UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

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	**20-1751121**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
5453 Great America Parkway , Santa Clara , California	**95054**
(Address of principal executive offices)	(Zip Code)

(408) 547-5500

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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**

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's Common Stock, $0.0001 par value, as of October 29, 2026 was 1,263,402,335.

ARISTA NETWORKS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ARISTA NETWORKS, INC.
Condensed Consolidated Balance Sheets
(In millions, except par value)

	September 30, 2026	December 31, 2025
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,288.1	$ 1,963.9
Marketable securities	12,070.9	8,779.1
Accounts receivable, net	2,327.8	1,886.9
Inventories	3,209.8	2,247.1
Prepaid expenses and other current assets	2,235.7	1,510.0
Total current assets	22,132.3	16,387.0
Property and equipment, net	378.8	203.1
Goodwill	416.1	416.1
Deferred tax assets	1,437.7	1,773.6
Other assets	899.2	668.8
TOTAL ASSETS	$ 25,264.1	$ 19,448.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 682.6	$ 651.7
Accrued liabilities	640.8	475.4
Deferred revenue	5,102.2	4,002.6
Other current liabilities	296.4	246.8
Total current liabilities	6,722.0	5,376.5
Deferred revenue, non-current	1,737.3	1,369.8
Other long-term liabilities	358.1	331.8
TOTAL LIABILITIES	8,817.4	7,078.1
Commitments and Contingencies (Note 4)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.0001 par value—100 shares authorized and no shares issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Common stock, $0.0001 par value—4,000 shares authorized as of September 30, 2026 and December 31, 2025; 1,263.4 and 1,256.5 shares issued and outstanding as of September 30, 2026 and December 31, 2025	0.1	0.1
Additional paid-in capital	3,304.4	2,911.8
Retained earnings	13,243.2	9,446.6
Accumulated other comprehensive income (loss)	(101.0)	12.0
TOTAL STOCKHOLDERS' EQUITY	16,446.7	12,370.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 25,264.1	$ 19,448.6

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

ARISTA NETWORKS, INC.
Condensed Consolidated Income Statements
(Unaudited, in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue:				
Product	$ 3,190.0	$ 1,911.7	$ 8,106.5	$ 5,481.2
Service	467.6	396.6	1,295.8	1,036.7
Total revenue	3,657.6	2,308.3	9,402.3	6,517.9
Cost of revenue:				
Product	1,255.1	745.5	3,264.5	2,125.5
Service	76.8	72.6	225.0	187.5
Total cost of revenue	1,331.9	818.1	3,489.5	2,313.0
Gross profit	2,325.7	1,490.2	5,912.8	4,204.9
Operating expenses:				
Research and development	486.9	326.0	1,178.8	888.9
Sales and marketing	156.6	151.2	448.5	394.3
General and administrative	39.8	34.8	107.3	98.5
Total operating expenses	683.3	512.0	1,734.6	1,381.7
Income from operations	1,642.4	978.2	4,178.2	2,823.2
Other income (expense), net	273.1	98.9	513.0	289.1
Income before income taxes	1,915.5	1,077.1	4,691.2	3,112.3
Provision for income taxes	355.1	224.1	895.0	556.7
Net income	$ 1,560.4	$ 853.0	$ 3,796.2	$ 2,555.6
Net income per share:				
Basic	$ 1.24	$ 0.68	$ 3.01	$ 2.03
Diluted	$ 1.22	$ 0.67	$ 2.98	$ 2.00
Weighted-average shares used in computing net income per share:				
Basic	1,262.2	1,258.0	1,260.0	1,258.1
Diluted	1,278.2	1,276.6	1,276.0	1,275.7

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

ARISTA NETWORKS, INC.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited, in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 1,560.4	$ 853.0	$ 3,796.2	$ 2,555.6
Other comprehensive income (loss), net of tax:				
Change in foreign currency translation	(0.3)	(1.3)	(3.3)	1.8
Available-for-sale investments:				
Change in net unrealized gains (losses) on available-for-sale securities	(60.2)	5.3	(109.4)	19.2
Reclassification adjustment included in net income	—	—	(0.3)	—
Other comprehensive income (loss)	(60.5)	4.0	(113.0)	21.0
Comprehensive income	$ 1,499.9	$ 857.0	$ 3,683.2	$ 2,576.6

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

ARISTA NETWORKS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited, in millions)

	Three Months Ended September 30, 2026						Nine Months Ended September 30, 2026					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					Shares	Amount				
Balance at beginning of period	1,261.2	$ 0.1	$ 3,155.3	$ 11,682.8	$ (40.5)	$ 14,797.7	1,256.5	$ 0.1	$ 2,911.8	$ 9,446.6	$ 12.0	$ 12,370.5
Net income	—	—	—	1,560.4	—	1,560.4	—	—	—	3,796.2	—	3,796.2
Other comprehensive loss, net of tax	—	—	—	—	(60.5)	(60.5)	—	—	—	—	(113.0)	(113.0)
Stock-based compensation	—	—	138.1	—	—	138.1	—	—	379.4	—	—	379.4
Issuance of common stock in connection with employee equity incentive plans	2.3	—	29.5	—	—	29.5	7.2	—	62.9	—	—	62.9
Tax withholding paid for net share settlement of equity awards	(0.1)	—	(18.5)	—	—	(18.5)	(0.3)	—	(49.7)	—	—	(49.7)
Other	—	—	—	—	—	—	—	—	—	0.4	—	0.4
Balance at end of period	1,263.4	$ 0.1	$ 3,304.4	$ 13,243.2	$ (101.0)	$ 16,446.7	1,263.4	$ 0.1	$ 3,304.4	$ 13,243.2	$ (101.0)	$ 16,446.7

	Three Months Ended September 30, 2025						Nine Months Ended September 30, 2025					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					Shares	Amount				
Balance at beginning of period	1,256.8	$ 0.1	$ 2,635.6	$ 8,262.1	$ 3.8	$ 10,901.6	1,261.3	$ 0.1	$ 2,465.4	$ 7,542.5	$ (13.2)	$ 9,994.8
Net income	—	—	—	853.0	—	853.0	—	—	—	2,555.6	—	2,555.6
Other comprehensive income, net of tax	—	—	—	—	4.0	4.0	—	—	—	—	21.0	21.0
Stock-based compensation	—	—	127.9	—	—	127.9	—	—	306.1	—	—	306.1
Issuance of common stock in connection with employee equity incentive plans	2.5	—	25.6	—	—	25.6	9.4	—	56.9	—	—	56.9
Repurchase of common stock	—	—	—	—	—	—	(11.1)	—	—	(983.0)	—	(983.0)
Tax withholding paid for net share settlement of equity awards	(0.1)	—	(5.0)	—	—	(5.0)	(0.4)	—	(44.3)	—	—	(44.3)
Balance at end of period	1,259.2	$ 0.1	$ 2,784.1	$ 9,115.1	$ 7.8	$ 11,907.1	1,259.2	$ 0.1	$ 2,784.1	$ 9,115.1	$ 7.8	$ 11,907.1

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

ARISTA NETWORKS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in millions)

	Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,796.2	$ 2,555.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	70.3	49.8
Stock-based compensation	379.4	306.1
Deferred income taxes	369.3	(202.5)
Other	(148.2)	(23.5)
Changes in operating assets and liabilities:		
Accounts receivable, net	(440.9)	(348.9)
Inventories	(962.8)	(321.1)
Other assets	(604.2)	(683.7)
Accounts payable	19.9	98.1
Deferred revenue	1,467.1	1,765.7
Income taxes, net	(159.9)	(105.2)
Other liabilities	191.2	19.6
Net cash provided by operating activities	3,977.4	3,110.0
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of marketable securities	2,437.7	2,590.3
Proceeds from sale of marketable securities	598.0	41.4
Purchases of marketable securities	(6,449.9)	(4,816.3)
Purchases of property and equipment	(184.9)	(82.5)
Cash paid for business combinations, net of cash acquired	—	(300.0)
Other	(60.0)	(10.0)
Net cash used in investing activities	(3,659.1)	(2,577.1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock under equity plans	62.9	56.9
Tax withholding paid on behalf of employees for net share settlement	(49.7)	(44.3)
Repurchases of common stock	—	(983.0)
Other	(3.7)	—
Net cash provided by (used in) financing activities	9.5	(970.4)
Effect of exchange rate changes	(3.5)	1.7
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	324.3	(435.8)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —Beginning of period	1,965.3	2,763.8
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period	$ 2,289.6	$ 2,328.0

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

ARISTA NETWORKS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization and Summary of Significant Accounting Policies

Organization

Arista Networks, Inc. (together with our subsidiaries, “we,” “our,” "Arista," "Company" or “us”) is an industry leader in data-driven, client-to-cloud networking for large AI, data center, campus and routing environments. Our cloud networking solutions consist of our Extensible Operating System ("EOS®"), a set of network applications and our 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 unaudited condensed consolidated financial statements include the accounts of Arista Networks, Inc. and our wholly-owned subsidiaries and have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) and the requirements of the U.S. Securities and Exchange Commission (the “SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. In management’s opinion, the unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of our financial information. The results for the three and nine months ended September 30, 2026, are not necessarily indicative of the results expected for the full fiscal year. The condensed consolidated balance sheet as of December 31, 2025 has been derived from the audited consolidated financial statements at that date but does not include all of the information and notes required by GAAP for complete financial statements. All significant inter-company accounts and transactions have been eliminated.

Our condensed consolidated financial statements and related financial information in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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, and revenue recognition and deferred revenue. 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.

Recent Accounting Pronouncements Not Yet Effective

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40). The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions, and also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after 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. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270) which is intended to streamline the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. We are currently evaluating the provisions of 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. We use a fair value hierarchy to measure fair value, maximizing the use of observable 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*—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability. We don't have any level III financial assets measured 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 millions):

	September 30, 2026				December 31, 2025			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Financial Assets:								
Cash Equivalents:								
Money market funds	$ 394.9	$ —	$ —	$ 394.9	$ 1,174.8	$ —	$ —	$ 1,174.8
Commercial paper	—	50.3	—	50.3	—	29.8	—	29.8
Corporate bonds	—	—	—	—	—	6.6	—	6.6
Certificate of deposits	—	450.0	—	450.0	—	—	—	—
U.S. government notes	10.0	—	—	10.0	124.9	—	—	124.9
	404.9	500.3	—	905.2	1,299.7	36.4	—	1,336.1
Marketable Securities:								
Commercial paper	—	688.2	—	688.2	—	83.0	—	83.0
U.S. government notes	2,951.7	—	—	2,951.7	2,854.3	—	—	2,854.3
Corporate bonds	—	7,036.8	—	7,036.8	—	4,329.7	—	4,329.7
Municipal bonds	—	29.3	—	29.3	—	14.5	—	14.5
Agency securities	—	1,364.9	—	1,364.9	—	1,497.6	—	1,497.6
	2,951.7	9,119.2	—	12,070.9	2,854.3	5,924.8	—	8,779.1
Other Assets:								
Money market funds - restricted cash	1.5	—	—	1.5	1.4	—	—	1.4
Total Financial Assets	$ 3,358.1	$ 9,619.5	$ —	$ 12,977.6	$ 4,155.4	$ 5,961.2	$ —	$ 10,116.6

During the three and nine months ended September 30, 2026, the Company did not make any transfers between the levels of the fair value hierarchy.

