Q3 Fiscal Year 2025
Conference Call

May 14, 2025

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 2025 Summary

- **Strong demand for our technologies, demonstrating the valuable outcomes we are delivering for customers**
  - Product orders up 20% y/y; up 9% y/y excluding Splunk, with growth across all geographies and customer markets
  - Booked largest ever deal for Splunk in a competitive take-out, demonstrating the power of our combined sales force
- **Outstanding momentum and leadership in AI**
  - >$600M in AI infrastructure orders taken from webscale customers, bringing YTD total to well over $1B, surpassing our FY25 target a full quarter early
  - Expanded partnership with NVIDIA to create a cross-portfolio unified architecture, prioritizing customers' needs for simplified, full-stack solutions
  - New investments for AI infrastructure buildouts in the Middle East, and partnerships to scale AI innovation across public and private sectors
- **Accelerating innovation pipeline: tightly integrating our products to deliver differentiated solutions for customers**
  - Continued momentum for Hypershield, with most customers bundling it with our N9300 Smart Switch, embedding security into the fabric of the network
  - Agentic AI advancements for Cisco XDR and Splunk, simplifying threat detection and response
- **Revenue and Non-GAAP EPS results above the high end of our guidance**
  - $14.1B in revenue; Non-GAAP EPS of $0.96
- **Strong profitability driven by productivity improvements and Splunk**
  - On a non-GAAP basis, gross margin was 68.6%, product gross margin was 67.6%, and operating margin was 34.5%
- **Significant growth in software and recurring metrics with 56% of total revenue from subscriptions**
  - Total software revenue up 25% y/y to $5.6B, Total ARR up 5% y/y to $30.6B, Total RPO up 7% y/y to $41.7B
- **Returned $3.1B to shareholders, bringing YTD total to $9.6B, demonstrating our commitment to capital returns**

New Strategic AI Initiatives

Cisco and HUMAIN

Cisco will join a groundbreaking initiative with HUMAIN, Saudi Arabia's new AI enterprise, as the founding networking and security partner to help build the world's most open, scalable, and cost-efficient AI infrastructure.

This landmark collaboration will set a new standard for how AI infrastructure is designed, secured and delivered – combining Cisco's global expertise with the Kingdom's bold AI ambitions.

The multi-year initiative is the cornerstone to a wider set of investments in research, talent and innovation to accelerate the country's AI future.

AI Infrastructure Partnership (AIP)

The AIP which is a partnership of BlackRock, Global Infrastructure Partners (GIP) – a part of BlackRock, MGX, Microsoft, NVIDIA, xAI and others, will initially seek to unlock $30 billion in capital from investors, asset owners, and corporations.

Cisco's addition as a technology partner to AIP, further strengthens the AIP platform as it seeks to invest in secure, efficient and scalable infrastructure to support AI workloads.

Cisco and G42

Cisco will extend the strategic partnership with G42 to further advance AI innovation and infrastructure development in the UAE.

The collaboration focuses on Cisco's comprehensive secure AI portfolio and AI-native solutions and services and G42's deep regional roots, AI infrastructure expertise, and expanding global footprint including a potential joint Go-To-Market initiative.

Cisco accelerating AI adoption

AI Training Infrastructure

Continued hyperscale AI network design wins in Q3 FY25 with results demonstrating accelerated momentum in hyperscale back-end networks.

Orders: Over $600M of AI orders taken in Q3 FY25, bringing the total YTD to well over our $1B target. Q3 FY25 marks the third consecutive quarter of triple-digit order growth with webscalers, with three of the top six growing triple-digits. As expected, the product mix of these orders was more than two-thirds in systems with the remainder in optics.

Platforms: Series 8K, Silicon One, and Optics & Optical

Outlook: Continued momentum with webscale customers building AI LLM training clusters

AI Inference

Q3 FY25 saw several enterprise AI system deals, seeing adoption of our new technology platforms geared for private AI clouds.

Orders: Fifth consecutive quarter of Data Center Switching order growth in Q3 FY25, lapping double-digit compares versus prior year. YTD Q3 FY25 Data Center Switching orders are up double-digits Y/Y.

Platforms: Hyperfabric, Nexus Switching with Intersight, AI PODs, Cisco UCS, and Silicon One

Outlook: Significant opportunity expected as Cisco-NVIDIA product development progresses as enterprises complete PoCs

AI Connectivity

Q3 FY25 saw more deals with customer applications and use cases requiring network upgrades for incoming AI applications.

