

# ARISTA

Arista in Q1 2021

# Safe Harbor

**Forward-Looking Statements** - This presentation and accompanying oral presentation contain “forward-looking statements” regarding our business plans and objectives, our growth drivers, potential growth opportunities, market potential by speed, the data center switching market, the campus ethernet switching market, the NDR market, the expansion of the Cognitive Campus workspaces security and segmentation, the shift by service providers to the cloud, our business initiatives, our cloud networking strategy and technology, the transition from 100GbE products to 400GbE products, competitive position, Second Quarter 2021 – Guidance, the benefits of our platforms, industry environment and potential market opportunities and the introduction of new or acquired products, the benefits of recent acquisitions such as Awake Security and our leadership in cloud networking. 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: the impact of the COVID-19 pandemic on our business; insufficient component supply and inventory; manufacturing capacity impacted by COVID-19 and increased lead times; interruptions or delays in shipments; the rapid evolution of the networking market; any failure to successfully pursue new products and service offerings and expand into adjacent markets; a decline in our revenue growth rate; unpredictability of our results of operations; adverse economic conditions or reduced information technology and network infrastructure spending; intense competition; expansion of our international sales and operations; investment or acquisition in other businesses; seasonality; our ability to attract new large end customers or sell products and services to existing end customers; our ability to increase market awareness of our company and new products and services; product quality problems; our ability to anticipate technological shifts and develop products to meet those technological shifts; our ability to protect, defend and maintain our intellectual property rights; vulnerabilities in our products and failure of our products to detect security breaches our intellectual property rights; and tax, tariff, import/export restrictions; 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 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 of this presentation.

**Non-GAAP Financial Measures** - This presentation and accompanying oral presentation contain certain non-GAAP financial measures including non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating margins, non-GAAP net income and non-GAAP diluted net income per share. These non-GAAP financial measures exclude stock-based compensation expense, amortization of acquisition-related intangible assets, certain non-recurring charges or benefits, 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 table included in Appendix I, and investors are encouraged to review the reconciliation.

# Arista Networks Overview

Q4 2020

**\$648.5M**

Q4'20 Revenue

Q1 2021

**\$667.6M**

Q1'21 Revenue

**\$2.49**

Q4'20 diluted EPS <sup>(1)</sup>

**\$2.50**

Q1'21 diluted EPS <sup>(1)</sup>

**37.6%**

Q4'20 Operating Margin <sup>(1)</sup>

**37.6%**

Q1'21 Operating Margin <sup>(1)</sup>

**IPO 2014**

June 6th

**S&P 500**

Added in 2018

**Gartner Leader**

2020 Magic Quadrant for Data Center and Cloud Networking

**Forrester Wave Leader**

Open Programmable Switches for Business Wide SDN



Company

Headquarters: Santa Clara, California

Website: [www.arista.com](http://www.arista.com), Email: [info@arista.com](mailto:info@arista.com)

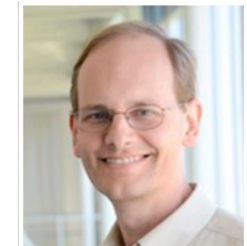
## Management Team:



Jayshree Ullal  
President & CEO



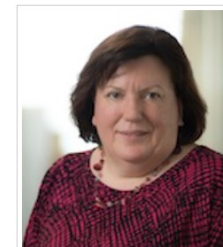
Andy Bechtolsheim  
Chief Development Officer



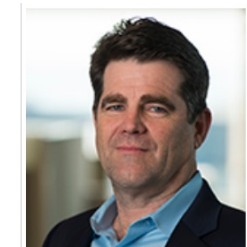
Ken Duda  
Chief Technology Officer



Anshul Sadana  
Chief Operating Officer



Ita Brennan  
Chief Financial Officer



John McCool  
Chief Platform Officer



Ticker: ANET

<sup>(1)</sup> Non-GAAP



# Key Secular Trends Driving Network Transformation



**DIGITAL  
TRANSFORMATION**



**STREAMING MEDIA  
SURGE**



**SECURE ACCESS  
SERVICE EDGE**



**REMOTE WORK**



**IOT/OT PROLIFERATION**



**5G & AI APPS**



**CLOUDIFICATION**

**MANDATES A Relevant Network**



# Data-Driven Network Demands



**DIGITAL TRANSFORMATION**



**STREAMING MEDIA SURGE**



**SECURE ACCESS SERVICE EDGE**



**REMOTE WORK**

SW BASED

ZERO  
TRUST

AI/ML

QUALITY  
SUPPORT

OPEN &  
PARTNER  
ENABLED

AGILE

AVAILABLE

AUTOMATED

ANALYTICS

API



**IOT/OT PROLIFERATION**



**5G & AI APPS**



**CLOUDIFICATION**

# The New Mandate is Arista's Cognitive Cloud Networking



DIGITAL TRANSFORMATION



STREAMING MEDIA SURGE



SECURE ACCESS SERVICE EDGE



REMOTE WORK



IOT/OT PROLIFERATION



5G & AI APPS



CLOUDIFICATION

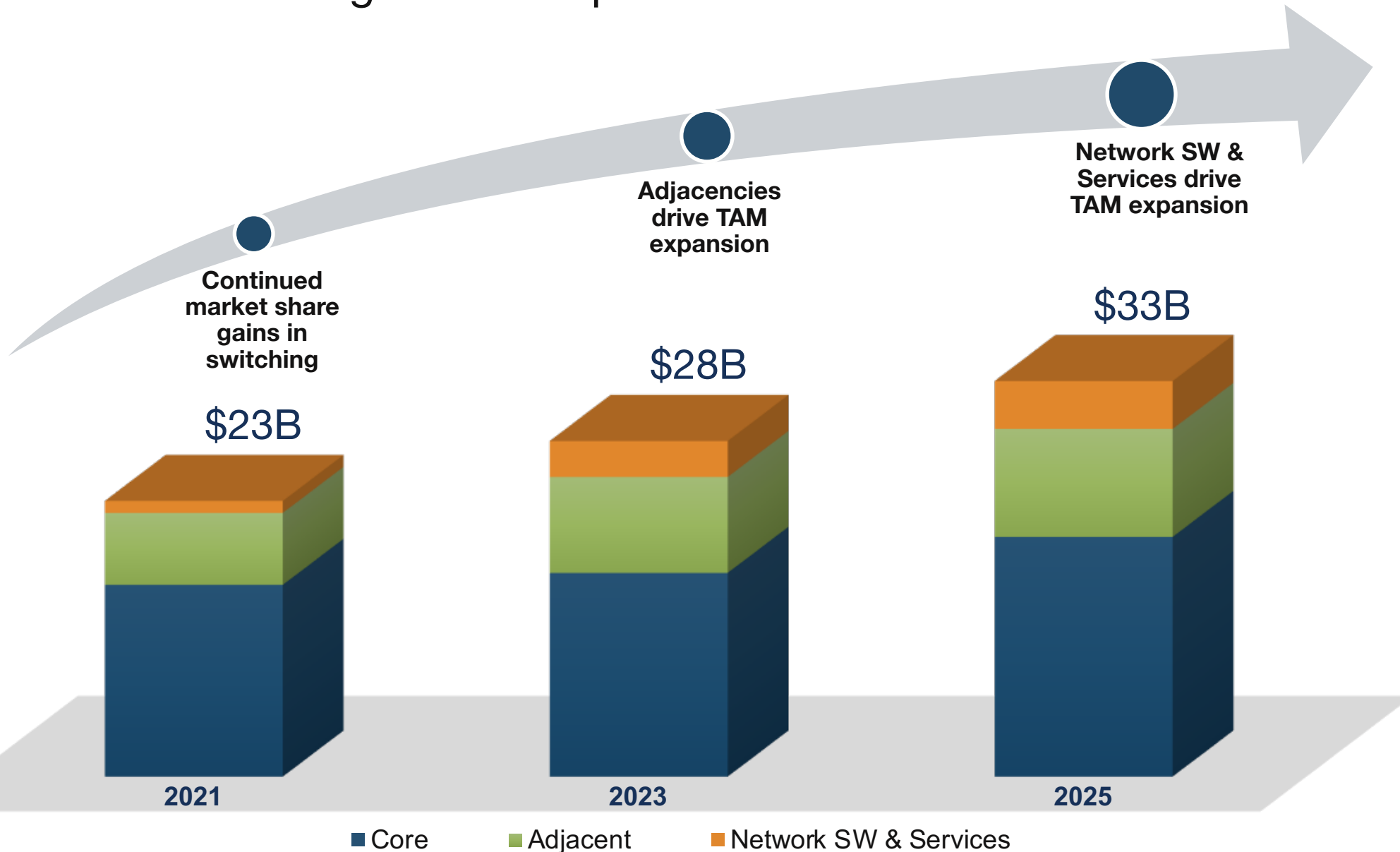


# Arista's Business Opportunity



# Arista's Growth Drivers and Path to \$33B TAM

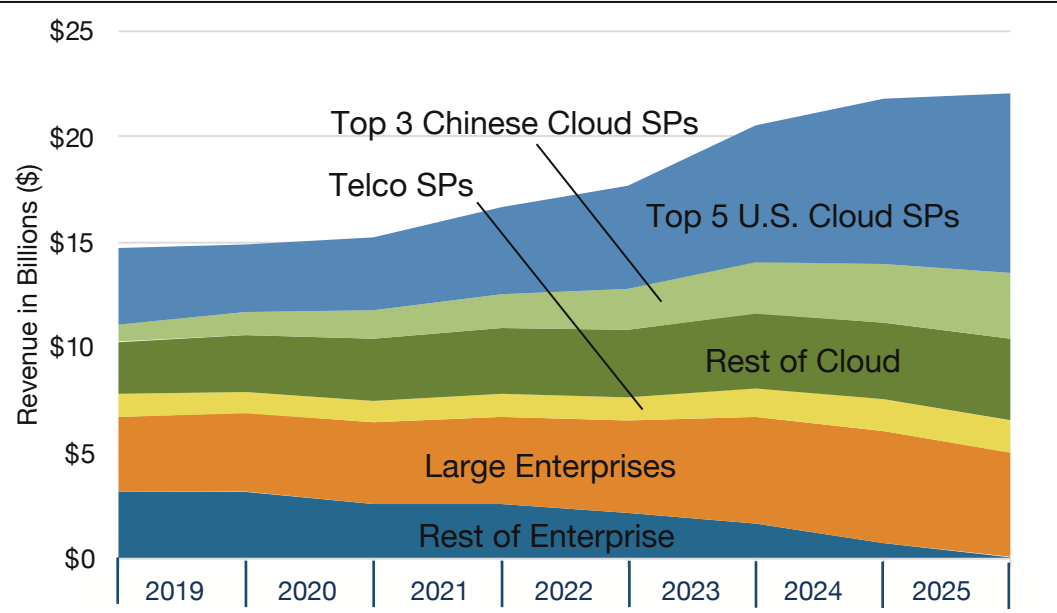
## Cloud Networking Market Expansion



Source: Arista's internal estimates and various industry analysts

# Switching Market Opportunity

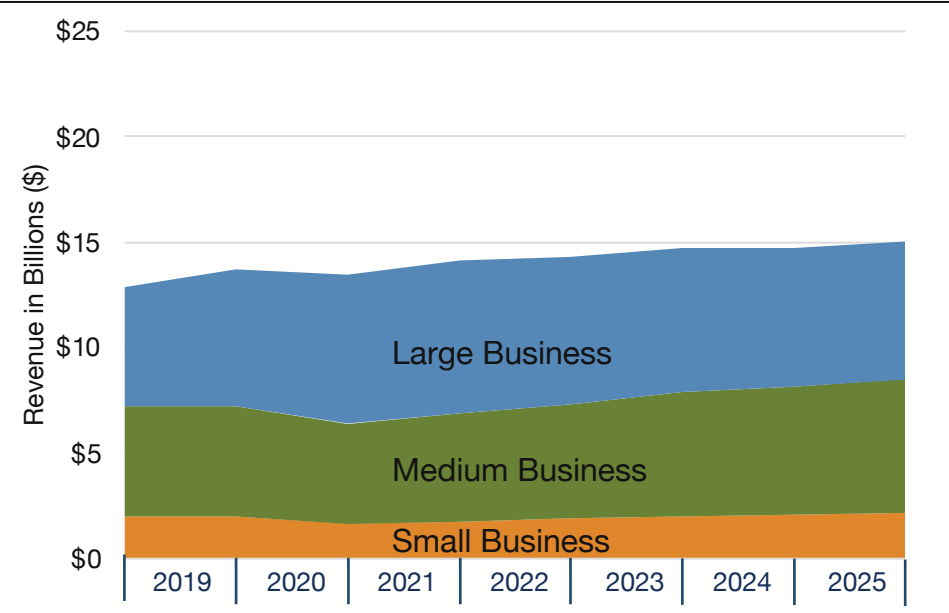
## Data Center Ethernet Switch Revenue



Source: 650 Group Ethernet Switch Data Center Forecast March 2021

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

## Campus Ethernet Switch Revenue



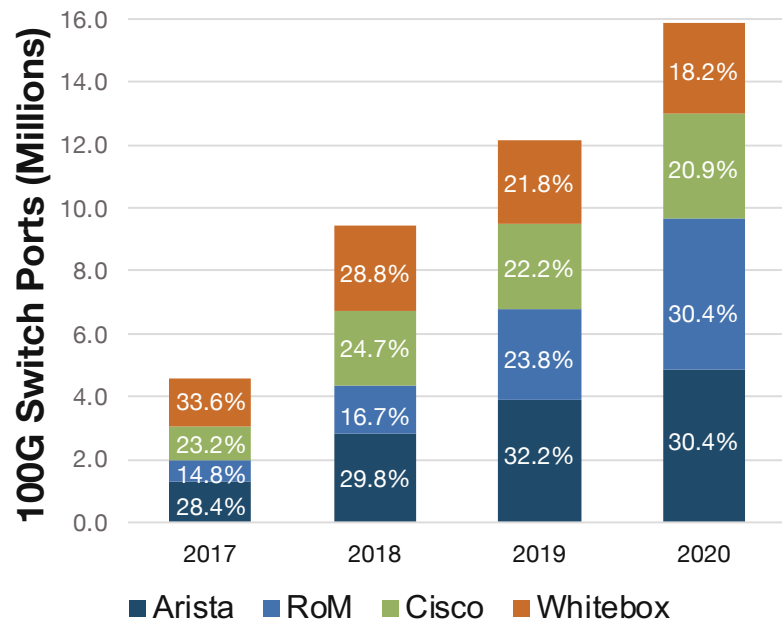
Source: 650 Group Campus Ethernet Market Forecast March 2021

