Q3 Fiscal Year 2024
Conference Call

May 15, 2024

Forward-Looking Statements

This presentation contains projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections and statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Please see Cisco's filings with the SEC, including its most recent filings on Forms 10-K and 10-Q, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or other forward-looking statements.

GAAP Reconciliation

During this presentation references to financial measures of Cisco will include references to non-GAAP financial measures. Cisco provides a reconciliation between GAAP and non-GAAP financial information on the Cisco Investor Relations website https://investor.cisco.com/financial-information/financial-results/default.aspx

Business Momentum & Key Trends

Q3 FY 2024 Summary

- **Solid Q3 performance, in line with or better than our expectations, and strong operating leverage**
  - $12.7B in revenue, Non-GAAP EPS of $0.88
  - $12.3B in revenue, Non-GAAP EPS of $0.89, excluding Splunk
- **Non-GAAP gross margin of 68.3% and Non-GAAP product gross margin of 66.9%**, up 310 bps and 240 bps y/y, respectively, reflecting continued operating discipline
- **Transformed business model** with 54% of total revenue from subscriptions
  - Total ARR at $29.2B, up 22% y/y; up 5% y/y, excluding Splunk
  - Product ARR at $15.5B, up 44% y/y; up 9% y/y, excluding Splunk
- **Accelerated innovation** to enhance customers' digital resilience
  - Closed the acquisition of Splunk, significantly expanding our portfolio of software-based solutions
  - Announced Cisco Hypershield, for highly distributed security built into the network fabric
  - Continued AI infrastructure momentum, with line of sight to $1B of AI product orders in FY25
- **Returned $2.9B to shareholders**, maintaining our commitment to returning capital

Financial Overview

Q3 FY 2024 Revenue and Total Gross Margin

$M (except percentages)

	Revenue			Total Gross Margin %		
	Q3 FY'23	Q2 FY'24	Q3 FY'24	Q3 FY'23	Q2 FY'24	Q3 FY'24
Americas	$8,634	$7,510	$7,372	64.2%	65.7%	67.9%
EMEA	3,806	3,484	3,458	66.6%	68.1%	69.6%
APJC	2,131	1,798	1,873	66.4%	68.2%	67.4%
Geographic Total	**$14,571**	**$12,791**	**$12,702**	**65.2%**	**66.7%**	**68.3%**

We closed the acquisition of Splunk Inc. ("Splunk") in the third quarter of fiscal 2024 on March 18, 2024. Splunk contributed $413M in total revenue in the third quarter of fiscal 2024.