Orders: Networking product order growth up double-digits for third consecutive quarter in Q3 FY25, indicating customers are bolstering network resiliency ahead of incoming AI workloads.

Platforms: Switching, Routing, Wireless, and Security

Outlook: Continued momentum with customers readying their network for the deployment of AI agents and applications which in turn will increase capacity requirements

Software Platforms: Fusing AI Into our Products

AI Assistants are in production across Security and Collaboration platforms; Agentic capabilities are being rolled out across Cisco

Services: Leveraging AI to Maximize Customer Value and Boost Productivity

Multiple AI Agents being deployed across Adoption, Renewals and Customer Support, enabling our teams and creating more value for customers

Financial Overview

Q3 FY 2025 Revenue and Total Gross Margin

$M (except percentages)

	Revenue			Total Gross Margin %		
	Q3 FY'24	Q2 FY'25	Q3 FY'25	Q3 FY'24	Q2 FY'25	Q3 FY'25
Americas	$7,372	$8,202	$8,380	67.9%	67.6%	67.7%
EMEA	3,458	3,855	3,736	69.6%	71.3%	71.2%
APJC	1,873	1,934	2,034	67.4%	68.3%	67.2%
Geographic Total	**$12,702**	**$13,991**	**$14,149**	**68.3%**	**68.7%**	**68.6%**

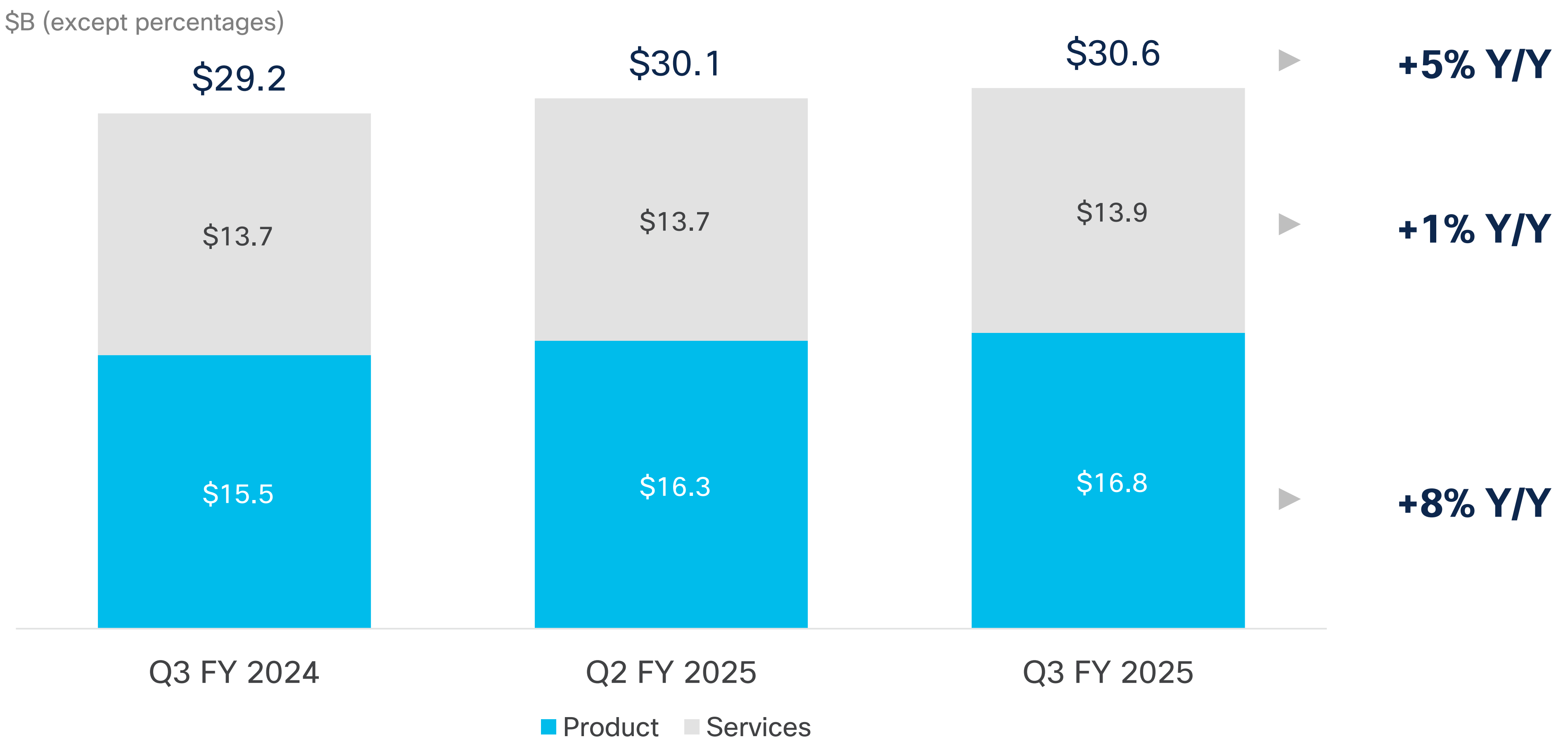
Amounts may not sum and percentages may not recalculate due to rounding.

