In addition, service revenue increased by **\$165.4 million** **\$288.5 million**, or **24.9%** **34.7%**, in for the year ended **December 31, 2023** **December 31, 2024** compared to **2022**, 2023, as a result of continued growth in initial and renewal support contracts as our customer installed base has continued to expand. International revenues as a percentage of our total revenues decreased from **21.0%** **20.6%** in **2022** **2023** to **20.6%** **18.2%** in **2023**, **2024**, which was primarily driven by changes in the geographic mix of sales to our large global customers.

#### Cost of Revenue and Gross Margin

Cost of product revenue primarily consists of amounts paid for inventory to our third-party contract manufacturers and merchant silicon vendors, overhead costs of our manufacturing operations, including freight, and other costs associated with manufacturing our products and managing our inventory and supply chain. Cost of service revenue primarily consists of personnel and other costs associated with our global customer support and services organizations.

Cost of revenue increased by **\$524.3 million** **\$282.0 million**, or **30.7%** **12.6%** for the year ended **December 31, 2023** **December 31, 2024** compared to **2022**, 2023. These increases were primarily driven by a corresponding increase in product and service revenues, combined with an increase partially offset by reductions of **\$180.4 million** in provisions for net excess/obsolete inventory and supplier liability charges, charges for the year ended December 31, 2024 compared to 2023.

Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including pricing pressure on our products and services due to competition, the mix of sales to large customers who generally receive lower pricing, the mix of products sold, manufacturing-related costs, including costs associated with supply chain sourcing activities, merchant silicon costs, and excess/obsolete inventory charges, including charges and supplier liability charges. For example, in order to meet customer lead times, we have, and may continue to expedite the supply of components and make incremental investments in our supply chain to increase our capacity for excess/obsolete component inventory held by manufacturing products, which increases our contract manufacturers product costs and suppliers, negatively impacts our gross margin. We expect our gross margin to fluctuate over time, depending on the factors described above.

Gross margin increased from **61.1%** for the year ended December 31, 2022 to **61.9%** for the year ended December 31, 2023 to **64.1%** for the year ended December 31, 2024. These changes reflect an improvement in product margins of **60.9%** in 2024 compared to **59.0%** in 2023, driven by a lower mix reduction of revenue from our larger customers, partly offset by an increase **\$180.4 million** in net excess/obsolete inventory-related charges. In addition, our gross margin benefited in **2023** **2024** from the leverage of relatively fixed manufacturing overhead costs on a higher revenue base, base of **\$7.0 billion** in 2024 compared to **\$5.9 billion** in 2023.

#### Operating Expenses (in thousands, except percentages)

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

Year Ended December 31,														Year Ended December 31,													
2023		2022		Change in		2024		2023		Change in		2023		2022		Change in											
\$	% of Revenue	\$	% of Revenue	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%										
Operating expenses:																											
Research and development																											
Research and development																											
Research and development																											
\$ 854,918	14.6	\$ 728,394	16.6	\$ 126,524	17.4	\$ 996,717	14.2	\$ 854,918	14.6	\$ 141,799	14.6	\$ 854,918	14.6	\$ 728,394	16.6	\$ 126,524	17.4										



The favorable movement in other income (expense), net, during the year ended **December 31, 2023** **December 31, 2024** as compared to **2022** **2023** was driven by an increase in interest income of **\$124.9 million** **\$158.6 million** due to an increase in our cash and **investments** **marketable securities** balances, **and** **coupled with** higher **interest rates**, **investment yields**.

We operate in a number of tax jurisdictions and are subject to taxes in each country or jurisdiction in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may also be subject to U.S. income tax. Generally, our U.S. tax obligations are reduced by a credit for foreign income taxes paid on these foreign earnings, which avoids double taxation. Our tax expense to date consists of federal, state and foreign current and deferred income taxes.

Our provision for income taxes increased for the year ended December 31, 2024, as compared to 2023, while our effective tax rate decreased for the year ended December 31, 2024, as compared to 2023. The increase in our income taxes was largely due to an increase in pre-tax income, partly offset by a decrease in our effective tax rate due to favorable changes in state taxes and tax benefits attributable to stock-based compensation. For further information regarding income taxes and the impact on our results of operations and financial position, refer to Note 8. Income Taxes of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

**Revenue, Cost of Revenue and Gross Margin (in thousands, except percentages)**

**Revenue by Geography (in thousands, except percentages)**

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Total revenue	\$ 5,860,168	100.0 %	\$ 4,381,310	100.0 %
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#### Revenue

Product revenue increased by \$1.3 billion, or 35.3%, for the year ended December 31, 2023 compared to 2022. These increases reflect increased shipments of our switching and routing products across our customer base, including improved supply availability for our enterprise customers. In addition, service revenue increased by \$165.4 million, or 24.9%, in the year ended December 31, 2023 compared to 2022, as a result of continued growth in initial and renewal support contracts as our customer installed base has continued to expand. International revenues as a percentage of our total revenues decreased from 21.0% in 2022 to 20.6% in 2023, which was primarily driven by changes in the geographic mix of sales to our large global customers.

#### Cost of Revenue and Gross Margin

Cost of revenue increased by \$524.3 million, or 30.7% for the year ended December 31, 2023 compared to 2022. These increases were primarily driven by a corresponding increase in product and service revenues, combined with an increase in provisions for excess/obsolete inventory and supplier liability charges.

Gross margin increased from 61.1% for the year ended December 31, 2022 to 61.9% for the year ended December 31, 2023. These changes reflect an improvement in product margins driven by a lower mix of revenue from our larger customers, partly offset by an increase in excess/obsolete inventory-related charges. In addition, our gross margin benefited in 2023 from the leverage of relatively fixed overhead costs on a higher revenue base.

#### Operating Expenses (in thousands, except percentages)

	Year Ended December 31,					
	2023		2022		Change in	
	% of		% of			
	\$	Revenue	\$	Revenue	\$	%
Operating expenses:						
Research and development	\$ 854,918	14.6 %	\$ 728,394	16.6 %	\$ 126,524	17.4 %
Sales and marketing	399,034	6.8	326,955	7.5	72,079	22.0
General and administrative	119,080	2.0	93,241	2.1	25,839	27.7
Total operating expenses	\$ 1,373,032	23.4 %	\$ 1,148,590	26.2 %	\$ 224,442	19.5 %

#### Research and development

Research and development expenses increased by \$126.5 million, or 17.4%, for the year ended December 31, 2023 compared to 2022. The increase was primarily due to a \$84.1 million increase in personnel costs driven by an increase in headcount, and a \$40.7 million increase in new product introduction costs, including non-recurring engineering costs and prototype expenses as we expand our product portfolio.

#### Sales and marketing

Sales and marketing expenses increased by \$72.1 million, or 22.0%, for the year ended December 31, 2023 compared to 2022. The increase was primarily caused by increased personnel costs driven by headcount growth, in addition to increased sales and marketing events and field demonstration costs.

#### General and administrative

General and administrative expenses increased by \$25.8 million, or 27.7%, for the year ended December 31, 2023 compared to 2022. The increase was primarily caused by an increase in personnel costs driven by increased stock-based compensation, and increased legal and professional fees.

#### Other Income, Net (in thousands, except percentages)

	Year Ended December 31,					
	2023		2022		Change in	
	% of		% of			
	\$	Revenue	\$	Revenue	\$	%
Other income, net:						
Interest income	\$ 152,421	2.6 %	\$ 27,556	0.6 %	\$ 124,865	453.1 %
Other income (expense), net	12,356	0.2	27,134	0.6	(14,778)	(54.5)
Total other income, net	\$ 164,777	2.8 %	\$ 54,690	1.2 %	\$ 110,087	201.3 %

The favorable movement in other income (expense), net, during the year ended December 31, 2023 as compared to 2022 was driven by an increase in interest income of \$124.9 million due to an increase in our cash and investments balances and higher interest rates.

#### Provision for Income Taxes (in thousands, except percentages)

	Year Ended December 31,					
	2023		2022		Change in	
	% of		% of			
	\$	Revenue	\$	Revenue	\$	%
Provision for income taxes	\$ 334,705	5.7 %	\$ 229,350	5.2 %	\$ 105,355	45.9 %

Effective tax rate

13.8 %

14.5 %

Our provision for income taxes increased in 2023, as compared to 2022, and our effective tax rate decreased in 2023 as compared to 2022. The increase in our income taxes was largely due to an increase in pre-tax income, partly offset by an increase in tax benefits attributable to stock-based compensation. The decrease in our effective tax rate was primarily due to a reduction of unrecognized tax benefits on uncertain tax positions due to the expiration of the statute of limitations. For further information regarding income taxes and the impact on our results of operations and financial position, refer to Note 8. Income Taxes of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

#### Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

##### Revenue, Cost of Revenue and Gross Margin (in thousands, except percentages)

	Year Ended December 31,					
					Change in	
	2022		2021			
		% of		% of		%
	\$	Revenue	\$	Revenue	\$	
Revenue						
Product	\$ 3,716,079	84.8 %	\$ 2,377,727	80.7 %	\$ 1,338,352	56.3 %
Service	665,231	15.2	570,310	19.3	94,921	16.6
Total revenue	4,381,310	100.0	2,948,037	100.0	1,433,273	48.6
Cost of revenue						
Product	1,573,629	35.9	958,363	32.5	615,266	64.2
Service	131,985	3.0	108,895	3.7	23,090	21.2
Total cost of revenue	1,705,614	38.9	1,067,258	36.2	638,356	59.8
Gross profit	\$ 2,675,696	61.1 %	\$ 1,880,779	63.8 %	\$ 794,917	42.3 %
Gross margin	61.1 %		63.8 %			

##### Revenue by Geography (in thousands, except percentages)

	Year Ended December 31,			
	2022	% of Total	2021	% of Total
Americas	\$ 3,462,621	79.0 %	\$ 2,156,183	73.2 %
Europe, Middle East and Africa	529,800	12.1	486,836	16.5
Asia-Pacific	388,889	8.9	305,018	10.3
Total revenue	\$ 4,381,310	100.0 %	\$ 2,948,037	100.0 %

##### Revenue

Product revenue increased by \$1.3 billion, or 56.3%, in the year ended December 31, 2022 compared to 2021. The increase reflects strong demand for our switching and routing platforms from across our customer base, including healthy contributions from our large cloud customers. Although we saw some improvement in component supply in the latter part of fiscal 2022, supply chain and manufacturing constraints limited our revenue performance throughout the year, and while changes in product deferred revenue impacted the timing of revenue recognition on a quarterly basis, the net change in product deferred revenue for the full year was an immaterial contributor to revenue for the year ended December 31, 2022. In addition, service revenue increased by \$94.9 million, or 16.6%, in the year ended December 31, 2022 compared to 2021, as a result of continued growth in initial and renewal PCS contracts as our customer installed base continued to expand. International revenues as a percentage of our total revenues decreased from 26.8% in 2021 to 21.0% in 2022, which was primarily driven by increased purchases from large cloud customers in our Americas region. As a result of cost inflation in our supply chain, we implemented targeted price increases during the year, which began to benefit our revenue in late 2022. As supply chain costs improve, we expected to return to a more competitive pricing environment for our products and services.

##### Cost of Revenue and Gross Margin

Cost of revenue increased by \$638.4 million, or 59.8% for the year ended December 31, 2022 compared to 2021. These increases were primarily driven by a corresponding increase in product and service revenues, combined with an increase in material and logistics costs to mitigate supply chain constraints and to meet customer demand, as well as an increase in provisions for excess/obsolete finished goods and component inventory.

Gross margin decreased from 63.8% for the year ended December 31, 2021 to 61.1% for the year ended December 31, 2022. The decrease was primarily driven by an increased proportion of our sales to larger customers who generally receive larger discounts, increased material and logistics costs, and increased excess/obsolete finished goods and component inventory charges, partly offset by the leverage of fixed overhead costs on a higher revenue base.

##### Operating Expenses (in thousands, except percentages)

	Year Ended December 31,				Change in	
	2022		2021			
		% of		% of		
	\$	Revenue	\$	Revenue	\$	%



Operating expenses:						
Research and development	\$	728,394	16.6 %	\$	586,752	19.9 %
Sales and marketing		326,955	7.5		286,171	9.7
General and administrative		93,241	2.1		83,117	2.8
Total operating expenses	\$	1,148,590	26.2 %	\$	956,040	32.4 %
					\$	192,550
						20.1 %

#### Research and development

Research and development expenses increased by \$141.6 million, or 24.1%, for the year ended December 31, 2022 compared to 2021. The increase was primarily due to a \$68.6 million increase in personnel costs driven by an increase in headcount, and a \$57.5 million increase in new product introduction costs, including third-party engineering and other product development costs.

#### Sales and marketing

Sales and marketing expenses increased by \$40.8 million, or 14.3%, for the year ended December 31, 2022 compared to 2021. The increase was primarily caused by increased personnel costs driven by headcount growth.

#### General and administrative

General and administrative expenses increased by \$10.1 million, or 12.2%, for the year ended December 31, 2022 compared to 2021. The increase was driven by an increase in personnel costs driven by increased headcount, and increased legal and professional fees primarily driven by acquisitions during the first half of 2022.

#### Other Income, Net (in thousands, except percentages)

	Year Ended December 31,					
	2022		2021		Change in	
	% of		% of			
	\$	Revenue	\$	Revenue	\$	%
Other income, net:						
Interest income	\$	27,556	0.6 %	\$	7,215	0.2 %
Gain on investments in privately-held companies		27,479	0.6		—	—
Other income (expense), net		(345)	—		(1,075)	—
Total other income, net	\$	54,690	1.2 %	\$	6,140	0.2 %
					\$	48,550
						790.7 %

The movement in other income (expense), net, during the year ended December 31, 2022 as compared to 2021 was driven by an increase in interest income due to higher interest rates. In addition, we had unrealized gains of \$27.5 million in the year ended December 31, 2022 related to our equity investments.

#### Provision for Income Taxes (in thousands, except percentages)

	Year Ended December 31,					
	2022		2021		Change in	
	% of		% of			
	\$	Revenue	\$	Revenue	\$	%
Provision for income taxes	\$	229,350	5.2 %	\$	90,025	3.1 %
Effective tax rate		14.5 %		9.7 %		

Our provision for income taxes and effective tax rate increased in 2022 as compared to 2021. The increase in our income taxes was due to an increase in pre-tax income. The increase in our effective tax rate was largely attributable to a decrease in the proportion of tax benefits attributable to stock-based compensation versus total pre-tax income. For further information regarding income taxes and the impact on our results of operations and financial position, refer to Note 8. Income Taxes of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

#### Liquidity and Capital Resources

Our principal sources of liquidity are cash, cash equivalents, marketable securities, and cash generated from operations. As of December 31, 2023 December 31, 2024, our total balance of cash, cash equivalents and marketable securities was \$5.0 billion \$8.3 billion, of which approximately \$770.3 million \$1.4 billion was held outside the U.S. in our foreign subsidiaries.

Our cash, cash equivalents and marketable securities are held for general business purposes, including the funding of working capital. Our marketable securities investment portfolio is primarily invested in highly-rated securities, with the primary objective of minimizing the potential risk of principal loss. We plan to continue to invest for long-term growth. We believe that our existing balances of cash, cash equivalents and marketable securities, together with cash generated from operations, will be sufficient to meet our working capital requirements and our growth strategies for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of our spending to support research and development activities, the timing and cost of establishing additional sales and marketing capabilities, the introduction of new and enhanced product and service offerings, our costs associated with supply chain activities, including access to outsourced manufacturing, our costs related to investing in or acquiring complementary or strategic businesses and technologies, the continued market acceptance of our products, stock repurchases, and capital expenditures, including the construction of a new building in Santa Clara, California. In addition, although the global supply chain has shown improvement, we have had to invest in inventory to address forecast uncertainty and stock repurchases, expect that our inventory and purchase commitments will remain volatile as we ramp new product introductions. In particular, we have increased our purchase commitments to respond to the rapid deployment of AI networks and reduce overall lead times which will increase our working capital requirements. If we

require or elect to seek additional capital through debt or equity financing in the future, we may not be able to raise capital on terms acceptable to us or at all. If we are required and unable to raise additional capital when desired, our business, operating results and financial condition may be adversely affected.

## Cash Flows

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
(in thousands)			

Cash provided by operating activities

Cash provided by (used in) investing activities

Cash (used in) financing activities

Effect of exchange rate changes

Net increase (decrease) in cash, cash equivalents and restricted cash

Net increase in cash, cash equivalents and restricted cash

## Cash Flows from Operating Activities

Our operating activities consist of net income, adjusted for certain non-cash items, and changes in operating assets and liabilities.

During the year ended December 31, 2024, cash provided by operating activities was \$3.7 billion, primarily from net income of \$2.9 billion along with a net decrease in working capital requirements of \$985.2 million, offset by net non-cash adjustments to net income of \$129.0 million. Cash inflows consisted of an increase in deferred revenue of \$1.3 billion resulting from increased customer PCS contracts and an increase in product deferred revenue related to customer contracts with acceptance terms, and a \$110.6 million decrease in inventory resulting from strong product shipments. These cash inflows were partially offset by a \$234.2 million increase in other assets driven by increased deferred cost of sales associated with higher product revenue deferrals, an increase in accounts receivable of \$106.1 million due to increased product and service billings and a \$66.5 million increase in income tax payments due to timing. Net non-cash adjustments primarily consisted of an increase in deferred income taxes of \$492.9 million primarily resulting from increased deferred tax assets associated with the increase in deferred revenue and capitalization of research and development costs under IRC Section 174, which were largely offset by \$355.4 million of stock-based compensation expenses.

During the year ended December 31, 2023, cash provided by operating activities was \$2.0 billion, primarily from net income of \$2.1 billion, offset by net non-cash adjustments to net income of \$37.4 million, and a net change of \$15.9 million in working capital requirements. Net non-cash adjustments primarily consisted of an increase in deferred income taxes of \$370.8 million primarily resulting from increased deferred tax assets associated with the capitalization of research and development costs under IRC Section 174, which were largely offset by \$296.8 million of stock-based compensation expenses and \$70.6 million of depreciation, amortization and other expenses. The change in working capital requirements primarily consisted of a \$655.5 million increase in inventory in response to a significant increase in business volume, a \$101.5 million increase in accounts receivable due to the larger business volume and timing of shipments in the fourth quarter of 2023, as well as a \$66.4 million increase in other assets primarily driven by increased deferred cost of sales associated with higher product revenue deferrals. These cash outflows were largely offset by a \$465.0 million increase in deferred revenue driven by a growth in PCS contracts and increased product deferred revenue related to customer contracts with acceptance terms, a \$322.3 million increase in accounts payable and other liabilities related to significant business volume, timing of payments, and increased supplier and contract manufacturer liability reserves and a \$20.2 million increase in income taxes, net, due to timing of payments.

During the year ended December 31, 2022, cash provided by operating activities was \$492.8 million, primarily from net income of \$1.4 billion and net non-cash adjustments to net income of \$53.2 million, partially offset by a net increase of \$912.8 million in working capital requirements. Net non-cash adjustments primarily consisted of \$230.9 million of stock-based compensation expenses and \$62.7 million of depreciation, amortization and other expenses, which were largely offset by an increase in deferred income taxes of \$244.4 million primarily resulting from increased deferred tax assets associated with the capitalization of research and development costs under IRC Section 174. The increase in working capital requirements primarily consisted of a \$638.9 million increase in inventory in response to a significant increase in business volume, increased lead times and supply chain disruptions, and a \$401.5 million increase in accounts receivable due to the larger business volume and timing of shipments in the fourth quarter of 2022, as well as an \$85.2 million increase in prepaid and other current assets primarily driven by increased inventory deposits to our contract manufacturers. These cash outflows were largely offset by a \$99.0 million increase in deferred revenue driven by a growth in PCS contracts, a \$98.0 million increase in accounts payable and accrued liabilities related to significant business volume, timing of payments, and increased supplier and contract manufacturer liability reserves and a \$44 million increase in income taxes, net, due to an increase in our income tax provision and timing of payments.

## Cash Flows from Investing Activities

Our investing activities primarily consist of our marketable securities investments, business combinations, investments in privately-held companies, and capital expenditures.

During the year ended December 31, 2024, cash used in investing activities was \$2.5 billion, consisting of purchases of available-for-sale securities of \$4.5 billion, partially offset by proceeds of \$2.1 billion from maturities and sales of marketable securities.

During the year ended December 31, 2023, cash used in investing activities was \$687.5 million, consisting of purchases of available-for-sale securities of \$2.6 billion, and purchases of property, equipment and intangible assets of \$34.4 million, partially offset by proceeds of \$1.9 billion from maturities of marketable securities, and proceeds from the sale of marketable securities of \$67.3 million.

During the year ended December 31, 2022, cash provided by investing activities was \$216.3 million, consisting of proceeds of \$1.6 billion from maturities of marketable securities, proceeds from the sale of marketable securities of \$193.8 million, partially offset by purchases of available-for-sale securities of \$1.4 billion, \$145.1 million for business acquisitions, purchases of property, equipment and intangible assets of \$44.6 million, and investments and notes receivable in private companies of \$12.7 million.

## Cash Flows from Financing Activities

Our financing activities consist of proceeds from the issuance of our common stock under employee equity incentive plans, offset by repurchases of our common stock.

During the year ended December 31, 2024, cash used in financing activities was \$421.8 million, consisting of payments for repurchases of our common stock from the open market of \$423.6 million and employee taxes withheld and paid of \$58.4 million upon vesting of restricted stock units, partially offset by proceeds from the issuance of common stock under employee equity incentive plans of \$60.2 million.

During the year ended December 31, 2023, cash used in financing activities was \$83.7 million, consisting primarily of common stock repurchases of \$112.3 million and taxes paid of \$33.6 million upon vesting of restricted stock units, offset partially by proceeds from the issuance of common stock under employee equity incentive plans of \$62.1 million.

During the year ended December 31, 2022, cash used in financing activities was \$654.6 million, consisting primarily of common stock repurchases of \$670.3 million and taxes paid of \$32.7 million upon vesting of restricted stock units, offset partially by proceeds from the issuance of common stock under employee equity incentive plans of \$48.4 million.

#### Stock Repurchase Programs

From time to time, we repurchase shares of our common stock pursuant to the Repurchase Programs that are funded from working capital. In October 2021, April 2024, we completed repurchases under our previous \$1.0 billion stock repurchase program ("Prior Repurchase Program"). In May 2024, our board of directors authorized a \$1.0 billion new \$1.2 billion stock repurchase program (the "Repurchase" ("New Repurchase Program" and together with the Prior Repurchase Program, the "Repurchase Programs"). This authorization allows us to repurchase shares of our common stock funded from working capital and, which expires in the fourth quarter of 2024. May 2027. The Repurchase Program does Programs do not obligate us to acquire any of our common stock, and may be suspended or discontinued by the company at any time without prior notice. During the three months year ended December 31,

2023, December 31, 2024, we did not repurchase any shares. repurchased a total of \$279.0 million of our common stock under our New Repurchase Program and \$144.6 million of our common stock under our Prior Repurchase Program. As of December 31, 2023 December 31, 2024, the remaining authorized amount for stock repurchases under the New Repurchase Program was \$144.5 million approximately \$921.0 million. Refer to Note 6. Stockholders' Equity and Stock-Based Compensation of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K for further discussion.

#### Material cash requirements Cash Requirements

Our material cash requirements will have an impact on our future liquidity. Our material cash requirements represent material expected or contractually committed future payment obligations. We believe that we will be able to fund these obligations through cash generated from operations and from our existing balances of cash, cash equivalents and marketable securities.

Our material cash requirements include the following contractual and other obligations:

##### Purchase Obligations

Purchase obligations not recorded on our balance sheet represent an estimate of all non-cancellable open purchase orders and contractual obligations, made either directly by Arista or by our contract manufacturers on our behalf, in the ordinary course of business for which we have not received the goods or services. As of December 31, 2023 December 31, 2024, we had \$1,586.7 million \$3.1 billion of such purchase obligations, of which \$1,547.2 million 2.8 billion are expected to be received within 12 months, and \$39.5 million 0.3 billion are expected to be received after one year. These open purchase orders are considered enforceable and legally binding, and while we may have some limited ability to reschedule and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, this can only occur with the agreement of the related supplier.