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

# Data Center Switching Market Opportunity by Speed

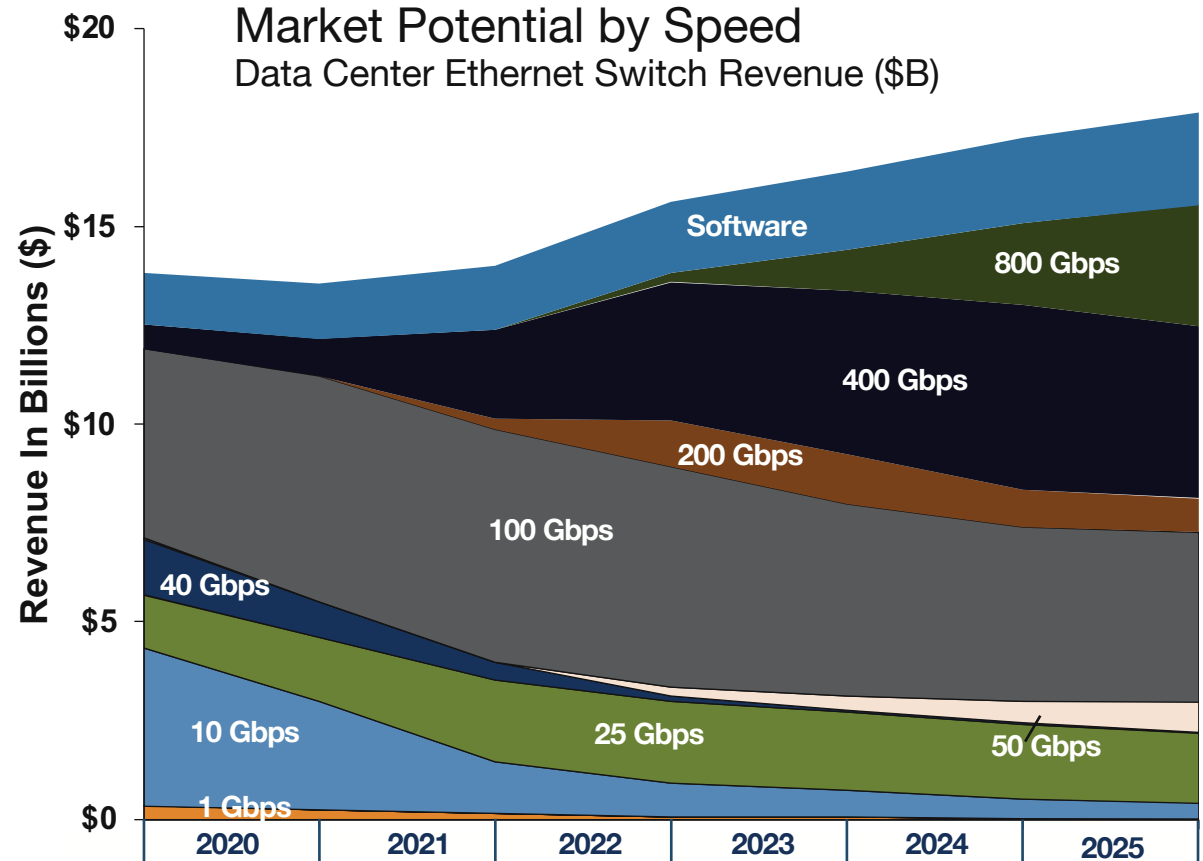
## Arista is the 100G Market Share Leader in Ports

100G Ethernet Switch Ports  
Market Share CY2017-CY2020



**Source:** Dell'Oro Ethernet Switch Data Center  
Total Vendor Tables – Q4'2020

Market Potential by Speed  
Data Center Ethernet Switch Revenue (\$B)



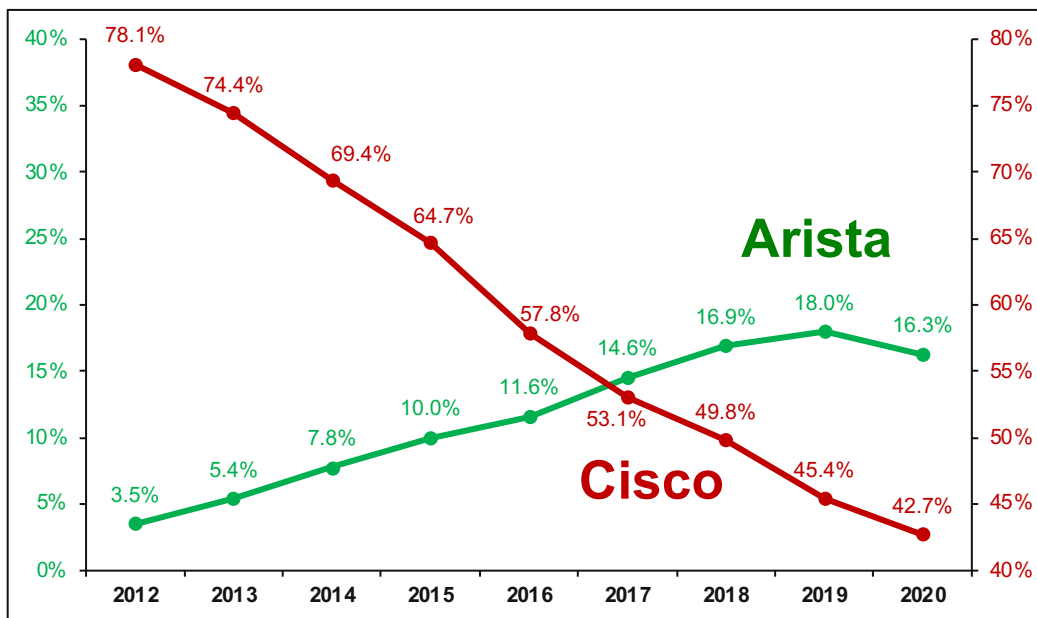
**Source:** Dell'Oro January 2021 - Long Term Ethernet Switch Forecast



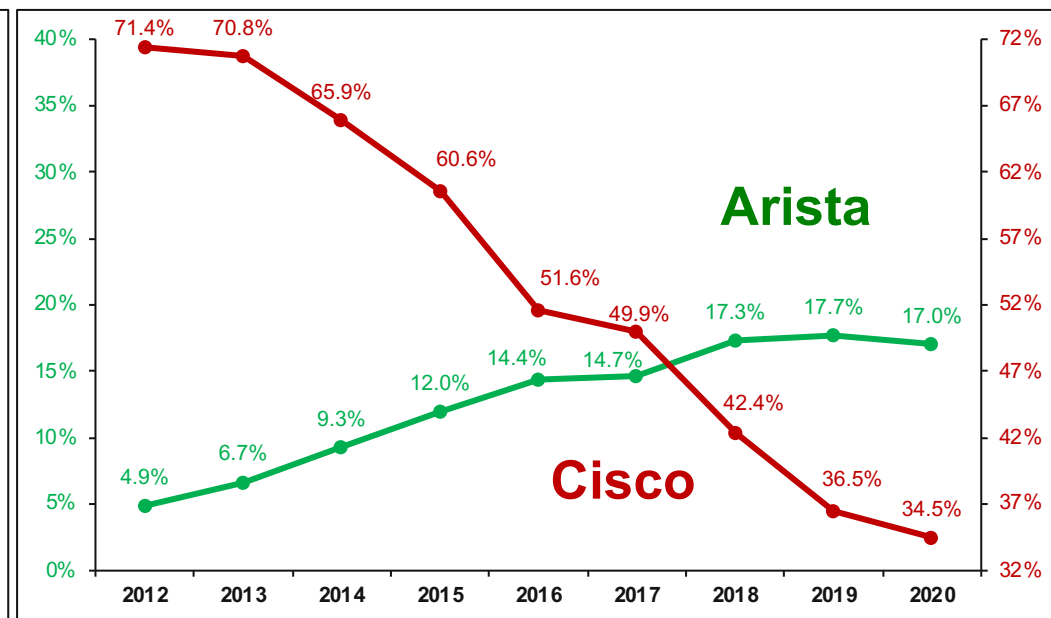
# Arista Market Share vs Cisco

## High Speed Data Center Switching Market

### Share in Dollars



### Share in Ports



**Source:** Crehan Research Datacenter Switch Market Share Report Q4'2020

Note: 10GbE and Higher - Excludes blade switches

# The Software Driven Cloud Networking Company



## Arista CloudVision®

Network Automation  
Simplicity

Complete Network Telemetry

Technology Partner Centric

One Network Management System



## Arista Extensible Operating System (EOS®)

Trusted by 7000+  
Customers

Highest Quality Network  
Operating System

Complete Switch &  
Router Capabilities

Full Programmability

One Network Operating System

Edge



WAN



Campus Network



Data Center



Cloud Native



Private Cloud



Public Cloud



For All Places In the Cloud (PICs)

AWAKE

Full Packet Capture  
& Autonomous  
Detection

AI Enabled Threat  
Hunting w/  
Federated ML

DMF – DANZ  
Monitoring Fabric



Service



Analytics



Recorder

## Our Mission

Best cognitive cloud networking for private, public and hybrid cloud-first principles

# Why 7200+ Customers Choose Arista

## ➤ Modern Architecture

- Open, Programmable, Standards Based
- One Operating System - EOS
- State Based & Scalable

## ➤ One Automation Tool - CloudVision

- Telemetry and Analytics

## ➤ Superior Software Quality

- Low Total Cost Of Ownership
- Simplicity of Code and Topology

## ➤ World Class Support



Control  
Plane

Management  
Plane

Data  
Plane

Leaf-Spine for DC, Cloud, Wired/Wireless

Major Verticals	Emerging Verticals
<ul style="list-style-type: none"> <li>• Cloud Titans</li> <li>• Enterprise</li> <li>• Financial Services</li> <li>• (CSP) Cloud Specialty Providers/Tier 2 Cloud</li> <li>• (SP) Service Providers</li> </ul>	<ul style="list-style-type: none"> <li>• Media &amp; Entertainment</li> <li>• Government</li> <li>• Health Care</li> <li>• Education</li> <li>• Oil and Gas</li> <li>• Research Labs</li> </ul>

*"The reason we chose Arista is that it just works."*

- Frequent Customer Feedback

*"CloudVision is a lifesaver. The visibility we get is not available through any other tool"*

- VP Infrastructure, Fortune 500 company

*"EOS APIs are the best to work with for the cloud. I wish other companies learnt from this"*

- Network Architect, Cloud



## Five Star Customer Reviews

[Link](#)

**"Arista Is The New BEST  
Choice For Your  
Datacenter And Network!"**

Sr. Network Administrator  
Finance Industry

[Link](#)

**"I wish all network vendors  
were this forward looking!"**

Data Center Engineer  
Services Industry

[Link](#)

**"Overall, we feel that we  
gained the functionality of  
a newer forward-looking  
vendor without sacrificing  
what we already new."**

Systems Administrator  
Education Industry

[Link](#)

**"Arista works and has been  
reliable for our company"**

Sr. Network Administrator  
Manufacturing Industry

[Link](#)

**"A Leader In The Field,  
Added Features And  
Simplicity At The  
Reasonable Price."**

Regional Manager  
Manufacturing Industry

[Link](#)

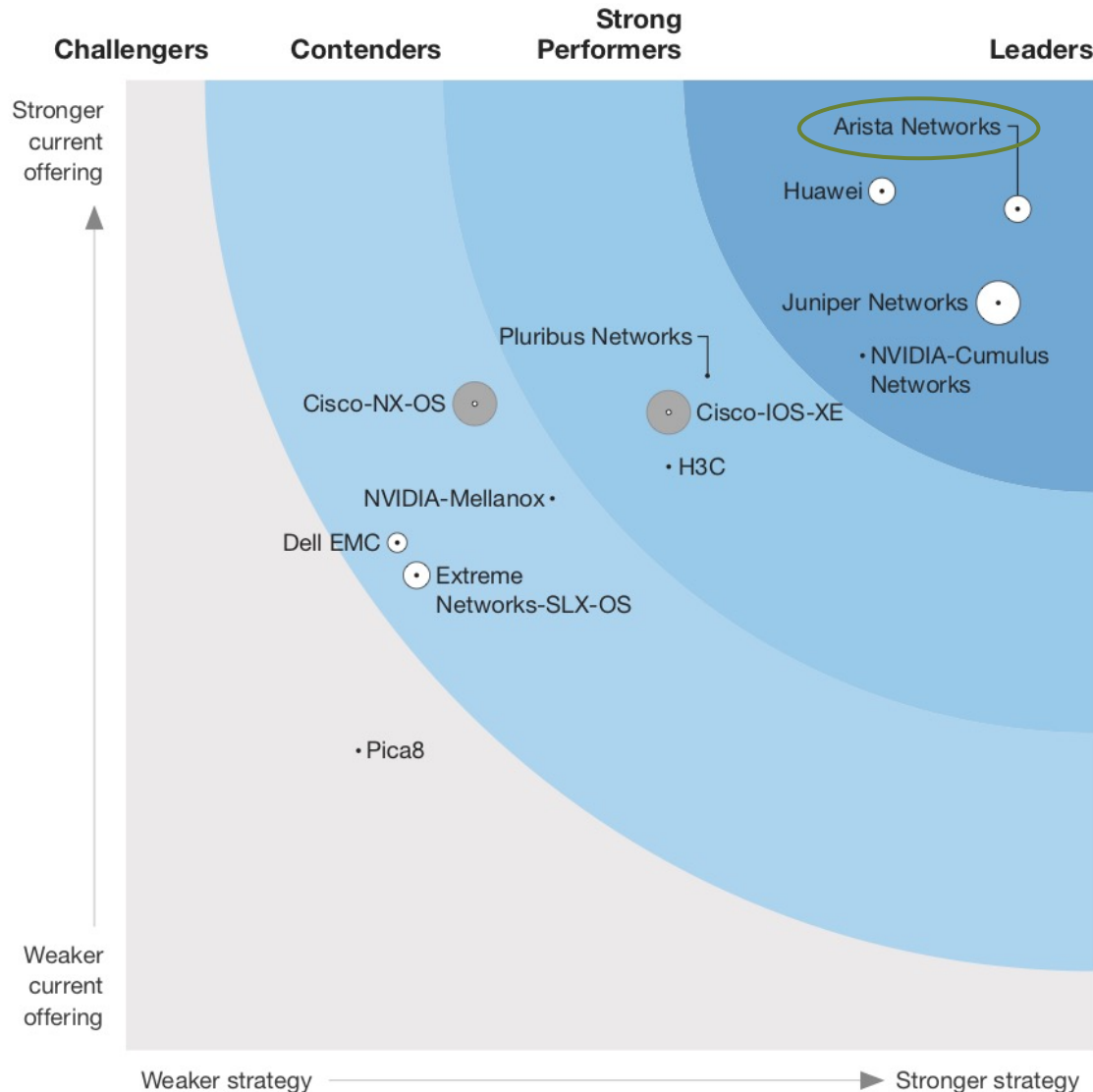
**"Cloud Vision Portal and  
EOS eAPI are a winning  
combination"**

Systems Administrator  
Finance Industry

**This is the sixth consecutive year Arista Networks has been recognized in the Leaders Quadrant of the 2020 Gartner Magic Quadrant for Data Center Networking published on 30 June 2020**

# Forrester, and TechValidate Net Promoter Score Recognition

Forrester Wave™: Open, Programmable Switches For A Businesswide SDN, Q3 2020



% PROMOTERS - % DETRACTORS = NPS (NET PROMOTER SCORE)

## World-Class Support with +76 NPS

Arista achieved an NPS score of +76 with an average rating of 9.2 out of 10 in a 2019 TechValidate survey of their customers.



Source: TechValidate survey of 218 users

✓ Validated      Published: Apr 16, 2020      TVID: A7E-045-6D6

ARISTA

TechValidate  
by forrester

[Link to Techvalidate Report](#)

[Link to the Forrester Report](#)

\*A gray bubble indicates a nonparticipating vendor.

