



A networking supercycle is underway

2026 Annual Report

About Cisco

Nasdaq: CSCO
Discover more at thenetwork.cisco.com
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Our strategy

We securely connect everything to make anything possible

Cisco is the worldwide technology leader that is revolutionizing the way organizations connect and protect in the artificial intelligence (AI) era. With our industry leading AI-powered solutions and services, we enable our customers, partners, and communities to unlock innovation, enhance productivity, and strengthen digital resilience.

Our Purpose

To Power an Inclusive Future for All

Our Purpose comes to life across four interconnected pillars – Community Resilience, Our People, Responsible Innovation, and Energy and Sustainability – that are CORE to who we are and what we do.

Our differentiation



Market-defining technology

Cisco solutions set the bar for scale, reliability, and innovation, empowering organizations of all sizes and industries to confidently lead in the AI era.



Platform advantage

Cisco's platform approach unifies products into powerful systems that deliver greater value with less effort for IT teams.



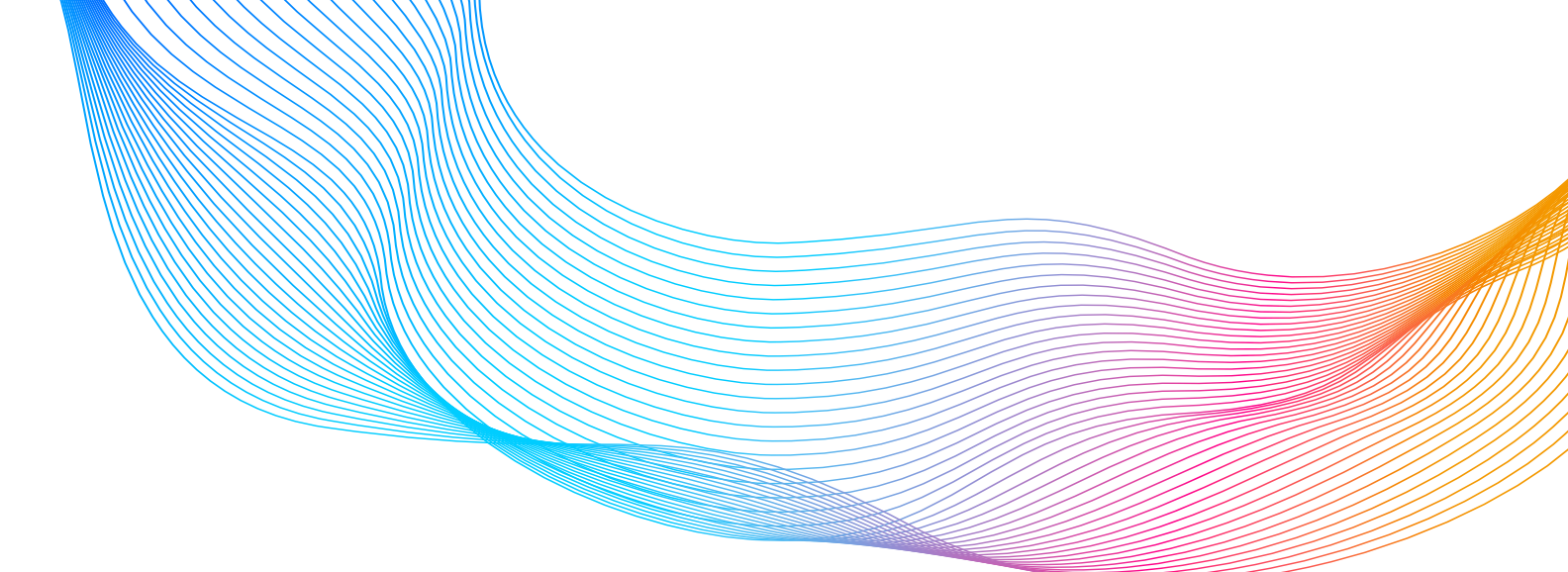
Global scale

Extensive global presence, trusted ecosystem of partners, and tailored solutions from Cisco enable seamless integration and efficient scaling, so organizations can reach their goals.



AI plus human expertise

Built from years of experience and extensive data, Cisco blends the power of AI with human know-how to deliver proactive, personalized, and predictive customer experiences.



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Our
Purpose

Introduction to summary report

This summary provides an overview of Cisco. It does not contain all the information you should consider. Please refer to our latest Annual Report on Form 10-K, our Proxy Statement for our 2026 Annual Meeting of Stockholders, and our Purpose Reporting Hub which are all available on our website at www.cisco.com

Forward-Looking Statements

This Summary Report and our Annual Report on Form 10-K (“Annual Report”) contain projections and other forward-looking statements regarding future events or the future financial performance of Cisco, including future operating results. These projections, goals and statements are only predictions. Actual events or results may differ materially from those in the projections, goals or other forward-looking statements. See Cisco’s filing with the Securities and Exchange Commission, including its most recent Annual Report for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections, goals or other forward-looking statements.

Letter to stockholders



We believe accelerating AI adoption is fueling a multi-year networking supercycle, and Cisco is well positioned to help our customers navigate this transformational technology shift. Put simply, secure networking is essential for successful AI deployments. This represents a significant opportunity for Cisco, and we believe it's only just beginning."



To our stockholders,

Fiscal 2026 was a pivotal year for the technology industry – and a record year for Cisco. We delivered our highest revenue, non-GAAP operating margin, and earnings per employee in 30 years. This is a testament to the excellent execution by our teams and the increasingly critical role our technology plays in the AI era.

We believe accelerating AI adoption is fueling a multi-year networking supercycle, and Cisco is well positioned to help our customers navigate this transformational technology shift. The depth and breadth of our portfolio enable us to meet our customers wherever and however they choose to deploy AI – in the public cloud, through neo or sovereign clouds, on-premise or at the network edge.

Put simply, secure networking is essential for successful AI deployments. This represents a significant opportunity for Cisco, and we believe it's only just beginning.

Excellent execution and strong financial discipline

In fiscal 2026, we delivered record revenue of \$63.3 billion, up 12% year over year, and reported solid operating leverage with record GAAP and non-GAAP earnings per share⁽¹⁾ of \$3.33 and \$4.33, up 31% and 14% year over year, respectively. In fiscal 2027, we expect these metrics to continue to improve, demonstrating outstanding productivity and earnings power.

Because of our strong financial discipline and operational efficiency, we were able to return significant value to our stockholders through dividends and share repurchases, returning a total of \$12.7 billion, or 99% of our free cash flow⁽¹⁾ in fiscal 2026.

⁽¹⁾ See the Appendix for a definition of this non-GAAP measure and reconciliation to its most directly comparable GAAP financial measure.

Cisco is the critical infrastructure for the AI era

We are committed to helping our customers – from sophisticated hyperscalers to enterprises just getting started – modernize and secure their infrastructure to unlock the full potential of their AI investments.

This year, momentum in data center buildouts for AI training accelerated, led by hyperscale service providers. In fiscal 2026, we took over \$9 billion in AI infrastructure orders from these customers – a 4.5x year-over-year increase – and recognized \$4 billion in revenue, representing 6% of our total revenue. We see ourselves as market leaders in this space, winning 15 new hyperscale design wins for Silicon One-based systems and optics in fiscal 2026.

Silicon One, the industry's most scalable and programmable architecture, is a powerful competitive advantage for Cisco and the key to our success with hyperscaler customers. We plan to deploy Silicon One comprehensively across our high-performance networking systems by fiscal 2029, giving us greater control over our supply chain and innovation pipeline.

As AI models grow in complexity and size, hyperscalers need to connect, or scale across, multiple data centers. This requires power efficiency, reliability, and scale. We believe Cisco is uniquely equipped for these complex use cases, with our P200-powered deep buffered systems, market leading optics from Acacia, and open line optical systems.

In addition to hyperscaler demand, we took over \$1 billion in AI infrastructure orders from neocloud, sovereign, and enterprise customers in fiscal 2026. For our enterprise customers, we believe on-premise AI infrastructure will become increasingly important as they look to optimize the value and cost of AI. Cisco can provide that infrastructure – including low-latency, high-bandwidth networking to connect GPU clusters, and built-in security, observability and automation – in one co-designed, vertically integrated stack.

A networking supercycle is underway

We believe we are in the midst of a multi-year, multi-billion-dollar networking supercycle for Cisco, demonstrated by eight consecutive quarters of double-digit order growth across our networking portfolio throughout fiscal 2026 and 2025.

Driving this supercycle is our customers' push to prepare their networks for a surge of AI agents, with agentic workloads expected to increase network traffic by as much as 450% above human-driven levels. This creates a major need for network upgrades – and a major opportunity for Cisco to lead.

At the same time, the rise of agentic AI is expanding the threat landscape, driving demand for security and observability solutions that can govern AI agents and infrastructure. Cisco's ability to deliver secure networking is a powerful differentiator, enabling us to provide one platform that protects agents from the world and the world from agents.

Our next-generation security products, including Secure Access, XDR, Hypershield, and AI Defense, continued to ramp in fiscal 2026. We also saw strong momentum across our overall security portfolio, with Splunk's powerful solutions now integrated into our security offerings.

Delivering breakthrough innovation

In fiscal 2026, we accelerated our innovation roadmap to help our customers navigate an increasingly complex world.

At the center of this innovation was Cisco Cloud Control, a single management plane and unified data layer for all Cisco products, built for humans and agents. With built-in tools like AI Canvas and Cisco IQ, featuring new Resilient Infrastructure Services, customers can unlock the true platform advantage of Cisco. While Cisco products are valuable individually, they are more powerful together.

We also strengthened security across the entire AI lifecycle with new AI Defense capabilities, SASE Semantic Inspection Engine, and our open-source DefenseClaw solution. We extended Zero Trust to the agentic workforce, bolstered by our acquisitions of Galileo and Astrix, and introduced Antares, a family of open-weight, small language models designed to pinpoint known code vulnerabilities. Our commitment to

cyberdefense was further strengthened through our participation in OpenAI's Trusted Access for Cyber program and our role as a founding member in Anthropic's Project Glasswing.

In addition to advancements in AI, the advent of quantum computing is creating new security risks. We are the first networking vendor to deliver post-quantum cryptography (PQC) using NIST-approved algorithms, and we're committed to providing quantum-safe communications across most of our core portfolio by December 2026.

We're also helping customers accelerate their enterprise AI adoption. Cisco Unified Edge brings together networking, compute, storage, and security for real-time AI inferencing at the edge, while Cisco Data Fabric, powered by Splunk, unifies machine data across sources.

Internally, we are moving with the same urgency. Our proprietary AI assistant, Circuit, is now embedded in our operations, supporting over 295 million prompts to large language models in fiscal 2026. Circuit runs across a multi-cloud, hybrid architecture – which includes our Secure AI Factory infrastructure – and automatically routes workloads to appropriate models to help manage token consumption.

Confidence in our future

I am incredibly proud of our Cisco team around the world for everything we have accomplished in fiscal 2026, and I am even more optimistic about the opportunities ahead. Our record performance demonstrates how foundational our technology is to our customers' businesses today, and the strong demand we see indicates it is even more essential for what's next.

I want to express my gratitude to our teams for bringing their best to Cisco every day. Their dedication to our customers, excellence in execution, and unwavering commitment to our Purpose are what drive our success.

Finally, to you, our stockholders, thank you for your continued support and belief in Cisco. We are committed to leading in the AI era and creating even more long-term value for you.

Sincerely,

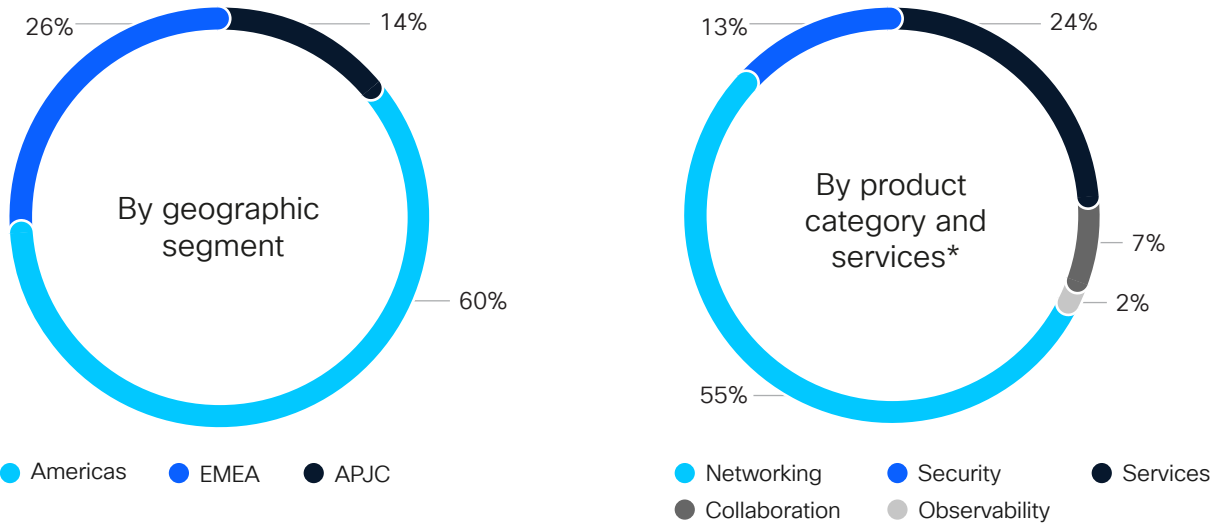


Chuck Robbins

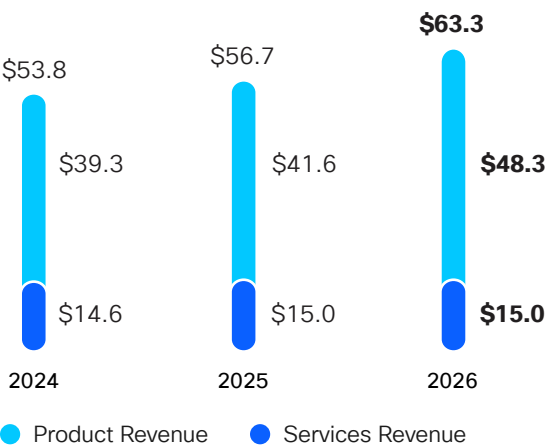
Chair and Chief Executive Officer

Fiscal 2026 highlights

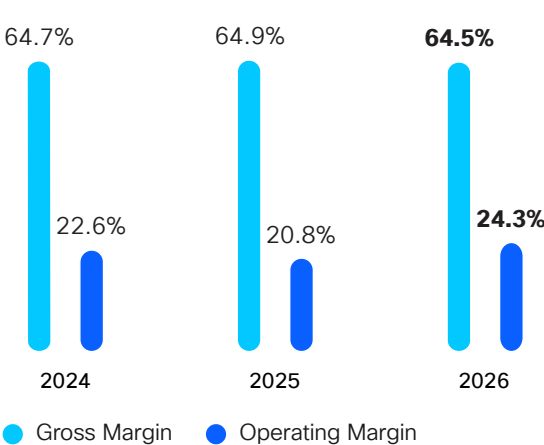
FY26 Revenue



Revenue trend (\$B)*



Margin (%)



* Amounts may not sum due to rounding.

Operating
cash flow (\$B)

\$10.9
2024

\$14.2
2025

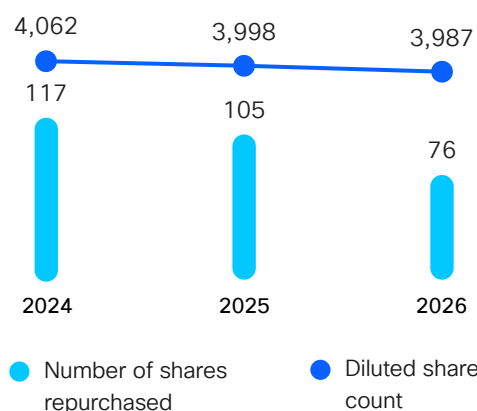
\$14.2
2026

Capital allocation

Dividends paid per share (\$)



Share repurchases and diluted share count (Millions)



In fiscal 2026, Cisco achieved its highest productivity metrics in 30 years measured by revenue, non-GAAP operating margin, and earnings per employee. As we enter fiscal 2027, we remain focused on delivering durable growth, consistent profitability and continued capital returns as we make the strategic investment to capitalize on the significant growth opportunities we see ahead.”

Mark Patterson

EVP and Chief
Financial Officer

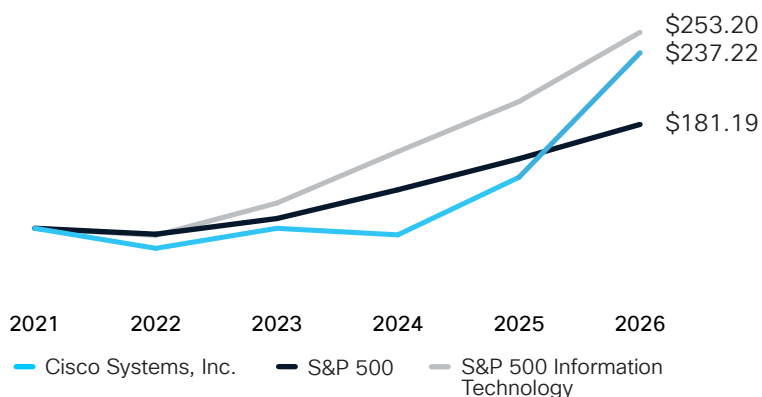


Total stockholder return

This graph shows a 5-year comparison of the cumulative total stockholder return on Cisco common stock with the cumulative total returns of the S&P 500 Index and the S&P Information Technology Index. The graph tracks the performance of a \$100 investment in Cisco's common stock and in each of the indexes (with the reinvestment of all dividends). Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.

Comparison of 5-year cumulative total return*

among Cisco Systems, Inc., the S&P 500 Index, and the S&P 500 Information Technology Index



* \$100 invested in July 2021 in stock or index, including reinvestment of dividends. Fiscal year ending July 25, 2026.

Cisco strategy and priorities

In today's fast-paced world shaped by AI, businesses and organizations globally are deploying technology to pursue their strategic objectives, from accelerating growth to enhancing operational efficiency and fostering innovation. Our strategy is to securely connect everything to make those desired outcomes possible.

Our customers have three key priorities in this dynamic environment: i) to build modern infrastructure; ii) to protect against the cyber threats of today and tomorrow; and iii) to harness the power of AI and data. Cisco is at the forefront of this evolution, developing innovative solutions that leverage advanced AI to deliver more valuable outcomes for our customers.

These three customer priorities drive our innovation and technology, making them our priorities as well. To help deliver on them, we are bringing together the power of our portfolio which provides three key outcomes to our customers: i) AI-ready data centers, ii) future-proofed workplaces, and iii) digital resilience.

AI-Ready Data Centers

We are transforming data centers to power AI workloads anywhere. Whether customers need to modernize parts of their existing infrastructure or power new, massive AI workloads, we bring together the networking, silicon, compute, security and observability to power the performance, reliability and security of data centers. Our robust, flexible infrastructure is offered as individual building blocks or in pre-validated, full-stack systems for all workloads.

Future- Proofed Workplaces

Cisco helps deliver "future-proofed" workplaces, combining networking, security, smart spaces and collaboration to power everywhere people work and serve their customers. For secure campus and branch networking, we connect users and devices securely with a broad, scalable portfolio of solutions with embedded security, assurance and intelligence. No matter where work happens, we provide workforce protection that delivers frictionless zero-trust access and layered security, and we provide collaboration devices and software to enable effective collaboration to support productivity.

Digital Resilience

Cisco is a leader in delivering digital resilience across customers' data centers, workplaces and entire IT environments. By bringing together the power of the network with assurance, observability and security, we help our customers prevent issues and remediate them quickly when they occur. We also provide the visibility and insights our customers need to adapt to new opportunities. Our assurance capabilities are deeply embedded across the Cisco portfolio and help enable seamless connectivity and optimal digital experiences across cloud, Internet, and enterprise networks, for the delivery of applications and services. Our observability solution monitors the entire enterprise to help prevent downtime and improve experiences across networks, infrastructures, and applications. Through our security operations capabilities we deliver threat prevention, detection, investigation, and response for organizations of any size and security maturity.

Cisco enables enterprises and service providers to deliver highly secure connectivity from workplaces to data centers worldwide. Our strength lies in our decades of expertise in helping customers of all sizes and across all industries throughout their technology lifecycle, and in the way we embed and enable AI across our product and services. We deliver the foundational hardware, software and services that every other technology capability is built on, making Cisco critical infrastructure for the AI era.

Leadership

Cisco's executive leadership team



Chuck Robbins
Chair and Chief
Executive Officer



Liz Centoni
EVP and Chief Customer
Experience Officer



Steve Clayton
SVP and Chief
Communications Officer



Eyal Dagan
EVP, Strategic Projects



Francine Katsoudas
EVP and Chief People,
Policy & Purpose Officer



Ammar Maraqa
SVP and Chief
Strategy Officer



Carrie Palin
SVP and Chief
Marketing Officer



Jeetu Patel
President and Chief
Product Officer



Mark Patterson
EVP and Chief
Financial Officer



Dev Stahlkopf
EVP and Chief
Legal Officer



Thimaya Subaiya
EVP, Operations



Oliver Tuszik
EVP, Global Sales and
Chief Sales Officer

Leadership@Cisco

Learn more about Cisco's executive leadership team
at <https://newsroom.cisco.com/c/r/newsroom/en/us/executives.html>

Corporate governance

Cisco is committed to stockholder-friendly corporate governance. The Board of Directors has adopted clear corporate policies that promote excellence in corporate governance. Key information regarding our corporate governance initiatives can be found in the Governance section of our Investor Relations website at investor.cisco.com which also includes our corporate governance guidelines, our Code of Business Conduct (“COBC”), and the charter for each Board committee.

Stockholder engagement

At Cisco, we recognize the importance of regular and transparent communication with our stockholders. Each year, our Investor Relations team continually engages with a significant portion of stockholders including our top institutional investors, with the participation, as appropriate, of our Chair and Chief Executive Officer (“CEO”), Chief Financial Officer, other members of the Executive Leadership team, the chair of our Compensation Committee, the office of the Secretary, and various other subject matter experts from across the company. In fiscal 2026, Cisco engaged in outreach with investors representing approximately 59% of shares outstanding at the end of the fiscal year, and held meetings, conference calls and/or corresponded with investors representing approximately 33% of our outstanding shares at the end of the fiscal year, including 70% of our 30 largest stockholders. We engaged with these stockholders on a variety of topics, including our business performance and long-term strategy, corporate governance and risk management practices, board leadership, corporate responsibility initiatives, our executive compensation program, and other matters of stockholder interest.

Risk management approach

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. Our management is responsible for day-to-day risk management activities. The Board, acting directly and through its committees, is responsible for the oversight of our risk management. With the oversight of the Board, our management team has implemented practices, processes and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking appropriately with our efforts to increase stockholder value.

Policies and practices

We have adopted policies, guidelines, and practices that are consistent with our commitment to transparency and best-in-class practices, as well as to ensure compliance with the rules and regulations of the Securities and Exchange Commission (“SEC”), the listing requirements of Nasdaq, and applicable corporate governance requirements.

- Stockholder proxy access
- Annual election of all directors (since IPO)
- Majority voting (since 2007)
- Robust Lead Independent Director role
- Recoupment (“Clawback”) policy
- Stock ownership guidelines for directors and executive officers
- Stockholder recommendations for director candidates to the Board
- Stockholder right to act by written consent (since IPO)

Risk oversight

Board of directors

The Board of Directors regularly discusses many core subjects with executive management, including strategy, operations, information systems, finance, legal and public policy matters, in which risk oversight is an inherent element.

Audit committee

The Audit Committee, which oversees financial and risk management policies, and programs related to cybersecurity and data protection, currency, interest rate, equity, and insurance risk, receives regular reports on enterprise risk management (ERM) from the chair of the ERM operating committee and receives regular reports on cybersecurity from our Chief Security and Trust Officer at least four times per year and a live presentation two or more times per year.

Other committees

Other board committees oversee certain categories of risk associated with their respective areas of responsibility.

Management

Cisco’s management has implemented an ERM program, managed by Cisco’s internal audit function, that is designed to work across the business to identify, evaluate, govern, and manage risks and Cisco’s response to those risks.

Cisco’s internal audit function manages the enterprise ERM program and performs an annual risk assessment that is used by the ERM program. The structure of the ERM program includes both an ERM operating committee that focuses on risk management-related topics and an ERM executive committee consisting of members of our executive leadership team.

Executive compensation

The core of Cisco's executive compensation philosophy and practice continues to align real pay delivery with performance. Cisco's executive officers are compensated in a manner consistent with Cisco's business strategy, competitive practice, sound corporate governance principles, and stockholder interests and concerns. We believe our compensation program is strongly aligned with the long-term interests of our stockholders.

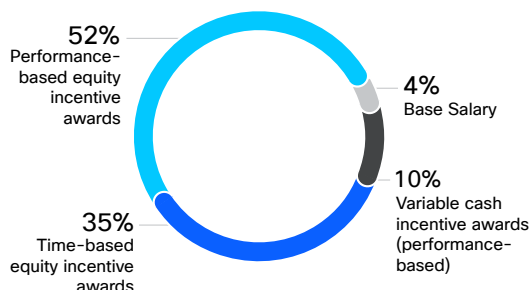
Our Compensation Committee relies on our regular stockholder outreach and engagement activities, as well as more formal channels to communicate with stockholders, including the opportunity for our stockholders to cast a non-binding advisory vote regarding executive compensation at Cisco's annual meeting of stockholders.

We continued our robust engagement with stockholders to consider enhancements to our compensation program in fiscal 2026. During our engagement with stockholders, we received broad support for our current executive compensation program. We believe the current designs and practices in our executive compensation program appropriately align the interests of our stockholders and the realizable pay opportunities of our executives. Based on stockholder input and the Compensation Committee's views on the desired positioning of executive pay, we maintained the same general overall fiscal 2025 design of our executive compensation program and practices for fiscal 2026.

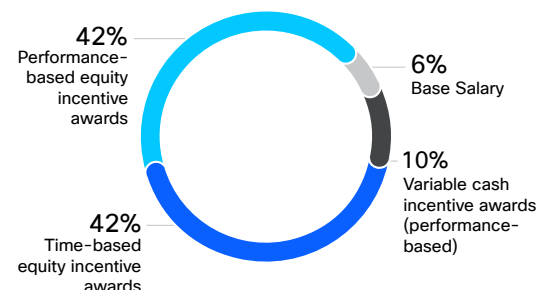
The Compensation Committee will continue to seek out and consider stockholder feedback in the future.

These charts summarize the major elements of target total direct compensation for our CEO and our other named executive officers (NEOs¹) as a group for fiscal 2026 and demonstrate our continued pay-for-performance philosophy.

CEO*



NEOs other than CEO



* Percentages may not sum due to rounding.

