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# CISCO REPORTS FIRST QUARTER EARNINGS

***News Summary:***

- Record revenue of $18.5 billion, up 24% year over year, record GAAP earnings per share of $1.14, up 58% year over year, and record non-GAAP earnings per share of $1.40, up 40% year over year – Cisco's strongest revenue and non-GAAP earnings per share growth rates in over 15 years
- Record non-GAAP operating margin, reflecting focused execution and operating efficiency
- Broad-based high demand for Cisco technology with double-digit growth across all geographies and customer markets
- Raised FY27 revenue and non-GAAP EPS guidance
- Raised expectation for AI infrastructure revenue from hyperscalers to $9B in FY27, more than double the total for FY26

- **Q1 FY 2027 Results:**
  - **Revenue:** $18.5 billion
    - Increase of 24% year over year
  - **Operating Margin:** GAAP: 30.2%; Non-GAAP: 37.8%
  - **Earnings per Share:** GAAP: $1.14; Non-GAAP: $1.40
    - GAAP EPS increased 58% year over year
    - Non-GAAP EPS increased 40% year over year
- **Q2 FY 2027 Guidance:**
  - **Revenue:** $18.0 billion to $18.2 billion
  - **Earnings per Share:** GAAP: $1.07 to $1.09; Non-GAAP: $1.34 to $1.36
- **FY 2027 Guidance:**
  - **Revenue:** $74.8 billion to $75.8 billion
  - **Earnings per Share:** GAAP: $4.38 to $4.44; Non-GAAP: $5.47 to $5.53

SAN JOSE, Calif. -- November 12, 2026 -- Cisco (NASDAQ: CSCO) today reported first quarter results for the period ended October 24, 2026. Cisco reported first quarter revenue of $18.5 billion, net income on a generally accepted accounting principles (GAAP) basis of $4.6 billion or $1.14 per share, and non-GAAP net income of $5.6 billion or $1.40 per share.

"In Q1, we delivered the strongest revenue and non-GAAP earnings per share growth rates for Cisco in over 15 years," said Chuck Robbins, chair and CEO of Cisco. "Organizations are turning to Cisco for our trusted, market-defining technology and our expertise to help them scale, secure and optimize their environments for the agentic AI era. We are in the very early stages of a multi-year networking supercycle, and we're confident in our ability to continue capturing the multi-billion-dollar opportunity it represents for Cisco."

"Q1 FY27 was another record quarter for Cisco, with revenue, non-GAAP operating margin, and non-GAAP EPS all exceeding the high end of our guidance ranges. The strength of our Q1 performance gives us confidence to raise our revenue and non-GAAP EPS guidance for FY27," said Mark Patterson, CFO of Cisco. "As our business continues to scale, we are unlocking significant operating leverage which is enabling us to grow earnings much faster than revenue. Looking ahead, we remain focused on delivering durable growth and driving continued capital returns."

**GAAP Results**

| | Q1 FY 2027 | Q1 FY 2026 | vs. Q1 FY 2026 |
|---|---|---|---|
| Revenue | $ 18.5 billion | $ 14.9 billion | 24% |
| Net Income | $ 4.6 billion | $ 2.9 billion | 59% |
| Diluted Earnings per Share (EPS) | $ 1.14 | $ 0.72 | 58% |

**Non-GAAP Results**

| | Q1 FY 2027 | Q1 FY 2026 | vs. Q1 FY 2026 |
|---|---|---|---|
| Net Income | $ 5.6 billion | $ 4.0 billion | 39% |
| EPS | $ 1.40 | $ 1.00 | 40% |

Reconciliations between net income, EPS, and other measures on a GAAP and non-GAAP basis are provided in the tables located in the section entitled “Reconciliations of GAAP to non-GAAP Measures.”

**Cisco Declares Quarterly Dividend**

Cisco has declared a quarterly dividend of $0.42 per common share to be paid on January 20, 2027, to all stockholders of record as of the close of business on January 4, 2027. Future dividends will be subject to Board approval.

