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**CISCO REPORTS FOURTH QUARTER AND FISCAL YEAR 2024 EARNINGS**

***News Summary:***

- Product order growth of 14% year over year; up 6% excluding Splunk
- Revenue of \$13.6 billion in Q4 FY 2024, above the high end of our guidance range
- Strong margins:
  - Q4 FY 2024 GAAP gross margin of 64.4% and Non-GAAP gross margin of 67.9%
  - FY 2024 GAAP gross margin of 64.7% and Non-GAAP gross margin of 67.5%, the highest in 20 years
- Solid growth in software and recurring metrics in FY 2024, enhanced by Splunk
  - Total subscription revenue of \$27.4 billion including Splunk, representing 51% of total revenue
  - Total annualized recurring revenue (ARR) at \$29.6 billion, including \$4.3 billion from Splunk, up 22% year over year
  - Total software revenue at \$18.4 billion, up 9% year over year, with software subscription revenue of \$16.4 billion, up 15% year over year, making up 89% of total software revenue
- **Q4 FY 2024 Results:**
  - **Revenue:** \$13.6 billion
    - Decrease of 10% year over year
  - **Earnings per Share:** GAAP: \$0.54; Non-GAAP: \$0.87
    - GAAP EPS decreased 44% year over year
    - Non-GAAP EPS decreased 24% year over year
- **FY 2024 Results:**
  - **Revenue:** \$53.8 billion
    - Decrease of 6% year over year
  - **Earnings per Share:** GAAP: \$2.54; Non-GAAP: \$3.73
    - GAAP EPS decreased 17% year over year
    - Non-GAAP EPS decreased 4% year over year
- **Q1 FY 2025 Guidance:**
  - **Revenue:** \$13.65 billion to \$13.85 billion
  - **Earnings per Share:** GAAP: \$0.35 to \$0.42; Non-GAAP: \$0.86 to \$0.88
- **FY 2025 Guidance:**
  - **Revenue:** \$55.0 billion to \$56.2 billion
  - **Earnings per Share:** GAAP: \$1.93 to \$2.05; Non-GAAP: \$3.52 to \$3.58

SAN JOSE, Calif. -- August 14, 2024 -- Cisco today reported fourth quarter and fiscal year results for the period ended July 27, 2024. Cisco reported fourth quarter revenue of \$13.6 billion, net income on a generally accepted accounting principles (GAAP) basis of \$2.2 billion or \$0.54 per share, and non-GAAP net income of \$3.5 billion or \$0.87 per share.

“We delivered a strong close to fiscal 2024” said Chuck Robbins, chair and CEO of Cisco. “In our fourth quarter, we saw steady customer demand with order growth across the business as customers rely on Cisco to connect and protect all aspects of their organizations in the era of AI.”

“Revenue, gross margin and EPS in Q4 were at the high end or above our guidance range, demonstrating our operating discipline” said Scott Herren, CFO of Cisco. “As we look to build on our performance, we remain laser focused on growth and consistent execution as we invest to win in AI, cloud and cybersecurity, while maintaining capital returns.”

#### Q4 GAAP Results

	Q4 FY 2024	Q4 FY 2023	Vs. Q4 FY 2023
Revenue	\$ 13.6 billion	\$ 15.2 billion	(10)%
Net Income	\$ 2.2 billion	\$ 4.0 billion	(45)%
Diluted Earnings per Share (EPS)	\$ 0.54	\$ 0.97	(44)%

The acquisition of Splunk, including financing costs, had a negative impact of \$0.16 to GAAP EPS, for the fourth quarter of fiscal 2024.

#### Q4 Non-GAAP Results

	Q4 FY 2024	Q4 FY 2023	Vs. Q4 FY 2023
Net Income	\$ 3.5 billion	\$ 4.7 billion	(25)%
EPS	\$ 0.87	\$ 1.14	(24)%

The acquisition of Splunk, including financing costs, had a negative impact of \$0.04 to Non-GAAP EPS, for the fourth quarter of fiscal 2024.

#### Fiscal Year GAAP Results

	FY 2024	FY 2023	Vs. FY 2023
Revenue	\$ 53.8 billion	\$ 57.0 billion	(6)%
Net Income	\$ 10.3 billion	\$ 12.6 billion	(18)%
EPS	\$ 2.54	\$ 3.07	(17)%

The acquisition of Splunk, including financing costs, had a negative impact of \$0.25 to GAAP EPS, for fiscal 2024.

#### Fiscal Year Non-GAAP Results

	FY 2024	FY 2023	Vs. FY 2023
Net Income	\$ 15.2 billion	\$ 16.0 billion	(5)%
EPS	\$ 3.73	\$ 3.89	(4)%

The acquisition of Splunk, including financing costs, had a negative impact of \$0.04 to Non-GAAP EPS, for fiscal 2024.