Our executive compensation program rewards performance

- ✓ Compensation philosophy is designed to attract and retain, motivate performance, and reward achievement
- ✓ Performance measures are aligned with stockholder interests
- ✓ No dividends or dividend equivalents are paid or settled on unvested awards
- ✓ Majority of annual total direct compensation is performance-based

We apply leading executive compensation practices

- ✓ Independent Compensation Committee
- ✓ Independent compensation consultant
- ✓ Comprehensive annual compensation program risk assessment
- ✓ Annual compensation peer group review
- ✓ Caps on incentive compensation
- ✓ No employment, severance, or change in control agreements for our executive officers
- ✓ Stock ownership guidelines and holding requirements
- ✓ Recoupment ("Clawback") policy
- ✓ All perquisites to executive officers subject to Compensation Committee approval
- ✓ No single-trigger vesting of equity award grants
- ✓ No stock option repricing or cash-out of underwater equity awards
- ✓ No supplemental executive retirement plan or executive-defined benefit pension plan
- ✓ No golden parachute tax gross-ups
- ✓ Broad anti-pledging and anti-hedging policies

¹ As defined in our Proxy Statement for our 2026 Annual Meeting of Stockholders

Board of Directors

Cisco's Board of Directors is composed of skilled and diverse directors who are committed to strong corporate governance structures and practices that help Cisco build long-term stockholder value. The Board believes strongly in the value of an independent board of directors and has established a Lead Independent Director role with broad authority and responsibility. Independent board members have consistently comprised over 75% of the members of the Board of Directors and all members of our Board committees, including the Audit Committee, the Compensation and Management Development Committee and the Nomination and Governance Committee are independent.

	Age	Director Since	Independent	Committees			
				Audit	Comp & Mgmt Dev	Nom & Gov	Public Policy
 Michael D. Capellas LEAD INDEPENDENT DIRECTOR Founder and Chief Executive Officer, Capellas Strategic Partners	72	2006					
 Mark Garrett Former Chief Financial Officer, Adobe Systems Incorporated	68	2018					
 John D. Harris II Former Vice President of Business Development, Raytheon Company	65	2021					
 Dr. Kristina M. Johnson Former President, The Ohio State University	69	2012					
 Sarah Rae Murphy Former Chief Procurement Officer and Senior Vice President of Global Sourcing, United Airlines Holdings, Inc.	43	2022					
 Girish D. Rishi Chief Executive Officer, Cognite LLC	57	2026					
 Charles H. Robbins CHAIR Chief Executive Officer, Cisco	60	2015					
 Peter A. Shimer Former Chief Operating Officer, Deloitte	64	2026					
 Marianna Tessel Former Executive Vice President and General Manager, Small Business Group, Intuit Inc.	58	2021					
 Kevin Weil Chief Executive Officer, Warp Sciences	43	2025					

Key to Abbreviated Committees

Comp & Mgmt Dev
Nom & Gov

Compensation and Management Development Committee
Nomination and Governance Committee

 Member
 Chair

Board snapshot

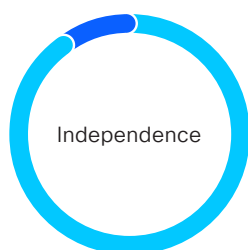
The role of the Board of Directors in strategy

One of the Board's key responsibilities is overseeing management's formulation and execution of Cisco's strategy. Throughout the year, our CEO, the executive leadership team, and other leaders from across the organization provide detailed business and strategy updates to the Board. During these reviews, the Board engages with the executive leadership team and other business leaders regarding various topics, including business strategy and initiatives, capital allocation, portfolio updates, the competitive landscape, talent and culture, other matters affecting our long-term strategy (including our environmental impact and human rights implications of Cisco product development and sales), and regulatory developments. Additionally, on an annual basis, the Board reviews and approves Cisco's financial plan. The Lead Independent Director chairs regularly scheduled executive sessions of the independent directors, without Cisco management present, during which Cisco's business strategy is reviewed and other topics are discussed.

Board skills and attributes

	Capellas	Garrett	Harris	Johnson	Murphy	Rishi	Robbins	Shimer	Tessel	Weil
Leadership	●	●	●	●	●	●	●	●	●	●
Technology	●	●	●	●		●	●	●	●	●
Financial Experience	●	●	●	●	●	●	●	●		
Global Business	●	●	●		●	●	●	●	●	●
Sales and Marketing	●		●		●	●	●			●
Academia				●						
Public Company Board Experience	●	●	●	●		●	●	●		
Demographic Background										
Gender	M	M	M	F	F	M	M	M	F	M
Ethnicity	White	White	Black or African American Native American	White	White	Asian	White	White	White	White

Board governance structure



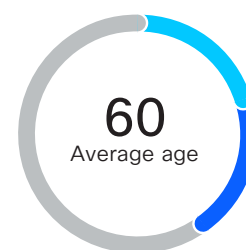
- 9 Independent
- 1 Non-Independent

Director tenure



- 6 Directors 0-5 years
- 1 Director 6-8 years
- 3 Directors 9+ years

Director age



- 2 40s
- 2 50s
- 6 60+

Our Purpose

At Cisco, our Purpose to Power an Inclusive Future for All is a differentiator for our business. We can do good for the world and do good for business when we combine our technology, our people, and our broader networks. Our Purpose programs and disclosures help deliver value to our stakeholders, including our stockholders, customers, partners, suppliers, employees, and global communities.

The fiscal 2026 Purpose Report is expected to be published in early 2027. Our Purpose reporting describes our latest impact, goals, and progress on our Purpose journey.

Purpose governance and management

Our People, Policy, and Purpose organization champions our companywide commitment to our Purpose, with a dedicated team that engages stakeholders, leads various assessments for voluntary reporting, and stewards reporting activities. Business functions and cross-functional teams conduct due diligence and implement policies and programs for specific focus areas. Our governance, enterprise risk management (ERM), compliance, and controls drive efforts across the business to help identify, assess, and manage risks. The Responsible Business Steering Committee provides oversight and management of Cisco's Purpose initiatives by cross-functional senior leaders, and it reports on these matters to our Executive Leadership Team ("ELT") and, as appropriate, the Board of Directors. Our reporting is aligned with standards set by the Global Reporting Initiative, Sustainability Accounting Standards Board, and the Task Force on Climate-related Financial Disclosures.



The next chapter of AI is about value – how we turn powerful technology into better decisions, stronger performance, and meaningful impact for Cisco and the world. It requires us to continually build new capabilities and put innovation to work in ways that drive durable growth for Cisco's many stakeholders."

Fran Katsoudas

EVP and Chief People,
Policy & Purpose Officer



Power an Inclusive Future for All

As Cisco is the critical infrastructure for the AI era, our Purpose keeps our innovation trustworthy and responsible. We have been named to the S&P Global Dow Jones Best-in-Class World and North America indices for 20 years and have received an EcoVadis Gold or Platinum medal for 10 years, reflecting sustained top performance among global industry peers.

Our Purpose is core to who we are and what we do, and it comes to life across four interconnected pillars: community resilience, our people, responsible innovation, and energy and sustainability.

Community resilience

We empower communities to adapt and thrive in the face of change through digital readiness, strategic investments, and crisis response.

Our 40 Communities initiative draws on four decades of expertise to engage, support, and invest in 40 communities worldwide over 10 years, starting with Johannesburg, South Africa; Mumbai, India; and Western North Carolina, United States. In partnership with local leaders, customers, partners, and nonprofits, we're co-creating solutions that help bridge the digital and data divide, strengthen infrastructure and cybersecurity, and equip tomorrow's workforce with future-ready skills.

Cisco Networking Academy, one of the world's longest running skills-to-jobs programs, empowers learners, educators, and communities worldwide through in-person and online technology courses – all for free. Since 1997, we have reached 28 million learners across 195 countries. We accelerated our next-phase goal of training an additional 25 million people from fiscal 2032 to fiscal 2030, and we have already trained over 11.9 million learners.

Our people

Our people fuel our business and our award-winning culture through their commitment to learning, connection, and collaboration. Our relationship with our employees is one of mutual benefit. Our employees bring talent and ingenuity to everything we do, and in turn, we provide employees with meaningful careers and development opportunities.

Our values and expectations are laid out in the Cisco Code of Business Conduct. Every employee must certify compliance with the Code every year to help uphold integrity in the workplace, ensure ethical use of data and resources, and help prevent conflicts of interest.

We support our employees by fostering a culture where all Cisco employees feel safe and can thrive. Our three Guiding Principles – Think Really Big, Play to Win, and Drive Durable Growth – are foundational to the ways we lead, learn, and work in the AI era. We believe there is a direct connection between the culture and principles we embody and how we drive success.

When people are encouraged to seek balance between work and personal life, we believe they are more productive and successful in their jobs and able to give their best to their families and communities. Employees can have donations matched to more than 100,000 organizations, receive up to 80 hours of paid time off annually to volunteer, and earn a US\$10 donation match for every hour they volunteer.

Responsible innovation

Cisco technology connects and protects in the AI era. We prioritize security, privacy, and trust in what we build and how we build it, using AI to evaluate and improve the security of our portfolio. The Cisco Principles for Responsible AI – transparency, fairness, accountability, privacy, security, and reliability – govern the AI capabilities we provide, integrate, and deploy.

As AI adoption accelerates, we're building the security to match it. Cisco AI Defense combines machine learning with global threat intelligence to detect and mitigate attacks on AI models, data pipelines, and AI-integrated applications. Cisco Talos, our threat intelligence group, defends Cisco's customers from the broad threat landscape and processes up to 886 billion security events daily.

We are committed to respecting human rights throughout our supply chain by creating our products and solutions responsibly. This commitment extends to our manufacturing partners and suppliers, including the standards they uphold for labor

practices, health and safety, the environment, and human rights. We evaluate our suppliers' conformance to our Supplier Code of Conduct and other Cisco policies by requesting self-assessments, conducting third-party audits, and driving collaborative solutions. We also work across the Information and Communications Technology (ICT) industry through initiatives to develop supplier capacity to align with industry standards.

Energy & sustainability

Through our products, solutions, and operations, we drive energy efficiency and resilience – helping advance sustainability for Cisco, our customers, and communities around the world.

We set a science-based goal to reach net-zero greenhouse gas (GHG) emissions across our value chain by 2040 by prioritizing reductions across all scopes of emissions. In fiscal 2025, we achieved our first near-term target on our journey to net zero: reducing our operational emissions (Scope 1 & 2) by 90% compared to a fiscal 2019 base year.

We are making progress toward our goal by:

- Adopting clean energy for our operations and collaborating with our customers, partners, and suppliers to support clean energy growth
- Innovating for energy efficiency in our products and solutions
- Incorporating circular design principles into our products and packaging
- Leveraging Cisco products to help digitize, modernize, and secure electric grids and other infrastructure systems

Beyond our value chain, we help communities address a changing climate through technology-driven solutions that support cleaner energy systems and better management and protection of natural resources. In 2021, the Cisco Foundation pledged US\$100 million over ten years to fund a diverse portfolio of innovative climate solutions. This work is accomplished through cash grants to nonprofits and through the Regenerative Future Fund, an impact investing vehicle for startups and venture funds. Additionally, Cisco Investments, our venture capital arm, invests in early-stage companies that can help Cisco and our customers further their sustainability goals.

Learn more about how we pursue our Purpose to Power an Inclusive Future for All by visiting our Purpose Reporting Hub on our website at <https://cs.co/purposehub>.

Appendix

Reconciliations of GAAP to non-GAAP measures

This Annual Report includes non-GAAP measures for earnings per share and free cash flow. 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.

The non-GAAP financial measures described above are defined as follows:

- **Non-GAAP Earnings Per Share:** Cisco defines Non-GAAP Earnings Per Share as Net Income, excluding share-based compensation expense, amortization of acquisition-related intangible assets, acquisition/divestiture-related costs, significant litigation settlements and other contingencies (such as legal dispute with supplier and supplier remediation charge (adjustment)), significant asset impairments and restructurings, and (gains) and losses on investments, net of the income tax effect of these non-GAAP adjustments and significant tax matters, divided by the weighted average diluted shares outstanding.
- **Free Cash Flow:** Cisco defines Free Cash Flow as cash flow from operating activities less capital expenditures, which are defined as acquisitions of property and equipment.

Please see the tables below for the reconciliation of the following non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP as reported in this Annual Report on Form 10-K for its fiscal year ended July 25, 2026.

Earnings Per Share (EPS)* (In dollars, except percentages)

	Fiscal Years Ended		2026 vs. 2025
	July 25, 2026	July 26, 2025	Year Over Year Change
GAAP EPS	\$ 3.33	\$ 2.55	31%
Adjustments to GAAP:			
Share-based compensation expense	0.95	0.90	
Amortization of acquisition-related intangible assets	0.46	0.55	
Acquisition/divestiture-related costs	0.09	0.21	
Legal dispute with supplier	–	0.09	
Significant asset impairments and restructurings	0.17	0.19	
(Gains) and losses on investments	(0.35)	(0.05)	
Income tax effect/significant tax matters	(0.32)	(0.63)	
Non-GAAP EPS	\$ 4.33	\$ 3.81	14%

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

Cash Flow from Operating Activities to Free Cash Flow

(In millions, except percentages)

Fiscal Year Ended	July 25, 2026	
Cash Flow from Operating Activities	\$	14,177
Capital Expenditures*		(1,410)
Free Cash Flow-Non-GAAP	\$	12,767
Capital Returned to Shareholders	\$	12,659
Free Cash Flow Returned to Shareholders		99%

* Capital expenditures for the indicated period are from the “Acquisition of property and equipment” of Cisco’s Consolidated Statements of Cash Flows.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 25, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission file number 001-39940



CISCO SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
170 West Tasman Drive
San Jose, California

(Address of principal executive offices)

77-0059951
(IRS Employer
Identification No.)

95134-1706

(Zip Code)

Registrant's telephone number, including area code: (408) 526-4000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class:</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	CSCO	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

Aggregate market value of registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on January 23, 2026 as reported by the Nasdaq Global Select Market on that date: \$294.5 billion

Number of shares of the registrant's common stock outstanding as of August 27, 2026: 3,942,586,873

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the 2026 Annual Meeting of Stockholders, to be held on December 15, 2026, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

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This Annual Report on Form 10-K, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “momentum,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified below, under “Item 1A. Risk Factors,” and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

PART I

Item 1. Business

General

Cisco designs and sells a broad range of technologies including hardware, software, and artificial intelligence (AI) powered digital infrastructure to power, help secure, and draw insights from the Internet. We are incorporating AI into our product portfolios across networking, security, collaboration and observability, as well as integrating our products more tightly together into a platform. We are simplifying how our technology is delivered, managed and optimized and helping customers maximize the business value of their technology investments.

We conduct our business globally and manage our business by geography. Our business is organized into the following three geographic segments: Americas; Europe, Middle East, and Africa (EMEA); and Asia Pacific, Japan, and China (APJC).

Our products and technologies are grouped into the following categories: Networking, Security, Collaboration and Observability. In addition to our product offerings, we provide a broad range of services over the lifecycle of our products, including technical support services and professional services. Our customers include businesses of all sizes, public institutions, governments, and service providers, including hyperscalers. These customers often look to us as a strategic partner to help them use technology to differentiate themselves and drive positive business outcomes.

Cisco was incorporated in California in 1984 and reincorporated in Delaware in 2021. Our headquarters are in San Jose, California. The mailing address of our headquarters is 170 West Tasman Drive, San Jose, California 95134-1706, and our telephone number at that location is (408) 526-4000. Our website is www.cisco.com. Through a link on the Investor Relations section of our website, we make available the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC) at sec.gov: our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. All such filings are available free of charge. The information published on our website, or any other website referenced herein, is not incorporated into this report.

Available Information

We intend to announce material information to the public through our Investor Relations website at <https://investor.cisco.com>, SEC filings, press releases, public conference calls, and public webcasts, including those made available or broadcast on our Investor Relations website and through third-party websites, such as our LinkedIn page and YouTube channel. We use these channels, as well as social media (including certain X and LinkedIn accounts held and/or managed by us or our executive officers) and our blog, to communicate with our investors, customers, and the public about us, our products and services, and other matters. It is possible that the information we post on social media and our blog could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above, including the social media channels listed at the bottom of our Investor Relations website, and to review the information disclosed through such channels.

Strategy and Priorities

In today's fast-paced world shaped by AI, businesses and organizations globally are deploying technology to pursue their strategic objectives, from accelerating growth to enhancing operational efficiency and fostering innovation. Our strategy is to securely connect everything to make those desired outcomes possible.

Our customers have three key priorities in this dynamic environment: i) to build modern infrastructure; ii) to protect against the cyber threats of today and tomorrow; and iii) to harness the power of AI and data. Cisco is at the forefront of this evolution, developing innovative solutions that leverage advanced AI to deliver more valuable outcomes for our customers.

Modern Infrastructure

As agentic AI and inference workloads fundamentally alter network traffic patterns, our customers are investing in resilient, adaptable infrastructure to quickly respond to market changes and the demands of their own customers. Now more than ever it is crucial for businesses to remain competitive while managing resource constraints. Our customers continue to focus on modernizing their infrastructure with a focus on speed, agility, productivity, innovation and energy efficiency.

Cybersecurity

With the rapid growth in AI, modern applications, hyper-distributed architecture and increasingly sophisticated cyberattacks, cybersecurity is a top priority for customers. Our differentiated security strategy is based on three pillars: moving from point solutions to a platform comprehensively integrated with the infrastructure; infusing security into the fabric of the network; and harnessing the depth and breadth of telemetry data to prevent, detect, and respond to sophisticated attacks at machine speed.

AI and Data

AI represents a generational shift in technology. The rise of AI agents is generating a huge increase in network traffic and driving the need for far greater network connectivity. We provide network infrastructure to power AI training and inference workloads for both hyperscalers and enterprises. We help to scale our customers' network infrastructure with high-density routers and switches, improved network management, and high-performance optics. We are reinventing data center operations for our customers by simplifying the configuration, monitoring, and maintenance of fabrics, compute, networking and storage.

We can help give customers visibility across the network as well as across their security solutions, applications and business data. With this breadth and scale of data, we can help deliver differentiated insights and context to customers, which in turn drives more informed, proactive decision making and better business results.

These three customer priorities drive our innovation and technology, making them our priorities as well. To help deliver on them, we are bringing together the power of our portfolio, which we refer to as One Cisco, which provides three key outcomes to our customers: i) AI-ready data centers, ii) future-proofed workplaces, and iii) digital resilience.

AI-Ready Data Centers

Cisco is transforming data centers to power AI workloads anywhere. Whether customers need to modernize parts of their existing infrastructure or power new, massive AI workloads, we bring together the networking, silicon, compute, security and observability to power the performance, reliability and security of data centers. Our robust, flexible infrastructure is offered as individual building blocks or in pre-validated, full-stack systems for all workloads. Our high-performance systems are predominantly powered by Cisco Silicon One, a scalable and programmable architecture, covering all AI networking roles and capable of adapting to a wide range of use cases and network infrastructure designs. We fuse security into every layer to protect distributed workloads. We also deliver unified management across both traditional and AI workloads and provide tailored solutions and support through Cisco Services.

Future-Proofed Workplaces

Cisco helps deliver "future-proofed" workplaces, combining networking, security, smart spaces and collaboration to power how people work and serve their customers. This includes environments ranging from factory floors with plant workers and robots, to hospitals with healthcare workers, as well as to social workers and salespeople on the move. For secure campus and branch networking, we connect users and devices securely with a broad, scalable portfolio of solutions with embedded security, assurance and intelligence. No matter how people connect to the network, we have workforce protection that delivers frictionless zero-trust access and layered security, and we provide collaboration devices and software to enable effective collaboration to support productivity. Our smart spaces technology turns network devices into sensors for better intelligence and control of physical spaces, including lights and power. In addition, Cisco Services support customers with workplace planning and modernization.

Digital Resilience

Cisco is a leader in delivering digital resilience across customers' data centers, workplaces and entire IT environments. By bringing together the power of the network with assurance, observability and security, we help our customers prevent issues and remediate them quickly when they occur. We also provide the visibility and insights our customers need to adapt to new opportunities. Our assurance capabilities, powered by ThousandEyes, are deeply embedded across the Cisco portfolio and help enable seamless connectivity and optimal digital experiences across cloud, Internet, and enterprise networks, for the delivery of applications and services. Our observability solution, Splunk combined with AppDynamics, monitors the entire enterprise to help prevent downtime and improve experiences across networks, infrastructures, and applications. Through our security operations capabilities we deliver threat prevention, detection, investigation, and response for organizations of any size and security maturity. Additionally, Cisco Services deliver AI-powered support and issue resolution and help customers shift from reactive break-fix to proactive and predictive operations for higher uptime and greater resilience.

Cisco enables enterprises and service providers to deliver highly secure connectivity from workplaces to data centers worldwide. Our strength lies in our decades of expertise in helping customers of all sizes and across all industries throughout their technology lifecycle, and in the way we embed and enable AI across our products and services. We deliver the foundational hardware, software and services that every other technology capability is built on, making Cisco the critical infrastructure for the AI era.

For a discussion of the risks associated with our Strategy and Priorities, see "Item 1A. Risk Factors," including the risk factor entitled "We depend upon the development of new products and services, and enhancements to existing products and services, and if we fail to predict and respond to emerging technological trends and customers' changing needs, our results of operations and market share may suffer." For information regarding sales of our major products and services, see Note 18 to the Consolidated Financial Statements.

Products and Services

Our products and services are grouped into the following categories:

Networking

Our networking business is built on a foundation of industry-leading technologies, including switching, routing, wireless, and servers, offered through a comprehensive suite of both hardware and software solutions. This portfolio, which features integrated systems built on Cisco Silicon along with software licenses and software-as-a-service (SaaS) offerings, empowers customers to build, secure, automate, modernize, and transform their network infrastructure to meet the demands of a rapidly evolving digital landscape. The portfolio also includes Acacia Optics, whose high-speed coherent optical interconnect technologies enhance Cisco's networking solutions by enabling scalable, energy-efficient, and simplified optical connectivity that supports the shift from chassis-based systems to pluggable coherent optics. A central pillar of our networking strategy is the convergence of our on-premises solutions with our cloud-managed offerings. By integrating these capabilities across our networking portfolio, we aim to deliver continuous value to our customers through enhanced flexibility, scalability, and operational efficiency. This unified approach positions us to address the diverse needs of businesses as they transition to hybrid and cloud-first environments.

Our switching portfolio encompasses campus switching as well as data center switching. Our switches offer enhanced security and reliability and are designed to scale efficiently as our customers grow. Our campus switching offerings provide the foundation for converged data, voice, video, and Internet of Things (IoT) services, while also supporting new requirements from the rise of AI agents in customer networks. Within campus switching, our Cisco 9000 family of switches includes hardware with embedded software, along with a Unified Networking Experience (UNX) software subscription. Cisco software provides automation, analytics and security features which can be centrally monitored, managed, and configured. Our Campus Switches can also be managed from the cloud through Cisco Cloud Control, offering a powerful combination of rich enterprise features with ease of management. Our switching portfolio includes next-generation Cisco Smart Switches — Cisco 9350, Cisco 9610, and the new Cisco 9550 — built on Silicon One, our single, unified, scalable networking silicon architecture. These switches are AI-ready with advanced telemetry and assurance capabilities, equipped with quantum-resistant security and post-quantum cryptography to protect against future threats.

Our data center switching offerings, led by the Nexus 9000 series, provide the foundation for mission-critical data centers, delivering high availability, scalability, and security across hybrid environments. Central to this portfolio is the integration of Cisco Silicon One architecture, establishing a unified silicon foundation that delivers high performance and energy efficiency. Under our Nexus One strategy, we deliver a unified on-premises and cloud-managed operational experience. This unification, enabled by common underlying hardware and a single, simplified business model, gives customers broad flexibility in how they deploy and manage their networks. Our Cisco N9300 Series Smart Switches offers intelligent networking silicon alongside

embedded Data Processing Units (DPUs), representing our new vision for AI data center designs. Complex data processing tasks can be offloaded to the DPUs on the switch to improve both network architecture and security posture. We integrated these switches with Cisco Hypershield, our cloud-native and AI-powered solution for highly distributed security built into the fabric of the network, converging networking and security into a single offering. We also introduced our Cisco 800G optics, designed to support high-density switch ports to deliver scalable, high-performance networking optimized for AI workloads across data centers and edge environments.

Our service provider routing portfolio includes AI Infrastructure solutions for service provider customers, including our hyperscaler customers. We are focused on transforming connectivity to the Internet and the cloud environment by efficiently meeting the growing demand for low-latency and higher speeds. Our routed optical networking systems and our pluggable optic solutions allow us to transform the economics of building and operating networks for our service provider customers. Our Cisco 8000 series routers, which are based on Cisco Silicon One, provide broad capacity in high-density designs, allowing our customers to reduce operational footprints, lower carbon emissions, and transition to more efficient network architectures.

We also have enterprise routing solutions which interconnect public and private wireline and mobile networks, delivering highly secure and reliable connectivity to campus, data center and branch networks. These offerings are designed to meet the scale, reliability, and security needs of customers of any size.

Our wireless solutions deliver robust indoor and outdoor coverage, supporting seamless roaming for voice, video, and data applications. With a product portfolio that includes both on-premises and cloud-managed wireless access points and controllers, we provide customers with a powerful and intuitive converged access solution when paired with our switching portfolio.

Our networking portfolio also extends to Industrial IoT, providing ruggedized switching and routing solutions designed to maintain connectivity and security in harsh, mission-critical industrial environments. These solutions help to ensure that operational technology (OT) is as secure and manageable as traditional IT infrastructure.

Security

Security is at the core of our business strategy, reflecting our commitment to address the evolving needs of organizations of every size across every industry. Our security portfolio spans Network Security, Identity and Access Management, Secure Access Service Edge (SASE), and Identity and Agentic Security solutions. We are dedicated to continuous innovation, with significant investments in cloud-based security, AI-driven threat detection, and end-to-end security architectures designed to help customers proactively safeguard their most critical assets. Our Extended Detection and Response (XDR) offering is a unified and highly effective solution to help prevent, detect, and respond to sophisticated cyber threats. Our SASE architecture delivers a seamless combination of network and security functionality through a single, cloud-native platform. Our security offerings also include Cisco Hypershield and AI Defense. Cisco Hypershield is our cloud-native and AI-powered solution for highly distributed security built into the fabric of the network, converging networking and security into a single offering. AI Defense leverages machine learning and advanced analytics to proactively identify, analyze, and neutralize cyber threats in real-time, thereby strengthening the security posture of digital networks and data. Our security strategy positions us well to capture growing market demand for comprehensive, scalable, and integrated security solutions.

Collaboration

Our Collaboration portfolio consists of our Webex Suite, Collaboration Devices, Contact Center and Communication Platform as a Service (CPaaS) offerings. These offerings consist of software, including perpetual licenses and subscription arrangements, as well as hardware. Our objective is to create more inclusive and engaging employee and customer experiences by providing technology that enables distributed teams to collaborate effortlessly. We offer end-to-end collaboration solutions that can be delivered on-premises, from the cloud, or within hybrid cloud environments. AI and machine learning capabilities are embedded across the Webex portfolio to help improve productivity. Our CPaaS offering is a cloud communications platform that integrates communication channels and existing back-end business systems to help enable the orchestration and automation of all customer and employee interactions.