**Financial Summary**

*All comparative percentages are on a year-over-year basis unless otherwise noted.*

**Q1 FY 2027 Highlights**

***Revenue --*** Total revenue was $18.5 billion, up 24%, with product revenue up 32% and services revenue up 1%.

Revenue by geographic segment was: Americas up 28%, EMEA up 18%, and APJC up 21%. Product revenue performance reflected growth in Networking up 43%, Security up 7%, Collaboration up 8%, and Observability up 2%.

***Gross Margin --*** On a GAAP basis, total gross margin, product gross margin, and services gross margin were 63.7%, 61.8%, and 70.9%, respectively, as compared with 65.5%, 64.5%, and 68.4%, respectively, in the first quarter of fiscal 2026.

Total gross margins by geographic segment were: 64.1% for the Americas, 68.9% for EMEA and 66.5% for APJC.

On a non-GAAP basis, total gross margin, product gross margin, and services gross margin were 65.6%, 63.7%, and 72.9%, respectively, as compared with 68.1%, 67.2%, and 70.7%, respectively, in the first quarter of fiscal 2026.

***Operating Expenses --*** On a GAAP basis, operating expenses were $6.2 billion, down 3% year over year, and were 33.4% of revenue. Non-GAAP operating expenses were $5.1 billion, up 2%, and were 27.8% of revenue.

***Operating Income --*** GAAP operating income was $5.6 billion, up 66%, with GAAP operating margin of 30.2%. Non-GAAP operating income was $7.0 billion, up 37%, with non-GAAP operating margin at 37.8%.

***Provision for Income Taxes --*** The GAAP tax provision rate was 17.2%. The non-GAAP tax provision rate was 18.5%.

***Net Income and EPS --*** On a GAAP basis, net income was $4.6 billion, an increase of 59%, and EPS was $1.14, an increase of 58%. On a non-GAAP basis, net income was $5.6 billion, an increase of 39%, and EPS was $1.40, an increase of 40%.

***Cash Flow from Operating Activities --*** $4.4 billion for the first quarter of fiscal 2027, an increase of 36% compared with $3.2 billion for the first quarter of fiscal 2026.

**Balance Sheet and Other Financial Highlights**

***Cash and Cash Equivalents and Investments --*** $15.8 billion at the end of the first quarter of fiscal 2027, compared with $15.9 billion at the end of fiscal 2026.

***Remaining Performance Obligations (RPO) --*** $46.2 billion, up 8% in total. Product RPO was up 7% and services RPO was up 9%.

***Deferred Revenue --*** $30.1 billion, up 7% in total, with deferred product revenue up 6% and deferred services revenue up 9%.

***Capital Allocation --*** In the first quarter of fiscal 2027, we returned $3.7 billion to stockholders through share buybacks and dividends. We declared and paid a cash dividend of $0.42 per common share, or $1.7 billion, and repurchased approximately 18 million shares of common stock under our stock repurchase program at an average price of $112.38 per share for an aggregate purchase price of $2.0 billion. The remaining authorized amount for stock repurchases under the program is $6.1 billion with no termination date.

**Acquisitions**

In the first quarter of fiscal 2027, we closed the acquisition of WideField Security Inc., a privately held security company.

## Guidance

Cisco expects to achieve the following results for the second quarter of fiscal 2027:

**Q2 FY 2027**

| | |
|---|---|
| Revenue | $18.0 billion - $18.2 billion |
| Non-GAAP gross margin | 65% - 66% |
| Non-GAAP operating margin | 36% - 37% |
| Non-GAAP EPS | $1.34 - $1.36 |

Cisco estimates that GAAP EPS will be $1.07 to $1.09 for the second quarter of fiscal 2027.

Cisco expects to achieve the following results for fiscal 2027:

**FY 2027**

| | |
|---|---|
| Revenue | $74.8 billion - $75.8 billion |
| Non-GAAP EPS | $5.47 - $5.53 |

Cisco estimates that GAAP EPS will be $4.38 to $4.44 for fiscal 2027.

Our Q2 FY 2027 guidance assumes an effective tax provision rate of approximately 14.5% for GAAP and approximately 18.5% for non-GAAP results. Our FY 2027 guidance assumes an effective tax provision rate of approximately 16% for GAAP and approximately 18.5% for non-GAAP results.