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 millions):

	September 30, 2026				December 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Certificate of deposits	$ 450.0	$ —	$ —	$ 450.0	$ —	$ —	$ —	$ —
Commercial paper	738.5	—	—	738.5	112.8	—	—	112.8
U.S. government	2,987.7	—	(26.0)	2,961.7	2,970.4	8.8	—	2,979.2
Corporate bonds	7,110.3	0.1	(73.6)	7,036.8	4,321.2	16.0	(0.9)	4,336.3
Municipal bonds	29.7	—	(0.4)	29.3	14.5	—	—	14.5
Agency securities	1,382.1	—	(17.2)	1,364.9	1,495.5	2.7	(0.6)	1,497.6
Total	$ 12,698.3	$ 0.1	$ (117.2)	$ 12,581.2	$ 8,914.4	$ 27.5	$ (1.5)	$ 8,940.4

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 three years that are generally deemed to be low risk based on their credit ratings from the major rating agencies. The longer the duration of these debt securities, the more susceptible they are to changes in market interest rates and bond yields. Given the relatively short-term and conservative nature of our portfolio, our debt securities are generally not subject to credit risk; therefore, we did not recognize any credit losses or non-credit-related impairments related to such securities for the three and nine months ended September 30, 2026. All unrealized gains or losses were recognized in other comprehensive income (loss). Realized gains or losses were immaterial for the three and nine months ended September 30, 2026.

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

	September 30, 2026	
	Unrealized Losses within 12 months	
	Fair Value	Unrealized Losses
U.S. government notes	2,900.8	(26.0)
Corporate bonds	6,806.2	(73.4)
Municipal bonds	29.3	(0.4)
Agency securities	1,259.4	(16.6)
Total	$ 10,995.7	$ (116.4)

Debt securities in unrealized loss positions 12 months or greater were not material as of September 30, 2026

As of September 30, 2026, we had no marketable debt securities with contractual maturities that exceeded three years. The fair values of marketable debt securities, by remaining contractual maturities, are as follows (in millions):

	September 30, 2026
	Fair Value
Due in 1 year or less	$ 4,910.3
Due in 1 to 3 years	7,160.6
Total debt securities	$ 12,070.9

The weighted-average remaining duration of our marketable debt securities is approximately 1.3 years as of September 30, 2026. As we view these marketable debt securities as available to support current operations, we classify marketable debt securities with maturities beyond 12 months as current assets under the caption "Marketable securities" on the condensed consolidated balance sheets.

3. Financial Statements Details

Inventories

Inventories consist of the following (in millions):

	September 30, 2026	December 31, 2025
Raw materials	$ 1,137.9	$ 611.2
Finished goods[1]	2,071.9	1,635.9
Total inventories	$ 3,209.8	$ 2,247.1

(1) The balance includes evaluation inventory totaling $874.3 million and $403.7 million as of September 30, 2026 and December 31, 2025, respectively.

Prepaid Expenses and Other Current Assets

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

	September 30, 2026	December 31, 2025
Deferred cost of goods sold[1]	$ 1,586.2	$ 1,197.0
Other prepaid expenses and deposits	649.5	313.0
Total prepaid expenses and other current assets	$ 2,235.7	$ 1,510.0

(1) The increase as of September 30, 2026 was driven by a corresponding increase in deferred product revenue.

Property and Equipment, net

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

	September 30, 2026	December 31, 2025
Land	$ 47.3	$ 47.3
Equipment and machinery	230.1	188.3
Computer hardware and software	67.4	66.2
Leasehold improvements	38.3	38.4
Furniture and fixtures	3.8	3.7
Construction-in-process	264.0	107.9
Property and equipment, gross	650.9	451.8
Less: accumulated depreciation	(272.1)	(248.7)
Property and equipment, net	$ 378.8	$ 203.1

Deferred Revenue and Other Performance Obligations

Deferred Revenue

Deferred revenue is comprised mainly of unearned revenue related to multi-year post-contract support ("PCS") contracts and product deferrals related to contracts with acceptance clauses. The following table summarizes the activity related to our deferred revenue (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Deferred revenue, beginning balance	$ 6,865.9	$ 4,061.7	$ 5,372.4	$ 2,791.4
Less: Revenue recognized from beginning balance	(1,715.0)	(699.7)	(3,137.7)	(1,094.5)
Add: Deferral of revenue in current period, excluding amounts recognized during the period	1,688.6	1,324.2	4,604.8	2,989.3
Deferred revenue, ending balance	$ 6,839.5	$ 4,686.2	$ 6,839.5	$ 4,686.2

Other Performance Obligations

Other performance obligations totaling $1.4 billion as of September 30, 2026 include unbilled multi-year PCS and service contract amounts of $497.1 million, and $943.5 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 deferred revenue, contract liabilities and other performance obligations that is expected to be recognized in future periods amounts to $8.6 billion as of September 30, 2026. Approximately 91% of this future revenue is expected to be recognized over the next two years and the remaining 9% is expected to be recognized during the third to the fifth year.

Other Income (Expense), net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income	$ 137.3	$ 99.8	$ 368.9	$ 280.4
Other	135.8	(0.9)	144.1	8.7
Total	$ 273.1	$ 98.9	$ 513.0	$ 289.1

4. Commitments and Contingencies

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 for finished goods and strategic components, including integrated circuits consigned to contract manufacturers, consists of non-cancellable commitments. As of September 30, 2026, we had non-cancellable purchase commitments not recorded on our balance sheet of $11.4 billion, of which $9.3 billion have expected receipt dates within 12 months, and $2.1 billion have expected receipt dates greater than 12 months. Purchase commitments with our contract manufacturers and suppliers generally reflect fixed pricing and quantities, but certain arrangements may include variable pricing mechanisms. These obligations 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 $152.8 million and $53.0 million as of September 30, 2026 and December 31, 2025, respectively, which were recorded within prepaid expenses and other current assets, as well as other assets in the condensed consolidated balance sheets.

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 a significant impact on our consolidated financial statements to date.

Legal Proceedings

In the ordinary course of business, we are a party to various claims, litigation and other legal proceedings, including matters relating to intellectual property and patent disputes.

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 September 30, 2026, 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.

5. Stockholders' Equity and Stock-Based Compensation

Stock Repurchase Program

In May 2025 our board of directors authorized a $1.5 billion stock repurchase program (the "Repurchase Program"). This authorization allows us to repurchase shares of our common stock that will be funded from working capital. 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 purchases, 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 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. We did not repurchase any shares during the nine months ended September 30, 2026. As of September 30, 2026, the remaining authorized amount for repurchases under the Repurchase Program was $817.9 million.

Equity Award Plan Activities

Restricted Stock Unit (RSU) Activities

A summary of the RSU activity is presented below (in millions, except years and per share amounts):

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Unvested balance—December 31, 2025	28.1	$ 69.81
RSUs granted	3.5	169.74
RSUs vested	(6.1)	54.89
RSUs forfeited/canceled	(1.2)	71.48
Unvested balance—September 30, 2026	24.3	$ 88.63

Stock-Based Compensation Expense

The following table summarizes the stock-based compensation expense related to our equity awards (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 8.4	$ 8.0	$ 22.8	$ 19.3
Research and development	78.4	74.6	220.7	184.8
Sales and marketing	37.4	32.9	99.4	71.6
General and administrative	13.9	12.4	36.5	30.4
Total stock-based compensation	$ 138.1	$ 127.9	$ 379.4	$ 306.1

As of September 30, 2026, there were $1.7 billion of unamortized compensation costs related to all unvested awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 4.1 years.

6. 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 (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income	$ 1,560.4	$ 853.0	$ 3,796.2	$ 2,555.6
Denominator:				
Basic weighted-average shares outstanding	1,262.2	1,258.0	1,260.0	1,258.1
Add weighted-average effect of dilutive securities:				
Employee equity awards	16.0	18.6	16.0	17.6
Diluted weighted-average shares outstanding	1,278.2	1,276.6	1,276.0	1,275.7
Net income per share:				
Basic	$ 1.24	$ 0.68	$ 3.01	$ 2.03
Diluted	$ 1.22	$ 0.67	$ 2.98	$ 2.00

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net income per share for the periods presented because their effect would have been anti-dilutive for the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Employee equity awards	0.3	0.2	0.3	1.4

7. Income Taxes (in millions, except percentages)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Income before income taxes	$ 1,915.5	$ 1,077.1	$ 4,691.2	$ 3,112.3
Provision for income taxes	355.1	224.1	895.0	556.7
Effective tax rate	18.5 %	20.8 %	19.1 %	17.9 %

The decrease in the effective tax rate in the three months ended September 30, 2026, as compared to the same period in 2025, was primarily due to a one-time deferred tax provision resulting from the enactment of the One Big Beautiful Bill Act ("OBBB Act") in 2025. The increase in the effective tax rate in the nine months ended September 30, 2026, as compared to the same period in 2025, was primarily due to a decrease in tax benefits attributable to equity-based compensation.

8. 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. Our chief operating decision maker ("CODM") is our 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. 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 condensed consolidated income statements. 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 cost of revenue and operating expenses, which are presented as separate line items on the Company's condensed consolidated income statements. 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 7. Income Taxes. Other segment disclosures such as depreciation and amortization and stock-based compensation are disclosed in the Consolidated Statements of Cash Flows.

The following table represents revenue based on customers' shipping addresses (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Americas[1]	$ 2,975.1	$ 1,840.0	$ 7,603.1	$ 5,162.6
Europe, Middle East and Africa	381.2	238.8	1,054.4	695.0
Asia-Pacific	301.3	229.5	744.8	660.3
Total revenue	$ 3,657.6	$ 2,308.3	$ 9,402.3	$ 6,517.9

(1) Includes $2,956.3 million and $1,825.7 million revenue generated from the U.S. for the three months ended September 30, 2026 and September 30, 2025, respectively, and $7,548.0 million and $5,119.3 million for the nine months ended September 30, 2026 and September 30, 2025, respectively.