##### Leases

We have operating lease arrangements for office space, data center, equipment and other corporate assets. As of December 31, 2023 December 31, 2024, we had lease payment obligations, net of immaterial sublease income, of \$72.0 million \$65.3 million, with \$24.0 million \$24.7 million payable within 12 months.

##### Property project

During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and lab data center space. The estimated capital expenditures related to this project is expected to be approximately \$80.0 \$235.0 million to \$100.0 million \$260.0 million for the year ending 2024, next two years, with construction expected to commence in be completed by the second half end of 2024, fiscal 2026.

##### Accrued Income Taxes

As of December 31, 2023 December 31, 2024, we have recorded long-term tax liabilities of \$95.8 million \$110.0 million related to uncertain tax positions; however, we are unable to make a reasonably reliable estimate of the timing of settlement, if any, of these future payments.

In connection with the TCJA, effective from January 1st, 2022, the TCJA eliminates the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years pursuant to IRC Internal Revenue Code ("IRC") Section 174. As of December 31, 2023 December 31, 2024, the incremental cash tax impact resulting from the regulation was approximately \$191.7 million \$210.2 million for the year, of which substantially all the liability has been paid. It is anticipated that IRC Section 174 will result in cash tax outlays exceeding our income tax expense over the next three years unless the current legislation is changed. There is no material change to our effective tax rate as a result of this regulation.

##### Off-balance Sheet arrangements Sheet Arrangements

As of December 31, 2023 December 31, 2024, we did not have any relationships with any unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

#### Critical Accounting Estimates

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP" or "U.S. GAAP") and include our accounts and the accounts of our wholly owned subsidiaries. The preparation of these consolidated financial statements requires our management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the applicable periods. Note 1, "Organization and Summary of Significant Accounting

Policies," of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K describes the significant accounting policies and methods used in the preparation of the Company's consolidated financial statements. We base our estimates, assumptions and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions and judgments on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

#### **Revenue Recognition**

We generate revenue from sales of our products, which incorporate our EOS software and accessories such as cables and optics, to direct customers and channel partners together with PCS. We typically sell products and PCS in a single contract. We recognize revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to be entitled to receive in exchange for those products or services. Most of our contracts with customers, other than renewals of PCS, contain multiple performance obligations with a combination of products and PCS. Products and PCS generally qualify as distinct performance obligations. Our hardware includes EOS software, which together deliver the essential functionality of our products. For contracts which contain multiple performance obligations, we allocate revenue to each distinct performance obligation based on the standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. We use a range of amounts to estimate SSP for products and PCS sold together in a contract to determine whether there is a discount to be allocated based on the relative SSP of the various products and PCS.

If we do not have an observable SSP, such as when we do not sell a product or service separately, then SSP is estimated using judgment and considering all reasonably available information, such as gross margin objectives, market conditions and information about the size and/or purchase volume of the customer. We generally use a range of amounts to estimate SSP for individual products and services based on multiple factors including, but not limited to, product category, actual and expected volume, discounting policies, and **end** customer vertical and size.

We limit the amount of revenue recognition for contracts containing forms of variable consideration, such as future performance obligations, customer-specific returns, and acceptance or refund obligations. **We defer revenue recognition on customer contracts for new products or use cases, which contain customer-specified requirements that must be met prior to acceptance.** We include some or all of an estimate of the related at-risk consideration in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recorded under each contract will not occur when the uncertainties surrounding the variable consideration are resolved.

**We may occasionally accept returns to address customer satisfaction issues even though there is generally no contractual provision for such returns. We estimate returns for sales to customers based on historical return rates applied against current-period shipments. Specific customer returns and allowances are considered when determining our sales return reserve estimate.**

We have elected a practical expedient to apply the guidance to a portfolio of contracts or performance obligations with similar characteristics so long as such application would not differ materially from applying the guidance to the individual contracts (or performance obligations) within that portfolio. Consequently, we have chosen to apply the portfolio approach when possible, which we do not believe will happen frequently. Additionally, we will evaluate a portfolio of data, when possible, in various situations, including accounting for commissions, rights of return and transactions with variable consideration.

#### **Inventory Valuation and Contract Manufacturer/Supplier Liabilities**

Inventories primarily consist of finished goods, **including evaluation inventory held at customers or partners**, and strategic components, primarily integrated circuits. Inventories are stated at the lower of cost (computed using the first-in, first-out method) and net realizable value. **Evaluation inventory consists of new products and/or use cases at customer or partner sites for trial purposes. Title to the inventory remains with Arista during the trial period and invoicing occurs only upon completion of the trial period and when/if the products have been accepted by the customer.** Manufacturing overhead costs and inbound shipping costs are included in the cost of inventory. We record a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value.

Our contract manufacturers procure components and assemble products on our behalf **and we procure strategic components from suppliers** based on our forecasts. We record a liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with our contract manufacturers **or** and suppliers for quantities in excess of our demand forecasts or that are considered obsolete due to manufacturing and engineering change orders resulting from design changes.

We use significant judgment in establishing our forecasts of future demand and obsolete material exposures. These estimates depend on our assessment of current and expected orders from our customers, product development plans and current sales levels. In addition, industry-wide supply chain shortages **in prior years** have resulted in extended lead times for **some**

components, and **consequently** we were required to extend the time horizon of our demand forecasts. **As We have experienced some improvements in the supply chain throughout the year, and as** customer lead times reduce more broadly, we have seen and expect to continue to see a commensurate reduction in visibility to customer demand and a gradual return to shorter demand-planning **horizons resulting in lower demand levels. While horizons. In addition, we expect that our inventory and working capital levels may remain elevated in the near term, we expect that** purchase commitments will **continue to decline** remain volatile as **supplier lead times shorten. we ramp new product introductions.** There is however no guarantee that all suppliers will meet their commitments in the time frame committed or that actual customer demand will directly match our demand forecasts. If actual market demand conditions or supplier execution on commitments are less favorable than those projected by management, which may be caused by factors within and/or outside of our control, we may be required to increase our inventory write-downs and liabilities to our contract manufacturers and suppliers, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory write-downs and adequacy of our contract manufacturer and supplier liabilities.

#### **Income Taxes**

Significant management judgment is required in developing our provision for or benefit from income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results and estimates of our ability to generate sufficient future taxable income in certain foreign and state tax jurisdictions, future reversals of taxable temporary differences, and potential tax planning strategies. An adjustment to the valuation allowance will either increase or decrease our provision for or benefit from income taxes in the period such determination is made.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions, which involves significant judgment in the interpretation of complex domestic and international tax laws and may give rise to uncertain tax positions. We recognize potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether it is more likely than not that additional taxes, interest, and penalties will be due. Although management believes our unrecognized tax benefits are

reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our unrecognized tax benefits. Our unrecognized tax benefits are adjusted considering changing facts and circumstances, such as the closing of a tax examination or the refinement of an estimate. Resolution of these uncertainties in a manner inconsistent with management's expectations could have a material impact on our financial condition and operating results.

#### Recent Accounting Pronouncements

Refer to the subheading titled "Recently Adopted Accounting Pronouncements" in Note 1. Organization and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates, interest rates, and strategic equity investments. **Macroeconomic Global economic and business activities continue to face widespread macroeconomic uncertainties, including the effects of, among other things, inflation, monetary policy shifts, uncertainty in the global banking and financial services markets, recession risks, potential supply chain disruptions, from the Russia-Ukraine geopolitical pressures, and Israel-Hamas conflicts, the Houthi movement in the Red Sea and the U.S. escalating international trade war with China have increased the volatility of global financial markets, measures,** which may increase our foreign currency exchange risk and interest rate risk. For further discussion of the potential impacts on our business, operating results, and financial condition, see Risk Factors included in Part I, Item 1A of this Form 10-K.

##### Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Substantially all of our revenue is denominated in U.S. dollars, and therefore, our revenue is not directly subject to foreign currency risk. However, we are indirectly exposed to foreign currency risk. A stronger U.S. dollar could make our products and services more expensive in foreign countries and therefore reduce demand. A weaker U.S. dollar could have the opposite effect. Such economic exposure to currency fluctuations is difficult to measure or predict because our sales are also influenced by many other factors.

Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the U.S. and to a lesser extent in Europe and Asia. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. **A hypothetical 10% change in foreign currency exchange rates on our monetary assets and liabilities would not be material to our financial condition or results of operations.** To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our financial statements. While we have not engaged in the hedging of our foreign currency transactions to date and do not enter into any hedging contracts for trading or speculative purposes, we may in the future hedge selected significant transactions denominated in currencies other than the U.S. dollar.

##### Interest Rate Sensitivity

As of **December 31, 2023** **December 31, 2024**, and **2022, 2023**, we had cash, cash equivalents and available-for-sale marketable securities totaling **\$5.0 billion** **\$8.3 billion** and **\$3.0 billion** **\$5.0 billion**, respectively. Cash equivalents and marketable securities were invested primarily in money market funds, corporate bonds, U.S. agency mortgage-backed securities, U.S. treasury securities and commercial paper. Our primary investment objectives are to preserve capital and maintain liquidity requirements. In addition, our policy limits the amount of credit exposure to any single issuer. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the U.S. A decline in interest rates would reduce our interest income on our cash, cash equivalents and marketable securities. **For the years ended December 31, 2023, 2022 and 2021, the effect of an immediate 10% change in interest rates would not have been material to our operating results and the total value of the portfolio assuming consistent investment levels.** Conversely, an increase in interest rates could have a material impact to the fair market value of our investments in fixed income securities. We would incur unrealized losses on fixed income securities if there is an increase in interest rates compared to interest rates at the time of purchase. **A hypothetical 100 basis point increase in market interest rates would have resulted in a decrease approximately \$70.0 million and \$39.0 million in the market value of our available-for-sale debt securities and cash equivalents as of December 31, 2024 and 2023.** In the unlikely event we are forced to sell our marketable securities prior to maturity, we may incur realized losses in such investments. However, because of the conservative and short-term nature of the investments in our portfolio, a change in interest rates is not expected to have a material impact on our consolidated financial statements.

##### Strategic Equity Investments

Our non-marketable equity investments in privately-held companies are recorded in "other assets" in our consolidated balance sheets. As of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the total carrying amount of our investments in privately-held companies was **\$62.3 million** **\$81.3 million** and **\$39.5 million** **\$62.3 million**, respectively. **For the years ended December 31, 2023, 2022 and 2021, we recorded a net gain of \$13.9 million, \$15.8 million and \$0, respectively, with respect to these investments.** See Note 2. Fair Value Measurements of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report on Form 10-K for details.

The privately-held companies in which we invested are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize. We could lose our entire investment in these companies. Our evaluation of investments in privately-held companies is based on the fundamentals of the businesses invested in, including among other factors, the nature of their technologies and potential for financial return.

**One of our equity investments in a privately-held company completed an initial public offering at the beginning of 2022 and subsequently our investment converted to a marketable equity security. During the year ended December 31, 2023, the Company sold all its shares of this security for \$23.9 million. The cost of this investment was \$3.0 million and the cumulative gain since inception was \$20.9 million, the majority of which has been reflected in prior periods as mark-to-market net gains in Other income, net.**

#### Item 8. Financial Statements and Supplementary Data

##### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Arista Networks, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Arista Networks, Inc. (the Company) as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated statements of **operations, income**, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated **February 12, 2024** **February 18, 2025** expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Inventory Valuation and Contract Manufacturer/Supplier Liabilities***

Description of the Matter As discussed in Note 1 of the consolidated financial statements, the Company's inventories are stated at the lower of cost (computed using the first-in, first-out method) and net realizable value. The Company's inventory balance totaled \$1.9 billion \$1.8 billion on December 31, 2023 December 31, 2024. The Company records a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value. The Company records a contract manufacturer/supplier liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with contract manufacturers or suppliers for quantities in excess of the Company's demand forecasts, or that are considered obsolete.

Auditing management's assessment of net realizable value for inventory and contract manufacturer/supplier liabilities was complex and highly judgmental due to the assessment of management's estimates of forecasted product demand, which can be impacted by changes in overall customer demand, changes in the timing of the introduction and customer adoption of new products, adjustments to manufacturing and engineering schedules, and overall general economic and market conditions.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's determination of the net realizable value of inventory and the contract manufacturer/supplier liability. This included controls over the preparation of the demand and production forecasts, and the evaluation of the accuracy and completeness of the inventory provision and contract manufacturer/supplier liability.

To test the inventory provision and contract manufacturer/supplier liability, we performed audit procedures that included, among others, assessing the Company's methodology over the computation of the provision and liability; testing the significant assumptions and the underlying inputs used by the Company in its analysis including historical sales trends, expectations regarding future sales, changes in the Company's business, customer base and other relevant factors.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.  
San Mateo, California  
February 12, 2024 18, 2025

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Report of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Arista Networks, Inc.

#### **Opinion on Internal Control Over Financial Reporting**

We have audited Arista Networks, Inc.'s internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Arista Networks, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, the related consolidated statements of operations, income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024, and the related notes and our report dated February 12, 2024 February 18, 2025 expressed an unqualified opinion thereon.

#### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Mateo, California

February 12, 2024 18, 2025

**ARISTA NETWORKS, INC.**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)

	Year Ended December 31,		
	2024	2023	2022
Revenue:			
Product	\$ 5,884,021	\$ 5,029,493	\$ 3,716,079
Service	1,119,125	830,675	665,231
Total revenue	7,003,146	5,860,168	4,381,310
Cost of revenue:			
Product	2,299,063	2,061,167	1,573,629
Service	212,780	168,720	131,985
Total cost of revenue	2,511,843	2,229,887	1,705,614
Gross profit	4,491,303	3,630,281	2,675,696
Operating expenses:			
Research and development	996,717	854,918	728,394
Sales and marketing	427,264	399,034	326,955
General and administrative	122,706	119,080	93,241
Total operating expenses	1,546,687	1,373,032	1,148,590
Income from operations	2,944,616	2,257,249	1,527,106
Other income, net	320,418	164,777	54,690
Income before income taxes	3,265,034	2,422,026	1,581,796
Provision for income taxes	412,980	334,705	229,350
Net income	\$ 2,852,054	\$ 2,087,321	\$ 1,352,446
Earnings per share (1):			
Basic	\$ 2.27	\$ 1.69	\$ 1.10
Diluted	\$ 2.23	\$ 1.65	\$ 1.07
Weighted-average common shares outstanding (1):			
Basic	1,256,303	1,237,417	1,225,891
Diluted	1,281,077	1,268,538	1,265,835

(1) Prior period results have been adjusted to reflect the four-for-one stock split effected in December 2024. See Note 1, Organization and Summary of Accounting Policies, for details.

*The accompanying notes are an integral part of these consolidated financial statements.*

**ARISTA NETWORKS, INC.**  
**Consolidated Balance Sheets**  
(In thousands, except par value)

	December 31,	
	2023	2022
	2024	2023

**ASSETS**

CURRENT ASSETS:

CURRENT ASSETS:

CURRENT ASSETS:

Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Marketable securities		
Accounts receivable, net		
Inventories		
Prepaid expenses and other current assets		
Total current assets		
Property and equipment, net		
Acquisition-related intangible assets, net		
Goodwill		
Goodwill and acquisition-related intangible assets, net		
Deferred tax assets		
Other assets		
TOTAL ASSETS		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
CURRENT LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable		
Accounts payable		
Accounts payable		
Accrued liabilities		
Deferred revenue		
Other current liabilities		
Total current liabilities		
Income taxes payable		
Deferred revenue, non-current		
Deferred revenue, non-current		
Deferred revenue, non-current		
Other long-term liabilities		
TOTAL LIABILITIES		
Commitments and contingencies (Note 5)	Commitments and contingencies (Note 5)	Commitments and contingencies (Note 5)
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2023 and 2022		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2023 and 2022		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2023 and 2022		
Common stock, \$0.0001 par value—1,000,000 shares authorized as of December 31, 2023 and 2022; 312,245 and 306,890 shares issued and outstanding as of December 31, 2023 and 2022		
Additional paid-in capital		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2024 and 2023		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2024 and 2023		
Preferred stock, \$0.0001 par value—100,000 shares authorized and no shares issued and outstanding as of December 31, 2024 and 2023		
Common stock, \$0.0001 par value—4,000,000 shares authorized as of December 31, 2024 and 2023; 1,261,334 and 1,248,982 shares issued and outstanding as of December 31, 2024 and 2023 <sup>(1)</sup>		
Additional paid-in capital <sup>(1)</sup>		
Retained earnings		
Accumulated other comprehensive income (loss)		
TOTAL STOCKHOLDERS' EQUITY		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

(1) Prior period results have been adjusted to reflect the four-for-one stock split effected in December 2024. See Note 1, Organization and Summary of Accounting Policies, for details.

The accompanying notes are an integral part of these consolidated financial statements.

**ARISTA NETWORKS, INC.**  
**Consolidated Statements of Operations**  
(In thousands, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Revenue:			
Product	\$ 5,029,493	\$ 3,716,079	\$ 2,377,727
Service	830,675	665,231	570,310
Total revenue	5,860,168	4,381,310	2,948,037
Cost of revenue:			
Product	2,061,167	1,573,629	958,363
Service	168,720	131,985	108,895
Total cost of revenue	2,229,887	1,705,614	1,067,258
Gross profit	3,630,281	2,675,696	1,880,779
Operating expenses:			
Research and development	854,918	728,394	586,752
Sales and marketing	399,034	326,955	286,171
General and administrative	119,080	93,241	83,117
Total operating expenses	1,373,032	1,148,590	956,040
Income from operations	2,257,249	1,527,106	924,739
Other income, net	164,777	54,690	6,140
Income before income taxes	2,422,026	1,581,796	930,879
Provision for income taxes	334,705	229,350	90,025
Net income	\$ 2,087,321	\$ 1,352,446	\$ 840,854
Earnings per share:			
Basic	\$ 6.75	\$ 4.41	\$ 2.74
Diluted	\$ 6.58	\$ 4.27	\$ 2.63
Weighted-average common shares outstanding:			
Basic	309,354	306,473	306,512
Diluted	317,135	316,459	319,238

The accompanying notes are an integral part of these consolidated financial statements.

**ARISTA NETWORKS, INC.**  
**Consolidated Statements of Comprehensive Income**  
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Net income			
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments			
Foreign currency translation adjustments			
Foreign currency translation adjustments			
Available-for-sale investments:			
Changes in net unrealized gains (losses) on available-for-sale securities			



Changes in net unrealized gains (losses) on available-for-sale securities
Changes in net unrealized gains (losses) on available-for-sale securities
Less: reclassification adjustment for net (gains) losses included in net income
Other comprehensive income (loss)
Comprehensive income

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.  
Consolidated Statements of Stockholders' Equity  
(In thousands)

	Common Stock		Common Stock		Additional Paid-	Retained		Accumulated Other	Total Stockholders'		Common Stock		Additional Paid-	
	Shares (1)	Shares (1)	Amount		In Capital	Earnings		Comprehensive Equity Income (Loss)		Shares (1)	Retained		In Capital (1)	St
Balance — December 31, 2020														
Balance—December 31, 2021														
Net income														
Net income														
Net income														
Other comprehensive loss, net of tax														
Stock-based compensation														
Issuance of common stock in connection with employee equity incentive plans														
Repurchase of common stock														
Tax withholding paid for net share settlement of equity awards														
Common stock issued for business combinations														
Balance—December 31, 2022														
Net income														
Net income														
Net income														
Other comprehensive income, net of tax														
Stock-based compensation														
Issuance of common stock in connection with employee equity incentive plans														
Repurchase of common stock														
Tax withholding paid for net share settlement of equity awards														
Common stock issued for business acquisition														
Balance—December 31, 2023														
Net income														
Net income														
Net income														
Other comprehensive loss, net of tax														
Stock-based compensation														
Issuance of common stock in connection with employee equity incentive plans														

Repurchase of common stock
Tax withholding paid for net share settlement of equity awards
Balance — December 31, 2021
Balance — December 31, 2021
Balance — December 31, 2021
Net income
Net income
Net income
Other comprehensive loss, net of tax
Stock-based compensation
Issuance of common stock in connection with employee equity incentive plans
Repurchase of common stock
Tax withholding paid for net share settlement of equity awards
Common stock issued for business acquisition
Balance — December 31, 2022
Net income
Net income
Net income
Other comprehensive income, net of tax
Stock-based compensation
Issuance of common stock in connection with employee equity incentive plans
Repurchase of common stock
Tax withholding paid for net share settlement of equity awards
Common stock issued for business acquisition
Common stock issued for business acquisition
Common stock issued for business acquisition
Balance — December 31, 2023
Balance—December 31, 2024
Balance—December 31, 2024
Balance—December 31, 2024

(1) Prior period results have been adjusted to reflect the four-for-one stock split effected in December 2024. See Note 1, Organization and Summary of Accounting Policies, for details.

The accompanying notes are an integral part of these consolidated financial statements.

ARISTA NETWORKS, INC.  
Consolidated Statements of Cash Flows  
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			

Net income

Net income

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation, amortization and other

Depreciation, amortization and other

Depreciation, amortization and other

Noncash lease expense

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Stock-based compensation

Deferred income taxes

Gain on strategic investments

Amortization (accretion) of investment premiums (discount)

Other

Changes in operating assets and liabilities:

Accounts receivable, net

Accounts receivable, net

Accounts receivable, net

Inventories

Other assets

Accounts payable

Other liabilities

Deferred revenue

Income taxes, net

Net cash provided by operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from maturities of marketable securities

Proceeds from maturities of marketable securities

Proceeds from maturities of marketable securities

Proceeds from sale of marketable securities

Purchases of marketable securities

Purchases of property, equipment and intangible assets

Cash paid for business combination, net of cash acquired

Investment in notes and privately-held companies

Investment in notes and privately-held companies

Investment in notes and privately-held companies

Other Investing activities

Other Investing activities

Other Investing activities

Net cash provided by (used in) investing activities

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from issuance of common stock under equity plans

Proceeds from issuance of common stock under equity plans

Proceeds from issuance of common stock under equity plans

Tax withholding paid on behalf of employees for net share settlement

Repurchase of common stock

Net cash used in financing activities

Effect of exchange rate changes

**NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

## NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH

CASH, CASH EQUIVALENTS AND RESTRICTED CASH —Beginning of period

CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for income taxes, net of refunds

Cash paid for income taxes, net of refunds

Cash paid for income taxes, net of refunds

## SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:

## SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:

## SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:

Right-of-use assets obtained in exchange for new operating lease liabilities

Right-of-use assets obtained in exchange for new operating lease liabilities

Right-of-use assets obtained in exchange for new operating lease liabilities

Common stock issued for business acquisition

Common stock issued for business acquisition

Common stock issued for business acquisition

## ARISTA NETWORKS, INC.

### Notes to Consolidated Financial Statements

#### 1. Organization and Summary of Significant Accounting Policies

##### Organization

Arista Networks, Inc. (together with our subsidiaries, "we," "our," "Arista," "Company" or "us") is a supplier of cloud an industry leader in data-driven, client-to-cloud networking solutions that use software innovations to address the needs of next-generation for large AI, data center, campus and campus workspace routing environments. Our cloud networking solutions consist of our EOS, a set of network applications and our Gigabit Ethernet switching and routing platforms. We are incorporated in the state of Delaware. Our corporate headquarters are located in Santa Clara, California, and we have wholly-owned subsidiaries throughout the world, including North America, Europe, Asia and Australia.

##### Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Arista Networks, Inc. and its wholly-owned subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). All significant intercompany accounts and transactions have been eliminated.

On November 7, 2024, the Company announced a four-for-one forward stock split ("Stock Split") of the Company's common stock that was effected through the filing of an amendment to the Company's Amended and Restated Certificate of Incorporation ("Amendment") on December 3, 2024. The Stock Split proportionately increased the authorized shares of common stock, and all share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the Stock Split.

Certain reclassifications of prior period amounts were made in the current year to conform to the current period presentation.

##### Risk and Uncertainties

Global economic and business activities continue to face widespread macroeconomic uncertainties, including inflation, monetary policy shifts, recession risks, and potential supply chain and other disruptions such as the Russia-Ukraine and Israel-Hamas conflicts, the Houthi attacks on marine vessels in the Red Sea and the U.S. trade war with China.