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

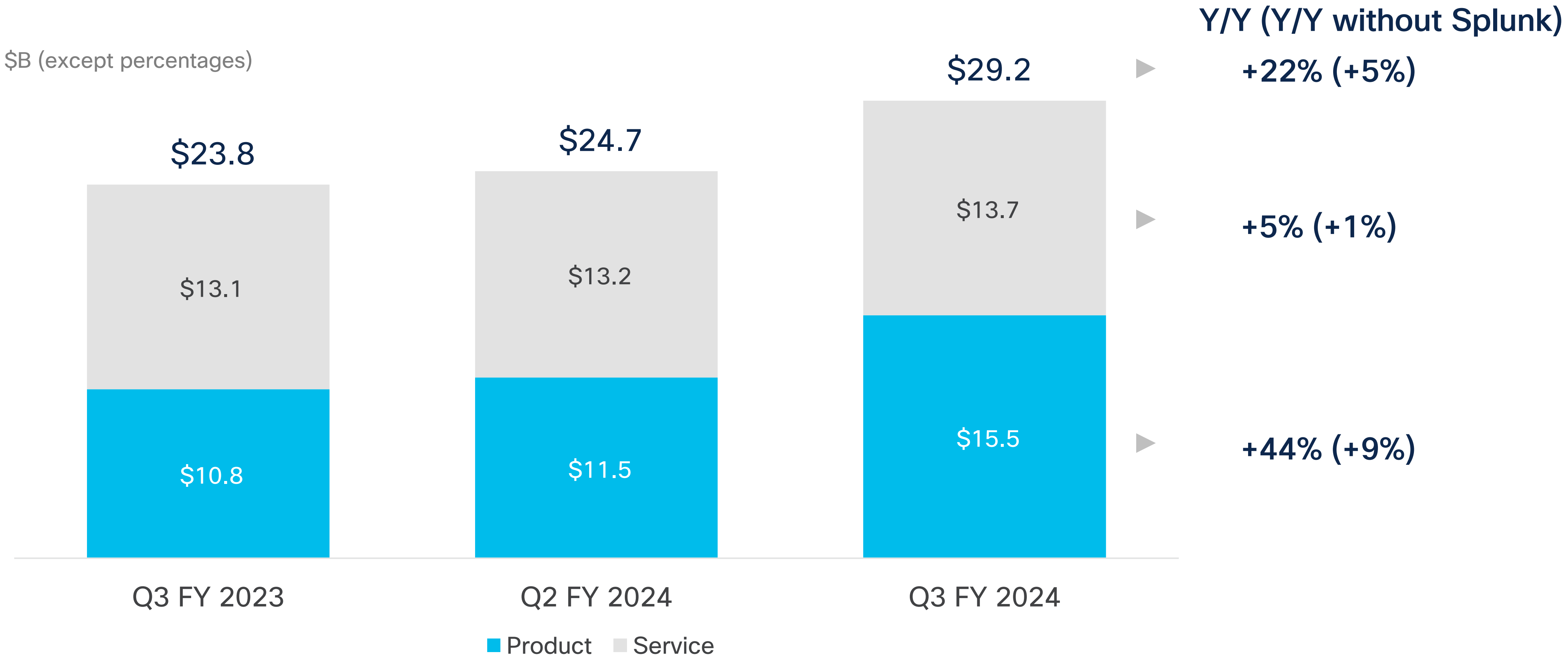
Q3 FY 2024 Revenue Highlights

Category	$M	Y/Y	$M without Splunk	Y/Y without Splunk
Networking	$6,522	(27%)	$6,522	(27%)
Security	1,304	36%	987	3%
Collaboration	987	0%	987	0%
Observability	211	27%	189	14%
Service	3,678	6%	3,603	4%
Total Cisco	**$12,702**	**(13%)**	**$12,289**	**(16%)**

Security includes Splunk Platform and Splunk Security offerings. Splunk Platform within Security also includes use cases associated with Observability.

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

Q3 FY 2024 Annualized Recurring Revenue (ARR)



