ARISTA

Investor Presentation

February 2025

Safe Harbor

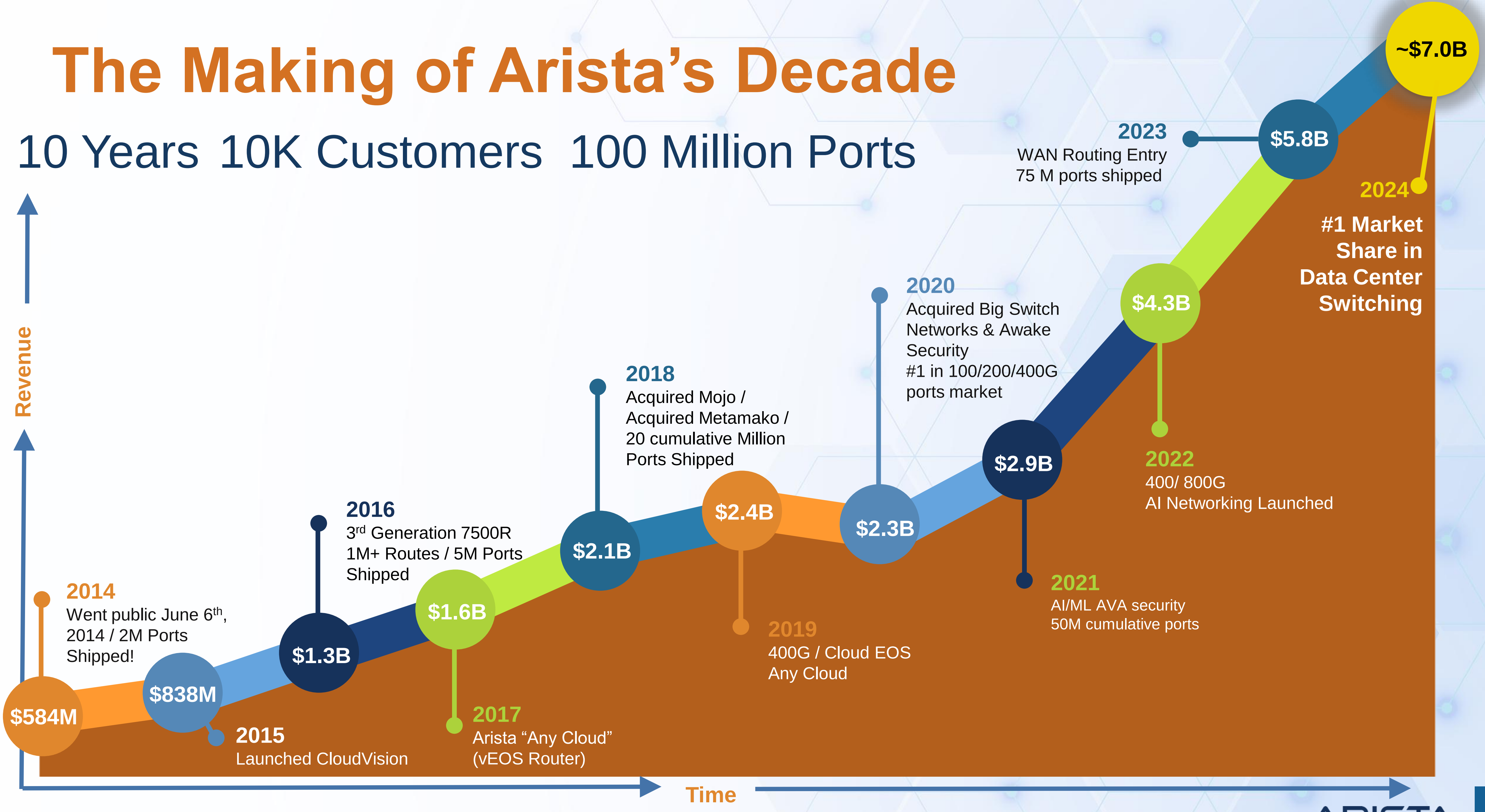
Forward-Looking Statements - This presentation and accompanying oral presentation contain “forward-looking statements” including estimates regarding revenue, non-GAAP gross margin and non-GAAP operating margin for the first quarter of 2025, long-term business and financial model and financial outlook for 2025 and beyond, forecasts relating to Arista’s future serviceable addressable market and new market targets, statements regarding Arista's business plans and its ability to execute such plans, statements regarding our ability to grow our revenue and expand our market share, statements regarding the benefits of Arista's products, and statements regarding Arista's ability to navigate economic uncertainties while continuing to invest in our long-term growth. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from those anticipated in or implied by the forward-looking statements including risks associated with: large purchases by a limited number of customers who represent a substantial portion of our revenue; adverse economic and geopolitical conditions and conflicts, continuing uncertain economic conditions or reduced information technology and network infrastructure spending; the impact of sole or limited sources of supply, supply shortages and extended lead times or supply changes; volatility in our revenue growth rate; variations in our results of operations; the rapid evolution of the networking market; failure to successfully carry out new products and service offerings and expand into adjacent markets; variability in our gross margins; intense competition and industry consolidation; expansion of our international sales and operations; investments in or acquisitions of other businesses; seasonality and industry cyclicality; fluctuations in currency exchange rates; failure to raise additional capital on favorable terms; our inability to attract new large customers or sell additional products and services to our existing customers; inability to grow sales of switches which generate most of our product revenue; large customers requiring more favorable terms; inability to increase market awareness or acceptance of our new products and services; decreases in the sales prices of our products and services; long and unpredictable sales cycles; inability to offer high quality support and services; declines in maintenance renewals by customers; product quality problems; failure to anticipate technological shifts; the complexity of managing the supply of our products and product components; our dependence on third-party manufacturers to build our products; assertions by third parties of intellectual property rights infringement; failure or inability to protect or assert our intellectual property rights; defects, errors or vulnerabilities in our products, the failure of our products to detect security breaches or incidents, the misuse of our products or the risks or product liability; breaches of our cybersecurity systems, or other security or privacy breaches or incidents; enhanced U.S. tax, tariff, import/export restrictions, Chinese regulations or other trade barriers; failure to comply with government law and regulations; issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment; and other future events. Additional risks and uncertainties that could affect us can be found in our most recent filings with the Securities and Exchange Commission including, but not limited to, our annual report on Form 10-K and quarterly reports on Form 10-Q. You can locate these reports through our website at https://investors.arista.com/ and on the SEC’s website at https://www.sec.gov/. All forward-looking statements in this presentation are based on information available to the company as of the date hereof and we disclaim any obligation to publicly update or revise any forward-looking statement to reflect events that occur or circumstances that exist after the date on which they were made.

Non-GAAP Financial Measures - This presentation and accompanying table contain certain non-GAAP financial measures including non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income and non-GAAP diluted net income per share. These non-GAAP financial measures exclude stock-based compensation expense, intangible asset amortization, expenses related to a legal settlement, gains/losses on strategic investments, and the income tax effect of these non-GAAP exclusions. In addition, non-GAAP financial measures exclude net tax benefits associated with stock-based awards, which include excess tax benefits, and other discrete indirect effects of such awards. The company uses these non-GAAP financial measures internally in analyzing its financial results and believes that these non-GAAP financial measures are useful to investors as an additional tool to evaluate ongoing operating results and trends. In addition, these measures are the primary indicators management uses as a basis for its planning and forecasting for future periods.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP financial measures. Non-GAAP financial measures are subject to limitations, and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. A description of these non-GAAP financial measures and a reconciliation of the company’s non-GAAP financial measures to their most directly comparable GAAP measures have been provided in the financial statement tables included in this presentation, and investors are encouraged to review the reconciliation.

The Making of Arista's Decade

10 Years 10K Customers 100 Million Ports



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Leader in Data-Driven Networking

- Broad TAM across diverse customer business priorities: AI and data center, campus networking, security and observability
- Differentiated architecture that combines reliable, high-performance hardware with software designed to reduce cost of network operations
- Enables a modern operating model for customers with real-time visibility into an autonomous and software-driven network
- Satisfied customers generating platform sales and driving increased market share

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Arista At-a-Glance[1]

FY24 REVENUE	5-YEAR CAGR THROUGH FY'24
$7.0B	23.8%

FY24 GROSS MARGIN	FY24 OPERATING MARGIN
64.6%	47.5%

IPO 2014
June 6th

S&P 500
Added in 2018

10,000+
Customers

$70B TAM

Leader in 100/400G

Gartner Peer Insights
Customers' Choice – Wired and Wireless LAN – May 2023

[1] Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

Founders and Leaders

Jayshree Ullal
President & CEO

Andy Bechtolsheim
Founder, Chief Architect

Chantelle Breithaupt
Chief Financial Officer

Ken Duda
Founder, Chief Technology Officer

Hugh Holbrook
Chief Development Officer

Mark Foss
SVP, Global Operations & Marketing

John McCool
Chief Platform Officer

Ashwin Kohli
Chief Customer Officer

Chris Schmidt
Chief Sales Officer

Marc Taxay
SVP, General Counsel

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Fourth Quarter 2024: Company Highlights

Arista Unveils Modern Stacking for Campus Networks

Arista introduced the Switch Aggregation Group (SWAG™) capability in Arista EOS® that uses industry-standard Ethernet to group and manage individual switches via a single IP address. In addition, Arista CloudVision® Leaf Spine Stack (LSS™) Management allows operators to collectively manage a logical stack of switches within a single networking closet or across the entire campus.

Arizona State University (ASU) Announced the Partnership with Arista for its Refugee Program

In October 2024, a group of eight students that joined ASU as part of the Afghan Refugee Program completed the Technical Upskilling Program, co-created by ASU Enterprise Technology and Arista.

Arista-20 Years of Growth and Innovation

Over that time, Arista has grown to a highly profitable $100+ billion S&P 500 company doing $7+ billion in annual revenue, achieved milestones such as over 10,000 customers and 100 million ports installed globally and attained the #1 market share in data center switching.