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# Arista CY2021 Initiatives

1

## Double Digit Revenue Growth

- Data Center, Campus, Routing, SW & Services

2

## Deliver on New Target Markets

- Grow Market Share in Enterprise & Campus
- Increase Software Value

3

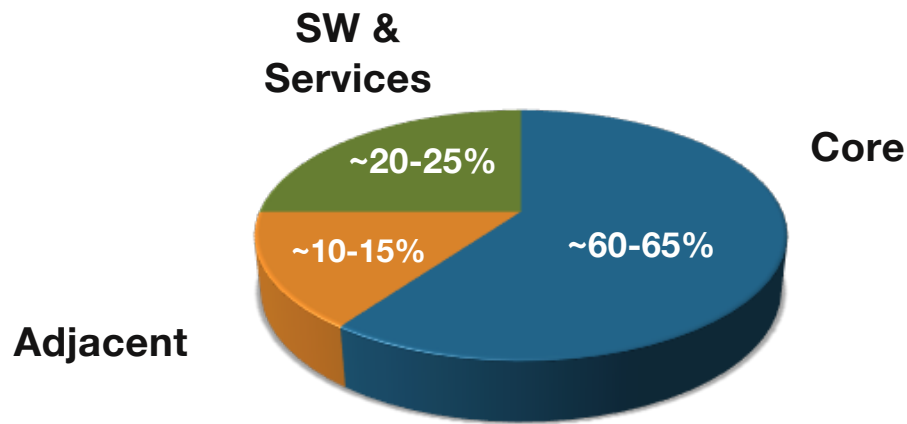
## Continue Operational Excellence

- Industry leading operational efficiency



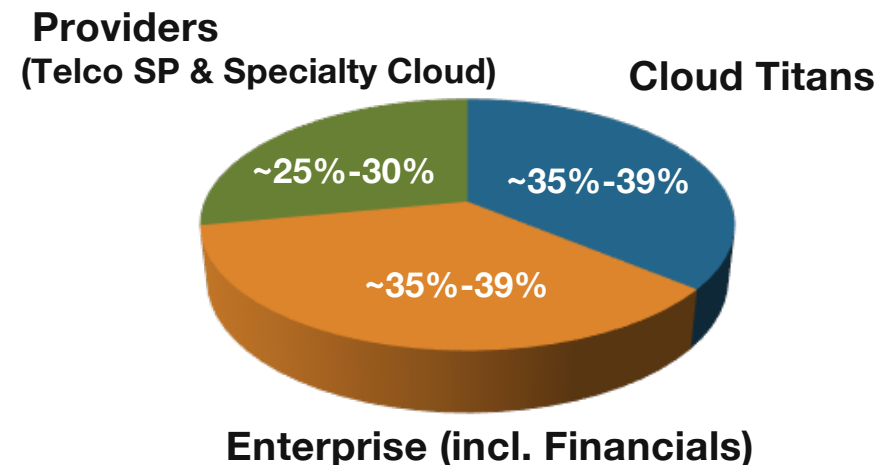
# Product and Market Sector Contributions

## Product Trends\*

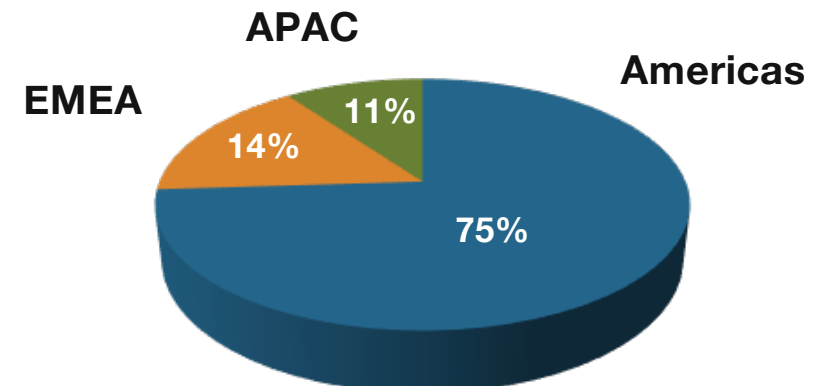


*Core – Data Center Switching  
Adjacent – Routing & Campus  
SW & Services – Awake, DMF, CV, Services*

## Market Sector Trends\*



## Geographic Mix Q1'21



\*Management estimates of expected quarterly business mix trends over-time

# Arista's Portfolio Focus

> Core

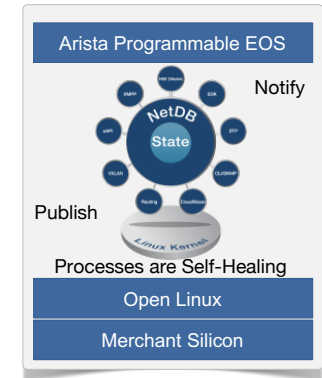
- Adjacent

- Network Software and Services



# Core Leadership in Data Center and Cloud Networking

1. **Arista Extensible Operation System (EOS) -**  
Arista delivers perhaps the only and most modern, most reliable, differentiated programmable network operating system in the industry with a state driven architecture
2. **Merchant Silicon** - Arista is unrivaled in its leverage of merchant switching silicon, which has proven to deliver superior integration, performance, delivery, and power efficiency across multiple families
3. **Best of Breed Systems-** Arista continues to lead the industry with the best of breed, fully featured, most reliable next generation switching systems, built on a proven track record with one EOS and many platform variants



# Comprehensive 400G/200G/100G Platforms

Leaf & Spine  
High Network Radix



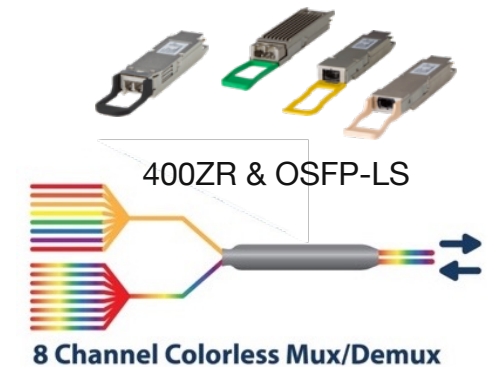
**7368X4**  
Up to 128 x 100G  
32 x 400G OSFP, QSFP-DD



**7060 X4**  
32 x 400G

## Optics Form Factor Choices

- OSFP
- QSFP-DD



Universal  
Leaf & Spine



**7280 R3**  
Up to 24 x 400G  
Wirespeed, 2.5M Routes



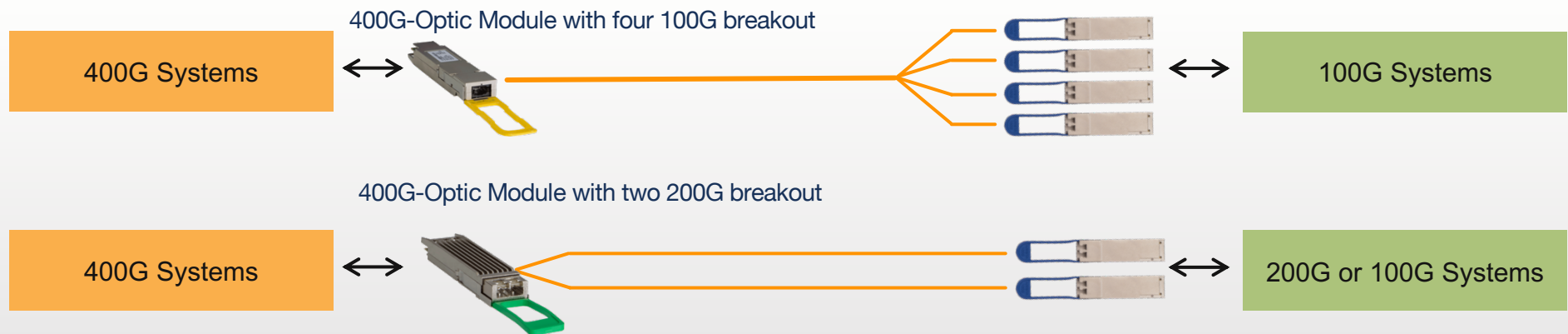
**7500 R3**  
Up to 230Tbps  
288 x 400G ports  
24 x 400G, 36 x 100G LC  
Wirespeed, 2.5M Routes



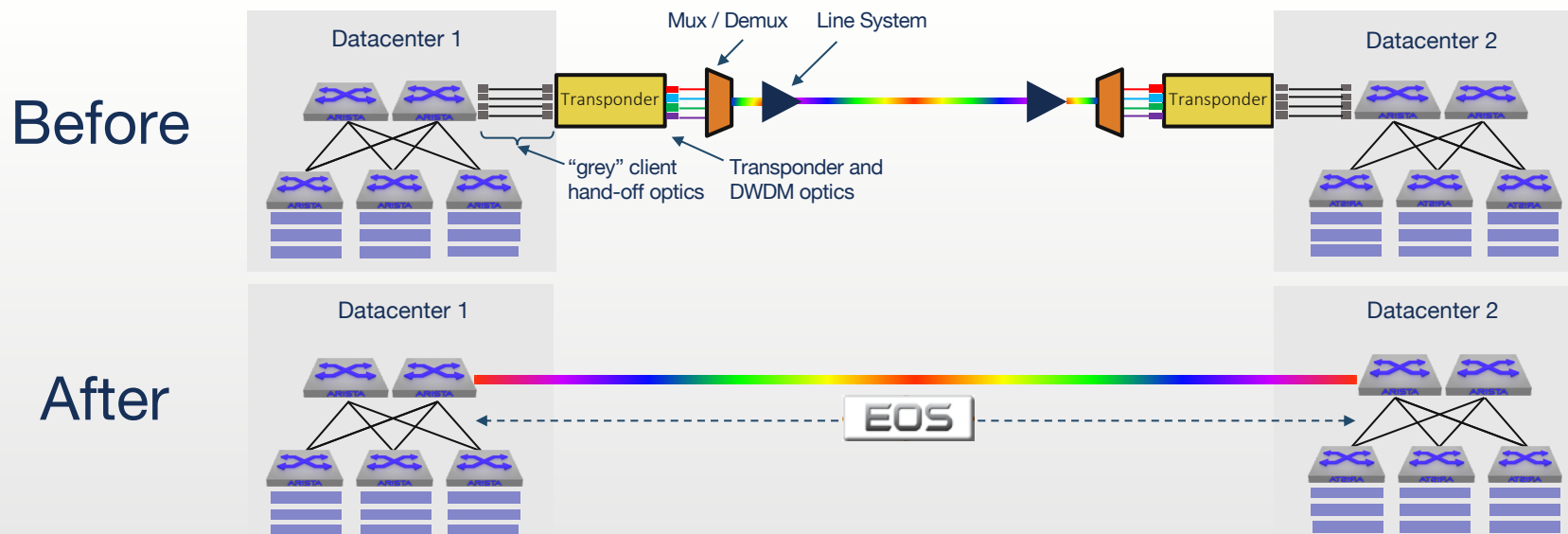
**7800 R3**  
Up to 460Tbps  
576 x 400G ports  
36 x 400G, 48 x 100G LC  
Wirespeed, 2.5M Routes

## Early 400G Deployments

- 400G platforms offer high density cost effective 100G/200G with breakouts



- 400G for DCI leveraging ZR/ZR+ Optics, and OSFP-LS





# Arista's Portfolio Focus

- Core
- > Adjacent
- Network Software and Services



# Expanding Cognitive Campus Workspaces

## Cognitive Splines™



**7300X3**  
4 & 8 Slot  
Modular System  
Up to 256 100G ports



**7050X3**  
Fixed System  
Up to 32 100G ports

## Cognitive Edge



**750 Modular PoE switches**  
5 Slot 240 Port mGig 8 Slot 384 Port mGig



**720XP Fixed PoE switches**  
24 & 48 Port mGig/1G 96 Port mGig



**Arista's WiFi-6 APs**  
up to 8x8 MIMO  
3rd Radio functionality for dedicated  
WIPS, client emulation testing

## Cognitive Management And OS



CloudVision foundation, Wired and Wireless, across Provisioning, Telemetry, and Orchestration

- WiFi Contact Tracing – P-Tracer
- Cognitive Analytics, including Quality of Experience (QoE)
- Remote Monitoring of APs
- IoTvision™
- Compliance Dashboard



Hitless Patching  
High Availability with Stateful Switchover  
Flow Telemetry, NetDB Streaming  
Dynamic Path Selection

Simplify with Collapsed Spline Architecture

Automation and Telemetry for Operational Efficiency

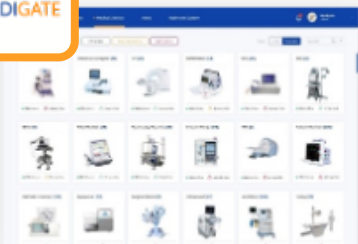
Single Software Image Federated across DC & Campus

# Campus in Modern Healthcare

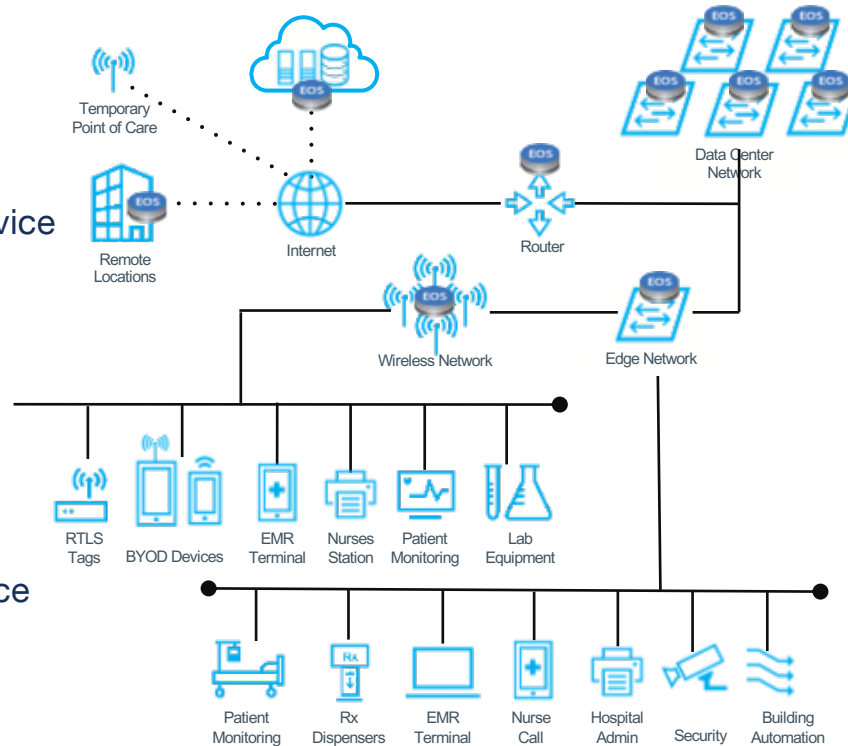
## Identity, Segmentation, and Threat Hunting



Hospital-wide  
Heterogeneous Device  
Identity



Deep Medical Device  
Identity



Network Based  
Swimlanes/Segmentation



Real-time Continuous  
Threat Hunting

### Healthcare's Shifting Landscape

- Distributed Points of Care
- Rapid IoT/IoMT adoption
- AI driven decisions
- Growing cybersecurity threat surface
- Integration of acquired assets

### Arista's End to End Quality Portfolio Addresses Healthcare's Greatest Needs

- ✓ Maximize data locality without compromising security
- ✓ End-to-end compliance, audit, and real-time threat assessment
- ✓ Consistent clinician experience independent of location or device
- ✓ Flexibility to adapt to changing clinical needs and initiatives
- ✓ Standards based modular design to ease M&A integration and divestiture