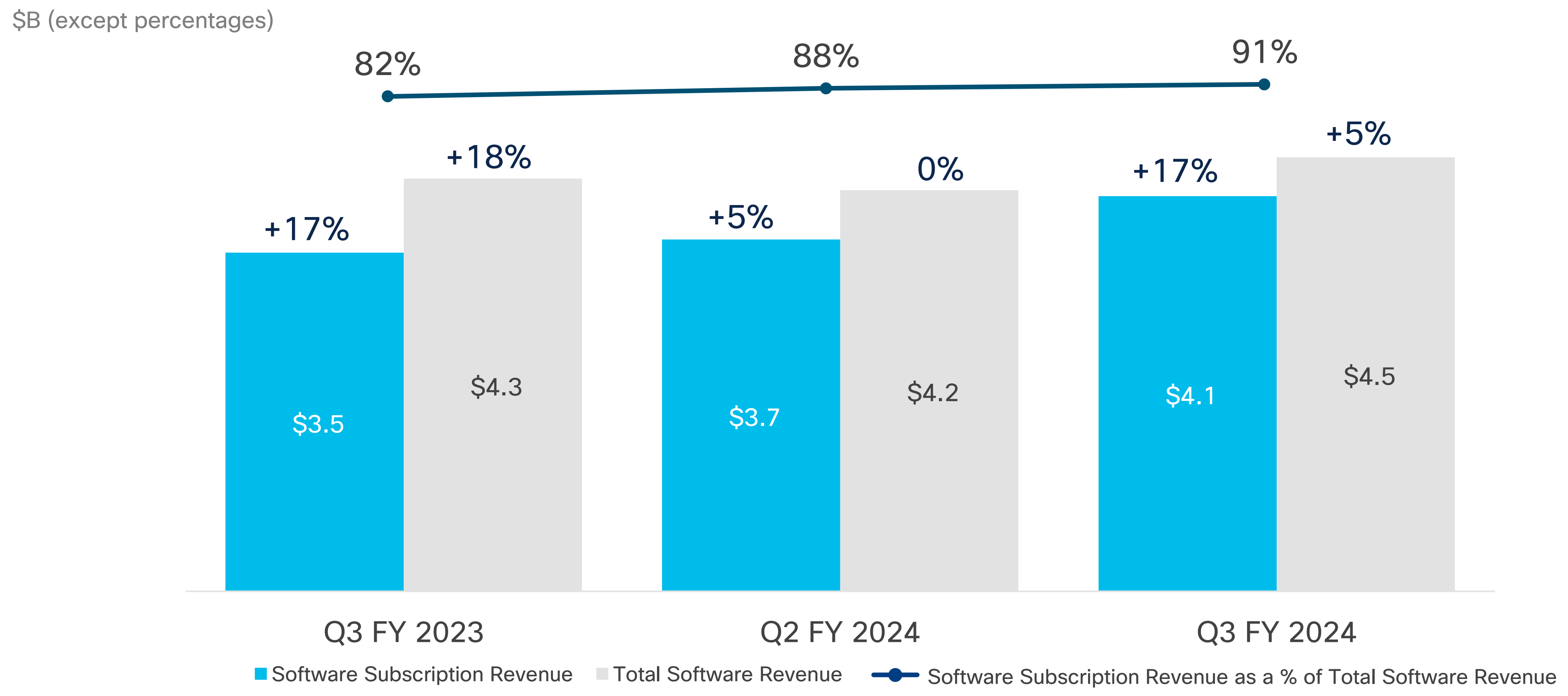
The definition of Splunk ARR has been conformed to the Cisco definition and eliminates intercompany transactions.

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

Annualized Recurring Revenue ("ARR") represents the annualized revenue run-rate of active subscriptions, term licenses, operating leases and maintenance contracts at the end of a reporting period, net of rebates to customers and partners as well as certain other revenue adjustments. Includes both revenue recognized ratably as well as upfront on an annualized basis.