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Arista's FY 2024 Achievements

EOS

- Arista EOS SWAG uses industry-standard Ethernet to group and manage individual switches via a single IP address
- The Arista EOS AI Agent aligns compute and network domains as a single managed AI entity, enabling coordination across domains to minimize job completion times

Platforms

- The Arista Etherlink portfolio (Distributed Etherlink Switch, 7800R4, 7060X6) supports AI cluster sizes ranging from thousands to 100,000s of XPUs
- Arista's Wi-Fi 7 access points support use cases such as AR/VR, streaming multimedia, IoT, video applications and high-density deployments

Innovation

- CloudVision UNO enables 360°AI-driven network observability and CloudVision Leaf Spine Stack (LSS™) Management helps customers manage a logical stack of switches as a single entity
- Arista MSS enables agentless microsegmentation via the switching fabric and simplifies customer zero trust networking efforts

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Why 10,000+ Customers Choose Arista

Innovative & Data-Driven Automation, Telemetry, Analytics

Superior Quality, Low TCO and Simplicity with EOS

World Class Support

Modern Architecture – Scalable, Programmable, Standards-based

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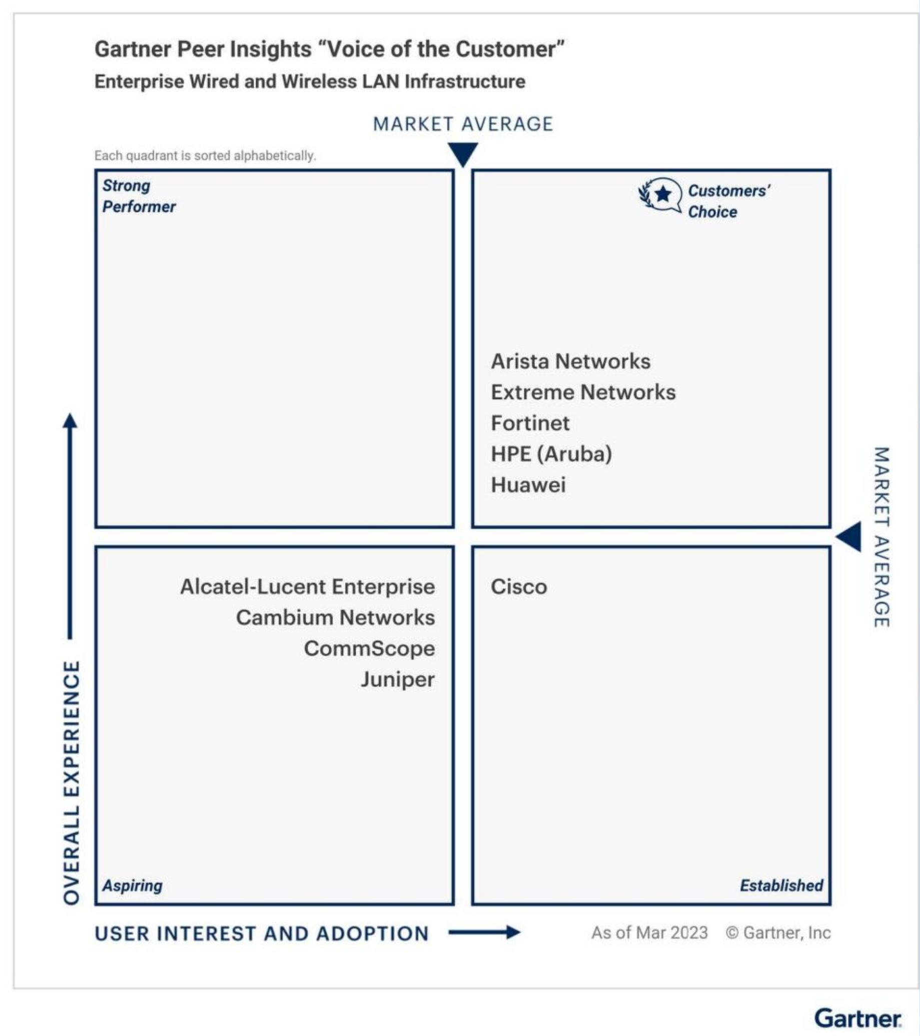
Arista is Named a Customers' Choice

Gartner®
Peer Insights™

Arista is named a Customers' Choice

in the May 2023 Gartner® Peer Insights™ "Voice of the Customer": Enterprise Wired and Wireless LAN Infrastructure



This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Arista.

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Arista's Commitment to Corporate Responsibility

Environmental

New Science Based Targets submitted to the Science Based Targets Initiative for validation:

- 42% absolute Scope 1, 2, & 3 reduction by 2030
- Net Zero by 2050

Implemented new CO_2 AI software for more accurate value chain emissions accounting

6th year of reforestation as part of Arista Tree Planting Initiative in Pune, India (and now, also globally)

Social

Recognized as an America's Best Companies to Work For and Invest In by Forbes (#15)

Record # and $s of Arista Foundation grants in 2024

Arista Foundation grants and donations to Second Harvest of Silicon Valley helps provide food and assistance for 500,000 clients/month

Partnered with Arizona State University, to launch and develop a Technical Upskilling Program, which creates new pathways to enter the IT workforce.

Arista grants and employee donations provided rapid support for disaster relief efforts, cataract surgeries for the elderly in need in India, and reforestation efforts across the globe.

Governance

Board of Directors composition:

- 77% Independent
- 50% Gender and Ethnic Diversity

Arista is one of a select few Fortune 1000 companies currently with a female CEO and a female CFO

Achieved MSCI AA Rating

view all awards

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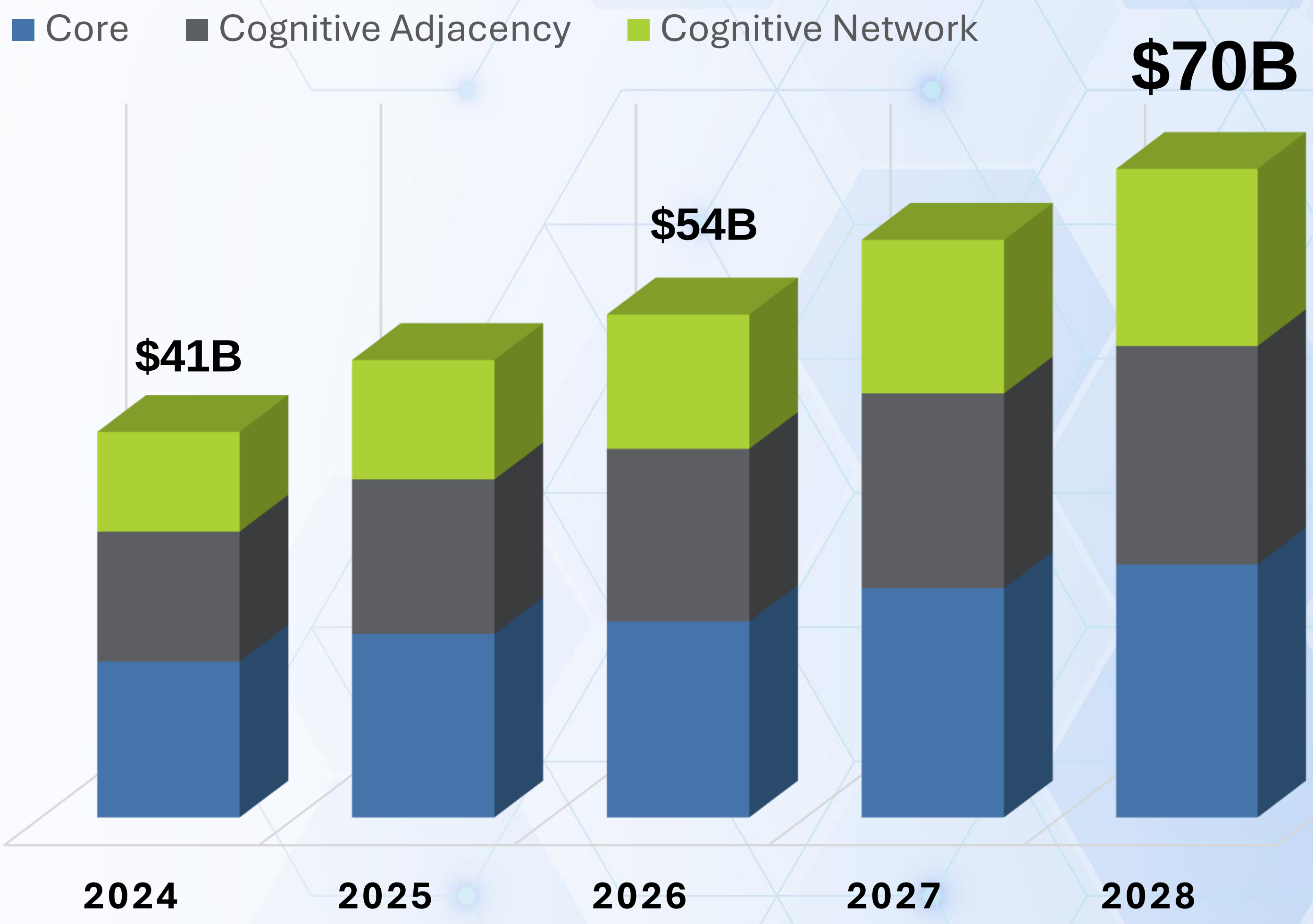
Growth Drivers and Market Opportunity

Arista’s Growth Drivers Addressing $70B TAM

Cloud Networking Market Expansion



Core = Data Center & Cloud Networks
Cognitive Adjacency = Campus & Routing
Cognitive Network = Software & Services