Observability

Observability consists of our observability suite and network assurance offerings. Our unified observability offerings connect insights across AI agents, applications, infrastructure, networks and digital experience to help improve service resilience, which is especially important in the AI era with concerns around “tokenomics.” Splunk Observability correlates telemetry and business context across traditional cloud-native and AI environments to connect service health and customer experience issues to causes and business impact and enable timely action. Its agent observability capabilities add continuous evaluation and insight into AI agent behavior, quality, performance and cost. ThousandEyes, our network assurance offering, extends the system beyond customers’ owned environments, adding network assurance and intelligence across enterprise, Internet and cloud networks to show how connectivity affects application performance, digital experience, service quality and resilience.

Services

In addition to our product offerings, we provide a comprehensive portfolio of technical support and professional services designed to help customers enhance the business value of their technology investments. Central to our services strategy is Cisco IQ, a unified digital interface that serves as the primary delivery vehicle for Cisco Support and Professional Services. By integrating AI and automation, Cisco IQ equips customers with landscape clarity, proactive resilience, rapid resolution, and highly contextualized professional services.

Cisco Technical Support provides robust assistance including software support, hardware replacement, and accelerated issue resolution to ensure that our customers' products and networks operate efficiently and remain highly available. These offerings are critical for helping customers protect their infrastructure investments, manage operational risk and minimize downtime for systems running mission-critical applications.

Complementing our support capabilities, our professional services portfolio encompasses planning, design, implementation and high-value consulting, aimed at aligning technology deployments with strategic business outcomes. We continually invest in the modernization of our services by embedding AI-driven insights into Cisco IQ and expanding our expertise beyond core networking to encompass security and analytics, ensuring our customers are well-positioned for resilient, forward-looking digital transformation.

Customers and Markets

Many factors influence the IT, collaboration, and networking requirements of our customers. These include the size of the organization, number and types of technology systems, geographic location, and business applications deployed throughout the customer's network. Our customer base is not limited to any specific industry, geography, or market segment. Our customers primarily operate in the following markets: enterprise, public sector and service provider and cloud.

Enterprise

Enterprise includes businesses that are large regional, national, or global organizations with multiple locations or branch offices, or mid-market and small businesses. Many enterprise businesses have unique IT, collaboration, and networking needs within a multi-vendor environment. Our mid-market and small business customers typically require the latest advanced technologies, but with less complexity. We offer service and support packages, financing, and managed network services, primarily through our service provider partners. We sell these products through a network of third-party application and technology vendors and channel partners, as well as selling directly to these customers.

Public Sector

Public Sector includes federal, state and local governments, as well as educational institution customers. Many public sector customers have unique IT, collaboration, and networking needs within a multi-vendor environment. We primarily sell to public sector customers through a network of third-party application and technology vendors and channel partners.

Service Provider and Cloud

Service Provider and Cloud includes regional, national, and international wireline carriers and hyperscalers, as well as Internet, cable, and wireless providers. We also include media, broadcast, and content providers within this customer market, as the lines in the telecommunications industry continue to blur between traditional network-based, content-based and application-based services. This customer market offers data, voice, video, and mobile/wireless services to businesses, governments, utilities, and consumers worldwide. Service provider and cloud businesses use a variety of our products and services for their own networks. In addition, many service providers use Cisco data center, virtualization, and collaboration technologies to offer managed or Internet-based services to their business customers. Compared with other customers, service providers are more likely to require network design, deployment, and support services because of the greater scale and higher complexity of their networks, whose requirements are addressed, we believe, by our architectural approach.

Sales Overview

As of the end of fiscal 2026, our worldwide sales and marketing functions consisted of approximately 25,400 employees, including managers, sales representatives, and technical support personnel. We sell our products and services both directly and indirectly through a variety of channels with support from our sales workforce. A substantial portion of our products and services is sold indirectly through channel partners, and the remainder is sold through direct sales. Channel partners include systems integrators, service providers, other third-party resellers, and distributors.

Systems integrators and service providers typically sell directly to end users and often provide system installation, technical support, professional services, and other support services in addition to network equipment sales. Systems integrators also typically integrate our products into an overall solution. Some service providers are also systems integrators.

Distributors may hold inventory and sell to systems integrators, service providers, and other third-party resellers. We refer to sales through distributors as our two-tier system of sales to the end customer. Revenue from two-tier distributors is recognized based on a sell-in method. These distributors may be given business terms that allow them to return a limited portion of inventory, receive credits for changes in selling prices, receive certain rebates, and participate in various cooperative marketing programs.

Our service offerings complement our products through a range of consulting, technical, project, quality, and software maintenance services, including 24-hour online and telephone support through technical assistance centers.

For information regarding risks related to our sales channels, see “Item 1A. Risk Factors,” including the risk factors entitled “Disruption of or changes in our distribution model could harm our sales and margins” and “Inventory management relating to our sales to our two-tier distribution channel is complex, and excess inventory may harm our gross margins.”

For information regarding risks relating to our international operations, see “Item 1A. Risk Factors,” including the risk factors entitled “Our results of operations may be negatively impacted by unfavorable economic and market conditions and the uncertain geopolitical environment;” “Entrance into new or developing markets exposes us to additional competition and will likely increase demands on our service and support operations;” “Due to the global nature of our operations, political or economic changes or other factors in a specific country or region could harm our results of operations or financial condition;” “We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows;” and “Cyber attacks, data breaches or other incidents impacting our solutions and IT environment may disrupt our operations, harm our results of operations or financial condition, and damage our reputation or otherwise materially harm our business; and cyber attacks, data breaches or other incidents on our customers’ or third-party providers’ networks, or in third-party products we use, could result in claims of liability against us, give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business,” among others.

Financing Arrangements

We provide financing arrangements for certain qualified customers to build, maintain, and upgrade their networks. Cisco Capital, our financing arm, helps customers acquire the technology they need to achieve their business objectives and stay competitive. Cisco Capital financing provides flexibility in acquiring hardware, software, services, and complementary third-party equipment. We believe customer financing is a competitive advantage in obtaining business and enabling sales, particularly for those customers involved in significant infrastructure projects. Our financing arrangements include loans, leases (sales-type, direct financing and operating) and channel financing arrangements.

Acquisitions, Investments, and Alliances

The markets in which we compete require a wide variety of technologies, products, and capabilities. We continue to evaluate opportunities to acquire and invest in businesses and technologies that complement and enable further investment in our key priority areas.

Acquisitions

We acquire companies in order to gain access to talent, technology, products and features, operational capabilities or new markets. The risks associated with acquisitions are more fully discussed in “Item 1A. Risk Factors,” including the risk factor entitled “We have made and expect to continue to make acquisitions that could disrupt our operations and harm our results of operations.”

Investments in Privately Held Companies

We make investments in privately held companies that develop technology or provide services that are complementary to our products or that provide insights into emerging technologies that may become relevant to our businesses. The risks associated with these investments are more fully discussed in “Item 1A. Risk Factors,” including the risk factor entitled “We are exposed to fluctuations in the market values of our portfolio investments and in interest rates; impairment of our investments could harm our earnings.”

Strategic Alliances

We pursue strategic alliances with other companies in areas where collaboration can produce industry advancement and accelerate new markets. The objectives and goals of a strategic alliance can include one or more of the following: technology exchange, product development, joint sales and marketing, or new market creation.

The risks associated with our strategic alliances are more fully discussed in “Item 1A. Risk Factors,” including the risk factor entitled “If we do not successfully manage our strategic alliances, we may not realize the expected benefits from such alliances, and we may experience increased competition or delays in product development.”

Competition

We compete in the networking and communications equipment markets, providing products and services designed to transport, and help secure data, voice, and video traffic across cloud, private and public networks and the Internet. We compete with numerous vendors in each product category. The overall number of our competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as we increase our activity in newer product areas, and in key priority areas. As we continue to expand globally, we may see new competition in different geographic regions. In particular, we have experienced price-focused competition from competitors in Asia, especially from China, and we anticipate this will continue.

Our competitors (in each case relative to only some of our products or services) include: Amazon Web Services LLC; Arista Networks, Inc.; Broadcom Inc.; Ciena Corporation; CrowdStrike Holdings, Inc.; Datadog Inc.; Dell Technologies Inc.; Dynatrace Inc.; Fortinet, Inc.; Hewlett-Packard Enterprise Company; Huawei Technologies Co., Ltd.; Microsoft Corporation; Nokia Corporation; Nvidia Corporation; Palo Alto Networks, Inc.; RingCentral, Inc.; Zoom Video Communications, Inc.; and Zscaler, Inc.; among others.

Some of our competitors compete across many of our product lines, while others are primarily focused in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with our products are regularly formed. In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our existing competitors but also from other competitors, including existing companies with strong technological, marketing, and sales positions in those markets. We also sometimes face competition from resellers and distributors of our products. Companies with which we have strategic alliances in some areas may be competitors in other areas, and this trend may increase. For example, the enterprise data center is undergoing a fundamental transformation arising from the convergence of technologies, including computing, networking, storage, and software, that previously were segregated. Additionally, companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us.

The principal competitive factors in the markets in which we presently compete and may compete in the future include the ability to sell successful business outcomes; the ability to provide a broad range of networking and communications products and services; product performance; price; the ability to introduce new products, including providing continuous new customer value and products with price-performance advantages; the ability to reduce production costs; the ability to provide value-added features such as security, reliability, and investment protection; conformance to standards; market presence; the ability to provide financing; and disruptive technology shifts and new business models.

We also face competition from customers to which we license or supply technology and suppliers from which we transfer technology. The inherent nature of networking requires interoperability. As such, we must cooperate and, at the same time, compete with many companies. Any inability to effectively manage these complicated relationships with customers, suppliers, and strategic alliance partners could materially harm our business, results of operations, and financial condition and accordingly affect our chances of success.

Research and Development

We regularly introduce new products and features to address the requirements of our markets. We allocate our research and development budget among our product categories, which consist of Networking, Security, Collaboration, and Observability technologies. Our research and development expenditures are applied generally to all product areas, with specific areas of focus being identified from time to time. Our expenditures for research and development costs were expensed as incurred.

The industry in which we compete is subject to rapid technological developments, evolving standards, changes in customer requirements, and new product introductions and enhancements. As a result, our success depends, in part, on our ability, on a cost-effective and timely basis, to continue to enhance our existing products and to develop and introduce new products that improve performance and reduce total cost of ownership. To achieve these objectives, our management and engineering personnel work with customers to identify and respond to customer needs, as well as with other innovators of Internet networking products, including universities, laboratories, and corporations. We also expect to continue to make acquisitions and strategic investments, where appropriate, to provide us with access to new technologies. Nonetheless, there can be no assurance that we will be able to successfully develop products to address new customer requirements and technological changes or that those products will achieve market acceptance.

Manufacturing

We rely on contract manufacturers for our manufacturing needs. We presently use a variety of independent third-party companies to provide services related to printed-circuit board assembly, in-circuit test, product repair, and product assembly. Proprietary software in electronically programmable memory chips is used to configure products that meet customer requirements and to maintain quality control and security. The manufacturing process enables us to configure the hardware and software in unique combinations to meet a wide variety of individual customer requirements. The manufacturing process also uses automated testing equipment and burn-in procedures, as well as comprehensive inspection, testing, and statistical process controls, which are designed to help ensure the quality and reliability of our products. The manufacturing processes and procedures are generally certified to International Organization for Standardization 9001 standards.

Our arrangements with contract manufacturers generally provide for quality, cost, and delivery requirements, as well as manufacturing process terms, such as inventory management; flexibility regarding capacity, quality, and cost management; oversight of manufacturing; and conditions for use of our intellectual property. We have not entered into any significant long-term contracts with any contract manufacturers. We generally have the option to renew arrangements on an as-needed basis. These arrangements with contract manufacturers generally do not commit us to purchase any particular amount or any quantities beyond amounts covered by orders or forecasts that we submit covering discrete periods of time.

Patents, Intellectual Property, and Licensing

We seek to establish and maintain our proprietary rights in our technology and products through the use of patents, copyrights, trademarks, and trade secret laws. We have a program to file applications for and obtain patents, copyrights, and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements. We have obtained a substantial number of patents and trademarks in the United States and in other countries. There can be no assurance, however, that the rights obtained can be successfully enforced against infringing products in every jurisdiction.

Many of our products are designed to include software or other intellectual property licensed from third parties. While it may be necessary in the future to seek or renew licenses relating to various aspects of our products, we believe, based upon past experience and standard industry practice, that such licenses generally could be obtained on commercially reasonable terms. Nonetheless, there can be no assurance that the necessary licenses would be available on acceptable terms, if at all. Our inability to obtain certain licenses or other rights or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could materially harm our business, results of operations, and financial condition. Moreover, inclusion in our products of software or other intellectual property licensed from third parties on a nonexclusive basis can limit our ability to protect our proprietary rights in our products.

The industry in which we compete is characterized by rapidly changing technology, a large number of patents, and frequent claims and related litigation regarding patent and other intellectual property rights. There can be no assurance that our patents and other proprietary rights will not be challenged, invalidated, or circumvented; that others will not assert intellectual property rights to technologies that are relevant to us; or that our rights will give us a competitive advantage. Further, some U.S. governmental entities and courts have expressed a position that U.S. copyright and patent protection should be limited to protecting inventions and works of authorship created by humans. Therefore, U.S. copyright or patent protection for inventions or works developed in part or wholly by generative AI tools may be limited, or not available at all. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws of the United States.

The risks associated with patents and intellectual property are more fully discussed in “Item 1A. Risk Factors,” including the risk factors entitled “Our proprietary rights may prove difficult to enforce,” “We may be found to infringe on intellectual property rights of others,” and “We rely on the availability of third-party licenses.”

Government Regulation

We are subject to numerous regulations and laws in the United States and abroad that involve matters central to our business. Many of these regulations and laws are evolving and their applicability and scope, as interpreted by courts and regulators, remain uncertain. These regulations and laws involve a variety of matters including privacy, data protection and personal information, cybersecurity, operational resilience, AI, tax, trade, encryption technology, environmental sustainability (including climate change), human rights, product certification, and national security.

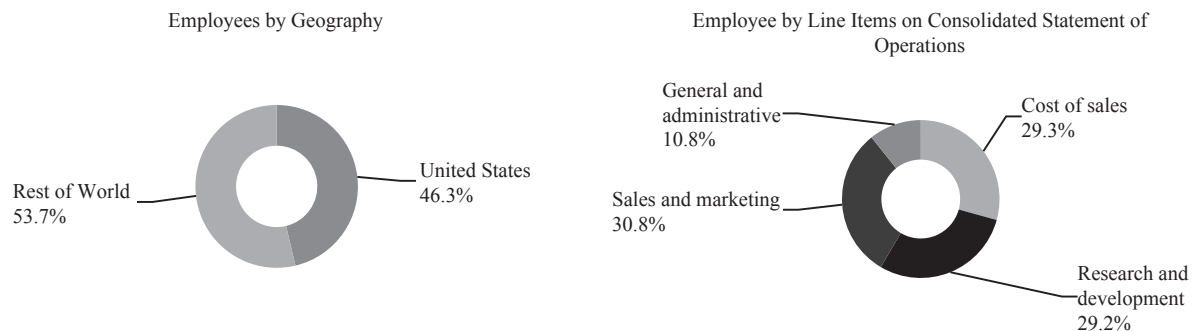
A failure, or alleged failure, by us to comply with regulations or laws could materially harm our business, results of operations, or financial condition. For additional information about government regulation and laws applicable to our business, see “Item 1A. Risk Factors,” including the risk factor entitled “Our business, results of operations, or financial condition could be materially harmed by evolving regulatory uncertainty or obligations applicable to our products and services” and Note 13 to the Consolidated Financial Statements, subsection (f) “Legal Proceedings.”

Talent and Culture

At Cisco, we value our people and our technology, and we leverage our broader ecosystems to positively impact the world and pursue our Purpose to Power an Inclusive Future for All. Our goal is to attract, retain, and develop talent in order to help our customers connect and secure their infrastructure and accelerate their digital agility. Our relationship with our employees is one of mutual benefit. Our employees bring talent and ingenuity to everything we do, and in turn, we provide employees with meaningful careers and development opportunities.

Cisco is currently ranked #3 on the Fortune 100 Best Companies to Work For® 2026 in the United States. Fortune and Great Place to Work have published their United States rankings since 1998, and Cisco has been recognized on every annual list. In fiscal 2026, Cisco was recognized as a top three workplace in 24 countries by Great Place To Work®, including #1 wins in Costa Rica, Italy, Indonesia, Ireland, Malaysia, Peru, Singapore, and Taiwan.

As of July 25, 2026, we had approximately 82,400 employees and they are categorized as follows:



Compensation and Benefits

Our total compensation philosophy is designed to attract, reward, and retain talent. It provides market competitive, performance-based compensation aligned with each employee's contribution and impact to the value we drive to our customers, partners, and stockholders. We reward and recognize our employees for effecting innovation, collaboration, profitability, and growth within our geographies, product lines, and functions.

Health & Well-being

We have an ongoing commitment to focus on the health, safety, and well-being of our employees. We seek to provide our employees and their families with high-quality, flexible, and convenient benefits and resources for their physical, mental, and financial well-being. We strive to support our employees as they balance careers and personal lives, as well as their own physical, emotional, and financial health. We continue to emphasize a focus on both physical and mental health, recognizing the need to create an environment where employees can speak openly about mental health and other matters.

We offer mindfulness courses, employee assistance program offerings, and out-of-network provider benefits for substance abuse and mental health treatment, and more. In fiscal 2026, we continued to offer employees "A Day for Me," which were paid days off that allowed for each individual to recharge and rest. We employ a hybrid work model in certain countries, giving our employees the flexibility to work offsite or at onsite Cisco locations.

Employee Development and Engagement

Cisco is advancing new approaches to leading, learning, and working in the age of AI. We invest in developing strategic capabilities that drive business growth, while enabling employees' personal and professional development. By aligning skilling with our Guiding Principles and business priorities, we put learning at the center of innovation.

Recognizing that each career is unique, we provide personalized learning opportunities in multiple formats that fit into employees' daily work. We are also unifying our leadership development approach to offer a full range of programs for employees at all levels, reflecting our belief that you lead from every seat. The principle of "one company, many careers" guides us, and we are using data insights from skills intelligence to match people and opportunities. Learning and development are reinforced in our performance processes. Success at Cisco depends on both what is achieved and how it is achieved, with leaders supporting ongoing development through regular feedback and check-ins.

We believe that strong communication is key in our Conscious Culture. These communications include the Cisco Beat, which are regular all-hands meetings, and Cisco Check-Ins, which are ad-hoc meetings for important conversations. Employees also participate in our global Engagement Pulse Survey and the Real Deal Survey. These surveys allow our employees to provide confidential feedback on our culture, company strategy and trust in their direct leaders.

Information about our Executive Officers

The following table shows the name, age, and position as of August 31, 2026 of each of our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Charles H. Robbins.....	60	Chair and Chief Executive Officer
Mark Patterson	56	Executive Vice President and Chief Financial Officer
Jeetendra Patel.....	55	President, Chief Product Officer
Deborah L. Stahlkopf	56	Executive Vice President and Chief Legal Officer
Thimaya Subaiya.....	48	Executive Vice President, Operations
Oliver Tuszik.....	58	Executive Vice President, Global Sales and Chief Sales Officer

Mr. Robbins serves as our Chief Executive Officer since July 2015, as a member of the Board of Directors since May 2015, and as Chair of the Board since December 2017. Mr. Robbins joined Cisco in December 1997, from which time until March 2002 he held a number of managerial positions within Cisco's sales organization. Mr. Robbins was promoted to Vice President in March 2002, assuming leadership of Cisco's U.S. channel sales organization. Additionally, in July 2005, Mr. Robbins assumed leadership of Cisco's Canada channel sales organization. In December 2007, Mr. Robbins was promoted to Senior Vice President, U.S. Commercial, and, in August 2009 he was appointed Senior Vice President, U.S. Enterprise, Commercial and Canada. In July 2011, Mr. Robbins was named Senior Vice President, Americas. In October 2012, Mr. Robbins was promoted to Senior Vice President, Worldwide Field Operations, in which position he served until assuming the role of Chief Executive Officer. Mr. Robbins is also a member of the board of directors of BlackRock, Inc. (since 2017).

Mr. Patterson joined Cisco in September 2000 and serves as our Executive Vice President and Chief Financial Officer since July 2025. Previously, Mr. Patterson served as Cisco's Executive Vice President and Chief Strategy Officer from March 2024 to July 2025, as Senior Vice President, Chief of Staff to the Chair and CEO from October 2018 to March 2024, as Senior Vice President, Strategy, Planning, and Operations for Worldwide Sales and Marketing from July 2015 to October 2018, and in various other leadership and finance roles at Cisco since 2000.

Mr. Patel joined Cisco in July 2020 and serves as our President and Chief Product Officer since May 2025. Previously, Mr. Patel served as Cisco's Executive Vice President and Chief Product Officer from August 2024 to May 2025, as Executive Vice President and General Manager, Security and Collaboration from June 2021 to August 2024, and as Senior Vice President and General Manager, Security and Collaboration from July 2020 to June 2021. Prior to joining Cisco, Mr. Patel served as the Chief Product Officer and Chief Strategy Officer at Box, Inc. ("Box") from September 2017 to July 2020, and as Senior Vice President of Platform and Chief Strategy Officer from August 2015 to September 2017. Prior to joining Box, Mr. Patel served as General Manager and Chief Executive of the Syncplicity business unit of EMC Corporation (now part of Dell Technologies Inc.). Mr. Patel is a member of the board of directors of Jones Lang LaSalle Incorporated (since 2019).

Ms. Stahlkopf joined Cisco in August 2021 and serves as our Executive Vice President and Chief Legal Officer. Prior to joining Cisco, Ms. Stahlkopf spent 14 years at Microsoft, where she served most recently as Corporate Vice President, General Counsel and Corporate Secretary, Corporate, External and Legal Affairs from April 2018 to July 2021. Ms. Stahlkopf also served in other leadership roles at Microsoft, including as Vice President and Deputy General Counsel from December 2015 to April 2018 and as Associate General Counsel from December 2010 to December 2015. Prior to joining Microsoft, Ms. Stahlkopf practiced law at Perkins Coie LLP and Cooley Godward LLP. Ms. Stahlkopf is a member of the board of directors of NextEra Energy, Inc. (since 2023).

Mr. Subaiya joined Cisco in July 2018 and serves as our Executive Vice President of Operations since March 2024. Previously, Mr. Subaiya served as Cisco's Senior Vice President, Chief Transformation Officer from March 2023 to March 2024, as Senior Vice President and General Manager, Customer Experience from November 2021 to March 2023, and as Senior Vice President, Customer Experience Operations and Renewals from July 2018 to November 2021. Prior to joining Cisco, Mr. Subaiya spent 8 years at Salesforce, Inc. ("Salesforce") where he served in a variety of leadership roles, including most recently as its Chief Operating Officer of Customer Success. Before joining Salesforce, Mr. Subaiya held various leadership roles in business development and global planning and strategy at Oracle Corporation. Mr. Subaiya is a member of the board of directors of Genpact Limited (since 2025).

Mr. Tuszik joined Cisco in July 2013 and serves as our Executive Vice President of Global Sales and Chief Sales Officer since April 2025. Previously, Mr. Tuszik served as Cisco's Senior Vice President, EMEA Sales from August 2023 to April 2025, as Senior Vice President, Global Partner and GM Routes to Market Sales from December 2020 to August 2023, as Senior Vice President, Worldwide Partner Organization from July 2018 to December 2020, and as Vice President, Country Leader Germany from July 2013 to July 2018. Prior to joining Cisco, Mr. Tuszik spent over 10 years at Computacenter AG & Co. oHG, most recently serving as Chief Executive Officer Germany.

Item 1A. Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the SEC are descriptions of the risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report.

Risks Related to our Business and Industry

Our operations can be difficult to predict because our results of operations may fluctuate in future periods.

Our results of operations have been in the past, and will continue to be, subject to quarterly and annual fluctuations as a result of numerous factors, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment. Consequently, our results of operations are not a reliable indicator of future results. These factors include:

- Customer patterns, such as fluctuating demand for our products and services, especially with respect to service providers and cloud customers; the timing, size, and mix of orders from customers; and changes in sales and implementation cycles for our products and reduced visibility into our customers' spending plans and associated revenue
- Our ability to maintain appropriate inventory levels and purchase commitments and manage manufacturing and customer lead times
- Price and product competition in the communications and networking industries, which can change rapidly due to technological innovation and different business models from various geographic regions
- Industry trends such as consolidation among our competitors and our customers, and the introduction and market acceptance of new technologies, products and technology standards, and our success in these new and evolving markets and with emerging technologies, including AI
- Variations in sales channels, product costs, or mix of products sold (e.g., hardware and software sales, including mix of cloud-based and on-premise software sales)
- Fluctuations in our gross margins, and the factors that contribute to such fluctuations
- The ability of our direct sale customers, channel partners, contract manufacturers and suppliers to obtain financing, to fund capital expenditures, or withstand financial problems
- Actual events, circumstances, outcomes, and amounts differing from judgments, assumptions, and estimates used in determining the values of certain assets (including the amounts of related valuation allowances), liabilities, and other items reflected in our Consolidated Financial Statements
- How well we execute on our strategy and operating plans and the impact of changes in our business model that could result in significant restructuring charges
- Our ability to achieve targeted cost reductions and anticipated benefits from our investments
- Changes in tax laws or accounting rules, or interpretations thereof

Any of these factors, or others discussed in this report, could materially harm our business, results of operations, or financial condition.

Our results of operations may be negatively impacted by unfavorable economic and market conditions and the uncertain geopolitical environment.

The global macroeconomic environment can be challenging and uncertain. Challenging global economic conditions, including tariffs or other trade barriers or disruptions, rising inflation, or other changes, have contributed, and may continue to contribute, to slowdowns in the markets in which we operate, resulting in: reduced demand for our products due to constrained IT-related spending by customers, particularly service provider, cloud, enterprise and other customer markets; increased price competition for our products, not only from our competitors but also as a consequence of customers disposing of unutilized products; risk of excess and obsolete inventories; risk of supply constraints; risk of excess facilities and manufacturing capacity; and higher overhead costs as a percentage of revenue and higher interest expense.

Furthermore, the impact of uncertainty regarding global central bank monetary policy, the instability in the geopolitical environment in many parts of the world (including as a result of the ongoing Russia and Ukraine war, Middle East conflicts and wars, and China-Taiwan relations), government-related disruptions or shutdowns, and other disruptions may continue to put pressure on global economic conditions.

Economic conditions specific to one or more segments or customer markets may also affect our results of operations in those segments. If global economic and market conditions were to deteriorate, we may experience material harm to our business, results of operations, or financial condition.

Our revenue for a particular period is difficult to predict, and a shortfall in revenue may harm our results of operations.

Our quarterly revenue is difficult to predict, which can be exacerbated during challenging global macroenvironments and resulting market uncertainty. As in prior periods, we may experience a decline or slower revenue growth rate on a year-over-year basis. Our ability to meet financial expectations could also be negatively impacted if nonlinear sales or shipping patterns seen in prior quarters occur again in future periods. Nonlinear shipping patterns have occurred when shipments have exceeded net bookings or manufacturing or other issues have delayed shipments, making it difficult to predict revenue for a particular period. Furthermore, nonlinear or irregular shipping patterns can increase costs, due to resulting periods of underutilized capacity, overtime expenses, and potential additional inventory management-related costs. In addition, delayed shipments arising from manufacturing, component shortages, or any other issues, particularly in periods in which our contract manufacturers are operating at higher levels of capacity, could negatively impact revenue for a quarter if such matters occur and are not remediated within the same quarter.