Long-lived assets, net, excluding intercompany receivables, investments in subsidiaries, investments in privately-held companies and deferred tax assets, by location are summarized as follows (in millions):

	September 30, 2026	December 31, 2025
United States	$ 346.5	$ 184.8
International	32.3	18.3
Total	$ 378.8	$ 203.1

Item 2. 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 unaudited condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q, and our Annual Report on Form 10-K filed with the SEC. This Quarterly Report on Form 10-Q contains forward-looking statements based upon current plans, expectations and beliefs that involve 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 retain and increase sales to existing customers and attract new customers, including large and government customers; our expectation that we will derive substantially all of our product revenue from sales of our switching and routing platforms for the foreseeable future; our expectation that large purchases by a limited number of customers will continue to represent a substantial portion of our revenue; 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; our expectations regarding the growth of our revenue, including variability in sales and revenue concentration and timing, and the development and sale of next-generation versions of our switches; our beliefs regarding the effects our large customers' increased focus on deploying Ai-enabled solutions, including on the level, timing and mix of their purchases and capital expenditures; the amount and timing of revenue we expect to recognize from our deferred revenue and other performance obligations; our plans to continue to expand our sales force, marketing activities and relationships with channel, technology and system-level partners; our expectation that our sales and marketing expenses will increase in absolute dollars as we expand our sales and marketing efforts worldwide; our expectation that our results of operations will vary from period to period, including the potential impact on our results of operations of the timing and size of our investments to introduce new products and services and to enhance our existing platform; our expectations related to our inventory and purchase commitments; the potential impacts of tightening supply conditions and our ability to manage such supply chain constraints, particularly in the memory and silicon markets; actions we might take related to our supply of components, such as our expectation that we will continue to issue non-cancellable and non-returnable purchase orders; our expectation that our gross margin will fluctuate over time and the factors influencing such expectation; our plans to invest in the business, including in research and development; market trends, including our expectation that large system vendors will continue to combine cloud-focused hardware and software solutions as an alternative to our products; our expectation of increased competition and our ability to compete effectively; our expectation that our business will continue to be subject to new and changing legal and regulatory obligations, particularly related to AI, privacy, data protection, cybersecurity and the environment; our expectations regarding the impact of recent tax law developments on our effective tax rate; our belief that no potential litigation-related liabilities are likely to have a material adverse effect on our financial position, results of operations or cash flows; our belief that we will not pay any cash dividends in the foreseeable future; the potential amount of capital expenditures related to our new building in Santa Clara; and our belief that our existing cash, cash equivalents and marketable securities, together with cash flow from operations, will be sufficient to meet our working capital requirements and our growth strategies for the foreseeable future. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are

made. 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 Quarterly Report on Form 10-Q. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. You should not place undue reliance on our forward-looking statements.

Overview

In a world where data is increasingly a precious commodity and competitive differentiator, Arista was founded to enable our customers to access all their centers of data in the quickest, most reliable, and secure manner. Over the last two decades, we have established ourselves as an industry leader in data-driven, client-to-cloud networking-as-a-service. Our "Centers of Data" strategy is a fundamental pivot from legacy, siloed networking to a unified, data-driven approach in which the network is a service that interconnects four primary domains: AI Centers, Data Centers, Campus Centers, and WAN Centers. Anchored by Arista's state-oriented Extensible Operating System (EOS) and Network Data Lake (NetDL), our network-as-a-service platform delivers a seamless, consolidated networking experience regardless of data location.

Our solutions are differentiated because they:

- offer uncompromising reliability derived from the foundation of robust quality assurance capabilities, and a suite of automated diagnostics;
- are based on advanced open and standards-based technology that avoids what is often expensive vendor lock-in, and
- provide consistent real-time telemetry and intelligent automation to decrease the manual workload on the operator.

Our strategic differentiation enables us to deliver a comprehensive suite of products and services on a global scale. Through our network-as-a-service approach, we empower customers to seamlessly leverage their data across our entire platform. By combining world-class engineering with continuous innovation, we provide the predictable performance and simplicity needed to turn data into a sustainable competitive advantage in today's AI-driven world.

The market for cloud networking is characterized by rapid technological evolution, intensifying competition, and the expansion of generative and agentic AI. To sustain our success and adapt to the market, we must increase sales in cloud, AI and enterprise data center Ethernet switching/routing markets, and campus workspace markets by leveraging our ability to rapidly develop new features and software applications. Our growth strategy relies on maintaining our agility and increasing our investment in research and development to deliver market-leading features to enhance the functionality of our existing cloud networking platform, expand our product offerings and build upon our technology leadership. In addition, we must continue to expand our global sales force and deepen our channel partnerships to reach new customers more effectively and increase sales to existing customers.

Historically, a limited number of customers have accounted for a significant portion of our revenue. Two of our customers accounted for more than 10% of our total revenue in each of the last three years. Sales to one end customer represented 16%, 15%, and 21% of our total revenue, and sales to the other end customer represented 26%, 20%, and 18% of our total revenue for the years ended December 31, 2025, 2024, and 2023, respectively. We have experienced unpredictability in the timing of orders from our high-volume customers, primarily due to the inherent complexity of large-scale orders and fluctuations in their specific demand. This includes reductions or shifts in their capital expenditure budgets, as well as the impact of their internal cost-reduction and efficiency initiatives. Furthermore, variability in customer concentration is driven by the timing of new product deployments, customer spending cycles, and the extensive periods required for evaluation, testing, and qualification. We expect this variability in concentration and sales timing to continue on both a quarterly and annual basis. Additionally, the pricing discounts typically required for these large-scale orders adversely impact our gross margins.

We believe an increased focus on the deployment of AI-enabled solutions by our large 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 a reduction or changes in the 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. We remain in a period of new product introductions and expanded use cases, particularly in the AI Ethernet market. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our evaluation inventory and 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 the write-down of inventory.

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, supply constraints and potential supply chain disruptions, changes in government administration policy positions, and geopolitical pressures, including the war in Iran and international trade measures and tariff uncertainty.

Management is actively collaborating with contract manufacturers and suppliers to optimize our supply chain in response to component constraints, evolving international trade policies, and tariff uncertainties. Ongoing supply constraints and future trade measures have and could continue to adversely affect our supply chain stability and increase our product costs. We are maintaining a disciplined fulfillment cadence to ensure reliable inventory deployment. As we scale fulfillment to meet escalating demand, we are shipping products in line with customer deployment schedules and adjusting delivery timelines as component availability allows. Simultaneously, we are balancing customer lead time expectations against the availability and lead times of key components and products from our suppliers and contract manufacturers. Given the timing and prioritization of customer orders and shipment patterns, as well as the timing and outcome of customer trials and contracts with acceptance periods, near term revenue trends may not be reflective of current demand levels or the underlying timing of customer commitments.

In addition, we expect inventory and purchase commitments to remain elevated and subject to volatility as a result of new product introductions, shifts in customer demand, tightening supply conditions and fluctuations in supplier lead times. This volatility creates a heightened risk of excess or obsolete inventory and supplier liability charges. Simultaneously, supply chain inflation and material scarcity, such as the tightening of supply conditions in the memory and silicon markets, have continued to put pressure on our gross margin. If tariff or non-tariff measures escalate, and/or if supply conditions worsen and we are unable to pass on these costs to customers, our gross margins could be further impacted. Additionally, broader macroeconomic instability could negatively affect demand. Given these unpredictable factors, current financial conditions discussed herein may not be indicative of future operating results and trends.

Results of Operations

Three and Nine Months Ended September 30, 2026 Compared to Three and Nine Months Ended September 30, 2025

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change in		2026	2025	Change in	
	$	$	$	%	$	$	$	%
Revenue								
Product	$ 3,190.0	$ 1,911.7	$ 1,278.3	66.9 %	$ 8,106.5	$ 5,481.2	$ 2,625.3	47.9 %
Service	467.6	396.6	71.0	17.9	1,295.8	1,036.7	259.1	25.0
Total revenue	3,657.6	2,308.3	1,349.3	58.5	9,402.3	6,517.9	2,884.4	44.3
Cost of revenue								
Product	1,255.1	745.5	509.6	68.4	3,264.5	2,125.5	1,139.0	53.6
Service	76.8	72.6	4.2	5.8	225.0	187.5	37.5	20.0
Total cost of revenue	1,331.9	818.1	513.8	62.8	3,489.5	2,313.0	1,176.5	50.9
Gross profit	$ 2,325.7	$ 1,490.2	$ 835.5	56.1 %	$ 5,912.8	$ 4,204.9	$ 1,707.9	40.6 %
Gross margin	63.6 %	64.6 %			62.9 %	64.5 %		

Revenue by Geography (in millions, except percentages)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	% of Total	2025	% of Total	2026	% of Total	2025	% of Total
Americas	$ 2,975.1	81.4 %	$ 1,840.0	79.8 %	$ 7,603.1	80.9 %	$ 5,162.6	79.2 %
Europe, Middle East and Africa	381.2	10.4	238.8	10.3	1,054.4	11.2	695.0	10.7
Asia-Pacific	301.3	8.2	229.5	9.9	744.8	7.9	660.3	10.1
Total revenue	$ 3,657.6	100.0 %	$ 2,308.3	100.0 %	$ 9,402.3	100.0 %	$ 6,517.9	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, which are typically purchased in conjunction with our products, and subsequent renewals of those contracts. Our revenue may vary from period to period based on, among other things, customer demand, industry and customer cyclicality, the timing, size, and complexity of orders, especially with respect to our large customers, and the time it takes for customers to evaluate, test, qualify and accept our products and services.

Product revenue increased by $1,278.3 million, or 66.9%, and $2,625.3 million, or 47.9% for the three and nine months ended September 30, 2026, compared to the same periods in 2025. This increase reflects healthy customer demand of our switching and routing platforms across our customer base. In addition, service revenue increased by $71.0 million, or 17.9%, and $259.1 million, or 25.0% for the three and nine months ended September 30, 2026, compared to the same periods in 2025, as a result of continued growth in initial and renewal support contracts as our customer installed base has continued to expand. Non-Americas revenue represented 18.6% and 19.1% of total revenue for the three and nine months ended September 30, 2026, compared to 20.2% and 20.8% for the same periods in the prior year. These fluctuations are primarily driven by changes in the geographic mix of sales to our large global customers across our Non-Americas regions.

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 tariffs, 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 $513.8 million, or 62.8%, and $1,176.5 million, or 50.9% for the three and nine months ended September 30, 2026, compared to the same periods in 2025. These increases were primarily driven by a corresponding increase in product and service revenues.

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 our manufacturing operations personnel, inflationary pressure and scarcity of materials in our supply chain, merchant silicon costs, and excess/obsolete inventory and supplier liability charges. We expect our gross margin to fluctuate over time, depending on the factors described above.

Gross margin decreased to 63.6% and 62.9% for the three and nine months ended September 30, 2026, compared to 64.6% and 64.5% for the same periods in 2025. Product gross margin decreased by 0.3% and 1.5% during the three and nine months ended September 30, 2026, which was primarily driven by higher product costs, partly offset by supply chain productivity improvements.