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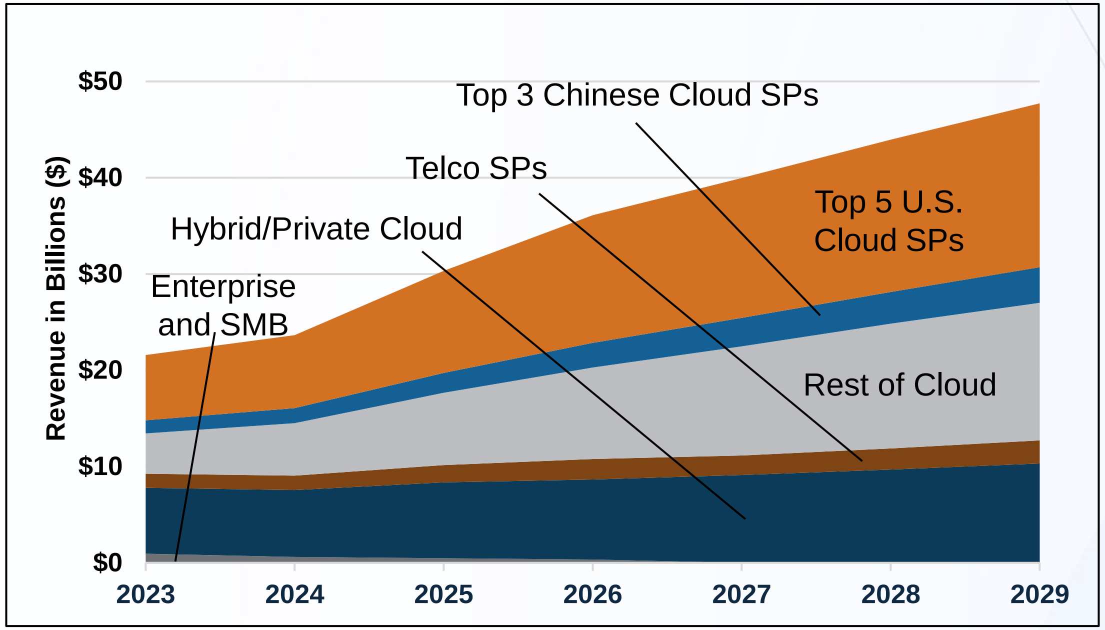
Continued Growth Ahead In Switching Market Opportunity

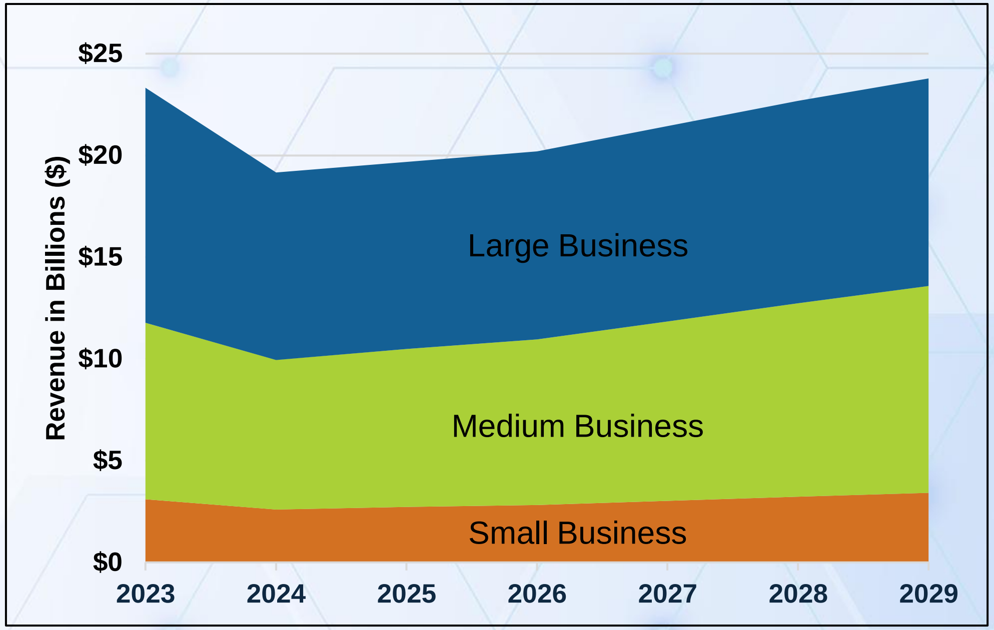
Data Center Ethernet Switch Revenue



Source: 650 Group Ethernet Switch Data Center Forecast Q3 2024

US Top 5 Cloud Providers: Amazon, Apple, Facebook, Google, Microsoft
Chinese Tier 1 Cloud Providers: Alibaba, Baidu, Tencent

Campus Ethernet Switch Revenue



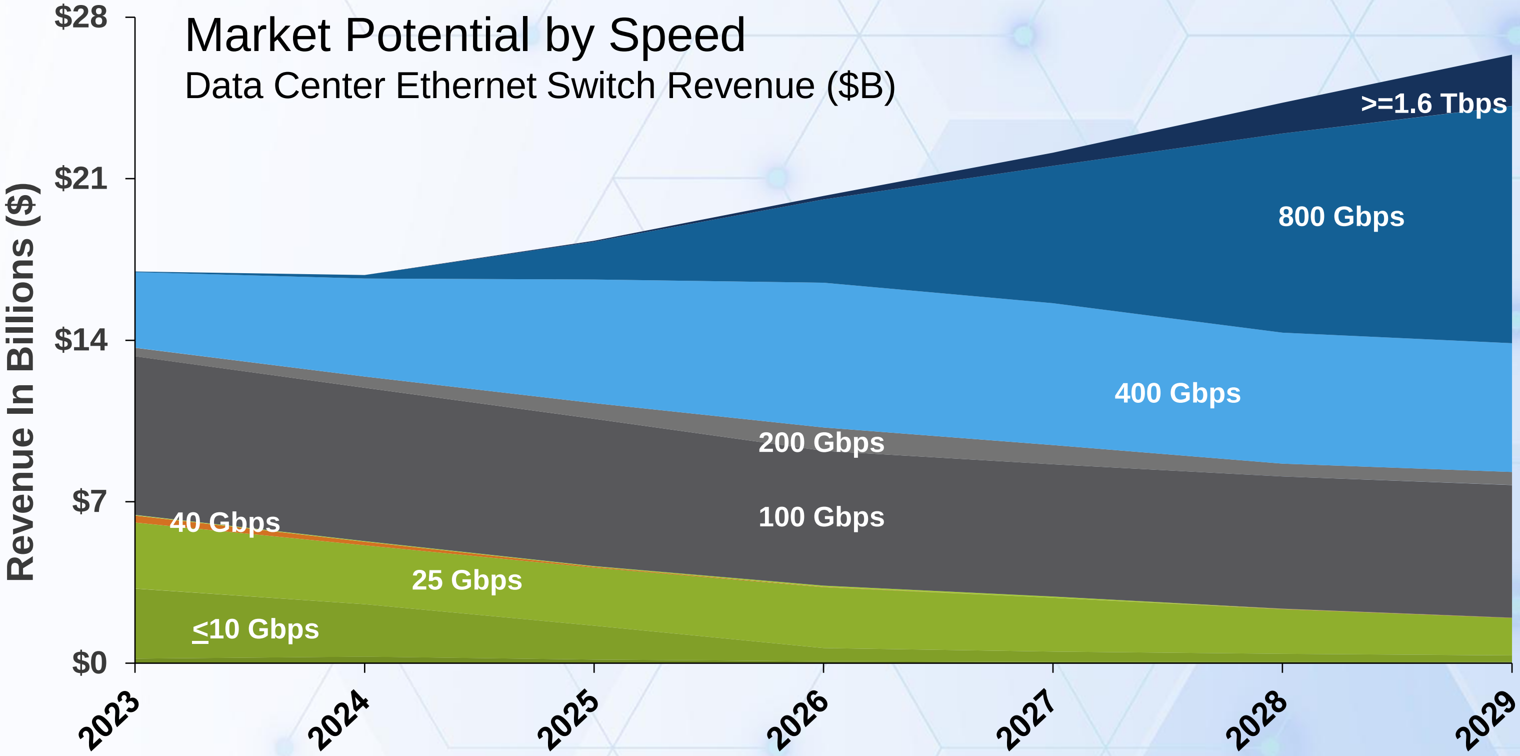
Source: 650 Group Campus Ethernet Market Forecast Q3 2024

Large Business - Fortune 2000
Medium Business - Rest of Enterprise Market
Small Business - Less than 50 Employees

Data Center + Campus Opportunity Surpasses $70B

Continued Growth Ahead In Switching Market Opportunity

Data Center Ethernet Switch Analysis and Forecast

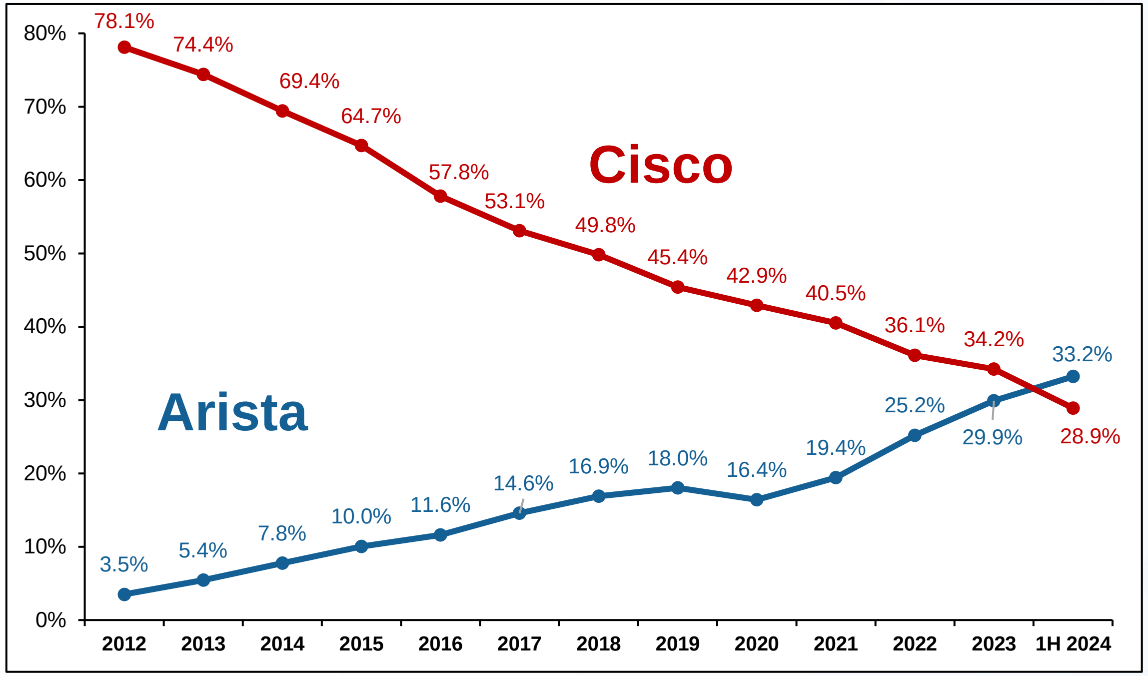


Source: Dell'Oro January 2025 – Long-Term Ethernet Switch Forecast
*Note: Includes front-end only, excludes AI back-end networks