The timing of large orders can also have a significant impact on our business and results of operations from quarter to quarter. From time to time, we receive large orders that have a significant effect on our results of operations in the period in which the order is recognized as revenue. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our results of operations could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue. Additionally, longer than normal manufacturing lead times in the past have caused, and in the future could cause, some customers to place multiple orders within our various sales channels and to cancel the duplicative orders upon shipment or receipt of the product, or to also place orders with other vendors with shorter manufacturing lead times. Such multiple ordering (along with other factors) or risk of order cancellation may cause difficulty in predicting our revenue. Further, our efforts to improve manufacturing lead-time performance may result in more variability and less predictability in our revenue and results of operations. In addition, when managing component supply-related challenges, we have in the past, and may in the future, increase efforts in procuring components to meet customer expectations, which in turn contributes to an increase in inventory and purchase commitments. Product demand conditions for future periods can be difficult to predict or may persist longer than anticipated. Because we plan our operating expenses primarily based on forecasted revenue levels and these costs and the impact of long term commitments are relatively fixed in the short term, a revenue shortfall from short term business changes or otherwise, may prevent us from adjusting these fixed expenses quickly enough to meet financial expectations. Any of the above factors could materially harm our operations and financial results.

Supply chain issues, including financial problems of contract manufacturers or component suppliers, or a shortage of adequate component supply or manufacturing capacity that increase our costs or cause a delay in our ability to fulfill orders, could have an adverse impact on our business and results of operations, and our failure to estimate customer demand properly or significant purchase commitments made in anticipation of such demand may result in excess or obsolete component supply or other charges, which could negatively impact our gross margins.

The fact that we do not own or operate the bulk of our manufacturing facilities and that we are reliant on our extended supply chain could have an adverse impact on the supply of our products and on our business and results of operations. Financial problems of either contract manufacturers or component suppliers, reservation of manufacturing capacity at our contract manufacturers by other companies, and industry consolidation occurring within one or more component supplier markets, such as the semiconductor market, in each case, could either limit supply or increase costs.

A reduction or interruption in supply, including disruptions on our global supply chain, caused in part by geopolitical tensions; public health emergencies; significant natural disasters (including as a result of climate change); tariffs or other trade barriers or disruptions; a significant increase in the price of components (including as a result of inflation); a failure to adequately authorize procurement of inventory by our contract manufacturers; a failure by suppliers to deliver on our contracts; IT-related failure or disruption; a failure to appropriately cancel, reschedule, or adjust our requirements based on our business needs; or a decrease in demand for our products could materially harm our business, results of operations, or financial condition and could materially damage customer relationships. Furthermore, as a result of binding price or purchase commitments with suppliers, we may be obligated to purchase components at prices that are higher than those available in the current market or in quantities that exceed our actual requirements if customer demand is lower than anticipated, delayed or shifts to different products or technologies. If we are committed to purchase components at prices in excess of the current market price when the components are actually used, or in quantities in excess of our needs, our gross margins could decrease and we could incur excess or obsolete inventory, losses on purchase commitments or other charges. In addition, vendors may prioritize other customers for business, regulatory, or political reasons or demand price adjustments as a condition of supply. Although we have generally secured additional supply or taken other mitigation actions when significant disruptions have occurred, if similar situations occur in the future, they could materially harm our business, results of operations or financial condition.

Our growth and ability to meet customer demands depend in part on our ability to obtain timely component deliveries from our suppliers and contract manufacturers. We have experienced past component shortages, including those caused by

manufacturing process issues, that have affected our operations, including extended lead times. Additionally, we may in the future experience a shortage of certain component parts as a result of our own manufacturing issues, manufacturing issues or capacity problems at our suppliers or contract manufacturers, including cost problems resulting from industry consolidation or otherwise, or strong demand for those parts. Growth in the economy is likely to create greater pressures on us and our suppliers to accurately project component demand and optimize component levels and manufacturing capacity, especially for labor-intensive components, components for which we purchase a substantial portion of the supply, or the re-ramping of manufacturing capacity for highly complex products. During periods of shortages or delays, including delays resulting from us not accurately forecasting our needs, component prices may increase, or components may not be available at all. For these or other reasons, we may not be able to secure enough components at reasonable prices or of acceptable quality to build new products in a timely manner in the quantities or configurations needed. Accordingly, our revenue and gross margins could suffer until other sources can be developed.

Although in many cases we use standard parts and components for our products, certain components are presently available only from limited or single sources, and a global economic downturn and related market uncertainty could negatively impact the availability of components from one or more of these sources, especially during times when there are supplier constraints based on labor and other actions taken during economic downturns. We may not be able to diversify sources in a timely manner, which could harm our ability to deliver products to customers and seriously impact present and future sales.

We believe future supply chain challenges may include: rapid growth in new markets in which we participate, which may make it difficult to quickly obtain significant component capacity; dependency on unfamiliar supply chains or relatively small supply partners for the companies and new technologies we acquire; and competition for certain components that are supply-constrained from existing competitors and companies in other markets.

Manufacturing capacity and supply constraints, such as the memory shortages experienced in fiscal 2026, remain significant risks, and we expect to continue to be adversely impacted by the rising costs of currently constrained memory components. We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to improve manufacturing lead-time performance and to help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that either allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. In recent periods, we have increased our efforts in procuring components to meet customer expectations, as we have historically done due to supply constraints, which has contributed to an increase in inventory and purchase commitments. For example, in fiscal 2025 and 2026, we entered into additional purchase commitments with contract manufacturers and suppliers related to manufacturing Cisco Silicon One, memory components and other products to meet expected demand from hyperscalers and other customers. We expect to continue entering into these additional purchase commitments in fiscal 2027. We have also increased inventory deposits and prepayments with certain contract manufacturers and suppliers in connection with these arrangements. These past efforts and additional purchase commitments and prepayments significantly increased our supply chain exposure, which resulted in negative impacts to our product gross margin in recent periods and may result in further negative impacts in future periods. These supply chain exposures include potential material excess and obsolete inventory, losses on purchase commitments or other charges if product demand significantly decreases or is delayed for a sustained duration, we are unable to generate demand for certain products planned for development, customer requirements or technology architectures change or we are otherwise unable to mitigate these supply chain exposures. Product demand conditions for future periods can be difficult to predict, particularly in rapidly evolving sectors such as AI infrastructure. For additional information and a further discussion of impacts and risks related to our inventory commitments and our purchase commitments with contract manufacturers and suppliers, see “Results of Operations—Product Gross Margin—Supply Chain Impacts and Risks”, “Liquidity and Capital Resources—Inventory Supply Chain” and Note 13 to the Consolidated Financial Statements.

We expect gross margin to vary over time, and our level of product gross margin may not be sustainable.

Our level of product gross margins has declined in certain prior periods and could decline in future periods due to adverse impacts from various factors, including:

- Changes in customer, geographic, or product mix, including the mix of hardware and software sales (and the mix of cloud-based and on-premise software sales)
- Increases in material, labor or other manufacturing-related costs (i.e., component costs, broker fees, expedited freight and overtime) or higher supply chain logistics costs, any of which could be significant, especially during periods of supply constraints for certain costs, such as those that we have seen impact the market for components in prior periods, including semiconductors and memory (as we saw in fiscal 2026 and expect to continue seeing), and which costs have in the past and may continue to be exacerbated by inflation

- Introduction of new products, including products with price-performance advantages, and new business models (including continuing to increase the use of business models where revenue is recognized over multiple periods)
- Entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures, through acquisitions or internal development
- Sales discounts, changes in distribution channels, or changes in shipment volume
- Excess inventory, inventory holding charges, and obsolescence charges
- The timing of revenue recognition and revenue deferrals or increased amortization of purchased intangible assets, especially from acquisitions
- Increased costs (including royalty or royalty costs and those caused by tariffs or economic conditions, including inflation), loss of cost savings or dilution of savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand or if the financial health of either contract manufacturers or suppliers deteriorates
- Lower than expected benefits from value engineering and our ability to reduce production costs
- Increased price competition, including competitors from Asia, especially from China
- How well we execute on our strategy and operating plans

Changes in service gross margin may result from various factors such as changes in the mix between technical support services and professional services, as well as the timing of technical support service contract initiations and renewals, the addition of personnel and other related costs, and other resources to support higher levels of service business in future periods.

Sales to the service provider and cloud market, including sales of AI infrastructure solutions to large cloud and hyperscaler customers, are especially volatile and may be concentrated among a limited number of customers, and weakness in orders from this industry may harm our results of operations or financial condition.

Sales to the service provider and cloud market are often characterized by large and sporadic purchases. Our sales of AI infrastructure solutions to cloud and hyperscaler customers may similarly involve large and concentrated purchases, and demand may depend on a limited number of customers' capital spending levels, the timing and scale of AI infrastructure deployments, technology and network architecture decisions, and decisions regarding whether to purchase solutions from us or other vendors or develop certain technologies internally. These customers may delay, reduce or cancel planned deployments or purchases for a variety of reasons, including, among others, as a result of budgetary constraints, funding limitations or concerns and changes in anticipated demand for AI infrastructure, available capacity, technology requirements, competitive offerings or investment priorities. Although service provider and cloud product orders increased in recent quarters, in the past we have experienced significant weakness in product orders from the service provider and cloud market. These orders could decline in the future and, as has been the case in the past, such weakness could persist over extended periods given fluctuating market conditions. Products in the service provider and cloud market could also face a high degree of customer concentration, with bespoke product designs and features that would be difficult to sell to alternate customers should the primary customer reduce its product orders. As our business with large cloud and hyperscaler customers grows, changes in the timing or size of purchases by a limited number of customers could have a greater impact on our revenue, gross margins and results of operations from period to period. Sales activity in this industry depends upon the stage of completion of expanding network infrastructures; the availability of funding; the expected returns from investments in AI and other infrastructure; customer decisions regarding network architecture, silicon, optics and other technologies; and the extent to which service provider and cloud customers are affected by regulatory, economic, and business conditions in the country of operations. Weakness in orders from this industry, including as a result of any slowdown in capital expenditures by service providers (which may be more prevalent during a global economic downturn, or periods of economic, political or regulatory uncertainty), could materially harm our business, results of operations, or financial condition. Such slowdowns may continue or recur in future periods. Orders from this industry could decline for many reasons other than the competitiveness of our products and services within their respective markets. For example, in the past, many of our service provider and cloud customers have been negatively impacted by: slowdowns in the general economy; overcapacity; changes in the service provider and cloud market; regulatory developments; and constraints on capital availability, resulting in business failures and substantial reductions in spending and expansion plans. Changes in expectations regarding future demand for AI infrastructure or other network capacity could similarly result in reductions, delays or changes in customer investment plans. These conditions have negatively impacted our business and results of operations in the past, and could materially harm our business and results of operations in any future period. Finally, service provider and cloud customers typically have longer implementation cycles; require a broader range of services, including design services; demand that vendors take on a larger share of risks; may require customized products or significant commitments of supply or capacity; often require acceptance provisions, which can lead to a delay in revenue

recognition; and expect financing from vendors. All these factors can add further risk to business conducted with service providers and cloud customers.

Disruption of or changes in our distribution model could harm our sales and margins.

If we fail to manage distribution of our products and services properly, or if our distributors' financial condition or operations weaken, our revenue and gross margins could be negatively impacted. A substantial portion of our products and services is sold through our channel partners, and the remainder is sold through direct sales. Our channel partners include systems integrators, service providers, other third-party resellers, and distributors. Systems integrators and service providers typically sell directly to end users and often provide system installation, technical support, professional services, and other support services in addition to network equipment sales. Systems integrators also typically integrate our products into an overall solution. A number of service providers are also systems integrators. Distributors stock inventory and typically sell to systems integrators, service providers, and other third-party resellers. We refer to sales through distributors as our two-tier system of sales to the end user. If sales through indirect channels increase, this may lead to greater difficulty in forecasting the mix of our products and, to a degree, the timing of orders from our customers.

Historically, we have seen fluctuations in our gross margins based on changes in the balance of our distribution channels. There can be no assurance that future changes in the balance of our distribution model would not have an adverse effect on our gross margins and profitability. Some factors could result in disruption of or changes in our distribution model, which could harm our sales and margins, including the following: competition with some of our channel partners, including through our direct sales, which may lead these channel partners to use other suppliers that do not sell directly or compete with them; some of our channel partners may demand that we absorb a greater share of the risks that their customers may ask them to bear; some of our channel partners may have insufficient financial resources to withstand changes and challenges in business conditions; and revenue from indirect sales could suffer if our distributors' financial condition or operations weaken. In addition, we depend on our channel partners globally to comply with applicable regulatory requirements. To the extent that they fail to do so, that could materially harm our business, results of operations, or financial condition. Further, sales of our products outside of agreed territories can result in disruption to our distribution channels.

The markets in which we compete are intensely competitive, which could negatively impact our achievement of revenue growth.

The markets in which we compete are characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages, all of which are factors that pose competitive threats. We compete with numerous vendors across our product categories, and the number, identity, and composition of our competitors, including those providing niche product solutions, may change as we expand into newer products, technologies, and key priority areas. For example, as products related to network programmability, such as software-defined networking (SDN) products, have become more prevalent, we have faced increased competition from companies that develop networking products based on commoditized hardware, referred to as "white box" hardware. Similar dynamics apply in the markets supporting AI and cloud infrastructure, where customers select among competing network architectures before they select individual products. To the extent customers adopt architectures that are not designed to include the type of products and solutions we provide, our opportunities may be limited even if our products are superior. The competitors in these markets include semiconductor companies, systems providers, cloud providers and other technology companies in addition to traditional networking vendors. In addition, the growth in demand for technology delivered as a service enables new competitors to enter the market. Providers of cloud-based services also compete with us directly in certain of our product categories. As we continue to expand globally, we may see new competition in different geographic regions. In particular, we have experienced price-focused competition from competitors in Asia, especially from China, and we anticipate this will continue. For information regarding our competitors, see the section entitled "Competition" contained in "Item 1. Business" of this report.

Some competitors compete across many of our product lines, while others focus in a specific product area. Barriers to entry are relatively low, and new ventures to create products that do or could compete with our products are regularly formed. In addition, some of our competitors may have greater resources, including technical and engineering resources, than we do. As we expand into new markets, we will face competition not only from our current competitors but also from other competitors, including established companies with strong technological, marketing, and sales positions in those markets. We also face competition from resellers and distributors of our products. Companies with which we have strategic alliances in some areas may be competitors in other areas, and this trend may increase and we may have to cooperate and at the same time compete with companies. For example, the enterprise data center is undergoing a fundamental transformation arising from the convergence of technologies, including computing, networking, storage, and software, that previously were segregated. Due to several factors, including the availability of highly scalable and general purpose microprocessors, application specific integrated circuits offering advanced services, standards based protocols, cloud computing and virtualization, the convergence of technologies within the enterprise data center is spanning multiple, previously independent, technology segments. Also, some of our current and potential competitors have made acquisitions, or announced strategic alliances, designed to position them to

provide end-to-end technology solutions. As a result of these developments, we face greater competition in the development and sale of enterprise data center technologies, including competition from entities that are among our long-term strategic alliance partners. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. To remain competitive, we may be required to reduce prices, increase discounts or offer more favorable terms, and we may need to increase research and development and sales and marketing spending in response to competitive pressures, any of which could reduce our revenue and gross margins. If we do not compete successfully in the markets in which we participate, we could lose market share.

We also face competition from customers to which we license or supply technology and suppliers from which we transfer technology. Certain of our largest customers, including hyperscalers, have the technical and financial resources to design their own networking equipment, semiconductors and software, or to purchase directly from contract manufacturers, rather than purchase these technologies from us. The inherent nature of networking requires interoperability and any inability to effectively manage these complicated relationships with customers, suppliers, and strategic alliance partners could materially harm our business, results of operations, or financial condition and accordingly affect our chances of success.

Inventory management relating to our sales to our two-tier distribution channel is complex, and excess inventory may harm our gross margins.

We must manage inventory relating to sales of our distributors effectively, as inventory held by them could affect our results of operations. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high, or delay orders in anticipation of new products. They also may adjust their orders in response to the supply of our products and competing products that are available to them, as well as seasonal fluctuations in end-user demand. Our distributors generally have business terms that allow them to return a portion of inventory, receive credits for changes in selling price, and participate in cooperative marketing programs. Inventory management remains an area of focus as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risk of inventory obsolescence resulting from rapidly changing technologies and customer requirements. If we ultimately determine that we have excess inventory, we may reduce our prices and write down inventory, which could result in lower gross margins.

Issues related to the development and use of artificial intelligence (AI) could give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business.

We incorporate AI technology in certain of our commercial offerings and in our business operations. Our research and development of AI technology remains ongoing. AI presents risks and challenges and may result in unintended consequences, including inadvertent disclosure or misuse of intellectual property, confidential, personal, and/or competitive information, that could affect our reputation, our further AI development or our and our customers' adoption and use of this technology. Agentic AI systems, which operate with autonomous decision-making capabilities and access to multiple tools and data sources, may also introduce unique risks such as unauthorized actions, privilege escalation, and potential exploitation by malicious actors. AI algorithms and training methodologies may be flawed. Additionally, AI technologies are complex and rapidly evolving, and we face significant competition in the market and from other companies regarding such technologies. Leveraging AI to potentially improve our internal functions and operations also presents risks, costs, and challenges. While we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues and risks presented by its use, we may be unsuccessful in identifying or resolving issues and risks before they arise. The AI-related legal and regulatory landscape is complex and constantly evolving and therefore remains uncertain and may be inconsistent from jurisdiction to jurisdiction. Our obligations to comply with this complex and evolving legal and regulatory landscape could entail significant compliance or other costs or limit our ability to incorporate certain AI capabilities into our offerings. Because of increased complexity and autonomy, the use of agentic AI increases the difficulty of monitoring and controlling AI behavior, potentially resulting in unintended actions that could cause legal, regulatory, or reputational harm. AI-related issues, deficiencies and/or failures could also give rise to legal and/or regulatory action (including with respect to proposed legislation regulating AI in jurisdictions such as the European Union and others, and as a result of new and different applications of existing and new data protection, privacy, cybersecurity, intellectual property, and other laws and regulations); damage our reputation; or otherwise materially harm our business.

Our financial performance may be negatively impacted by demand for, and costs to deliver, our software subscription offerings; and interruptions or performance problems associated with these offerings, including interruptions or performance problems caused by third-party providers on which we rely, may negatively impact our business and financial results.

In recent years, we have shifted our business model to deliver more recurring software and subscription offerings. This shift in our business model was accelerated by acquisitions, including our acquisition of Splunk. Market acceptance of our software subscription offerings, which includes our as-a-service solutions, can be affected by a variety of factors, including: security, reliability, performance, terms of service, support terms, customer preference, community engagement, concerns regarding data privacy or data protection, and the enactment of laws or regulations in jurisdictions in which we operate. To generate sales

growth for our software subscription offerings, we need to convince potential customers to purchase new licenses or subscriptions and generate timely renewals and additional purchases from existing customers. Any failure to do so could result in decreased revenue, reduced sales, increased churn or otherwise negatively impact our results of operations or financial condition. Further, growth of our software subscription offerings depends, in part, on the ability of customers to use and access these solutions. We have experienced, and may in the future experience, interruptions in service, storage failures, and other performance-related problems due to a variety of factors, such as infrastructure and software changes, human or software errors, capacity constraints, unauthorized access, denial of service or other cyber attacks, and our exposure to these risks is growing as increasingly powerful AI capabilities emerge and are widely disseminated among threat actors. In some instances, we may not be able to timely identify the cause or causes of these performance problems and, even if timely identified, we may be unable to timely remediate the underlying cause. It may become increasingly difficult to maintain and improve our performance for our software subscription offerings, especially during peak usage times and as our solutions become more complex and our user traffic increases. Performance-related issues with our software subscription offerings may result in increased operational costs, delays in new feature rollouts, customer loss, reputational damage, and legal or regulatory liability, including liability under customer contracts or for losses suffered by our customers.

To deliver our software subscription offerings, we have incurred and will continue to incur substantial costs to implement and maintain this business. We also make significant investments to increase or maintain capacity and to develop and implement new technologies in our infrastructure and operations, including those provided by third-party providers on which we rely. We may not be successful in developing or implementing these technologies. To the extent that costs associated with software subscription offerings were to significantly increase or we do not effectively scale our operations to meet the needs of our customers or to maintain performance as our customers expand their use of our solutions, we may not be able to grow this business as quickly as we anticipate, our customers may reduce or cancel use of our solutions, and our results of operations may be harmed. Additionally, we are also subject to the risk of performance-related problems or interruption of the services provided by third-party providers on which we rely, which could cause revenues to decline, damage to our reputation, legal liability exposure, and/or increased expenses, all of which could negatively impact our business, results of operations, or financial condition.

We depend upon the development of new products and services, and enhancements to existing products and services, and if we fail to predict and respond to emerging technological trends and customers' changing needs, our results of operations and market share may suffer.

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards, new product and service introductions, and evolving methods of building and operating networks. Our results of operations depend on our ability to develop and introduce new products and services into existing and emerging markets and reduce production costs of existing products. If customers do not purchase and/or renew our offerings our business could be harmed.

Developing new technologies, including more programmable, flexible and virtual networks, and technology related to other market transitions— such as AI, security, observability, and cloud— is complex and uncertain, and if we fail to deliver on our customers' changing needs, including our hyperscaler and other customers' performance, cost and power efficiency requirements, or accurately predict emerging technology trends our business could be harmed. We commit significant resources, including investments in strategic priorities such as silicon (Cisco Silicon One) and optics, including for AI infrastructure, to develop new products and services before knowing whether our investments will result in products and services the market will accept. In particular, if our model of the evolution of networking, security, or observability does not emerge as we believe it will, or these industries do not evolve as we believe they will, or if our strategy for addressing this evolution is not successful, many of our strategic initiatives and investments may be of no or limited value. For example, if we do not timely introduce products related to these markets, or if such products or offerings that ultimately succeed in these markets are based on technology, or an approach to technology, that differs from ours, our business could be harmed. In addition, our business could be negatively impacted if customers delay purchasing decisions to qualify or otherwise evaluate our new product offerings. We seek to offer our products and solutions in the manner in which customers wish to consume them and as a part of these efforts, we continue to make changes to our organizational structure and how we build and deliver our technology, including changes in our business models with customers. If our strategy for addressing evolving customer needs, or the architectures and solutions we develop do not meet those needs, or the changes we are making in our organizational structure and how we build and deliver our technology is incorrect or ineffective, our business could be harmed.

Furthermore, we may not execute successfully on our strategy because of challenges with regard to product planning and timing, technical hurdles that we fail to overcome in a timely fashion, including keeping pace with evolving semiconductor and optical design and manufacturing technologies, or a lack of appropriate resources. This could result in competitors, some of which may also be our strategic alliance partners, providing those solutions before we do and decreased market share, revenue, and earnings. In addition, the growth in demand for technology delivered as a service enables new competitors to enter the market. Additionally, there can be no assurance that we will successfully identify new product and services opportunities,

develop and bring new products and services to market in a timely manner, or achieve market acceptance of our products and services or that products, services and technologies developed by others will not render our products, services or technologies obsolete or noncompetitive. The products and technologies in our other product categories and key priority areas may not prove to have the market success we anticipate, and we may not successfully identify and invest in other emerging or new products and services.

Changes in industry structure and market conditions could lead to charges related to discontinuances of certain of our products or businesses, asset impairments and workforce reductions or restructurings.

In response to changes in industry and market conditions, we may be required to strategically realign our resources and to consider restructuring, disposing of, or otherwise exiting businesses. Any resource realignment, or decision to limit investment in or dispose of or otherwise exit businesses, may result in the recording of special charges, such as inventory and technology-related write-offs, workforce reduction or restructuring costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Although in certain instances our supply agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed, our loss contingencies may include liabilities for contracts that we cannot cancel with contract manufacturers and suppliers. Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions. Additionally, we are required to perform goodwill impairment tests on an annual basis and between annual tests in certain circumstances, and future goodwill impairment tests may result in a charge to earnings. From time to time we initiate restructuring plans. For example, we initiated a restructuring plan in the fourth quarter of fiscal 2026, for which we expect such plan to be substantially completed by the end of fiscal 2027. Our business may not be more efficient or effective than prior to implementation of such plans. Our restructuring activities, including any related charges and the impact of the related headcount restructurings, could materially harm our business, results of operations, or financial condition.

Over the long term we intend to invest in engineering, sales, service and marketing activities, and in key priority areas, and these investments may achieve delayed, or lower than expected, benefits which could harm our results of operations.

While we intend to focus on managing our costs and expenses, over the long term, we also intend to invest in personnel and other resources related to our engineering, sales, service and marketing functions as we realign and dedicate resources on key priority areas, such as AI, cloud, and cybersecurity. We also intend to focus on maintaining leadership in core networking and services. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments (including if our selection of areas for investment does not play out as we expect), or if the achievement of these benefits is delayed, our results of operations may be negatively impacted.

We have made and expect to continue to make acquisitions that could disrupt our operations and harm our results of operations.

Our growth depends on market growth, our ability to enhance existing products, and our ability to introduce new products on a timely basis. We expect to continue developing new products and enhancing existing products through acquisitions of companies, product lines, technologies, and personnel. Acquisitions involve numerous risks, including:

- Difficulties or delays integrating the operations, including IT security, systems, technologies, products, and personnel of acquired companies, particularly companies with large global operations or complex products
- Diversion of management's attention from day-to-day operations and the challenges of managing larger and more complex operations following acquisitions
- Difficulties completing projects related to acquired in-process research and development
- Challenges entering markets where we have limited experience and competitors have stronger positions
- Dependence on unfamiliar supply chains or smaller supply partners
- Insufficient revenue to offset acquisition-related costs
- The potential loss of key employees, customers, distributors, vendors and other business partners of the companies we acquire following and continuing after announcement of acquisition plans

Acquisitions have in the past and may in the future also cause us to:

- Issue common stock that would dilute our current stockholders' percentage ownership
- Use significant cash resources, incur debt, or increase interest expense, leverage, and debt service obligations

- Assume liabilities, become subject to intellectual property or other litigation, and incur significant write-offs, restructuring charges, and related expenses
- Record goodwill and intangible assets subject to impairment testing, potential impairment charges, and amortization expense
- Incur tax expense related to the effect of acquisitions on our legal structure

Mergers and acquisitions of technology companies are inherently risky and subject to factors outside our control, and there can be no assurance that past or future acquisitions will be successful or will not materially harm our business, results of operations, or financial condition. Failure to successfully manage and integrate acquisitions could materially harm our business and results of operations. Prior acquisitions have produced mixed results, ranging from successful new products and technologies to failures to achieve expected benefits. Even where an acquired company has existing products, there can be no assurance that product enhancements will be completed on a timely basis or that pre-acquisition due diligence has identified all potential issues. In addition, mergers and acquisitions could affect our future effective tax rate. Risks associated with new product development also apply to acquisitions.