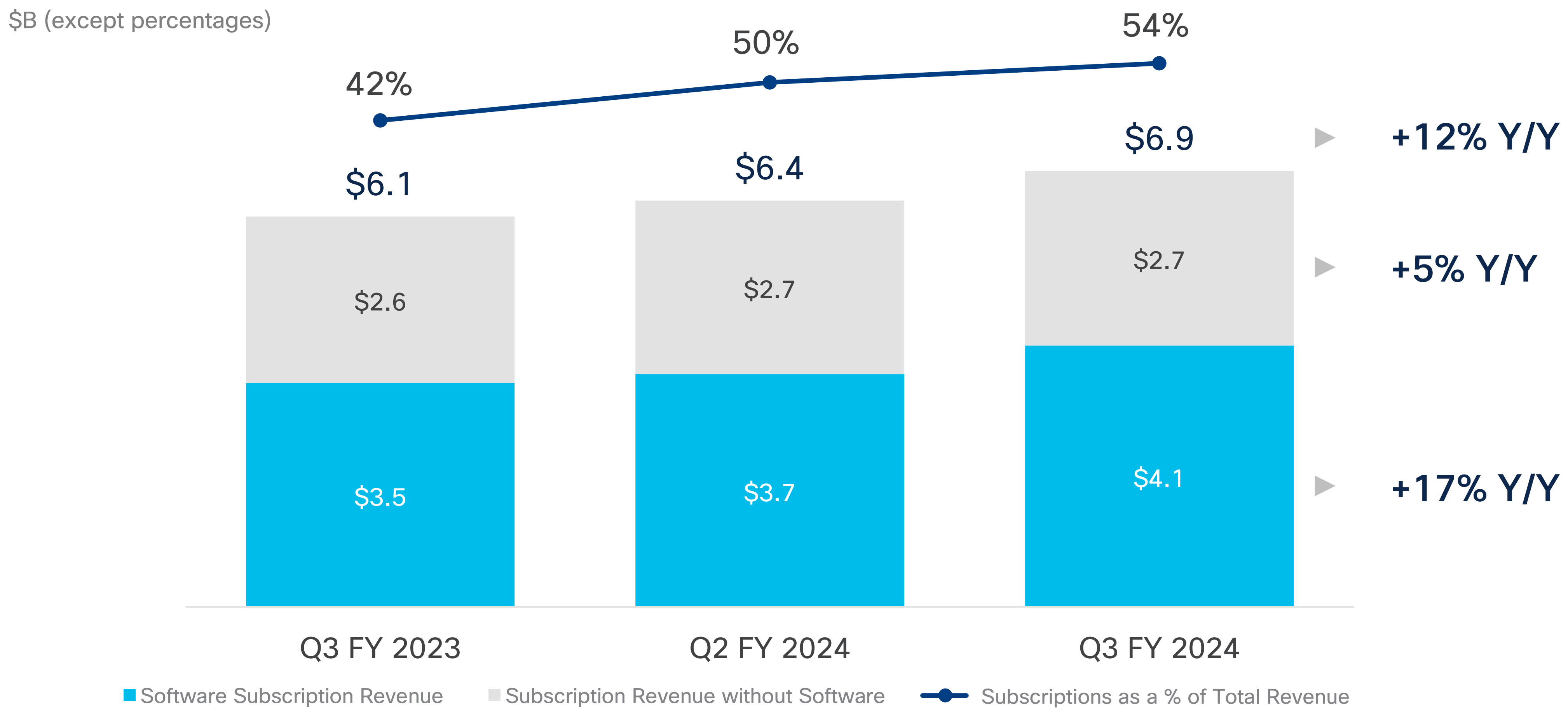
ARR should be viewed independently of revenue, deferred revenue and remaining performance obligation as ARR is a management operational performance metric and is not intended as a substitute for any of these items.

Q3 FY 2024 Software Revenue



Not including the contribution of Splunk, software subscription revenue grew 6% and total software revenue declined 4% in the third quarter of fiscal 2024.