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 \$0.40 per common share to be paid on October 23, 2024, to all stockholders of record as of the close of business on October 2, 2024. Future dividends will be subject to Board approval.

## Financial Summary

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

### **Q4 FY 2024 Highlights**

**Revenue** -- Total revenue was \$13.6 billion, down 10%, with product revenue down 15% and services revenue up 6%. Splunk contributed approximately \$960 million of total revenue for the fourth quarter of fiscal 2024.

Revenue by geographic segment was: Americas down 11%, EMEA down 11%, and APJC down 6%. Product revenue performance reflected growth in Security up 81% and Observability up 41%. Networking was down 28%. Product revenue in Collaboration was flat. Security and Observability, excluding Splunk, grew 6% and 12%, respectively, in the fourth quarter of fiscal 2024.

**Gross Margin** -- On a GAAP basis, total gross margin, product gross margin, and services gross margin were 64.4%, 63.0%, and 67.8%, respectively, as compared with 64.1%, 63.6%, and 65.7%, respectively, in the fourth quarter of fiscal 2023.

On a non-GAAP basis, total gross margin, product gross margin, and services gross margin were 67.9%, 67.0%, and 70.3%, respectively, as compared with 65.9%, 65.5%, and 67.5%, respectively, in the fourth quarter of fiscal 2023.

Total gross margins by geographic segment were: 67.7% for the Americas, 69.2% for EMEA and 66.4% for APJC.

**Operating Expenses** -- On a GAAP basis, operating expenses were \$6.2 billion, up 12%, and were 45.2% of revenue. Non-GAAP operating expenses were \$4.8 billion, up 4%, and were 35.4% of revenue.

**Operating Income** -- GAAP operating income was \$2.6 billion, down 38%, with GAAP operating margin of 19.2%. Non-GAAP operating income was \$4.4 billion, down 17%, with non-GAAP operating margin at 32.5%.

**Provision for Income Taxes** -- The GAAP tax provision rate was 9.8%. The non-GAAP tax provision rate was 16.6%.

**Net Income and EPS** -- On a GAAP basis, net income was \$2.2 billion, a decrease of 45%, and EPS was \$0.54, a decrease of 44%. On a non-GAAP basis, net income was \$3.5 billion, a decrease of 25%, and EPS was \$0.87, a decrease of 24%.

**Cash Flow from Operating Activities** -- \$3.7 billion for the fourth quarter of fiscal 2024, a decrease of 37% compared with \$6.0 billion for the fourth quarter of fiscal 2023.

### **FY 2024 Highlights**

**Revenue** -- Total revenue was \$53.8 billion, a decrease of 6%. Splunk contributed approximately \$1.4 billion of total revenue for fiscal 2024.

**Net Income and EPS** -- On a GAAP basis, net income was \$10.3 billion, a decrease of 18%, and EPS was \$2.54, a decrease of 17%. On a non-GAAP basis, net income was \$15.2 billion, a decrease of 5% compared to fiscal 2023, and EPS was \$3.73, a decrease of 4%.

**Cash Flow from Operating Activities** -- \$10.9 billion for fiscal 2024, a decrease of 45% compared with \$19.9 billion for fiscal 2023.

### **Balance Sheet and Other Financial Highlights**

**Cash and Cash Equivalents and Investments** -- \$17.9 billion at the end of the fourth quarter of fiscal 2024, compared with \$18.8 billion at the end of the third quarter of fiscal 2024, and compared with \$26.1 billion at the end of fiscal 2023.

**Remaining Performance Obligations (RPO)** -- \$41.0 billion, up 18% in total, with 51% of this amount to be recognized as revenue over the next 12 months. Product RPO were up 27% and services RPO were up 10%.

**Deferred Revenue** -- \$28.5 billion, up 11% in total, with deferred product revenue up 15%. Deferred service revenue was up 9%.

**Capital Allocation** -- In the fourth quarter of fiscal 2024, we returned \$3.6 billion to stockholders through share buybacks and dividends. We declared and paid a cash dividend of \$0.40 per common share, or \$1.6 billion, and repurchased approximately 43 million shares of common stock under our stock repurchase program at an average price of \$46.80 per share for an aggregate purchase price of \$2.0 billion. The remaining authorized amount for stock repurchases under the program is \$5.2 billion with no termination date.