A reconciliation between the guidance on a GAAP and non-GAAP basis is provided in the tables entitled “GAAP to non-GAAP Guidance” located in the section entitled “Reconciliations of GAAP to non-GAAP Measures.”

**Editor's Notes:**

- Q1 fiscal year 2027 conference call to discuss Cisco’s results along with its guidance will be held on Thursday, November 12, 2026 at 1:30 p.m. Pacific Time. Conference call number is 1-888-848-6507 (United States) or 1-212-519-0847 (international).
- Conference call replay will be available from 4:00 p.m. Pacific Time, November 12, 2026 to 11:59 p.m. Pacific Time, November 18, 2026 at 1-800-839-2232 (United States) or 1-203-369-3662 (international). The replay will also be available via webcast on the Cisco Investor Relations website at https://investor.cisco.com.
- Additional information regarding Cisco’s financials, as well as a webcast of the conference call with visuals designed to guide participants through the call, will be available at 1:30 p.m. Pacific Time, November 12, 2026. The conference call will also be livestreamed on YouTube at https://www.youtube.com/live/MT97SiJhRPE, LinkedIn at https://www.linkedin.com/events/7521627114891243520/ & X at https://x.com/i/broadcasts/2lgklRKVJgKEdp. Text of the conference call’s prepared remarks will be available within 24 hours of completion of the call. The webcast and livestreaming will include both the prepared remarks and the question-and-answer session. This information, along with the GAAP to non-GAAP reconciliation information, will be available on the Cisco Investor Relations website at https://investor.cisco.com.

**CISCO SYSTEMS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In millions, except per-share amounts)**
**(Unaudited)**

| | Three Months Ended | |
|---|---|---|
| | October 24, 2026 | October 25, 2025 |
| **REVENUE:** | | |
| Product | $ 14,667 | $ 11,077 |
| Services | 3,850 | 3,806 |
| Total revenue | 18,517 | 14,883 |
| **COST OF SALES:** | | |
| Product | 5,610 | 3,934 |
| Services | 1,119 | 1,204 |
| Total cost of sales | 6,729 | 5,138 |
| **GROSS MARGIN** | 11,788 | 9,745 |
| **OPERATING EXPENSES:** | | |
| Research and development | 2,423 | 2,400 |
| Sales and marketing | 2,831 | 2,871 |
| General and administrative | 717 | 733 |
| Amortization of purchased intangible assets | 191 | 231 |
| Restructuring and other charges | 28 | 147 |
| Total operating expenses | 6,190 | 6,382 |
| **OPERATING INCOME** | 5,598 | 3,363 |
| Interest income | 234 | 222 |
| Interest expense | (368) | (350) |
| Other income (loss), net | 31 | 156 |
| Interest and other income (loss), net | (103) | 28 |
| **INCOME BEFORE PROVISION FOR INCOME TAXES** | 5,495 | 3,391 |
| Provision for income taxes | 943 | 531 |
| **NET INCOME** | $ 4,552 | $ 2,860 |
| | | |
| Net income per share: | | |
| Basic | $ 1.15 | $ 0.72 |
| Diluted | $ 1.14 | $ 0.72 |
| Shares used in per-share calculation: | | |
| Basic | 3,948 | 3,956 |
| Diluted | 3,978 | 3,993 |

**CISCO SYSTEMS, INC.**
**REVENUE BY SEGMENT**
**(In millions, except percentages)**

| | Three Months Ended October 24, 2026 | |
|---|---|---|
| | Amount | Y/Y % |
| Revenue: | | |
| Americas | $ 11,506 | 28% |
| EMEA | 4,456 | 18% |
| APJC | 2,556 | 21% |
| Total | $ 18,517 | 24% |

Amounts may not sum and percentages may not recalculate due to rounding.