# R-Series: Universal Spine and Leaf for Flexible Routing Options from 10G to 400G

## Modular



### Arista 7800R Series

High Performance Routers  
100G and 400G, Dynamic Deep Buffer  
Universal Spine and Carrier Core  
Optimized for Routing and Storage



### Arista 7500R Series

High Performance Routers  
10G to 400G, Dynamic Deep Buffer  
Universal Spine and IP Storage  
Optimized for Routing and Storage

## Fixed



### Arista 7280R Series

High Performance Routers  
10G to 400G, Dynamic Deep Buffer  
Universal Leaf and Spine  
Optimized for Routing and Storage

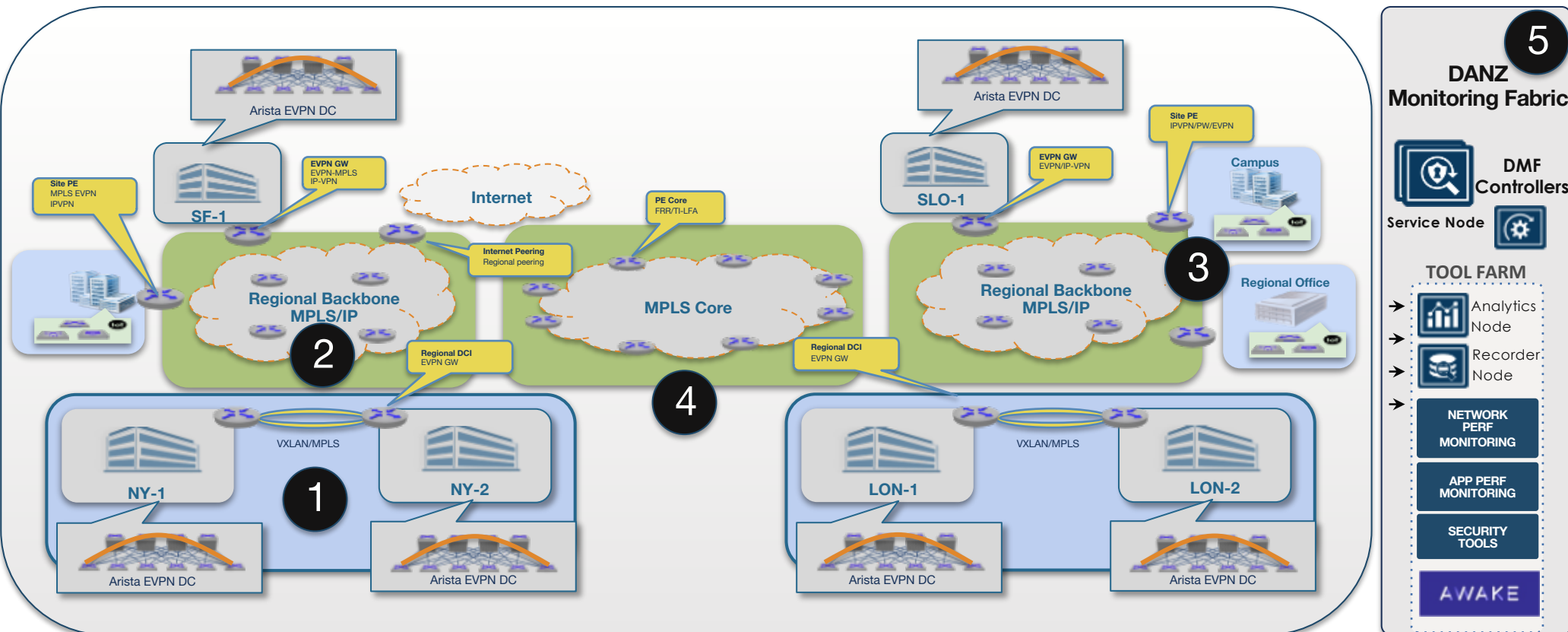


### Arista 7020R Series

High Performance Routers  
1G/10G with 100G uplinks, Dynamic Deep Buffer  
Universal Leaf  
Optimized for Edge Routing and Compute

# Arista's Cloud-Grade Routing For Enterprise

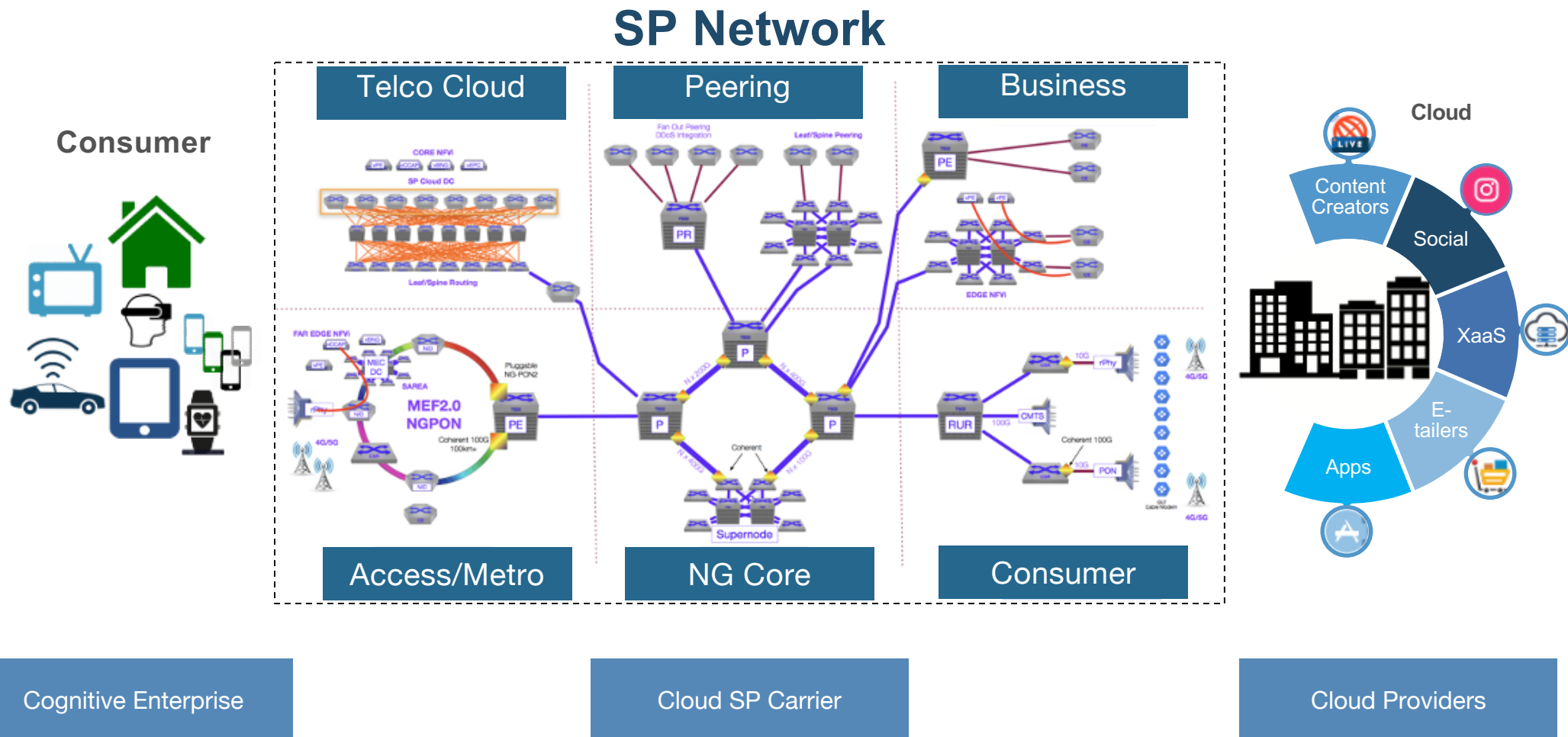
- 1 Data Center Interconnect
- 2 WAN Edge
- 3 Data Center Edge
- 4 Backbone
- 5 DANZ Monitoring Fabric



**One EOS, One CloudVision, Integrated Switching & Routing**  
**Modern Universal Spine Cloud Architecture**



# Arista's Cloud-Grade Routing For Service Provider



**Expanding our Routing Leadership In Cloud Networking to SP**

# Arista's Portfolio Focus

- Core
- Adjacent
- > Network Software and Services



# Network Software and Services



**CloudVision** – Automation Tool for Configuration and Management of Wired and Wireless networks, Collects Streaming Telemetry from EOS State Database for End to End Network Visibility

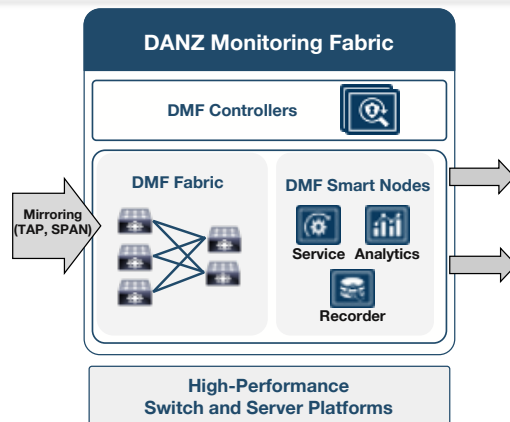


**Cloud EOS** – Virtualized/Containerized version of EOS for hybrid multi-cloud networking. Running on Amazon AWS, Microsoft Azure, and Google public clouds via their marketplace and service catalogs.

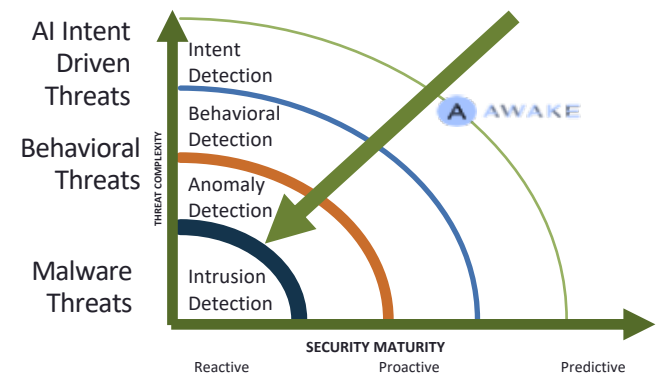
## Arista

## A-Care

**Arista A-Care** – Software updates, features and break/fix troubleshooting. Powered by Arista AI ops toolset designed to speed problem identification and resolution.