Q3 FY 2024 Subscriptions as a % of Total Revenue

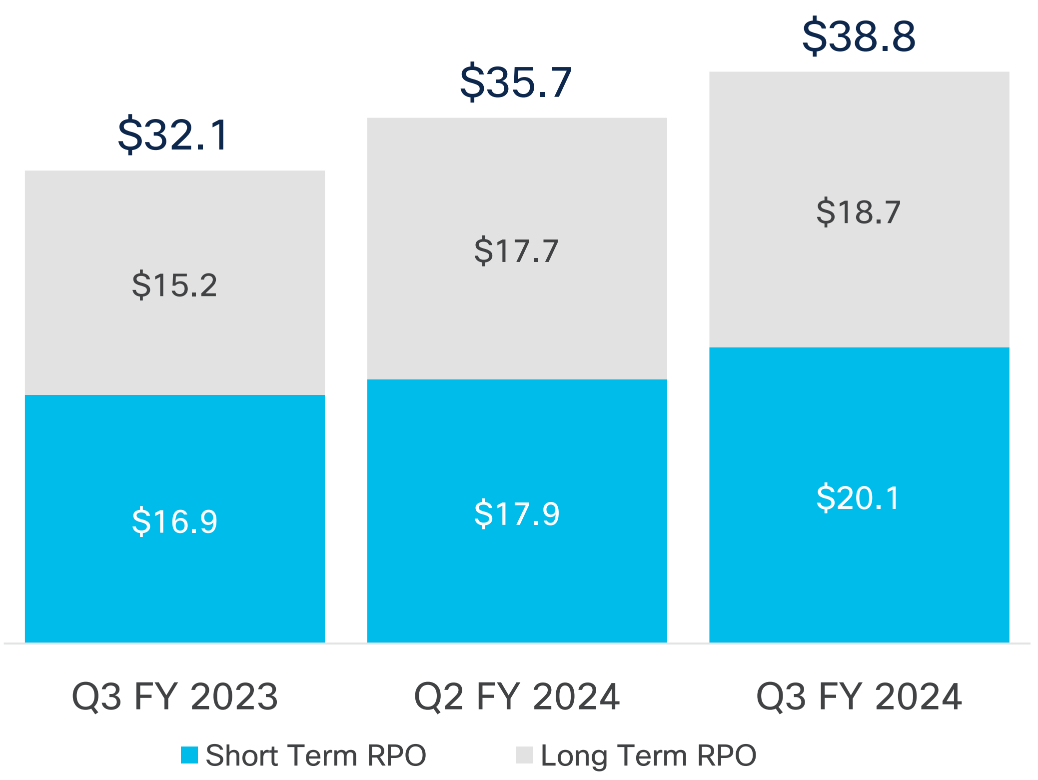


Amounts may not sum and percentages may not recalculate due to rounding.

Subscriptions are comprised of term software licenses, security software licenses, SaaS, service arrangements and operating leases.

Q3 FY 2024 Remaining Performance Obligations

$B (except percentages)



Y/Y (Y/Y without Splunk)

+21% (+10%)

+23% (+15%)

+19% (+6%)

Product RPO **up 29%** Y/Y, **up 10%** Y/Y without Splunk

Service RPO **up 14%** Y/Y, **up 11%** Y/Y without Splunk

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

Q3 FY 2024 Income Statement Impact from Splunk

$M (except percentages & earnings per share)	Q3 FY'24	Q3 FY'24 without Splunk
Product Orders Year/Year Growth	4%	0%
Revenue	$12,702	$12,289
Product	$9,024	$8,686
Service	$3,678	$3,603
Earnings per Share (diluted)		
Non-GAAP	$0.88	$0.89

Q3 FY 2024 results include the impact of Splunk subsequent to the close of acquisition on March 18, 2024.

Earnings per Share (diluted) include financing costs.

Q3 FY 2024 Software & Recurring Metrics

$B (except percentages)	Q3 FY’24	Q3 FY’24 without Splunk
Total Subscription Revenue	$6.9	$6.5
Year/Year Change	*12%*	*5%*
Subscriptions as % of Total Revenue	54%	53%
Total ARR	$29.2	$25.0
Year/Year Change	*22%*	*5%*
Product ARR	$15.5	$11.8
Year/Year Change	*44%*	*9%*
Software Revenue	$4.5	$4.1
Year/Year Change	*5%*	*(4%)*
Software Subscription Revenue	$4.1	$3.7
Year/Year Change	*17%*	*6%*
% of Total Software Revenue	91%	90%
Remaining Performance Obligations	$38.8	$35.3
Year/Year Change	*21%*	*10%*
Short Term RPO	$20.1	$17.8
Long Term RPO	$18.7	$17.5

The definition of Splunk ARR has been conformed to the Cisco definition and eliminates intercompany transactions.

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

Q3 FY 2024 Product Orders

	Y/Y	Y/Y without Splunk
Total Product Orders	4%	0%
Geographic Segment		
Americas	6%	2%
EMEA	4%	0%
APJC	(1%)	(4%)
Customer Market		
Enterprise	2%	(3%)
Public Sector	6%	2%
Service Provider & Cloud	10%	9%

Total product orders include Splunk product orders subsequent to the close of acquisition on March 18, 2024.

Q3 FY 2024 GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q3 FY 2023	Q2 FY 2024	Q3 FY 2024
Revenue [1]	$14,571	$12,791	$12,702
Year/Year Change	*14%*	*(6%)*	*(13%)*
Product	$11,092	$9,232	$9,024
Service	$3,479	$3,559	$3,678
Gross Margin	63.4%	64.2%	65.1%
Product Gross Margin	62.7%	62.7%	63.5%
Service Gross Margin	65.4%	68.2%	69.2%
Operating Expenses	$5,286	$5,121	$6,082
OPEX (% of revenue)	36.3%	40.0%	47.9%
Operating Income (% of Revenue)	27.1%	24.2%	17.2%
Net Income	$3,212	$2,634	$1,886
Year/Year Change	*6%*	*(5%)*	*(41%)*
Earnings per Share (diluted) [1]	$0.78	$0.65	$0.46
Year/Year Change	*7%*	*(3%)*	*(41%)*

(1) Splunk contributed $413M in total revenue and had a negative impact of $0.09 to diluted GAAP EPS for the third quarter of fiscal 2024.