Q3 FY 2025 Revenue Highlights

Category	$M	Y/Y
Networking	$7,068	8%
Security	2,013	54%
Collaboration	1,031	4%
Observability	261	24%
Services	3,775	3%
Total Cisco	**$14,149**	**11%**

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

Q3 FY 2025 Annualized Recurring Revenue (ARR)



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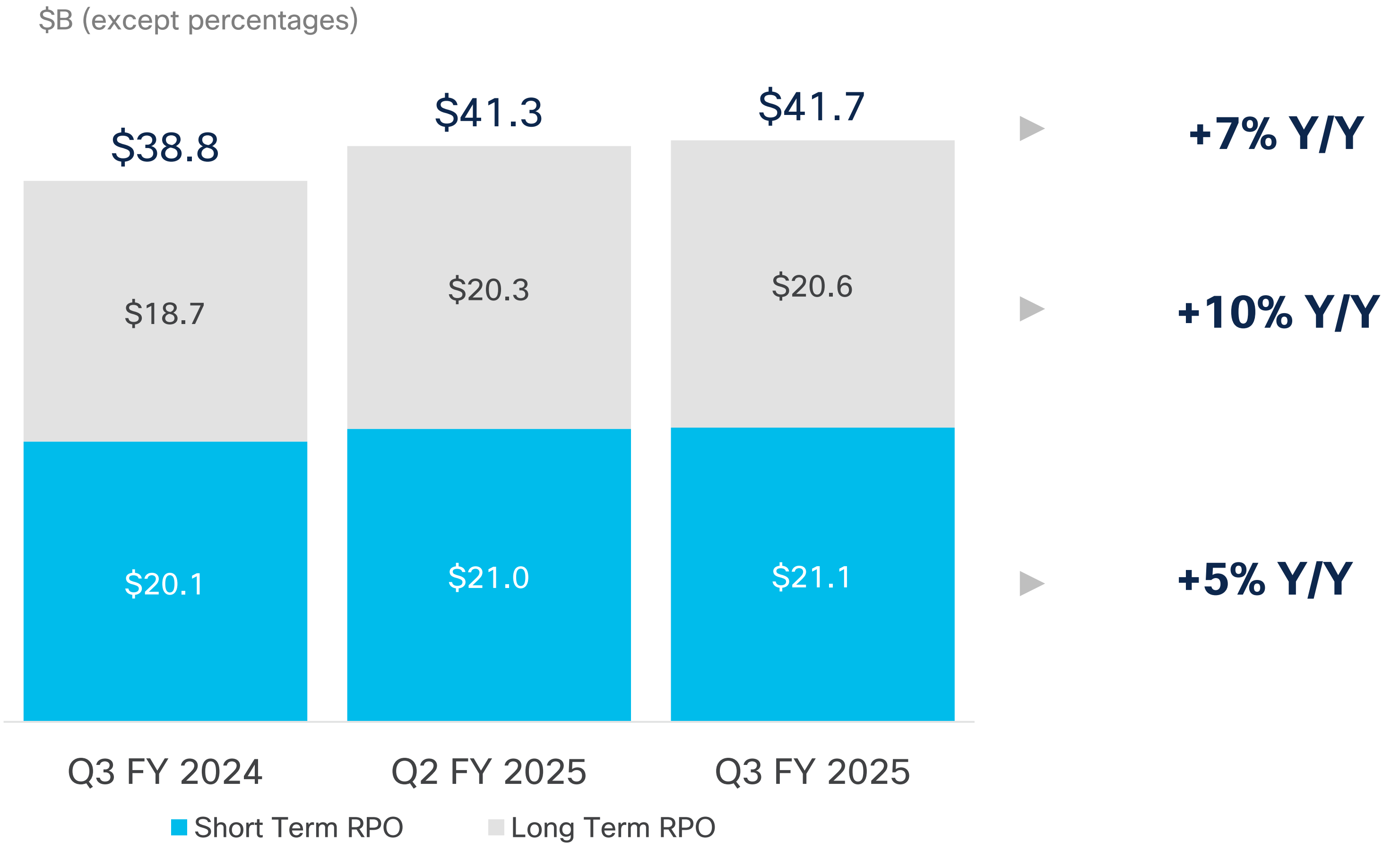
Annualized Recurring Revenue ("ARR") represents the annualized revenue run-rate of active subscriptions, term licenses, operating leases and maintenance contracts at the end of a reporting period, net of rebates to customers and partners as well as certain other revenue adjustments. Includes both revenue 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 2025 Remaining Performance Obligations