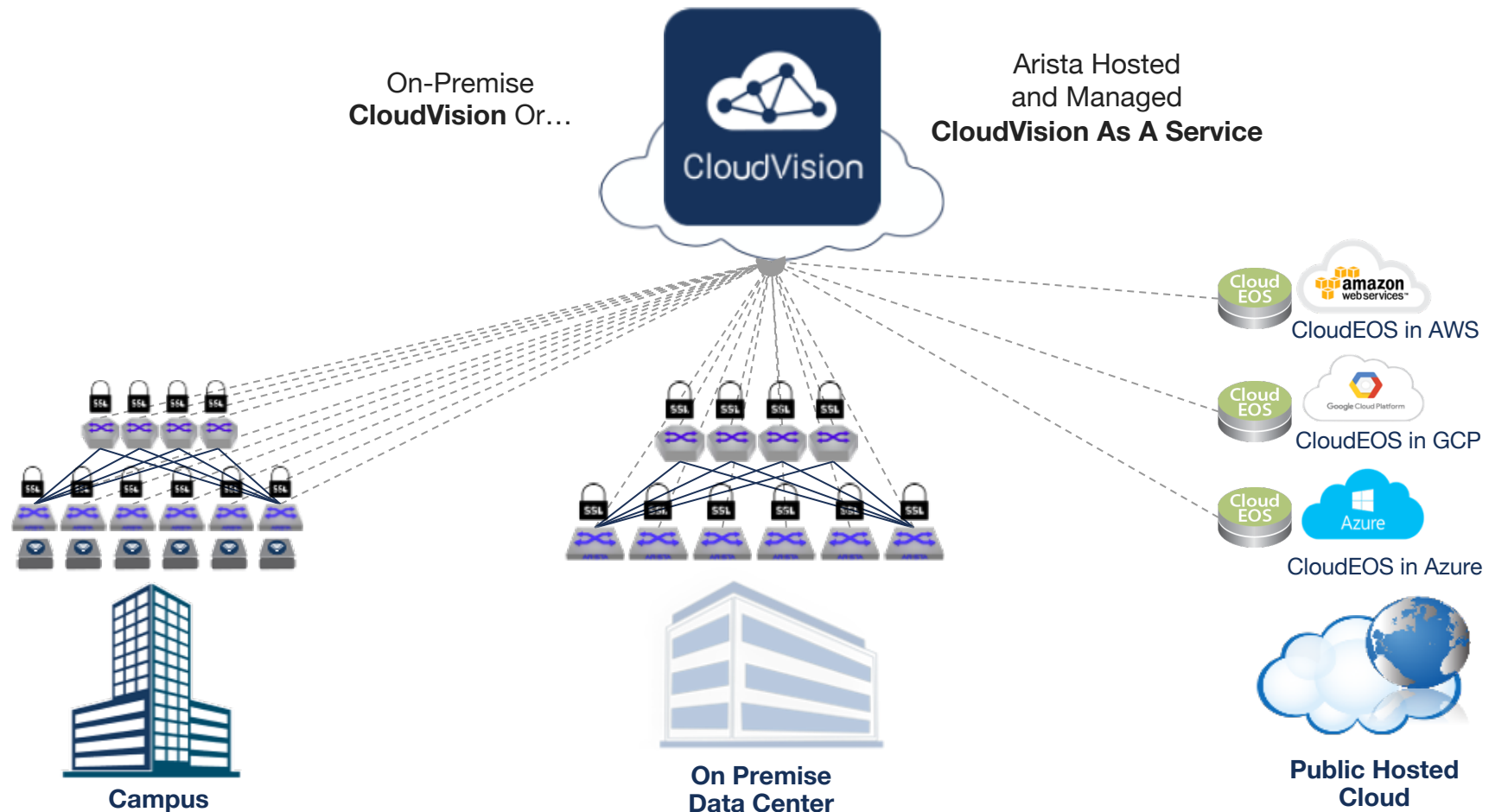


**DMF – DANZ Monitoring Fabric** – Network Monitoring, Analytics, and Recording, for Capturing Data inside the network



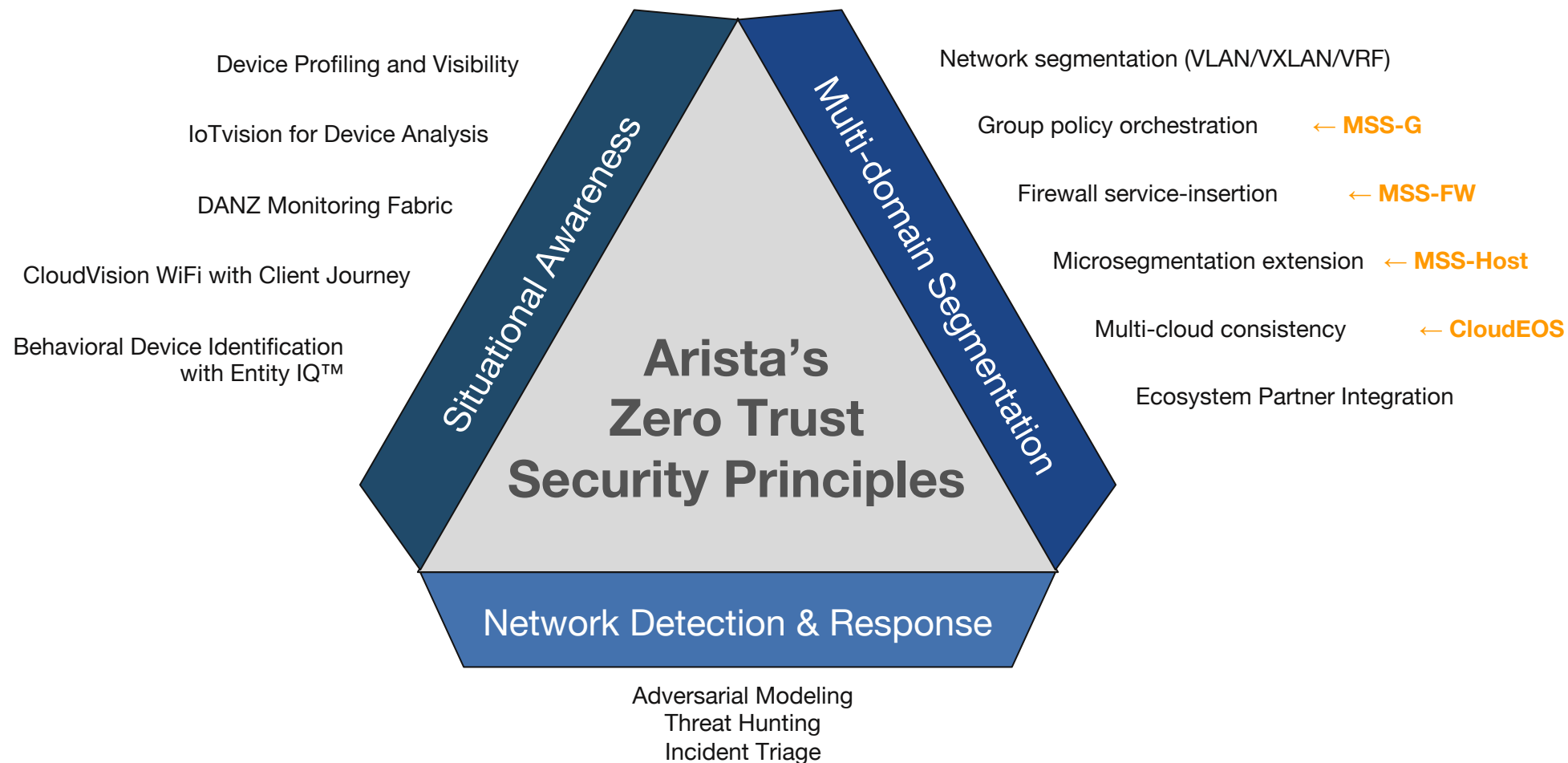
**Awake Security** – Network Detection and Response – NDR - Proactive Network based machine learning technology to identify an attacker based on their intent versus merely looking at indicators of an attack

# CloudVision 2021 – Wired, Wireless, and Public Hosted Cloud



**Automation Tool & Real Time Telemetry from EOS State  
For Client to Cloud Network Visibility**

# Today's Networks Require a Zero Trust Architecture



Cloud Network Architecture with an Modern Approach to Security



# Arista's Complete Multi-Domain Segmentation Solution

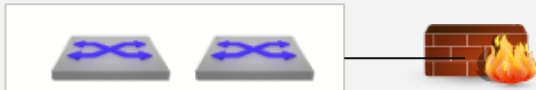
## MSS-Firewall

Security service  
insertion with firewalls



API

FW Mgr



## MSS-Host

Integration with host-based  
micro-segmentation  
solutions



API

NSX Mgr



## MSS-Group

Access Control  
Integration with  
Identity Systems



API

Identity Mgr



## Multi-Cloud

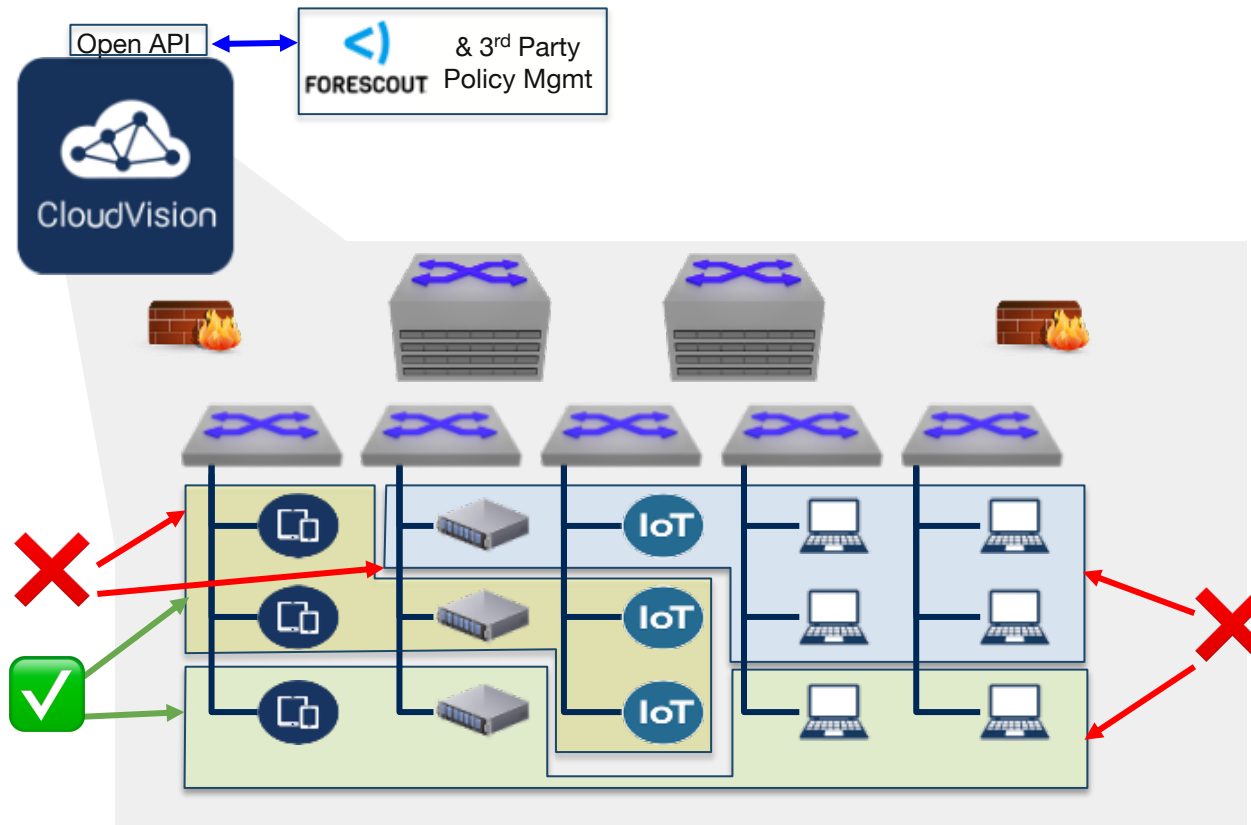
CloudEOS Segmentation  
with EVPN/VXLAN



Segment TEST  
Segment STAGE  
Segment PROD



# Introduced in Q1'21- MSS-Group Segmentation



## Key Benefits:

- **Group flexibility** - Separates group policy from network addressing
- **Efficient use of Data Plane Resources** - Overcome traditional ACL challenges
- **Standards-based Ethernet** implementation → no-proprietary tags / installed-base friendly
- **Simplified security enforcement** → no complex overlay protocols
- **Dynamic policy integration** w/ecosystem partners (Forescout, etc)

	Green	Yellow	Blue
Green	✓	✓	✗
Yellow	✓	✓	✗
Blue	✗	✗	✓

An Open Approach to Group-based Segmentation

# AWAKE Network Detection & Response (NDR)

Today's Networks

=>

Network Detection & Response (NDR)

> 50%\*

Devices are "Unmanaged"

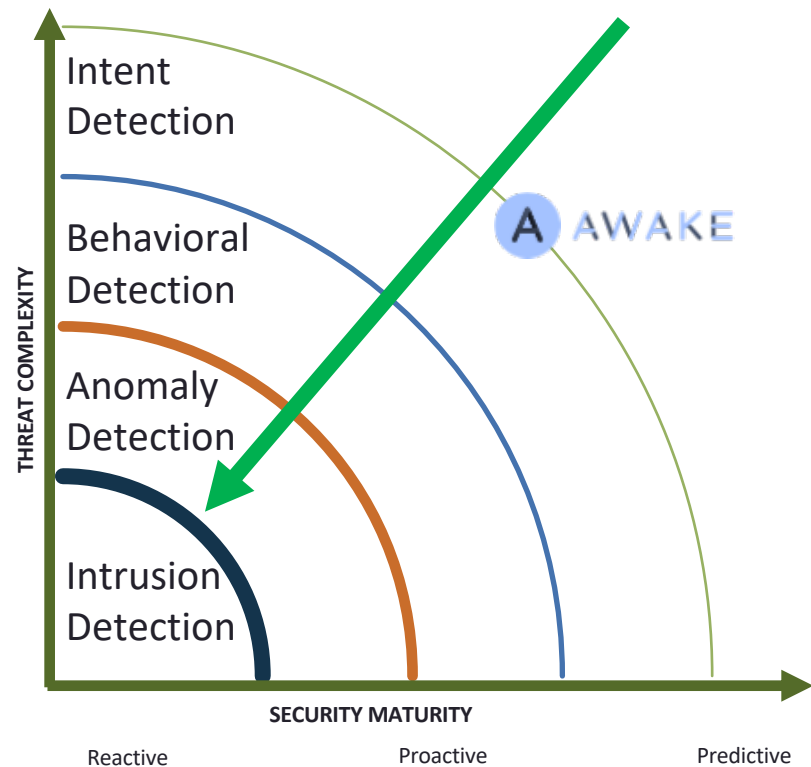
~ 51%\*

Breaches See  
No Malware

AI Intent  
Driven  
Threats

Behavioral  
Threats

Malware  
Threats



\* 3<sup>rd</sup> party security company whitepapers & Arista's estimates

Segmentation and Situational Awareness are Key, but Network Detection & Response Completes Zero Trust



# Awake Security

## AI Driven Network Detection & Response (NDR)

### AWAKE SENSORS

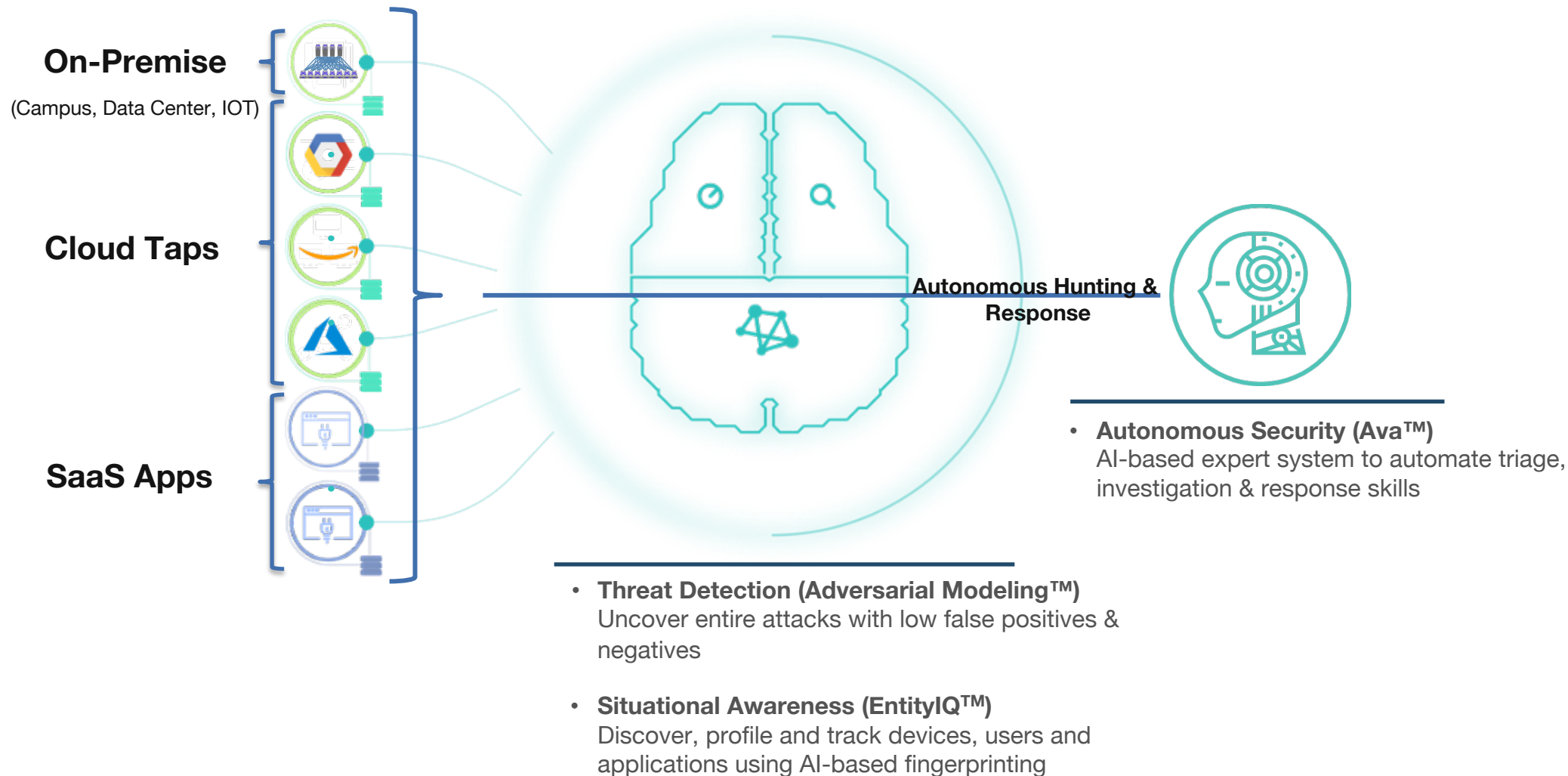
(Full Packet Analysis)

### AWAKE NUCLEUS

(Cloud or on Premise)