**CISCO SYSTEMS, INC.**
**GROSS MARGIN PERCENTAGE BY SEGMENT**
**(In percentages)**

| | Three Months Ended October 24, 2026 |
|---|---|
| Gross Margin Percentage: | |
| Americas | 64.1% |
| EMEA | 68.9% |
| APJC | 66.5% |

**CISCO SYSTEMS, INC.**
**REVENUE FOR GROUPS OF SIMILAR PRODUCTS AND SERVICES**
**(In millions, except percentages)**

| | Three Months Ended October 24, 2026 | |
|---|---|---|
| | Amount | Y/Y % |
| Revenue: | | |
| Networking | $ 11,132 | 43% |
| Security | 2,120 | 7% |
| Collaboration | 1,136 | 8% |
| Observability | 279 | 2% |
| Total Product | 14,667 | 32% |
| Services | 3,850 | 1% |
| Total | $ 18,517 | 24% |

Amounts may not sum and percentages may not recalculate due to rounding.

**CISCO SYSTEMS, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In millions)**
**(Unaudited)**

| | October 24, 2026 | July 25, 2026 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 7,778 | $ 7,218 |
| Investments | 8,067 | 8,700 |
| Accounts receivable, net of allowance of $71 at October 24, 2026 and $78 at July 25, 2026 | 5,928 | 7,470 |
| Inventories | 6,384 | 5,694 |
| Financing receivables, net | 3,623 | 3,392 |
| Other current assets | 6,141 | 6,191 |
| Total current assets | 37,921 | 38,665 |
| Property and equipment, net | 3,091 | 2,760 |
| Financing receivables, net | 5,118 | 4,940 |
| Goodwill | 59,541 | 59,477 |
| Purchased intangible assets, net | 7,182 | 7,557 |
| Deferred tax assets | 7,152 | 7,109 |
| Other assets | 9,453 | 9,129 |
| **TOTAL ASSETS** | $ 129,458 | $ 129,637 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Short-term debt | $ 10,425 | $ 10,161 |
| Accounts payable | 3,295 | 3,366 |
| Accrued compensation | 3,277 | 4,057 |
| Deferred revenue | 16,854 | 16,988 |
| Other current liabilities | 5,611 | 6,953 |
| Total current liabilities | 39,462 | 41,525 |
| Long-term debt | 19,374 | 19,372 |
| Income taxes payable | 2,480 | 2,339 |
| Deferred revenue | 13,204 | 12,793 |
| Other long-term liabilities | 3,331 | 3,323 |
| Total liabilities | 77,851 | 79,352 |
| Total equity | 51,607 | 50,285 |
| **TOTAL LIABILITIES AND EQUITY** | $ 129,458 | $ 129,637 |

**CISCO SYSTEMS, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In millions)**
**(Unaudited)**

| | Three Months Ended | |
|---|---|---|
| | October 24, 2026 | October 25, 2025 |
| Cash flows from operating activities: | | |
| Net income | $ 4,552 | $ 2,860 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization, and other | 548 | 606 |
| Share-based compensation expense | 911 | 1,055 |
| Provision (benefit) for receivables | 4 | (3) |
| Deferred income taxes | (38) | 25 |
| (Gains) losses on investments and other, net | (64) | (178) |
| Change in operating assets and liabilities, net of effects of acquisitions: | | |
| Accounts receivable | 1,570 | 1,857 |
| Inventories | (686) | (234) |
| Financing receivables | (420) | (312) |
| Other assets | (246) | (592) |
| Accounts payable | (71) | (108) |
| Income taxes, net | 356 | (128) |
| Accrued compensation | (778) | (539) |
| Deferred revenue | 217 | (723) |
| Other liabilities | (1,498) | (374) |
| Net cash provided by operating activities | 4,357 | 3,212 |
| Cash flows from investing activities: | | |
| Purchases of investments | (2,463) | (1,984) |
| Proceeds from sales of investments | 224 | 1,269 |
| Proceeds from maturities of investments | 2,879 | 1,222 |
| Acquisitions, net of cash and cash equivalents acquired | (113) | (7) |
| Purchases of non-marketable equity securities | (117) | (18) |
| Return of investments in non-marketable equity securities | 142 | 19 |
| Acquisition of property and equipment | (502) | (323) |
| Other | (79) | (22) |
| Net cash provided by (used in) investing activities | (29) | 156 |
| Cash flows from financing activities: | | |
| Repurchases of common stock - repurchase program | (1,997) | (1,992) |
| Shares repurchased for tax withholdings on vesting of restricted stock units | (414) | (284) |
| Short-term borrowings, original maturities of 90 days or less, net | 1,107 | 1,260 |
| Issuances of debt | 5,186 | 1,559 |
| Repayments of debt | (6,013) | (2,788) |
| Dividends paid | (1,654) | (1,617) |
| Other | (1) | (1) |
| Net cash used in financing activities | (3,786) | (3,863) |
| Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents | 18 | (14) |
| Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents | 560 | (509) |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period | 7,227 | 8,910 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period | $ 7,787 | $ 8,401 |
| Supplemental cash flow information: | | |
| Cash paid for interest | $ 600 | $ 616 |
| Cash paid for income taxes, net | $ 624 | $ 634 |