Entrance into new or developing markets exposes us to additional competition and will likely increase demands on our service and support operations.

As we pursue new market opportunities and key priority areas, including AI, cloud, and cybersecurity, we compete with companies of all sizes, some of which may have greater resources than we do. As customers complete infrastructure deployments, they may require greater levels of service, support, and financing, especially in emerging markets, and demand for these offerings may increase. We may not be able to provide products, services, support, or financing necessary to effectively compete for these markets. Expansion into other markets also subjects us to additional operational, legal, regulatory, and market risks, including adverse economic conditions and reduced customer spending. In addition, expanding our direct selling capabilities globally to meet changing customer demands subjects us to additional legal and regulatory requirements. If we are unable to manage these risks effectively, our business, results of operations, or financial condition could be harmed.

If we do not successfully manage our strategic alliances, we may not realize the expected benefits from such alliances, and we may experience increased competition or delays in product development.

We have strategic alliances with large and complex organizations and other companies to offer complementary products and services. These arrangements are generally limited to specific projects intended to facilitate product compatibility and the adoption of industry standards. We may not realize the expected benefits from these strategic alliances or joint ventures, and if successful, these relationships may also increase competition in certain business areas. Strategic alliances and joint ventures involve risks because we may compete with a company in some business areas while cooperating with that same company in others. In addition, if our strategic alliance partners or joint venture partners fail to perform or if these relationships do not develop as expected, we could experience delays in product development or other operational difficulties. Joint ventures can also be difficult to manage due to the potentially different interests of the parties involved.

Product quality problems could lead to reduced revenue, gross margins, and net income.

We produce highly complex hardware and software products that incorporate leading-edge technology. Software typically contains bugs or other quality or reliability issues that can unexpectedly disrupt the intended operations of the product or the systems in which it is installed. Our pre-release testing programs may not detect all isolated or systemic defects, either ones in individual products or ones that could affect numerous shipments, which might interfere with customer satisfaction, reduce sales opportunities, or affect gross margins. From time to time, we have had to replace components and remediate defects or bugs in shipped products. There can be no assurance that such remediation would be successful or, depending on the product involved, have a material impact. An inability to cure a product defect or bug could result in the failure of a product line, temporary or permanent withdrawal from a product or market, damage to our reputation, inventory costs, product reengineering expenses or legal liability, any of which could materially harm our revenue, margins, and net income.

For additional information and a further discussion of impacts and risks related to cybersecurity matters, see the risk factors under the “Item 1A. Risk Factors— Risk Related to Cybersecurity, Privacy, and Regulatory Requirements” heading.

Due to the global nature of our operations, political or economic changes or other factors in a specific country or region could harm our results of operations or financial condition.

We conduct significant sales and customer support operations in countries around the world. As such, our growth depends in part on our increasing sales into emerging countries. We also depend on non-U.S. operations of our contract manufacturers, component suppliers and distribution partners. Our business in emerging countries in the aggregate experienced a decline in orders in certain prior periods. We continue to assess the sustainability of any improvements in our business in these countries and there can be no assurance that our investments in these countries will be successful. Our future results could be negatively

impacted by a variety of political, economic or other factors relating to our operations inside and outside the United States, any or all of which could materially harm our results of operations or financial condition, including the following:

- Challenging and uncertain global macroeconomic environments, central bank policies, currency exchange rates, and regional economic instability (including economic challenges in China and their resulting global ramifications)
- International tensions (including China-Taiwan relations), U.S. foreign relations impacting customer willingness to buy U.S. products or our ability to procure components, trade protection measures such as tariffs, and government disruptions or shutdowns
- Import/export restrictions, environmental regulations (including climate change laws), and adverse tax consequences (such as withholding taxes)
- Natural disasters, pandemics, political or social unrest
- Difficulties managing international operations

We are exposed to the credit risk of some of our customers and to credit exposures in weakened markets, which could result in material losses.

Most of our sales are on an open credit basis, and, in addition to varying payment terms globally, we provide financing and facilitation of leasing arrangements for our products, services, and related installation costs. Our exposure to credit risks relating to our financing activities may increase if our customers are negatively impacted by global economic downturn or uncertainty. There can be no assurance that programs we have in place to monitor and mitigate credit risks will be effective. In the past, there have been significant bankruptcies of customers on open credit or with financing arrangements that have caused financial losses. There can be no assurance that additional losses will not be incurred. Although these losses have not been material to date, future losses could materially harm our business, results of operations, or financial condition. Furthermore, if credit market turmoil restricts our customers' ability to obtain financing, their ability to pay could be impaired, adversely affecting our business, results of operations, or financial condition.

We are exposed to fluctuations in the market values of our portfolio investments and in interest rates; impairment of our investments could harm our earnings.

We maintain an investment portfolio with various holdings, investment types, and maturities, including available-for-sale debt and equity investments, the values of which are subject to market volatility. If the market value of these investments declines, as has occurred in the past, we may be required to recognize impairment charges or other losses in our results of operations for the period. Our non-marketable equity securities are subject to the risk of loss of investment capital. These investments are inherently risky because the markets for the technologies or products under development by these companies are typically in the early stages and may never materialize. As a result, we could lose all or part of our investments in these companies. For information regarding market risks associated with the fair value of portfolio investments and interest rates, refer to the section titled "Quantitative and Qualitative Disclosures About Market Risk."

We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.

Because a significant portion of our business is conducted outside the United States, we are exposed to adverse movements in foreign currency exchange rates, including in emerging markets where currencies may be extremely volatile. A stronger U.S. dollar could increase the real cost of our products in markets outside the United States where we sell in dollars, while a weaker dollar could increase local operating expenses and the cost of components or raw materials purchased in foreign currencies. These exposures may change over time as our business practices evolve and could materially harm our financial results and cash flows.

Failure to retain and recruit key personnel would harm our ability to meet key objectives.

Our success depends in large part on our ability to attract and retain highly skilled technical, managerial, sales, and marketing personnel. Competition for qualified personnel is intense, especially in Silicon Valley and other major United States locations. Our stock incentive plan is designed to reward employees for their long-term contributions and provide incentives for them to remain with us. Volatility or lack of positive performance in our stock price or equity incentive awards, or changes to our overall compensation program, including our stock incentive program, resulting from the management of share dilution or share-based compensation expense, may negatively affect our ability to retain key employees. As a result of one or more of these factors, we may increase hiring in locations outside the United States, which could increase our exposure to geopolitical and foreign currency risks. The loss of key personnel, difficulty attracting or retaining qualified employees, or delays in hiring, particularly in engineering and sales roles, could impair our ability to meet key objectives, including timely and effective product introductions. In addition, companies in our industry whose employees accept positions with competitors sometimes assert claims related to alleged improper hiring practices. We have received such claims in the past and may receive additional claims in the future.

Adverse resolution of claims, litigation or governmental investigations may harm our results of operations or financial condition.

We are a party to a variety of claims, litigation and governmental investigations arising in the normal course of business. These matters may arise from a wide range of business activities and initiatives, including new product releases, significant business transactions, warranty or product claims, employment practices, and regulatory matters. Claims, litigation or governmental investigations can be costly, time-consuming, and disruptive to our business operations, and their outcomes are inherently difficult to predict. In addition, management's assessment of these matters may change over time. An unfavorable resolution of claims, litigation or governmental investigations could materially harm our business, results of operations, or financial condition. For additional information regarding certain matters in which we are involved, see Note 13 to the Consolidated Financial Statements, subsection (f) "Legal Proceedings."

Our results of operations may be negatively impacted and damage to our reputation may occur due to the production and sale of counterfeit versions of our products.

Our products are subject to efforts by third parties to manufacture and sell counterfeit versions. We work diligently with law enforcement authorities in various countries to prevent the manufacture and sale of counterfeit products, detect counterfeit products in customer networks, and pursue enforcement actions against counterfeiters and their distributors. Although these efforts have resulted in fines, imprisonment and restitution, there can be no guarantee that such efforts will succeed and, in certain cases, they may not be successful. Counterfeiters often target customers who may not otherwise purchase our products due to the lack of verified origin or service support associated with counterfeit products. To the extent counterfeit sales displace legitimate sales, our results of operations and reputation could be negatively impacted.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could negatively impact our results.

Our provision for income taxes is subject to volatility and could be negatively impacted by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; changes in the valuation of deferred tax assets and liabilities; changes to foreign-derived intangible income, global intangible low-tax income, base erosion and anti-abuse tax, research and development capitalization and amortization, and corporate alternative minimum tax laws, regulations, or interpretations thereof; expiration of or lapses in tax incentives; transfer pricing adjustments, including those resulting from acquisitions or changes to our legal structure; tax effects of nondeductible compensation; tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is used in determining our provision for income taxes and evaluating tax positions. In certain countries, our income has benefited from reduced tax rates associated with employment and capital investment actions and commitments. If we do not meet the requirements for these reduced rates, our provision for income taxes could be adversely affected. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our results of operations and financial condition.

Our business and operations are especially subject to the risks of earthquakes, floods, and other natural catastrophic events (including as a result of global climate change).

Our corporate headquarters, including certain research and development operations, are located in Silicon Valley, a region known for seismic activity. Additionally, some of our facilities are located near rivers that have experienced flooding in the past. Certain of our customers, suppliers, and logistics centers are located in areas that have experienced or may experience earthquakes, tsunamis, flooding, wildfires, storms, drought, sea-level rise, changing precipitation patterns, or other weather-related events. These events have disrupted, or could in the future disrupt, the supply of components, the manufacture and delivery of products, and other business operations. Global climate change may increase the frequency or severity of certain natural disasters and related disruptions. Although to date we have not experienced a material event resulting from these types of natural disasters, future events could materially harm our business, results of operations, or financial condition.

Terrorism, war, and other events may harm our business, results of operations or financial condition.

The continued threat of terrorism and heightened security and military action in response thereto, or any other current or future acts of terrorism, war (such as the ongoing Russia-Ukraine war and Middle East conflicts and wars), and other events (such as economic sanctions, trade restrictions or disruptions and reactions of the governments, markets and the general public, including the sanctions and restrictions related to the ongoing Russia-Ukraine war or arising out of the current conflicts and wars in the Middle East) may cause further disruptions to the economies of the United States and other countries and create

further uncertainties or could otherwise negatively impact our business, results of operations, or financial condition. Likewise, events such as loss of infrastructure and utilities services such as energy, transportation, or telecommunications could have similar negative impacts. To the extent that such disruptions or uncertainties result in delays or cancellations of customer orders or the manufacture or shipment of our products, our business, results of operations, or financial condition could be materially harmed.

There can be no assurance that our results of operations or financial condition will not be negatively impacted by our incurrence of debt.

As of the end of fiscal 2026, we have senior unsecured notes outstanding in an aggregate principal amount of \$23.0 billion that mature at specific dates from calendar year 2026 through 2064. We have also established a commercial paper program under which we may issue short-term, unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of \$15.0 billion, and we had \$6.7 billion in commercial paper notes outstanding under this program as of July 25, 2026. There can be no assurance that our incurrence of this debt or any future debt, including any additional debt to refinance maturing debt, will be a better means of providing liquidity to us than would our use of our existing cash resources. Further, we cannot be assured that our maintenance of this indebtedness or incurrence of future indebtedness will not negatively impact our results of operations or financial condition. In addition, changes by any rating agency to our credit rating can negatively impact the value and liquidity of both our debt and equity securities, as well as the terms upon which we may borrow under our commercial paper program or future debt issuances.

Our reputation and/or business could be negatively impacted by matters relating to environmental, social, and governance and/or our reporting of such matters.

We are subject to evolving and sometimes conflicting, laws, regulations, policies, and investor and other stakeholder expectations concerning environmental, social, and governance matters both in the United States and internationally. Any initiatives, goals, or commitments we disclose in this regard involve risks and uncertainties and could be difficult to achieve and costly to implement. For example, in September 2021, we announced our goal to achieve net zero across all scopes of greenhouse gas emissions by 2040, the achievement of which relies, in large part, on the accuracy of our estimates and assumptions around the energy consumption and efficiency of our products, the integration of clean energy into electric grids globally, and the procurement of certain products and services by our customers. We could fail to achieve, or be perceived to fail to achieve, our 2040 net zero goal or other initiatives, goals, or commitments. In addition, in a climate where there are changing and increasingly divergent views on where our focus should be on these matters, our initiatives, goals, or commitments, or any revisions to them, are often criticized and the accuracy, adequacy, or completeness of such disclosures challenged. Our actual or perceived failure to achieve our initiatives, goals, or commitments, or otherwise successfully manage investor or other stakeholder expectations on these matters, could negatively impact our reputation or otherwise harm our business.

Risks Related to Intellectual Property

Our proprietary rights may prove difficult to enforce.

We generally rely on patents, copyrights, trademarks, trade secrets, and other intellectual property laws to establish and maintain proprietary rights in our technology and products. Although we have been issued numerous patents and have pending patent applications, our patents and other proprietary rights may be challenged, invalidated, circumvented or found insufficient to provide competitive advantages. In addition, many key aspects of our technology are governed by industry-wide standards that are available to market participants generally. We also may not obtain patents from pending applications, and any issued patent claims may not be sufficiently broad to protect our technology. Furthermore, some U.S. governmental entities and courts have taken the position that U.S. copyright and patent protection should apply only to inventions and works of authorship created by humans. Therefore, U.S. copyright or patent protection for inventions or works developed in part or entirely using generative AI tools may be limited or unavailable. The laws of some foreign countries may not protect our proprietary rights to the same extent as U.S. law, and the outcome of enforcement actions in those jurisdictions may differ from those in the United States. Although we are not dependent on any individual patent or group of patents, if we are unable to adequately protect the proprietary rights to the totality of the features of our products and technologies, including features protected by means other than patents, we may be placed at a competitive disadvantage compared to competitors that do not incur the same costs and effort to develop innovative products that have enabled us to be successful.

We may be found to infringe on intellectual property rights of others.

Third parties, including customers, have asserted and may in the future assert claims or initiate litigation relating to patents, copyrights, trademarks, and other intellectual property rights covering technologies or standards relevant to our business. Such claims have increased over time due to our growth, developments in patent policy and practice, including at the United States Patent and Trademark Office, and increased intellectual property litigation activity, particularly in the United States. Because of

the existence of a large number of patents in the information technology field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. The asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because intellectual property litigation may involve significant and unpredictable damages or injunctive relief, claims may be settled for substantial amounts, even when arguably unmeritorious. Our exposure to risks associated with the use of intellectual property may increase as a result of acquisitions because we may have more limited visibility into the development processes or infringement risk management practices associated with acquired technologies. Further, third parties have in some cases asserted infringement and similar claims relating to acquired technologies that had not been asserted before the acquisition. Additionally, if we are found to infringe the intellectual property rights of others, are required to indemnify customers, are unable to develop non-infringing technologies, or cannot obtain necessary licenses on commercially reasonable terms, our business, results of operations, or financial condition could be materially harmed. For additional information regarding our indemnification obligations, see Note 13(e) to the Consolidated Financial Statements contained in this report.

We rely on the availability of third-party licenses.

Many of our commercial offerings include software or other intellectual property licensed from third parties. We may need to obtain or renew licenses relating to various aspects of these products in the future, and such licenses may not be available on acceptable terms, or at all. The inability to obtain or renew necessary licenses or other rights, the inability to obtain such licenses or rights on favorable terms, or the need to litigate these matters could materially harm our business, results of operations, or financial condition. Moreover, the inclusion in our commercial offerings of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to protect the proprietary rights associated with our products.

Risks Related to Cybersecurity, Privacy, and Regulatory Requirements

Cyber attacks, data breaches or other incidents impacting our solutions and IT environment may disrupt our operations, harm our results of operations or financial condition, and damage our reputation or otherwise materially harm our business; and cyber attacks, data breaches or other incidents on our customers' or third-party providers' networks, or in third-party products we use, could result in claims of liability against us, give rise to legal and/or regulatory action, damage our reputation or otherwise materially harm our business.

We experience cyber attacks and other attempts to gain unauthorized access on a regular basis to (i) our products and services (together, our “solutions”) and (ii) the servers, data centers, networks, systems, and cloud-based services operated or enabled by us, or by third parties upon which we rely, on or through which our and third-party data are stored, processed, or can be accessed (collectively, our “IT environment”). We anticipate continuing to be increasingly subject to such attempts as cyber attacks become more sophisticated, numerous, and difficult to predict and protect against. Furthermore, the rapid emergence, widespread dissemination, and maturation of AI capabilities have led to increases in the speed, scale, and effectiveness of cyber attacks or other attempts to gain unauthorized access. Such increases are expected to continue, further reducing the time to identify and mitigate threats. Despite our active implementation of security and other measures, our solutions and IT environment have been, and continue to be, vulnerable to cyber attacks, incidents, data breaches, malware, inadvertent error, disruptions, failures, physical security breaches, tampering or other theft or misuse, including by malicious actors (including criminals and activists) and by insider threats (including employees and contingent workers). Additionally, nation-state actors or their agents have in the past successfully attacked our solutions and IT environment and have also exploited vulnerabilities in our solutions to carry out attacks, and we anticipate that these attacks and the exploitation of vulnerabilities in our solutions will continue and may intensify during periods of diplomatic or armed conflict or other geopolitical tensions. Further, a cyber attack, vulnerability exploitation, or other incident could go undetected and persist in our solutions and IT environment, or those of our customers or third-party providers upon which we rely, for extended periods. Cyber-related events have caused, and in the future could result in, compromise to, or the disruption of access to, the operation of our solutions and IT environment or those of our customers or third-party providers upon which we rely, or result in confidential, private or otherwise sensitive information stored on our systems or our customers' or other third-party systems being improperly accessed, processed, disclosed now (or in the future), or being lost or stolen. Efforts to limit the ability of malicious actors to disrupt the operations of the Internet or undermine our security efforts are costly and may not be successful. Breaches of security in our solutions or IT environment, our customers' or third-party providers' networks, or in third-party products we use, regardless of whether the

breach is attributable to a vulnerability in our solutions, a failure by us to timely mitigate or apply a security fix for products we use that are found vulnerable, or a failure to maintain the digital security infrastructure or security tools that protect the integrity of our solutions and IT environment, could, in each case, result in claims of legal and/or regulatory action against us, damage our reputation or otherwise materially harm our business. The occurrence of a cyber attack, data breach or other incident could subject us to direct or indirect liability to our customers, data subjects, suppliers, business partners, employees, and others, give rise to legal and/or regulatory action, could damage our reputation or could otherwise negatively impact our business, any of which could materially harm our business, results of operations, or financial condition.

Vulnerabilities and critical security defects, prioritization decisions regarding remedying vulnerabilities or security defects, failure of third-party providers to remedy vulnerabilities or security defects, or customers not deploying security updates in a timely manner or deciding not to upgrade our solutions to those with security updates or security enhancements applied could result in claims of liability against us, damage our reputation, or otherwise materially harm our business.

The solutions we sell to customers, the third-party products and components that we integrate into our solutions and use in our operations, and the cloud-based services operated or enabled by us, or by third parties upon which we rely, inevitably contain vulnerabilities or security defects (despite our efforts to prevent and detect them through secure development lifecycle practices, testing, or other means), which have not been remedied or cannot be disclosed without compromising security. We make prioritization decisions in determining which vulnerabilities or security defects to fix and the timing of these fixes. Even when we prioritize a vulnerability or security defect, in certain instances it has taken, and in the future could take, time for us to develop and test a remedy and the remedy may ultimately be insufficient to fully fix the issue or may be found to create other issues. Rapidly accelerating advances in AI technology are enabling threat actors, or autonomous systems, to identify and exploit vulnerabilities across both software and hardware with little or no delay between discovery and exploitation, including so-called “zero-minute” vulnerabilities, increasing the likelihood and speed of successful cyber attacks. These advances also show AI technology can rapidly chain otherwise low-severity, unrelated vulnerabilities into more severe combined exploits, complicating prioritization of security updates. As a result of these advances in AI technology, the time available to detect, assess and remediate vulnerabilities before exploitation has been significantly reduced or eliminated, increasing the risk of unauthorized access to, or compromise of, solutions we sell to customers, the third-party products and components that we integrate into our solutions and use in our operations, and the cloud-based services operated or enabled by us or by third parties upon which we rely. In addition, workarounds or other mitigation efforts with our solutions and in our and customer environments in certain instances have not been, and in the future may not be, available, sufficient, or timely to protect customers prior to a security update being made available. Vulnerabilities can persist even after we have issued security updates if we have not identified and addressed the root cause of a particular vulnerability, if we are required to issue incomplete or preliminary mitigations as new threats rapidly emerge, if customers have not installed the most recent updates, if the attackers exploited the vulnerabilities before a security update is applied (such as to install additional malware to further compromise customers’ systems), or if a previously patched vulnerability is inadvertently reintroduced due to a security regression during future development or a changed deployment. Additionally, customers may also desire to test security updates before they can be deployed which can delay implementation. When customers do not deploy security updates in a timely manner, use solutions that are end of life and no longer receive security updates, decide not to upgrade to the latest versions of our solutions containing security updates or security enhancements, configure our solutions in insecure ways, or fail to sufficiently monitor activity on those solutions, they are left vulnerable. In addition, we rely on third-party providers of software (including open source) and cloud-based services on which our and third-party data is stored or processed, and we cannot control the timing at which third-party providers remedy vulnerabilities, which could leave us vulnerable. Further, any failure by us to timely implement, or by our customers to timely adopt, post-quantum cryptography in our solutions or IT systems as it becomes available could render existing cryptographic protections ineffective upon the emergence of viable quantum computing, exposing pre-quantum encrypted data and systems to compromise. Failure to comply with internal security policies and standards, including secure development lifecycle practices, failure to prevent or promptly mitigate vulnerabilities and security defects, failure of companies that we have acquired to have adequate organizational security practices, prioritization errors in remedying vulnerabilities or security defects, failure of third-party providers to remedy vulnerabilities or security defects, or customers not deploying security updates in a timely manner, deciding not to upgrade solutions, or configuring our solutions in insecure ways, could, in each case, result in claims of legal and/or regulatory action against us, damage our reputation, or otherwise materially harm our business.

Our actual or perceived failure to adequately protect and appropriately use data could result in claims of legal and/or regulatory action against us, damage our reputation, or otherwise materially harm our business.

Global privacy, data, and cybersecurity laws are extensive, complex, and constantly evolving, making compliance both difficult and costly. In addition, evolving legal requirements restricting or controlling the collection, processing, use, sharing, access, or cross-border transmission of data, including regulation of cloud-based services, could materially affect our customers’ ability to use, and our ability to sell, our products and services. The interpretation and application of these laws in some instances are uncertain, and our legal obligations and customer requirements are subject to frequent changes. For example, the European

Union's ("EU") General Data Protection Regulation ("GDPR") and Data Act apply to our activities conducted from an establishment in the EU or related to products and services offered in the EU and imposes a range of compliance obligations regarding the handling of personal and industrial data for both ourselves and our customers. Additionally, we are subject to the California Privacy Rights Act, Singapore's Personal Data Protection Act, and other laws, regulations, and obligations around the world that govern the handling of data and cybersecurity. Our actual or perceived failure to comply with applicable laws and regulations or other obligations relating to the use of data and protecting data from unauthorized access, use, or other processing, could subject us to claims of liability, give rise to legal and/or regulatory action, damage our reputation, and/or otherwise negatively impact our business, any of which could materially harm our results of operations or financial condition.

Our business, results of operations, or financial condition could be materially harmed by evolving regulatory uncertainty or obligations applicable to our products and services.

Changes in global regulatory requirements applicable to the industries and sectors in which we operate could materially affect our operations and the sales and use of our products and services. In particular, economic sanctions and changes to export and import control requirements have impacted and may continue to impact our ability to sell and support our products and services in certain jurisdictions. In addition, changes in telecommunications regulations could impact our service provider customers' purchase and use of our products and services, and they could also impact sales of our own regulated offerings. Government and other customers' procurement policies, priorities, technology initiatives and/or other obligations often give rise to evolving privacy, cybersecurity, operational resilience, data governance, sourcing, or other requirements; the failure or delay in meeting and maintaining compliance with such requirements could negatively impact our business, including by limiting our ability to sell products and services, directly or indirectly, to public sector, critical infrastructure, and other customers. Additional areas of uncertainty that could impact sales of our products and services include laws, regulations, or customer procurement requirements related to encryption technology, data, AI, privacy, cybersecurity, sovereignty, localization, operational resilience, environmental sustainability (including climate change), human rights, product certification, product and digital accessibility, country of origin, sourcing, national security, and other security controls applicable to our offerings and supply chain. Changes in regulatory requirements or our actual or perceived failure to comply (or to enable our customers to comply when using our offerings) with applicable laws, regulations, or other obligations could materially harm our business, results of operations, or financial condition.

Risks Related to Ownership of Our Stock

Our stock price may be volatile.

Historically, our common stock has experienced substantial price volatility, particularly as a result of variations between our actual financial results and the published expectations of analysts and as a result of announcements by our competitors and us. Furthermore, speculation in the press or investment community about our strategic position, financial condition, results of operations, business, security of our products, or significant transactions can cause changes in our stock price. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market price of many technology companies, in particular, and that have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions and the announcement of proposed and completed acquisitions or other significant transactions, or any difficulties associated with such transactions, by us or our current or potential competitors, may materially harm the market price of our common stock in the future. Additionally, volatility, lack of positive performance in our stock price or changes to our overall compensation program, including our stock incentive program, may negatively impact our ability to retain key employees, virtually all of whom are compensated, in part, based on the performance of our stock price.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We recognize the critical importance of maintaining the trust and confidence of our customers, employees, and other stakeholders. To help mitigate the cybersecurity risks that we face, we maintain processes for identifying, assessing, and managing such risks.

Our incident response functions, which include our Security and Trust Organization (“S&TO”) under the leadership of our Chief Security and Trust Officer, have established internal policies, processes, and procedures to monitor, detect, investigate, respond to, and escalate management of internal and external cybersecurity threats and incidents. We maintain policies and procedures for the escalation of cybersecurity incidents, assessed as potentially being or becoming material, to designated members of our senior management for further assessment. We also, as necessary, inform our independent registered public accounting firm of significant cybersecurity matters and any relevant developments.

To help identify, assess, and mitigate cybersecurity threats that we face to our business, S&TO, in addition to its own capabilities, partners with Cisco’s Talos Threat Intelligence Group and third parties, including governments and peer companies, to share and receive threat intelligence and other information. S&TO actively monitors for and evaluates cybersecurity vulnerabilities, threats, and incidents observable on the Internet and the dark web. In addition to monitoring risks from threats to our own business, we operate third-party risk management programs to help identify and manage risks from cybersecurity threats arising from third-party suppliers and service providers on which we rely. These programs leverage ongoing security-focused risk assessments based on industry practices, audits, and contractual requirements.

We strive to embed security into our products and services through the Cisco Secure Development Lifecycle (CSDL). The CSDL introduces security and privacy considerations throughout the lifecycle of our products and services. In addition, S&TO advises business units and functional areas on addressing cybersecurity risks and monitors initiatives to mitigate and manage such risks over time. Our business units or functional areas are responsible for managing risks and ensuring that security policies and standards are implemented within the respective business unit or function. S&TO also conducts mandatory cybersecurity training for our employees and provides employees with tools to report suspected incidents.

