



Q4 Fiscal Year 2021

Conference Call

August 18, 2021

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 filing 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

Q4 FY 2021 Highlights

- Delivered robust revenue growth of 8% y/y with strong margins and record operating cash flow
- Highest product order growth in over a decade at 31% y/y
 - Enterprise orders up 25% y/y
 - Third consecutive quarter of acceleration in Commercial, Service Provider and Public Sector with all of these segments showing growth in excess of 20% y/y
- **Strong demand for Cisco's technology driving** momentum across portfolio, customer segments and geographies
 - Double-digit revenue growth y/y in Campus Switching, Catalyst 9000, High End Routing, Wireless and Zero Trust solutions along with strength in our security endpoint portfolio
- **Continued progress on business model transformation**
 - Achieved software revenue of over \$4B, an increase of 6% y/y of which 81% is recurring
 - Software subscription revenue grew 9% y/y in Q4 and 15% y/y for the full fiscal year
 - Over \$30 billion in Remaining Performance Obligations (RPO) at the end of Q4
- **Gross margin pressure driven by on-going component shortage challenges**

Financial Overview

Q4 FY 2021 Revenue and Total Gross Margin

\$M (except percentages)	Revenue			Total Gross Margin %		
	Q4 FY'20	Q3 FY'21	Q4 FY'21	Q4 FY'20	Q3 FY'21	Q4 FY'21
Americas	\$7,185	\$7,262	\$7,731	65.6%	66.5%	66.2%
EMEA	3,106	3,483	3,297	64.9%	65.6%	65.0%
APJC	1,863	2,057	2,098	63.2%	64.7%	64.4%
Geographic Total	\$12,154	\$12,803	\$13,126	65.0%	66.0%	65.6%

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

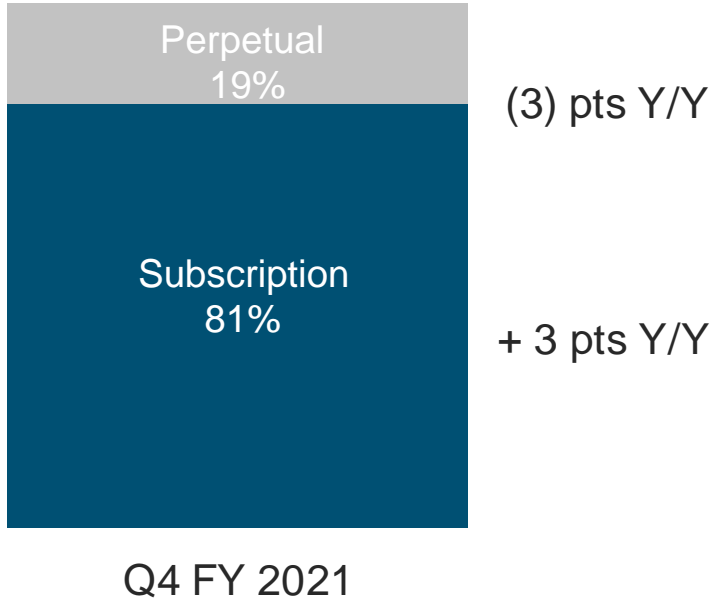
Q4 FY 2021 Revenue Highlights

Product Category	\$M	Y/Y
Infrastructure Platforms	\$7,546	13%
Applications	1,344	(1%)
Security	823	1%
Other Products	4	(42%)
Services	3,410	3%
Total Cisco	\$13,126	8%

Certain reclassifications have been made to the amounts for prior periods in order to conform to the current period's presentation. Historical revenue by product category and service is available on our website at <https://investor.cisco.com> under "Financial Info" in the "Investor Relations" section.

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Subscriptions as a % of Software Revenue



Q4 FY 2021

- **Q4**
 - Software revenue of \$4.0B, +6% y/y
 - Subscription revenue +9% y/y
- **FY 2021**
 - Software revenue of \$15.0B, +7% y/y
 - Subscription revenue +15% y/y

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

Q4 FY 2021 Remaining Performance Obligations

\$M (except percentages)	Q4 FY 2020	Q3 FY 2021	Q4 FY 2021
Product	\$11,261	\$11,903	\$13,270
Y/Y	17%	15%	18%
Service	\$17,093	\$16,235	\$17,623
Y/Y	9%	7%	3%
Total RPO	\$28,354	\$28,138	\$30,893
Y/Y	12%	10%	9%

Q4 FY 2021 Product Orders

Total Cisco: 31% Y/Y

Geographic Region	Y/Y
Americas	34%
EMEA	24%
APJC	29%

Customer Segment	Y/Y
Enterprise	25%
Public Sector	22%
Commercial	41%
Service Provider	40%