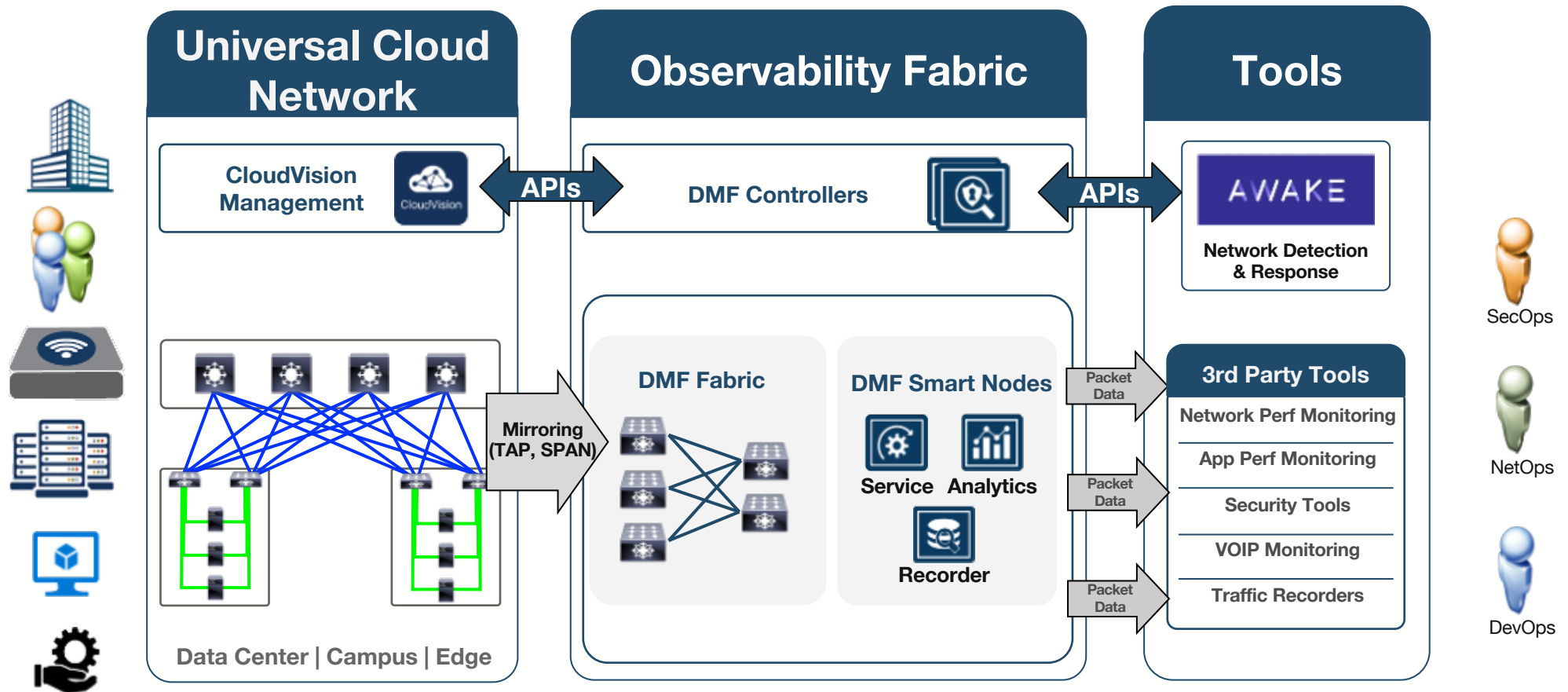
### AWAKE EXPERT SYSTEM

**“Ava”**



# DANZ Monitoring Fabric

Multi-Domain Networking, Observability and Security



**Delivering Modern, Cloud-inspired Solutions for Enterprises**



# Business Goals & Q1'21 Financial Metrics

# Key Highlights and Financials for Q1 2021

## Key Highlights

### Q1-2021:

- [Arista Delivers Multi-Domain Segmentation for Zero Trust Enterprise](#)— Arista Networks announced a new zero trust security framework for today's digital enterprise. Arista Multi-Domain Macro-Segmentation Service is a suite of capabilities for integrating security policy with the network through an open and consistent network segmentation approach across network domains.
- [Arista Completes 400G ZR Interoperability Testing](#)— Arista Networks announced successful interoperability testing between multiple 400G ZR suppliers over Microsoft's 120km open line system testbed. This multi-vendor testing sets the foundation for a healthy, interoperable, coherent optics ecosystem, providing customers with a multitude of options for building high speed Data Center Interconnect (DCI) networks.
- [Arista Advances Zero Trust Security Strategy with Enhancements to AI-driven Awake Security Platform](#) — Awake Security, the network detection and response (NDR) security division of Arista Networks, unveiled platform enhancements that strengthen its ability to detect advanced threats, protect the unmanaged attack surface and autonomously perform threat hunting and forensic investigations.

## Financial Results (non-GAAP)<sup>1</sup>

### Q1-2021:

Q1'21 Revenue: \$667.6M  
Q1'21 EPS: \$2.50

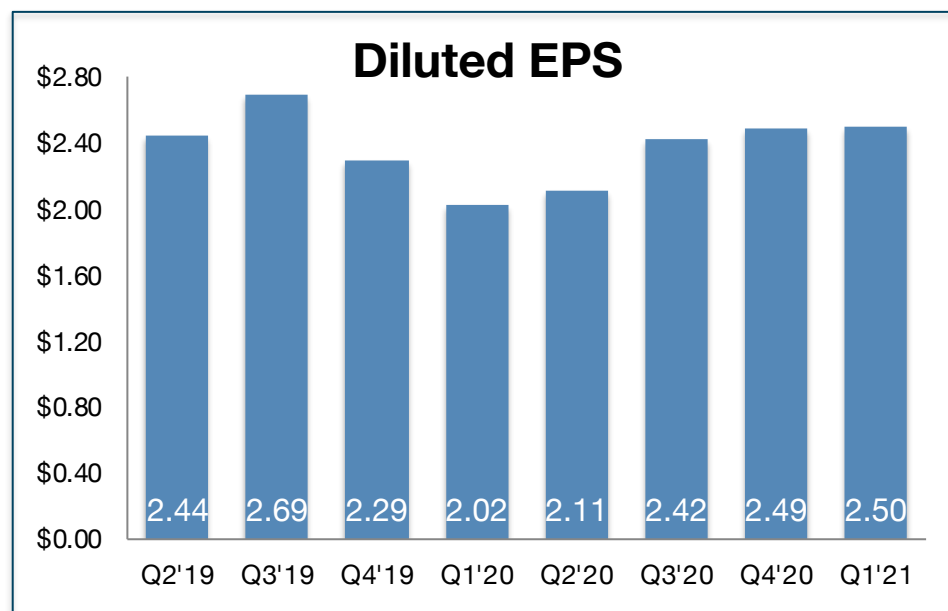
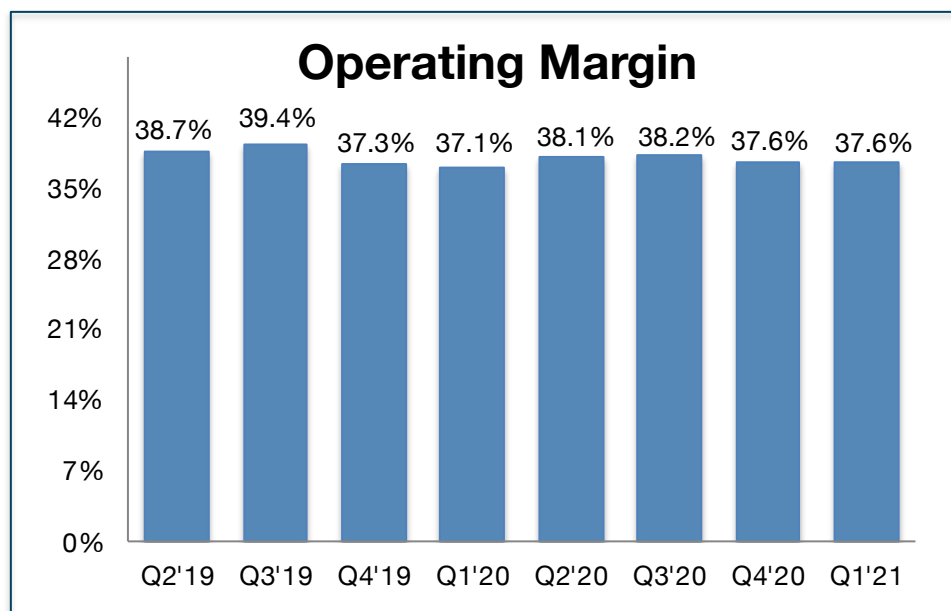
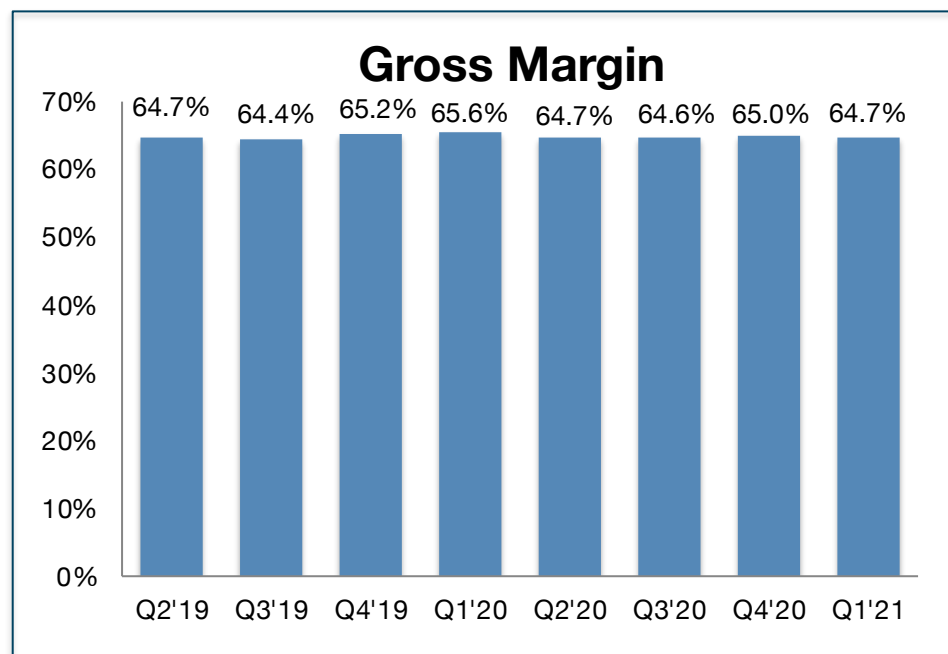
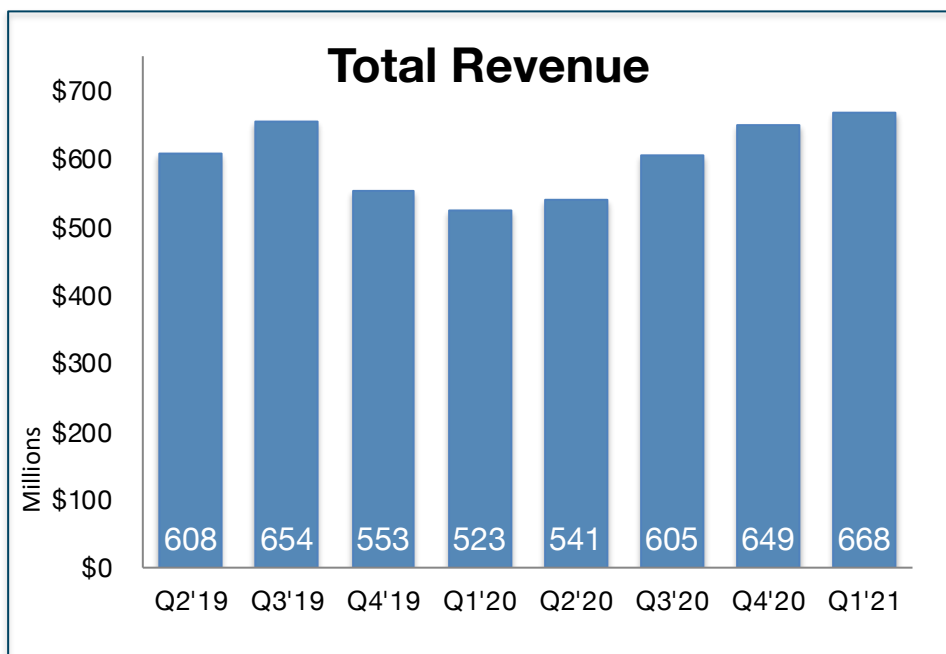
Q1'20-Q1'21 Y/Y Revenue Growth: 27.6%