**CISCO SYSTEMS, INC.**
**REMAINING PERFORMANCE OBLIGATIONS**
**(In millions, except percentages)**

| | October 24, 2026 | | July 25, 2026 | | October 25, 2025 | |
|---|---|---|---|---|---|---|
| | Amount | Y/Y% | Amount | Y/Y% | Amount | Y/Y% |
| Product | $ 23,396 | 7 % | $ 23,436 | 9 % | $ 21,904 | 10 % |
| Services | 22,773 | 9 % | 23,298 | 6 % | 20,969 | 4 % |
| Total | $ 46,169 | 8 % | $ 46,734 | 7 % | $ 42,873 | 7 % |

**CISCO SYSTEMS, INC.**
**DEFERRED REVENUE**
**(In millions)**

| | October 24, 2026 | July 25, 2026 | October 25, 2025 |
|---|---|---|---|
| Deferred revenue: | | | |
| Product | $ 14,012 | $ 13,817 | $ 13,252 |
| Services | 16,046 | 15,964 | 14,717 |
| Total | $ 30,058 | $ 29,781 | $ 27,969 |
| Reported as: | | | |
| Current | $ 16,854 | $ 16,988 | $ 15,801 |
| Noncurrent | 13,204 | 12,793 | 12,168 |
| Total | $ 30,058 | $ 29,781 | $ 27,969 |

**CISCO SYSTEMS, INC.**
**DIVIDENDS PAID AND REPURCHASES OF COMMON STOCK**
**(In millions, except per-share amounts)**

| | DIVIDENDS | | STOCK REPURCHASE PROGRAM | | | TOTAL |
|---|---|---|---|---|---|---|
| Quarter Ended | Per Share | Amount | Shares | Weighted-Average Price per Share | Amount | Amount |
| Fiscal 2027 | | | | | | |
| October 24, 2026 | $ 0.42 | $ 1,654 | 18 | $ 112.38 | $ 2,002 | $ 3,656 |
| | | | | | | |
| Fiscal 2026 | | | | | | |
| July 25, 2026 | $ 0.42 | $ 1,659 | 13 | $ 111.53 | $ 1,502 | $ 3,161 |
| April 25, 2026 | $ 0.42 | $ 1,660 | 16 | $ 80.28 | $ 1,252 | $ 2,912 |
| January 24, 2026 | $ 0.41 | $ 1,617 | 18 | $ 76.29 | $ 1,351 | $ 2,968 |
| October 25, 2025 | $ 0.41 | $ 1,617 | 29 | $ 68.28 | $ 2,001 | $ 3,618 |