Q4 FY 2021 GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q4 FY 2020	Q3 FY 2021	Q4 FY 2021
Revenue	\$12,154	\$12,803	\$13,126
<i>Year/Year Change</i>	(9%)	7%	8%
Product	\$8,832	\$9,139	\$9,716
Service	\$3,322	\$3,664	\$3,410
Gross Margin	63.2%	63.9%	63.6%
Product Gross Margin	61.2%	62.6%	62.7%
Service Gross Margin	68.7%	67.4%	66.2%
Operating Expenses	\$4,437	\$4,720	\$4,769
OPEX (% of Revenue)	36.5%	36.9%	36.3%
Operating Income (% of Revenue)	26.7%	27.1%	27.2%
Net Income	\$2,636	\$2,863	\$3,009
<i>Year/Year Change</i>	19%	3%	14%
Earnings per Share (diluted)	\$0.62	\$0.68	\$0.71
<i>Year/Year Change</i>	22%	5%	15%

Q4 FY 2021 Non-GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	Q4 FY 2020	Q3 FY 2021	Q4 FY 2021
Revenue	\$12,154	\$12,803	\$13,126
<i>Year/Year Change</i>	(9%)	7%	8%
Product	\$8,832	\$9,139	\$9,716
Service	\$3,322	\$3,664	\$3,410
Gross Margin	65.0%	66.0%	65.6%
Product Gross Margin	63.2%	64.9%	65.0%
Service Gross Margin	69.8%	68.7%	67.4%
Operating Expenses	\$3,890	\$4,148	\$4,216
OPEX (% of Revenue)	32.0%	32.4%	32.1%
Operating Income (% of Revenue)	33.0%	33.6%	33.5%
Net Income	\$3,394	\$3,510	\$3,552
<i>Year/Year Change</i>	(5%)	4%	5%
Earnings per Share (diluted)	\$0.80	\$0.83	\$0.84
<i>Year/Year Change</i>	(4%)	5%	5%

Q4 FY 2021 Key Financial Measures

\$M	Q4 FY 2020	Q3 FY 2021	Q4 FY 2021
Cash, Cash Equivalents and Investments	\$29,419	\$23,579	\$24,518
Operating Cash Flow	\$3,802	\$3,880	\$4,504
Accounts Receivable	\$5,472	\$4,425	\$5,766
Inventory	\$1,282	\$1,579	\$1,559
Deferred Revenue:	\$20,446	\$20,889	\$22,164
Product Deferred Revenue	\$7,895	\$8,698	\$9,416
Service Deferred Revenue	\$12,551	\$12,191	\$12,748

Q4 FY 2021 Capital Allocation

Total Capital Allocation	
Share Repurchases (\$M)	\$791
Dividends Paid (\$M)	1,562
Total (\$M)	\$2,353
Quarterly Dividends Per Share	\$0.37

Share Repurchases	
Amount Purchased (\$M)	\$791
Number of Shares (M)	15
Avg. Price Per Share	\$53.30

Approximately \$7.9B remaining authorized funds in repurchase program as of the end of Q4 FY 2021.

FY 2021 GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	FY 2020	FY 2021
Revenue	\$49,301	\$49,818
<i>Year/Year Change</i>	(5%)	1%
Product	\$35,978	\$36,014
Service	\$13,323	\$13,804
Gross Margin	64.3%	64.0%
Product Gross Margin	63.3%	63.1%
Service Gross Margin	66.8%	66.5%
Operating Expenses	\$18,063	\$19,061
OPEX (% of Revenue)	36.6%	38.3%
Operating Income (% of Revenue)	27.6%	25.8%
Net Income	\$11,214	\$10,591
<i>Year/Year Change</i>	(4%)	(6%)
Earnings per Share (diluted)	\$2.64	\$2.50
<i>Year/Year Change</i>	1%	(5%)

FY 2021 Non-GAAP Income Statement Highlights

\$M (except per-share amounts and percentages)	FY 2020	FY 2021
Revenue	\$49,301	\$49,818
<i>Year/Year Change</i>	(5%)	1%
Product	\$35,978	\$36,014
Service	\$13,323	\$13,804
Gross Margin	66.0%	66.1%
Product Gross Margin	65.3%	65.4%
Service Gross Margin	67.9%	67.8%
Operating Expenses	\$15,888	\$16,212
OPEX (% of Revenue)	32.2%	32.5%
Operating Income (% of Revenue)	33.8%	33.5%
Net Income	\$13,658	\$13,636
<i>Year/Year Change</i>	(1%)	0%
Earnings per Share (diluted)	\$3.21	\$3.22
<i>Year/Year Change</i>	4%	0%

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 the continued momentum in our business, the demand for our technology, our ability to help the acceleration of our customers' digital transformation, and the continuation of our business model transformation to more recurring revenue) 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: the impact of the COVID-19 pandemic and related public health measures; 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; 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 infrastructure platforms and services; the timing of orders and manufacturing and customer lead times; 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 malware; vulnerabilities and critical security defects; terrorism; natural catastrophic events; any other 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 May 25, 2021 and September 3, 2020, 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 months and the year ended July 31, 2021 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.