S&TO engages third parties in connection with our cybersecurity risk management processes, including cybersecurity consultants and auditors, to conduct evaluations of our IT security controls and provide certifications for industry-standard security frameworks. In addition, we maintain a global privacy program to assess and manage privacy risks related to how we are collecting, using, sharing, and storing personal data, which is subject to assessment by an independent, third-party privacy assessor.

Our Chief Security and Trust Officer, who reports to our Executive Vice President, Operations, works collaboratively across our business to implement policies and procedures designed to protect our IT environment and our products and services from cybersecurity threats, and to promptly respond to cybersecurity incidents in accordance with our incident response policies and procedures. Our Chief Security and Trust Officer has extensive cybersecurity experience and has served in various roles in information technology and information security for over 25 years.

The Chief Security and Trust Officer provides regular reports on the status of cybersecurity risks, priorities, and focus areas to our executive leadership team. In addition, information on cybersecurity risks is further integrated into our broader enterprise risk management program through our internal audit function, which incorporates such information in regular audits of our cybersecurity and data protection controls and processes.

Our Board of Directors oversees risks related to cybersecurity threats to our business directly and through its Audit Committee. The Audit Committee receives regular reports on cybersecurity risks, priorities, and focus areas from our Chief Security and Trust Officer at least four times a year and receives a live presentation at least twice a year. Our Board of Directors also regularly receives updates from the Audit Committee on its oversight activities and, on occasion, receives updates directly from our Chief Security and Trust Officer. Additionally, the Chief Security and Trust Officer provides more frequent updates to the Board of Directors and Audit Committee if necessary due to a cybersecurity threat, incident, or other development.

As of the date of this Annual Report on Form 10-K, we do not believe our business, results of operations, or financial condition have been materially affected by cybersecurity risks, including as a result of previously identified cybersecurity incidents. For more information on our cybersecurity related risks, see “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

Item 2. Properties

Our corporate headquarters are located in San Jose, California, in the United States of America. The locations of our headquarters by geographic segment are as follows:

<u>Americas</u>	<u>EMEA</u>	<u>APJC</u>
San Jose, California, USA	Amsterdam, Netherlands	Singapore

In addition to our headquarters site, we own additional sites in the United States, which include facilities in the surrounding areas of San Jose, California; Research Triangle Park, North Carolina; and Richardson, Texas. In addition, we lease office space in many U.S. locations.

Outside the United States our operations are conducted primarily in leased sites. Other significant sites (in addition to the two non-U.S. headquarters locations) are located in Australia, Belgium, Canada, China, Germany, India, Israel, Norway, Poland, and the United Kingdom.

We believe that our existing facilities, including both owned and leased, are in good condition and suitable for the conduct of our business.

Item 3. Legal Proceedings

For a description of pending legal proceedings in which we are involved, see Note 13 “Commitments and Contingencies - (f) Legal Proceedings” of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

- (a) Cisco common stock is traded on the Nasdaq Global Select Market under the symbol CSCO. There were 29,241 registered stockholders as of August 27, 2026.
- (b) None.
- (c) Issuer purchases of equity securities (in millions, except per-share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 26, 2026 to May 23, 2026	4	\$ 100.11	4	\$ 9,167
May 24, 2026 to June 20, 2026	3	\$ 121.43	3	\$ 8,803
June 21, 2026 to July 25, 2026	6	\$ 114.08	6	\$ 8,068
Total	13	\$ 111.53	13	

Amounts may not recalculate due to rounding.

On September 13, 2001, we announced that our Board of Directors had authorized a stock repurchase program. As of July 25, 2026, the remaining authorized amount for stock repurchases under this program is approximately \$8.1 billion with no termination date.

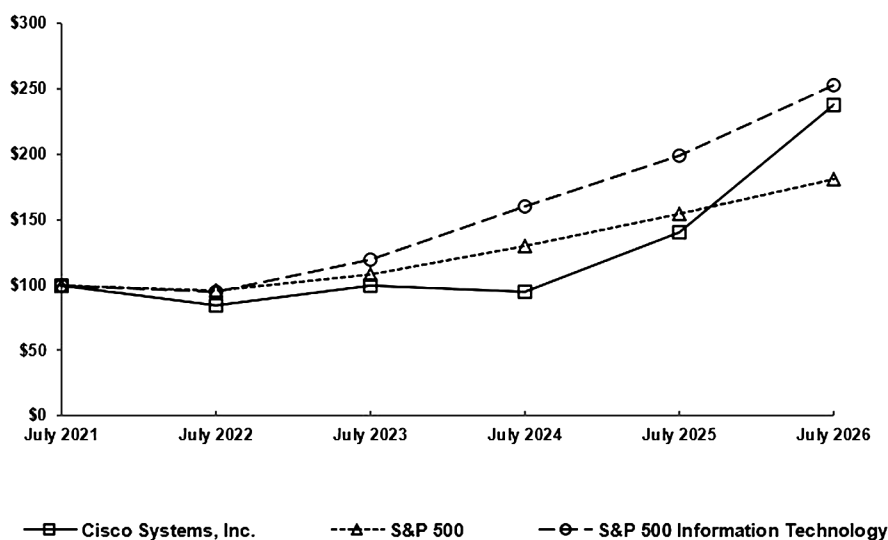
For the majority of restricted stock units granted, the number of shares issued on the date the restricted stock units vest is net of shares withheld to meet applicable tax withholding requirements. Although these withheld shares are not issued or considered common stock repurchases under our stock repurchase program and therefore are not included in the preceding table, they are treated as common stock repurchases in our financial statements as they reduce the number of shares that would have been issued upon vesting (see Note 14 to the Consolidated Financial Statements).

Stock Performance Graph

The information contained in this Stock Performance Graph section shall not be deemed to be “soliciting material” or “filed” or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), except to the extent that Cisco specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph shows a five-year comparison of the cumulative total stockholder return on Cisco common stock with the cumulative total returns of the S&P 500 Index, and the S&P Information Technology Index. The graph tracks the performance of a \$100 investment in the Company’s common stock and in each of the indexes (with the reinvestment of all dividends) on the date specified. Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.

**Comparison of 5-Year Cumulative Total Return Among Cisco Systems, Inc.,
the S&P 500 Index, and the S&P Information Technology Index**



	July 2021	July 2022	July 2023	July 2024	July 2025	July 2026
Cisco Systems, Inc.	\$ 100.00	\$ 84.33	\$ 99.97	\$ 94.85	\$ 139.84	\$ 237.22
S&P 500	\$ 100.00	\$ 95.36	\$ 107.61	\$ 130.12	\$ 154.32	\$ 181.19
S&P Information Technology	\$ 100.00	\$ 94.49	\$ 119.70	\$ 159.91	\$ 199.00	\$ 253.20

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Annual Report on Form 10-K, including this Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “momentum,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those under “Part I, Item 1A. Risk Factors,” and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

OVERVIEW

Cisco designs and sells a broad range of technologies including hardware, software, and artificial intelligence (AI) powered digital infrastructure to power, help secure, and draw insights from the Internet. We are incorporating AI into our product portfolios across networking, security, collaboration and observability, as well as integrating our products more tightly together into a platform. We are simplifying how our technology is delivered, managed and optimized and helping customers maximize the business value of their technology investments.

A summary of our results is as follows (in millions, except percentages and per-share amounts):

	Three Months Ended			Years Ended		
	July 25, 2026	July 26, 2025	Variance	July 25, 2026	July 26, 2025	Variance
Revenue	\$17,252	\$14,673	18 %	\$63,325	\$56,654	12 %
Gross margin percentage	64.1 %	63.2 %	0.9 pts	64.5 %	64.9 %	(0.4) pts
Research and development	\$ 2,431	\$ 2,380	2 %	\$ 9,563	\$ 9,300	3 %
Sales and marketing	\$ 2,952	\$ 2,818	5 %	\$11,559	\$10,966	5 %
General and administrative	\$ 679	\$ 706	(4)%	\$ 2,761	\$ 2,992	(8)%
Total R&D, sales and marketing, general and administrative	\$ 6,062	\$ 5,904	3 %	\$23,883	\$23,258	3 %
Total as a percentage of revenue	35.1 %	40.2 %	(5.1) pts	37.7 %	41.1 %	(3.4) pts
Restructuring and other charges included in operating expenses	\$ 511	\$ 35	NM	\$ 693	\$ 744	(7)%
Operating income as a percentage of revenue	24.7 %	21.0 %	3.7 pts	24.3 %	20.8 %	3.5 pts
Income tax percentage	21.8 %	15.0 %	6.8 pts	17.1 %	8.3 %	8.8 pts
Net income	\$ 3,859	\$ 2,550	51 %	\$13,267	\$10,180	30 %
Net income as a percentage of revenue ...	22.4 %	17.4 %	5.0 pts	21.0 %	18.0 %	3.0 pts
Earnings per share—diluted	\$ 0.97	\$ 0.64	52 %	\$ 3.33	\$ 2.55	31 %

Percentages may not recalculate due to rounding.

NM — Not meaningful

Fiscal 2026 Compared with Fiscal 2025

In fiscal 2026, we delivered strong revenue growth and profitability in a continued positive demand environment. Total revenue was \$63.3 billion, an increase of 12% compared with fiscal 2025. Within total revenue, product revenue increased by 16% and services revenue was flat. Total software revenue was \$23.2 billion across all product areas and services, an increase of 4%, and total subscription revenue increased 1%.

We saw demand in fiscal 2026 for AI infrastructure from our hyperscaler customers, which represented approximately 6% of total revenue in fiscal 2026 compared with less than 2% in fiscal 2025. We expect this demand to remain a significant driver of our results in fiscal 2027, and we discuss the associated customer concentration and supply considerations in Part I, Item 1A. Risk Factors.

Total gross margin decreased by 0.4 percentage points, primarily driven by a decline in product gross margin, partially offset by an increase in services gross margin. Product gross margin decreased by 0.5 percentage points, primarily driven by negative impacts from product mix and higher memory costs, partially offset by productivity improvements, pricing actions, lower amortization of purchased intangible assets and a charge in fiscal 2025 as a result of a legal dispute with a supplier, which did not recur in fiscal 2026. As a percentage of revenue, research and development, sales and marketing, and general and administrative expenses, collectively, decreased by 3.4 percentage points. Operating income as a percentage of revenue increased by 3.5 percentage points primarily driven by revenue growth, partially offset by lower gross margin and higher operating expenses in fiscal 2026. Diluted earnings per share increased 31%, driven by revenue growth and operating margin improvement.

In terms of our geographic segments, revenue from the Americas increased by \$4.1 billion, EMEA revenue increased by \$1.8 billion and APJC revenue increased by \$0.7 billion. From a customer market standpoint, we experienced product revenue growth across all of our customer markets.

From a product category perspective, the product revenue increase of 16% was driven by growth in Networking of 22%, particularly within our AI Infrastructure and Campus Networking solutions. We also saw product revenue growth in Collaboration of 4%, Observability of 4%, and Security of 2%.

We continue to operate in a highly competitive and complex environment, especially as it relates to memory constraints and costs, and trade policy. Notwithstanding these challenges, we believe that we are making progress on our strategic priorities. We continue to invest in key priority areas with the objective of driving profitable growth over the long term, and we remain focused on delivering innovation across our technologies to assist our customers in executing on their digital transformations.

Fourth Quarter Snapshot

For the fourth quarter of fiscal 2026, as compared with the fourth quarter of fiscal 2025, total revenue increased by 18% to \$17.3 billion. Within total revenue, product revenue increased by 24% to \$13.5 billion and services revenue was flat at \$3.8 billion. With regard to our geographic segment performance, on a year-over-year basis, revenue from the Americas increased by 18%, EMEA increased by 19% and APJC increased by 14%. From a product category perspective, on a year-over-year basis, product revenue increased in Networking by 28%, Security by 14%, Collaboration by 12% and Observability by 6%. The increase in Networking reflected growth in AI infrastructure and data center switching.

Total gross margin increased by 0.9 percentage points, primarily driven by the absence in the fourth quarter of fiscal 2026 of a charge recorded in the fourth quarter of fiscal 2025 as a result of a legal dispute with a supplier, and by favorable pricing. These impacts were partially offset by negative impacts from product mix and higher memory costs. As a percentage of revenue, research and development, sales and marketing, and general and administrative expenses, collectively, decreased by 5.1 percentage points driven by the revenue growth and disciplined expense management. Operating income as a percentage of revenue increased by 3.7 percentage points, primarily driven by revenue growth and higher gross margin as discussed above, partially offset by higher restructuring and other charges. Diluted earnings per share increased by 52%, primarily driven by a revenue increase and the increase in our operating margin percentage.

Strategy and Priorities

In today's fast-paced world shaped by AI, businesses and organizations globally are deploying technology to pursue their strategic objectives, from accelerating growth to enhancing operational efficiency and fostering innovation. Our strategy is to securely connect everything to make those desired outcomes possible.

For a full discussion of our strategy and priorities, see "Item 1. Business."

Other Key Financial Measures

The following is a summary of our other key financial measures for fiscal 2026 compared with fiscal 2025 (in millions):

	Fiscal 2026	Fiscal 2025
Cash and cash equivalents and investments	\$15,918	\$16,110
Cash provided by operating activities	\$14,177	\$14,193
Remaining performance obligations	\$46,734	\$43,533
Repurchases of common stock—stock repurchase program	\$6,106	\$5,995
Dividends paid	\$6,553	\$6,437
Inventories	\$5,694	\$3,164
Total debt	\$29,533	\$28,093

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 2 to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The accounting policies described below are significantly affected by critical accounting estimates. Such accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements, and actual results could differ materially from the amounts reported based on these policies.

Revenue Recognition

We enter into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations, resulting in contracts that may contain multiple performance obligations. We determine whether arrangements are distinct based on whether the customer can benefit from the product or service on its own or together with other resources that are readily available and whether our commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract. We classify our hardware, perpetual software licenses, and SaaS as distinct performance obligations. Term software licenses represent multiple obligations, which include software licenses and software maintenance. In transactions where we deliver hardware or software, we are typically the principal and we record revenue and costs of goods sold on a gross basis.

We recognize revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration we expect to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment, electronic delivery (or when the software is available for download by the customer), or once title and risk of loss has transferred to the customer. Transfer of control can also occur over time for software maintenance and services as the customer receives the benefit over the contract term. Our hardware and perpetual software licenses are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses include multiple performance obligations where the term licenses are recognized upfront upon transfer of control, with the associated software maintenance revenue recognized ratably over the contract term as services and software updates are provided. SaaS arrangements do not include the right for the customer to take possession of the software during the term, and therefore have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term as the customer consumes the services. On our product sales, we record consideration from shipping and handling on a gross basis within net product sales. We record our revenue net of any associated sales taxes.

Revenue is allocated among these performance obligations in a manner that reflects the consideration that we expect to be entitled to for the promised goods or services based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the observable price of a product or service when we sell the goods separately in similar circumstances and to similar customers. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.

We assess relevant contractual terms in our customer contracts to determine the transaction price. We apply judgment in identifying contractual terms and determining the transaction price as we may be required to estimate variable consideration when determining the amount of revenue to recognize. Variable consideration includes potential contractual penalties and various rebate, cooperative marketing and other incentive programs that we offer to our distributors, channel partners and direct sale customers. When determining the amount of revenue to recognize, we estimate the expected usage of these programs, applying the expected value or most likely estimate and update the estimate at each reporting period as actual utilization becomes available. We also consider the customers' right of return in determining the transaction price, where applicable. If actual credits received by customers under these programs were to deviate significantly from our estimates, which are based on historical experience, our revenue could be adversely affected.

See Note 3 to the Consolidated Financial Statements for more details.

Inventory Valuation and Liability for Purchase Commitments with Contract Manufacturers and Suppliers

Inventory is written down based on excess and obsolete inventories, determined primarily by future demand forecasts. Inventory write-downs are measured as the difference between the cost of the inventory and net realizable value, based upon assumptions about future demand, and are charged to the provision for inventory. At the point of the loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

We record a provision for firm, noncancelable, and unconditional purchase commitments with contract manufacturers and suppliers for quantities in excess of our future demand forecasts consistent with the valuation of our excess and obsolete inventory. Both provisions are a component of cost of sales.

Our total provisions for inventory and the liability related to purchase commitments with contract manufacturers and suppliers were \$387 million, \$493 million, and \$819 million in fiscal 2026, 2025, and 2024, respectively. Inventories were \$5.7 billion as of July 25, 2026 compared with \$3.2 billion as of July 26, 2025, reflecting increased demand for our Cisco Silicon One and the impact of higher memory prices. If there were to be a sudden and significant decrease in demand for our products, or a higher incidence of inventory obsolescence because of rapidly changing technology or customer requirements, then we could be required to increase our inventory write-downs and our liability for purchase commitments with contract manufacturers and suppliers, and accordingly our profitability could be adversely affected. We regularly evaluate our exposure for inventory write-downs, and the adequacy of our liability for purchase commitments. For further discussion around the supply chain impacts and risks, see “—Results of Operations—Gross Margin—Supply Chain Impacts and Risks” and “—Liquidity and Capital Resources—Inventory Supply Chain” under Item 7 of this report.

Loss Contingencies

We are subject to the possibility of various losses arising in the ordinary course of business. We consider the likelihood of the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate information available to us to determine whether such accruals should be made or adjusted and whether new accruals are required. See Note 13 to the Consolidated Financial Statements for further discussion.

Valuation of Goodwill and Purchased Intangible Assets

Goodwill

Our methodology for allocating the purchase price relating to purchase acquisitions is determined through established valuation techniques. Goodwill represents a residual value as of the acquisition date, which in most cases results in measuring goodwill as an excess of the purchase consideration transferred plus the fair value of any noncontrolling interest in the acquired company over the fair value of net assets acquired, including contingent consideration. We perform goodwill impairment tests on an annual basis in the fourth fiscal quarter and between annual tests in certain circumstances for each reporting unit. The assessment of fair value for goodwill and purchased intangible assets is based on factors that market participants would use in an orderly transaction in accordance with the guidance for the fair value measurement of nonfinancial assets.

Goodwill as of July 25, 2026 was \$59.5 billion. There was no impairment of goodwill in fiscal 2026, 2025 or 2024. For the annual impairment testing in fiscal 2026, the excess of the fair value over the carrying value for each of our reporting units was \$64.7 billion for the Americas, \$88.6 billion for EMEA, and \$33.7 billion for APJC.

During the fourth quarter of fiscal 2026, we performed a sensitivity analysis for goodwill impairment with respect to each of our respective reporting units and determined that a hypothetical 10% decline in the fair value of each reporting unit would not result in an impairment of goodwill for any reporting unit.

Purchased Intangible Assets

The accounting for acquisitions requires significant estimates and judgments in the valuation of purchased intangible assets. Critical estimates used in the valuation of purchased intangible assets include, but are not limited to, the amount and timing of expected future cash flows, useful lives and discount rates. While our estimates of fair value are based on assumptions that are believed to be reasonable, these assumptions are inherently uncertain and unpredictable and may not reflect unanticipated events and circumstances that may occur.

We make judgments about the recoverability of purchased intangible assets with finite lives whenever events or changes in circumstances indicate that an impairment may exist. Recoverability of purchased intangible assets with finite lives is measured by comparing the carrying amount of the asset group to the future undiscounted cash flows the asset group is expected to generate. We review indefinite-lived intangible assets for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired. If the asset is considered impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. Assumptions and estimates about future values and remaining useful lives of our purchased intangible assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Our ongoing consideration of all the factors described previously could result in impairment charges in the future, which could adversely affect our net income.

Income Taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rates differ from the statutory rate, primarily due to the tax impact of state taxes, foreign operations, R&D tax credits, foreign-derived intangible income deductions, global intangible low-taxed income, tax audit settlements, nondeductible compensation, and international realignments. Our effective tax rate was 17.1%, 8.3%, and 15.6% in fiscal 2026, 2025, and 2024, respectively.

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves due to changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, and the related net interest and penalties.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. If we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Our provision for income taxes is subject to volatility and could be negatively impacted by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; changes in the valuation of deferred tax assets and liabilities; changes to foreign-derived intangible income, global intangible low-taxed income, base erosion and anti-abuse tax, research and development capitalization and amortization, and corporate alternative minimum tax laws, regulations, or interpretations thereof; expiration of or lapses in tax incentives; transfer pricing adjustments, including those resulting from acquisitions or changes to our legal structure; tax effects of nondeductible compensation; tax costs related to intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is used in determining our provision for income taxes and evaluating tax positions. In certain countries, our income has benefited from reduced tax rates associated with employment and capital investment actions and commitments. If we do not meet the requirements for these reduced rates, our provision for income taxes could be adversely affected. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse impact on our results of operations and financial condition.

As of July 25, 2026, our gross unrecognized tax benefits were \$2.5 billion, reflecting a \$0.2 billion increase during fiscal 2026. Of this amount, \$1.7 billion would impact our effective tax rate if recognized. Our accrual for related interest and penalties was \$539 million as of July 25, 2026. As of the same date, we had gross deferred tax assets of \$11.2 billion. The valuation allowance against these deferred tax assets was \$1.4 billion, representing a \$0.5 billion increase during fiscal 2026, primarily due to the expectation that our future California taxable income will be insufficient to fully utilize our accumulated California tax credits and net operating loss carryforwards.

RESULTS OF OPERATIONS

A discussion regarding our financial condition and results of operations for fiscal 2026 compared to fiscal 2025 is presented below. A discussion regarding our financial condition and results of operations for fiscal 2025 compared to fiscal 2024 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended July 26, 2025, filed with the SEC on September 3, 2025.

Revenue

The following table presents the breakdown of revenue between product and services (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Revenue:					
Product.....	\$ 48,295	\$ 41,608	\$ 39,253	\$ 6,687	16 %
Percentage of revenue	76.3 %	73.4 %	73.0 %		
Services.....	15,030	15,046	14,550	(16)	— %
Percentage of revenue	23.7 %	26.6 %	27.0 %		
Total.....	<u>\$ 63,325</u>	<u>\$ 56,654</u>	<u>\$ 53,803</u>	<u>\$ 6,671</u>	12 %

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

We manage our business primarily on a geographic basis, organized into three geographic segments. Our revenue, which includes product and services for each segment, is summarized in the following table (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Revenue:					
Americas.....	\$ 37,799	\$ 33,656	\$ 31,971	\$ 4,143	12 %
Percentage of revenue	59.7 %	59.4 %	59.4 %		
EMEA.....	16,613	14,824	14,117	1,789	12 %
Percentage of revenue	26.2 %	26.2 %	26.2 %		
APJC.....	8,914	8,174	7,716	740	9 %
Percentage of revenue	14.1 %	14.4 %	14.3 %		
Total.....	<u>\$ 63,325</u>	<u>\$ 56,654</u>	<u>\$ 53,803</u>	<u>\$ 6,671</u>	12 %

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

Total revenue in fiscal 2026 increased by 12% compared with fiscal 2025. Product revenue increased by 16% and services revenue was flat. Our total revenue reflected growth across each of our geographic segments.

In addition to the impact of macroeconomic factors, including the IT spending environment and the level of spending by government entities, revenue by segment in a particular period may be significantly impacted by the timing of revenue recognition for complex transactions with multiple performance obligations. In addition, certain customers tend to make large and sporadic purchases, and the revenue related to these transactions may also be affected by the timing of revenue recognition, which in turn would impact the revenue of the relevant segment.

CISCO SYSTEMS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Product Revenue by Segment

The following table presents the breakdown of product revenue by segment (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Product revenue:					
Americas.....	\$ 28,900	\$ 24,637	\$ 23,142	\$ 4,263	17 %
Percentage of product revenue.....	59.9 %	59.2 %	59.0 %		
EMEA.....	12,806	11,122	10,645	1,684	15 %
Percentage of product revenue.....	26.5 %	26.7 %	27.1 %		
APJC.....	6,588	5,849	5,466	739	13 %
Percentage of product revenue.....	13.6 %	14.1 %	13.9 %		
Total.....	<u>\$ 48,295</u>	<u>\$ 41,608</u>	<u>\$ 39,253</u>	<u>\$ 6,687</u>	16 %

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

Americas

Product revenue in the Americas segment increased by 17%, with growth across each of our customer markets, led by the Service Provider and Cloud customer market which was largely driven by revenue from our AI Infrastructure solutions. From a country perspective, product revenue increased in the United States, Canada and Mexico by 18%, 8% and 25%, respectively, partially offset by a decline in Brazil of 10%.

EMEA

Product revenue in the EMEA segment increased by 15%, driven by growth across each of our customer markets. From a country perspective, product revenue increased in the United Kingdom, Germany, and France by 31%, 16% and 11%, respectively.

APJC

Product revenue in the APJC segment increased by 13%, with growth across each of our customer markets. From a country perspective, product revenue increased in Australia, Japan, India, and China by 13%, 16%, 2% and 23%, respectively.

Product Revenue by Category

In addition to the primary view on a geographic basis, we also prepare financial information related to product categories and customer markets for various purposes.

The following table presents product revenue by category (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Product revenue:					
Networking	\$ 34,668	\$ 28,304	\$ 29,229	\$ 6,364	22 %
Security	8,232	8,094	5,075	138	2 %
Collaboration	4,300	4,154	4,113	146	4 %
Observability	1,095	1,055	837	40	4 %
Total	<u>\$ 48,295</u>	<u>\$ 41,608</u>	<u>\$ 39,253</u>	<u>\$ 6,687</u>	16 %

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

Networking

The Networking product category consists of our core networking technologies of switching, routing, wireless, and servers. Revenue from the Networking product category increased by 22%, or \$6.4 billion primarily driven by our AI Infrastructure solutions, which include Cisco Silicon One based systems and optics. Growth was broad-based across the portfolio, with double digit revenue increases in Service Provider Routing, Data Center Switching, Wireless and servers, and growth in Campus Switching and Enterprise Routing.

Security

The Security product category consists of our Network Security, Identity and Access Management, SASE, and Identity and Agentic Security solutions. Revenue in our Security product category increased by 2%, or \$0.1 billion, primarily driven by growth in our SASE and Network Security offerings.

Collaboration

The Collaboration product category consists of our Webex Suite, Collaboration Devices, Contact Center and CPaaS offerings. Revenue in our Collaboration product category increased 4%, or \$0.1 billion, with growth across each of our offerings.

Observability

The Observability product category consists of our observability suite and network assurance offerings. Revenue in our Observability product category increased by 4%, or \$40 million, primarily due to growth in our network assurance offerings, partially offset by a decline in our observability suite offerings.

CISCO SYSTEMS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Services Revenue by Segment

The following table presents the breakdown of services revenue by segment (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Services revenue:					
Americas	\$ 8,899	\$ 9,019	\$ 8,829	\$ (120)	(1)%
Percentage of service revenue	59.2 %	59.9 %	60.7 %		
EMEA	3,806	3,702	3,472	104	3 %
Percentage of service revenue	25.3 %	24.6 %	23.9 %		
APJC	2,326	2,325	2,249	1	— %
Percentage of service revenue	15.5 %	15.5 %	15.5 %		
Total	<u>\$ 15,030</u>	<u>\$ 15,046</u>	<u>\$ 14,550</u>	<u>\$ (16)</u>	<u>— %</u>

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

Services revenue was flat compared to fiscal 2025, reflecting lower revenue from support services offset by higher revenue from professional services. Services revenue increased in the EMEA segment offset by a decline in the Americas segment. Services revenue in the APJC segment was flat compared to fiscal 2025.