Operating Expenses (in millions, 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 and new product introduction costs. Personnel costs consist of wages, benefits, bonuses and, with respect to sales and marketing expenses, sales incentive compensation. Personnel costs also include stock-based compensation and travel-related expenses. New product introduction costs are primarily comprised of third-party engineering and prototype expenses.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change in		2026	2025	Change in	
	$	$	$	%	$	$	$	%
Operating expenses:								
Research and development	$ 486.9	$ 326.0	$ 160.9	49.4 %	$ 1,178.8	$ 888.9	$ 289.9	32.6 %
Sales and marketing	156.6	151.2	5.4	3.6	448.5	394.3	54.2	13.7
General and administrative	39.8	34.8	5.0	14.4	107.3	98.5	8.8	8.9
Total operating expenses	$ 683.3	$ 512.0	$ 171.3	33.5 %	$ 1,734.6	$ 1,381.7	$ 352.9	25.5 %

Research and development

Research and development expenses consist primarily of personnel costs, new product introduction costs and an allocated portion of facility and IT costs. Our research and development efforts are focused on new product development and maintaining and developing additional functionality for our existing products, including new releases and upgrades to our EOS software and applications. We expect our research and development expenses to increase in absolute dollars as we continue to invest in research and development in order to expand the capabilities of our cloud networking platform, introduce new products and features, and continue to invest in our technology.

Research and development expenses increased by $160.9 million, or 49.4%, and $289.9 million, or 32.6% for the three and nine months ended September 30, 2026, compared to the same periods in 2025. The increase for the three and nine months periods was primarily driven by increased personnel costs of $18.5 million and $77.9 million, as well as an increase in new product introduction costs of $137.0 million and $203.6 million, respectively.

Sales and marketing

Sales and marketing expenses consist primarily of personnel costs, marketing, trade shows, and other promotional activities, and an allocated portion of facility and IT costs. We expect our sales and marketing expenses to increase in absolute dollars as we continue to expand our sales and marketing efforts worldwide.

Sales and marketing expenses increased by $5.4 million, or 3.6%, and $54.2 million, or 13.7% for the three and nine months ended September 30, 2026, compared to the same periods in 2025, which was primarily driven by increased personnel costs due to headcount growth.

General and administrative

General and administrative expenses consist primarily of personnel costs and professional services costs for our finance, human resources, legal and certain executive functions. Our professional services costs are primarily related to external legal, accounting and tax services.

General and administrative expenses increased by $5.0 million, or 14.4%, and $8.8 million, or 8.9% for the three and nine months ended September 30, 2026, compared to the same periods in 2025, which was primarily driven by increased personnel costs.

Other Income (Expense), Net (in millions, except percentages)

Other income (expense), net consists primarily of interest income from our cash, cash equivalents, and marketable securities, and gains on strategic investments.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change in		2026	2025	Change in	
	$	$	$	%	$	$	$	%
Other income (expense), net:								
Interest income	$ 137.3	$ 99.8	$ 37.5	37.6 %	$ 368.9	$ 280.4	$ 88.5	31.6 %
Other	135.8	(0.9)	136.7	15,189 %	144.1	8.7	135.4	1,556 %
Total other income (expense), net	$ 273.1	$ 98.9	$ 174.2	176.1 %	$ 513.0	$ 289.1	$ 223.9	77.4 %

The favorable movements in other income (expense), net, during the three and nine months ended September 30, 2026, compared to the same periods in 2025 were driven by gains on strategic investments and the increases in interest income.

Provision for Income Taxes (in millions, except percentages)

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.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	Change in		2026	2025	Change in	
	$	$	$	%	$	$	$	%
Income before income taxes	$ 1,915.5	$ 1,077.1	$ 838.4	77.8 %	$ 4,691.2	$ 3,112.3	$ 1,578.9	50.7 %
Provision for income taxes	355.1	224.1	131.0	58.5 %	895.0	556.7	338.3	60.8 %
Effective tax rate	18.5 %	20.8 %			19.1 %	17.9 %		

The decrease in the effective tax rate in the three months ended September 30, 2026, as compared to the same period in 2025, was primarily due to a one-time deferred tax provision resulting from the enactment of the OBBB Act in 2025. The increase in the effective tax rate in the nine months ended September 30, 2026, as compared to the same period in 2025, was primarily due to a decrease in tax benefits attributable to equity-based compensation.

Liquidity and Capital Resources

Our principal sources of liquidity are cash, cash equivalents, marketable securities, and cash generated from operations. As of September 30, 2026, our total balance of cash, cash equivalents and marketable securities was approximately $14.4 billion, of which approximately $1.0 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 and thereafter for the foreseeable future. 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 ongoing construction of a building for office, lab and data center space. Additionally, our working capital and operating cash flows may experience timing differences as a result of certain large customer arrangements that include extended payment terms. Furthermore, we expect our inventory and purchase commitments to remain elevated and subject to volatility as we ramp new product introductions. In particular, we have increased our purchase commitments to respond to the rapid deployment of AI networks, and to navigate the tightening supply within the memory and silicon markets and reduce overall lead times, which will increase our working capital requirements in the future. We regularly review our liquidity and funding sources to support our long-term growth and capital needs.

Cash Flows (in millions)

	Nine Months Ended September 30,	
	2026	2025
Cash provided by operating activities	$ 3,977.4	$ 3,110.0
Cash used in investing activities	(3,659.1)	(2,577.1)
Cash provided by (used in) financing activities	9.5	(970.4)
Effect of exchange rate changes	(3.5)	1.7
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 324.3	$ (435.8)

Cash Flows from Operating Activities

During the nine months ended September 30, 2026, cash provided by operating activities was $4.0 billion, consisting of net income of $3.8 billion, and favorable non-cash adjustments to net income of $670.8 million, and partially offset by a net increase of $489.6 million in working capital requirements. The non-cash adjustments to net income were driven by stock-based compensation of $379.4 million, and a $369.3 million decrease in deferred income taxes. Within working capital, the primary source of cash was an increase in deferred revenue of $1.5 billion primarily resulting from an increase in product deferred revenue related to customer contracts with acceptance terms and an increase in customer PCS contracts. These cash inflows were offset by a $962.8 million increase in inventory, a $604.2 million increase in other assets driven by increased deferred cost of sales associated with higher product revenue deferrals, an increase in accounts receivable of $440.9 million due to increased product and service billings and a $159.9 million change in income taxes, net.

During the nine months ended September 30, 2025, cash provided by operating activities was $3.1 billion, consisting of net income of $2.6 billion, a net decrease of $424.5 million in working capital requirements, and non-cash adjustments to net income of $129.9 million. The decrease in working capital requirements primarily consisted of an increase in deferred revenue of $1.8 billion primarily resulting from an increase in customer PCS contracts and an increase in product deferred revenue related to customer contracts with acceptance terms and a $117.7 million increase in accounts payable and other liabilities primarily due to timing of inventory-related receipts and payments. These cash inflows were partially offset by an increase in accounts receivable of $348.9 million due to increased product and service billings, a $321.1 million increase in inventory, a $683.7 million increase in other assets driven by increased deferred cost of sales associated with higher product revenue deferrals, and a $105.2 million decrease in income tax payables related to timing of payments. The non-cash adjustments to net income were driven by stock-based compensation of $306.1 million, and offset by a $202.5 million increase in deferred taxes primarily due to the increase in deferred revenue and the capitalization of research and development costs under Section 174 of the Internal Revenue Code ("IRC").

Cash Flows from Investing Activities

During the nine months ended September 30, 2026, cash used in investing activities was $3.7 billion, consisting of purchases of marketable securities of $6.4 billion. These amounts were partially offset by proceeds from maturities and sales of marketable securities of $3.0 billion.

During the nine months ended September 30, 2025, cash used in investing activities was $2.6 billion, consisting of purchases of marketable securities of $4.8 billion and $300.0 million for the acquisition of VeloCloud. These amounts were partially offset by proceeds from maturities and sales of marketable securities of $2.6 billion.

Cash Flows from Financing Activities

During the nine months ended September 30, 2026, cash provided by financing activities was $9.5 million, consisting of proceeds from the issuance of stock under equity incentive plans, and offset by taxes paid under equity incentive and stock repurchase plans.

During the nine months ended September 30, 2025, cash used in financing activities was $970.4 million, consisting of payments for repurchases of our common stock from the open market of $983.0 million and $44.3 million taxes paid under equity incentive plans, partially offset by $56.9 million proceeds from the issuance of stock under equity incentive plans.

Stock Repurchase Programs

From time to time, we repurchase shares of our common stock pursuant to repurchase programs that are funded from working capital. In May 2025, our board of directors authorized a $1.5 billion stock repurchase program (the "Repurchase Program"). The Repurchase Program does 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. We did not repurchase any shares during the nine months ended September 30, 2026. As of September 30, 2026, the remaining authorized amount for repurchases under the Repurchase Program was $817.9 million. Refer to Note 5. Stockholders' Equity and Stock-based Compensation of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q for further discussion.

Material 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

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 for finished goods and strategic components, including integrated circuits consigned to contract manufacturers, consists of non-cancellable commitments. As of September 30, 2026, we had $11.4 billion of such purchase obligations, of which $9.3 billion are expected to be received within one year, and $2.1 billion are expected to be received after one year. Purchase commitments with our contract manufacturers and suppliers generally reflect fixed pricing and quantities, but certain arrangements may include variable pricing mechanisms. These obligations 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.

Off-balance Sheet Arrangements

As of September 30, 2026, 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

Our management's discussion and analysis of financial condition and results of operations are based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions 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. We believe the critical accounting estimates in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K reflect our more significant judgments and estimates used in the preparation of the condensed consolidated financial statements. There have been no significant changes to our critical accounting estimates as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

Refer to the subheading titled "*Recent Accounting Pronouncements Not Yet Effective"* in Note 1. Organization and Summary of Significant Accounting Policies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including changes in foreign currency exchange rates and interest rates, and strategic equity investments. Our exposure to market risk has not changed materially since December 31, 2025. For quantitative and qualitative disclosures about market risk, refer to Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. 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 pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation of our disclosure controls and procedures as of September 30, 2026, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were designed at a reasonable assurance level and were 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 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 Rules 13a-15(d) and 15d-15(d) of the Exchange Act, that occurred during the quarter ended September 30, 2026 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, do 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under the “Legal Proceedings” subheading in Note 4. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

You should consider carefully the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, 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

- some of the key components in our products come from sole or limited sources of supply, which increases the risk of supply shortages, extended lead times or supply changes;
- we expect large purchases by a limited number of customers to continue to represent a substantial portion of our revenue;
- escalated or escalating United States (the "U.S.") tariffs as well as countermeasures and retaliatory actions taken by other countries, may have a negative effect on global economic conditions, financial markets and our business;
- adverse economic conditions, continuing uncertain economic conditions or reduced information technology and network infrastructure spending may adversely affect our business;
- we enter into significant purchase commitments and are susceptible to 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;
- we expect our gross margins to vary over time and may be adversely affected by numerous factors;
- our results of operations have varied significantly from period to period and are unpredictable;
- the networking market is rapidly evolving;
- failure to successfully carry out new product and service offerings and expand into adjacent markets could adversely impact our business;
- we face intense competition and industry consolidation may lead to increased competition;
- 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 other businesses;
- industry cyclicality and developments affecting AI center infrastructure may cause fluctuations in our revenue;
- fluctuations in currency exchange rates could adversely affect our business;
- failure to raise additional capital on terms satisfactory to us could reduce our ability to compete.

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;
- inability to maintain the growth of our switching and routing platform sales, which generate most of our product revenue;
- 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 offerings could adversely affect our business;
- declines in maintenance renewals and support contracts 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 customers.