**CISCO SYSTEMS, INC.**
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**

**GAAP TO NON-GAAP NET INCOME**
**(In millions)**

| | Three Months Ended | |
|---|---|---|
| | October 24, 2026 | October 25, 2025 |
| GAAP net income | $ 4,552 | $ 2,860 |
| Adjustments to cost of sales: | | |
| Share-based compensation expense | 134 | 150 |
| Amortization of acquisition-related intangible assets | 222 | 233 |
| Acquisition/divestiture-related costs | 3 | 8 |
| Total adjustments to GAAP cost of sales | 359 | 391 |
| Adjustments to operating expenses: | | |
| Share-based compensation expense | 775 | 884 |
| Amortization of acquisition-related intangible assets | 191 | 231 |
| Acquisition/divestiture-related costs | 56 | 103 |
| Significant asset impairments and restructurings | 28 | 147 |
| Total adjustments to GAAP operating expenses | 1,050 | 1,365 |
| Adjustments to interest and other income (loss), net: | | |
| (Gains) and losses on investments | (73) | (195) |
| Total adjustments to GAAP interest and other income (loss), net | (73) | (195) |
| Total adjustments to GAAP income before provision for income taxes | 1,336 | 1,561 |
| Income tax effect of non-GAAP adjustments | (394) | (337) |
| Significant tax matters | 73 | (73) |
| Total adjustments to GAAP provision for income taxes | (321) | (410) |
| Non-GAAP net income | $ 5,567 | $ 4,011 |

**CISCO SYSTEMS, INC.**
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**

**GAAP TO NON-GAAP EPS**

| | Three Months Ended | |
|---|---|---|
| | October 24, 2026 | October 25, 2025 |
| GAAP EPS | $ 1.14 | $ 0.72 |
| Adjustments to GAAP: | | |
| Share-based compensation expense | 0.23 | 0.26 |
| Amortization of acquisition-related intangible assets | 0.10 | 0.12 |
| Acquisition/divestiture-related costs | 0.01 | 0.03 |
| Significant asset impairments and restructurings | 0.01 | 0.04 |
| (Gains) and losses on investments | (0.02) | (0.05) |
| Income tax effect of non-GAAP adjustments | (0.10) | (0.08) |
| Significant tax matters | 0.02 | (0.02) |
| Non-GAAP EPS | $ 1.40 | $ 1.00 |

Amounts may not sum due to rounding.

**CISCO SYSTEMS, INC.**
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**

**GROSS MARGINS, OPERATING EXPENSES, OPERATING MARGINS, INTEREST AND OTHER INCOME (LOSS), NET, AND NET INCOME**
**(In millions, except percentages)**

| | Three Months Ended October 24, 2026 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Product Gross Margin | Services Gross Margin | Total Gross Margin | Operating Expenses | Y/Y | Operating Income | Y/Y | Interest and other income (loss), net | Net Income | Y/Y |
| GAAP amount | $9,057 | $2,731 | $11,788 | $ 6,190 | (3)% | $ 5,598 | 66% | $ (103) | $4,552 | 59% |
| *% of revenue* | *61.8 %* | *70.9 %* | *63.7 %* | *33.4 %* | | *30.2 %* | | *(0.6)%* | *24.6 %* | |
| Adjustments to GAAP amounts: | | | | | | | | | | |
| Share-based compensation expense | 59 | 75 | 134 | 775 | | 909 | | — | 909 | |
| Amortization of acquisition-related intangible assets | 222 | — | 222 | 191 | | 413 | | — | 413 | |
| Acquisition/divestiture-related costs | 1 | 2 | 3 | 56 | | 59 | | — | 59 | |
| Significant asset impairments and restructurings | — | — | — | 28 | | 28 | | — | 28 | |
| (Gains) and losses on investments | — | — | — | — | | — | | (73) | (73) | |
| Income tax effect/significant tax matters | — | — | — | — | | — | | — | (321) | |
| Non-GAAP amount | $9,339 | $2,808 | $12,147 | $ 5,140 | 2% | $ 7,007 | 37% | $ (176) | $5,567 | 39% |
| *% of revenue* | *63.7 %* | *72.9 %* | *65.6 %* | *27.8 %* | | *37.8 %* | | *(1.0)%* | *30.1 %* | |