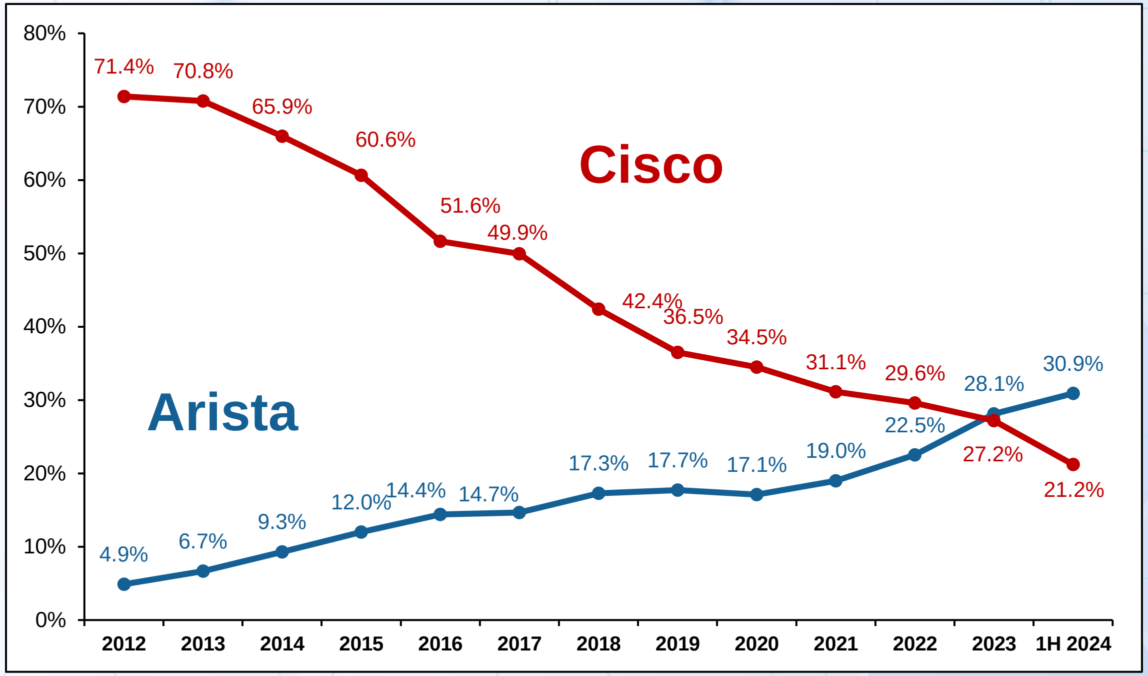
Delivering Consistent Market Share Gains vs Cisco

High Speed Data Center Switching Market

Share in Dollars



Share in Ports



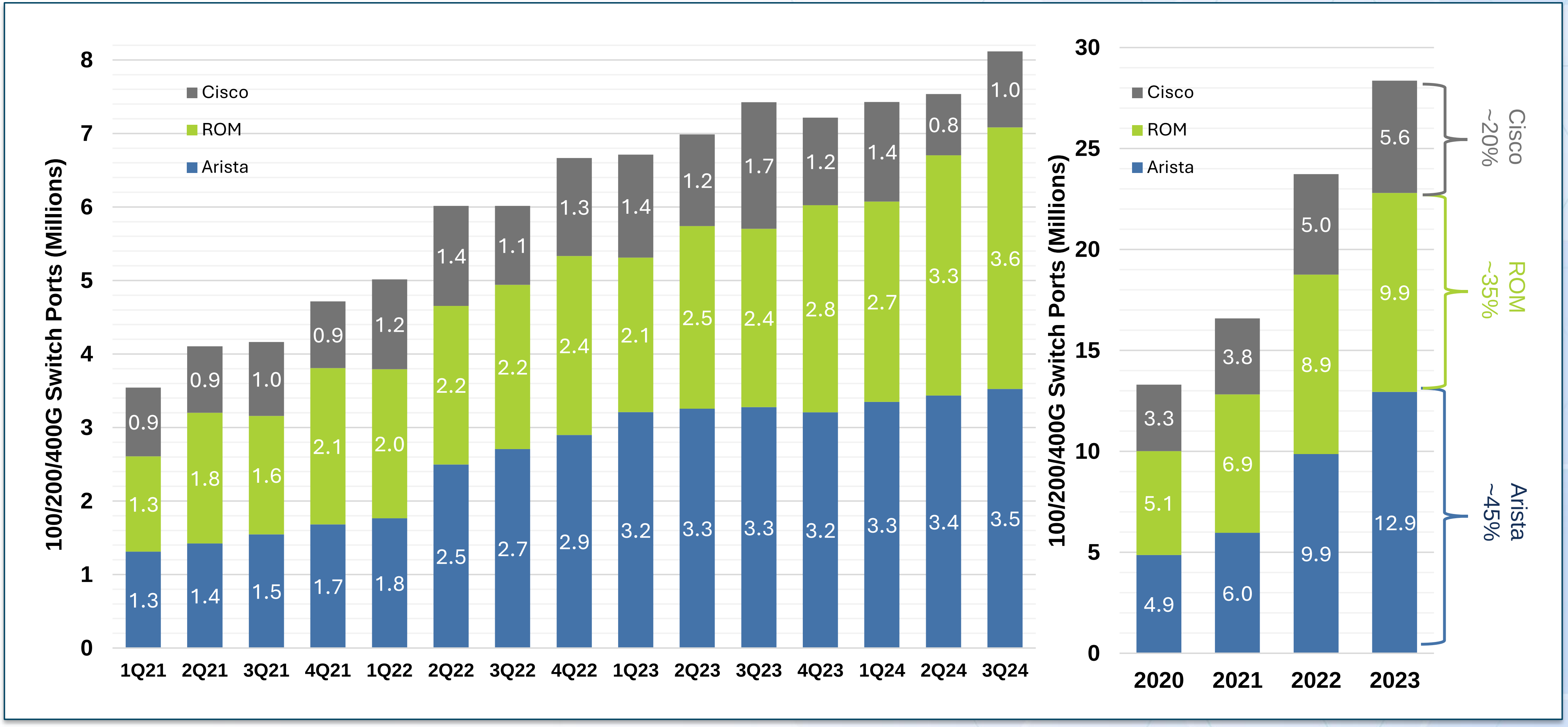
Source: Crehan Research Data Center Switch Market Share Report 2Q'24

Note: 10GbE and Higher - Excludes blade switches

Strong, Continual Share Gains Continue Into 2024

Arista's Market Leadership in 100G/200G/400G

Data Center High Speed Ethernet Port Analysis



Source: Crehan Ethernet Switch Data Center Total Vendor Tables – 3Q'24

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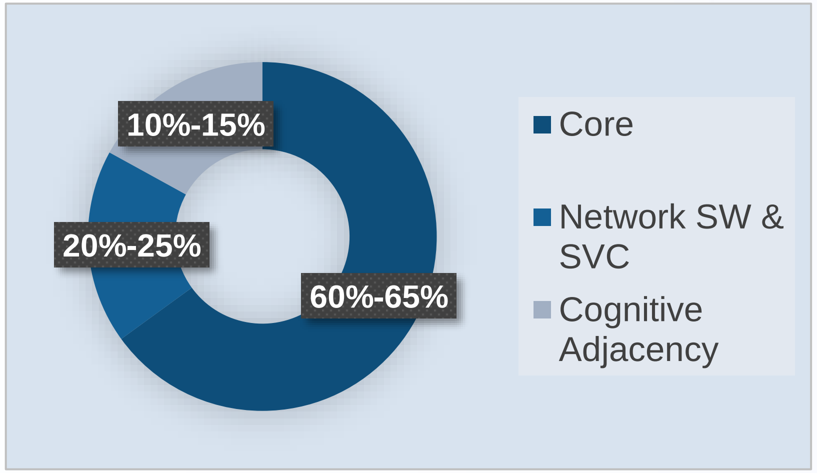
Arista's Product and Market Sector Diversification

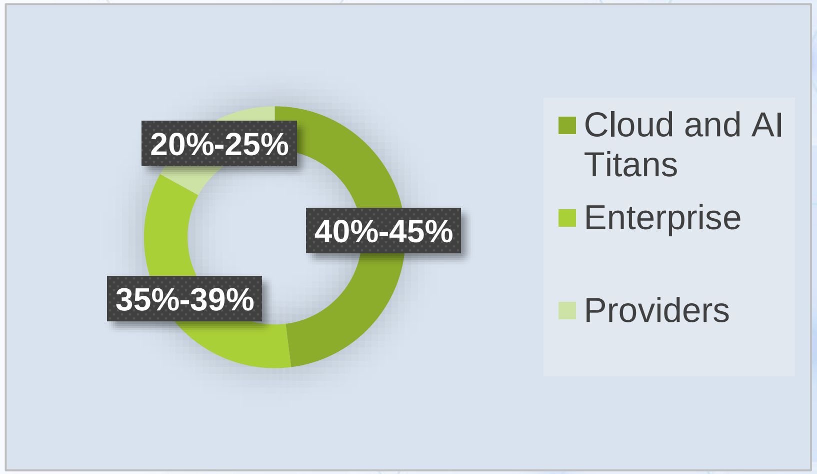
Product Trends*



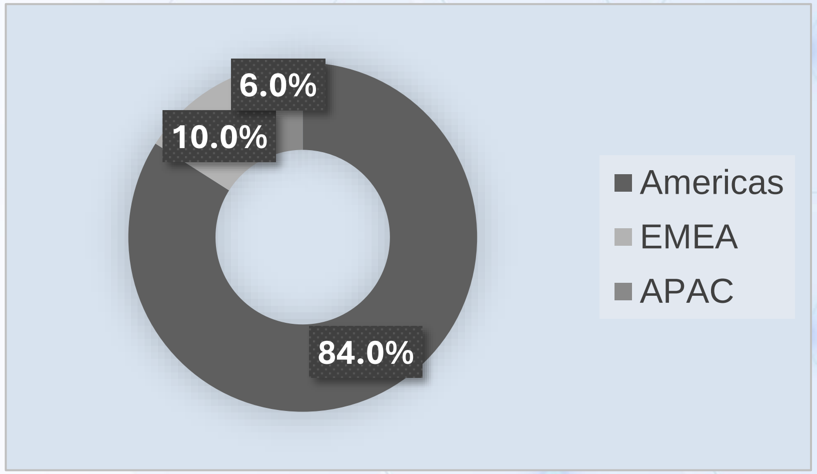
Core – Data Center & Cloud Networks
Cognitive Adjacencies – Campus & Routing
Cognitive Network - SW & Services