Q3 FY 2024 Non-GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q3 FY 2023	Q2 FY 2024	Q3 FY 2024
Revenue	$14,571	$12,791	$12,702
Year/Year Change	*14%*	*(6%)*	*(13%)*
Product	$11,092	$9,232	$9,024
Service	$3,479	$3,559	$3,678
Gross Margin	65.2%	66.7%	68.3%
Product Gross Margin	64.5%	65.2%	66.9%
Service Gross Margin	67.3%	70.5%	71.6%
Operating Expenses	$4,554	$4,317	$4,324
OPEX (% of revenue)	31.3%	33.8%	34.0%
Operating Income (% of Revenue)	33.9%	33.0%	34.2%
Net Income	$4,111	$3,538	$3,553
Year/Year Change	*13%*	*(3%)*	*(14%)*
Earnings per Share (diluted) (1)	$1.00	$0.87	$0.88
Year/Year Change	*15%*	*(1%)*	*(12%)*

(1) Splunk had a negative impact of $0.01 to diluted non-GAAP EPS for the third quarter of fiscal 2024. The financing costs of the Splunk acquisition slightly more than offset the positive operating impact of Splunk.

Q3 FY 2024 Key Financial Measures

$M	Q3 FY 2023	Q2 FY 2024	Q3 FY 2024
Cash, Cash Equivalents and Investments	$23,288	$25,671	$18,770
Operating Cash Flow	$5,219	$808	$3,971
Accounts Receivable	$5,104	$4,884	$5,127
Inventory	$3,474	$3,209	$3,118
Total Debt	$8,394	$11,605	$31,993
Deferred Revenue:	$24,260	$25,771	$27,475
Product Deferred Revenue	$10,895	$11,640	$12,856
Service Deferred Revenue	$13,365	$14,131	$14,619

Splunk contributed $1.8B in total deferred revenue as of third quarter of fiscal 2024.

Q3 FY 2024 Capital Allocation

Total Capital Allocation	
Share Repurchases ($M)	$1,256
Dividends Paid ($M)	1,615
Total ($M)	$2,871
Quarterly Dividend per Share	$0.40

Share Repurchases	
Amount Purchased ($M)	$1,256
Number of Shares (M)	26
Avg. Price per Share	$49.22

Approximately $7.2B remaining authorized funds in repurchase program as of the end of Q3 FY 2024.

Forward-Looking Statements

These presentation slides and the related conference call 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 ability to bring together networking, security, observability, and data to enable us to offer digital resilience to our customers, the stabilization of demand for our products, and the addition of Splunk to our product line as a catalyst for future growth) and the future financial performance of Cisco 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; our development and use of artificial intelligence; overall information technology spending; the growth and evolution of the Internet and levels of capital spending on Internet-based systems; variations in customer demand for products and services, including sales to the service provider market and other customer markets; the return on our investments in certain priorities, key growth 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; 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 service markets, including the data center market; dependence on the introduction and market acceptance of new product offerings and standards; 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; 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 operating results; and other factors listed in Cisco’s most recent reports on Forms 10-Q and 10-K filed on February 20, 2024 and September 7, 2023, respectively. The financial information contained in these presentation slides and the related conference call should be read in conjunction with the consolidated financial statements and notes thereto included in Cisco’s most recent reports on Forms 10-Q and 10-K as each may be amended from time to time. Cisco’s results of operations for the three and nine months ended April 27, 2024 are not necessarily indicative of Cisco’s operating results for any future periods. Any projections in these presentation slides and the related conference call 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 these presentation slides and the related conference call.

The bridge to possible