Risks Related to Products and Services

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

Risks Related to Supply Chain and Manufacturing

- supply chain constraints and inventory imbalances could adversely affect our revenue and gross margins;
- we are susceptible to manufacturing delays and pricing fluctuations;
- if demand forecasts materially change from our initial projections, we may under-or over-procure inventory that we may be unable to use in a timely manner or at all;
- 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;
- 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;
- 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 Cybersecurity and Data Privacy

- defects, errors or vulnerabilities in our products, services and external facing or internal network systems, or the misuse of our products or services, or those of third parties on which we rely, could lead to cybersecurity incidents or a failure to detect cybersecurity incidents, or otherwise negatively impact our business;
- we, or third parties on which we rely, could experience cybersecurity incidents, which could disrupt our operations, cause vulnerabilities in our products or services, compromise intellectual property or other sensitive data, or otherwise negatively impact our business.

Risks Related to Accounting, Compliance, Regulation and Tax

- foreign investment laws and regulations, and other trade or regulatory barriers, may have a negative effect on global economic conditions, financial markets and our business;
- enhanced U.S. trade restrictions, affecting China and other countries, as well as countermeasures taken by affected countries may negatively affect our business;
- 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;
- changes in our income taxes, effective tax rate or tax laws could adversely affect our results;
- failure to comply with government laws and regulations, including privacy laws, environmental laws and export controls could harm our business; and
- 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.

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;
- insiders have substantial control over us;
- our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

General Risks

- we may become involved in litigation that may materially adversely affect us;
- inability to hire, retain, train and motivate qualified personnel and senior management could cause our business to suffer;
- natural disasters, social unrest, violent conflicts, systemic failures, and other catastrophic events could harm our business; and

- 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

Some of the key components in our products come from sole or limited sources of supply, which increases the risk of supply shortages, extended lead times or supply changes.

Our products rely on components that we purchase, or our contract manufacturers purchase on our behalf from a limited number of suppliers, including certain sole source providers. In particular, we are primarily reliant upon our predominant merchant silicon vendor, Broadcom, for our switching chips.

Our reliance on component suppliers 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. 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 terms 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 fail to innovate, meet customer requirements, or experience supply shortages and product delays, our products may become less competitive. Such failures, or the absence of commercially reasonable supply terms could force us to redesign our products, resulting in delays of our own product launches, extended lead times, lost sales and reduced gross margins. Any of these factors could materially affect our business, financial condition and results of operations.

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.

Large purchases by a relatively limited number of customers have accounted for a significant portion of our revenue. For example, sales to one end customer represented 16%, 15%, and 21% of our total revenue, and sales to the other end customer represented 26%, 20%, and 18% of our total revenue for the years ended December 31, 2025, 2024, and 2023, respectively. We have experienced unpredictability in the timing of orders from our high-volume customers primarily due to the overall complexity of large-scale orders and changes in demand specific to these customers, including reductions in or changes in the mix of capital expenditures by these customers and the impact of cost reduction and other efficiency efforts by these customers. Volatility and uncertainty in the demand for AI models underlying network systems could increase this unpredictability from our large customers. In addition, the variability in customer concentration is linked to the timing of new product deployments, and spending cycles with these customers, as well as the time it takes these customers to evaluate, test, qualify and accept our products and services, and we expect continued variability in our customer concentration and timing of sales on a quarterly and annual basis. In addition, we typically provide more favorable terms and conditions to large customers, than we typically do to other customers, including pricing discounts, bundled upgrades, acceptance terms, indemnification terms, and other rights, which negatively impacts our gross margins. Further, if additional customers account for a significant portion of our revenue, a greater portion of our revenue may become dependent on the purchasing decisions of a small number of customers, which could increase the volatility of our results of operations.

Changes in the business requirements or focus, upgrade cycles, vendor selection, project prioritization, assignment of spending allocations among 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, which could negatively impact our revenue. In addition, although the focus on deployment of AI-enabled

solutions has driven increased demand for networking, the long-term trajectory remains unknown. As such, demand estimates for our new products are difficult to forecast and can create volatility in our revenue. In some instances, such factors have had, and may continue to have, an impact on certain current or future projects and reduce our visibility to customer demand 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 obsolete inventory charges on our products.

Moreover, because our sales are based primarily on purchase orders, some of our customers have previously and could continue to cancel, delay, reduce or otherwise modify their purchase commitments with little or no notice to us. These customers may decide to delay or cancel such orders for any reason. This limited visibility requires us to rely on estimated demand forecasts to determine how much material to purchase and product to manufacture. Further, 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 and to delays in fulfilling current and future purchase orders that can impede production by our customers and harm our customer relationships. For example, constrained availability for memory and silicon markets could prevent us from shipping end-customer orders on time, which may result in the loss of sales and customers and negatively impact our revenue.

If any of the factors discussed above 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. As a result, 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. 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 on a quarterly basis 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 or economic conditions could materially harm our business, financial condition, results of operations and prospects.

Escalated or escalating U.S. tariffs, as well as countermeasures and retaliatory actions taken by other countries, may have a negative effect on global economic conditions, financial markets and our business.

Our products are primarily manufactured in Malaysia, Vietnam, and Mexico, and we also procure a limited number of products originating from China, Taiwan, Thailand and the Philippines. In addition, our contract manufacturing partners procure some components from China for use in the manufacturing of our products. Because our products are primarily manufactured internationally, the import of our products into the U.S. has been and continues to be affected by applicable tariff policies.

Over the last decade, and especially under the current administration, the U.S. government has enacted various new and increased tariffs affecting the import of various items from various countries. For example, since 2018, the U.S. government has enacted various tariffs on products from China under Section 301 trade authorities, including on communications equipment products and components manufactured and imported from China. Since February 2025, the U.S. has also imposed additional global, country-specific, as well as additional commodity-specific tariffs on certain imported items, pursuant to executive orders issued under various trade authorities.

In response to these and other U.S. measures, China, Mexico and other countries have taken or threatened to take a range of retaliatory measures. These include the imposition of retaliatory tariffs on certain U.S.-origin goods; the implementation of new export controls by China on various critical minerals, including rare earth metals; the scheduling of further retaliatory tariff measures; and other actions that may affect us directly or indirectly.

The situation regarding these tariffs and trade policies has been and continues to be fluid and may change significantly as a result of the outcome of trade negotiations such as those related to the United States-Mexico-Canada Agreement , leading to significant uncertainty about the future relationship between the U.S., and other countries, with respect to tariffs and trade policies.

The U.S., China, Malaysia, Vietnam, Mexico, Taiwan, Thailand, the Philippines and other governments may place additional tariffs and non-tariff trade barriers on communication equipment products, our products and services, our inputs, or other items, which could result in higher costs to us and negatively affect our gross margins.

An increase in trade-related costs associated with these tariff actions may affect our cost of production, impair the profitability of our international production, affect our ability to procure certain items, strain our suppliers' ability to provide inputs necessary to produce certain items, and 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. In addition, 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.

Tariffs may also cause customers to delay or to request an expedition for their orders as they evaluate where to take delivery of our products in connection with their efforts to mitigate their own tariff exposure. Such delays or expeditions may create forecasting difficulties for us and increase the risk that orders might be canceled or might never be placed. Current or future tariffs 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 escalating trade tensions and related macroeconomic effects 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.

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, changes in tariff policies, global pandemics, a reduction in information technology and network infrastructure spending or a deterioration of the financial performance, condition or prospects of our customers, 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. 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, changes in government administration and policy positions, increased uncertainty associated with recent scheduled, threatened and/or anticipated increases in tariffs and other trade barriers, inflationary pressures, higher interest rates, instability and weakness in the global credit markets, the impact and uncertainty regarding global central bank monetary policy, instability, tension and conflict in the geopolitical environment, 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. In addition, 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 Federal Deposit Insurance Corporation ("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. Furthermore, 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.

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. We also believe that our customers continue to assess the impact of macroeconomic factors on their business and future investment plans, resulting in business uncertainty. 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.

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. Our suppliers have, or in the future could continue to, suffer shortages, require longer lead times, delay shipments, prioritize shipments to other vendors, reject, or decommit orders, increase prices, impose expedite fees or cease manufacturing their 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, including as a result of industry consolidation and geopolitical conditions such as international trade restrictions and increased political tensions. For example, there have been tightening supply conditions in memory and silicon markets due to rising demand for AI infrastructure and advanced automotive systems. Despite our mitigation efforts, supply shortages, increased lead times, reduced component allocations, or order decommitments may still prevent us from shipping customer orders on time, cost-effectively, or at all, which could adversely impact our revenue and gross margins.

Although we enter 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 impact our cash flows and result in lower gross margins and operating income.

In the event of an ongoing shortage or supply constraints 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 such as has occurred in the market for memory and silicon, or charge additional fees to expedite orders, and because we do not have guaranteed pricing with these suppliers, we are susceptible to availability or price fluctuations related to raw materials and components. Due to volatility in component prices, we expect to experience timing mismatches between when component prices increase and if, or when we are able to pass those costs through to customers. This potential inability to fully or timely adjust our pricing could adversely impact our gross margins and financial condition.

Our revenue and 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 28.6%, 19.5% and 33.8% in 2025, 2024 and 2023, 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 embedded with our existing customer base and product markets and look to enter and expand into new markets. Our growth strategy relies on maintaining our agility and increasing our investment in research and development to deliver market-leading features to enhance the functionality of existing cloud networking platform, expand our product offerings and build upon our technology leadership. We must continue to expand our product offerings and build upon our technology leadership. In addition we must continue to expand our global sales force and deepen our channel partnerships to reach new customers more effectively and increase sales to existing customers. An increase in customer trials and contracts with acceptance provisions, and an increase in the volatility and magnitude of our evaluation inventory and product deferred revenue balances, have created and could continue to create variability in our revenue. Any delays in acceptance, or rejection, or any return, of those products could further negatively impact our revenue. We have also experienced supply constraints that have and may continue to result in manufacturing and shipment delays, which would negatively affect the timing of revenue recognition and /or a reduction in revenue if our customers cancel their orders due to shipping delays. 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 revenue 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, geopolitical pressures, macroeconomic conditions, recession risks and monetary policy shifts, and our ability to be successful in the AI market and adjacent markets, such as campus switching, Wi-Fi networking markets and network security markets. Recent technologies, such as generative and agentic AI models, have emerged, and while they have driven increased demand for networking, the long-term trajectory of such technologies 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. Customers may also 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, as well as the timing and outcome of customer trials and contracts with acceptance periods, near-term revenue trends may not be reflective of current demand levels or the underlying timing of customer commitments. Furthermore, any prolonged

economic disruptions or deterioration in the global economy could have a negative impact on demand from our customers in future periods, 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.

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 tensions, supply chain sourcing activities, merchant silicon costs, excess/obsolete inventory and supplier liability charges, and fees to expedite supplier components and costs related to tariffs from our products that are manufactured internationally. If tariff or non-tariff measures escalate, and/or if supply conditions worsen and we are unable to pass on these costs to customers, our gross margins could be further impacted. 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 supply constraints, such as the tightening of supply conditions in the memory and silicon markets, 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 our 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 prices.