| | Three Months Ended October 25, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Product Gross Margin | Services Gross Margin | Total Gross Margin | Operating Expenses | Operating Income | Interest and other income (loss), net | Net Income |
| GAAP amount | $ 7,143 | $ 2,602 | $ 9,745 | $ 6,382 | $ 3,363 | $ 28 | $ 2,860 |
| *% of revenue* | *64.5 %* | *68.4 %* | *65.5 %* | *42.9 %* | *22.6 %* | *0.2 %* | *19.2 %* |
| Adjustments to GAAP amounts: | | | | | | | |
| Share-based compensation expense | 68 | 82 | 150 | 884 | 1,034 | — | 1,034 |
| Amortization of acquisition-related intangible assets | 233 | — | 233 | 231 | 464 | — | 464 |
| Acquisition/divestiture-related costs | 2 | 6 | 8 | 103 | 111 | — | 111 |
| Significant asset impairments and restructurings | — | — | — | 147 | 147 | — | 147 |
| (Gains) and losses on investments | — | — | — | — | — | (195) | (195) |
| Income tax effect/significant tax matters | — | — | — | — | — | — | (410) |
| Non-GAAP amount | $ 7,446 | $ 2,690 | $ 10,136 | $ 5,017 | $ 5,119 | $ (167) | $ 4,011 |
| *% of revenue* | *67.2 %* | *70.7 %* | *68.1 %* | *33.7 %* | *34.4 %* | *(1.1)%* | *27.0 %* |

Amounts may not sum and percentages may not recalculate due to rounding.

**CISCO SYSTEMS, INC.**
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**

**EFFECTIVE TAX RATE**
**(In percentages)**

| | Three Months Ended | |
|---|---|---|
| | October 24, 2026 | October 25, 2025 |
| GAAP effective tax rate | 17.2 % | 15.7 % |
| Total adjustments to GAAP provision for income taxes | 1.3 % | 3.3 % |
| Non-GAAP effective tax rate | 18.5 % | 19.0 % |

**GAAP TO NON-GAAP GUIDANCE**

| Q2 FY 2027 | Gross Margin | Operating Margin | Earnings per Share [1] |
|---|---|---|---|
| GAAP | 63% - 64% | 27% - 28% | $1.07 - $1.09 |
| Estimated adjustments for: | | | |
| Share-based compensation expense | 1.0% | 5.0% | $0.14 |
| Amortization of acquisition-related intangible assets and acquisition/divestiture-related costs | 1.0% | 2.5% | $0.08 |
| Significant asset impairments and restructurings [2] | — | 1.5% | $0.05 |
| Non-GAAP | 65% - 66% | 36% - 37% | $1.34 - $1.36 |

| FY 2027 | Earnings per Share [1] |
|---|---|
| GAAP | $4.38 - $4.44 |
| Estimated adjustments for: | |
| Share-based compensation expense | $0.63 |
| Amortization of acquisition-related intangible assets and acquisition/divestiture-related costs | $0.34 |
| Significant asset impairments and restructurings [2] | $0.11 |
| (Gains) and losses on investments | ($0.01) |
| Significant tax matters | $0.02 |
| Non-GAAP | $5.47 - $5.53 |

[1] Estimated adjustments to GAAP earnings per share are shown after income tax effects.

[2] Reflects charges related to a restructuring plan announced on May 13, 2026. We expect this plan to be substantially completed by the end of fiscal 2027.

Except as noted above, this guidance does not include the effects of any future acquisitions/divestitures, significant asset impairments and restructurings, significant litigation settlements and other contingencies, gains and losses on investments, significant tax matters, or other items, which may or may not be significant.