Gross Margin

The following table presents the gross margin for products and services (in millions, except percentages):

Years Ended	AMOUNT			PERCENTAGE		
	July 25, 2026	July 26, 2025	July 27, 2024	July 25, 2026	July 26, 2025	July 27, 2024
Gross margin:						
Product	\$ 30,514	\$ 26,487	\$ 24,914	63.2 %	63.7 %	63.5 %
Services	10,346	10,303	9,914	68.8 %	68.5 %	68.1 %
Total	<u>\$ 40,860</u>	<u>\$ 36,790</u>	<u>\$ 34,828</u>	<u>64.5 %</u>	<u>64.9 %</u>	<u>64.7 %</u>

Product Gross Margin

The following table summarizes the key factors that contributed to the change in product gross margin percentage from fiscal 2025 to fiscal 2026:

	Product Gross Margin Percentage
Fiscal 2025	63.7 %
Productivity ⁽¹⁾	1.1 %
Product pricing	0.2 %
Mix of products sold	(3.6)%
Amortization of purchased intangible assets	0.9 %
Legal dispute with supplier	0.8 %
Other	0.1 %
Fiscal 2026	<u>63.2 %</u>

⁽¹⁾ Productivity includes overall manufacturing-related costs, such as component costs (including memory), warranty expense, provisions for inventory and the liability related to the purchase commitments with contract manufacturers and suppliers, freight, logistics, shipment volume, and other items not categorized elsewhere.

Product gross margin decreased by 0.5 percentage points primarily driven by negative impacts from product mix, partially offset by productivity improvements, lower amortization of purchased intangible assets, a charge in the fourth quarter of fiscal

2025 as a result of a legal dispute with a supplier, which did not recur in fiscal 2026, and to a lesser extent, pricing. The negative impacts from product mix were primarily due to higher Networking revenue. Productivity benefits were adversely impacted by higher memory costs.

Supply Chain Impacts and Risks

We regularly enter into purchase commitments with contract manufacturers and suppliers and in recent periods have increased such commitments related to manufacturing Cisco Silicon One and other products to meet demand from hyperscalers and other customers. We expect to continue entering into these additional purchase commitments in future periods, including purchase commitments to secure supply and pricing for memory and certain components. We have also increased inventory deposits and prepayments with certain suppliers in connection with these arrangements. These purchase commitments and prepayments have in turn significantly increased our supply chain exposure.

This exposure includes potential material excess and obsolete or other charges if product demand significantly decreases, if customers cancel or reschedule orders or change product architecture, design specifications, or qualification requirements, if we are unable to generate demand for certain products, or if we are otherwise unable to mitigate this exposure. Because we commit to purchasing components based on our current demand forecasts, hyperscalers or other large customers may change their orders or buying patterns with us with limited advance notice, which could result in amounts that we have prepaid or deposited with contract manufacturers and suppliers for such commitments being not fully recoverable if the related orders are not fulfilled.

Additionally, while we are exposed to new and proposed tariffs and other trade policies, the extent of such exposure is uncertain but could be significant if the exposure remains and we are unable to mitigate it.

Services Gross Margin

Our services gross margin percentage increased by 0.3 percentage points primarily due to cost efficiencies.

Our services gross margin normally experiences some fluctuations due to various factors such as the timing of contract initiations and renewals, our strategic investments in headcount, and the resources we deploy to support the overall services business. Other factors include the mix of service offerings, as the gross margin from our professional services is typically lower than the gross margin from technical support services.

Gross Margin by Segment

The following table presents the total gross margin for each segment (in millions, except percentages):

<u>Years Ended</u>	<u>AMOUNT</u>			<u>PERCENTAGE</u>		
	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Gross margin:						
Americas	\$ 24,625	\$ 22,962	\$ 21,372	65.1 %	68.2 %	66.8 %
EMEA	11,835	10,545	9,755	71.2 %	71.1 %	69.1 %
APJC	5,933	5,431	5,187	66.6 %	66.4 %	67.2 %
Segment total	42,392	38,938	36,312	66.9 %	68.7 %	67.5 %
Unallocated corporate items ⁽¹⁾ ..	(1,532)	(2,148)	(1,484)			
Total	\$ 40,860	\$ 36,790	\$ 34,828	64.5 %	64.9 %	64.7 %

⁽¹⁾ The unallocated corporate items include the effects of amortization and impairments of acquisition-related intangible assets, share-based compensation expense, significant litigation settlements and other contingencies, charges related to asset impairments and restructurings, and certain other charges. We do not allocate these items to the gross margin for each segment because management does not include such information in measuring the performance of the operating segments.

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

The Americas segment had a gross margin percentage decrease driven by negative impacts from product mix, partially offset by positive impacts from productivity improvements.

The EMEA segment had a slight gross margin percentage increase primarily due to positive impacts from productivity improvements and pricing, partially offset by negative impacts from product mix.

The APJC segment had a gross margin percentage increase driven primarily by positive impacts from productivity improvements, favorable services gross margin and to a lesser extent, pricing, partially offset by negative impacts from product mix.

Research and Development (“R&D”), Sales and Marketing, and General and Administrative (“G&A”) Expenses

R&D, sales and marketing, and G&A expenses are summarized in the following table (in millions, except percentages):

	Years Ended			2026 vs. 2025	
	July 25, 2026	July 26, 2025	July 27, 2024	Variance in Dollars	Variance in Percent
Research and development	\$ 9,563	\$ 9,300	\$ 7,983	\$ 263	3 %
Percentage of revenue	15.1 %	16.4 %	14.8 %		
Sales and marketing	11,559	10,966	10,364	593	5 %
Percentage of revenue	18.3 %	19.4 %	19.3 %		
General and administrative	2,761	2,992	2,813	(231)	(8)%
Percentage of revenue	4.4 %	5.3 %	5.2 %		
Total	<u>\$ 23,883</u>	<u>\$ 23,258</u>	<u>\$ 21,160</u>	<u>\$ 625</u>	3 %
Percentage of revenue	37.7 %	41.1 %	39.3 %		

R&D Expenses

R&D expenses increased primarily due to higher headcount-related expenses reflecting our investments in AI, higher discretionary spending and higher share-based compensation expense, partially offset by lower acquisition-related costs and lower contracted services spending.

Sales and Marketing Expenses

Sales and marketing expenses increased primarily due to higher headcount-related expenses, higher share-based compensation expense and higher contracted services spending, partially offset by lower acquisition-related costs and lower discretionary spending.

G&A Expenses

G&A expenses decreased primarily due to lower acquisition-related costs and lower headcount-related expenses, partially offset by higher discretionary spending.

Effect of Foreign Currency

In fiscal 2026, foreign currency fluctuations, net of hedging, increased the combined R&D, sales and marketing, and G&A expenses by approximately \$195 million, or 0.8%, compared with fiscal 2025.

Amortization of Purchased Intangible Assets

The following table presents the amortization of purchased intangible assets including impairment charges (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Amortization of purchased intangible assets:			
Cost of sales	\$ 947	\$ 1,174	\$ 955
Operating expenses	916	1,028	698
Total	<u>\$ 1,863</u>	<u>\$ 2,202</u>	<u>\$ 1,653</u>

The decrease in amortization of purchased intangible assets was primarily due to certain purchased intangible assets that became fully amortized and impairment charges in fiscal 2025, partially offset by amortization of purchased intangibles from our recent acquisitions.

Restructuring and Other Charges

We recognized total restructuring and other charges, which are included in operating expenses, of \$693 million and \$744 million in fiscal 2026 and 2025, respectively.

In the fourth quarter of fiscal 2026, we announced a restructuring plan to allow us to invest in key growth opportunities including silicon, optics, security and AI. The total pre-tax charges are estimated to be up to \$1 billion, with the plan expected to be substantially completed by the end of fiscal 2027. In connection with this restructuring plan, we incurred charges of \$511 million during fiscal 2026.

In fiscal 2025, we announced a restructuring plan in order to allow us to invest in key growth opportunities and drive more efficiencies in our business. We incurred cumulative charges of \$926 million and substantially completed this plan in fiscal 2026.

In fiscal 2024, we initiated a restructuring plan in order to realign the organization and enable further investment in key priority areas. We incurred cumulative charges of \$654 million and the plan is complete.

We expect to reinvest substantially all of the cost savings from these restructuring plans in our key growth opportunities and key priority areas. As a result, the overall cost savings from these restructuring plans are not expected to be material.

Operating Income

The following table presents our operating income and our operating income as a percentage of revenue (in millions, except percentages):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Operating income	\$ 15,368	\$ 11,760	\$ 12,181
Operating income as a percentage of revenue	24.3 %	20.8 %	22.6 %

Operating income increased by 31%, and operating income as a percentage of revenue increased by 3.5 percentage points. These changes primarily resulted from revenue growth, partially offset by lower gross margin and higher operating expenses in fiscal 2026.

Interest and Other Income (Loss), Net

Interest Income (Expense), Net The following table summarizes interest income and interest expense (in millions):

	<u>Years Ended</u>			<u>2026 vs. 2025</u>
	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>	<u>Variance in Dollars</u>
Interest income	\$ 866	\$ 1,001	\$ 1,365	\$ (135)
Interest expense	(1,470)	(1,593)	(1,006)	123
Interest income (expense), net	\$ (604)	\$ (592)	\$ 359	\$ (12)

The decrease in interest income was driven by a lower average balance of cash and available-for-sale debt investments and lower interest rates. The decrease in interest expense was driven by a lower average balance of debt outstanding and lower effective interest rates on commercial paper.

Other Income (Loss), Net The components of other income (loss), net, are summarized as follows (in millions):

	<u>Years Ended</u>			<u>2026 vs. 2025</u>
	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>	<u>Variance in Dollars</u>
Gains (losses) on investments, net:				
Available-for-sale debt investments	\$ (14)	\$ (100)	\$ (67)	\$ 86
Marketable equity securities	(2)	126	65	(128)
Non-marketable equity securities	1,409	56	(164)	1,353
Net gains (losses) on investments	1,393	82	(166)	1,311
Other gains (losses), net	(148)	(150)	(140)	2
Other income (loss), net	\$ 1,245	\$ (68)	\$ (306)	\$ 1,313

The change in our other income (loss), net was primarily driven by higher unrealized gains on our non-marketable equity securities and lower losses on our available-for-sale debt investments, partially offset by lower gains on our marketable equity securities. The unrealized gains or losses on our non-marketable equity securities may be impacted by future observable financing rounds at varying valuations.

Provision for Income Taxes

The provision for income taxes resulted in an effective tax rate of 17.1% for fiscal 2026, compared with 8.3% for fiscal 2025. The net 8.8 percentage point increase was primarily due to a \$720 million tax benefit recognized in fiscal 2025 related to a U.S. Tax Court opinion regarding the U.S. taxation of deemed foreign dividends in the transition year of the Tax Cuts and Jobs Act ("Tax Act") (our fiscal 2018) and an increase in state taxes due to a valuation allowance adjustment for California deferred tax assets in fiscal 2026.

For a full reconciliation of our effective tax rate to the U.S. federal statutory rate of 21% and for further explanation of our provision for income taxes, see Note 17 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The following sections discuss the effects of changes in our balance sheet, our capital allocation strategy including stock repurchase program and dividends, our contractual obligations, and certain other commitments and activities on our liquidity and capital resources.

Balance Sheet and Cash Flows

Cash and Cash Equivalents and Investments The following table summarizes our cash and cash equivalents and investments (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Cash and cash equivalents	\$ 7,218	\$ 8,346	\$ (1,128)
Available-for-sale debt investments	8,339	7,381	958
Marketable equity securities	361	383	(22)
Total	<u>\$ 15,918</u>	<u>\$ 16,110</u>	<u>\$ (192)</u>

The net decrease in cash and cash equivalents and investments from fiscal 2025 to fiscal 2026 was primarily driven by cash returned to stockholders in the form of cash dividends of \$6.6 billion and repurchases of common stock of \$6.1 billion, shares repurchased for tax withholdings on vesting of restricted stock units of \$1.9 billion, repayment of debt of \$1.8 billion, capital expenditures of \$1.4 billion and net cash paid for acquisitions of \$0.5 billion. These uses of cash were partially offset by net cash provided by operating activities of \$14.2 billion, \$3.2 billion net issuance of commercial paper, and the release to us of approximately \$0.6 billion of restricted cash previously held in escrow.

We maintain an investment portfolio of various holdings, types, and maturities. We classify our investments as short-term investments based on their nature and their availability for use in current operations. We believe the overall credit quality of our portfolio is strong, with our cash equivalents and our available-for-sale debt investment portfolio consisting primarily of high quality investment-grade securities. We believe that our strong cash and cash equivalents and investments position allows us to use our cash resources for strategic investments to gain access to new technologies, for acquisitions, for customer financing activities, for working capital needs, and for the repurchase of shares of common stock and payment of dividends as discussed below.

Securities Lending We periodically engage in securities lending activities with certain of our available-for-sale debt investments. These transactions are accounted for as a secured lending of the securities, and the securities are typically loaned only on an overnight basis. We require collateral equal to at least 102% of the fair market value of the loaned security and that the collateral be in the form of cash or liquid, high-quality assets. We engage in these secured lending transactions only with highly creditworthy counterparties, and the associated portfolio custodian has agreed to indemnify us against collateral losses. We did not experience any losses in connection with the secured lending of securities during the periods presented. As of July 25, 2026 and July 26, 2025, we had no outstanding securities lending transactions.

Free Cash Flow and Capital Allocation As part of our capital allocation strategy, we target to return a minimum of 50% of our free cash flow annually to our stockholders through cash dividends and repurchases of common stock.

We define free cash flow as net cash provided by operating activities less cash used to acquire property and equipment. The following table reconciles our net cash provided by operating activities to free cash flow (in millions):

Years Ended	July 25, 2026	July 26, 2025	July 27, 2024
Net cash provided by operating activities	\$ 14,177	\$ 14,193	\$ 10,880
Acquisition of property and equipment	(1,410)	(905)	(670)
Free cash flow	<u>\$ 12,767</u>	<u>\$ 13,288</u>	<u>\$ 10,210</u>

Our net cash provided by operating activities in fiscal 2026 was flat compared to fiscal 2025, primarily driven by higher cash collections offset by higher payments made to contract manufacturers and suppliers and our final U.S. transition tax payment of \$2.3 billion associated with the one-time U.S. transition tax on accumulated earnings for foreign subsidiaries as a result of the Tax Act.

We expect that cash provided by operating activities may fluctuate in future periods as a result of a number of factors, including fluctuations in our operating results, the rate at which products are shipped during the quarter (which we refer to as shipment

linearity), the timing and collection of accounts receivable and financing receivables, inventory and supply chain management, deferred revenue and the timing and amount of tax and other payments. For additional discussion, see "Part I, Item 1A. Risk Factors" in this report.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors because of our intent to return a stated percentage of free cash flow to stockholders in the form of dividends and stock repurchases. We further regard free cash flow as a useful measure because it reflects cash that can be used to, among other things, invest in our business, make strategic acquisitions, repurchase common stock, and pay dividends on our common stock, after deducting capital investments. A limitation of the utility of free cash flow as a measure of financial performance and liquidity is that the free cash flow does not represent the total increase or decrease in our cash balance for the period. In addition, we have other required uses of cash, including repaying the principal of our outstanding indebtedness. Free cash flow is not a measure calculated in accordance with U.S. generally accepted accounting principles and should not be regarded in isolation or as an alternative for net cash provided by operating activities or any other measure calculated in accordance with such principles, and other companies may calculate free cash flow in a different manner than we do.

The following table summarizes the dividends paid and stock repurchases (in millions, except per-share amounts):

Years Ended	DIVIDENDS		STOCK REPURCHASE PROGRAM			TOTAL
	Per Share	Amount	Shares	Weighted-Average Price per Share	Amount	Amount
July 25, 2026	\$ 1.66	\$ 6,553	76	\$ 80.26	\$ 6,106	\$ 12,659
July 26, 2025	\$ 1.62	\$ 6,437	105	\$ 56.53	\$ 5,995	\$ 12,432
July 27, 2024	\$ 1.58	\$ 6,384	117	\$ 49.45	\$ 5,764	\$ 12,148

On August 12, 2026, our Board of Directors declared a quarterly dividend of \$0.42 per common share to be paid on October 21, 2026, to all stockholders of record as of the close of business on October 2, 2026. Future dividends will be subject to the approval of our Board of Directors.

As of July 25, 2026, the remaining authorized amount for stock repurchases under this program is approximately \$8.1 billion, with no termination date.

Accounts Receivable, Net The following table summarizes our accounts receivable, net (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Accounts receivable, net	\$ 7,470	\$ 6,701	\$ 769

Our accounts receivable net, as of July 25, 2026 increased by approximately 11% year over year primarily due to higher revenue compared with fiscal 2025.

Inventory Supply Chain The following table summarizes our inventories and balances with contract manufacturers and suppliers (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Inventories	\$ 5,694	\$ 3,164	\$ 2,530
Inventory purchase commitments	\$ 17,165	\$ 7,599	\$ 9,566
Inventory deposits and prepayments	\$ 1,104	\$ 825	\$ 279

Inventory deposits and prepayments represent amounts paid to suppliers in advance of delivery, principally under arrangements to secure supply and pricing for memory and certain components. These amounts are included in other current assets and other assets on our Consolidated Balance Sheets, and are assessed for recoverability.

The following table summarizes our inventory purchase commitments with contract manufacturers and suppliers by period (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Less than 1 year.....	\$ 14,341	\$ 7,202	\$ 7,139
1 to 3 years.....	2,558	320	2,238
3 to 5 years.....	266	77	189
Total.....	<u>\$ 17,165</u>	<u>\$ 7,599</u>	<u>\$ 9,566</u>

Inventory as of July 25, 2026 increased by 80% and inventory purchase commitments with contract manufacturers and suppliers increased by 126% from our balances at the end of fiscal 2025. The combined increase of 112% in our inventory and inventory purchase commitments as compared with the end of fiscal 2025 was primarily related to commitments with contract manufacturers and suppliers related to manufacturing Cisco Silicon One and other products to meet the demand from hyperscalers and other customers. The impact of higher memory prices and commitments with certain suppliers to help secure supply and pricing for memory and certain components also contributed significantly to this increase. We expect our inventory balances may increase in future quarters as we work to fulfill this demand.

In recent periods, we have increased our levels of inventory and purchase commitments with contract manufacturers and suppliers primarily related to Cisco Silicon One. The increases during fiscal 2026 were primarily due to arrangements to secure supply and pricing for certain product components, including memory, and commitments with contract manufacturers to meet customer demand and help manage lead times. Our risks of future material excess and obsolete inventory and related losses are further outlined in the Results of Operations—Product Gross Margin section and in Note 2 to the Consolidated Financial Statements.

We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements and our commitment to securing manufacturing capacity.

Our inventory purchase commitments are for short-term product manufacturing requirements as well as for commitments to suppliers to secure manufacturing capacity. Certain of our inventory purchase commitments are entered into directly with suppliers and relate to fixed-dollar commitments to secure supply and pricing for certain product components for multi-year periods. In addition, certain of these inventory purchase commitments are related to long-term supply agreements for fixed quantities of certain memory components for which pricing is variable based on current market values. A significant portion of our reported purchase commitments arising from these agreements consists of firm, noncancelable, and unconditional commitments. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed.

Inventory and supply chain management remain areas of focus as we balance the need to maintain supply chain flexibility to help ensure competitive lead times with the risk of inventory obsolescence because of supply constraints, rapidly changing technology and customer requirements. We believe the amount of our inventory and inventory purchase commitments is appropriate for our current and expected customer demand and revenue levels. Because a significant portion of these balances are based on our current demand forecasts, actual requirements may differ, and a significant reduction in or change to those forecasts could result in material excess and obsolete inventory or purchase commitment charges.

Financing Receivables and Guarantees The following table summarizes our financing receivables (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Loan receivables, net.....	\$ 7,417	\$ 5,591	\$ 1,826
Lease receivables, net.....	915	936	(21)
Total, net.....	<u>\$ 8,332</u>	<u>\$ 6,527</u>	<u>\$ 1,805</u>

Financing Receivables Our financing arrangements include loans and leases. Our loan receivables include customer financing for purchases of our hardware, software and services (including technical support and professional services), and also may include additional funds for other costs associated with network installation and integration of our products and services. Lease receivables include sales-type leases. Arrangements related to leases are generally collateralized by a security interest in the

underlying assets. Financing receivables increased by 28% as compared with the end of fiscal 2025, primarily due to an increase in loan receivables reflecting higher customer demand for financing of hardware, software and services.

Financing Guarantees In the normal course of business, third parties may provide financing arrangements to our channel partners and end users under financing programs. The financing arrangements to channel partners consist of revolving short-term financing provided by third parties, with payment terms generally ranging from 60 to 90 days. In certain instances, these financing arrangements result in a transfer of our receivables to the third party. The receivables are derecognized upon transfer, as these transfers qualify as true sales, and we receive payments for the receivables from the third party based on our standard payment terms. The financing arrangements provided by third parties to end users are related to leases and loans and typically have terms of up to three years. In some cases, we provide guarantees to third parties for these lease and loan arrangements.

The volume of channel partner financing was \$29.9 billion, \$24.9 billion, and \$27.1 billion in fiscal 2026, 2025, and 2024, respectively. These financing arrangements facilitate the working capital requirements of the channel partners, and in some cases, we guarantee a portion of these arrangements. The balance of the channel partner financing subject to guarantees was \$1.2 billion and \$1.3 billion as of July 25, 2026 and July 26, 2025, respectively. We could be called upon to make payments under these guarantees in the event of nonpayment by the channel partners. Historically, our payments under these arrangements have been immaterial. Where we provide a guarantee, we defer the revenue associated with the channel partner financing arrangement in accordance with revenue recognition policies, or we record a liability for the fair value of the guarantees. In either case, the deferred revenue is recognized as revenue when the guarantee is removed. As of July 25, 2026, the total maximum potential future payments related to these guarantees was approximately \$127 million, of which approximately \$12 million was recorded as deferred revenue.

Borrowings

Senior Fixed-Rate Notes The following table summarizes the principal amount of our senior fixed-rate notes (in millions):

	Maturity Date	July 25, 2026	July 26, 2025
Senior fixed-rate notes:			
4.90%.....	February 26, 2026	\$ —	\$ 1,000
2.95%.....	February 28, 2026	—	750
2.50%.....	September 20, 2026	1,500	1,500
4.80%.....	February 26, 2027	2,000	2,000
4.55%.....	February 24, 2028	1,000	1,000
4.85%.....	February 26, 2029	2,500	2,500
4.75%.....	February 24, 2030	1,000	1,000
4.95%.....	February 26, 2031	2,500	2,500
4.95%.....	February 24, 2032	1,000	1,000
5.05%.....	February 26, 2034	2,500	2,500
5.10%.....	February 24, 2035	1,250	1,250
5.90%.....	February 15, 2039	2,000	2,000
5.50%.....	January 15, 2040	2,000	2,000
5.30%.....	February 26, 2054	2,000	2,000
5.50%.....	February 24, 2055	750	750
5.35%.....	February 26, 2064	1,000	1,000
Total.....		<u>\$ 23,000</u>	<u>\$ 24,750</u>

Interest is payable semiannually on each class of the senior fixed-rate notes, each of which is redeemable by us at any time, subject to a make-whole premium. We were in compliance with all debt covenants as of July 25, 2026.

Commercial Paper We have a short-term debt financing program in which up to \$15.0 billion is available through the issuance of commercial paper notes. We use the proceeds from the issuance of commercial paper notes for general corporate purposes. We had \$6.7 billion and \$3.5 billion in commercial paper notes outstanding as of July 25, 2026, and July 26, 2025, respectively.

Credit Facility On February 2, 2024, we entered into an amended and restated 5-year \$5.0 billion unsecured revolving credit agreement. The interest rate for the credit agreement is determined based on a formula using certain market rates. The credit agreement requires that we comply with certain covenants, including that we maintain an interest coverage ratio (defined in the

CISCO SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

agreement as the ratio of consolidated EBITDA to consolidated interest expense) of not less than 3.0 to 1.0. As of July 25, 2026, we were in compliance with all associated covenants and we had not borrowed any funds under our credit agreement.

Remaining Performance Obligations The following table presents the breakdown of remaining performance obligations (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Product	\$ 23,436	\$ 21,572	\$ 1,864
Services	23,298	21,961	1,337
Total	<u>\$ 46,734</u>	<u>\$ 43,533</u>	<u>\$ 3,201</u>
Short-term RPO	\$ 22,776	\$ 21,723	\$ 1,053
Long-term RPO	23,958	21,810	2,148
Total	<u>\$ 46,734</u>	<u>\$ 43,533</u>	<u>\$ 3,201</u>

Total remaining performance obligations increased 7% in fiscal 2026. Remaining performance obligations for product increased 9% and remaining performance obligations for services increased 6%, compared to fiscal 2025.

Deferred Revenue The following table presents the breakdown of deferred revenue (in millions):

	July 25, 2026	July 26, 2025	Increase (Decrease)
Product	\$ 13,817	\$ 13,490	\$ 327
Services	15,964	15,289	675
Total	<u>\$ 29,781</u>	<u>\$ 28,779</u>	<u>\$ 1,002</u>
Reported as:			
Current	\$ 16,988	\$ 16,416	\$ 572
Noncurrent	12,793	12,363	430
Total	<u>\$ 29,781</u>	<u>\$ 28,779</u>	<u>\$ 1,002</u>

Total deferred revenue increased 3% in fiscal 2026. The increase in deferred product revenue of 2% was primarily due to increased deferrals related to our recurring software offerings. The increase in deferred services revenue of 4% was driven by higher business volume, partially offset by ongoing amortization of deferred services revenue.

Contractual Obligations

The impact of contractual obligations on our liquidity and capital resources in future periods should be analyzed in conjunction with the factors that impact our cash flows from operations discussed previously. In addition, we plan for and measure our liquidity and capital resources through an annual budgeting process. The following table summarizes our contractual obligations at July 25, 2026 (in millions):

July 25, 2026	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Operating leases	\$ 1,874	\$ 461	\$ 601	\$ 401	\$ 411
Purchase commitments with contract manufacturers and suppliers	17,165	14,341	2,558	266	—
Other purchase obligations	7,044	2,460	3,461	956	167
Long-term debt	23,002	3,502	3,500	3,500	12,500
Other long-term liabilities	1,990	—	323	266	1,401
Total by period	<u>\$ 51,075</u>	<u>\$ 20,764</u>	<u>\$ 10,443</u>	<u>\$ 5,389</u>	<u>\$ 14,479</u>
Other long-term liabilities (uncertainty in the timing of future payments)	2,424				
Total	<u>\$ 53,499</u>				

Operating Leases For more information on our operating leases, see Note 8 to the Consolidated Financial Statements.