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, which could cause the market price of our common stock to be volatile. 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:

- disruptions in our business due to general economic and market conditions, such as recessionary risks and a global economic downturn, international trade tensions and tariff policies, higher interest rates, monetary policy shifts, inflationary pressures, supply chain and labor shortages, changes in government administration, and geopolitical pressures;
- our reliance on a predominant merchant silicon vendor;
- our inability to fulfill our customers' orders or the deferral, reduction or cancellation of orders due to the delays in shipment of our products for any reason;
- 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, including in the memory and silicon markets, supply chain delays, access to key commodities or technologies, manufacturing disruptions or other events that impact our manufacturers or their suppliers;
- a reduction, or uncertainty in the timing, of orders from our large customers;
- any changes in the amount of our purchase commitments;
- announcements by us or our 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;
- changes in the growth rates of existing or new customers and the networking market, 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 demand;
- 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;
- increased expenses resulting from increases in component, production and logistics costs resulting from factors such as global inflationary pressures, or the tariffs imposed by the U.S. on goods from other countries and tariffs imposed by other countries on U.S. goods;
- 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 such as those expenses related to construction of a new building in Santa Clara, California;
- 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 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;
- 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;
- cyclical fluctuations in our markets; and
- other risk factors described in this filing.

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 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 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 demand for our customers' products and services, the expansion, 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 deployment of AI and related technologies, the development of network switches/routers 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 and agentic AI models, have emerged, and while they have driven increased demand for networking, the market is rapidly changing, and the long-term trajectory is unknown and could be volatile. 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, 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 revenue and inventory levels. If the AI market does not develop as anticipated or at all, then the potential demand for AI infrastructure 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 slowdown, 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, make enhancements to existing products, and expand our product offerings through our acquisitions and internal research and development efforts. If we are unable to anticipate technological changes in our industry by introducing new, enhanced or expanded products and services in a timely and cost-effective manner or if we fail to introduce products and services that meet market demand or gain market share, 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, AI focused Ethernet products and AI-Driven Campus and Branch Networking Offerings, our ability 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 increased customer trials and contracts with acceptance clauses, which delay revenue recognition and may negatively impact our revenue.

We remain in a period of new product introductions, adding new customers and expanded use cases, particularly in the AI Ethernet market. This has resulted in increased customer trials and contracts with acceptance periods, and an increase in the volatility and magnitude of our evaluation inventory and 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 the write-down of inventory.

Additionally, from time to time, we invest in expansion into adjacent markets, including campus and 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. In addition, the markets for our products, particularly the AI Ethernet segment, are characterized by rapid evolution and volatility; consequently, these markets may experience significant fluctuations, including prolonged slowdowns, cyclical contractions, or the correction of speculative bubbles that could adversely affect demand. 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, 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 typically involves a long payback cycle. We expect to continue to make substantial investments to introduce new products and services and enhance the functionality of our existing AI, Cloud and Data Center Networking platform through investments in our research and development organization, and investments in or acquisitions of complementary companies, products and technologies to expand our product offerings and build upon our technology leadership. 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 face intense competition, especially from larger, well-established companies and industry consolidation may lead to 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, network visibility and security and AI, 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, Hewlett Packard Enterprise, Huawei, Nvidia and 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 and network security. For example, Cisco acquired Acacia Communications, Broadcom acquired Brocade Communications and VMware, Dell acquired Force10 Networks, Hewlett Packard Enterprise acquired Juniper Networks, and Nvidia has made significant investment in several AI Neoclouds. Moreover, large system vendors are increasingly seeking to deliver vertically integrated networking solutions to customers that combine or bundle 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, 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 as our competitors have made significant investments in such new markets. 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 and market 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.

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 or may have a dominant market position in certain markets that they can utilize to leverage sales of their Ethernet switching and routing 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 operations are subject to a number of additional 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 the European Union ("EU"), including increased trade and tariff related disputes changes in trade controls, economic sanctions, foreign investment laws and regulations, or other international trade regulations, all of which have generally recently trended toward increasing breadth and complexity, and which may affect our ability to import or export our products to and from various 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;
- U.S. and foreign legal requirements, including those relating to anti-corruption, anti-bribery, foreign investment, telecommunications, cybersecurity, supply chain integrity, privacy, data protection and AI and cloud technology;
- government trade restrictions and compliance, related to the exportation, re-exportation, sale, shipment or other transfer of programming, technology, components, and/or services to foreign persons;
- unexpected changes in regulatory practices, tariffs and tax laws and treaties;
- possible deterioration in relations between Taiwan and China, and other factors affecting military, political, or economic conditions in Taiwan or elsewhere in Asia;
- 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 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.

New and changing laws, regulations, executive orders, directives, and enforcement priorities can adversely affect the Company’s business by increasing the Company’s costs, limiting the Company’s ability to continuously navigate global supply chain options in lieu of optimizing tariff outcomes, offer a product or service to customers in a timely manner, impacting customer demand for the Company’s products and services, and requiring changes to the Company’s business or supply chain. New and changing laws, regulations, executive orders, directives, and enforcement priorities can also create uncertainty about how such laws and regulations will be interpreted and applied.

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 VeloCloud in June 2025 which required management to focus efforts on integrating the VeloCloud business with the Company. In addition, the privately held companies in which we invest 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. 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. 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. 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.

Industry cyclicality and developments affecting AI center infrastructure may cause fluctuations in our revenue and results of operations.

Our business is reliant on demand for network infrastructure, which rises and falls in cycles and has recently been driven by demand for AI center infrastructure. Moreover, business cycles vary somewhat in different geographical regions and by customer type. Our customers' demand is driven by, among other factors, the development of new network infrastructure and the refreshment of existing network infrastructure. Cyclical changes in our customers' demand for our products and services, particularly changes in the demand of our largest customers, could result in fluctuations in our revenue, revenue growth and results of operations. We believe that this cyclicality results from a number of factors, including the specific procurement, budgeting and deployment cycles of our customers as well as the impact of general economic conditions on business operations and investment. The effects of supply chain disruptions and our rapid growth may have reduced the impact of cyclical factors that might otherwise have influenced our business and broader industry performance. If our growth rates slow, cyclical variations in our operations may become more pronounced over time and may materially affect our business, financial condition, results of operations and prospects.

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, an increase in the U.S. dollar could result in 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.

Any failure to raise additional capital to expand our operations, invest in new products or for other corporate purposes on terms satisfactory to us 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 terms satisfactory to us. 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 expand our current footprint by targeting our current customers for specific projects as opportunity with current customers is significant given their existing infrastructure and expected future spend. We are also focused on increasing penetration in the enterprise, campus and 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 are often longer testing 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. Additionally, from time to time we update our sales structure, systems, procedures and policies, and the failure of any of these updates to perform as expected or our inability to successfully manage such updates could adversely impact our business, financial condition, results of operations and prospects. If we fail to attract new large customers, including enterprise, campus and AI customers, 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 and routing platforms 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.

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 periodically introduce enhanced and/or new products and services that are not yet commercially established. 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 provide in the future, pricing discounts to large customers, which adversely impacts gross margins. 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 are lengthy in certain cases, especially with respect to our prospective large customers and certain markets including the enterprise, campus and 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 acceptance terms contained in such agreements, the strategic importance of a particular project to a customer, budgetary constraints and changes in their personnel.

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, 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.

If we are unable to offer high-quality support and services offerings, this could adversely affect 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.

Declines in maintenance renewals and support contracts 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 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 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 also 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 of 30 to 90 days. From time to time, we also grant extended payment terms with certain large customers. These arrangements may expose us to credit risk and upfront working capital requirements. Although we monitor individual end-customer payment capability in granting such arrangements, we 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. However, our exposure to credit risks can be negatively impacted by downturns in our customer's business, a global economic downturn, or periods of economic uncertainty. In particular, AI cloud providers and data center developers have issued substantial amounts of debt to fund AI infrastructure projects. Certain data center developers have recently experienced tightened credit availability and higher financing costs. Tightening credit conditions could cause financial distress among highly leveraged AI cloud providers or data center developers, which could cause certain of our customers to delay, reduce or cancel purchases of our products or impair their ability to pay amounts owed to us. Any significant delay or default in the collection of receivables 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. There is no assurance that our customers will be able to pay us and our customers could default on their obligations to us, which could adversely affect our results of operations, financial condition, and liquidity.

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. In addition, we use AI in some of our products, such as Arista AVA and CloudVision. AI systems may produce wrong, misleading or unpredictable outputs, recommendations or actions. In our products, this could lead to network misconfigurations, missed or false detection of faults or security threats, service disruptions, performance problems or other harm to our customers' networks and operations. 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 introduce 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 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 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.

If we are unable to ensure that our products interoperate with operating systems, software applications and hardware that are developed by others, 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, any of which may be manufactured by a wide variety of vendors and OEMs. Our products must comply with established industry standards 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

Supply chain constraints 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 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 international trade tensions between the U.S. and China, Canada, Mexico and other countries where we manufacture our products including Malaysia and Vietnam, the war in Iran, the Russia-Ukraine conflict and related economic sanctions against Russia, 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 manufacturing and supplier facilities particularly within China and controls on certain supplies including China's restrictions on the use of certain U.S. products and its export 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. Insufficient component supply, and increases in the time required to manufacture our products could lead to prolonged inventory shortages, manufacturing disruptions and increased customer lead times for our products, and 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 had to, 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 and negatively affects our gross margin.

In order to reduce lead times in our supply chain 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 semiconductors as disclosed in Note 4. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q. We expect inventory and purchase commitments to remain elevated and subject to volatility. This variability is driven by new product introductions, shifts in customer demand, and fluctuations in supplier lead times. In particular, we continue to increase our purchase commitments to respond to the rapid deployment of AI networks and to navigate the tightening supply within the memory and silicon markets and reduce overall lead times, which will increase our working capital requirements. These constraints, in addition to supply chain inflation and material scarcity, may prevent us from shipping customer orders on time, cost-effectively, or at all, which could result in the loss of sales, damage customer relationships, negatively impact our revenue and continue to put pressure on our gross margins. There is no guarantee that suppliers will meet their commitments or that actual customer demand will not be lower than our demand forecasts. 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 magnitude of these balances, combined with 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 4. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q. 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.

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 sufficient components for our products in a timely manner 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. 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 will 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 forecasts and individual purchase 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, 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. 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 inventory 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 for future sales. If these demand forecasts materially change from our initial projections, we may under- or over- procure inventory.

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 customer demand and extended lead times, we have entered, and may continue to enter, into significant purchase commitments with our contract manufacturers and suppliers, with issuance of non-cancellable purchase orders for such commitments. 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. We continue to increase our purchase commitments in response to the tightening of supply conditions in the memory and silicon markets. There is no guarantee that suppliers will meet their

commitments or that actual customer demand will directly match our demand forecasts. If our forecasts materially 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 and 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 be subject to manufacturing disruptions and supply chain 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.