*Management estimate of long-term revenue mix trends during normalized business conditions; trends may vary in a supply constrained environment

Market Sector Trends*



Geographic Mix Q4'FY24



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Business Model and Q4’24 Financial Update

Financial Results for Fourth Quarter 2024

Financial Results (non-GAAP)[1]

	Q4'24 Results
Revenue	$1.93B, up 25.3% YoY
Gross Margin (Non-GAAP)(1)	64.2%
Operating Margin (Non-GAAP)(1)	47.0%
EPS (Non-GAAP)(1)	$0.65

[1] Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

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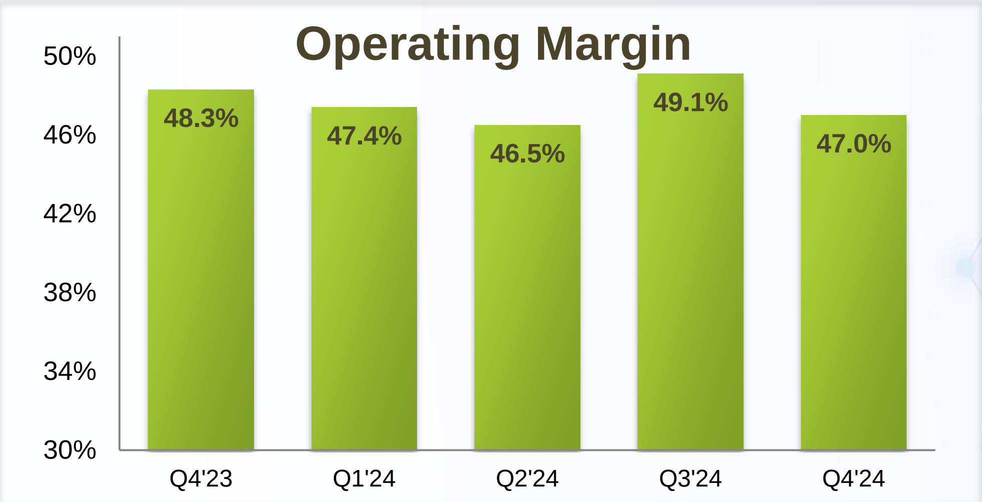
Financial Highlights[1]



Q4’24 lower operating margin driven by lower gross margin and higher R&D costs in Q4

[1] Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

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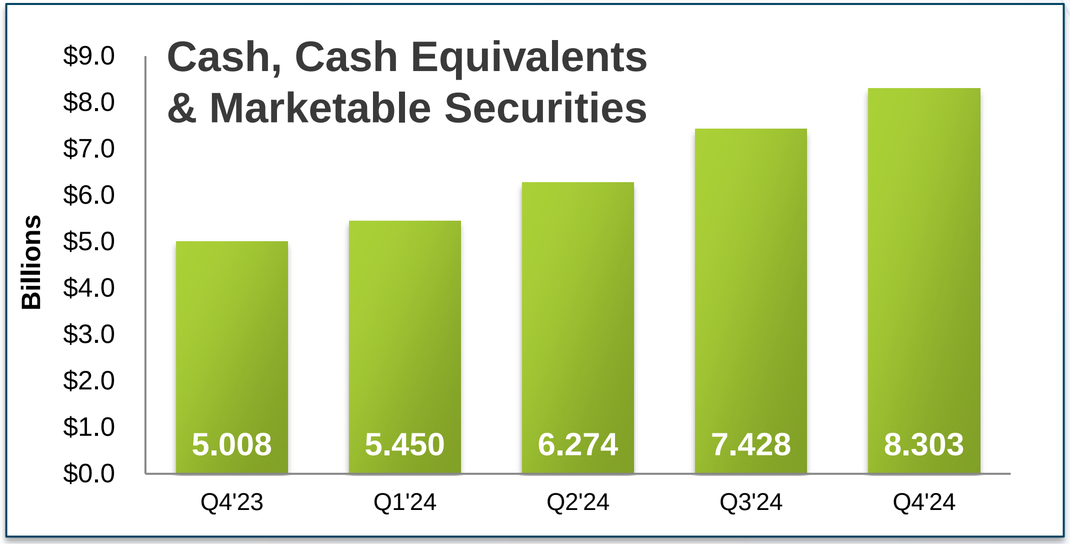
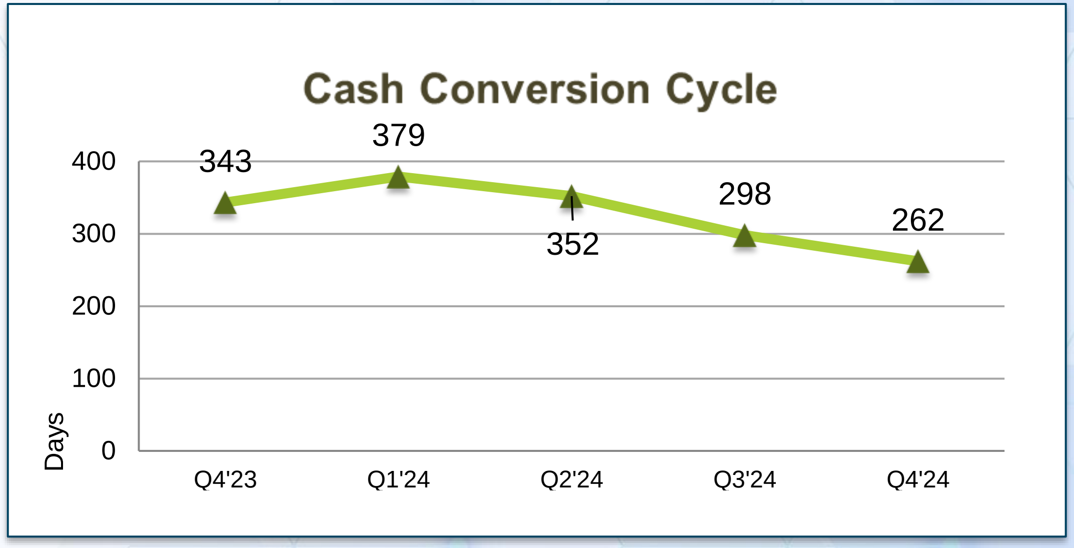
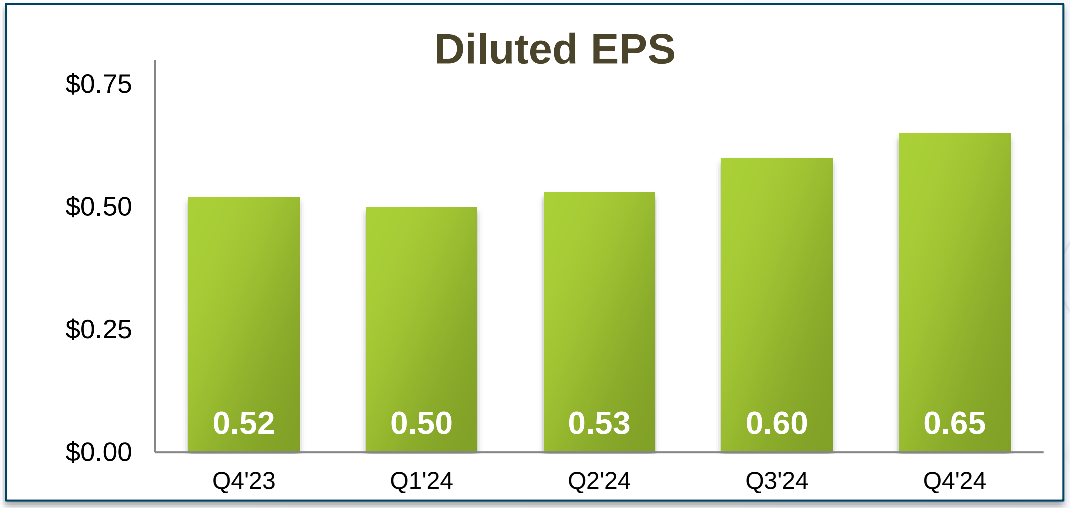
Balance Sheet & Cash Conversion Cycle[1]







Strong EPS growth at +25.0% Y/Y

Continue to deliver strong outcomes for both operating cash flow and investment management

[1] EPS amounts are non-GAAP; refer to reconciliation between non-GAAP and GAAP in the appendix.