As we exit 2023, the business is emerging from a period of unprecedented global supply chain disruptions. Throughout this period, we made significant supply chain investments, including funding additional working capital and incremental purchase commitments in response to extended visibility to deployment plans from our customers. We have worked closely with our contract manufacturers and supply chain partners to ramp production following a period of delayed component sourcing and workforce disruptions. This increased capacity has allowed us to ship products against previously committed demand/deployment plans and accelerate some deployments where needed, while trying to limit building customer inventory and to some extent balancing customer lead times with those currently experienced from our key suppliers. As a result, some shipments against these previously committed demand/deployment plans have extended into 2024.

As the global supply chain has experienced some improvements and as customer lead times have been reduced from their peak, we have seen and expect to continue to see a commensurate reduction in visibility to customer demand and a gradual return to shorter demand-planning horizons resulting in lower demand levels. Given these shipment and order patterns, near term revenue trends may not be solely reflective of current demand levels, but as discussed above will benefit from demand/deployment plans that had been previously committed. While inventory and working capital levels may remain elevated in the near term, we expect that purchase commitments will continue to decline as supplier lead times shorten. The larger magnitude of these balances, combined with a reduction in customer demand-planning horizons and shifting customer product priorities, has resulted in increased risk that we may not be able to sell all of this inventory, which in turn has resulted, and may in the future result, in additional excess and obsolete inventory and supplier liability charges.

In addition, inflation pressure in our supply chain, scarcity of some materials needed to build our products and disruptions to our manufacturing process have increased our cost of revenue and have impacted, and may continue to negatively impact our gross margin. Our operating cash-flows have also been and may continue to be negatively impacted by

significant component inventories on hand or at our contract manufacturers. While we have seen improvements in our supply chain and manufacturing operations, any remaining or new supply chain and manufacturing related constraints could negatively impact our business in future periods. In addition, although our business has experienced limited disruption as a result of the Russia-Ukraine conflict, continued escalation of this conflict as well as the Israeli-Hamas conflict and Houthis movement in the Red Sea may negatively impact the global economy and our future operating results and financial condition.

Management continues to actively monitor the impact of macroeconomic factors on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, the impact on our customers, partners, employees, contract manufacturers and supply chain, all of which continue to evolve and are unpredictable. In addition, any continued or renewed disruption in manufacturing and supply resulting from these factors could negatively impact our business. We also believe that some of our customers, following a year of elevated purchases, must now consider changing technology roadmaps and priorities, including the need for the rapid deployment of AI and related technologies, resulting in some uncertainty as to future investment plans and a more constrained approach to some forecasts and orders in the near term. In addition, any prolonged economic disruptions or further deterioration in the global economy could have a negative impact on demand from our customers in future periods, particularly in the enterprise market where we are continuing to expand our penetration. Accordingly, current results and financial conditions discussed herein may not be indicative of future operating results and trends.

#### Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Those estimates and assumptions include, but are not limited to, valuation of inventory and contract manufacturer/supplier liabilities, accounting for income taxes, including the recognition of deferred tax assets and liabilities, valuation allowance on deferred tax assets and reserves for uncertain tax positions, revenue recognition and deferred revenue, allowance for doubtful accounts, sales rebates and return reserves, valuation of goodwill and acquisition-related intangible assets, estimate of useful lives of long-lived assets including intangible assets, and the recognition and measurement of contingent liabilities. We evaluate our estimates and assumptions based on historical experience and other factors and adjust these estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from these estimates.

#### Concentrations of Business and Credit Risk

We work closely with third-party contract manufacturers to manufacture our products. As of December 31, 2023 and December 31, 2024, we had four primary contract manufacturing partners, who provided the vast majority of our electronic manufacturing services. Our contract manufacturing partners deliver our products to our third-party direct fulfillment facilities. We and our fulfillment partners then perform labeling, final configuration, quality assurance testing and shipment to our customers. Our products rely on key components, including certain integrated circuit components and power supplies, some of which our contract manufacturing partners purchase on our behalf from a limited number of suppliers, including certain sole-source providers. We generally do not have guaranteed supply contracts with our component suppliers, and our manufacturing partners could delay shipments or cease manufacturing such products or selling them to us at any time. If we are unable to obtain a sufficient quantity of these components on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources for these components, sales of our products could be delayed or halted entirely, or we may be required to redesign our products. Quality or performance failures of our products or changes in our contractors' or vendors' financial or business condition could disrupt our ability to supply quality products to our customers. Any of these events could result in lost sales and damage to our end-customer relationships, which would adversely impact our business, financial condition and results of operations.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash, cash equivalents, marketable securities, and accounts receivable. Our cash equivalents and marketable securities are invested in high quality financial instruments with banks and financial institutions. Such deposits may be in excess of insured limits provided on such deposits.

Our accounts receivable are unsecured and represent amounts due to us based on contractual obligations of our customers. We mitigate credit risk with respect to accounts receivable by performing ongoing credit evaluations of our customers to assess the probability of collection based on a number of factors, including past transaction experience with the customer, evaluation of their credit history, the credit limits extended, review of the invoicing terms of the arrangement, and current economic conditions that may affect a customer's ability to pay. In situations where a customer may be thinly capitalized and we have limited payment history with it, we will either establish a small credit limit or require it to prepay its purchases. We generally do not require our customers to provide collateral to support accounts receivable. We have recorded an allowance for doubtful accounts for accounts receivables that we have determined to be uncollectible. We mitigate credit risk with respect to accounts receivables by performing ongoing credit evaluations of the borrower to assess the probability of collecting all amounts due to us under the existing contractual terms.

We market and sell our products through both our direct sales force and our channel partners, including distributors, value-added resellers, system integrators and OEM partners, and in conjunction with various technology partners. Significant customers are those that represent more than 10% of our total net revenue during the period or net accounts receivable balance at each respective balance sheet date. As of December 31, 2024, we had two resellers who represented 26% and 24% of total accounts receivable. As of December 31, 2023, we had two customers/resellers who represented 28% and 11% of total accounts receivable. As of December 31, 2022, we had two customers who represented 28% and 16% of total accounts receivable. For the year ended December 31, 2023, there were two end customers who represented more than 10% of our total revenue for the years ended 2024, 2023 and 2022. Sales to one end customer represented 15%, 21% and 18% 26% of our total revenue. For revenue, and sales to the year ended December 31, 2022 other end customer represented 20%, there were two end customers who represented 26% 18% and 16% of total revenue. For the year ended December 31, 2021, there was one end customer who represented 15% of our total revenue. revenue for the years ended 2024, 2023 and 2022, respectively.

#### Cash and Cash Equivalents

We consider all highly liquid investments with original or remaining maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of cash on deposit with various financial institutions and highly liquid investments in money market funds. Interest is accrued as earned.

#### Marketable Securities

We classify all highly liquid investments in debt securities with maturities of greater than three months at the date of purchase as marketable securities. We have classified and accounted for our marketable debt and equity securities as available-for-sale. We determine the appropriate classification of these investments at the time of purchase and



reevaluate such designation at each balance sheet date. We may or may not hold securities with stated maturities greater than 12 months until maturity. After consideration of our risk versus reward objectives, as well as our liquidity requirements, we may hold or sell these securities prior to their stated maturities. As we view these securities as available to support current operations, we classify securities with maturities beyond 12 months as current assets under the caption marketable securities in the accompanying consolidated balance sheets. We carry these securities at fair value. For marketable debt securities, we report the unrealized gains and losses, net of taxes, as a component of stockholders' equity. For marketable equity securities, we report the unrealized gains and losses in other income (expense), net on the Consolidated Statements of Operations. We determine the cost of the debt investment sold based on an average cost basis at the individual security level, and record the interest income in other income, net in the accompanying consolidated statements of operations. We determine any realized gains or losses on the sale of marketable securities using the specific identification method, and record such gains and losses in other income, net in the accompanying consolidated statements of operations, income.

For our debt securities in an unrealized loss position, we determine whether a credit loss exists by considering, among other factors, current market conditions, credit quality of debt issuers, any changes to the rating of the security by a rating agency, and the extent to which fair value is less than cost. We would recognize an allowance for credit losses, up to the amount of the unrealized loss when appropriate, and write down the amortized cost basis of the investment if it is more likely than not we will be required to sell or we intend to sell the investment before recovery of its amortized cost basis.

#### **Accounts Receivable**

Accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts, sales rebates and returns reserves, accounts. We estimate our allowance for doubtful accounts based upon the collectability of the receivables in light of historical trends, reasonable and supportable information of our customers' economic conditions that may affect our customers' ability to pay, and prevailing economic conditions. This evaluation is done in order to identify issues that may impact the collectability of receivables and related estimated required allowance. Revisions to the allowance are recorded as an adjustment to bad debt expense. After appropriate collection efforts are exhausted, specific accounts receivable deemed to be uncollectible are charged against the allowance in the period they are deemed uncollectible. Recoveries of accounts receivable previously written-off are recorded as credits to bad debt expense. We primarily estimate our sales rebates and returns reserves based on historical rates applied against current period billings. Specific customer returns, rebates and allowances are considered when determining our estimates. Revisions to sales rebate and return reserves are recorded as adjustments to revenue.

#### **Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. These assets and liabilities include cash and cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued liabilities. Cash equivalents,

accounts receivable, accounts payable and accrued liabilities are stated at carrying values in our consolidated financial statements, which approximate their fair value due to the short-term nature of these instruments.

Assets and liabilities recorded at fair value on a recurring basis in the accompanying consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. We use a fair value hierarchy to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs. The three-tiers of the fair value hierarchy are as follows:

*Level I*—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

*Level II*—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

*Level III*—Unobservable inputs that are supported by little or no market data for the related assets or liabilities and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

#### **Foreign Currency**

The functional currency of our foreign subsidiaries is either the U.S. dollar or their local currency depending on the nature of the subsidiaries' activities.

*Transaction re-measurement* - Assets and liabilities denominated in a currency other than a subsidiary's functional currency are re-measured into the subsidiary's functional currency using exchange rates in effect at the end of the reporting period, with gains and losses recorded in other income, net in the consolidated statements of operations, income. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our consolidated financial statements.

*Translation* - Assets and liabilities of subsidiaries denominated in foreign functional currencies are translated into U.S. dollars at the closing exchange rate on the balance sheet date and equity-related balances are translated at historical exchange rates. Revenues, costs and expenses in foreign functional currencies are translated using average exchange rates that approximate those in effect during the period. Translation adjustments are recorded within accumulated other comprehensive income, a separate component of total stockholders' equity.

#### **Inventory Valuation and Contract Manufacturer/Supplier Liabilities**

Inventories primarily consist of finished goods, including evaluation inventory held at customers or partners, and strategic components, primarily integrated circuits. Inventories are stated at the lower of cost (computed using the first-in, first-out method) and net realizable value. Evaluation inventory consists of new products and/or use cases at customer or partner sites for trial purposes. Title to the inventory remains with Arista during the trial period and invoicing occurs only upon completion of the trial period and when/if the products have been accepted by the customer. Manufacturing overhead costs and inbound shipping costs are included in the cost of inventory. We record a provision when inventory is determined to be in excess of anticipated demand, or obsolete, to adjust inventory to its estimated realizable value. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we recorded charges of \$234.4 million \$267.2 million, \$71.4 million \$234.4 million and \$61.8 million \$71.4 million, respectively, within cost of product revenue for inventory write-downs.

Our contract manufacturers procure components and assemble products on our behalf and we procure strategic components from suppliers based on our forecasts. We record a liability and a corresponding charge for non-cancellable, non-returnable purchase commitments with our contract manufacturers or suppliers for quantities in excess of our demand forecasts or that are considered obsolete due to manufacturing and engineering change orders resulting from design changes. For the years ended December 31, 2023 and 2022, we recorded charges of \$113.0 million and \$43.7 million, respectively, within cost of product revenue for such liabilities with our contract manufacturers and suppliers. For the year ended December 31, 2021,

December 31, 2024, we did not incur any losses on recorded a credit of \$74.3 million within cost of product revenue related to such liabilities. liabilities, which was driven by a reduction in the liability due to the receipt of excess components that were previously reserved. We subsequently assessed the realizable value of such components upon inventory receipt.

We use significant judgment in establishing our forecasts of future demand and obsolete material exposures. These estimates depend on our assessment of current and expected orders from our customers, product development plans and current sales levels. In addition, when industry-wide supply chain shortages resulted in extended lead times for components, we were required to extend the time horizon of our demand forecasts and increase our purchase commitments for long lead time components. As customer lead times reduce more broadly, we have seen and expect to continue to see a commensurate reduction in visibility to customer demand and a gradual return to shorter demand-planning horizons resulting horizons. Although the global supply chain has shown improvement, we have had to invest in lower demand levels. While inventory to address forecast uncertainty and working capital levels may remain elevated in the near term, we expect that our inventory and purchase commitments will continue to decline remain volatile as supplier lead times shorten, we ramp new product introductions. There is, however, no guarantee that all suppliers will meet their commitments in the time frame committed or that actual customer demand will directly match our demand forecasts. If actual market conditions are less favorable than those projected by management, which may be caused by factors within and/or outside of our control, we may be required to increase our inventory write-downs and liabilities to our contract manufacturers and suppliers, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory write-downs and adequacy of our contract manufacturer and supplier liabilities.

#### **Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation, except for land which is not depreciated. We capitalize any additions and improvements and expense maintenance and repairs as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, generally three years. Our leasehold improvements are depreciated over the shorter of the estimated useful lives of the improvements or the remaining lease term.

#### **Leases**

We lease office space, data centers, and equipment under non-cancellable operating leases with various expiration dates through 2029, 2031. We determine if an arrangement contains a lease at inception. Operating leases are recorded as right-of-use ("ROU") assets and lease liabilities, and are included in other assets and other current and non-current liabilities in our consolidated balance sheets. We do not have any finance leases in any of the periods presented.

ROU assets and lease liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term. The interest rate implicit in our operating leases is not readily available, and therefore, an incremental borrowing rate is estimated based on a hypothetical interest rate on a collateralized basis with similar terms, payments, and economic environments. ROU assets also include any prepaid lease payments and lease incentives.

Our operating lease agreements may contain rent concession, rent escalation, and option to renew provisions. Lease expense is recognized on a straight-line basis over the lease term commencing on the date we have the right to use the leased property. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In addition, certain of our operating lease agreements contain tenant improvement allowances from landlords. These allowances are accounted for as lease incentives and decrease our right-of-use asset and reduce lease expense over the lease term.

Our lease agreements may contain lease and non-lease components, which are combined and accounted for as a single lease component. We also have elected to apply the short-term lease measurement and recognition exemption in which ROU assets and lease liabilities are not recognized for leases with terms of 12 months or less.

#### **Business Combinations**

We use the acquisition method to account for our business combinations in accordance with Accounting Standards Codification ("ASC") 805 - *Business Combinations*. We allocate the total fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the consideration transferred over the fair values of the assets acquired and liabilities assumed is recorded as goodwill. The results of operations of the acquired businesses are included in our consolidated financial statements from the date of acquisition. Acquisition-related transaction and restructuring costs are expensed as incurred.

During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the acquired assets and liabilities assumed, with a corresponding offset to goodwill or the preliminary purchase price, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

#### **Goodwill and Acquired Intangible Assets**

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company has one reporting unit and tests goodwill for impairment at least annually in the fourth quarter or more frequently if indicators of potential impairment exist. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If the reporting unit does not pass the qualitative assessment, a quantitative test is performed by comparing the fair value of our reporting unit with its carrying amount. We would recognize an impairment loss for the amount by which the carrying amount exceeds the fair value. There

were no impairment charges in any of the periods presented in the consolidated financial statements. See Note 4. Acquisition, Goodwill and Acquisition-Related Intangible Assets for additional information.

Acquired intangible assets are carried at cost less accumulated amortization. All acquired intangible assets have been determined to have definite lives and are amortized on a straight-line basis over their estimated useful lives, ranging from three to eight years. Acquired intangible assets are reviewed for impairment under the long-lived asset model described below. There were no impairment charges in any of the periods presented in the consolidated financial statements. See Note 4. Acquisition, Goodwill and Acquisition-Related Intangible Assets for additional information.

#### **Equity Investments in Privately-Held Companies**

Our equity investments in privately-held companies without readily determinable fair values are measured using the measurement alternative, defined by ASC 321 - *Investments-Equity Securities* as cost, less impairments, and remeasured based on observable price changes from orderly transactions of identical or similar securities of the same issuer. Any adjustments resulting from impairments and/or observable price changes are recorded within other income, net, in our consolidated statements of **operations, income**. This election is reassessed each reporting period to determine whether investments in privately-held companies have a readily determinable fair value, in which case they would no longer be eligible for this election. The Company did not hold investments in privately-held companies whose fair value was readily determinable as of **December 31, 2023** **December 31, 2024** and **2022, 2023**.

#### **Impairment of Long-Lived Assets and Investments in Privately-Held Companies**

The carrying amounts of our long-lived assets, including property and equipment, intangible assets, ROU assets and investments in privately-held companies, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. No impairment of any long-lived assets was identified for any of the periods presented in the consolidated financial statements.

#### **Loss Contingencies**

In the ordinary course of business, we are a party to claims and legal proceedings including matters relating to commercial, employee relations, business practices and intellectual property. In assessing loss contingencies, we use significant judgments and assumptions to estimate the likelihood of loss, impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss. We record a provision for contingent losses when it is both probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We record a charge equal to the minimum estimated liability for litigation costs or a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of our consolidated financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements, and (ii) the range of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required.

#### **Revenue Recognition**

We generate revenue from sales of our products, which incorporate our EOS software and accessories such as cables and optics, to direct customers and channel partners together with post-contract customer support ("PCS"). We typically sell products and PCS in a single contract. We recognize revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to be entitled to receive in exchange for those products or services. We apply the following five-step revenue recognition model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when (or as) we satisfy the performance obligation

#### Post-Contract Customer Support ("PCS")

PCS, which includes technical support, hardware repair and replacement parts beyond standard warranty, bug fixes, patches and unspecified upgrades on a when-and-if-available basis, is offered under renewable, fee-based contracts. We initially defer PCS revenue and recognize it ratably over the life of the PCS contract as there is no discernible pattern of delivery related to these promises. We do not provide unspecified upgrades on a set schedule and address customer requests for technical support if and when they arise, with the related expenses recognized as incurred. PCS contracts generally have a term of one to three years. We include billed but unearned PCS revenue in deferred revenue.

#### Contracts with Multiple Performance Obligations

Most of our contracts with customers, other than renewals of PCS, contain multiple performance obligations with a combination of products and PCS. Products and PCS generally qualify as distinct performance obligations. Our hardware includes EOS software, which together deliver the essential functionality of our products. For contracts that contain multiple performance obligations, we allocate revenue to each distinct performance obligation based on the standalone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. We use a range of amounts to estimate SSP for products and PCS sold together in a contract to determine whether there is a discount to be allocated based on the relative SSP of the various products and PCS.

If we do not have an observable SSP, such as when we do not sell a product or service separately, then SSP is estimated using judgment and considering all reasonably available information such as gross margin, market conditions and information about the size and/or purchase volume of the customer. We generally use a range of amounts to estimate SSP for individual products and services based on multiple factors including, but not limited to product category, actual and expected volume, discounting policies, and end customer vertical and size.

We limit the amount of revenue recognition for contracts containing forms of variable consideration, such as future performance obligations, customer-specific returns, and acceptance or refund obligations. We defer revenue recognition on customer contracts for new products or use cases, which contain customer-specified requirements that must be met prior to acceptance. We include some or all of an estimate of the related at-risk consideration in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recorded under each contract will not occur when the uncertainties surrounding the variable consideration are resolved.

Most of our contracts with customers have standard payment terms of 30 days and the remainder generally between 30 to 90 days. We have determined our contracts generally do not include a significant financing component because the Company and the customer have specific business reasons other than financing for entering into such contracts. Specifically, both we and our customers seek to ensure the customer has a simplified way of purchasing Arista products and services.

We account for multiple contracts with a single partner as one arrangement if the contractual terms and/or substance of those agreements indicate that they may be so closely related that they are, in effect, parts of a single contract.

We may occasionally accept returns to address customer satisfaction issues even though there is generally no contractual provision for such returns. We estimate returns for sales to customers based on historical return rates applied against current-period shipments. Specific customer returns and allowances are considered when determining our sales return reserve estimate.

Our policy applies to the accounting for individual contracts. However, we have elected a practical expedient to apply the guidance to a portfolio of contracts or performance obligations with similar characteristics so long as such application would not differ materially from applying the guidance to the individual contracts (or performance obligations) within that portfolio. Consequently, we have chosen to apply the portfolio approach when possible, which we do not believe will happen frequently. Additionally, we will evaluate a portfolio of data, when possible, in various situations, including accounting for commissions, rights of return and transactions with variable consideration.

We report revenue net of sales taxes. We include shipping charges billed to customers in revenue and the related shipping costs are included in cost of product revenue.

We account for customer sales rebates as a reduction to revenue and accrue for such rebates based on the amount that is earned and expected to be claimed by customers.

#### Contract Balances

A contract asset is recognized when we have a contractual right to consideration for both completed and partially completed performance obligations that have not yet been invoiced. Contract assets are included in other current assets in the accompanying consolidated balance sheets.

A contract liability is recognized when we have received customer payments in advance of our satisfaction of a performance obligation under a contract that is cancellable. Contract liabilities are included in other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets.

#### Research and Development Expenses

Costs related to the research, design and development of our products are charged to research and development expenses as incurred. Software development costs are capitalized beginning when a product's technological feasibility has been established and ending when the product is available for general release to customers. Generally, our products are released soon after technological feasibility has been established. As a result, costs incurred subsequent to achieving technological feasibility have not been significant and accordingly, all software development costs have been expensed as incurred.

#### Segment Reporting

We develop, market and sell cloud networking solutions, which primarily consist of our switching and routing platforms and related network applications, and there are no segment managers who are held accountable for operations or operating results below the Company level. Our chief operating decision maker is our President, Chief Executive Officer and Chairperson of the Board, who reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, we have determined that we operate as one reportable segment.

## Stock-Based Compensation

Stock-based compensation cost for equity awards is measured at the grant-date fair value using appropriate valuation techniques and recognized as expense over the requisite service or performance period. We account for forfeitures when they occur.

Stock-based compensation costs for stock options and restricted stock units ("RSUs") are recognized on a straight-line basis over the requisite service period, which is generally two to five years. The Company has granted RSUs that vest upon the satisfaction of both service-based and performance-based conditions ("PRSUs"). The service-based condition for these awards is generally satisfied over **one to** four years. The performance-based conditions are satisfied upon achieving specified performance targets, such as financial or operating metrics. We record stock-based compensation expense for performance-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied.

See Note 6. Stockholders' Equity and Stock-Based Compensation for a detailed discussion of the Company's stock plans, assumptions to the valuation techniques, and stock-based compensation expense.

## Income Taxes

Income tax expense is an estimate of current income taxes payable in the current fiscal year based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carryforwards that we recognize for financial reporting and income tax purposes.

We account for income taxes under the liability approach for deferred income taxes, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements, but have not been reflected in our taxable income. Estimates and judgments occur in the calculation of certain tax liabilities and in the determination of the recoverability of certain deferred income tax assets, which arise from temporary differences and carryforwards. Deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We regularly assess the likelihood that our deferred income tax assets will be realized based on the positive and negative evidence available. We record a valuation allowance to reduce the deferred tax assets to the amount that we are more likely than not to realize.

We believe that we have adequately reserved for our uncertain tax positions, although we can provide no assurance that the final tax outcome of these matters will not be materially different. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations. The provision for income taxes includes the effects of any reserves that we believe are appropriate, as well as the related net interest and penalties.

We regularly review our tax positions and benefits to be realized. We recognize tax liabilities based upon our estimate of whether, and to the extent to which, additional taxes will be due when such estimates are more likely than not to be sustained. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. We recognize interest and penalties related to income tax matters as income tax expense.

The U.S. tax rules require U.S. tax on foreign earnings, known as global intangible low taxed income ("GILTI"). Under U.S. GAAP, we are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or (2) factoring such amounts into a company's measurement of its deferred taxes (the "deferred method"). We selected the deferred method of accounting and recorded the associated basis differences anticipated to influence prospective GILTI calculations.

## Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)-Improvements to Reportable Segment Disclosures. The ASU requires that an entity disclose significant segment expenses impacting profit and loss that are regularly provided to the chief operating decision maker. The update is required to be applied retrospectively to prior periods presented, based on the significant segment expense categories identified and disclosed in the period of adoption. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2023. Early adoption is permitted. We have adopted ASU 2023-07 for the year ended December 31, 2024. The adoption of this new standard did not have a material impact on our consolidated financial statements. For more information regarding the adoption, see Note 9, Segment and Geographical Information for the inclusion of the new required disclosures.

## Recent Accounting Pronouncements Not Yet Effective

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740)-Improvements to Income Tax Disclosures. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. we have



not early adopted ASU 2023-09 for December 31, 2023 December 31, 2024. We are currently evaluating the impact of future adoption on our financial disclosures.

In November 2023, 2024, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)-Improvements to Reportable Segment Disclosures. No. 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40). The ASU requires that an entity disclose significant segment expenses impacting profit and loss that are regularly provided to the chief operating decision maker. The update is required to be applied retrospectively to prior periods presented, based on the significant segment disaggregated disclosure of specific expense categories, identified including purchases of inventory, employee compensation, depreciation, and disclosed in amortization, within relevant income statement captions. This ASU also requires disclosure of the period total amount of adoption, selling expenses along with the definition of selling expenses. The amendments in this ASU are required to be adopted is effective for fiscal years annual periods beginning after December 15, 2023 December 15, 2026, and interim periods within fiscal years beginning after December 15, 2024 December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. We have not early adopted This ASU 2023-07 for will likely result in the year ended December 31, 2023, required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the impact provisions of future adoption on our financial disclosures, this ASU.

2. Fair Value Measurements

Assets measured at fair values on a recurring basis

We measure and report our cash equivalents, restricted cash, and available-for-sale marketable securities at fair value on a recurring basis. The following tables summarize the fair value of these financial assets by significant investment category and their levels within the fair value hierarchy (in thousands):

	December 31, 2023					December 31, 2022				
	December 31, 2024					December 31, 2023				
	Level I	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total	
Financial Assets:										
Cash Equivalents:										
Cash Equivalents:										
Cash Equivalents:										
Money market funds										
Money market funds										
Money market funds										
Commercial paper										
Agency securities										
U.S. government notes										
					1,015,705					
					1,738,879					
Marketable Securities:										
Certificates of deposits (1)										
Certificates of deposits (1)										
Commercial paper										
Commercial paper										
Commercial paper										
Certificates of deposits (1)										
U.S. government notes										
Corporate bonds										
Agency securities										
Marketable equity securities(2)					1,044,859					
					1,921,490					
Other Assets:										
Money market funds - restricted										
Money market funds - restricted										
Money market funds - restricted										

Money market funds - restricted cash
Money market funds - restricted cash
Money market funds - restricted cash
Total Financial Assets

(1) As of December 31, 2023 and 2022, all of our certificates of deposits were domestic deposits.

(2) During the year ended December 31, 2023, the Company sold all its shares of its marketable equity security for \$23.9 million. This publicly-traded equity investment generated an unrealized gain of \$4.8 million and \$10.7 million for the year ended December 31, 2023 and 2022, respectively. The initial cost of this investment was \$3.0 million with no changes since our initial investment. The cumulative gain from the initial purchase was \$20.9 million, the majority of which has been reflected in prior periods as net unrealized gains. The realized and unrealized gains/losses are included in Other income (expense), net on the unaudited Condensed Consolidated Statements of Operations. Refer to Note 3. Financial Statements Details.

During the year ended on December 31, 2023 December 31, 2024, the Company did not make any transfers between the levels of the fair value hierarchy.

Marketable debt securities

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of our debt securities measured at fair value on a recurring basis (in thousands):

		December 31, 2023					December 31, 2022							December 31, 2024					December 31, 2023				
		Amortized Cost	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value					
U.S. government																							
U.S. government																							
Commercial paper																							
U.S. government																							
Corporate bonds																							
Agency securities																							
Total																							

For debt securities in unrealized loss positions, it is not likely that we will be required to sell such securities before recovery of their amortized cost basis nor do we have the intent to sell such securities before maturity; we invest in debt securities that have maximum maturities of twothree years and are generally deemed to be low risk based on their credit ratings from the major rating agencies. The longer the duration of these marketable securities, the more susceptible they are to changes in market interest rates and bond yields. Given the short-term and conservative nature of our portfolio, the unrealized losses are not subject to credit risk; therefore, we did not recognize any credit losses or non-credit-related impairments related to our available-for-sale marketable debt securities for the years ended December 31, 2023 December 31, 2024, December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022. All unrealized losses were recognized in other comprehensive income (loss). Realized losses were immaterial for the years ended December 31, 2023 December 31, 2024, December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022.

The following table is an analysis of our marketable debt securities in unrealized loss positions (in thousands):

December 31, 2023							December 31, 2024						
Unrealized Losses within 12 months		Unrealized Losses within 12 months		Unrealized Losses 12 months or greater	Total		Unrealized Losses within 12 months		Unrealized Losses 12 months or greater	Total			
Fair Value	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	

U.S.  
government  
notes

Corporate  
bonds

Agency  
securities

Total

As of **December 31, 2023** **December 31, 2024**, we had no marketable debt securities with contractual maturities that exceed **24** **36** months. The fair values of marketable debt securities, by remaining contractual maturities, are as follows (in thousands):

	December 31, <b>2023</b> <b>2024</b>	
Due in 1 year or less	\$	<b>1,627,780</b> 2,749,020
Due in 1 year through <b>2</b> <b>3</b> years		<b>1,436,582</b> 2,792,096
Total marketable securities	\$	<b>3,064,362</b> 5,541,116

The weighted-average remaining duration of our marketable debt securities is approximately **0.9** **1.1** years as of **December 31, 2023** **December 31, 2024**.

#### Assets measured at fair value on a non-recurring basis

##### Non-Marketable Equity Securities

We have non-marketable equity securities in privately-held companies that do not have readily-determinable fair values. Their initial cost is adjusted to fair value on a non-recurring basis based on observable price changes from orderly transactions of identical or similar securities of the same issuer, or for impairment. These investments are classified within Level III of the fair value hierarchy as we estimate the value based on valuation methods using the observable transaction price at the transaction date and other significant unobservable inputs, such as volatility, rights, and obligations related to these securities. In addition, the valuation requires management judgment due to the absence of market price and lack of liquidity.

We did not record any realized gains for our non-marketable equity securities during the three years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021** **2022**. We recorded immaterial amounts of **realized** **unrealized** gains, **unrealized** and **unrealized** **realized** losses during the three years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021**. Unrealized gains for our non-marketable equity securities are summarized below (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Unrealized gains on non-marketable equity securities <sup>(1)</sup>	\$ 13,901	\$ 16,731	\$ —

**(1)** These **2022**. **The** unrealized gains were recorded on investments that were re-measured to fair value as of the date observable transactions occurred.

We evaluate our non-marketable equity securities for impairment at each reporting period via a qualitative assessment with various potential impairment indicators, including, but not limited to, an assessment of a significant adverse change in the economic environment, significant adverse changes in the general market condition of the geographies and industries in which our investees operate, and other publicly-available information that may affect the value of the non-marketable equity securities.

The following table summarizes the activity related to our non-marketable equity securities as of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

	December 31, 2023	December 31, 2022
	December 31, 2024	December 31, 2023
Cost of investments <sup>(1)</sup>		
Cumulative impairment and downward adjustments		
Cumulative upward adjustments		
Carrying amount of investments (included in other assets)		

**(1)** During the year ended December 31, 2023, we had an \$8.0 million convertible note previously included in other assets, plus accrued interest of \$0.6 million, that was converted to an equity investment and included in cost of investment

### 3. Financial Statements Details

#### Cash, Cash Equivalents and Restricted Cash

The reconciliation of cash, cash equivalents and restricted cash reported in the accompanying consolidated balance sheets to the total of the same such amounts in the accompanying consolidated statements of cash flows is as follows (in thousands):

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 1,938,606	\$ 671,707
Restricted cash included in other assets	858	4,271
Total cash, cash equivalents and restricted cash	\$ 1,939,464	\$ 675,978

#### Accounts Receivable, net

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2023	2022
Accounts receivable	\$ 1,034,480	\$ 928,490
Product sales rebate, returns reserve and others	(9,911)	(5,394)
Accounts receivable, net	\$ 1,024,569	\$ 923,096

#### Inventories

Inventories consist of the following (in thousands):

	December 31,	
	2023	2022
	2024	2023
Raw materials		
Finished goods		
Finished goods <sup>(1)</sup>		
Total inventories		

Prepaid Expenses and Other Current Assets (1) The balance as of December 31, 2024 includes evaluation inventory held at customers or partners of \$422.1 million. Evaluation inventory as of December 31, 2023 was not material.

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

	December 31,	
	2023	2022
Inventory deposits	\$ 130,509	\$ 162,047
Other prepaid expenses and deposits	282,009	152,170
Total prepaid expenses and other current assets	\$ 412,518	\$ 314,217

#### Property and Equipment, net

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

	December 31,	
	2023	2022
	2024	2023

Land
Equipment and machinery
Computer hardware and software
Furniture and fixtures
Leasehold improvements
Construction-in-process
Construction-in-process
Construction-in-process
Property and equipment, gross
Less: accumulated depreciation
Property and equipment, net

Depreciation expense was \$31.7 million \$34.0 million, \$25.6 million \$31.7 million and \$19.5 million \$25.6 million for the years ended December 31, 2023 December 31, 2024, 2023 and 2022, and 2021, respectively.

#### Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2023	2022
	2024	2023
Accrued compensation-related costs		
Supplier liability		
Accrued manufacturing costs		
Accrued product development costs		
Other		
Other		
Other		
Total accrued liabilities		

#### Contract Liabilities, Deferred Revenue and Other Performance Obligations

##### Contract Liabilities

A contract liability is recognized when we have received customer payments in advance of our satisfaction of a performance obligation under a cancellable contract. The following table summarizes the activity related to our contract liabilities (in thousands):

	Year Ended December 31,	
	2023	2022
	2024	2023
Contract liabilities, beginning balance		
Less: Revenue recognized from beginning balance		
Less: Beginning balance reclassified to deferred revenue		
Add: Contract liabilities recognized		
Contract liabilities, ending balance		

As of December 31, 2023 December 31, 2024 and 2022, 2023, \$65.7 million and \$59.2 million and \$45.2 million, respectively, of our contract liabilities were recorded within other current liabilities with the remaining balance recorded within other long-term liabilities in the accompanying consolidated balance sheets.

##### Deferred Revenue

Deferred revenue is comprised mainly of unearned service revenue related to **annual and** multi-year PCS contracts, and product deferrals related to contracts with acceptance clauses. The following table summarizes the activity related to our deferred revenue (in thousands):

	Year Ended December 31,	
	2023	2022
	2024	2023
Deferred revenue, beginning balance		
Less: Revenue recognized from beginning balance		
Add: Deferral of revenue in current period, excluding amounts recognized during the period		
Deferred revenue, ending balance		

#### Other Performance Obligations

Other performance obligations totaling **\$704.1** **\$450.4** million as of **December 31, 2023** **December 31, 2024** include unbilled multi-year PCS and service contract amounts of **\$336.4 million** **\$388.8 million** and **\$367.7** **\$61.6** million of binding contractual agreements with certain customers that are primarily related to future product shipments.

#### Revenue from Total Remaining Performance Obligations

Total revenue from our contract liabilities, deferred revenue and other performance obligations that **will is expected to** be recognized in future periods **amounts to \$2.3 billion**. **Included in this amount is the \$367.7 million was \$3.4 billion as of binding contractual agreements related primarily to future product shipments that are expected to be recognized as revenue over the next eighteen months. In addition, approximately 79% of the remaining \$2.0 billion December 31, 2024. Approximately 85% of this future revenue is expected to be recognized over the next two years and approximately 21% the remaining 15% is expected to be recognized during the third to the fifth year.**

#### Other Income, Net

Other income, net consists of the following (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Other income (expense), net:			
Interest income			
Interest income			
Interest income			
Gain (loss) on strategic investments			
Gain (loss) on strategic investments			
Gain (loss) on strategic investments			
Other income (expense)			
Other income (expense)			
Other income (expense)			
Total other income, net			

#### 4. Acquisition, Goodwill and Acquisition-Related Intangible Assets

##### Acquisitions and Goodwill

We had no material business acquisitions during the **year years** ended **December 31, 2023**. During the year ended December 31, 2022, we completed two acquisitions of private companies for total consideration of \$158.9 million, including \$4.0 million in common stock **December 31, 2024** and the remainder in cash. The purchase prices included **\$62.3 million of intangible assets, \$77.5 million of goodwill and \$19.1 million of net tangible assets acquired. We also incurred certain acquisition-related expenses of \$4.7 million, which primarily consisted of retention bonuses to continuing employees as well as professional and consulting fees. 2023.**

**The intangible assets are amortized on a straight-line basis over their estimated useful lives, as we believe this method most closely reflects the pattern in which the economic benefits of the assets will be consumed. The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (in thousands, except years):**

--



	Acquisition Date Fair Value	Weighted Average Estimated Useful Life (in years)
Developed technology	\$ 30,200	5.7
Customer relationships	28,700	7.0
Trade name	3,400	3.0
Total intangible assets acquired	<u>\$ 62,300</u>	

The purchase price allocation for the two acquisitions have been finalized. No There were no material changes were made to the purchase price allocation for the year ended December 31, 2023.

#### Goodwill

The changes in the carrying values of goodwill for the years ended December 31, 2023 December 31, 2024 and 2022 are as follows (in thousands):

	Amount
Balance at December 31, 2021	\$ 188,397
Additions related to current year acquisitions	85,048
Measurement-period adjustments	(7,521)
Balance at December 31, 2022	265,924
Additions related to current year acquisition	2,607
Balance at December 31, 2023	<u>\$ 268,531</u>

2023. The Company performed an annual qualitative test for goodwill impairment in the fourth quarter of the fiscal years ended December 31, 2023 December 31, 2024 and 2022 2023 and determined that goodwill was not impaired.

#### Acquisition-Related Intangible Assets

The following table presents details of our acquisition-related intangible assets as of December 31, 2023 December 31, 2024 and 2022 2023 (in thousands, except for years):

	Gross Carrying Amount		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
December 31, 2022							
December 31, 2023							
Developed technology							
Developed technology							
Developed technology	\$154,930	\$ —	\$ 154,930	\$ (79,036)	\$ (23,457)	\$ (102,493)	\$ 75,894
Customer relationships	54,620	—	54,620	(14,097)	(7,700)	(21,797)	40,523
Trade name	12,390	—	12,390	(6,602)	(2,280)	(8,882)	5,788
Total	<u>\$221,940</u>	<u>\$ —</u>	<u>\$ 221,940</u>	<u>\$ (99,735)</u>	<u>\$ (33,437)</u>	<u>\$ (133,172)</u>	<u>\$ 122,205</u>

Amortization expense related to acquisition-related intangible assets was \$26.8 million, \$33.4 million \$33.7 million and \$29.2 \$33.7 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

As of December 31, 2023 December 31, 2024, future estimated amortization expense related to the acquired-related intangible assets is as follows (in thousands):

Years Ending December 31,	Years Ending December 31,	Future Amortization Expense	Years Ending December 31,	Future Amortization Expense
2024				
2025				
2026				
2027				
2028				

Thereafter
2029
Total
Total
Total

## 5. Commitments and Contingencies

### Operating Leases

We lease various offices and data centers in North America, Europe, Asia and Australia under non-cancellable operating lease arrangements that expire on various dates through 2029, 2031. Some of our leases include options to extend the term of such leases for a period from three months to up to 10 years and/or options to early terminate the leases. As of December 31, 2023 December 31, 2024, we did not include any such options in determining the lease terms because we were not reasonably certain that we would exercise these options.

The following table summarizes the supplemental balance sheet information related to our operating leases (in thousands):

	December 31, 2023	December 31, 2022
<b>Right-of-use assets:</b>		
Operating lease right-of-use assets (included in other assets)	\$ 55,890	\$ 53,390
<b>Lease liabilities:</b>		
Operating lease liabilities, current (included in other current liabilities)	21,106	19,878
Operating lease liabilities, non-current (included in other long-term liabilities)	44,413	43,964
Total operating lease liabilities	<u>\$ 65,519</u>	<u>\$ 63,842</u>

The following table summarizes our lease costs (in thousands):

	Year Ended December 31,	
	2023	2022
<b>Operating lease costs:</b>		
Fixed lease costs	\$ 23,541	\$ 24,134
Variable lease costs	9,717	8,682
Total operating lease costs	<u>\$ 33,258</u>	<u>\$ 32,816</u>

The operating lease costs in the table above include costs for long-term and short-term leases. Total short-term lease costs were immaterial. Fixed lease costs include expenses recognized for base rent payments on a straight-line basis. Variable lease costs primarily include maintenance, utilities and operating expenses that are incremental to the fixed base rent payments, and are excluded from the calculation of operating lease liabilities and ROU assets. For the years ended December 31, 2023 and 2022, cash paid for amounts associated with our operating lease liabilities were approximately \$22.7 million and \$23.9 million, respectively, which were classified as operating activities in the accompanying consolidated statements of cash flows.

	December 31, 2024	December 31, 2023
<b>Right-of-use assets:</b>		
Operating lease right-of-use assets (included in other assets)	\$ 51,956	\$ 55,890
<b>Lease liabilities:</b>		
Operating lease liabilities, current (included in other current liabilities)	22,143	21,106
Operating lease liabilities, non-current (included in other long-term liabilities)	37,499	44,413
Total operating lease liabilities	<u>\$ 59,642</u>	<u>\$ 65,519</u>

Maturities of operating lease liabilities as of December 31, 2023 December 31, 2024 are presented in the table below (in thousands):

Years ending December 31,	Amount
2024	\$ 23,985
2025	21,208
2026	12,846
2027	8,694
2028	5,105

2029 and thereafter	159
Total undiscounted operating lease payments (excluding non-lease components)	71,997
Less: imputed interest	(6,478)
Present value of operating lease payments as of December 31, 2023	\$ 65,519

	December 31, 2023	December 31, 2022
<b>Other information:</b>		
Weighted-average remaining lease term — operating leases	3.4 years	4.2 years
Weighted-average discount rate — operating leases	5.4%	5.1%

Years ending December 31,	Amount
2025	\$ 24,704
2026	16,766
2027	12,238
2028	8,063
2029	2,695
2030 and thereafter	841
Total undiscounted operating lease payments (excluding non-lease components)	65,307
Less: imputed interest	(5,665)
Present value of operating lease payments as of December 31, 2024	\$ 59,642

#### Purchase Commitments

We outsource most of our manufacturing and supply chain management operations to third-party contract manufacturers, who procure components and assemble products on our behalf. A significant portion of our purchase orders to our contract manufacturers for finished products consists of non-cancellable purchase commitments. In addition, we purchase strategic component inventory from certain suppliers under non-cancellable purchase commitments, including integrated circuits, which are consigned to our contract manufacturers. As of **December 31, 2023** **December 31, 2024**, we had non-cancellable purchase commitments not recorded on our balance sheet of **\$1,586.7 million**, **\$3.1 billion**, of which **\$1,547.2 million** **\$2.8 billion** have confirmed receipt dates within 12 months, and **\$39.5 million** **\$0.3 billion** have confirmed receipt dates greater than 12 months. These open purchase orders are considered enforceable and legally binding, and while we may have some limited ability to reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services, this can only occur with the agreement of the related supplier.

We also had deposits to our contract manufacturers to secure our purchase commitments in the amount of **\$133.3 million** **\$95.8 million** and **\$192.5 million** **\$133.3 million** as of **December 31, 2023** **December 31, 2024** and **2022**, **2023**, respectively, which were recorded within prepaid expenses and other current assets, as well as other assets in the consolidated balance sheets.

#### Property project

During the year ended December 31, 2021, we purchased land and the improvements thereon in Santa Clara, California to construct a building for office, lab and data center space. The estimated capital expenditures related to this project is expected to be approximately \$235.0 million to \$260.0 million through December 31, 2026 at which time construction is expected to be completed.

#### Guarantees

We have entered into agreements with some of our direct customers and channel partners that contain indemnification provisions relating to potential situations where claims could be alleged that our products infringe the intellectual property rights of a third-party. We have, at our option and expense, the ability to repair any infringement, replace product with a non-infringing equivalent-in-function product or refund our customers all or a portion of the value of the product. Other guarantees or indemnification agreements include guarantees of product and service performance and standby letters of credit for leased facilities and corporate credit cards. We have not recorded a liability related to these indemnification and guarantee provisions, and our guarantee and indemnification arrangements have not had any material impact on our consolidated financial statements to date.

#### Legal Proceedings

[WSOU Investments, LLC](#)

On November 25, 2020, WSOU Investments LLC ("WSOU") filed a lawsuit against us in the Western District of Texas asserting that certain of our products infringe three WSOU patents. WSOU's allegations are directed to certain features of our wireless and switching products. WSOU seeks remedies including monetary damages, attorney's fees and costs. On February 4, 2021, we filed an answer denying WSOU's allegations. On November 5, 2021, the case was transferred to the Northern District of California. On March 30, 2022, WSOU dismissed one of the patents with prejudice, removing Arista wireless products from those accused of infringement. On July 1, 2022, the court stayed the case pending the resolution of an *inter partes* review of one of the patents-in-suit. On May 30, 2023, the US Patent Trial and Appeal Board ("PTAB") ruled all challenged claims in the *inter partes* review unpatentable. The district court case remains **stayed** pending appeal and/or final resolution of the PTAB ruling.

We intend to vigorously defend against the claims brought against us by WSOU; however, we cannot be certain that any of WSOU's claims will be resolved in our favor, regardless of the merits of those claims. Any adverse litigation ruling could result in a significant damages award against us and injunctive relief.

With respect to the legal proceedings described above, it is our belief that while a loss is not probable, it may be reasonably possible. Further, at this stage in the litigation, any possible loss or range of loss cannot be estimated; however, the outcome of litigation is inherently uncertain. Therefore, if this legal matter were resolved against us in a reporting period for a material amount, our consolidated financial statements for that reporting period could be materially adversely affected.

Other matters

In the ordinary course of business, we are a party to other claims and legal proceedings including matters relating to commercial, employee relations, business practices and intellectual property.

We record a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of **December 31, 2023** **December 31, 2024**, provisions recorded for contingent losses related to other claims and matters have not been significant. Based on currently-available information, management does not believe that any additional liabilities relating to other unresolved matters are probable or that the amount of any resulting loss is estimable, and believes these other matters are not likely, individually and in the aggregate, to have a material adverse effect on our financial position, results of operations or cash flows; however, litigation is subject to inherent uncertainties and our view of these matters may change in the future. Were an unfavorable outcome to occur, there exists the possibility of a material adverse impact on our financial position, results of operations or cash flows for the period in which the unfavorable outcome occurs, and potentially in future periods.

**6. Stockholders' Equity and Stock-Based Compensation**

**Stock Repurchase Program**

In **October 2021**, **April 2024**, we completed repurchases under our previous \$1.0 billion stock repurchase program (the "Prior Repurchase Program"). In May 2024, our board of directors authorized a **\$1.0 new \$1.2 billion** stock repurchase program (the "**Repurchase**" **New Repurchase Program**" and together with the Prior Repurchase Program, the "**Repurchase Programs**"), which expires in May 2027. This authorization allows us to repurchase shares of our common stock that will be funded from working capital. **The Repurchase Program expires in the fourth quarter of 2024.** Repurchases may be made at **management's management's** discretion from time to time on the open market, through privately negotiated transactions, transactions structured through investment banking institutions, block purchases, **10b5-1 trading plans** under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or a combination of the foregoing. The Repurchase **Program does** **Programs do** not obligate us to acquire any of our common stock, and may be suspended or discontinued by **us the company** at any time without prior notice. During the year ended **December 31, 2024**, we repurchased a total of \$279.0 million of our common stock under our New Repurchase Program and \$144.6 million of our common stock under our Prior Repurchase Program. As of **December 31, 2023** **December 31, 2024**, the remaining authorized amount for stock repurchases under **this program the New Repurchase Program** was approximately **\$144.5 million** **\$921.0 million**.