Product RPO **up 10%** Y/Y

Services RPO **up 5%** Y/Y

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

Q3 FY 2025 Product Orders

	Y/Y[1]	Y/Y without Splunk
Total Product Orders	20%	9%
Geographic Segment		
Americas	27%	12%
EMEA	4%	1%
APJC	21%	10%
Customer Market		
Enterprise	22%	6%
Public Sector	8%	3%
Service Provider & Cloud	32%	27%

[1] Q3FY24 includes 6 weeks of Splunk contribution

Q3 FY 2025 GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q3 FY 2024	Q2 FY 2025	Q3 FY 2025
Revenue	$12,702	$13,991	$14,149
Year/Year Change	*(13%)*	*9%*	*11%*
Product	$9,024	$10,234	$10,374
Services	$3,678	$3,757	$3,775
Gross Margin	65.1%	65.1%	65.6%
Product Gross Margin	63.5%	63.7%	64.4%
Services Gross Margin	69.2%	68.9%	68.7%
Operating Expenses	$6,080	$5,998	$6,076
OPEX (% of revenue)	47.9%	42.9%	42.9%
Operating Income (% of revenue)	17.2%	22.3%	22.6%
Net Income	$1,886	$2,428	$2,491
Year/Year Change	*(41%)*	*(8%)*	*32%*
Earnings per Share (diluted)	$0.46	$0.61	$0.62
Year/Year Change	*(41%)*	*(6%)*	*35%*

Q3 FY 2025 Non-GAAP Income Statement Highlights

$M (except per-share amounts and percentages)	Q3 FY 2024	Q2 FY 2025	Q3 FY 2025
Revenue	$12,702	$13,991	$14,149
Year/Year Change	*(13%)*	*9%*	*11%*
Product	$9,024	$10,234	$10,374
Services	$3,678	$3,757	$3,775
Gross Margin	68.3%	68.7%	68.6%
Product Gross Margin	66.9%	67.7%	67.6%
Services Gross Margin	71.6%	71.6%	71.3%
Operating Expenses	$4,324	$4,753	$4,823
OPEX (% of revenue)	34.0%	34.0%	34.1%
Operating Income (% of revenue)	34.2%	34.7%	34.5%
Net Income	$3,553	$3,760	$3,831
Year/Year Change	*(14%)*	*6%*	*8%*
Earnings per Share (diluted)	$0.88	$0.94	$0.96
Year/Year Change	*(12%)*	*8%*	*9%*

Q3 FY 2025 Key Financial Measures

$M	Q3 FY 2024	Q2 FY 2025	Q3 FY 2025
Cash, Cash Equivalents and Investments	$18,770	$16,853	$15,642
Operating Cash Flow	$3,971	$2,241	$4,057
Inventory	$3,118	$2,927	$2,832
Deferred Revenue:	$27,475	$27,795	$27,991
Product Deferred Revenue	$12,856	$13,033	$13,170
Services Deferred Revenue	$14,619	$14,762	$14,821
Software Revenue	$4,514	$5,543	$5,622
Subscription Revenue:	$6,854	$7,862	$7,916
Product Subscription Revenue	$3,510	$4,432	$4,483
Services Subscription Revenue	$3,344	$3,430	$3,433

Q3 FY 2025 Capital Allocation

Total Capital Allocation	
Share Repurchases ($M)	$1,504
Dividends Paid ($M)	1,627
Total ($M)	$3,131
Quarterly Dividend per Share	$0.41

Share Repurchases	
Amount Purchased ($M)	$1,504
Number of Shares (M)	25
Avg. Price per Share	$59.78

Approximately $15.4B remaining authorized funds in repurchase program as of the end of Q3 FY 2025.