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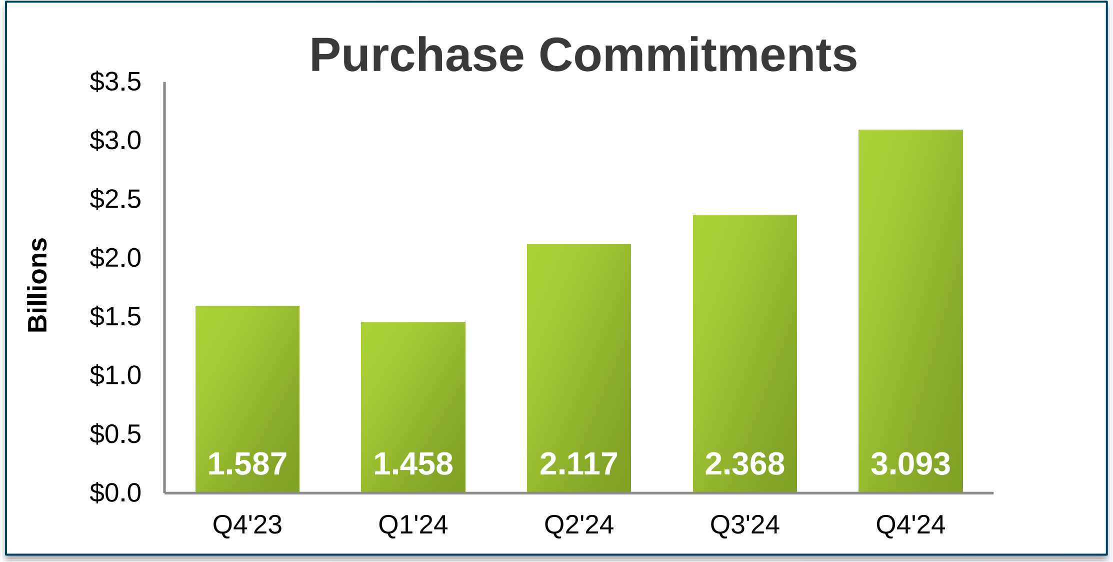
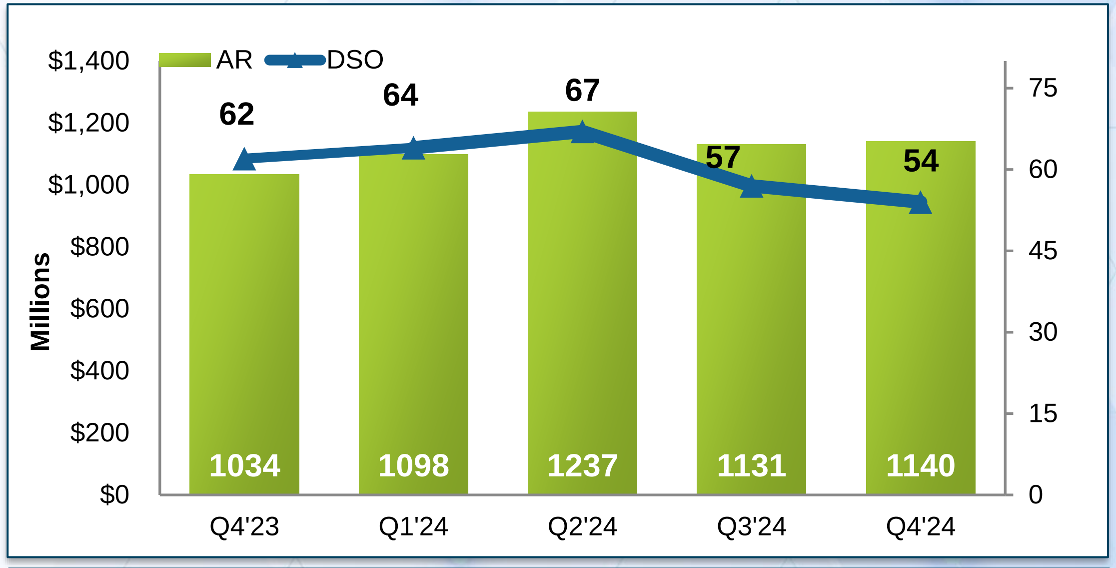
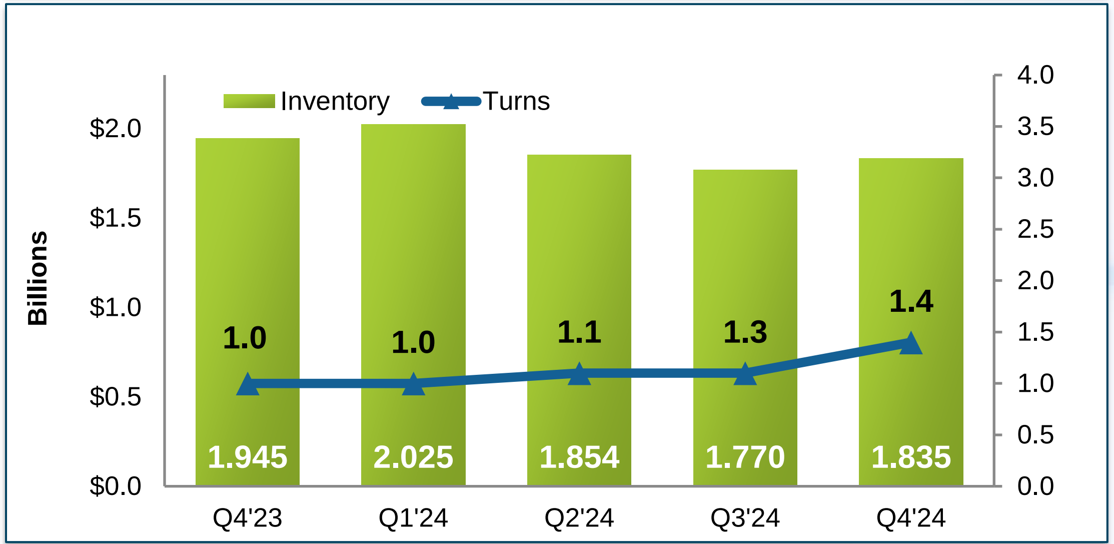
Inventory Turnover







Purchase commitments increase due to new product introductions

Inventory turns improvement driven by reduction in Raw Materials

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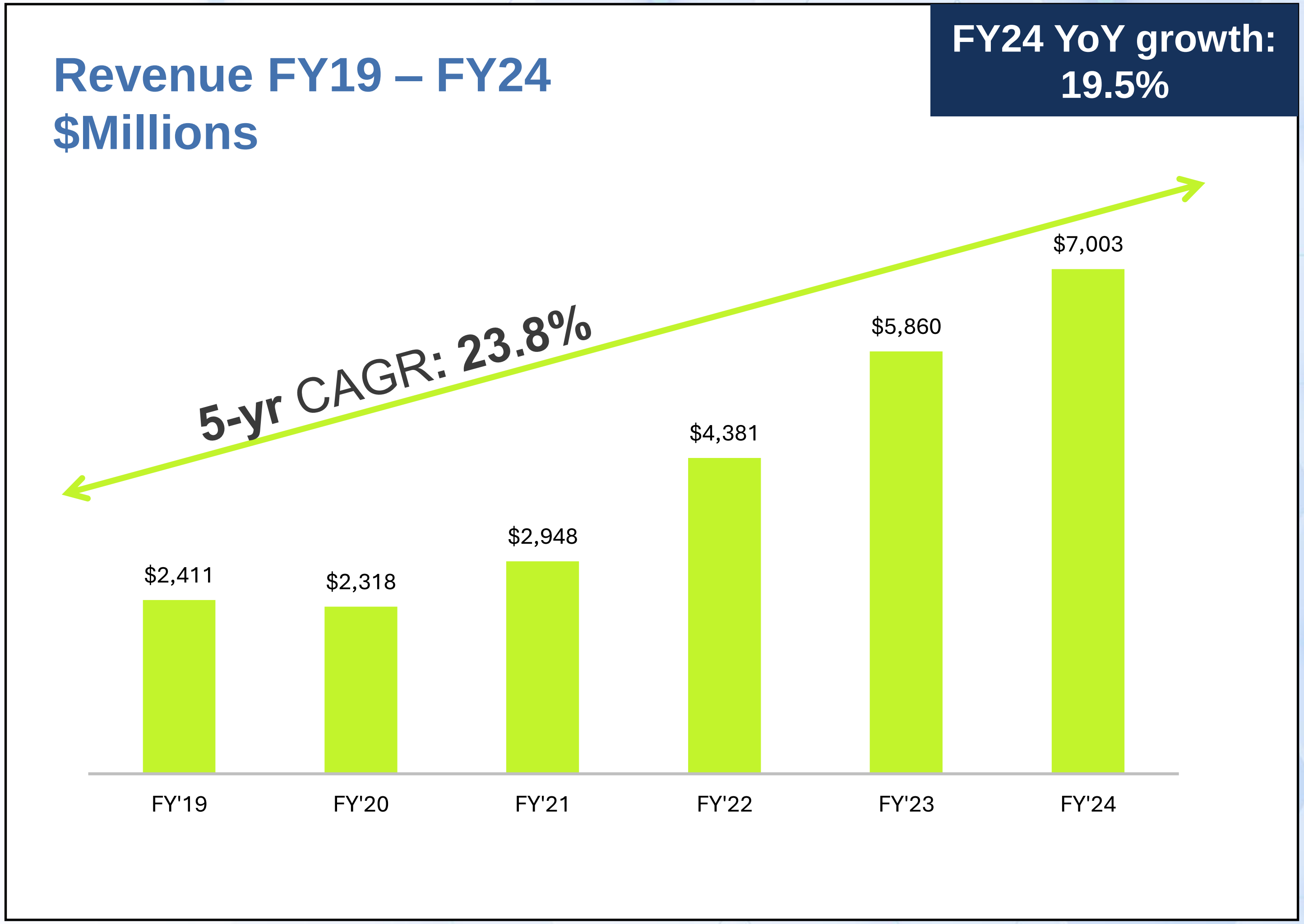
Financial Model