A summary of the stock repurchase activities for the years ended **December 31, 2023** **December 31, 2024** and **2022** **2023** is as follows, as adjusted to give effect to the Stock Split (in thousands, except per share amounts):

	Year Ended December 31,	
	2023	2022
	2024	2023
Aggregate purchase price		
Shares repurchased		
Average price paid per share		

The aggregate purchase price of repurchased shares of our common stock is recorded as a reduction to retained earnings in our consolidated statements of stockholders' equity. All shares repurchased have been retired.

**2014 Equity Incentive Plan**

In April 2014, our board of directors and stockholders approved the 2014 Equity Incentive Plan (the "2014 Plan"), effective on the first day that our common stock was publicly traded, and simultaneously terminated the 2004 and 2011 equity plans as to future grants. However, these plans will continue to govern the terms and conditions of the outstanding options previously granted thereunder.

Awards granted under the 2014 Plan could be in the form of Incentive Stock Options ("ISOs"), Nonstatutory Stock Options ("NSOs"), Restricted Stock Units ("RSUs"), Restricted Stock Awards ("RSAs") or Stock Appreciation Rights ("SARs"). The number of shares available for grant and issuance under the 2014 Plan increases automatically on January 1 of each year commencing with 2016 by the number of shares equal to 3% of the outstanding shares of our common stock on the immediately preceding December 31, but not to exceed 50 million shares (the "2014 Plan Evergreen Increase"), unless the board of directors, in its discretion, determines to make a smaller increase. Effective January 1, 2023 On April 16, 2024, our board of directors authorized adopted an increase amended and restated Arista Networks, Inc. 2014 Equity Plan ("Restated Plan"), effective April 17, 2024 ("Effective Date") subject to the approval of 9.2 million shares our stockholders, which was approved at the 2024 Annual Meeting of Stockholders on June 7, 2024.

The Restated Plan provides for future issuance the grant of equity-based awards, including stock options, restricted stock units, restricted stock, stock appreciation rights, and performance awards. The share pool available under the prior version of the Company's 2014 Equity Incentive Plan ("Prior Plan") was extinguished, and the Restated Plan provides for a new share pool not to exceed (i) 52,800,000 shares of our Common Stock ("Shares"), plus (ii) any Shares subject to awards under the Prior Plan that, on or after the Effective Date, expired or otherwise terminated without having been exercised in full, or that were forfeited to or repurchased by us, including net settlement of Shares subject to restricted stock units, with the maximum number of Shares to be added to the Restated Plan as a result of clause (ii) equal to 40,158,628 Shares. The Restated Plan's terms are substantially similar to the Prior Plan's terms, including with respect to treatment of equity awards in the event of a "change in control" as defined under the Restated Plan, but with certain modifications, including the elimination of the automatic "evergreen" share reserve increase provided for under the Prior Plan. As of December 31, 2023 December 31, 2024, there remained approximately 95.3 million 52.4 million shares available for issuance grant under the 2014 Plan. Restated Plan, as adjusted to give effect to the Stock Split.

#### 2014 Employee Stock Purchase Plan

In April 2014, the board of directors and stockholders approved the 2014 Employee Stock Purchase Plan (the "ESPP" ("ESPP"). The ESPP became effective on the first day that our common stock was publicly traded. The number of shares reserved for issuance under the ESPP increases automatically on January 1 of each year by the number of shares equal to 1% of our shares outstanding immediately preceding December 31, but not to exceed 10 40 million shares, unless the board of directors, in its discretion, determines to make a smaller increase. Effective January 1, 2023 January 1, 2024, our board of directors authorized an increase of 3.1 million 12.5 million shares, as adjusted to give effect to the Stock Split, for future issuance under the ESPP. As of December 31, 2023 December 31, 2024, there remained 23.4 million 104.9 million shares available for issuance under the ESPP. Furthermore, in February, 2024, our board of directors authorized an increase of 3.1 million shares for future issuance under the ESPP effective January 1, 2024.

Under our ESPP, eligible employees are permitted to acquire shares of our common stock at 85% of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. Each offering period lasts approximately two years starting on the first trading date after February 15 and August 15 of each year, and includes purchase dates every six months on or after February 15 and August 15 of each year. Participants may purchase shares of common stock through payroll deductions up to 10% 15% of their eligible compensation, subject to Internal Revenue Service mandated purchase limits.

During the year ended December 31, 2023 December 31, 2024, we issued 279,498 1.12 million shares at an average purchase price of \$105.69 \$29.08 per share under our ESPP. ESPP, as adjusted to give effect to the Stock Split.

#### Stock Option Activities

The following table summarizes the option activities and related information, as adjusted to give effect to the Stock Split (in thousands, except years and per share amounts):

	Number of Shares Underlying Outstanding Options	Number of Shares Underlying Outstanding Options	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value	Number of Shares Underlying Outstanding Options	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance—December 31, 2022									
Balance—December 31, 2023									
Options granted									
Options exercised									
Options exercised									
Options exercised									
Options canceled									
Options canceled									
Options canceled									
Balance—December 31, 2023									
Balance—December 31, 2023									
Balance—December 31, 2023									
Vested and exercisable—December 31, 2023									
Balance—December 31, 2024									
Balance—December 31, 2024									
Balance—December 31, 2024									
Vested and exercisable—December 31, 2024									

We did not grant any stock options during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022. The aggregate intrinsic value of options exercised during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was \$495.1 million, \$525.3 million and 2021 was \$525.3 million, \$311.7 million and \$410.9 million, respectively. The total fair value of options vested for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 was approximately \$8.7 million \$5.6 million, \$16.6 million \$8.7 million and \$25.3 million \$16.6 million, respectively.

## Restricted Stock Unit (RSU) Activities

The following table summarizes the RSU activities and related information, as adjusted to give effect to the Stock Split (in thousands, except per share amounts):

	Number of Shares	Number of Shares	Weighted- Average Grant Date Fair Value Per Share	Number of Shares	Weighted- Average Grant Date Fair Value Per Share
Unvested balance—December 31, 2022					
Balance—December 31, 2023					
RSUs and PRSUs granted					
RSUs and PRSUs vested					
RSUs and PRSUs forfeited/canceled					
Unvested balance—December 31, 2023					
Unvested balance—December 31, 2024					

The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2023, December 31, 2024, 2023 and 2022 was \$72.61, \$39.49 and 2021 was \$157.94, \$101.35 and \$93.18 \$25.34 per share, respectively, respectively, as adjusted to give effect to the Stock Split. The total fair value of RSUs vested for the years ended December 31, 2023, 2024, 2022 2023 and 2021 2022 was approximately \$225.5 million \$251.8 million, \$174.0 million \$225.5 million, and \$120.4 million \$174.0 million, respectively.

## Stock-Based Compensation Expense

The following table summarizes the stock-based compensation expense related to our equity awards (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Cost of revenue			
Research and development			
Sales and marketing			
General and administrative			
Total stock-based compensation			

## Determination of Fair Value

We record stock-based compensation awards based on fair value as of the grant date. We value RSUs at the market close price of our common stock on the grant date. For option awards and ESPP offerings, we use the Black-Scholes option pricing model to determine fair value. We recognize such costs as compensation expense generally on a straight-line basis over the requisite service period of the award.

As of December 31, 2023, December 31, 2024, there were \$733.7 million \$1.0 billion of unrecognized compensation costs related to all unvested awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 3.4 4.2 years.

## 7. Net Income Per Share

Basic net income per share is computed using the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed using the weighted-average number of shares of common stock outstanding during the period, including potential common shares assuming the dilutive effect of outstanding stock options, restricted stock units, and the employee stock purchase plan using the treasury stock method. Potential common shares whose effect would have been antidilutive are excluded from the computation of diluted net income per share. The following table sets forth the computation of our basic and diluted net income per share attributable to common stockholders, as adjusted to give effect to the Stock Split (in thousands, except per share amounts):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Net income			
Basic weighted-average shares outstanding			
Add weighted-average effects of dilutive securities:			
Stock options and RSUs			
Stock options and RSUs			
Stock options and RSUs			
Employee stock purchase plan			
Diluted weighted-average shares outstanding			



Net income per share:
Basic
Basic
Basic
Diluted

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net income per share attributable to common stockholders because their effects would have been anti-dilutive for the periods presented, as adjusted to give effect to the Stock Split (in thousands):

Year Ended December 31,			
	2023	2022	2021
	2024	2023	2022
Stock options and RSUs			
Employee stock purchase plan			
Total			

8. Income Taxes

The components of income before provision for income taxes are as follows (in thousands):

Year Ended December 31,			
	2023	2022	2021
	2024	2023	2022
Domestic			
Foreign			
Income before income taxes			

The components of the provision for income taxes are as follows (in thousands):

Year Ended December 31,			
	2023	2022	2021
	2024	2023	2022
Current provision for income taxes:			
Federal			
Federal			
Federal			
State			
Foreign			
Total current			
Deferred tax expense (benefit):			
Federal			
Federal			
Federal			
State			
Foreign			
Total deferred tax expense (benefit)			
Total provision for income taxes			

The reconciliation of the statutory federal income tax rate and our effective income tax rate is as follows (in percentages):

Year Ended December 31,			
	2023	2022	2021
	2024	2023	2022
U.S. federal statutory income tax rate	U.S. federal statutory income tax rate	21.00 %	21.00 %
		21.00 %	U.S. federal statutory income tax rate
			21.00 %
			21.00 %
			21.00 %

State tax, net of federal benefit

Taxes on foreign earnings differential

Tax credits

Change in valuation allowance

Stock-based compensation

Stock-based compensation

Stock-based compensation

Acquisition and integration costs

Other, net

Effective tax rate	Effective tax rate	13.81 %	14.50 %	9.67 %	Effective tax rate	12.65 %	13.81 %	14.50 %
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The change in our effective tax rate was due to a favorable change in state taxes and tax benefits attributable to stock-based compensation and the reduction of unrecognized tax benefits as a result of lapse of the applicable statute of limitation in 2023, compensation. Excess tax benefits resulting from stock awards were \$151.2 million \$212.3 million, \$93.5 million \$151.2 million and \$105.8 million \$93.5 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, respectively. The reduction of unrecognized tax benefits due to expiration of statute of limitations were immaterial for the three years ended December 31, 2023, 2022, and 2021, respectively.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets (liabilities) are as follows (in thousands):

	December 31,	
	2023	2022
Deferred tax assets:		
Intangible assets	\$ 322,325	\$ 355,521
Reserves and accruals not currently deductible	120,973	63,517
Deferred revenue	295,268	182,594
Tax credits	118,123	100,284
Lease financing obligation	15,485	15,072
Capitalized research and development expenses	417,095	228,946
Stock-based compensation	28,079	25,480
Net operating losses	34,274	29,469
Other	1,328	8,721
Gross deferred tax assets	1,352,950	1,009,604
Valuation allowance	(146,268)	(132,689)
Total deferred tax assets	1,206,682	876,915
Deferred tax liabilities:		
US tax on foreign earnings	(245,074)	(286,625)
Right of use asset	(12,935)	(12,383)
Other	(2,881)	(3,037)
Total deferred tax liabilities	(260,890)	(302,045)
Net deferred tax assets	\$ 945,792	\$ 574,870

The following table presents the breakdown between non-current

	December 31,	
	2024	2023
Deferred tax assets:		
Intangible assets	\$ 273,867	\$ 322,325
Reserves and accruals not currently deductible	135,167	120,973
Deferred revenue	566,273	295,268
Tax credits	130,188	118,123
Lease financing obligation	13,719	15,485
Capitalized research and development expenses	634,534	417,095

Stock-based compensation	38,631	28,079
Net operating losses	25,916	34,274
Other	3,593	1,328
Gross deferred tax assets	1,821,888	1,352,950
Valuation allowance	(179,789)	(146,268)
Total deferred tax assets	1,642,099	1,206,682
Deferred tax liabilities:		
US tax on foreign earnings	(189,823)	(245,074)
Right of use asset	(11,571)	(12,935)
Other	(287)	(2,881)
Total deferred tax liabilities	(201,681)	(260,890)
Net deferred tax assets	\$ 1,440,418	\$ 945,792

As of December 31, 2024 and 2023, \$1.4 billion and \$0.9 billion were recorded as deferred tax assets, non-current respectively. We did not have any balance related to deferred tax liabilities as of December 31, 2024 and liabilities (in thousands):

	December 31,	
	2023	2022
Deferred tax assets, non-current	\$ 945,792	\$ 574,912
Deferred tax liabilities, non-current	—	(42)
Total net deferred tax assets	\$ 945,792	\$ 574,870

2023.

As of December 31, 2023 December 31, 2024, we had \$246.5 \$225.1 million and \$137.6 \$120.6 million of net operating loss carryforwards for federal and state income tax purposes, respectively, from acquisitions. These federal and state losses will begin to expire in 2028 and 2029, respectively. We do not have any material foreign net operating losses.

As of December 31, 2023 December 31, 2024, our federal, state and foreign tax credit carryforwards for income tax purposes before valuation allowances were approximately \$2.8 \$238.4 million, \$217.3 million and \$1.2 million, respectively. Our federal tax credit will begin to expire in 2038, and our foreign tax credit will begin to expire in 2034, while our state tax credits which can be carried over indefinitely. We have provided a valuation allowance of \$146.3 \$179.8 million for deferred tax assets, primarily related to state and foreign tax credit carryforwards that we do not believe are more likely than not to be realized.

Utilization of the net operating losses and tax credit carryforwards may be subject to limitations due to ownership change limitations provided in the Internal Revenue code Code and similar state or foreign provisions.

The Tax Cuts and Jobs Act enacted on December 22, 2017 U.S. tax law generally requires U.S. shareholders of a Transition Tax on previously untaxed accumulated and current controlled foreign earnings. corporation ("CFC") to include the annual earnings of foreign subsidiaries into U.S. taxable income each year. Correspondingly, all most of the undistributed earnings are deemed to be previously taxed for U.S. tax purposes and distributions of the unremitted earnings do not have any significant U.S. federal income tax impact. We have not provided for any remaining tax effect, if any, of limited outside basis differences of our foreign subsidiaries based upon plans of future reinvestment. The determination of the future tax consequences of the remittance of these earnings is not practicable.

## Uncertain Tax Positions

We recognize uncertain tax positions only to the extent that management believes that it is more likely than not that the position will be sustained. The reconciliation of the beginning and ending amount of gross unrecognized tax benefits as of December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
	2024	2023	2022
Gross unrecognized tax benefits—beginning balance			
Increases related to tax positions taken in a prior year			
Increases related to tax positions taken during current year			
Decreases related to tax positions taken in a prior year			
Decreases related to lapse of statute of limitations			
Decreases related to settlements with taxing authorities			

Gross unrecognized tax benefits—ending balance

As of ~~December 31, 2023~~ December 31, 2024, ~~2022~~ 2023 and ~~2021~~, 2022, the total amount of gross unrecognized tax benefits was \$163.3 million \$181.5 million, \$137.4 million \$163.3 million and \$114.8 million \$137.4 million, respectively, of which \$90.0 million \$103.4 million, \$79.3 million \$90.0 million and \$60.9 million \$79.3 million would affect our effective tax rate if recognized.

Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. For the years ended ~~December 31, 2023~~ December 31, 2024 and ~~2022~~, 2023, the net expense for interest and penalties and the recognized liability for interest and penalties were not material.

The statute of limitations for Federal and most states remains open for ~~2017, 2020~~ 2021 and forward. Some states have net operating loss and tax credit carryforwards, and therefore remain open to examination. ~~The majority of our~~ Our foreign tax returns, where the statute of limitations have not yet lapsed, are open to audit under the statute of limitations of in the respective foreign countries where the subsidiaries are located. It is possible that the amount of existing gross unrecognized tax benefits may decrease within the next 12 months as a result of statute of limitation lapses or payments to tax authorities in certain jurisdictions. However, any such changes are not anticipated to be material.

## 9. Segment and Geographical Information

We operate as one reportable segment. The accounting policies of the reportable segment are the same as those described in the summary of significant accounting policies. The financial information reviewed by the CODM reflects quarterly and year-to-date operating results, with a primary focus on revenue, gross margin, operating margin and net income as reported on the consolidated statements of income. Consolidated financial information is used by the CODM to evaluate performance and make decisions regarding resource allocation and other strategic initiatives. This consolidated financial information is also what is used to establish and approve operating budgets and forecasts. The measure of segment assets is reported on the consolidated balance sheets in total. There was no change for each of the periods presented in the measurement methods used to determine reported segment profit and loss.

The CODM reviews the following significant segment expenses, which are presented separately on the Company's consolidated statements of income: cost of product, cost of services, selling and marketing expenses, general and administrative expenses, and research and development expenses. Other segment items that are included in the calculation of the Company's net income include other income (expense), net, which is further described in Note 3. Financial Statements Details and income taxes, which is further described in Note 8. Income Taxes. Other segment disclosures such as depreciation and amortization and stock-based compensation are disclosure in the Consolidated Statements of Cash Flows.

The following table represents revenue based on customers' shipping addresses (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Americas <sup>(1)</sup>	\$ 4,651,193	\$ 3,462,621	\$ 2,156,183
Europe, Middle East and Africa	670,960	529,800	486,836
Asia Pacific	538,015	388,889	305,018
Total revenue	\$ 5,860,168	\$ 4,381,310	\$ 2,948,037

	Year Ended December 31,		
	2024	2023	2022
Americas <sup>(1)</sup>	\$ 5,729,039	\$ 4,651,193	\$ 3,462,621
Europe, Middle East and Africa	713,175	670,960	529,800
Asia Pacific	560,932	538,015	388,889
Total revenue	\$ 7,003,146	\$ 5,860,168	\$ 4,381,310

(1) Includes \$5,663.0 million, \$4,541.5 million \$3,424.8 million and \$2,125.9 \$3,424.8 million revenue generated from the U.S. for the three years ended ~~December 31, 2023~~ December 31, 2024, ~~2022~~ 2023 and ~~2021~~, 2022, respectively

Long-lived assets, excluding intercompany receivables, investments in subsidiaries, investments in privately-held companies and deferred tax assets, net by location are summarized as follows (in thousands):

	December 31,	
	2023	2022
	2024	2023
United States		
International		

Total

## 10. Post-Employment Benefits

We have a 401(k) Plan that covers substantially all of our employees in the U.S. Effective January 1, 2017, we have elected to match 100% of employees' contributions up to a maximum of 3% of an employee's annual salary. Matching contributions are immediately vested. For the years ended December 31, 2023, December 31, 2024, 2023 and 2022, and 2021, the amounts we contributed approximately \$13.1 million, \$12.4 million and \$9.8 million for the matching contributions respectively.

were not material.

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023, December 31, 2024. 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 a company in the reports that it files or submits 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 principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, December 31, 2024, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission (SEC) rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Securities and Exchange Act of 1934, as amended, that occurred during the quarter ended December 31, 2023, December 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Inherent Limitations of Internal Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon 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. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

### Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 framework). Based on that assessment, management concluded that, as of **December 31, 2023** **December 31, 2024**, its internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP.

The effectiveness of our internal control over financial reporting, as of **December 31, 2023** **December 31, 2024**, has been audited by Ernst & Young LLP, the independent registered public accounting firm that audits our Consolidated Financial Statements, as stated in their report included in Item 8 of this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of **December 31, 2023** **December 31, 2024**.

## Item 9B. Other Information

### Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, the following directors and officer, as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408, as follows:

On **December 5, 2023**, Ita Brennan, our Senior Vice President and Chief Financial Officer, modified the Rule 10b5-1 trading arrangement previously adopted **June 8, 2023** providing for the sale from time to time of an aggregate of up to 58,000 shares of our common stock to adjust scheduled sales dates as a result of her planned departure from the Company. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until September 8, 2024, or earlier if all transactions under the trading arrangement are completed.

On **December 14, 2023** **December 13, 2024**, Jayshree Ullal, our Chairperson and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of: (i) up to **538,270** **7,349,668** shares of our common stock; and (ii) a number of shares of our common stock that may be earned in connection with grants of performance-based restricted stock units, which cannot be determined at this time. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until **March 14, 2025**, or earlier if all transactions under the trading arrangement are completed.

On **December 14, 2023**, Anshul Sadana, our Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 126,861 shares of our common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until **March 13, 2025** **April 17, 2026**, or earlier if all transactions under the trading arrangement are completed.

No other officers or directors, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the last fiscal quarter.

### Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

## PART III

### Item 10. Directors, Executive Officers, and Corporate Governance

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our **2024** **2025** Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 11. Executive Compensation

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our **2024** **2025** Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our **2024** **2025** Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our **2024** **2025** Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 14. Principal Accountant Fees and Services



Information required by this Item is incorporated herein by reference to our definitive proxy statement with respect to our 2024 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this Annual Report on Form 10-K are as follows:

1. Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is shown in the Consolidated Financial Statements or Notes thereto.