**Forward Looking Statements, Non-GAAP Information and Additional Information**

This release may be deemed to contain forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, statements regarding future events (such as our expertise helping organizations scale, secure and optimize their environments for the agentic AI era, the raised expectation of AI infrastructure revenue from hyperscalers, the opportunity as a multi-year networking supercycle gets underway, the broad-based high demand for Cisco technology, and our continued focus on delivering durable growth and driving continued capital returns) and the future financial performance of Cisco (including the guidance for Q2 FY 2027 and full year FY 2027) that involve risks and uncertainties. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including: business and economic conditions and growth trends in the networking industry, our customer markets and various geographic regions; global economic conditions and uncertainties in the geopolitical environment, including tariffs or other trade barriers or disruptions; our development and use of artificial intelligence; overall information technology spending; spending levels of cloud and hyperscaler customers and the timing and scale of AI infrastructure deployments; variations in customer demand for products and services, including sales to the service provider market, cloud, enterprise and other customer markets; large and concentrated purchases of AI infrastructure solutions by cloud and hyperscaler customers; the return on our investments in certain key priority areas, and in certain geographical locations, as well as maintaining leadership in Networking and services; the timing of orders and manufacturing and customer lead times; supply constraints; changes in customer order patterns or customer mix; insufficient, excess or obsolete inventory; losses on purchase commitments or other charges; variability of component costs; variations in sales channels, product costs or mix of products sold; our ability to successfully acquire businesses and technologies and to successfully integrate and operate these acquired businesses and technologies; our ability to achieve expected benefits of our partnerships; increased competition in our product and services markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; demand for, costs of delivering, and performance of our software subscription and cloud-based offerings; rapid technological and market change; manufacturing and sourcing risks; product defects and returns; litigation involving patents, other intellectual property, antitrust, stockholder and other matters, and governmental investigations; our ability to achieve the benefits of restructurings and possible changes in the size and timing of related charges; cyber attacks, data breaches or other incidents; vulnerabilities and critical security defects; our ability to protect personal data; evolving regulatory uncertainty or obligations applicable to our products or services; terrorism; natural catastrophic events (including as a result of global climate change); any pandemic or epidemic; our ability to achieve the benefits anticipated from our investments in sales, engineering, service, marketing and manufacturing activities; our ability to recruit and retain key personnel; our ability to manage financial risk, and to manage expenses during economic downturns; risks related to the global nature of our operations, including our operations in emerging markets; currency fluctuations and other international factors; changes in provision for income taxes, including changes in tax laws and regulations or adverse outcomes resulting from examinations of our income tax returns; potential volatility in results of operations; and other factors listed in Cisco's most recent report on Form 10-K filed on September 2, 2026. The financial information contained in this release should be read in conjunction with the consolidated financial statements and notes thereto included in Cisco's most recent report on Form 10-K as it may be amended from time to time. Cisco's results of operations for the three months ended October 24, 2026 are not necessarily indicative of Cisco's results of operations for any future periods. Any projections in this release are based on limited information currently available to Cisco, which is subject to change. Although any such projections and the factors influencing them will likely change, Cisco will not necessarily update the information, since Cisco will only provide guidance at certain points during the year. Such information speaks only as of the date of this release.

This release includes non-GAAP net income, non-GAAP gross margins, non-GAAP operating expenses, non-GAAP operating income and margin, non-GAAP effective tax rates, non-GAAP interest and other income (loss), net, and non-GAAP net income per share data for the periods presented. It also includes future estimated ranges for gross margin, operating margin, tax provision rate and EPS on a non-GAAP basis.

These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with generally accepted accounting principles (GAAP) and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Cisco believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Cisco's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Cisco's results of operations in conjunction with the corresponding GAAP measures.

Cisco believes that the presentation of non-GAAP measures when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and its historical and projected results of operations.

For its internal budgeting process, Cisco's management uses financial statements that do not include, when applicable, share-based compensation expense, amortization of acquisition-related intangible assets, acquisition/divestiture-related costs, significant asset impairments and restructurings, significant litigation settlements and other contingencies, gains and losses on investments, the income tax effects of the foregoing and significant tax matters. Cisco's management also uses the foregoing non-GAAP measures, in addition to the corresponding GAAP measures, in reviewing the financial results of Cisco. In prior periods, Cisco has excluded other items that it no longer excludes for purposes of its non-GAAP financial measures. From time to time in the future there may be other items that Cisco may exclude for purposes of its internal budgeting process and in reviewing its financial results. For additional information on the items excluded by Cisco from one or more of its non-GAAP financial measures, refer to the Form 8-K regarding this release furnished today to the Securities and Exchange Commission.

**About Cisco**

Cisco (NASDAQ: CSCO) is the worldwide technology leader that is revolutionizing the way organizations connect and protect in the AI era. For more than 40 years, Cisco has securely connected the world. With its industry leading AI-powered solutions and services, Cisco enables its customers, partners and communities to unlock innovation, enhance productivity and strengthen digital resilience. With purpose at its core, Cisco remains committed to creating a more connected and inclusive future for all. Discover more on The Newsroom and follow us on X at @Cisco.

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