Delivering Strong Revenue Growth: 5-year CAGR 23.8%



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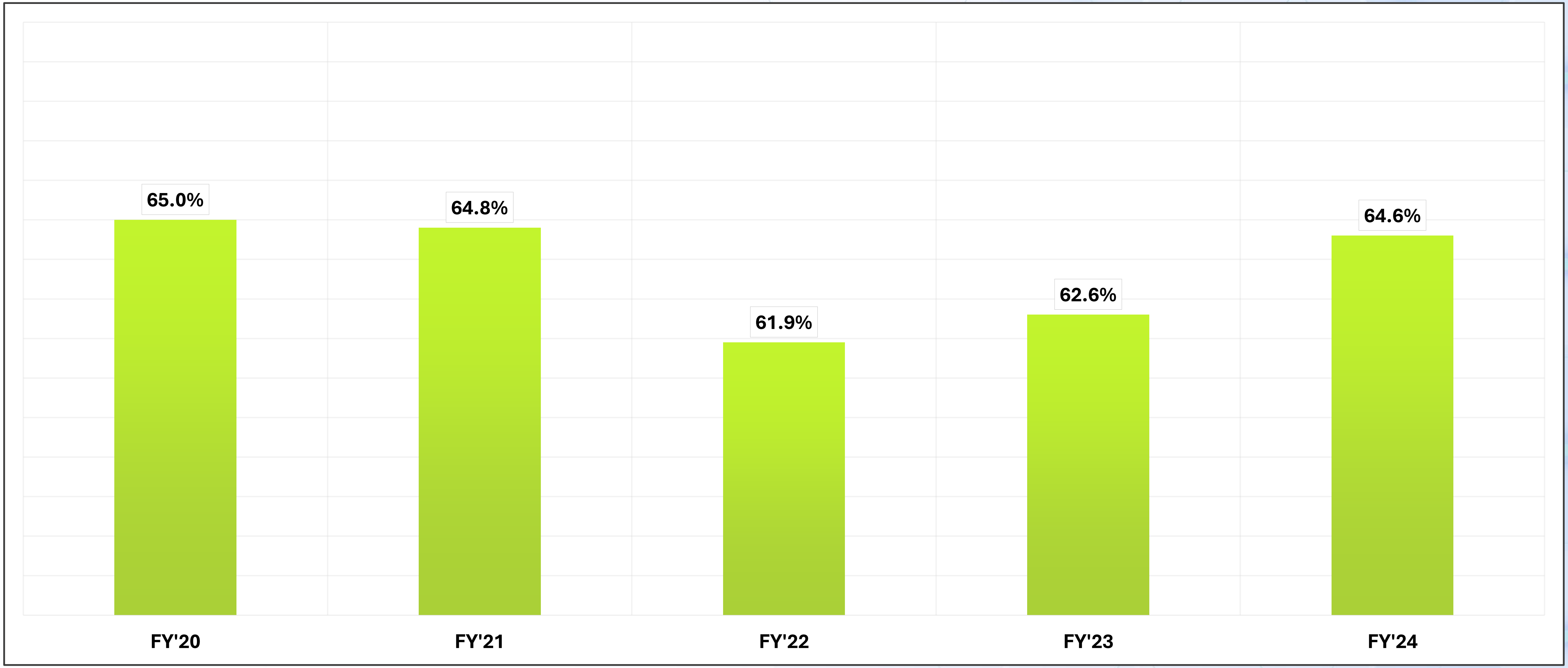
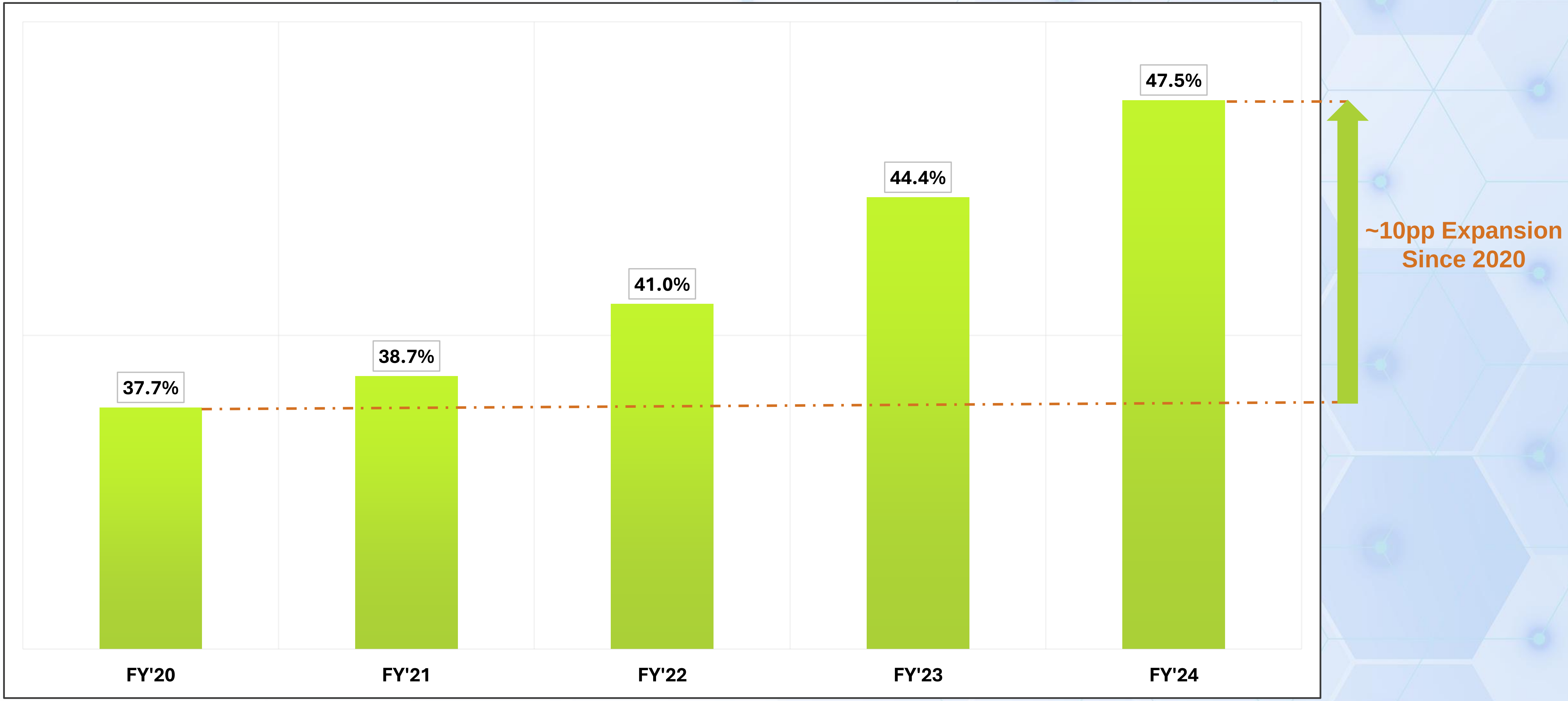
Healthy Gross Margins[1]



[1] Amounts are non-GAAP; refer to reconciliation between non-GAAP and GAAP in the appendix.

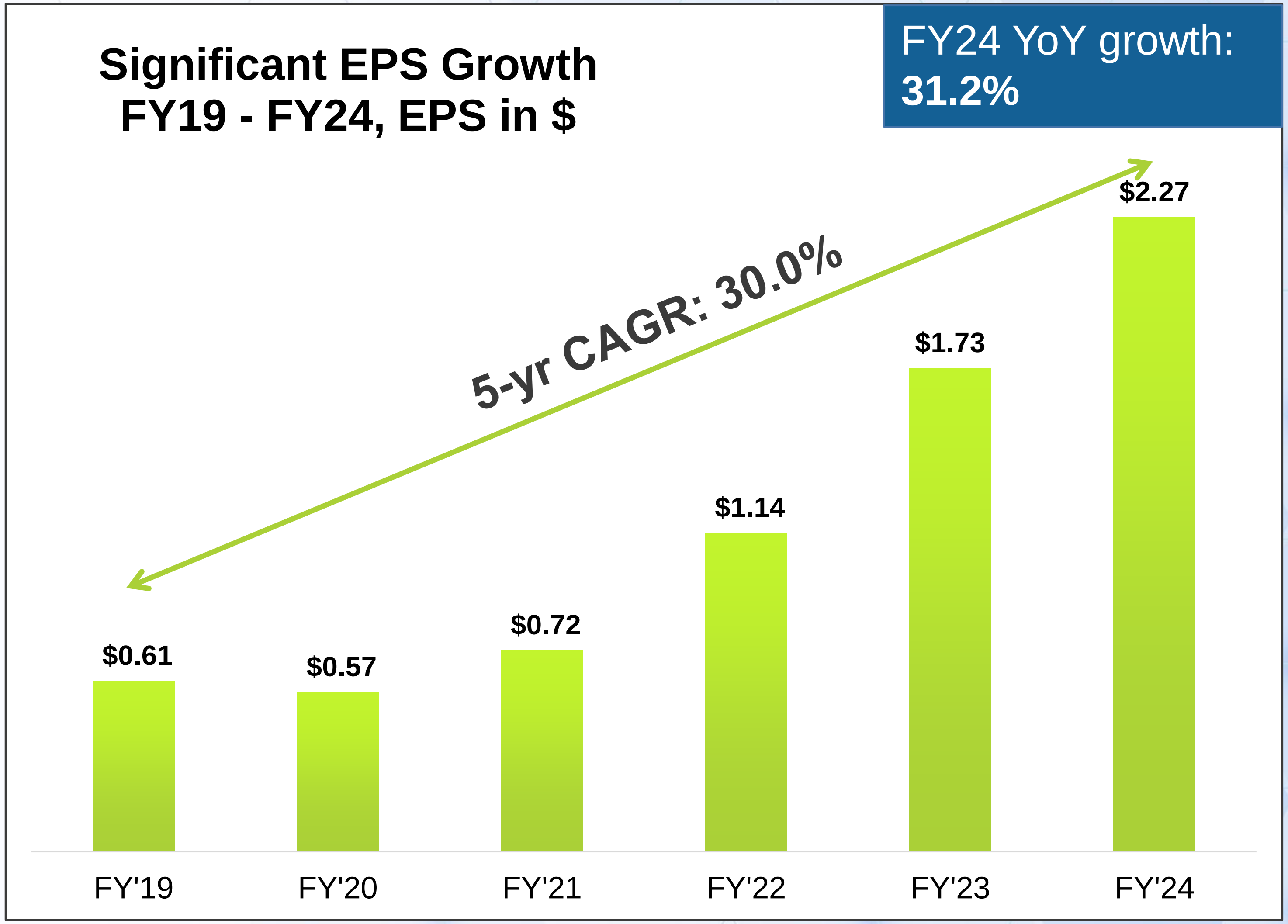
Leading Operating Margins[1]



[1] Amounts are non-GAAP; refer to reconciliation between non-GAAP and GAAP in the appendix.

Financial Model[1]

Delivering Strong EPS Growth: 5-year CAGR 30.0%



[1] Amounts are non-GAAP; refer to reconciliation between non-GAAP and GAAP in the appendix.