3. Exhibits

The exhibits listed in the following Exhibit Index are filed or incorporated by reference into this report:

### EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant.</a>	10-Q	001-36468	3.1	8/8/2014	
3.2	<a href="#">Amended and Restated Bylaws of Arista Networks, Inc. dated December 18, 2023</a>	8-K	001-36468	3.1	12/20/2023	
4.1	<a href="#">Form of the Registrant's common stock certificate.</a>	S-1/A	333-194899	4.1	4/21/2014	
4.2	<a href="#">Description of Registrant's securities registered under Section 12 of the Exchange Act</a>					ü
10.1	<a href="#">Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.</a>	10-Q	001-36468	10.1	11/1/2019	
10.2 †	<a href="#">2004 Equity Incentive Plan.</a>	S-1	333-194899	10.2	3/31/2014	
10.3 †	<a href="#">2011 Equity Incentive Plan.</a>	S-1	333-194899	10.3	3/31/2014	
10.4 †	<a href="#">2014 Equity Incentive Plan.</a>	S-1/A	333-194899	10.4	5/27/2014	
10.5 †	<a href="#">2014 Employee Stock Purchase Plan.</a>	10-K	001-36468	10.5	3/12/2015	
10.6 †	<a href="#">Offer Letter, dated October 17, 2004, by and between the Registrant and Kenneth Duda.</a>	S-1	333-194899	10.6	3/31/2014	
10.7 †	<a href="#">Offer Letter, dated June 8, 2007, by and between the Registrant and Anshul Sadana.</a>	S-1	333-194899	10.7	3/31/2014	
10.8 †	<a href="#">Offer Letter, dated August 1, 2008, by and between the Registrant and Jayshree Ullal.</a>	S-1	333-194899	10.8	3/31/2014	
10.9 †	<a href="#">Offer Letter, dated March 27, 2013, by and between the Registrant and Charles Giancarlo.</a>	S-1	333-194899	10.9	3/31/2014	
10.11	<a href="#">Lease between Arista Networks, Inc. and The Irvine Company LLC, dated August 10, 2012, as amended on February 28, 2013.</a>	S-1	333-194899	10.15	3/31/2014	
10.12	<a href="#">Second Amendment to Lease, by and between Arista Networks, Inc. and The Irvine Company LLC, dated July 30, 2014.</a>	10-Q	001-36468	10.1	8/8/2014	
10.13	<a href="#">License Agreement, dated November 30, 2004, by and between the Registrant and OptumSoft, Inc.</a>	S-1	333-194899	10.16	3/31/2014	
10.14 ‡	<a href="#">Manufacturing Services Letter Agreement, dated February 5, 2007, between the Registrant and Jabil Circuit, Inc.</a>	S-1	333-194899	10.17	3/31/2014	
10.15 †	<a href="#">Employee Incentive Plan.</a>	S-1/A	333-194899	10.21	4/21/2014	
10.16 †	<a href="#">Offer Letter, dated May 18, 2015, by and between the Registrant and Ita Brennan.</a>	8-K	001-36468	10.1	5/14/2015	
10.17 †	<a href="#">Severance Agreement, effective May 18, 2015, by and between the Registrant and Ita Brennan.</a>	8-K	001-36468	10.2	5/14/2015	
10.18 †	<a href="#">2015 Global Sales Incentive Plan.</a>	10-Q	001-36468	10.3	5/5/2016	

10.19 †	<a href="#">Offer letter, dated January 2, 2013, by and between the Registrant and Marc Taxay,</a>	10-Q	001-36468	10.1	5/8/2017
10.20 †	<a href="#">Severance Agreement, dated March 30, 2015, by and between the Registrant and Marc Taxay,</a>	10-Q	001-36468	10.2	5/8/2017
10.21 †	<a href="#">Offer letter, dated February 14, 2017, by and between the Registrant and John McCool,</a>	10-Q	001-36468	10.3	5/8/2017
10.22 †	<a href="#">Severance Agreement, dated March 20, 2017, by and between the Registrant and John McCool,</a>	10-Q	001-36468	10.4	5/8/2017
10.23 ‡	<a href="#">Term Sheet of Mutual Release and Settlement Agreement, dated August 6, 2018, between the Registrant and Cisco Systems, Inc.,</a>	10-Q	001-36468	10.1	11/5/2018
10.24 ‡	<a href="#">Mutual Release and Settlement Agreement, dated August 6, 2018, by and between the Registrant and Cisco Systems, Inc.,</a>	10-K	001-36468	10.24	2/15/2019
10.25 †	<a href="#">Awake Security, Inc. 2014 Equity Incentive Plan</a>	S-8	333-249591	99.1	10/22/2020

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Registrant,</a>	10-Q	001-36468	3.1	8/8/2014	
3.2	<a href="#">Amended and Restated Bylaws of Arista Networks, Inc. dated December 18, 2023</a>	8-K	001-36468	3.1	12/20/2023	
3.3	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant</a>	8-K	001-36468	3.1	12/3/2024	
4.1	<a href="#">Form of the Registrant's common stock certificate,</a>	S-1/A	333-194899	4.1	4/21/2014	
4.2	<a href="#">Description of Registrant's securities registered under Section 12 of the Exchange Act</a>					ü
10.1	<a href="#">Form of Indemnification Agreement between the Registrant and each of its directors and executive officers,</a>	10-Q	001-36468	10.1	11/1/2019	
10.2 †	<a href="#">2004 Equity Incentive Plan,</a>	S-1	333-194899	10.2	3/31/2014	
10.3 †	<a href="#">2011 Equity Incentive Plan,</a>	S-1	333-194899	10.3	3/31/2014	
10.4 †	<a href="#">2014 Equity Incentive Plan,</a>					ü
10.5 †	<a href="#">2014 Employee Stock Purchase Plan,</a>					ü
10.6 †	<a href="#">Offer Letter, dated October 17, 2004, by and between the Registrant and Kenneth Duda,</a>	S-1	333-194899	10.6	3/31/2014	
10.7 †	<a href="#">Offer Letter, dated June 8, 2007, by and between the Registrant and Anshul Sadana,</a>	S-1	333-194899	10.7	3/31/2014	
10.8 †	<a href="#">Offer Letter, dated August 1, 2008, by and between the Registrant and Jayshree Ullal,</a>	S-1	333-194899	10.8	3/31/2014	
10.9 †	<a href="#">Offer Letter, dated March 27, 2013, by and between the Registrant and Charles Giancarlo,</a>	S-1	333-194899	10.9	3/31/2014	
10.11	<a href="#">Lease between Arista Networks, Inc. and The Irvine Company LLC, dated August 10, 2012, as amended on February 28, 2013,</a>	S-1	333-194899	10.15	3/31/2014	
10.12	<a href="#">Second Amendment to Lease, by and between Arista Networks, Inc. and The Irvine Company LLC, dated July 30, 2014,</a>	10-Q	001-36468	10.1	8/8/2014	
10.13	<a href="#">License Agreement, dated November 30, 2004, by and between the Registrant and OptumSoft, Inc.,</a>	S-1	333-194899	10.16	3/31/2014	
10.14 ‡	<a href="#">Manufacturing Services Letter Agreement, dated February 5, 2007, between the Registrant and Jabil Circuit, Inc.,</a>	S-1	333-194899	10.17	3/31/2014	
10.15 †	<a href="#">Employee Incentive Plan,</a>	S-1/A	333-194899	10.21	4/21/2014	
10.16 †	<a href="#">Offer Letter, dated May 18, 2015, by and between the Registrant and Ita Brennan,</a>	8-K	001-36468	10.1	5/14/2015	
10.17 †	<a href="#">Severance Agreement, effective May 18, 2015, by and between the Registrant and Ita Brennan,</a>	8-K	001-36468	10.2	5/14/2015	
10.18 †	<a href="#">2015 Global Sales Incentive Plan,</a>	10-Q	001-36468	10.3	5/5/2016	
10.19 †	<a href="#">Offer letter, dated January 2, 2013, by and between the Registrant and Marc Taxay,</a>	10-Q	001-36468	10.1	5/8/2017	
10.20 †	<a href="#">Severance Agreement, dated March 30, 2015, by and between the Registrant and Marc Taxay,</a>	10-Q	001-36468	10.2	5/8/2017	
10.21 †	<a href="#">Offer letter, dated February 14, 2017, by and between the Registrant and John McCool,</a>	10-Q	001-36468	10.3	5/8/2017	
10.22 †	<a href="#">Severance Agreement, dated March 20, 2017, by and between the Registrant and John McCool,</a>	10-Q	001-36468	10.4	5/8/2017	
10.23 ‡	<a href="#">Term Sheet of Mutual Release and Settlement Agreement, dated August 6, 2018, between the Registrant and Cisco Systems, Inc.,</a>	10-Q	001-36468	10.1	11/5/2018	
10.24 ‡	<a href="#">Mutual Release and Settlement Agreement, dated August 6, 2018, by and between the Registrant and Cisco Systems, Inc.,</a>	10-K	001-36468	10.24	2/15/2019	

10.25 †	<a href="#">Awake Security, Inc. 2014 Equity Incentive Plan</a>	S-8	333-249591	99.1	10/22/2020
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Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
10.26	<a href="#">Third Amendment to Lease, by and between Arista Networks, Inc. and The SANTA CLARA GATEWAY I LLC, dated February 1, 2023</a>	10-K	001-36468	10.1	2/13/2023	
10.27	<a href="#">Letter Agreement by and between the Company and Chantelle Breithaupt, dated October 15, 2023</a>	8-K	001-36468	10.1	12/1/2023	
10.28	<a href="#">Form of Severance Agreement by and between the Company and Chantelle Breithaupt</a>					ü
21.1	<a href="#">List of Subsidiaries of the Registrant.</a>					ü
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>					ü
24.1	<a href="#">Power of Attorney</a> (contained on signature page hereto)					ü
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					ü
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.</a>					ü
32.1*	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>					ü
97.1	<a href="#">Compensation Recovery Policy</a>					ü
101.INS	XBRL Instance Document.					
101.SCH	XBRL Taxonomy Extension Schema Document.					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					
104.0	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)					

Exhibit Number	Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed Herewith
10.26	<a href="#">Third Amendment to Lease, by and between Arista Networks, Inc. and The SANTA CLARA GATEWAY I LLC, dated February 1, 2023</a>	10-K	001-36468	10.1	2/13/2023	
10.27	<a href="#">Letter Agreement by and between the Company and Chantelle Breithaupt, dated October 15, 2023</a>	8-K	001-36468	10.1	12/1/2023	
10.28	<a href="#">Form of Severance Agreement by and between the Company and Chantelle Breithaupt</a>	10-K	001-36468	10.28	2/13/2024	
10.29**	<a href="#">Consulting Agreement between the Company and Anshul Sadana, dated May 21, 2024</a>					ü
19.0	<a href="#">Insider Trading Policy</a>					ü
21.1	<a href="#">List of Subsidiaries of the Registrant.</a>					ü
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>					ü
24.1	<a href="#">Power of Attorney</a> (contained on signature page hereto)					ü
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					ü
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.</a>					ü
32.1*	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.</a>					ü
97.1	<a href="#">Compensation Recovery Policy</a>	10-K	001-36468	97.1	2/13/2024	
101.INS	XBRL Instance Document.					
101.SCH	XBRL Taxonomy Extension Schema Document.					

101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104.0	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

† Indicates a management contract or compensatory plan or arrangement.  
‡ Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

• • Certain information contained in this exhibit has been redacted pursuant to Item 601(a)(6) of Regulation S-K.

\* The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Arista 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ARISTA NETWORKS, INC.  
(Registrant)

Dated: February 12, 2024 18, 2025

By: /s/ JAYSHREE ULLAL  
Jayshree Ullal  
President, Chief Executive Officer and Chairperson of the Board  
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jayshree Ullal and Ita Brennan, Chantelle Breithaupt, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ JAYSHREE ULLAL Jayshree Ullal	President, Chief Executive Officer and Chairperson of the Board (Principal Executive Officer)	February 12, 2024 18, 2025
_____ /s/ ITA BRENNAN CHANTELLE BREITHAUPT Ita Brennan Chantelle Breithaupt	Chief Financial Officer (Principal Accounting and Financial Officer) (Senior Vice President)	February 12, 2024 18, 2025
_____ /s/ KENNETH DUDA Kenneth Duda	Chief Technology Officer, Senior Vice President, Director	February 12, 2024 18, 2025
_____ /s/ KELLY BATTLES Kelly Battles	Director	February 12, 2024 18, 2025
_____ /s/ LEWIS CHEW Lewis Chew	Director	February 12, 2024 18, 2025
_____ /s/ CHARLES GIANCARLO Charles Giancarlo	Director	February 12, 2024 18, 2025
_____ /s/ DAN SCHEINMAN Dan Scheinman	Director	February 12, 2024 18, 2025
_____ /s/ MARK TEMPLETON Mark Templeton	Director	February 12, 2024 18, 2025
_____ /s/ YVONNE WASSENAAR Yvonne Wassenaar	Director	February 12, 2024 18, 2025

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## Exhibit 4.2

### DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Arista Networks, Inc. ("us," "our," "we" or the "Company") is a summary of the rights of our capital stock and summarizes certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation, amended and restated bylaws and 2004 Rights Agreement, copies of which have been filed as exhibits to this Annual Report on Form 10-K, as well as to the applicable provisions of the Delaware General Corporation Law.

Our authorized capital stock consists of 1,100,000,000 4,100,000,000 shares, with a par value of \$0.0001 per share, of which:

- 1,000,000,000 4,000,000,000 shares are designated as common stock; and
- 100,000,000 shares are designated as preferred stock.

#### Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. Upon our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

#### Preferred Stock

Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue, from time to time, up to 100,000,000 shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock.

#### Registration Rights—2004 Rights Agreement

Certain holders of shares of our common stock or their permitted transferees are entitled to rights with respect to the registration of these shares under the Securities Act of 1933, as amended (the "Securities Act"). These rights are provided under the terms of a rights agreement dated October 16, 2004 between us and the holders of these shares (the "2004 Rights Agreement") and include demand registration rights, short-form registration rights and piggyback registration rights.

The registration rights provided for in the 2004 Rights Agreement terminate seven (7) years following the completion of our initial public offering or, with respect to any particular stockholder, at such time that such stockholder can sell all of its registrable securities during any three-month period pursuant to Rule 144 of the Securities Act or the registrable securities of such stockholders represent less than one percent of our outstanding capital stock.

#### **Demand Registration Rights**

Certain holders of shares of our common stock or their permitted transferees, are entitled to demand registration rights pursuant to the 2004 Rights Agreement. Under the terms of the 2004 Rights Agreement, we will be required, upon the written request of holders of at least 50% of the shares that are entitled to registration rights under the 2004 Rights Agreement with respect to a registration with an anticipated aggregate offering price, before any underwriting discounts and commissions, in excess of \$25.0 million, to register, as soon as practicable, all or a portion of these shares for public resale. We are required to effect only one registration pursuant to this provision of the rights agreement. Depending on certain conditions, however, we may defer such registration for up to 90 days twice in any 12-month period. We are not required to

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effect a demand registration earlier than 180 days after the effective date of this offering. If the holders requesting registration intend to distribute their shares by means of an underwriting, the underwriters of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares.

#### **Short-Form Registration Rights**

Certain holders of shares of our common stock or their permitted transferees are also entitled to short-form registration rights pursuant to the 2004 Rights Agreement. If we are eligible to file a registration statement on Form S-3, these holders have the right, upon written request from holders of these shares, to have such shares registered by us if the proposed aggregate offering price of the shares to be registered by the holders requesting registration is at least \$2.5 million, net of any underwriter's discounts or commissions, subject to exceptions set forth in the 2004 Rights Agreement.

#### **Piggyback Registration Rights**

Certain holders of shares of our common stock or their permitted transferees are entitled to piggyback registration rights pursuant to the 2004 Rights Agreement. If we register any of our securities under the Securities Act, subject to certain exceptions, the holders of these shares will be entitled to notice of the registration and to include their registrable securities in the registration. The underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to limitations set forth in the 2004 Rights Agreement.

#### **Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws**

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

*Undesignated Preferred Stock.* As discussed above under "—Preferred Stock," our board of directors has the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

*Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting.* Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with the amended and restated bylaws.

In addition, our amended and restated bylaws provides that special meetings of the stockholders may be called only by the chairman of the board, the chief executive officer, the president (in the absence of a chief executive officer) or our board of directors. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

*Requirements for Advance Notification of Stockholder Nominations and Proposals.* Our amended and restated bylaws contain advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of the board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

*Board Classification.* Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class serve for a three-year term. Our classified board of directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

*Election and Removal of Directors.* Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that establish specific procedures for appointing and removing members of our board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, vacancies and newly created directorships on our board of directors may be filled only by a vote of a majority of the directors then serving on the board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, directors may be



removed only for cause by the affirmative vote of the holders of a majority of the shares then entitled to vote at an election of directors.

*No Cumulative Voting.* The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our restated certificate of incorporation provides otherwise. Our restated certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover.

*Amendment of Charter Provision.* Any amendment of the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least two-thirds of our then outstanding common stock.

*Delaware Anti-Takeover Statute.* We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is also possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

## **ARISTA NETWORKS, INC.**

### **2014 EQUITY INCENTIVE PLAN**

**(as amended, restated and extended effective as of April 17, 2024, and as adjusted pursuant to the stock split effective December 3, 2024)**

#### **1. Purposes of the Plan. The purposes of this Plan are:**

- **to attract and retain the best available personnel for positions of substantial responsibility,**
- **to provide additional incentive to Employees, Directors and Consultants, and**
- **to promote the success of the Company's business.**

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. **Definitions.** As used herein, the following definitions will apply:

(a) **"Administrator"** means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) **"Applicable Laws"** means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) **"Award"** means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) **"Award Agreement"** means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) **"Board"** means the Board of Directors of the Company.

(f) **"Change in Control"** means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("**Person**"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

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(i) "Common Stock" means the common stock of the Company.

(j) "Company" means Arista Networks, Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Effective Date" means April 17, 2024.

(o) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(q) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(r) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids

and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

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(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

(s) "Fiscal Year" means the fiscal year of the Company.

(t) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(u) "Inside Director" means a Director who is an Employee.

(v) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(w) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(x) "Option" means a stock option granted pursuant to the Plan.

(y) "Outside Director" means a Director who is not an Employee.

(z) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(aa) "Participant" means the holder of an outstanding Award.

(ab) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(ac) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(ad) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ae) "Plan" means this 2014 Equity Incentive Plan, as amended and restated.

(af) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(ag) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ah) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

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(ai) "Section 1(b)" means Section 16(b) of the Exchange Act.

(aj) "Service Provider" means an Employee, Director or Consultant.

(ak) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(al) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(am) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

### 3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, as of the Effective Date, the maximum aggregate number of Shares that may be issued under the new amended, restated and extended Plan is (i) 52,800,000 Shares, plus (ii) any Shares subject to Awards under the previous version of the Plan that had been in place prior to the Effective Date (the "Existing Plan") that, on or after the Effective Date, expire or otherwise terminate without having been exercised in full, or that are forfeited to or repurchased by the Company, including net settlement of Shares subject to Restricted Stock Units, with the maximum number of Shares to be added to the Plan as a result of clause (ii) equal to 40,158,628. The Shares may be authorized, but unissued, or reacquired Common Stock. For the avoidance of doubt, the available Share reserve under the Existing Plan will no longer be available for grant and the only shares available for grant on the Effective Date shall be the number set forth in clause (i) above.

(b) [REDACTED].

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

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(d) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

### 4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as “performance-based compensation” within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more “outside directors” within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

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(viii) to modify or amend each Award (subject to Section 19 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);

(ix) to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 15 of the Plan;

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xi) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award; and

(xii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator’s Decision. The Administrator’s decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.



5. Eligibility & Limitations.

(a) Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

(b) Limitations.

(i) No Exchange Program. The Administrator may not implement an Exchange Program. Accordingly, there is no ability to perform an Award repricing or exchange or transfer Awards to a third-party financial institution.

(ii) Dividends and Other Distributions. No dividends or other distributions shall be paid with respect to any Shares underlying any unvested portion of an Award.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined

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voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and

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under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse.

Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by

the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

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(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

## 7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

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(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

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(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(b) relating to the maximum term and Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

- (ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

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(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

12. Outside Director Limitations.

(a) Cash-Settled Awards. No Outside Director may be granted, in any fiscal year of the Company, cash-settled Awards with a grant date fair value (determined in accordance with U.S. generally accepted accounting principles) of more than \$1,500,000, increased to \$3,000,000 in connection with his or her initial service.

(b) Stock-Settled Awards. No Outside Director may be granted, in any fiscal year of the Company, stock-settled Awards with a grant date fair value (determined in accordance with U.S. generally accepted accounting principles) of more than \$1,500,000, increased to \$3,000,000 in connection with his or her initial service.

13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits in Section 3 of the Plan.

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(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines, including, without limitation, that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator will not be required to treat all Awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.



(d) **Outside Director Awards.** With respect to Awards granted to an Outside Director that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant (unless such resignation is at the request of the acquirer), then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

15. **Tax.**

(a) **Withholding Requirements.** Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) **Withholding Arrangements.** The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) **Compliance With Code Section 409A.** Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A.

16. **No Effect on Employment or Service.** Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. **Date of Grant.** The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. **Term of Plan.** Subject to Section 22 of the Plan, the Plan, as amended and restated, will become effective upon the Effective Date, subject to stockholder approval at the 2024 Annual General Meeting. It will continue in effect for a term of ten (10) years from the date adopted by the

Board, unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any state, federal or foreign law or under the rules and regulations of the Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

22. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company at the 2024 Annual Meeting of Stockholders. If stockholder approval of the Plan is not obtained at the 2024 Annual Meeting of Stockholders, then any Award granted on or following the Effective Date will be forfeited. In accordance with New York Stock Exchange Listing Rule 303A.08, no Shares underlying Awards granted on or after the Effective Date shall be issued until stockholder approval is obtained. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

23. Forfeiture Events.

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(a) All Awards under the Plan will be subject to recoupment under the Company's current Compensation Recovery Policy and any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right regarding previously acquired Shares or other cash or property. Unless this Section 23(a) is specifically mentioned and waived in an Award Agreement or other document, no recovery of compensation under a clawback policy or otherwise will be an event that triggers or contributes to any right of a Participant to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or a Subsidiary, or Parent of the Company.

(b) The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise

applicable vesting or performance conditions of an Award. Such events may include, but will not be limited to, termination of such Participant's status as Service Provider for cause or any specified action or inaction by a Participant, whether before or after such termination of service, that would constitute cause for termination of such Participant's status as a Service Provider.

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## ARISTA NETWORKS, INC.

### 2014 EMPLOYEE STOCK PURCHASE PLAN

*(as adjusted pursuant to the stock split effective December 3, 2024)*

1. **Purpose.** The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a Code Section 423 Component ("423 Component") and a non-Code Section 423 Component ("Non-423 Component"). The Company's intention is to have the 423 Component of the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of an option to purchase shares of Common Stock under the Non-423 Component that does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such an option will be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

#### 2. **Definitions.**

(a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board

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prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection, the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final U.S. Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the common stock of the Company.

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(i) "Company" means Arista Networks, Inc., a Delaware corporation, or any successor thereto.

(j) **"Compensation"** means an Eligible Employee's base straight time gross earnings, but exclusive of payments for incentive compensation, bonuses, commissions and other similar compensation and payments for overtime and shift premium. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) **"Contributions"** means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) **"Designated Company"** means any Subsidiary or Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component shall not be a Designated Company under the Non-423 Component.

(m) **"Director"** means a member of the Board.

(n) **"Eligible Employee"** means any individual who is an employee providing services to the Company or a Designated Company and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or for Eligible Employee participating in the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Employees are participating in that Offering. Each exclusion shall be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii).

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(o) **"Employer"** means the employer of the applicable Eligible Employee(s).

(p) **"Enrollment Date"** means the first Trading Day of each Offering Period.

(q) **"Exchange Act"** means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) **"Exercise Date"** means the first Trading Day on or after February 15 and August 15 of each Purchase Period. Notwithstanding the foregoing, the first Exercise Date under the Plan will be February 17, 2015 (as February 15 falls on a Sunday and the following day is a holiday).

(s) **"Fair Market Value"** means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(iv) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock (the "Registration Statement").

(t) "Fiscal Year" means the fiscal year of the Company.

(u) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

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(w) "Offering Periods" means the periods of approximately twenty-four (24) months during which an option granted pursuant to the Plan may be exercised, (i) commencing on the first Trading Day on or after February 15 and August 15 of each year and terminating on the first Trading Day on or after February 15 and August 15, approximately twenty-four (24) months later; provided, however, that the first Offering Period under the Plan will commence with the first Trading Day on or after the date on which the Securities and Exchange Commission declares the Company's Registration Statement effective and will end on the first Trading Day on or after August 15, 2016, and provided, further, that the second Offering Period under the Plan will commence on February 17, 2015. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 19.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Participant" means an Eligible Employee that participates in the Plan.

(z) "Plan" means this Arista Networks, Inc. 2014 Employee Stock Purchase Plan.

(aa) "Purchase Period" means the approximately six (6) month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period will commence on the Enrollment Date and end with the next Exercise Date.

(ab) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent



Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 19.

(ac) "Subsidiary." means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ad) "Trading Day." means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ae) "U.S. Treasury Regulations" means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

### 3. Eligibility.

(a) First Offering Period. Any individual who is an Eligible Employee immediately prior to the first Offering Period will be automatically enrolled in the first Offering Period.

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(b) Subsequent Offering Periods. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(c) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employee may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employee is not advisable or practicable.

(d) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after February 15 and August 15 each year, or on such other date as the Administrator will determine; provided, however, that the first Offering Period under the Plan will commence with the first Trading Day on or after the date upon which the Company's Registration Statement is declared effective by the Securities and Exchange Commission and end on August 15, 2016, and provided, further, that the second Offering Period under the Plan will commence on the first Trading Day on February 17, 2015. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

### 5. Participation.

(a) First Offering Period. An Eligible Employee will be entitled to continue to participate in the first Offering Period pursuant to Section 3(a) only if such individual submits a subscription agreement authorizing Contributions in a form determined by the Administrator (which may be similar to the form attached hereto as Exhibit A) to the Company's designated plan administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of Common Stock under this Plan and (ii) no later than ten (10) business days following the effective date of such S-8 registration statement or such other period of time as the Administrator may determine (the "Enrollment Window"). An Eligible Employee's failure to

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submit the subscription agreement during the Enrollment Window will result in the automatic termination of such individual's participation in the first Offering Period.

(b) Subsequent Offering Periods. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator.