Guidance

Key Q4 FY25 Guidance Assumptions

Tariffs - current tariffs and exemptions remain in place through Q4

- China at 30%, partially offset by an exemption for semiconductors and certain electronic components
- Mexico and Canada at 25% for the components and products that are not eligible for the current USMCA exemptions
- Other countries at base rate of 10% until the end of the 90 day pause on July 9th and then reverting to country specific reciprocal rates, largely offset by an exemption for semiconductors and certain electronic components
- Tariffs on steel and aluminum and retaliatory tariffs

Tax

- An effective tax provision rate of approximately 17% for GAAP and approximately 18% for non-GAAP results for Q4 FY2025

Guidance for Q4 FY 2025

Cisco expects to achieve the following results for the fourth quarter of fiscal 2025:

Q4 FY 2025	Guidance
Revenue	$14.5B – $14.7B
Non-GAAP Gross Margin	67.5% – 68.5%
Non-GAAP Operating Margin	33.5% – 34.5%
Non-GAAP EPS	$0.96 – $0.98

- Margin and EPS guidance includes the estimated impact of tariffs based on current trade policy.
- Cisco estimates that GAAP EPS will be $0.62 to $0.67 for the fourth quarter of fiscal 2025.
- Q4 FY 2025 guidance assumes an effective tax provision rate of approximately 17% for GAAP and approximately 18% for non-GAAP results.
- A reconciliation between the Guidance for Q4 FY 2025 on a GAAP and non-GAAP basis is provided in the slide entitled "GAAP to Non-GAAP Guidance for Q4 FY 2025" under the Supplemental Materials.

Guidance for FY 2025

Cisco expects to achieve the following results for fiscal 2025:

FY 2025	Guidance
Revenue	$56.5B – $56.7B
Non-GAAP EPS	$3.77 – $3.79

- Margin and EPS guidance includes the estimated impact of tariffs based on current trade policy.
- Cisco estimates that GAAP EPS will be $2.53 to $2.58 for fiscal 2025.
- FY 2025 guidance assumes an effective tax provision rate of approximately 9% for GAAP and approximately 18.5% for non-GAAP results.
- A reconciliation between the Guidance for FY 2025 on a GAAP and non-GAAP basis is provided in the slide entitled "GAAP to Non-GAAP Guidance for FY 2025" under the Supplemental Materials.

Q&A

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 pipeline of innovation, our commitment to collaborating globally, through partnerships and investments, to create a powerful and secure ecosystem for AI, and our operational discipline and its impact on generating strong cash flows) and the future financial performance of Cisco that involve risks and uncertainties, such as the actual impact of tariffs on our guidance for Q4 FY2025 and full year FY 2025. 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 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; 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 18, 2025 and September 5, 2024, 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 report on Forms 10-Q and 10-K as it may be amended from time to time. Cisco's results of operations for the three and nine months ended April 26, 2025 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.

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Supplemental Materials

GAAP to Non-GAAP Guidance for Q4 FY 2025

Q4 FY 2025	Gross margin	Operating margin	Earnings per share [1]
GAAP	64.5% - 65.5%	22% - 23%	$0.62 - $0.67
Estimated adjustments for:			
Share-based compensation expense	1.0%	6.5%	$0.18 - $0.19
Amortization of acquisition-related intangible assets and other acquisition/divestiture-related costs	2.0%	4.5%	$0.12 - $0.13
Restructuring and other charges [2]	—	0.5%	$0.01 - $0.02
Non-GAAP	67.5% - 68.5%	33.5% - 34.5%	$0.96 - $0.98

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

[2] Reflects charges related to restructuring plan announced on August 14, 2024. We expect this plan to be substantially completed by the end of the first quarter of fiscal 2026.

Margin and EPS guidance includes the estimated impact of tariffs based on current trade policy.

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.

GAAP to Non-GAAP Guidance for FY 2025

FY 2025	Earnings per share [1]
GAAP	$2.53 - $2.58
Estimated adjustments for:	
Share-based compensation expense	$0.69 - $0.70
Amortization of acquisition-related intangible assets and other acquisition/divestiture-related costs	$0.60 - $0.61
Restructuring and other charges [2]	$0.14 - $0.15
(Gains) and losses on investments	($0.01)
Significant tax matters	($0.21)
Non-GAAP	$3.77 - $3.79

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

[2] Reflects charges related to restructuring plan announced on August 14, 2024. We expect this plan to be substantially completed by the end of the first quarter of fiscal 2026.

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