## Guidance

Cisco estimates the following results for the first quarter of fiscal 2025:

### **Q1 FY 2025**

Revenue	\$13.65 billion - \$13.85 billion
Non-GAAP gross margin	67% - 68%
Non-GAAP operating margin	32% - 33%
Non-GAAP EPS	\$0.86 - \$0.88

Cisco estimates that GAAP EPS will be \$0.35 to \$0.42 for the first quarter of fiscal 2025.

Cisco estimates the following results for fiscal 2025:

### **FY 2025**

Revenue	\$55.0 billion - \$56.2 billion
Non-GAAP EPS	\$3.52 - \$3.58

Cisco estimates that GAAP EPS will be \$1.93 to \$2.05 for fiscal 2025.

Our Q1 FY 2025 and FY 2025 guidance assumes an effective tax provision rate of approximately 17% for GAAP and approximately 19% 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:**

- Q4 fiscal year 2024 conference call to discuss Cisco's results along with its guidance will be held on Wednesday, August 14, 2024 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, August 14, 2024 to 4:00 p.m. Pacific Time, August 20, 2024 at 1-866-510-4837 (United States) or 1-203-369-1943 (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, August 14, 2024. Text of the conference call's prepared remarks will be available within 24 hours of completion of the call. The webcast 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		Fiscal Year Ended	
	July 27, 2024	July 29, 2023	July 27, 2024	July 29, 2023
<b>REVENUE:</b>				
Product .....	\$ 9,858	\$ 11,650	\$ 39,253	\$ 43,142
Services .....	3,784	3,553	14,550	13,856
Total revenue .....	13,642	15,203	53,803	56,998
<b>COST OF SALES:</b>				
Product .....	3,644	4,237	14,339	16,590
Services .....	1,217	1,218	4,636	4,655
Total cost of sales .....	4,861	5,455	18,975	21,245
<b>GROSS MARGIN</b> .....	8,781	9,748	34,828	35,753
<b>OPERATING EXPENSES:</b>				
Research and development .....	2,179	1,953	7,983	7,551
Sales and marketing .....	2,841	2,579	10,364	9,880
General and administrative .....	763	690	2,813	2,478
Amortization of purchased intangible assets .....	268	70	698	282
Restructuring and other charges .....	112	203	789	531
Total operating expenses .....	6,163	5,495	22,647	20,722
<b>OPERATING INCOME</b> .....	2,618	4,253	12,181	15,031
Interest income .....	270	312	1,365	962
Interest expense .....	(418)	(111)	(1,006)	(427)
Other income (loss), net .....	(74)	17	(306)	(248)
Interest and other income (loss), net .....	(222)	218	53	287
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b> .....	2,396	4,471	12,234	15,318
Provision for income taxes .....	234	513	1,914	2,705
<b>NET INCOME</b> .....	\$ 2,162	\$ 3,958	\$ 10,320	\$ 12,613
Net income per share:				
Basic .....	\$ 0.54	\$ 0.97	\$ 2.55	\$ 3.08
Diluted .....	\$ 0.54	\$ 0.97	\$ 2.54	\$ 3.07
Shares used in per-share calculation:				
Basic .....	4,018	4,071	4,043	4,093
Diluted .....	4,035	4,093	4,062	4,105

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

	July 27, 2024			
	Three Months Ended		Fiscal Year Ended	
	Amount	Y/Y%	Amount	Y/Y%
<b>Revenue:</b>				
Americas .....	\$ 8,068	(11)%	\$ 31,971	(4)%
EMEA .....	3,511	(11)%	14,117	(7)%
APJC .....	2,064	(6)%	7,716	(8)%
Total .....	<u>\$ 13,642</u>	<u>(10)%</u>	<u>\$ 53,803</u>	<u>(6)%</u>

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

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

	July 27, 2024	
	Three Months Ended	Fiscal Year Ended
<b>Gross Margin Percentage:</b>		
Americas .....	67.7%	66.8%
EMEA .....	69.2%	69.1%
APJC .....	66.4%	67.2%

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

	July 27, 2024			
	Three Months Ended		Fiscal Year Ended	
	Amount	Y/Y %	Amount	Y/Y %
<b>Revenue:</b>				
Networking .....	\$ 6,804	(28)%	\$ 29,229	(15)%
Security .....	1,787	81%	5,075	32%
Collaboration .....	1,019	—%	4,113	2%
Observability .....	248	41%	837	27%
Total Product .....	9,858	(15)%	39,253	(9)%
Services .....	3,784	6%	14,550	5%
Total .....	<u>\$ 13,642</u>	<u>(10)%</u>	<u>\$ 53,803</u>	<u>(6)%</u>

Security and Observability, excluding Splunk, grew 6% and 12%, respectively, in the fourth quarter of fiscal 2024, and 4% and 15%, respectively, for fiscal 2024.

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