#### 6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation, which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participant will have any payroll deductions made on such day applied to his or her account under the subsequent Purchase Period or Offering Period. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. Unless otherwise determined by the Administrator, for each Offering Period, a Participant may decrease (and may not increase) the rate of his or her Contributions once during the Offering Period by (i) properly completing and submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. For clarity, a Participant may decrease his or her Contribution rate to any whole percentage, including 0%. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, limit the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as of the first

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full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(d) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted under applicable local law, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code and (iii) for Participants participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

**7. Grant of Option.** On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 3,000 shares of Common Stock (subject to any adjustment pursuant to Section 18) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13. The Eligible Employee may accept the grant of such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the last day of the Enrollment Window, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period of an Offering Period. Exercise of the option will occur as provided in Section 8,

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unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

## 8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 19. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

## 10. Withdrawal.

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(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Unless a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant and such Participant's option will be automatically terminated. A Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company shall not be treated as terminated under the Plan; however, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option shall be qualified under the 423 Component only to the extent it complies with Section 423 of the Code.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 10,416,000 shares of Common Stock, plus an annual increase to be added on the first day of each Fiscal Year beginning with the 2015 Fiscal Year equal to the least of (i) 40,000,000 shares of Common Stock, (ii) one percent (1%) of the outstanding shares of Common Stock on the last day of the immediately preceding Fiscal Year, or (iii) an amount determined by the Administrator.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

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(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

16. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

17. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

18. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

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(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

19. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 18). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not



been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 18(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering

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Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of Shares a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

20. **Notices.** All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. **Conditions Upon Issuance of Shares.** Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

22. As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute

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such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Code Section 409A. The 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

24. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 19.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

27. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

30. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date

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of such Offering Period, then all participants in such Offering Period will be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

**EXHIBIT A****ARISTA NETWORKS, INC.****2014 EMPLOYEE STOCK PURCHASE PLAN****SUBSCRIPTION AGREEMENT**

Original Application      Offering Date:

Change in Payroll Deduction Rate

1. \_\_\_\_\_ hereby elects to participate in the Arista Networks, Inc. 2014 Employee Stock Purchase Plan (the "Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of \_\_\_\_\_% of my Compensation on each payday (from 0 to 10%) during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.)

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the Plan.

4. I have received a copy of the complete Plan and its accompanying prospectus. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased for me under the Plan should be issued in the name(s) of \_\_\_\_\_ (Eligible Employee or Eligible Employee and Spouse only).

6. I understand that if I dispose of any shares received by me pursuant to the Plan within two (2) years after the Offering Date (the first day of the Offering Period during which I purchased such shares) or one (1) year after the Exercise Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price that I paid for the shares. I hereby agree to notify the Company in writing within thirty (30) days after the date of any disposition of my shares and I will make adequate provision for Federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the two (2)-

year and one (1)-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (b) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

Employee's Social  
Security Number:

Employee's Address:

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated:

Signature of Employee

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#### **EXHIBIT B**

**ARISTA NETWORKS, INC.**

**2014 EMPLOYEE STOCK PURCHASE PLAN**

**NOTICE OF WITHDRAWAL**

The undersigned participant in the Offering Period of the Arista Networks, Inc. 2014 Employee Stock Purchase Plan that began on \_\_\_\_\_, \_\_\_\_\_ (the "Offering Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date:

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DocuSign Envelope ID: 86371C84-43D1-4D69-8FE2-BF1CAE746833 1 of 4 Consulting Agreement Certain information contained in this document has been redacted pursuant to Item 601(a)(6) of Regulation S-K. Redacted information is indicated with the notation "[\*\*\*]" This Consulting Agreement ("Agreement") is by and between Arista Networks, Inc. on behalf of itself and its affiliates ("Arista" or the "Company") and Anshul Sadana ("Consultant") and shall be effective as of immediately following Consultant's termination of employment with the Company ("Effective Date"). Collectively, Arista and Consultant are the "Parties." 1. Services: Consultant shall perform services from time to time as requested by Arista, which shall not exceed 4 hours per month unless the parties agree otherwise in writing. 2. Previous Equity Awards: As consideration for the services, all currently outstanding equity awards (the "Equity Awards") that Arista previously awarded to Consultant during his employment with the Company under the Company's 2014 Equity Incentive Plan (the "Plan") and individual award agreements thereunder (the "Equity Award Agreements") shall continue to remain outstanding, but notwithstanding the terms of the Plan and the Equity Award Agreements, the Equity Awards shall no longer vest during the term of this Agreement. Accordingly, the transition of Consultant from an employee of the Company shall not be considered a break in the service relationship and the post-termination exercise period of the Equity Awards that are stock options shall not commence. It is understood that Equity Awards that are stock options will expire by their terms on the 10- year anniversary of the grant date. The Parties agree that the Equity Awards may only re-commence vesting in the sole discretion of the Company. Upon termination of this Agreement, Equity Awards that are vested stock options will remain exercisable until the expiration of the post-termination exercise period set forth in the Equity Award Agreements, and Equity Awards that are restricted stock units will automatically forfeit. 3. Employee Proprietary Information and Inventions Agreement: Arista and Consultant are parties to that certain Employee Proprietary Information and Inventions Agreement ("Confidentiality Agreement") dated July 12, 2007. The parties agree that the terms of the Confidentiality Agreement that are expressly intended to remain in effect following termination of Consultant's employment with Arista as set forth therein shall remain in full force and effect in accordance therewith, and any terms that are limited to the term of employment will no longer apply for the time period following the Effective Date; provided that the parties further agree that the terms of the Confidentiality Agreement relating to the protection of Arista's proprietary information, assignment and disclosure of inventions (solely with respect to inventions that are conceived, developed or reduced to practice as a result of Consultant's performance of services under this Agreement), assistance with enforcement of Arista's intellectual property rights, and the return of Company property shall continue to apply to Consultant in connection with his performance of services under this Agreement until the expiration or termination of this Agreement. 4. Reports: Upon request from Arista, Consultant will notify Arista of Consultant's progress in performing the Services under this Agreement.



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DocuSign Envelope ID: 86371C84-43D1-4D69-8FE2-BF1CAE746833 2 of 4 5. Term and Termination a. Term. The Term of this Agreement will begin on the Effective Date and will continue until terminated by either Party. b. Termination. Either Party may terminate this Agreement by giving the other fifteen (15) days prior written notice of termination pursuant to Section 9.G of this Agreement. Arista may terminate this Agreement immediately and without prior notice if Consultant refuses to or is unable to perform the Services or is in breach of any material provision of this Agreement or the Confidentiality Agreement. c. Survival. Upon termination of this Agreement, all rights and duties of Arista and Consultant toward each other shall cease, except that the provisions of the Confidentiality Agreement relating to the protection of Arista's proprietary information, assignment of inventions, assistance with enforcement of Arista's intellectual property rights, and the return of Company property shall survive termination of this Agreement in accordance with their terms. 6. Independent Contractor Relationship. It is the express intention of Arista and Consultant that Consultant perform the Services as an independent contractor to Arista. Nothing in this Agreement shall in any way be construed to constitute Consultant as an agent, employee or representative of Arista. 7. Intentionally Omitted. 8. Limitation of Liability. EXCEPT FOR A BREACH OF SECTION 2, (I) IN NO EVENT SHALL ARISTA BE LIABLE TO CONSULTANT OR TO ANY OTHER PARTY WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHER THEORY OF LIABILITY, REGARDLESS OF WHETHER ARISTA WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY, AND (II) IN NO EVENT SHALL ARISTA'S LIABILITY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT EXCEED THE AMOUNTS PAID BY ARISTA TO CONSULTANT UNDER THIS AGREEMENT FOR THE SERVICES, DELIVERABLES OR INVENTION GIVING RISE TO SUCH LIABILITY. 9. Miscellaneous a. Governing Law; Consent to Personal Jurisdiction. This Agreement shall be governed by the laws of the State of California, without regard to the conflicts of law provisions of any jurisdiction. The Parties expressly consent to the personal



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DocuSign Envelope ID: 86371C84-43D1-4D69-8FE2-BF1CAE746833 3 of 4 and exclusive jurisdiction and venue of the state and federal courts located in California. b. Assignability. This Agreement will be binding upon Consultant's assigns, administrators, and other legal representatives (and if applicable, their heirs and executors), and will be for the benefit of Arista, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as expressly stated. Except as may otherwise be provided in this Agreement, Consultant may not sell, assign or delegate any rights or obligations under this Agreement, by operation of law or otherwise, and any such attempted assignment, delegation or transfer shall be null and void. c. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter herein and supersedes all prior written and oral agreements, discussions, or representations between the Parties, except for the Confidentiality Agreement which is fully incorporated herein to the extent set forth in Section 3. In the event of any conflict or inconsistency between this Agreement and the Confidentiality Agreement, this Agreement will control. d. Headings. Headings are used in this Agreement for reference only and shall not be considered when interpreting this Agreement. e. Severability. If a court or other body of competent jurisdiction finds, or the Parties mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect. f. Counterparts. This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document. g. Modification, Waiver. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in a writing signed by the Parties. Waiver by Arista of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach. h. Notices. Any notice or other communication required or permitted by this Agreement to be given to a Party shall be in writing and shall be deemed given (i) if delivered personally or by commercial messenger or courier service, or (ii) if mailed by U.S. registered or certified mail (return receipt requested), to the Party at the Party's address written below their signature on the Signature Page or at such other address as the Party may have previously specified by like notice, if by



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## ARISTA NETWORKS, INC.

### INSIDER TRADING POLICY

(Adopted on June 6, 2014, amended as of October 22, 2018, October 18, 2021, April 26, 2023 and February 10, 2025)

#### A. POLICY OVERVIEW

Arista Networks, Inc. (together with any subsidiaries, collectively the “**Company**”) has adopted this Insider Trading Policy (the “**Policy**”) to help you comply with the federal and state securities laws and regulations that govern trading in securities and to help the Company minimize its own legal and reputational risk.

It is your responsibility to understand and follow this Policy. Insider trading is illegal and a violation of this Policy. In addition to your own liability for insider trading, the Company, as well as individual directors, officers and other supervisory personnel, could face liability. Even the appearance of insider trading can lead to government investigations or lawsuits that are time-consuming, expensive and can lead to criminal and civil liability, including damages and fines, imprisonment and bars on serving as an officer or director of a public company, not to mention irreparable damage to both your and the Company's reputation.

You should be alert to possible violations and promptly report violations or suspected violations of this Policy to the Compliance Officer (as defined below). If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. You may report violations or suspected violations of this Policy via our website at [www.arista.ethicspoint.com](http://www.arista.ethicspoint.com) or call the anonymous ethical violation hotline at the telephone number specified at [www.arista.ethicspoint.com](http://www.arista.ethicspoint.com). If you wish to remain anonymous, you may send a letter addressed to the Compliance Officer at 5453 Great America Parkway, Santa Clara, CA 95054. If you make an anonymous report, please provide as much detail as possible, including any evidence that you believe may be relevant to the issue.

For purposes of this Policy, the Company's General Counsel serves as the Compliance Officer. The Compliance Officer may designate others, from time to time, to assist with the execution of his or her duties under this Policy.

#### B. POLICY STATEMENT

1. **No Trading on Material Nonpublic Information.** It is illegal for anyone to trade in securities on the basis of material nonpublic information. If you are in possession of material nonpublic information about the Company, except as discussed in Section H (*Exceptions to Trading Restrictions*), you may not, directly or indirectly through others, engage in any transactions involving securities of the Company.

In addition, if you learn of material nonpublic information through your service with the Company that could be expected to affect the trading price of the securities of another company, you cannot (x) use that information to trade, directly or indirectly through others, or (y) provide that information to another person in order to trade, in the securities of that other company. For example, you may be involved in a proposed transaction involving a prospective business relationship with or transaction between the Company and another company. If information about that transaction constitutes material nonpublic information for that other company, you would be prohibited from engaging in

transactions involving the securities of that other company (as well as transactions involving Company securities, if that information is material to the Company). It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company. Any such action will be deemed a violation of this Policy.

2. **No Disclosure of Confidential Information.** You may not at any time disclose material nonpublic information about the Company or any other company that you obtained in connection with your service with the Company, unless required by law, or unless (i) disclosure is required for legitimate Company business purposes, (ii) you are authorized to disclose the information and (iii) appropriate steps have been taken to prevent misuse of that information (for example, entering into an appropriate nondisclosure agreement that restricts the disclosure and use of the information, if applicable). This includes disclosure to other directors, officers, employees, consultants, contractors or advisors whose roles do not require them to have the information or anyone outside of the Company, including friends, family members, business associates, investors, consulting firms or any other person or entity that the Company has not authorized to know such information. All material nonpublic information you acquire in the course of your service with the Company may only be used for legitimate Company business purposes. In addition, you must handle the confidential information of others in accordance with any related non-disclosure agreements and other obligations that the Company has with them and limit your use of the confidential information to the purpose for which it was disclosed. You must also not make recommendations or express opinions on the basis of material nonpublic information as to trading in the securities of companies to which such information relates. You are prohibited from engaging in these actions whether or not you derive any profit or personal benefit from doing so. This prohibition against disclosure of material nonpublic information includes disclosure (even anonymous disclosure) via the internet, social media, blogs, investor forums or chat rooms where companies and their prospects are discussed. In cases where disclosing nonpublic information to third parties is required, you should coordinate with the Legal Department. You must also use all reasonable efforts to safeguard nonpublic information in the Company's possession.

If you receive an inquiry for material nonpublic information from someone outside of the Company, such as a stock analyst, or a request for material nonpublic information outside the ordinary course of business from someone outside of the Company, such as a business partner, vendor, supplier or salesperson, then you should refer the inquiry to the Company's Investor Relations Department. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material nonpublic information. Responding to a request yourself may violate this Policy and, in some circumstances, the law. Please consult the Company's External Communications Policy for more details.

3. **Definition of Material Nonpublic Information.** "**Material information**" means information that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities or would view as significantly altering the total mix of information available in the marketplace about the issuer of the securities. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Either positive or negative information may be material.

It is not possible to define all categories of "material" information. However, some examples of information that could be regarded as material include, but are not limited to:

- a. financial results, key metrics such as revenues, bookings or product shipments, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with the Company's guidance or the expectations of the investment community;
- b. restatements of financial results, or material impairments, write-offs or restructurings;
- c. changes in independent auditors, or notification that the Company may no longer rely on an audit report;
- d. business plans or budgets;
- e. creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;
- f. impending bankruptcy or financial liquidity problems;
- g. significant developments involving business relationships, including execution, modification or termination of significant agreements, orders or forecasts with customers, suppliers, distributors, manufacturers or other business partners;
- h. significant information relating to the operation of the Company's business or its products or services, such as new products or services, major modifications or performance issues, defects or recalls, significant pricing changes or other announcements of a significant nature;
- i. significant developments in research and development or relating to intellectual property;
- j. significant legal or regulatory developments, whether positive or negative, actual or threatened, including litigation or resolving litigation;
- k. major events involving the Company's securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, changes in dividend policies, public or private securities offerings, modification to the rights of security holders or notice of delisting;

l. significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the Company;

m. major personnel changes, such as changes in senior management or employee layoffs;

n. data breaches or other cybersecurity events;

o. updates regarding any prior material disclosure that has materially changed; and

p. the existence of a special blackout period.

**"Material nonpublic information"** means material information that is not generally known or made available to the public. Even if information is widely known throughout the Company, it may still be nonpublic. Generally, in order for information to be considered public, it must be made generally available through media outlets, SEC filings, pre-announced public webcast, website or another broad, non-exclusionary form of public communications.

After the release of information, a reasonable period of time must elapse in order to provide the public an opportunity to absorb and evaluate the information provided. As a general rule, at least two full trading days must pass after the dissemination of information before such information is considered public.

As a rule of thumb, if you think something might be material nonpublic information, it probably is. You can always reach out to the Compliance Officer if you have questions.

4. **Obligation to Disclose Material Nonpublic Information to the Company.** You may not enter into any transaction, including those discussed in Section H (*Exceptions to Trading Restrictions*), unless you have disclosed any material nonpublic information that you become aware of in the course of your service with the Company, and that senior management is not aware of, to the Compliance Officer. If you are a member of senior management, the information must be disclosed to the Chief Executive Officer, and if you are the Chief Executive Officer or a director, you must disclose the information to the board of directors, before any transaction is permissible.

5. **Personal Responsibility.** The ultimate responsibility for complying with this Policy and applicable laws and regulations rests with you. You should use your best judgment at all times and consult with your personal legal and financial advisors, as needed. We advise you to seek assistance if you have any questions at all. The rules relating to insider trading can be complex, and a violation of insider trading laws can carry severe consequences.

## C. PERSONS COVERED BY THIS POLICY

This Policy applies to you if you are a director, officer, employee, consultant, contractor or advisor of the Company, both inside and outside of the United States. To the extent applicable to you, this Policy also covers your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control. You are responsible for making sure that these other individuals and entities comply with this Policy.

This Policy continues to apply even if you leave the Company or are otherwise no longer affiliated with or providing services to the Company, for as long as you remain in possession of material nonpublic information. In addition, if you are subject to a trading blackout under this Policy at the time you leave the Company, you must abide by the applicable trading restrictions until at least the end of the relevant blackout period.

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse a failure to comply with this Policy.

## D. TRADING COVERED BY THIS POLICY

Except as discussed in Section H (*Exceptions to Trading Restrictions*), this Policy applies to all transactions involving the Company's securities or other companies' securities for which you possess material nonpublic information obtained in connection with your service with the Company. This Policy therefore applies to:

1. any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, restricted stock units, warrants and preferred stock) and debt securities (including debentures, bonds and notes) of the Company and such other companies, whether direct or indirect (including transactions made on your behalf by money managers), and any offer to engage in the foregoing transactions;

2. any disposition in the form of a gift of any securities of the Company;

3. any distribution to holders of interests in an entity if the entity is subject to this Policy; and

4. any other arrangement that generates gains or losses from or based on changes in the prices of such securities including derivative securities (for example, exchange-traded put or call options).



swaps, caps and collars), hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans, and any offer to engage in the foregoing transactions.

There are no exceptions from insider trading laws or this Policy based on the size of the transaction or the type of consideration received.

## E. TRADING RESTRICTIONS

Subject to the exceptions set forth in Section H (*Exceptions to Trading Restrictions*) below, this Policy restricts trading during certain periods and by certain people as follows:

1. **Quarterly Blackout Periods.** Except as discussed in Section H (*Exceptions to Trading Restrictions*), all directors, officers and certain employees of the Company, and those consultants, contractors and advisors identified by the Company, must refrain from conducting transactions involving the Company's securities during quarterly blackout periods. Individuals subject to quarterly blackout periods will be informed by the Compliance Officer that they are listed on the covered persons list maintained by the Compliance Officer (the "**Covered Persons List**"). To the extent applicable to you, quarterly blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control. Even if you are not specifically identified as being subject to quarterly blackout periods, you should exercise caution when engaging in transactions during quarterly blackout periods because of the heightened risk of insider trading exposure.

Quarterly blackout periods will start at the end of the fifteenth day of the third month of each fiscal quarter and will end at the start of the third full trading day following the Company's earnings release.

The prohibition against trading during the blackout period also means that brokers cannot fulfill open orders on your behalf or on behalf of your immediate family members, persons with whom you share a household, persons who are your economic dependents or any entity whose transactions in securities you influence, direct or control, during the blackout period, including "limit orders" to buy or sell stock at a specific price or better and "stop orders" to buy or sell stock once the price of the stock reaches a specified price. If you are subject to blackout periods or pre-clearance requirements, you should so inform any broker with whom such an open order is placed at the time it is placed.

From time to time, the Company may identify other persons who should be subject to quarterly blackout periods, and the Compliance Officer may update and revise the Covered Persons List as appropriate.

2. **Special Blackout Periods.** The Company always retains the right to impose additional or longer trading blackout periods at any time on any or all of its directors, officers, employees, consultants, contractors and advisors. The Compliance Officer will notify you if you are subject to a special blackout period by providing to you a notice in writing or via email substantially in the form of Exhibit A. If you are notified that you are subject to a special blackout period, you may not engage in any transaction involving the Company's securities until the special blackout period has ended other than the transactions that are covered by the exceptions below. You also may not disclose to anyone else that the Company has imposed a special blackout period. To the extent applicable to you, special blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control.

3. **Regulation BTR Blackouts.** Directors and officers may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under U.S. federal securities laws. In general, Regulation BTR prohibits any director or officer from engaging in certain transactions involving the Company's securities during periods when 401(k) plan participants are

prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

## F. PRE-CLEARANCE OF TRADES

Except as discussed in Section H (*Exceptions to Trading Restrictions*), the Company's directors and officers and any other persons identified on the Covered Persons List of this Policy as being subject to pre-clearance requirements must obtain pre-clearance prior to trading the Company's securities. If you are subject to pre-clearance requirements, you should submit a pre-clearance request in the form attached as Exhibit B to the Compliance Officer prior to your desired trade date. The person requesting pre-clearance will be asked to certify that he or she is not in possession of material nonpublic information about the Company. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. Further, pre-clearance of a transaction does not constitute an affirmation by the Company or the Compliance Officer that you are not in possession of material nonpublic information.

If the Compliance Officer is the requester, then the Company's Chief Executive Officer, Chief Financial Officer or either of their delegates, must pre-clear or deny any trade. All trades must be executed within five business days of any pre-clearance.

Even after preclearance, a person may not trade the Company's securities if they become subject to a blackout period or aware of material nonpublic information prior to the trade being executed.

From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Compliance Officer may update and revise the Covered Persons List as appropriate.

## **G. PROHIBITED TRANSACTIONS**

You may not engage in any of the following types of transactions other than as noted in Section H (*Exceptions to Trading Restrictions*) below, regardless of whether you have material nonpublic information or not.

1. **Short Sales.** You may not engage in short sales (meaning the sale of a security that must be borrowed to make delivery) or "sell short against the box" (meaning the sale of a security with a delayed delivery) if such sales involve the Company's securities.

2. **Derivative Securities and Hedging Transactions.** You may not, directly or indirectly, (a) trade in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities (other than stock options, restricted stock units and other compensatory awards issued to you by the Company) or (b) purchase financial instruments (including prepaid variable forward contracts, equity swaps, and collars), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company equity securities either (i) granted to you by the Company as part of your compensation or (ii) held, directly or indirectly, by you.

3. **Pledging Transactions.** If you are required to comply with Section 16 of the Securities and Exchange Act of 1934 or the blackout periods or pre-clearance requirements under this Policy, you

may not pledge the Company's securities as collateral for any loan or as part of any other pledging transaction.

4. **Margin Accounts.** If you are required to comply with Section 16 of the Securities and Exchange Act of 1934 or the blackout periods or pre-clearance requirements under this Policy, you may not hold the Company's common stock in margin accounts.

## **H. EXCEPTIONS TO TRADING RESTRICTIONS**

There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you are prohibited from engaging in transactions involving the Company's securities if you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

Other than the limited exceptions set forth below, any other exceptions to this Policy must be approved by the Compliance Officer, in consultation with the Company's board of directors or an independent committee of the board of directors.

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by the Company under this Policy:

1. receipt and vesting of stock options, restricted stock units, restricted stock or other equity compensation awards from the Company;
2. stock option exercises where the purchase price of such stock options is paid in cash and there is no other associated market activity;
3. net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (x) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information;
4. sell to cover transactions where shares are sold on your behalf upon vesting of equity awards and sold in order to satisfy tax withholding requirements, (x) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information; however, this exception does not apply to any other market sale for the purposes of paying required withholding;
5. purchases pursuant to the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares;
6. transactions made pursuant to a valid 10b5-1 trading plan approved by the Company (see Section I (*10b5-1 Trading Plans*) below);
7. purchases of the Company's stock in the 401(k) plan resulting from periodic contributions to the plan based on your payroll contribution election; *provided, however*, that the blackout period restrictions and pre-clearance requirements do apply to elections you make under the 401(k) plan to (a) increase or decrease the amount of your contributions under the 401(k) plan if such increase or decrease will increase or decrease the amount of your contributions that will be allocated to a Company stock fund, (b) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (c) move balances into or out of a Company stock fund, (d) borrow money against

your 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance and (e) prepay a plan loan if the pre-payment will result in the allocation of loan proceeds to a Company stock fund;

8. transfers by will or the laws of descent or distribution and, provided that prior written notice is provided to the Compliance Officer, distributions or transfers (such as certain tax planning or estate planning transfers) that effect only a change in the form of beneficial interest without changing your pecuniary interest in the Company's securities; and

9. changes in the number of the Company's securities you hold due to a stock split or a stock dividend that applies equally to all securities of a class, or similar transactions.

If there is a Regulation BTR blackout (and no quarterly or special blackout period), then the limited exceptions set forth in Regulation BTR will apply. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law.