Q1'21 Gross Margin: 64.7%

Q1'21 Operating Margin: 37.6%

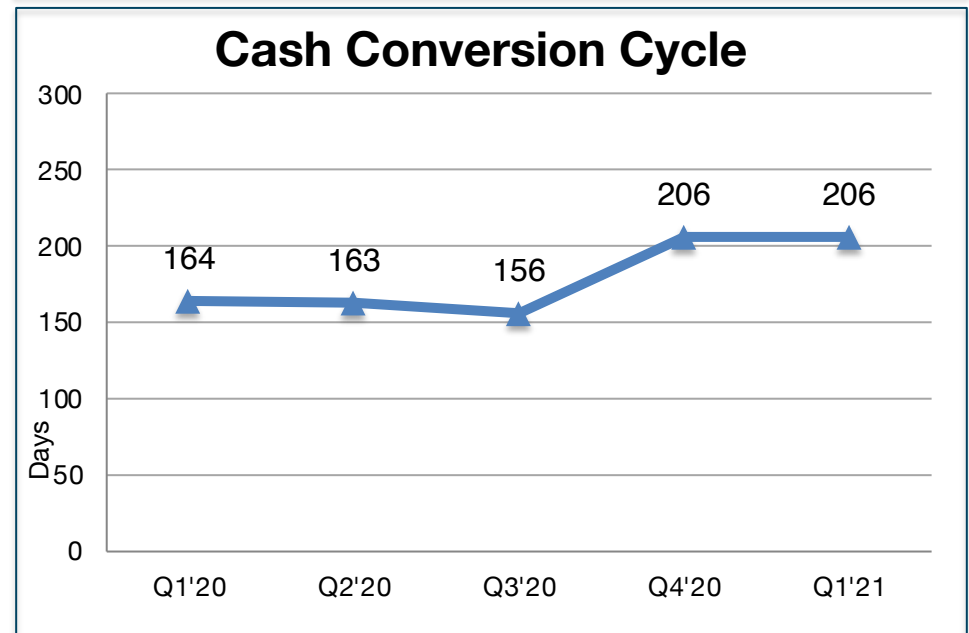
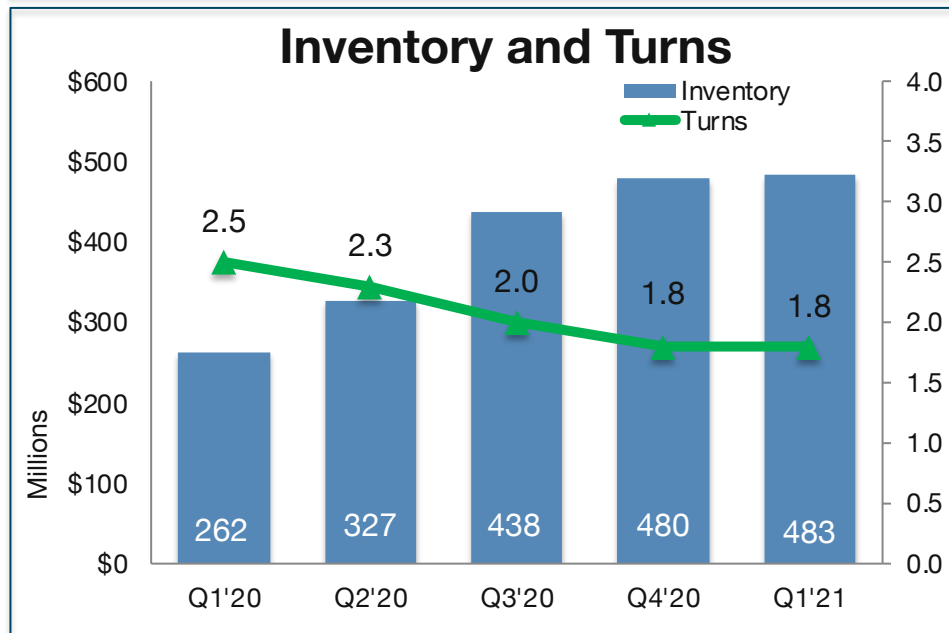
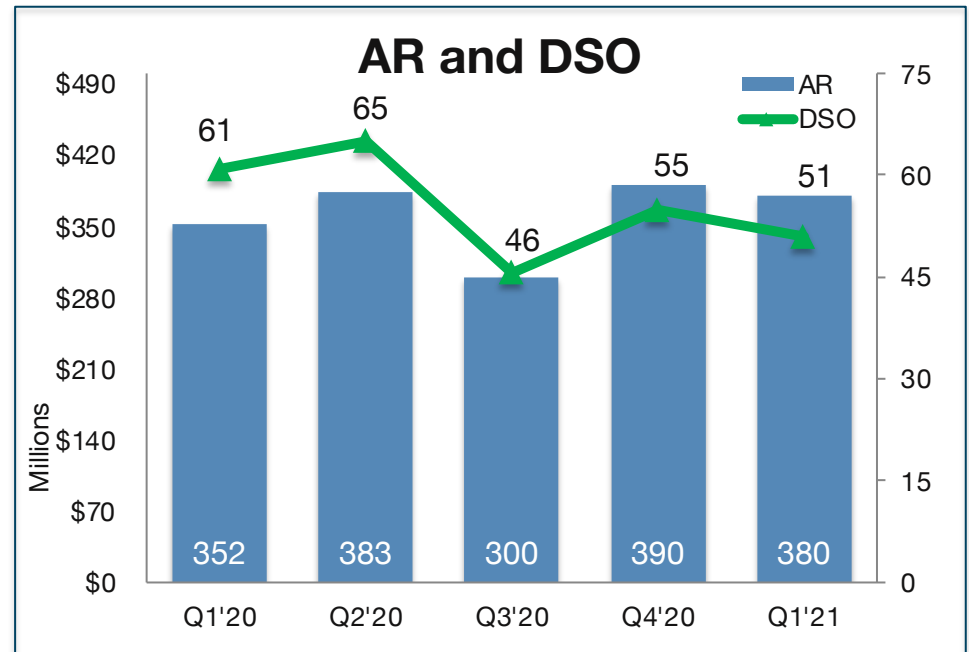
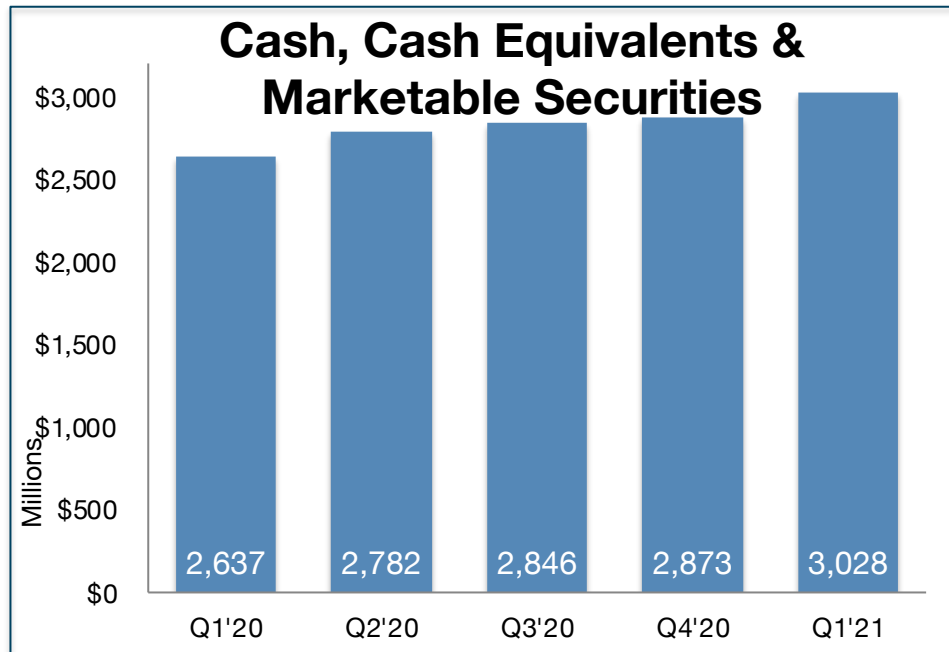


# Financial Highlights<sup>1</sup>



<sup>1</sup> Amounts are non-GAAP except for Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.

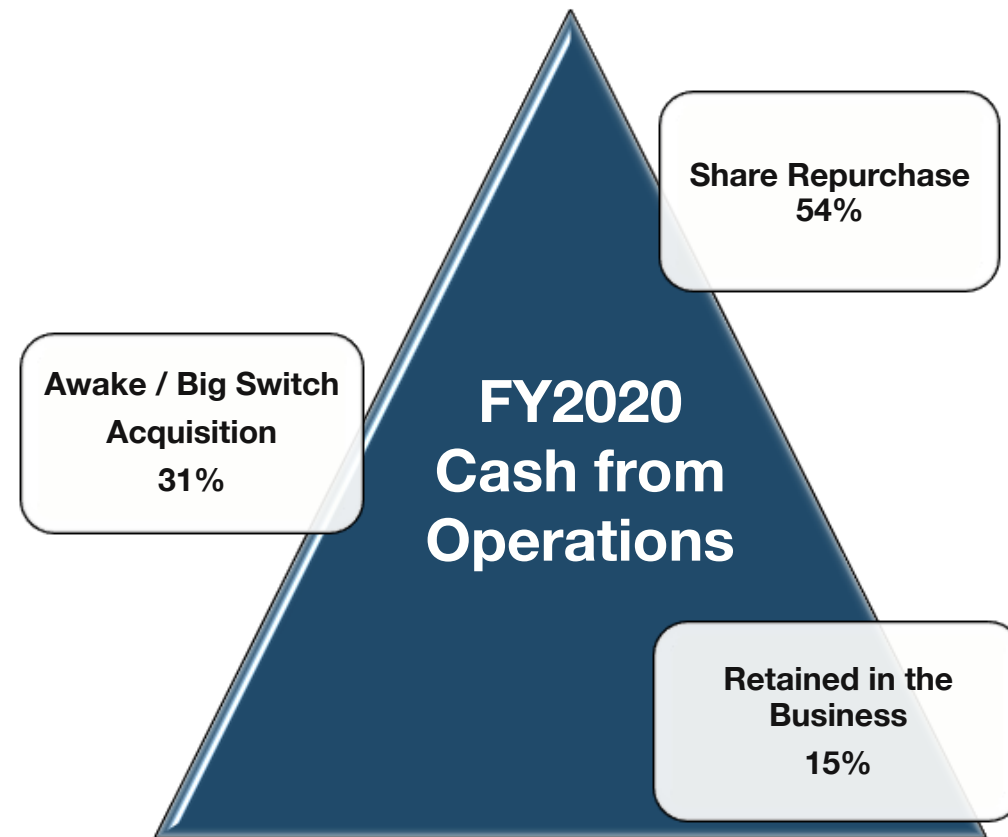
# Balance Sheet & Cash Conversion Cycle



# Approach to Capital Allocation

**FY 2020**

- 1 Need to maintain a healthy Balance Sheet (Fund the business / large aggressive competitors)
- 2 Invest to strengthen operations / position of existing business if we earn a reasonable return
- 3 M&A (if the deal actually makes sense from multiple angles)
- 4 Share repurchases (if the price is below a reasonable range estimate of intrinsic value)
- 5 Dividends as business matures



## Second Quarter 2021 - Guidance

	Q2'21 Guidance
Revenue	\$675M to \$695M
Gross Margin (Non-GAAP) <sup>(1)</sup>	63% to 65%
Operating Margin (Non-GAAP) <sup>(1)</sup>	~ 37%

*Diluted Shares – 79.7 Million*  
*Non-GAAP Tax Rate<sup>(1)</sup> – 21.9%*

<sup>1</sup> Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of 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.



# Q2-2021 Investor Conference Participation

Arista will participate in the following virtual conferences in May and June with the financial community:

**J.P. Morgan Global Technology, Media and Communications Conference**

Anshul Sadana, COO

Tuesday, May 25, 2021

Time: 11:45am ET / 8:45am PT

**William Blair 41st Annual Growth Stock Conference**

Ita Brennan, CFO

Wednesday, June 2, 2021

Time: 5:00pm ET / 2:00pm PT

**Cowen 49th Annual Technology, Media & Telecom Conference**

John McCool, Chief Platform Officer

Thursday, June 3, 2021

Time: 1:10pm ET / 10:10am PT

**Evercore ISI Inaugural TMT Conference**

Anshul Sadana, COO

Monday, June 7, 2021

Time: 1:15pm ET / 10:15am PT

**Stifel 2021 Cross Sector Insight Conference**

John McCool, Chief Platform Officer

Tuesday, June 8, 2021

Time: 1:20pm ET / 10:20am PT

**BofA 2021 Global Technology Conference**

Ita Brennan, CFO

Thursday, June 10, 2021

Time: 2:20pm ET / 11:20am PT

A live audio webcast of these events will be accessible from the Investor Relations section of the Arista website at <https://investors.arista.com>.

# Appendix I

- GAAP to Non-GAAP Reconciliation



# Appendix: GAAP to Non-GAAP Reconciliation

In 000's except per share data	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
GAAP gross profit	\$ 390,191	\$ 417,274	\$ 356,303	\$ 338,251	\$ 344,089	\$ 384,962	\$ 414,584	\$ 425,272
GAAP gross margin	64.1%	63.8%	64.5%	64.7%	63.7%	63.6%	63.9%	63.7%
Stock-based compensation expense	1,028	1,258	1,253	1,327	1,585	1,806	1,554	1,400
Intangible asset amortization	2,626	2,626	2,626	3,660	4,178	4,178	5,464	5,464
Non-GAAP gross profit	\$ 393,845	\$ 421,158	\$ 360,182	\$ 343,238	\$ 349,852	\$ 390,946	\$ 421,602	\$ 432,136
Non-GAAP gross margin	64.7%	64.4%	65.2%	65.6%	64.7%	64.6%	65.0%	64.7%
GAAP income (loss) from operations	\$ 206,837	\$ 228,606	\$ 175,989	\$ 149,662	\$ 166,989	\$ 188,395	\$ 194,638	\$ 206,292
GAAP operating margin	34.0%	34.9%	31.9%	28.6%	30.9%	31.1%	30.0%	30.9%
Stock-based compensation expense	24,297	26,257	26,435	27,556	32,922	36,469	40,095	37,553
Litigation expenses (benefit)	514	-	333	-	-	-	-	-
Intangible asset amortization	3,499	3,293	3,084	4,902	5,811	5,811	7,562	7,430
Acquisition-related costs	-	-	-	11,860	-	858	1,215	-
Non-GAAP income from operations	\$ 235,147	\$ 258,156	\$ 205,841	\$ 193,980	\$ 205,722	\$ 231,533	\$ 243,510	\$ 251,275
Non-GAAP operating margin	38.7%	39.4%	37.3%	37.1%	38.1%	38.2%	37.6%	37.6%
GAAP net income (loss)	\$ 189,251	\$ 208,895	\$ 260,692	\$ 138,431	\$ 144,793	\$ 168,375	\$ 182,958	\$ 180,366
Stock-based compensation expense	24,297	26,257	26,435	27,556	32,922	36,469	40,095	37,553
Litigation expenses (benefit)	514	-	333	-	-	-	-	-
Loss (gain) on investments in privately held companies	-	(4,277)	-	-	-	-	(4,164)	-
Intangible asset amortization	3,499	3,293	3,084	4,902	5,811	5,811	7,562	7,430
Acquisition-related costs	-	-	-	11,860	-	858	1,215	-
Altera stock-based compensation tax charge	9,781	-	-	-	-	-	-	-
Tax benefits on intra-entity IP transfer	-	-	(85,819)	-	-	-	-	-
Tax benefits on stock-based awards	(23,455)	(12,674)	(16,232)	(14,502)	(11,682)	(14,894)	(19,802)	(20,906)
Tax effect of non-GAAP exclusions	(5,324)	(4,391)	(5,045)	(6,555)	(4,796)	(4,624)	(10,188)	(5,606)
Non-GAAP net income	\$ 198,563	\$ 217,103	\$ 183,448	\$ 161,692	\$ 167,048	\$ 191,995	\$ 197,676	\$ 198,837
GAAP diluted income (loss) per share to common stockholders	\$ 2.33	\$ 2.59	\$ 3.25	\$ 1.73	\$ 1.83	\$ 2.12	\$ 2.31	\$ 2.27
Non-GAAP adjustments to net income (loss) per share	0.11	0.10	(0.96)	0.29	0.28	0.30	0.18	0.23
Non-GAAP diluted income per share	\$ 2.44	\$ 2.69	\$ 2.29	\$ 2.02	\$ 2.11	\$ 2.42	\$ 2.49	\$ 2.50
GAAP and non-GAAP weighted diluted shares	81,335	80,753	80,261	79,939	79,298	79,313	79,261	79,623
<b>Summary of non-GAAP adjustments:</b>								
Cost of revenue-product	\$ 3,144	\$ 3,207	\$ 3,219	\$ 4,273	\$ 4,911	\$ 5,008	\$ 6,062	\$ 5,798
Cost of revenue-service	510	677	660	714	852	976	956	1,066
Research and development	12,568	13,472	13,897	22,187	19,885	21,930	23,691	22,489
Sales and marketing	7,970	8,499	8,163	11,043	9,343	10,312	12,779	11,544
General and administrative	4,118	3,695	3,913	6,101	3,742	4,912	5,384	4,086
Other expense (income)	-	(4,277)	-	-	-	-	(4,164)	-
Income tax benefit	(18,998)	(17,065)	(107,096)	(21,057)	(16,478)	(19,518)	(29,990)	(26,513)



# Appendix II

- Introduction to Arista's
  - Technology
  - Products
  - Competitive Differentiation