Our Approach to Capital Allocation

Maintain a healthy balance sheet

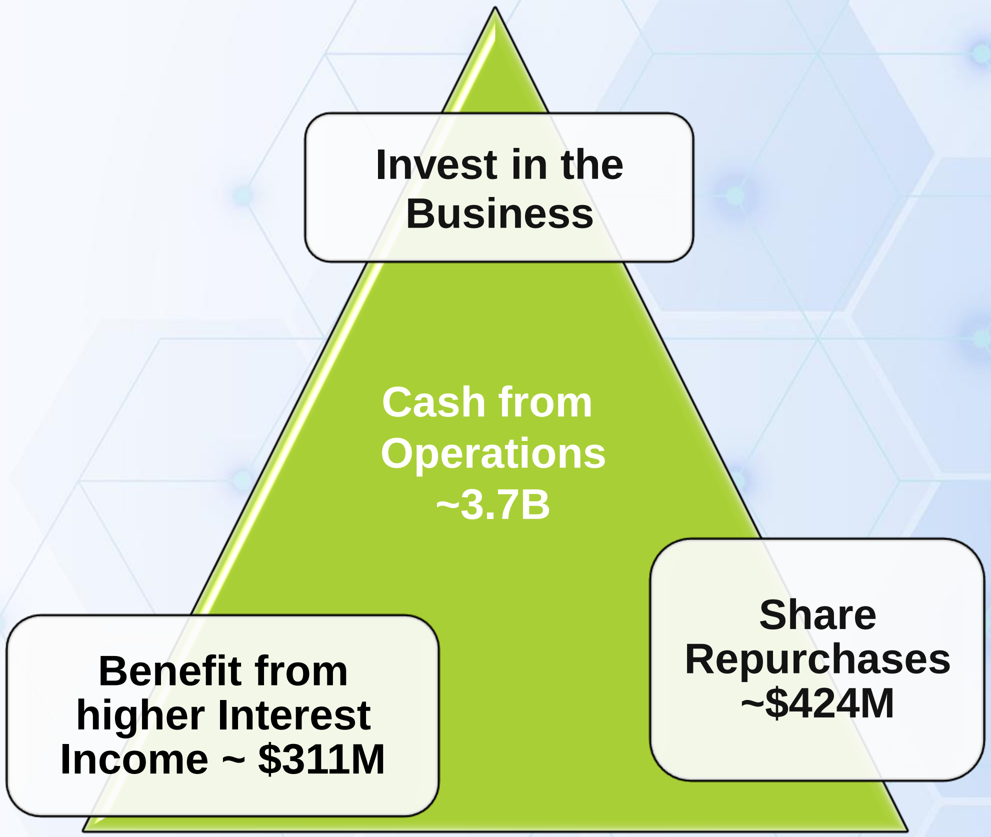
Invest to strengthen operations / position of existing business if we earn a reasonable return e.g. Supply Chain & Working Capital investments

Invest cash balance to earn interest income when accretive to EPS

M&A (strategic opportunities and when the deal makes sense from multiple angles)

Share repurchases to offset dilution and return cash to shareholders at a price that is accretive

FY2024
Net Income $2.85B



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Guidance and Financial Outlook

First Quarter 2025 – Guidance

	Q1'25 Guidance
Revenue	$1.93B to $1.97B
Gross Margin (Non-GAAP)(1)	~ 63%
Operating Margin (Non-GAAP)(1)	~ 44%

Diluted Shares ~ 1.285 billion (1)
Non-GAAP Tax Rate(2) *~ 21.5%*

(1) Represents weighted average diluted share count giving effect to a 4 for 1 stock split on December 4, 2024
(2) Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of acquisition related intangible assets, and other non-recurring items. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis because these measures are difficult to predict and subject to change. The actual amount of stock-based compensation expense will have a significant impact on the company's GAAP gross margin and GAAP operating margin.

Arista 2025 Goals

SAM of $70B by 2028

2020-2025 CAGR of 20%+
2023-2026 CAGR of Mid-teens

~$8.2B Revenue Goal in 2025

~17% YoY Annual Growth

New Market 2025 Targets

Campus ~$750M
AI Back End ~$750M

Revenue and Growth

Goals

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FY25 Financial Outlook

1 **Revenue**

~17% growth

Higher mix of Cloud/AI customers

2 **Gross Margin**

60-62%

Driven by customer mix

3 **Operating Margin**

43-44%

Continue to invest in the business

First Quarter 2025 Investor Conference Participation

Arista will participate in the following conferences in March with the financial community

Morgan Stanley TMT Conference
John McCool, Chief Platform Officer
Tuesday, March 4, 2025 at 9:15am – 9:50am PT
Webcast: https://investors.arista.com

Appendix I

- GAAP to Non-GAAP Reconciliation

Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	FY24
GAAP gross profit	$ 999,226	$ 1,001,379	$ 1,097,213	$ 1,161,717	$ 1,230,994	$ 4,491,303
GAAP gross margin	*64.9%*	*63.7%*	*64.9%*	*64.2%*	*63.8%*	*64.1%*
Stock-based compensation expense	3,273	3,450	3,983	4,098	4,255	15,786
Intangible asset amortization	4,195	4,195	4,195	4,195	4,195	16,780
Non-GAAP gross profit	$ 1,006,694	$ 1,009,024	$ 1,105,391	$ 1,170,010	$ 1,239,444	$ 4,523,869
Non-GAAP gross margin	*65.4%*	*64.2%*	*65.4%*	*64.6%*	*64.2%*	*64.6%*
GAAP income (loss) from operations	$ 639,914	$ 660,141	$ 699,573	$ 785,250	$ 799,652	$ 2,944,616
GAAP operating margin	*41.5%*	*42.0%*	*41.4%*	*43.4%*	*41.4%*	*42.0%*
Stock-based compensation expense	81,358	77,215	79,292	98,123	100,734	355,364
Intangible asset amortization	6,690	6,690	6,690	6,690	6,690	26,760
Legal settlement	16,000	-	-	-		-
Non-GAAP income from operations	$ 743,962	$ 744,046	$ 785,555	$ 890,063	$ 907,076	$ 3,326,740
Non-GAAP operating margin	*48.3%*	*47.4%*	*46.5%*	*49.1%*	*47.0%*	*47.5%*
GAAP net income	$ 613,636	$ 637,692	$ 665,428	$ 747,938	$ 800,996	$ 2,852,054
Stock-based compensation expense	81,358	77,215	79,292	98,123	100,734	355,364
(Gain)/loss on strategic investments	-	-	-	(12,400)		(12,400)
Intangible asset amortization	6,690	6,690	6,690	6,690	6,690	26,760
Legal settlement	16,000	-	-	-		-
Tax benefits on stock-based awards	(40,561)	(70,833)	(64,548)	(57,698)	(61,583)	(254,662)
Tax effect of non-GAAP exclusions	(12,795)	(13,048)	(14,218)	(13,598)	(16,730)	(57,594)
Non-GAAP net income	$ 664,328	$ 637,716	$ 672,644	$ 769,055	$ 830,107	$ 2,909,522
GAAP diluted net income per share	$ 0.48	$ 0.50	$ 0.52	$ 0.58	$ 0.62	$ 2.23
Non-GAAP adjustments	0.04	-	0.01	0.02	0.03	0.04
Non-GAAP diluted income per share	$ 0.52	$ 0.50	$ 0.53	$ 0.60	$ 0.65	$ 2.27
GAAP and non-GAAP diluted shares	1,275,380	1,279,460	1,279,684	1,281,792	1,283,370	1,281,077

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Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
GAAP gross profit	1,544,338	1,481,886	1,880,779	2,675,696	3,630,281	4,491,303
GAAP gross margin	*64.1%*	*63.9%*	*63.8%*	*61.1%*	*61.9%*	*64.1%*
Stock based compensation	4,637	6,272	7,444	9,688	12,789	15,786
Intangible asset amortization	10,503	17,480	21,857	25,374	23,457	16,780
Non-GAAP gross profit	$ 1,559,478	$ 1,505,638	$ 1,910,080	$ 2,710,758	$ 3,666,527	$ 4,523,869
Non-GAAP gross margin	*64.7%*	*65.0%*	*64.8%*	*61.9%*	*62.6%*	*64.6%*
GAAP income (loss) from operations	$ 805,774	$ 699,684	$ 924,739	$ 1,527,106	$ 2,257,249	$ 2,944,616
GAAP operating margin	*33.4%*	*30.2%*	*31.4%*	*34.9%*	*38.5%*	*42.0%*
Stock based compensation	101,280	137,042	186,875	230,934	296,756	355,364
Litigation expenses	2,295	-	-	-	-	-
Legal settlement	-	-	-	-	16,000	-
Acquisition-related expenses	-	13,933	-	4,691	-	-
Intangible asset amortization	13,375	24,086	29,235	33,650	33,437	26,760
Non-GAAP income from operations	$ 922,724	$ 874,745	$ 1,140,849	$ 1,796,381	$ 2,603,442	$ 3,326,740
Non-GAAP operating margin	*38.3%*	*37.7%*	*38.7%*	*41.0%*	*44.4%*	*47.5%*
GAAP net income (loss)	$ 859,867	$ 634,557	$ 840,854	$ 1,352,446	$ 2,087,321	$ 2,852,054
Stock based compensation	101,280	137,042	186,875	230,934	296,756	355,364
(Gain)/Loss on investments	(5,427)	(4,164)	-	(27,479)	(18,699)	(12,400)
Acquisition-related expenses	-	13,933	-	4,691	-	-
Intangible asset amortization	13,375	24,086	29,235	33,650	33,437	26,760
Litigation expenses	2,295	-	-	-	-	-
Legal settlement	-	-	-	-	16,000	-
Tax benefits on stock-based awards	(89,415)	(60,880)	(115,154)	(113,502)	(174,122)	(254,662)
Tax benefits on intra-entity IP Transfer	(85,819)	-	-	-	-	-
Other non-recurring income tax charges	9,781	-	-	-	-	-
Tax effect of non-GAAP exclusions	(19,093)	(26,163)	(26,813)	(32,482)	(41,283)	(57,594)
Non-GAAP net income	$ 786,844	$ 718,411	$ 914,997	$ 1,448,258	$ 2,199,410	$ 2,909,522
GAAP diluted net income per share	$ 0.66	$ 0.50	$ 0.66	$ 1.07	$ 1.65	$ 2.23
Non-GAAP adjustments	(0.05)	0.07	0.06	0.07	0.08	0.04
Non-GAAP diluted net income per share	$ 0.61	$ 0.57	$ 0.72	$ 1.14	$ 1.73	$ 2.27
GAAP and non-GAAP weighted diluted shares	1,294,057	1,271,431	1,276,953	1,265,835	1,268,538	1,281,077

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