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. Furthermore, many terms used in open source licenses have not yet been interpreted by courts in the U.S. so there is a risk that the terms of such licenses could be construed to impose unanticipated obligations on us or unanticipated conditions or restrictions on our ability to market our products and services. 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, 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 Cybersecurity and Data Privacy

Our products, services, and external facing or internal network systems, or those of third parties on which we rely, could experience cybersecurity incidents, and defects, errors, or vulnerabilities in our products, or the misuse of our products, could lead to cybersecurity incidents or a failure to detect cybersecurity incidents, create product liability risks, damage our reputation, adversely impact our operating results, or otherwise negatively impact our business.

Our products, services, and external facing or internal network systems could experience cybersecurity incidents or 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. For example, we have and could continue to face attacks that involve malicious software directed at our products, services, networks, or exfiltration of our data or that of our customers. If our products, services, or external-facing or internal networks are compromised or are perceived to have been compromised,

our reputation may be damaged and our financial results may be negatively affected. In addition, our or third-party AI agents could take unintended or unauthorized actions, act outside the scope of their instructions or permissions, exploit vulnerabilities or weaknesses in the systems in which they operate, or may be vulnerable to adversarial manipulation such as prompt injection. Such AI agents may be capable of circumventing or escaping technical restrictions or isolated execution environments, obtaining access to networks or systems that were not intended to be accessible, escalating privileges, accessing, modifying, or disclosing confidential information, or using available tools and credentials to take additional unauthorized actions.

Defects, errors, or vulnerabilities in our security platform or in the hardware upon which it is deployed, including as a result of misuse or 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, or otherwise lead to cybersecurity incidents. If customers of our security platform do suffer a cybersecurity incident, even if it is not attributable to a failure of our platform, 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.

We, or third parties on which we rely, could experience cybersecurity incidents relating to our information systems, or our products, services, or data, which could disrupt our operations or our ability to provide services, cause vulnerabilities or perceived vulnerabilities in our product, compromise intellectual property or other sensitive data, harm our reputation, damage customer or other relationships, delay our ability to recognize revenue, lead to significant costs, legal proceedings, legal liability, or enforcement actions, or otherwise negatively impact our business.

We, like all technology companies, depend upon information technology systems, including AI tools and agentic AI, to conduct virtually all business operations, ranging from internal operations and product development activities to marketing and sales efforts and communications with customers and business partners. Our safeguards for our information technology systems, and in particular access controls, monitoring, isolation mechanisms, and other measures designed to constrain the actions of AI systems, may not operate as intended or may be insufficient to prevent disruptions or cybersecurity breaches or incidents.We have previously experienced immaterial disruptions, cybersecurity breaches, and other cybersecurity incidents and we could again experience disruptions, cybersecurity breaches, and other cybersecurity incidents relating to our information systems, or our products, services, or data. We could also be impacted by cybersecurity incidents through third parties on which we rely. We have outsourced some business functions to third parties, including our manufacturers, logistics providers, and cloud service providers. We also rely upon distributors, resellers and system integrators to sell our products. We also depend upon our employees, and the technology our employees use to comply with the security measures we have instituted to prevent and mitigate cybersecurity incidents.

We, or third parties on which we rely, have in the past and could again experience cybersecurity threats, disruptions, and incidents with many different types of causes, including phishing schemes and other social engineering methods, fraud and other malfeasance, denial of service attacks, vulnerabilities or defects in design or manufacture, unintended technical errors, misconfigurations, "bugs," viruses, ransomware and other malware, mishandling of data or other mistakes by employees or other insiders, and attacks by insiders or external parties, including agentic AI. Sophisticated, or even unsophisticated, persons, AI tools, or organizations may attempt to compromise our systems, or third party systems on which we rely, and access, use, destroy, impair, or obtain confidential, personal, or otherwise sensitive or proprietary information and could compromise our systems, products, services and networks, or those of third parties on which we rely. Geopolitical tensions and conflicts may create a greater risk of cyberattacks against our company and our manufacturers, suppliers, logistics providers, banks and other business partners. Our acquisition of Awake Security and our provision of its NDR platform may result in us being a more attractive target for such attacks. We may also face increased risks of cybersecurity incidents in connection with personnel working remotely.

We may experience cybersecurity incidents that we do not detect, or that we do not detect for extended periods of time. The techniques used to carry out attacks are constantly evolving, and it may be more difficult to detect attacks involving techniques that we are not aware of or have not anticipated. The emergence and maturation of AI capabilities has and may continue to contribute to more frequent and intense attacks, owing to new and/or more sophisticated methods of attack, new means of identifying and exploiting vulnerabilities or other new or enhanced threat capabilities, that could lead to security incidents or breaches.

If we, or any of the aforementioned third parties, or any other third parties capable of introducing risks to our system or operations, experience a cyberattack or any other kind of cybersecurity incident, our ability to conduct our business effectively could be damaged in a number of ways, including:

intellectual property or other proprietary or sensitive data regarding our business or our customers could be stolen or lost, modified, rendered unavailable, or otherwise assessed, used, or processed in unauthorized manners;

our systems, including email and other communication methods, and access to or availability of data, could be disrupted or harmed, or we may experience other types of outages, and our ability to conduct operations could be seriously damaged until such systems or data access and availability can be restored, which we may be unable to achieve promptly, 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;

our managed network solutions and infrastructure for customers could experience outages or security exploits, causing widespread disruption to customer network operations, service unavailability, and potential loss or compromise of customer data;

our manufacturing process, products, services, supply chain, systems and data could be corrupted or disrupted; and

personal data of our customers, employees, contractors, and business partners could be lost, accessed, obtained, modified, disclosed, used, or otherwise processed without authorization, corrupted or made unavailable, or otherwise compromised.

If we experience a cybersecurity incident, or if any of the above events occur, or are perceived to have occurred, 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 incident, including to notify individuals, entities, or regulatory bodies. In addition, our ability to protect our intellectual property rights could be compromised and our reputation and competitive position could be significantly harmed. The regulatory and contractual actions, proceedings, litigation, investigations, fines, penalties and liabilities relating to any actual or perceived incidents can be significant in terms of fines and reputational impact and necessitate changes to our business operations that may be disruptive to us. We have and could continue to incur costs to upgrade our systems and measures in an effort to prevent network and system disruptions and other cybersecurity incidents, and such costs may become significant. 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 incidents or perceived incidents.

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 liabilities 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

Foreign investment laws and regulations, and other trade or regulatory barriers, may have a negative effect on global economic conditions, financial markets and our business.

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 or tested in 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 maintaining profitability.

Enhanced U.S. trade restrictions affecting China and other countries, including export controls, import regulations, and foreign investment regulations, as well as countermeasures taken by affected countries may have a negative effect on global economic conditions, financial markets and our business.

Over the past several years, the U.S. government has enacted a series of enhanced international trade restrictions affecting China and other countries which have included additional export controls and sanctions, import regulations and foreign investment regulations. For example, the U.S. has added additional entities, from 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. Beginning in October 2022, the U.S. expanded controls restricting the ability to send certain products and technology related to semiconductors, semiconductor manufacturing, and supercomputing. Although prior to the scheduled compliance date the administration announced its intention to rescind, and nonenforcement posture for, new regulations introduced in January 2025 further expanding the controls to impose a worldwide licensing requirement on certain ICs and computing resources that are used for training of AI models. The U.S. government may issue new controls on similar technologies in the future. The U.S. government also expanded the scope of restrictions on the development or production of advanced ICs and certain semiconductor manufacturing equipment, and the restrictions on supercomputing, though certain U.S. export controls have been partially relaxed since May 2025 pursuant to the bilateral trade negotiations between the U.S. and China. Further changes to any of these policies are possible.

Due to concerns with products and services from certain semiconductor, telecommunications and video providers based in China, U.S. Congress has also 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 U.S. government has imposed trade restrictions to address international human rights abuses. For example, 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 UFLPA-listed entity, were made with forced labor and would therefore not be entitled to entry at any U.S. port. Importers may be 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 UFLPA-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.

The U.S. government also recently introduced regulations that require notification of or prohibit certain transactions by the Company with entities in China or with certain linkages to China. These regulations could apply to certain intracompany activities with our China and Hong Kong subsidiaries or other activities with entities in China or with linkages to China. These regulations could also limit the ability of others to transact certain business with the Company if those transactions involve or benefit, directly or indirectly our operations in China. Where these new rules apply to a given transaction, it might limit our ability to carry out our long-term business strategy.

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 ICs in our products, impact our suppliers who may utilize facilities or equipment described in these controls, or impact the cost of components or inputs used to produce our products. These measures may also increase in response to certain geopolitical events, such as the recently shifted international trade landscape, or if the relationship between the U.S. and China or between China and Taiwan otherwise deteriorates.

The Chinese government has retaliated to, and may continue to retaliate to, these or other U.S. trade restrictions in ways that could impact our business. For example, China has announced controls on both the use of Micron products and export controls on certain materials used, among other things, in the production of semiconductors, optical components, and other electronic devices including germanium and gallium. These Chinese export controls have been the subject of bilateral trade negotiations between the U.S. and China, and have been partially relaxed since May 2025, though further changes are possible. Further, the Chinese government has responded to these U.S. actions by adding U.S. entities to an unreliable entity list, which limits the ability of companies on the list to engage in business with Chinese customers. These restrictions could disrupt the ability of China to procure or produce semiconductors and other electronics, impact our ability to source components from China, or impact the cost of components or inputs used to produce our products.

Given the relatively fluid regulatory environment in China and the United States, there is uncertainty with how the U.S. government or foreign governments will act in response to changes in tariffs, trade policies, and foreign investment laws and regulations, which could directly and adversely impact our financial results and results of operations. 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 these trade restrictions, including foreign investment restrictions, or trade barriers remain in place or if new trade restrictions or trade barriers are placed on products such as ours by U.S. or foreign governments, especially China, our costs may increase. 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.

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 dependent upon individual data input or review and are subject to human error. These processes include, but are not limited to, calculating revenue, inventory costs and the preparation of our statement of cash flows. Although we continue to automate our processes and enhance our review controls to reduce the likelihood of errors, in the future we may not be able to assert that our internal controls over financial reporting are effective under Section 404 of the Sarbanes-Oxley Act, which may adversely affect the reliability of our financial statements.

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 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 I, Item 2, of this Quarterly Report on Form 10-Q, 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 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.

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 the manner in which we structure our international operations, any transfer pricing adjustments from tax authorities as a result of the structure of our international operations; tax effects of nondeductible compensation, including certain stock-based compensation; 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.

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.

Taxation of earnings inside and 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. On January 5, 2026, the Organization for Economic Cooperation and Development ("OECD") announced its “side-by-side” elective safe harbor package that would exempt U.S.-parented multinational entities from certain provisions of Pillar Two legislation previously enacted across the EU and other OECD member countries for fiscal years beginning on or after January 1, 2026. And, in June 2026, California enacted Senate Bill 122, which extends the $5 million limitation on the use of business tax credits through 2029 and establishes a permanent credit cap starting in 2030 at the greater of $5 million or 70% of tax liability. We have assessed the impacts of these new laws domestically and on countries that we operate in and do not currently anticipate any material impacts on 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 because of these developments or other proposed tax law changes.