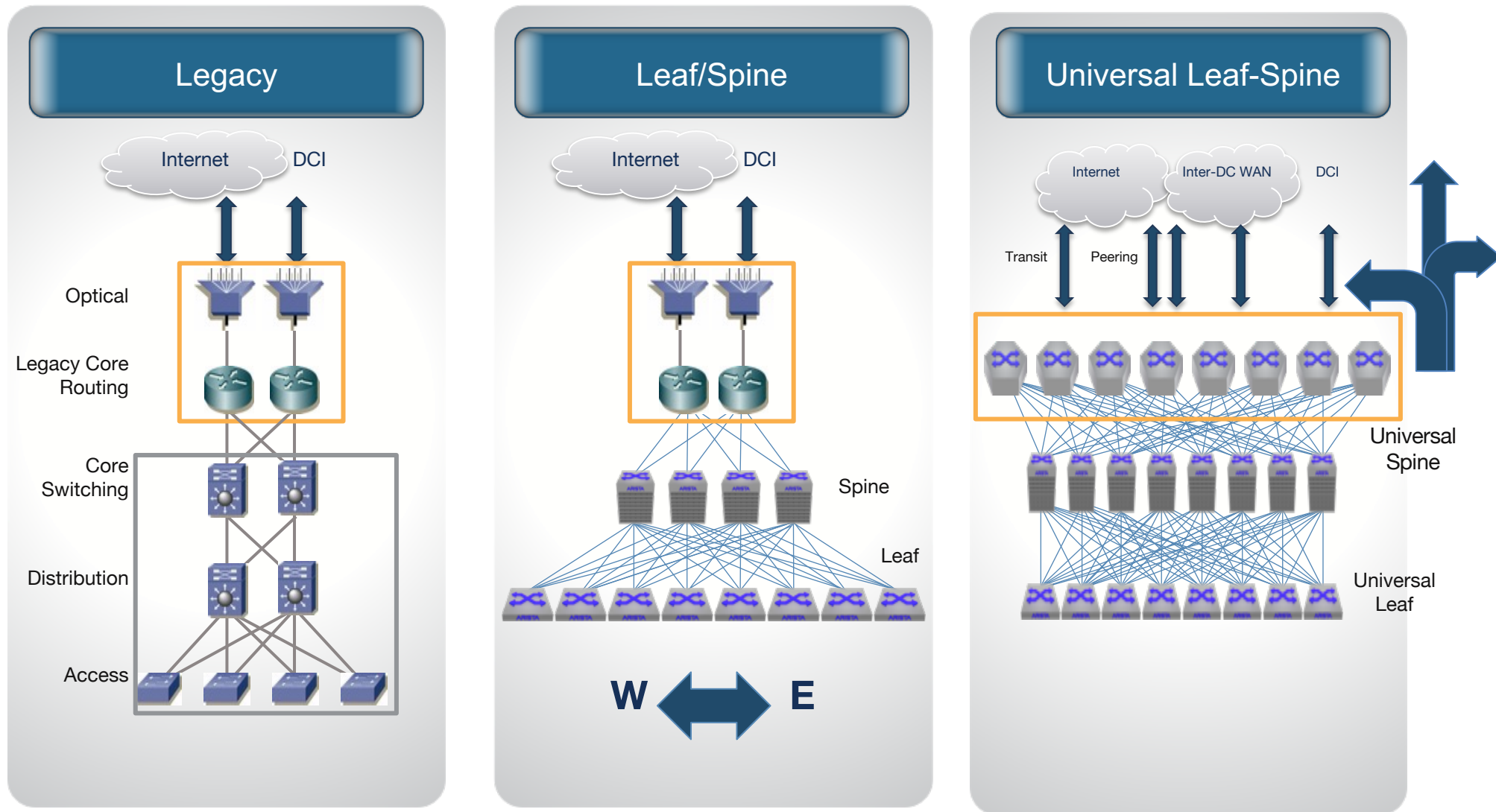


# Cloud-Class Market Leadership Platform Portfolio



Single Image Arista EOS Across All Platforms

# Evolution of the Universal Cloud Network Architecture



Routing is Integrated into the Universal Spine and Leaf



# Proven Architectural Flexibility

Open, Programmable, Modular, Scalable

Automation,  
Telemetry,  
Diagnostics



CloudVision - One Tool for  
Automation, Control,  
Telemetry and Diagnostics



One Image, Flexible  
Packaging Option

Arista EOS

Abstraction Layer

Hardware  
System Design

Merchant Silicon  
7 Architectures

Trident	Tomahawk
Tofino	Jericho/Qumran
Fulcrum	Xpliant Helix

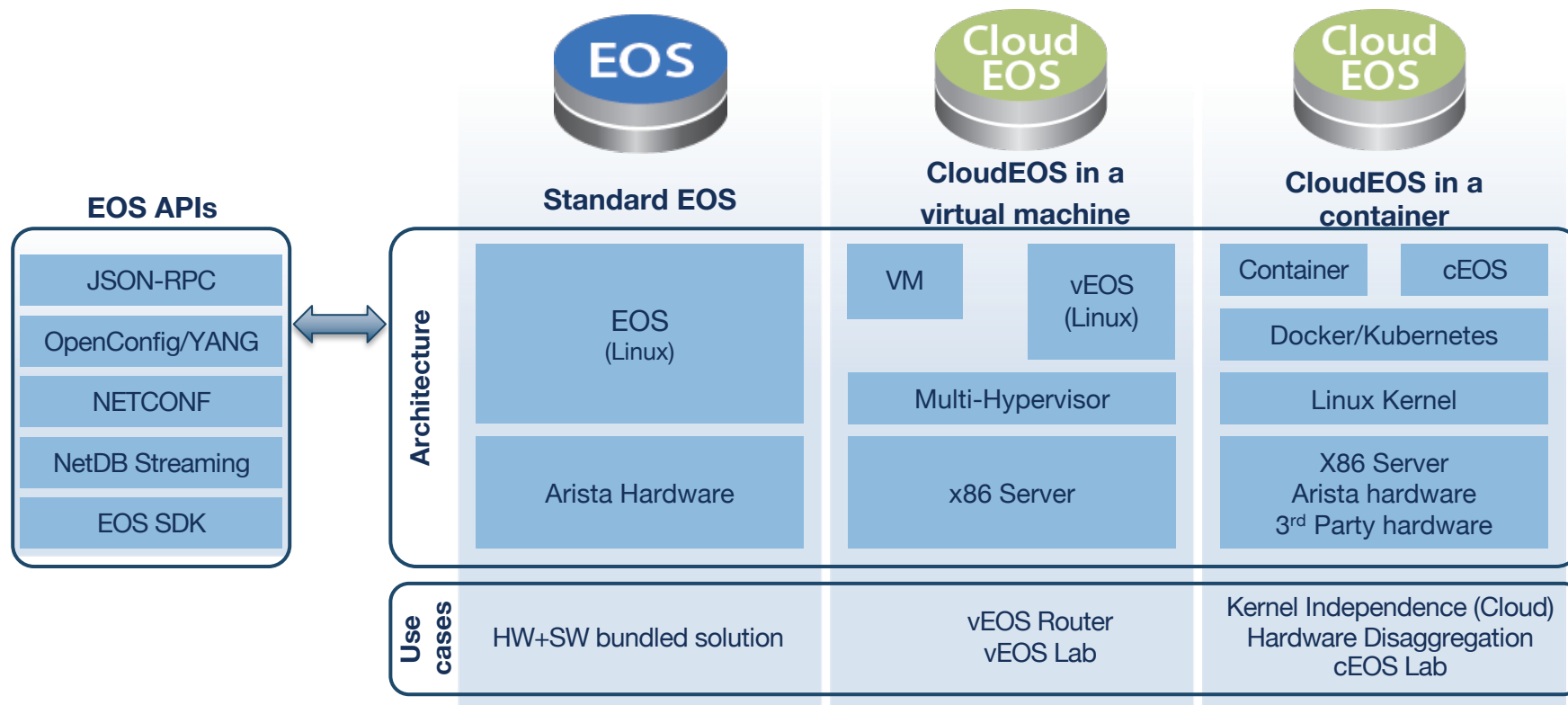


10G, 25G, 40G, 50G, 100G, 200G, 400G

Leading Performance in  
Cooling, Energy Efficiency,  
Serviceability, Scale and  
Breadth of Optics

Leading Performance  
Best of Breed  
Merchant Silicon

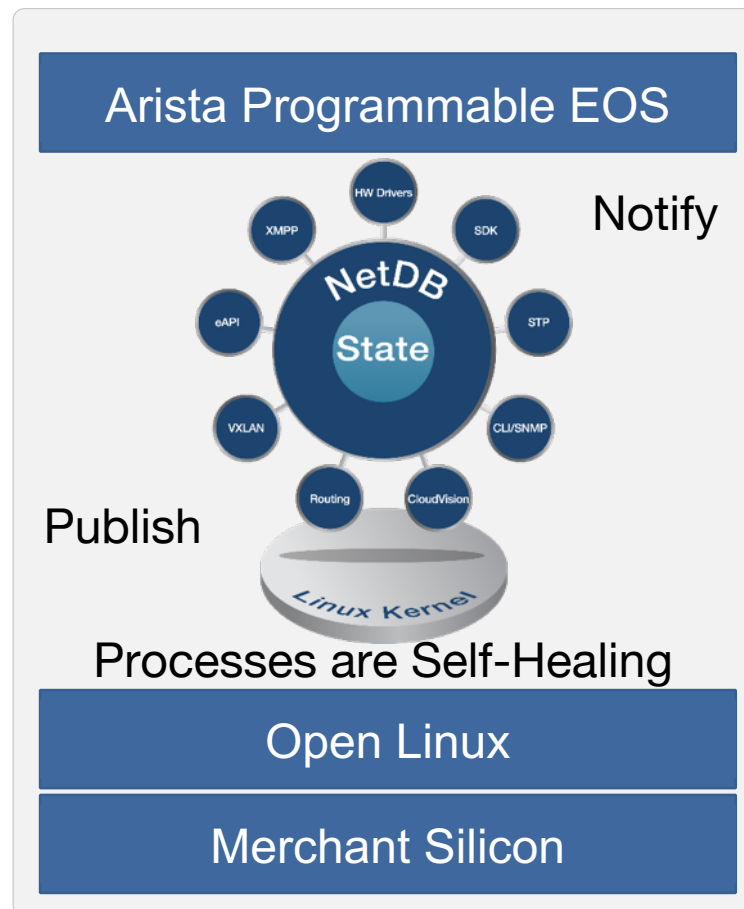
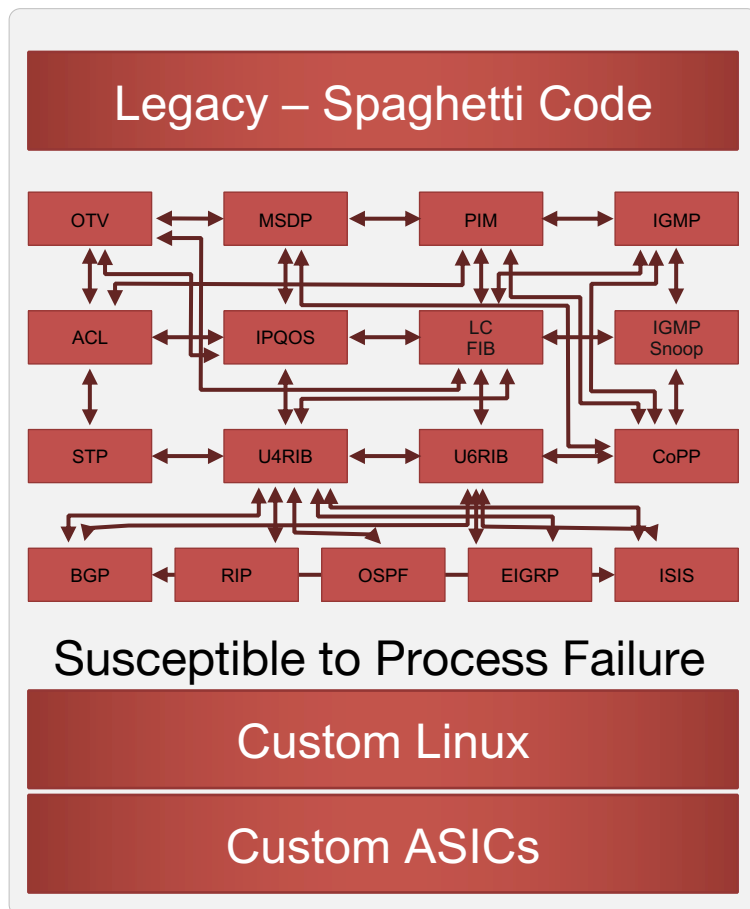
# Arista's EOS offers an Open Programmable Environment with Flexible Packaging Options



EOS was built from the ground up using open Linux, a modern stateful architecture, and quality as the top priority.

# Arista's Cloud Scale Software Architecture

- Differentiated Advantages
  - Stateful Orientation
  - Modern, Open, and Scalable Architecture
  - Software Quality



Resilient

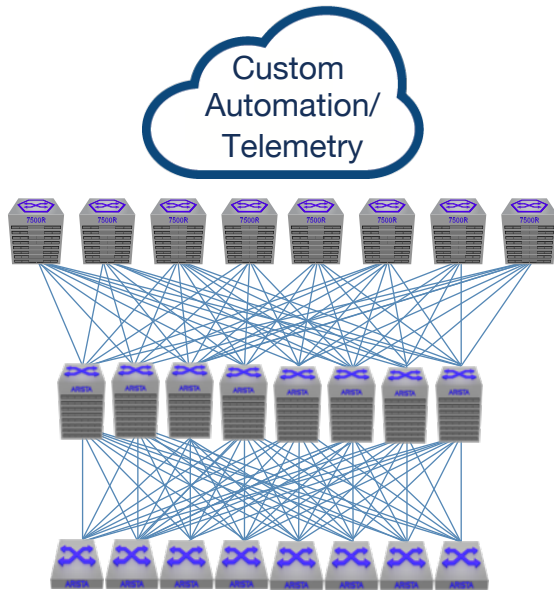
Programmable

Scalable



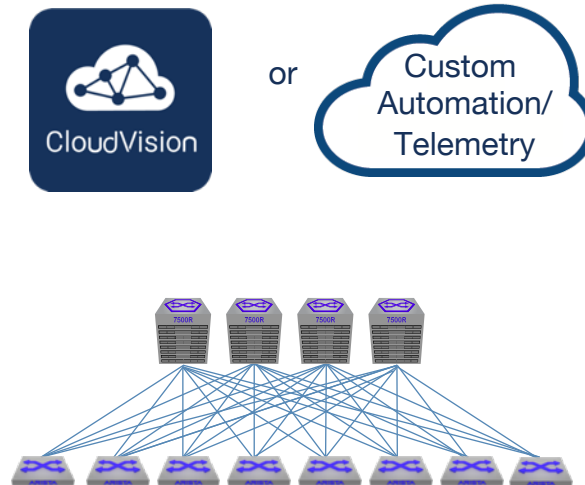
# One Architecture – One EOS – Scales Up and Down

## Cloud Titans



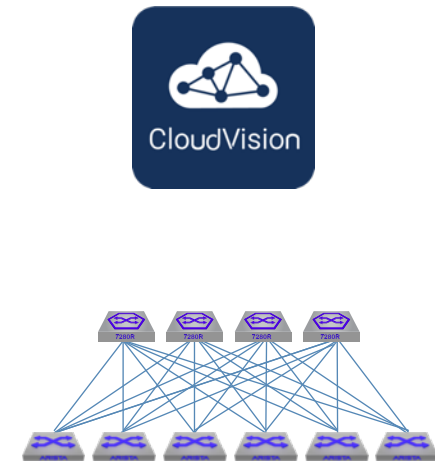
Scale and  
Control Driven

## SP & Tier 2 Cloud



Best of Breed  
Driven

## Enterprise



Turnkey  
Driven

# CloudVision: Multi-Function NetOps Platform

Also available as “CloudVision As-A-Service”

## Automated Deployments

Zero Touch Provisioning,  
Hierarchical Config, Extensibility



## Real-time Telemetry

Granular state streaming for time-series  
metrics, flows, and events



## Change Controls

Orchestrate network-wide  
upgrades, rollback and  
snapshots



## Cognitive Analytics

Correlations, trend analysis,  
predictive algorithms across wired  
and wireless state, network-wide



## Compliance / Risk

Continuously assess, report, and  
remediate deviations, vulnerabilities,  
bugs



## Security Services

Security policy enforcement,  
Policy server integration, Wireless  
IPS



Data Center, Campus Wired/WiFi, Public Cloud, TapAgg





# Thank You

[www.arista.com](http://www.arista.com)