#### **I. 10b5-1 TRADING PLANS**

The Company permits its directors, officers and employees to adopt written 10b5-1 trading plans in order to mitigate the risk of trading on material nonpublic information. These plans allow for individuals to enter into a prearranged trading plan as long as the plan is not established or modified during a blackout period or when the individual is otherwise in possession of material nonpublic information. To be approved by the Company and qualify for the exception to this Policy, any 10b5-1 trading plan adopted by a director, officer or employee must be submitted to the Compliance Officer for approval and comply with the requirements set forth in the Requirements for Trading Plans attached as Exhibit C. If the Compliance Officer is the requester, then the Company's Chief Executive Officer, Chief Financial Officer, or their delegate, must approve the written 10b5-1 trading plan.

#### **J. SECTION 16 COMPLIANCE**

All of the Company's officers and directors and certain other individuals are required to comply with Section 16 of the Securities and Exchange Act of 1934 and related rules and regulations which set forth reporting obligations, limitations on "short swing" transactions, which are certain matching purchases and sales of the Company's securities within a six-month period, and limitations on short sales.

To ensure transactions subject to Section 16 requirements are reported on time, each person subject to these requirements must provide the Company with detailed information (for example, trade date, number of shares, exact price, etc.) about his or her transactions involving the Company's securities, including gifts, transfers, pledges and transactions pursuant to any 10b5-1 trading plan, both prior to (to confirm compliance with pre-clearance procedures, if applicable) and promptly following execution.

The Company is available to assist in filing Section 16 reports, but the obligation to comply with Section 16 is personal. If you have any questions, you should check with the Compliance Officer.

#### **K. VIOLATIONS OF THIS POLICY**

Company directors, officers, employees, consultants, contractors and advisors who violate this Policy will be subject to disciplinary action by the Company, including ineligibility for future Company equity or incentive programs or termination of employment or an ongoing relationship with the Company. The Company has full discretion to determine whether this Policy has been violated based on the information available.

There are also serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. You may also be liable for improper securities trading by any person (commonly referred to as a "tippee") to whom you have disclosed material nonpublic information that you have learned through your position at the Company or made recommendations or expressed opinions about securities trading on the basis of such information.

Please consult with your personal legal and financial advisors as needed. Note that the Company's legal counsel, both internal and external, represent the Company and not you personally. There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy or under securities laws. If you were aware of the material nonpublic information at the time of the trade, it is not a defense that you did not "use" the information for the trade. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse your failure to comply with this Policy. In addition, a blackout or trading-restricted period will not extend the term of your options. As a consequence, you may be prevented from exercising your options by this Policy or as a result of a blackout or other restriction on your trading, and as a result your options may expire by their term. In such instances, the Company cannot extend the term of your options and has no obligation or liability to replace the economic value or lost benefit to you. It is your responsibility to manage your economic interests and to consider potential trading restrictions when determining whether to exercise your options.

#### **L. PROTECTED ACTIVITY NOT PROHIBITED**

Nothing in this Policy, or any related guidelines or other documents or information provided in connection with this Policy, shall in any way limit or prohibit you from engaging in any of the protected activities set forth in the Company's Whistleblower Policy, as amended from time to time.

## M. REPORTING

If you believe someone is violating this Policy or otherwise using material nonpublic information that they learned through their position at the Company to trade securities, you should report it to the Compliance Officer, or if the Compliance Officer is implicated in your report, then you should report it in accordance with the Company's Whistleblower Policy.

## N. AMENDMENTS

The Company reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules and regulations, and with or without notice, although it will attempt to provide notice in advance of any change. Unless otherwise permitted by this Policy, any amendments must be approved by the Board of Directors of the Company.

### EXHIBIT A

#### FORM OF SPECIAL BLACKOUT NOTICE

[Date]

#### CONFIDENTIAL COMMUNICATION

Arista Networks, Inc. (the "Company") has imposed a special blackout period in accordance with the terms of the Company's Insider Trading Policy (the "Policy"). Pursuant to the Policy, and subject to the exceptions stated in the Policy, you may not engage in any transaction involving the securities of the Company until you receive official notice that the special blackout period is no longer in effect.

You may not disclose to others the fact that a special blackout period has been imposed. In addition, you should take care to handle any confidential information in your possession in accordance with the Company's policies.

If you have any questions at all, please contact me at [insert contact information].

Sincerely,

Compliance Officer

Exhibit A

### EXHIBIT B

#### PRE-CLEARANCE CHECKLIST

Person proposing to trade:

Proposed trade (type and amount):

Manner of trade:

Proposed trade date:

Affiliate of the Company:

☐ Yes ☐ No

☐ **No blackout period.** The proposed trade will not be made during a quarterly or special blackout period.

☐ **No pension fund blackout under Regulation BTR.\*** There is no pension fund blackout period in effect.

☐ **No prohibition under Insider Trading Policy.** The person confirmed that the proposed trade is not prohibited under the Insider Trading Policy.

☐ **No 10b5-1 trading plan.** The person does not have an outstanding 10b5-1 trading plan, and has confirmed that the proposed trade will not occur during the term of a 10b5-1 trading plan.

☐ **Section 16 compliance.\*** The person confirmed that the proposed trade will not give rise to any potential liability under Section 16 as a result of matched past (or intended future) transactions.

☐ **Form 4 filing.\*** A Form 4 has been or will be completed and will be timely filed with the SEC, if applicable.

- ☐ **Rule 144 compliance***(Response required only from affiliates of the Company).*
  - ☐ The “current public information” requirement has been met (i.e., all 10-Ks, 10-Qs and other relevant reports during the last 12 months have been filed);
  - ☐ The shares that the person proposes to trade are not restricted or, if restricted, the applicable holding period has been met;
  - ☐ Volume limitations (greater of 1% of outstanding securities of the same class or the average weekly trading volume during the last four weeks) are not exceeded, and the person is not part of an aggregated group;
  - ☐ The manner of sale requirements will be met (a “brokers’ transaction” or directly with a market maker or a “riskless principal transaction”); and
  - ☐ A Form 144, if applicable, has been completed and will be timely filed with the SEC.
- ☐ **Rule 10b-5 concerns.** The person has been reminded that trading is prohibited when in possession of any material nonpublic information regarding the Company that has not been adequately disclosed to the public. The individual has discussed with the Compliance Officer any information known to the individual or the Compliance Officer that the individual believes may be material.

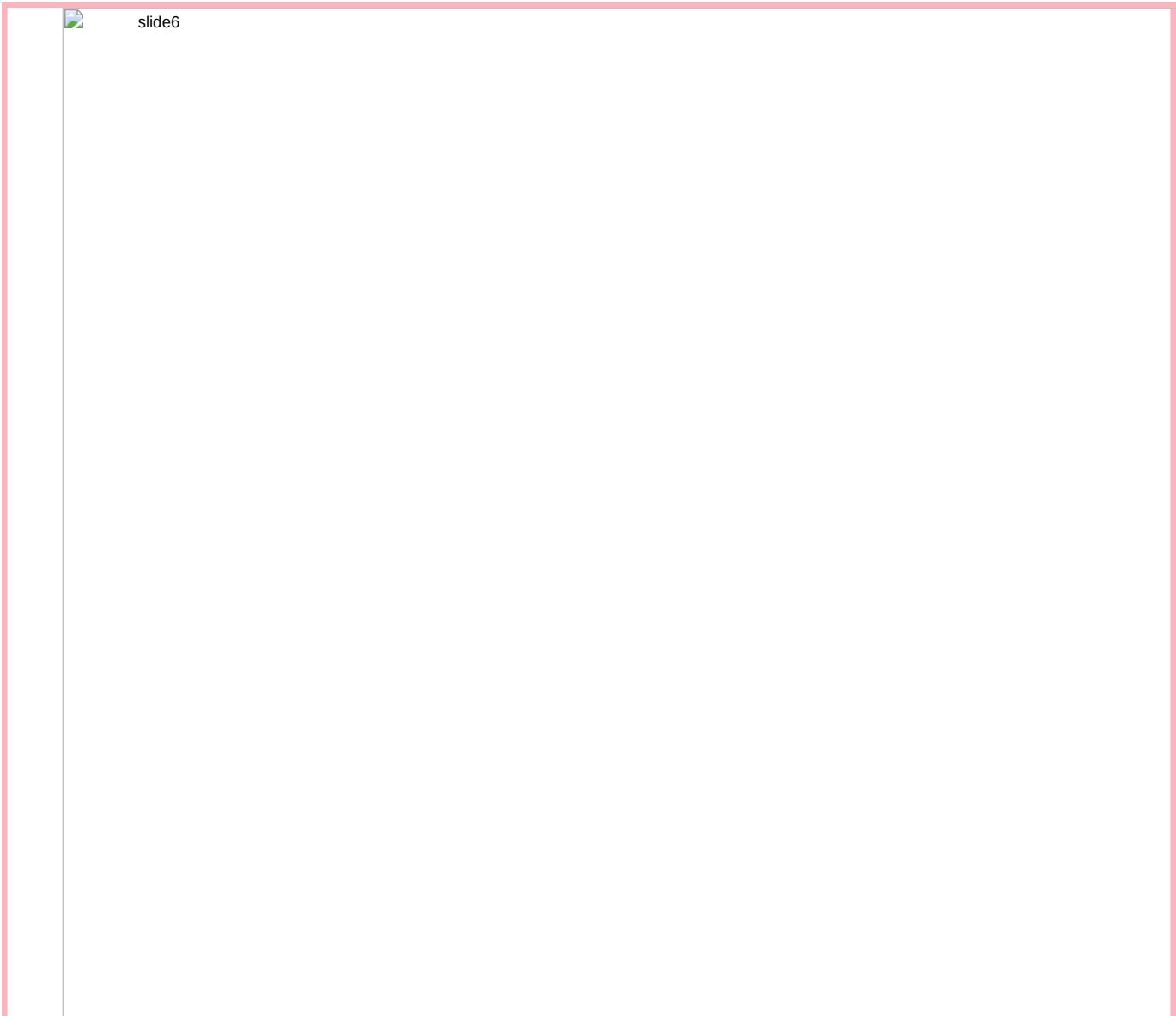
\* Applies if the individual is a director or an officer subject to Section 16 of the Securities Exchange Act of 1934.

Date:

(Signature of Compliance Officer)

—

(Print name of Compliance Officer)



I am not aware of material nonpublic information regarding the Company. I am not trading on the basis of any material nonpublic information. The transaction is in accordance with the Insider Trading Policy and applicable law. I intend to comply with any applicable reporting and disclosure requirements on a timely basis. I understand that I must execute the trade by the end of the fifth trading day after the date on which the trade is cleared by the Compliance Officer. I understand that by signing below, I am not obligated to execute the trade.

Exhibit B

(Signature of person proposing to trade)



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## EXHIBIT C

### REQUIREMENTS FOR TRADING PLANS

For transactions under a trading plan to be exempt from (A) the prohibitions in the Company's Insider Trading Policy (the "**Policy**") of Arista Networks, Inc. (together with any subsidiaries, collectively the "**Company**") with respect to transactions made while aware of material nonpublic information and (B) the pre-clearance procedures and blackout periods established under the Policy, the trading plan must comply with the affirmative defense set forth in Exchange Act Rule 10b5-1 and must meet the following requirements (collectively, the "**Trading Plan Requirements**"):

1. The trading plan must be in writing and signed by the person adopting the trading plan.
2. The trading plan must: (a) specify the amount(s), price(s) and date(s) of the transaction(s), (b) specify the objective method for determining the amount(s), price(s) and date(s) of the transaction(s) or (c) provide any subsequent discretion for determining the amount(s), price(s) and date(s) of the transaction(s) to another person or entity who is not, at the time of the transaction, aware of material nonpublic information.

3. The trading plan must be adopted at a time when:
  - a. the person adopting the trading plan is not aware of any material nonpublic information; and
  - b. there is no quarterly, special or other trading blackout in effect with respect to the person adopting the plan.
4. The trading plan must be entered in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the person adopting the trading plan must act in good faith with respect to the trading plan.
5. The trading plan must include representations that, on the date of adoption of the trading plan, the person adopting the trading plan:
  - a. is not aware of material nonpublic information about the securities or the Company; and
  - b. is adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
6. The person adopting the trading plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the trading plan and must agree not to enter into any such transaction while the trading plan is in effect.
7. The first trade under the trading plan may not occur until the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by the Company of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan).
8. The trading plan must have a minimum term of one year (starting from date of adoption of the trading plan).
9. No transactions may occur during the term of the trading plan (except for the "Exceptions to Trading Restrictions" identified in the Policy and *bona fide* gifts) except for those transactions

#### Exhibit C

specified in the trading plan. In addition, the person adopting the trading plan may not have an outstanding (and may not subsequently enter into any additional trading plan except as permitted by Rule 10b5-1. For example, as contemplated by Rule 10b5-1, a person may adopt a new trading plan before the scheduled termination date of an existing trading plan, so long as the first scheduled trade under the new trading plan does not occur prior to the last scheduled trade(s) of the existing trading plan and otherwise complies with these guidelines. Termination of the existing trading plan prior to its scheduled termination date may impact the timing of the first trade or the availability of the affirmative defense for the new trading plan; therefore, persons adopting a new trading plan are advised to exercise caution and consult with the Compliance Officer prior to the early termination of an existing trading plan.

10. Any modification or change to the amount, price or timing of transactions under the trading plan is deemed the termination of the trading plan, and the adoption of a new trading plan ("**Modification**"). Therefore, a Modification must be submitted to the Compliance Officer for approval in accordance with Section I of the Policy and is subject to the same conditions as a new trading plan as set forth in Sections 1 through 8 herein.
11. Within the one year preceding the adoption or a Modification of a trading plan, a person may not have otherwise adopted or made a Modification to a plan more than once.
12. A person may adopt a trading plan designed to cover a single trade only once in any consecutive 12-month period except as permitted by Rule 10b5-1.
13. If the person that adopted the trading plan terminates the plan prior to its stated duration, he or she may not trade in the Company's securities until after the expiration of 30 calendar days following termination, and then only in accordance with the Policy.
14. The Company must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.
15. The Company must have authority to require the suspension of the plan if there are legal, regulatory or contractual restrictions applicable to the Company or the person that adopted the trading plan, or to require the cancellation of the trading plan at any time, subject to any reasonable broker notice



requirements as may be set forth in the trading plan.

16. If the trading plan grants discretion to a stockbroker or other person with respect to the execution of trades under the trading plan:
  - a. the person adopting the trading plan may not exercise any subsequent influence over how, when or whether to effect purchases or sales under the trading plan;
  - b. the person adopting the trading plan may not confer with the person administering the trading plan regarding the Company or its securities; and
  - c. the person administering the trading plan must provide prompt notice to the Company of the execution of a transaction pursuant to the plan.
17. All transactions under the trading plan must be in accordance with applicable law.
18. Any exceptions to the Trading Plan Requirements must be approved by the Compliance Officer or, in the case of directors and officers who are subject Section 16 of the Securities Exchange Act of 1934, by the Compliance Officer, in consultation with the Company's board of directors, chair of the board, an independent committee of the board of directors, or the chair of such independent committee.
19. The trading plan (including any Modification) must meet such other requirements as the Compliance Officer may determine.

Exhibit C

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**MEMORANDUM**

**To:** Directors, officers, employees, consultants, contractors and advisors of Arista Networks, Inc.

**From:** Arista Networks, Inc.

**Date:** [ ]

**Re:** Insider Trading Policy

Attached is a copy of our Insider Trading Policy, which governs transactions involving trading in securities by directors, officers, employees, consultants, contractors and advisors of Arista Networks, Inc. (together with any subsidiaries, collectively the "**Company**"). As described in the Insider Trading Policy, violations of insider trading laws can result in significant civil and criminal liability. Accordingly, please carefully review the materials provided.

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After

reading the Insider Trading Policy, please sign the receipt and acknowledgment at the bottom of this memorandum and return it to the Compliance Officer. The Insider Trading Policy applies to you regardless of whether you sign the receipt and acknowledgment at the bottom of this memorandum and return it to the Compliance Officer.

If you have any questions about the Insider Trading Policy or insider trading laws generally or about any transaction involving the securities of the Company, please contact the Compliance Officer at *[email address]*.

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Attachment(s)

#### Receipt and Acknowledgment

- I have received and read the Insider Trading Policy.
- I have received satisfactory answers to any questions that I had regarding the Insider Trading Policy and insider trading in general.
- I understand and acknowledge that the Insider Trading Policy applies to me.

- I understand and agree to comply with the Insider Trading Policy.
- I understand that my failure to comply in all respects with the Insider Trading Policy is a basis for termination of my employment or other service relationship with the Company as well as any other appropriate discipline.
- I understand and agree that the Company may give stop transfer and other instructions to the Company's transfer agent with respect to transactions that the Company considers to be in contravention of the Insider Trading Policy.

Signature      Date

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Print name


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Exhibit 21.1

SUBSIDIARIES OF ARISTA NETWORKS, INC. (1)

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Arista Networks Limited	Ireland
Arista Technology Ireland Unlimited Company	Ireland
Arista Networks Holding Corporation	United States
Arista Holding Limited	Ireland

(1) Pursuant to Item 601(b) (21)(ii) of Regulation S-K, the names of other subsidiaries of Arista Networks, Inc are omitted because, considered in aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 Nos., 333-196550, 333-202919, 333-209723, 333-216136, 333-223093, 333-229730, 333-236426, 333-249591, 333-253277, 333-262733, 333-269744 and 333-269744) 333-277022) pertaining to the 2014 Employee Stock Purchase Plan and 2014 Equity Incentive Plan of Arista Networks, Inc.;

of our reports dated February 12, 2024 February 18, 2025, with respect to the consolidated financial statements of Arista Networks, Inc. and the effectiveness of internal control over financial reporting of Arista Networks, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2023 December 31, 2024.

/s/ Ernst & Young LLP

San Mateo, California

February 12, 2024 18, 2025

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jayshree Ullal, certify that:

1. I have reviewed this Annual Report on Form 10-K of Arista 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 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) 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) 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) 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) 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 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) 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) 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: February 12, 2024 February 18, 2025

/s/ JAYSHREE ULLAL

Jayshree Ullal

President, Chief Executive Officer and Director  
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Ita Brennan, Chantelle Breithaupt**, certify that:

1. I have reviewed this Annual Report on Form 10-K of Arista 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 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) **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) **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) **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) **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 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) **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) **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: **February 12, 2024** **February 18, 2025**

/s/ **ITA BRENNAN CHANTELE BREITHAUPT**

**Ita Brennan Chantelle Breithaupt**

Chief Financial Officer

(Principal Accounting and Financial Officer) Senior Vice President

Exhibit 32.1

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

I, Jayshree Ullal, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Arista Networks, Inc. on Form 10-K for the fiscal year ended **December 31, 2023** **December 31, 2024**, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Arista Networks, Inc.

Date: **February 12, 2024** **February 18, 2025**



By: /s/ JAYSHREE ULLAL  
Name: Jayshree Ullal  
Title: President, Chief Executive Officer and Director  
(Principal Executive Officer)

I, Ita Brennan, Chantelle Breithaupt, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Arista Networks, Inc. on Form 10-K for the fiscal year ended December 31, 2023 December 31, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Arista Networks, Inc.

Date: February 12, 2024 February 18, 2025

By: /s/ ITA BRENNAN CHANTELLE BREITHAUPT  
Name: Ita Brennan Chantelle Breithaupt  
Title: Chief Financial Officer  
(Principal Accounting and Financial Officer) Senior Vice President



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ARISTA NETWORKS, INC. COMPENSATION RECOVERY POLICY As adopted or most recently amended on July 19, 2023 Arista Networks, Inc. (the "Company") is committed to strong corporate governance. As part of this commitment, the Company's Compensation Committee (the "Committee") of the board of directors of the Company (the "Board") has adopted this clawback policy called the Compensation Recovery Policy (the "Policy"). The Policy is intended to further the Company's pay-for-performance philosophy and to comply with applicable law by providing for the recovery of certain executive compensation in the event of an Accounting Restatement. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding. The Policy, which was adopted as set forth above and originally effective on July 19, 2023 (the "Effective Date") is intended to comply with Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), with Rule 10D-1 under the Exchange Act and with the listing standards of the national securities exchange (the "Exchange") on which the securities of the Company are listed. The Policy will be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1 under the Exchange Act and with the listing standards of the Exchange, including any interpretive guidance provided by the Exchange. In summary, the Policy provides rules related to the recovery of certain incentive-based compensation received by Executive Officers. With limited exceptions, which are detailed below, the application of the Policy to Executive Officers is not discretionary and applies without regard to whether an Executive Officer was at fault, except to the limited extent provided below.

**Persons Covered by the Policy** The Policy is binding and enforceable against all Executive Officers. "Executive Officer" means each individual who is or was designated as an "officer" by the Board in accordance with Exchange Act Rule 16a-1(f). For the avoidance of doubt, even if an individual who was formerly designated as an officer of the Company before the Effective Date is no longer designated as such, that individual will be an Executive Officer under the Policy. Each Executive Officer will be required to sign and return to the Company an acknowledgement that such Executive Officer will be bound by the terms and comply with the Policy. The failure to obtain such acknowledgement will have no impact on the applicability or enforceability of the Policy.

**Administration of the Policy** The Committee has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee



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2: will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law. Events Requiring Application of the Policy If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an "Accounting Restatement"), then the Committee must determine what compensation, if any, must be recovered. Compensation Covered by the Policy The Policy applies to all Incentive-Based Compensation (certain terms used in this Section are defined below) that is Received after the Effective Date while the Company has a class of securities listed on a national securities exchange, and during the Covered Period by a person who was an Executive Officer during the Covered Period and during the performance period for the Incentive-Based Compensation ("Clawback Eligible Incentive-Based Compensation"). The Incentive-Based Compensation that must be recovered is the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts (such compensation, as computed without regard to any taxes paid, the "Excess Compensation" is referred to in the listings standards as "erroneously awarded incentive-based compensation"). To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received and the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company's right to recover under the Policy has lapsed. The following items of compensation are not Incentive-Based Compensation under the Policy: salaries, bonuses paid solely at the discretion of the Compensation Committee or Board that are not paid from a bonus pool that is determined by satisfying a Financial Reporting Measure, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures, and equity awards for which the grant is not contingent upon achieving any Financial Reporting Measure performance goal and vesting is contingent solely upon completion of a specified employment period (e.g., time-based vesting equity awards) and/or attaining one or more non-Financial Reporting Measures.



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3: "Financial Reporting Measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and

Exchange Commission. Incentive-Based Compensation is "Received" under the Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. "Covered Period" means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company's fiscal year. The Company's obligation to recover Excess Compensation is not dependent on if or when the restated financial statements are filed. "Accounting Restatement Determination Date" means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. Repayment of Excess Compensation Executive Officers are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover such Excess Compensation by requiring the Executive Officer to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these Determinations do not need to be identical as to each Executive Officer). These means may include: (a) requiring reimbursement of cash Incentive-Based Compensation previously paid; (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Executive Officer; (d) cancelling outstanding vested or unvested equity awards; and/or (e) taking any other remedial and recovery action permitted by law, as determined by the Committee. The repayment of Excess Compensation must be made by an Executive Officer notwithstanding any Executive Officer's belief (whether legitimate or non-legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.



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4. In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce an Executive Officer's obligations to the Company or to discipline an Executive Officer, including (without limitation) termination of employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. Limited Exceptions to the Policy The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that the conditions set forth below are met, and the Committee determines that recovery of the Excess Compensation would be impracticable: (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or (b) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such. Other Important Information in the Policy The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation. Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Executive Officer or former Executive Officer against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event the Company is required to recover Excess Compensation from an Executive Officer who is no longer an employee pursuant to the Policy, the Company will be entitled to seek such recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement may have signed. The Committee or Board may review and modify the Policy from time to time. If any provision of the Policy or the application of any such provision to any Executive Officer is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to



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5- another Executive Officer, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable. The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.



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ACKNOWLEDGEMENT • I acknowledge that I have received and read the Compensation Recovery Policy (the "Policy") of Arista Networks, Inc. (the "Company"). • I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company's right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future. • I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law. • I understand and agree that my current indemnification rights, whether in an individual agreement or the Company's organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy. • I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline. • I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement. • I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the General Counsel, Human Resources or my own personal advisers. • I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract. Executive (print name) (signature) (date)

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