Finally, we are subject to examination of our income tax returns by the Internal Revenue Service (the "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. The expense of and time associated with defending and resolving such audits may be significant. 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, including privacy laws, environmental laws and export controls, could harm our business.

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. The laws, regulations, and policies governing us directly, and the build out of AI infrastructure more generally, are subject to robust public debate, which may result in slowing the development of AI and data center infrastructure as well as demand for our products and services. 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, such as product compliance and safety regulations. 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.

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 against our customers or us, and potentially may subject our customer or 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, fines, penalties, and other sanctions could harm our business, financial condition, results of operations and prospects.

Privacy Laws

Many 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. 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. Aspects of the CCPA/CPRA and its interpretation remain uncertain and are likely to remain uncertain for an extended 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. More recently, the Department of Justice issued a final rule that places limitations, and in some cases prohibitions, on access to, or certain transfers of, sensitive personal data to business partners located in China or with other specified links to China (and other designated countries).

In addition, in certain jurisdictions, these regulatory requirements may be more stringent than those in the United States, such as 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. In the past, we relied on the E.U.-U.S. and Swiss-U.S. Privacy Shield programs, and/or the use of standard contractual clauses approved by the European Commission ("SCCs"), to legitimize transfers of data out of the EU. EU courts later invalidated the E.U.-U.S. Privacy Shield and imposed additional obligations in connection with use of the SCCs. The European Commission subsequently issued new SCCs. The continued validity of these new SCCs for cross-border data transfer 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 process data on our behalf. Further, the United Kingdom ("UK") has implemented legislation that substantially mirrors the GDPR, and 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 modify 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. 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.

Among other emerging laws relating to privacy and data protection globally, India has released its Digital Personal Data Protection Act 2023, and India’s Ministry of Electronics and Information Technology released finalized Digital Personal Data Protection Rules on November 13, 2025, addressing various matters under this law, with phased compliance deadlines between 2025 and 2027. 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.

We also expect laws, regulations, industry standards and other obligations worldwide relating to privacy, data protection and cybersecurity to continue to evolve, and that there will continue to be new, modified, and re-interpreted laws, regulations, standards, and other obligations in these areas. For example, the Network and Information Security Directive II, or NIS2, adopted in 2023, aims to enhance cybersecurity across critical infrastructure and essential services in the EU. It expands the scope of the 2016 NIS Directive to include additional sectors while enforcing stricter governance and accountability requirements. NIS2 requires all 27 EU member states to issue implementing legislation by October 2024; however, several EU member states have not finalized their respective legislation and guidance. Additionally, the Digital Operational Resiliency Act, or DORA, became effective in January 2025, and aims to establish a universal framework for managing and mitigating information and communication technology risks that will apply to entities in the financial sector and their third-party cloud service providers.

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 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.

Environmental Laws

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 has 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.

Export 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 government authorization. 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 authorizations 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. The U.S. government also continues to add additional entities 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 export, reexport and transfer certain products and technology related to semiconductors, semiconductor manufacturing, and supercomputing. Although prior to the enforcement date, the administration announced its intention to rescind the January 2025 regulations and stated that it would not enforce them, those regulations had expanded the export controls by imposing a worldwide licensing requirement on certain integrated circuits and computing resources used for training of AI models. The U.S. government may issue new controls on similar technologies in the future. The U.S. government also expanded 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. 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 ICs in our products, or impact our suppliers who may utilize facilities or equipment described in these controls. However, certain U.S. export controls have been the subject of bilateral trade negotiations between the U.S. and China and have been partially relaxed since May 2025, with further changes possible.

It also is possible that the Chinese government will retaliate to these export controls in ways that could impact our business. For example, China has announced controls on both the use of Micron products and export controls on certain materials used, among other things, in the production of semiconductors, optical components, and other electronic devices including germanium and gallium. These Chinese export controls have been the subject of bilateral trade negotiations between the U.S. and China and have been partially relaxed since May 2025, though further changes are possible. Further, the Chinese government has responded to U.S. actions by adding U.S. entities to an unreliable entity list, which limits the ability of companies on the list to engage in business with Chinese customers. These restrictions could disrupt the ability of China to procure or produce semiconductors and other electronics and impact our ability to source components from China and could impact the cost of components or inputs used to produce our products.

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.

The United States may also continue to leverage the use of “secondary tariffs” and/or “secondary sanctions” to achieve certain foreign policy goals, or increase its enforcement of such tools, which may directly or indirectly affect our business (see also the “Escalated or escalating U.S. tariffs, as well as countermeasures and retaliatory actions taken by affected countries may have a negative effect on global economic conditions, financial markets and our business, in response to these U.S. policies” risk factor above). 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 policies, procedures and internal 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 the appropriate government agencies and implemented corrective actions.

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.

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 artificial intelligence ("AI") technologies in our offerings and business operations, including in our Arista Guardian for Network Identity offering, and our research and development of such technology remains ongoing. We are making significant investments to expand our AI capabilities, which requires obtaining, developing, and maintaining proprietary datasets and machine learning models. However, AI technologies are complex and rapidly evolving, and we face significant competition in the market. If we fail to successfully adopt or implement certain AI technologies, we could be left at a competitive disadvantage. Furthermore, we may rely on third-party AI technologies, making our products and services vulnerable to the continued availability and improvement of those external tools. Leveraging AI capabilities to improve our internal functions and operations also presents further risks, costs, and challenges.

The integration of AI presents inherent operational and ethical risks and may result in unintended consequences, including the inadvertent disclosure or misuse of intellectual property, confidential, personal, or competitive information. AI algorithms and training methodologies may be flawed, and the technologies we use may produce outputs that appear correct but are factually inaccurate or biased. These deficiencies, even if inadvertent, could expose us to brand or reputational harm and competitive disadvantage. Additionally, the protectability of intellectual property in AI-generated or assisted works remains unclear. To the extent we use AI to create valuable intellectual property, we may not be able to protect it to the same extent as non-AI-generated works. We may also face increased costs associated with developing new processes to provide attribution or remuneration to creators of training data.

The AI-related legal and regulatory landscape remains highly uncertain and may be inconsistent from jurisdiction to jurisdiction. Our obligations to comply with this evolving landscape, including proposed and enacted legislation regulating AI in jurisdictions such as the EU and certain states within the United States and new applications of existing data protection, privacy, and intellectual property laws, could entail significant compliance costs. Implementing appropriate protections, safeguards, and policies for processing data with AI may also materially increase our expenses. Ultimately, AI-related issues, regulatory deficiencies, or compliance failures could give rise to legal action, limit our ability to incorporate certain AI capabilities into our offerings, damage our reputation, and materially harm our business.

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 have previously and could in the future 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, sales of our common stock by our insiders, 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 changes in government administration, international trade tensions, 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 stock repurchase programs 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 could cause the market price of our common stock to decline.

Although our board of directors has authorized stock repurchase programs, any determination to execute stock 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 in the best interests of our shareholders and is in compliance with all laws and agreements applicable to the repurchase programs. Our current stock repurchase program does not oblige 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 programs 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 affect our stock price and 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 16.6% of the outstanding shares of our common stock, based on shares outstanding as of September 30, 2026. 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 averse 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. In addition, sales by such stockholders could negatively affect our stock price.

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, one of our presidents (in the absence of our chief executive officer) or 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 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 prohibition on the stockholder's ability to act by written consent), 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 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

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.

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 4. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

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, especially with certain types of technical skills like in AI. Many of the companies with which we compete against for experienced personnel may have greater resources and be able 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 natural disasters, social unrest, violent conflicts, systemic failures and other catastrophic events.

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, such as the San Francisco Bay Area, Asia and Mexico, that are exposed to risks of natural disasters and threats, such as fires, earthquakes, tsunamis, extreme precipitation or winds, high heat or outbreaks of disease, and systemic failures, or other catastrophic events, such as widespread power outages or transportation network malfunctions. In addition, climate change may result in greater frequency and severity of such natural disasters and systemic failures. A significant natural disaster, epidemic or pandemic, systemic failure, flood or other similar event, 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 such disruption of our suppliers, our contract manufacturers or our service providers would likely impact our supply chain, sales and operating results. These events could also have a material adverse effect on the demand for our products, which could in turn materially affect our financial condition, results of operations and prospects. In addition, acts of terrorism, war, and other social unrest, violent or otherwise, 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 foreseeable 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchase of Equity Securities

From time to time, we repurchase shares of our common stock pursuant to repurchase programs that are funded from working capital. In May 2025, our board of directors authorized a $1.5 billion Repurchase Program. The Repurchase Program does 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. We did not repurchase any shares during the nine months ended September 30, 2026. As of September 30, 2026, the remaining authorized amount for repurchases under the Repurchase Program was $817.9 million. Refer to Note 5. Stockholders' Equity and Stock-based Compensation of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q for further discussion.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. 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 August 18, 2026, Daniel Scheinman, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 8,000 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 November 24, 2027, or earlier if all transactions under the trading arrangement are completed.

On August 21, 2026, Charles Giancarlo, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 60,000 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 November 24, 2027, or earlier if all transactions under the trading arrangement are completed.

On September 11, 2026, Todd Nightingale, our President and Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 14,000 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 November 30, 2027, or earlier if all transactions under the trading arrangement are completed.

On September 15, 2026, Kelly Battles, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 3,634 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 January 18, 2028, 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 6. Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a), as adopted pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1*	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.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of 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 Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Arista Networks, Inc.
(Registrant)

Date: November 3, 2026

By: /s/ JAYSHREE ULLAL
Jayshree Ullal
Chief Executive Officer and Chairperson of the Board
(Principal Executive Officer)

Date: November 3, 2026

By: /s/ CHANTELLE BREITHAUPT
Chantelle Breithaupt
Senior Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

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 reviewed this Quarterly Report on Form 10-Q of Arista Networks, Inc. for the quarter ended September 30, 2026;
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. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ JAYSHREE ULLAL
Jayshree Ullal
Chief Executive Officer and Chairperson of the Board
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chantelle Breithaupt, certify that:

1. I reviewed this Quarterly Report on Form 10-Q of Arista Networks, Inc. for the quarter ended September 30, 2026;
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. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/CHANTELLE BREITHAUPT
Chantelle Breithaupt
Senior Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATIONS 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 Quarterly Report of Arista Networks, Inc. on Form 10-Q for the quarter ended September 30, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Arista Networks, Inc.

Date: November 3, 2026

By: /s/ JAYSHREE ULLAL
Name: Jayshree Ullal
Title: Chief Executive Officer and Chairperson of the Board
(Principal Executive Officer)

I, 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 Quarterly Report of Arista Networks, Inc. on Form 10-Q for the quarter ended September 30, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Arista Networks, Inc.

Date: November 3, 2026

By: /s/ CHANTELLE BREITHAUPT
Name: Chantelle Breithaupt
Title: Senior Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)