Purchase Commitments with Contract Manufacturers and Suppliers We enter into agreements with contract manufacturers and suppliers that allow them to procure inventory based upon criteria as defined by us or that establish the parameters defining our requirements and our commitment to securing manufacturing capacity. A significant portion of our reported purchase commitments arising from these agreements consists of firm, noncancelable, and unconditional commitments. We record a liability for these commitments for quantities in excess of our future demand forecasts, and for commitments relating to components that can no longer be used in a salable product, consistent with the valuation of our excess and obsolete inventory. See further discussion in "Inventory Supply Chain" and in Note 13(a) to the Consolidated Financial Statements.

Other Purchase Obligations Other purchase obligations represent an estimate of all contractual obligations in the ordinary course of business, other than operating leases and commitments with contract manufacturers and suppliers, for which we have not received the goods or services. Purchase orders are not included in the preceding table as they typically represent our authorization to purchase rather than binding contractual purchase obligations.

Long-Term Debt The amount of long-term debt in the preceding table represents the principal amount of the respective debt instruments. See Note 11 to the Consolidated Financial Statements.

Other Long-Term Liabilities Other long-term liabilities primarily include noncurrent income taxes payable, accrued liabilities for deferred compensation, deferred tax liabilities, and certain other long-term liabilities. Due to the uncertainty in the timing of future payments, our noncurrent income taxes payable of approximately \$2.3 billion and deferred tax liabilities of \$85 million were presented as one aggregated amount in the total column on a separate line in the preceding table. Noncurrent income taxes payable include uncertain tax positions. See Note 17 to the Consolidated Financial Statements.

Other Commitments

In connection with our acquisitions, we have agreed to pay certain additional amounts contingent upon the continued employment with us of certain employees of the acquired entities. See Note 4 to the Consolidated Financial Statements.

Of the total carrying value of our non-marketable equity securities as of July 25, 2026, \$1.1 billion of such investments are considered to be in variable interest entities which are unconsolidated. We have total funding commitments of \$0.4 billion related to non-marketable equity securities. The carrying value of these investments and the additional funding commitments, collectively, represent our maximum exposure related to non-marketable equity securities. See Note 10 to the Consolidated Financial Statements.

We provide financing guarantees, which are generally for various third-party financing arrangements extended to our channel partners. We could be called upon to make payments under these guarantees in the event of nonpayment by the channel partners. See the previous discussion of these financing guarantees under "Financing Receivables and Guarantees."

Liquidity and Capital Resource Requirements

Based on past performance and current expectations, we believe our cash and cash equivalents, investments, cash generated from operations, and ability to access capital markets and committed credit lines will satisfy, through at least the next 12 months, our liquidity requirements, both in total and domestically, including the following: working capital needs (including inventory and other supply related payments), capital expenditures, investment requirements, stock repurchases, cash dividends, contractual obligations, commitments, principal and interest payments on debt, pending acquisitions, future and committed customer financings, and other liquidity requirements associated with our operations. There are no other transactions, arrangements, or relationships with unconsolidated entities or other persons that are reasonably likely to materially affect the liquidity and the availability of, as well as our requirements for, capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our financial position is exposed to a variety of risks, including interest rate risk, equity price risk, and foreign currency exchange risk.

Interest Rate Risk

Available-for-Sale Debt Investments We maintain an investment portfolio of various holdings, types, and maturities. Our primary objective for holding available-for-sale debt investments is to achieve an appropriate investment return consistent with preserving principal and managing risk. At any time, a sharp rise in market interest rates could have a material adverse impact on the fair value of our available-for-sale debt investment portfolio. Conversely, declines in interest rates, including the impact from lower credit spreads, could have a material adverse impact on interest income for our investment portfolio. Our available-for-sale debt investments are held for purposes other than trading. Our available-for-sale debt investments are not leveraged as of July 25, 2026. We monitor our interest rate and credit risks, including our credit exposures to specific rating categories and to individual issuers. We believe the overall credit quality of our portfolio is strong.

The following tables present the hypothetical fair values of our available-for-sale debt investments, including the hedging effects when applicable, as a result of selected potential market decreases and increases in interest rates. The market changes reflect immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points (BPS), 100 BPS, and 150 BPS. The hypothetical fair values as of July 25, 2026 and July 26, 2025 are as follows (in millions):

	VALUATION OF SECURITIES GIVEN AN INTEREST RATE DECREASE OF X BASIS POINTS			FAIR VALUE AS OF JULY 25, 2026	VALUATION OF SECURITIES GIVEN AN INTEREST RATE INCREASE OF X BASIS POINTS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Available-for-sale debt investments	\$8,420	\$8,393	\$8,366	\$8,339	\$8,312	\$8,286	\$8,259

	VALUATION OF SECURITIES GIVEN AN INTEREST RATE DECREASE OF X BASIS POINTS			FAIR VALUE AS OF JULY 26, 2025	VALUATION OF SECURITIES GIVEN AN INTEREST RATE INCREASE OF X BASIS POINTS		
	(150 BPS)	(100 BPS)	(50 BPS)		50 BPS	100 BPS	150 BPS
Available-for-sale debt investments	\$7,454	\$7,430	\$7,405	\$7,381	\$7,356	\$7,332	\$7,307

Financing Receivables As of July 25, 2026, our financing receivables had a carrying value of \$8.3 billion, compared with \$6.5 billion as of July 26, 2025. As of July 25, 2026, a hypothetical 50 BPS increase or decrease in market interest rates would change the fair value of our financing receivables by a decrease or increase of approximately \$0.1 billion, respectively.

Debt As of July 25, 2026, we had \$23.0 billion in principal amount of senior fixed-rate notes outstanding. The carrying amount of the senior fixed-rate notes was \$22.9 billion, and the related fair value based on market prices was \$22.7 billion. As of July 25, 2026, a hypothetical 50 BPS increase or decrease in market interest rates would change the fair value of the fixed-rate debt, by a decrease or increase of approximately \$0.7 billion, respectively. However, this hypothetical change in interest rates would not impact the interest expense on the fixed-rate debt.

As of July 25, 2026, we had \$6.7 billion in commercial paper outstanding, compared with \$3.5 billion as of July 26, 2025. Because these borrowings are short-term and are refinanced on a recurring basis, our interest expense on commercial paper reprices with market interest rates. A sharp rise in market interest rates could cause us to incur additional interest expense to the extent we issue additional commercial paper or other debt.

Equity Price Risk

Marketable Equity Investments The fair value of our marketable equity investments is subject to market price volatility. We hold equity securities for strategic purposes or to diversify our overall investment portfolio. These equity securities are held for purposes other than trading. The total fair value of our marketable equity securities was \$361 million and \$383 million as of July 25, 2026 and July 26, 2025, respectively.

Non-Marketable Equity Securities These investments are recorded in other assets in our Consolidated Balance Sheets. The total carrying amount of our non-marketable equity securities was \$4.0 billion and \$1.9 billion as of July 25, 2026 and July 26, 2025, respectively. The increase was primarily due to net unrealized gains of \$1.4 billion recognized during fiscal 2026 based on observable price changes, together with additional investments. Some of these companies in which we invested are in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize. We could lose our entire investment in these companies. Because gains and losses on these investments are recognized based on observable price changes in orderly transactions for identical or similar investments of the same issuer, the carrying amount may decrease in future periods if such transactions occur at lower valuations, and any resulting losses could be material. Our evaluation of non-marketable equity securities is based on the fundamentals of the businesses invested in, including, among other factors, the nature of their technologies and potential for financial return.

Foreign Currency Exchange Risk

Our foreign exchange forward contracts outstanding at fiscal year-end are summarized in U.S. dollar equivalents as follows (in millions):

	July 25, 2026		July 26, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Forward contracts:				
Purchased.....	\$ 4,088	\$ (88)	\$ 4,498	\$ (21)
Sold.....	\$ 4,598	\$ 95	\$ 4,480	\$ 22

Movement in foreign currency exchange rates would change the fair value of our foreign exchange forward contracts. Because we enter into these contracts to offset exposures on underlying forecasted transactions and on foreign currency denominated receivables and payables, we would expect any such change to be substantially offset by an opposite change in the value of those underlying exposures.

We conduct business globally in numerous currencies. The direct effect of foreign currency fluctuations on revenue has not been material because our revenue is primarily denominated in U.S. dollars. However, if the U.S. dollar strengthens relative to other currencies, such strengthening could have an indirect effect on our revenue to the extent it raises the cost of our products to non-U.S. customers and thereby reduces demand. A weaker U.S. dollar could have the opposite effect. However, the precise indirect effect of currency fluctuations is difficult to measure or predict because our revenue is influenced by many factors in addition to the impact of such currency fluctuations.

Approximately 75% of our operating expenses are U.S.-dollar denominated. In fiscal 2026, foreign currency fluctuations, net of hedging, increased our combined R&D, sales and marketing, and G&A expenses by approximately \$195 million, or 0.8%, as compared with fiscal 2025. To reduce variability in operating expenses and service cost of sales caused by non-U.S.-dollar denominated operating expenses and costs, we may hedge certain forecasted foreign currency transactions with currency options and forward contracts. These hedging programs are not designed to provide foreign currency protection over long time horizons. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. The gains and losses on foreign exchange contracts mitigate the effect of currency movements on our operating expenses and service cost of sales.

We also enter into foreign exchange forward and option contracts to reduce the short-term effects of foreign currency fluctuations on receivables and payables that are denominated in currencies other than the functional currencies of the entities. The market risks associated with these foreign currency receivables and payables relate primarily to variances from our forecasted foreign currency transactions and balances. We do not enter into foreign exchange forward or option contracts for speculative purposes.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cisco Systems, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cisco Systems, Inc. and its subsidiaries (the “Company”) as of July 25, 2026 and July 26, 2025, and the related consolidated statements of operations, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended July 25, 2026, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of July 25, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 25, 2026 and July 26, 2025, and the results of its operations and its cash flows for each of the three years in the period ended July 25, 2026 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 25, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition for Certain Products and Services

As described in Note 2 to the consolidated financial statements, the Company derives revenue from contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations. The Company recognizes revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment, electronic delivery (or when the software is available for download by the customer), or once title and risk of loss has transferred to the customer. Transfer of control can also occur over time for software maintenance and services as the customer receives the benefit over the contract term. For the year ended July 25, 2026, the Company's total revenue was \$63.3 billion, of which the majority relates to certain product and services revenue.

The principal consideration for our determination that performing procedures relating to revenue recognition for certain products and services is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process. These procedures also included, among others (i) testing revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, such as executed contracts, purchase orders, invoices, and proof of delivery; (ii) testing the appropriate amount and timing of revenue recognition based on the contractual terms identified in certain customer arrangements; and (iii) confirming a sample of outstanding customer invoice balances as of July 25, 2026 and, for confirmations not returned, obtaining and inspecting source documents, such as purchase orders, invoices, proof of delivery, and subsequent cash receipts.



San Jose, California
September 2, 2026

We have served as the Company's auditor since 1988.

Reports of Management

Statement of Management's Responsibility

Cisco's management has always assumed full accountability for maintaining compliance with our established financial accounting policies and for reporting our results with objectivity and the highest degree of integrity. It is critical for investors and other users of the Consolidated Financial Statements to have confidence that the financial information that we provide is timely, complete, relevant, and accurate. Management is responsible for the fair presentation of Cisco's Consolidated Financial Statements, prepared in accordance with accounting principles generally accepted in the United States of America, and has full responsibility for their integrity and accuracy.

Management, with oversight by Cisco's Board of Directors, has established and maintains a strong ethical climate so that our affairs are conducted to the highest standards of personal and corporate conduct. Management also has established an effective system of internal controls. Cisco's policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of Nasdaq and the corporate governance requirements of the Sarbanes-Oxley Act of 2002.

We are committed to enhancing stockholder value and fully understand and embrace our fiduciary oversight responsibilities. We are dedicated to ensuring that our high standards of financial accounting and reporting, as well as our underlying system of internal controls, are maintained. Our culture demands integrity, and we have the highest confidence in our processes, our internal controls and our people, who are objective in their responsibilities and who operate under the highest level of ethical standards.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Cisco. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management (with the participation of the principal executive officer and principal financial officer) conducted an evaluation of the effectiveness of Cisco's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Cisco's internal control over financial reporting was effective as of July 25, 2026. PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of Cisco's internal control over financial reporting and has issued a report on Cisco's internal control over financial reporting, which is included in their report on the preceding pages.



Charles H. Robbins
Chair and Chief Executive Officer
September 2, 2026



Mark Patterson
Executive Vice President and Chief Financial Officer
September 2, 2026

CISCO SYSTEMS, INC.
Consolidated Balance Sheets
(in millions, except par value)

	<u>July 25, 2026</u>	<u>July 26, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,218	\$ 8,346
Investments	8,700	7,764
Accounts receivable, net of allowance of \$78 at July 25, 2026 and \$69 at July 26, 2025 ..	7,470	6,701
Inventories	5,694	3,164
Financing receivables, net	3,392	3,061
Other current assets	6,191	5,950
Total current assets	38,665	34,986
Property and equipment, net	2,760	2,113
Financing receivables, net	4,940	3,466
Goodwill	59,477	59,136
Purchased intangible assets, net	7,557	9,175
Deferred tax assets	7,109	7,356
Other assets	9,129	6,059
TOTAL ASSETS	\$ 129,637	\$ 122,291
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 10,161	\$ 5,232
Accounts payable	3,366	2,528
Income taxes payable	190	1,857
Accrued compensation	4,057	3,611
Deferred revenue	16,988	16,416
Other current liabilities	6,763	5,420
Total current liabilities	41,525	35,064
Long-term debt	19,372	22,861
Income taxes payable	2,339	2,165
Deferred revenue	12,793	12,363
Other long-term liabilities	3,323	2,995
Total liabilities	79,352	75,448
Commitments and contingencies (Note 13)		
Equity:		
Cisco stockholders' equity:		
Preferred stock, \$0.001 par value: 5 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value: 20,000 shares authorized; 3,946 and 3,960 shares issued and outstanding at July 25, 2026 and July 26, 2025, respectively	49,676	47,747
Retained earnings	1,565	50
Accumulated other comprehensive loss	(956)	(954)
Total equity	50,285	46,843
TOTAL LIABILITIES AND EQUITY	\$ 129,637	\$ 122,291

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Operations
(in millions, except per-share amounts)

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
REVENUE:			
Product	\$ 48,295	\$ 41,608	\$ 39,253
Services	15,030	15,046	14,550
Total revenue	63,325	56,654	53,803
COST OF SALES:			
Product	17,781	15,121	14,339
Services	4,684	4,743	4,636
Total cost of sales	22,465	19,864	18,975
GROSS MARGIN	40,860	36,790	34,828
OPERATING EXPENSES:			
Research and development	9,563	9,300	7,983
Sales and marketing	11,559	10,966	10,364
General and administrative	2,761	2,992	2,813
Amortization of purchased intangible assets	916	1,028	698
Restructuring and other charges	693	744	789
Total operating expenses	25,492	25,030	22,647
OPERATING INCOME	15,368	11,760	12,181
Interest income	866	1,001	1,365
Interest expense	(1,470)	(1,593)	(1,006)
Other income (loss), net	1,245	(68)	(306)
Interest and other income (loss), net	641	(660)	53
INCOME BEFORE PROVISION FOR INCOME TAXES	16,009	11,100	12,234
Provision for income taxes	2,742	920	1,914
NET INCOME	\$ 13,267	\$ 10,180	\$ 10,320
Net income per share:			
Basic	\$ 3.36	\$ 2.56	\$ 2.55
Diluted	\$ 3.33	\$ 2.55	\$ 2.54
Shares used in per-share calculation:			
Basic	3,953	3,976	4,043
Diluted	3,987	3,998	4,062

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Comprehensive Income
(in millions)

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Net income	<u>\$ 13,267</u>	<u>\$ 10,180</u>	<u>\$ 10,320</u>
Available-for-sale investments:			
Change in net unrealized gains and losses	15	121	146
Net (gains) losses reclassified into earnings	11	63	53
Net change, net of tax benefit (expense) of \$0, \$(68) and \$(61) for fiscal 2026, 2025, and 2024, respectively	26	184	199
Cash flow hedging instruments:			
Change in unrealized gains and losses	79	22	98
Net (gains) losses reclassified into earnings	(31)	(36)	(37)
Net change, net of tax benefit (expense) of \$(15), \$4 and \$(18) for fiscal 2026, 2025, and 2024, respectively	48	(14)	61
Net change in cumulative translation adjustment and actuarial gains and losses, net of tax benefit (expense) of \$(6), \$2, and \$2 for fiscal 2026, 2025, and 2024, respectively	(76)	306	(115)
Other comprehensive income (loss)	(2)	476	145
Comprehensive income	<u>\$ 13,265</u>	<u>\$ 10,656</u>	<u>\$ 10,465</u>

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Cash Flows
(in millions)

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Cash flows from operating activities:			
Net income	\$ 13,267	\$ 10,180	\$ 10,320
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, and other	2,540	2,811	2,507
Share-based compensation expense	3,830	3,641	3,074
Provision for receivables	23	24	34
Deferred income taxes	226	(1,133)	(972)
(Gains) losses on divestitures, investments and other, net	(1,358)	(38)	215
Change in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable	(832)	(22)	(289)
Inventories	(2,541)	209	275
Financing receivables	(1,835)	214	76
Other assets	(1,032)	(499)	(671)
Accounts payable	842	257	(90)
Income taxes, net	(2,304)	(1,839)	(4,539)
Accrued compensation	457	(53)	(696)
Deferred revenue	1,125	248	1,220
Other liabilities	1,769	193	416
Net cash provided by operating activities	<u>14,177</u>	<u>14,193</u>	<u>10,880</u>
Cash flows from investing activities:			
Purchases of investments	(8,974)	(4,589)	(4,230)
Proceeds from sales of investments	2,013	2,643	4,136
Proceeds from maturities of investments	6,105	4,943	6,367
Acquisitions, net of cash and cash equivalents acquired and divestitures	(516)	(291)	(25,994)
Purchases of non-marketable equity securities	(946)	(383)	(284)
Return of investments in non-marketable equity securities	270	306	202
Acquisition of property and equipment	(1,410)	(905)	(670)
Other	(26)	9	(5)
Net cash provided by (used in) investing activities	<u>(3,484)</u>	<u>1,733</u>	<u>(20,478)</u>
Cash flows from financing activities:			
Issuances of common stock	805	736	714
Repurchases of common stock - repurchase program	(6,106)	(6,000)	(5,787)
Shares repurchased for tax withholdings on vesting of restricted stock units	(1,873)	(1,222)	(992)
Short-term borrowings, original maturities of 90 days or less, net	616	(31)	478
Issuances of debt	13,048	19,292	31,818
Repayments of debt	(12,251)	(22,073)	(9,826)
Repayments of Splunk convertible debt, net of capped call proceeds	—	—	(3,140)
Dividends paid	(6,553)	(6,437)	(6,384)
Other	(33)	(80)	(37)
Net cash provided by (used in) financing activities	<u>(12,347)</u>	<u>(15,815)</u>	<u>6,844</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(29)	(43)	(31)
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	<u>(1,683)</u>	<u>68</u>	<u>(2,785)</u>
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of fiscal year	<u>8,910</u>	<u>8,842</u>	<u>11,627</u>
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of fiscal year	<u>\$ 7,227</u>	<u>\$ 8,910</u>	<u>\$ 8,842</u>

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Consolidated Statements of Equity
(in millions, except per-share amounts)

	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
BALANCE AT JULY 29, 2023	4,066	\$ 44,289	\$ 1,639	\$ (1,575)	\$ 44,353
Net income			10,320		10,320
Other comprehensive income (loss)				145	145
Issuance of common stock	78	714			714
Repurchase of common stock	(117)	(1,292)	(4,472)		(5,764)
Shares repurchased for tax withholdings on vesting of restricted stock units and other	(20)	(985)	(16)		(1,001)
Cash dividends declared (\$1.58 per common share)			(6,384)		(6,384)
Share-based compensation		3,074			3,074
BALANCE AT JULY 27, 2024	4,007	\$ 45,800	\$ 1,087	\$ (1,430)	\$ 45,457
Net income			10,180		10,180
Other comprehensive income (loss)				476	476
Issuance of common stock	80	736			736
Repurchase of common stock	(105)	(1,230)	(4,765)		(5,995)
Shares repurchased for tax withholdings on vesting of restricted stock units and other	(22)	(1,200)	(15)		(1,215)
Cash dividends declared (\$1.62 per common share)			(6,437)		(6,437)
Share-based compensation		3,641			3,641
BALANCE AT JULY 26, 2025	3,960	\$ 47,747	\$ 50	\$ (954)	\$ 46,843
Net income			13,267		13,267
Other comprehensive income (loss)				(2)	(2)
Issuance of common stock	85	805			805
Repurchase of common stock	(76)	(929)	(5,177)		(6,106)
Shares repurchased for tax withholdings on vesting of restricted stock units and other	(23)	(1,777)	(22)		(1,799)
Cash dividends declared (\$1.66 per common share)			(6,553)		(6,553)
Share-based compensation		3,830			3,830
BALANCE AT JULY 25, 2026	3,946	\$ 49,676	\$ 1,565	\$ (956)	\$ 50,285

See Notes to Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements

1. Basis of Presentation

The fiscal year for Cisco Systems, Inc. (the “Company,” “Cisco,” “we,” “us,” or “our”) is the 52 or 53 weeks ending on the last Saturday in July. Fiscal 2026, fiscal 2025 and fiscal 2024 were each 52-week fiscal years. The Consolidated Financial Statements include our accounts and those of our subsidiaries and other entities in which we hold a controlling financial interest. All intercompany accounts and transactions have been eliminated. We conduct business globally and are primarily managed on a geographic basis in the following three geographic segments: the Americas; Europe, Middle East, and Africa (EMEA); and Asia Pacific, Japan, and China (APJC).

Certain reclassifications have been made to the amounts for prior years in order to conform to the current year’s presentation.

2. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents We consider all highly liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents.

(b) Available-for-Sale Debt Investments We classify our investments in fixed income securities as available-for-sale debt investments. Our available-for-sale debt investments primarily consist of U.S. government, U.S. government agency, non-U.S. government and agency, corporate debt, U.S. agency mortgage-backed securities, commercial paper and certificates of deposit. These available-for-sale debt investments are primarily held in the custody of a major financial institution. A specific identification method is used to determine the cost basis of available-for-sale debt investments sold. These investments are recorded in the Consolidated Balance Sheets at fair value and unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive income (loss) (AOCI), net of tax. We classify our investments as current based on the nature of the investments and their availability for use in current operations.

(c) Marketable equity securities Our marketable equity securities have readily determinable fair values (RDFV) and are measured at fair value, with changes recognized in other income (loss), net in the Consolidated Statements of Operations.

(d) Non-marketable equity securities Our non-marketable equity securities are investments in privately held entities, venture funds, and publicly traded entities that do not have RDFV. Privately held entities are measured under the measurement alternative. Investments accounted for under the measurement alternative are recorded at cost, less any impairment, plus or minus changes resulting from qualifying observable price changes. We account for non-marketable equity securities, such as our investments in venture funds, where we do not control, but are able to exert significant influence over, the investee, under the equity method. For certain of our investments in venture funds, we have elected to apply the net asset value (NAV) practical expedient to estimate the fair value of these investments. Securities in publicly traded entities that possess restrictions that are at the instrument level (“restricted equity securities”) are valued based on pricing models that use observable market inputs reduced by a discount for lack of marketability (“DLOM”).

(e) Impairments of Investments For our available-for-sale debt securities in an unrealized loss position, we determine whether a credit loss exists. In this assessment, among other factors, we consider the extent to which the fair value is less than the amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security. If factors indicate a credit loss exists, an allowance for credit loss is recorded to other income (loss), net, limited by the amount that the fair value is less than the amortized cost basis. The amount of fair value change relating to all other factors is recognized in other comprehensive income (OCI).

We hold non-marketable equity securities which are included in other assets in the Consolidated Balance Sheets. We monitor these investments for impairments and make reductions in carrying values if we determine that an impairment charge is required based primarily on the financial condition and near-term prospects of these companies.

(f) Inventories Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. We write down inventory for estimated excess and obsolete quantities based on assumptions regarding future demand, product life cycles, planned product transitions, and the extent to which inventory is specific to a particular customer program, product design, or qualification. A significant portion of our inventory, together with the component purchase commitments described in Note 13(a), supports products sold to hyperscalers and other large customers. Purchase commitments with contract manufacturers and suppliers related to orders from these customers are based on our current demand forecasts and may be canceled, rescheduled, or modified with limited notice. Component lead

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

times for these products frequently exceed the notice period we receive for changes to customer orders. Certain of these components are qualified to a specific customer design or program and have limited alternative use, while others, including certain memory components, are more readily deployable across our product portfolio. As a result, reductions in our demand forecasts, changes in product architecture or design specifications, and changes in qualification requirements may cause inventory to be in excess of demand or be unusable in a salable product.

We also make deposits and prepayments to certain suppliers in advance of delivery under arrangements to secure supply and pricing for certain product components. These amounts are included in other current assets and other assets on our Consolidated Balance Sheets and are assessed for recoverability.

Inventory write-downs are recognized in cost of sales in the period in which the determination is made and establish a new cost basis for the affected inventory. That new cost basis is not subsequently increased if the underlying circumstances improve.

(g) Allowance for Accounts Receivable, Contract Assets and Financing Receivables We estimate our allowances for credit losses using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. When assessing for credit losses, we determine collectibility by pooling our assets with similar characteristics.

The allowances for credit losses are each measured on a collective basis when similar risk characteristics exist. Our internal credit risk ratings are categorized as 1 through 10, with the lowest credit risk rating representing the highest quality. Assets that do not share risk characteristics are evaluated on an individual basis. The allowances for credit losses are each measured by multiplying the exposure probability of default, the probability the asset will default within a given time frame, by the loss given default rate, the percentage of the asset not expected to be collected due to default, based on the pool of assets.

Probability of default rates are published quarterly by third-party credit agencies. Adjustments to our internal credit risk ratings may take into account various factors, including, but not limited to, various customer-specific factors, the potential sovereign risk of the geographic locations in which the customer is operating and macroeconomic conditions. These factors are updated regularly or when facts and circumstances indicate that an update is deemed necessary.

(h) Financing Receivables and Guarantees We provide financing arrangements, including loan receivables and lease receivables, for certain qualified end users to build, maintain, and upgrade their networks, and we record accrued interest on the portfolio. Loan receivables represent financing arrangements related to the sale of our hardware, software, and services (including technical support and professional services), and also may include additional funding for other costs associated with network installation and integration of our products and services. Loan receivables have terms of one year to three years on average. Lease receivables represent sales-type leases resulting from the sale of Cisco's and complementary third-party products and are typically collateralized by a security interest in the underlying assets. Lease receivables consist of arrangements with terms of four years on average.

Outstanding financing receivables that are aged 31 days or more from the contractual payment date are considered past due. We do not accrue interest on financing receivables that are more than 120 days past due unless either the receivable has not been collected due to administrative reasons or the receivable is well secured and in the process of collection. Financing receivables may be placed on nonaccrual status earlier if, in management's opinion, a timely collection of the full principal and interest becomes uncertain. After a financing receivable has been categorized as nonaccrual, interest will be recognized when cash is received. A financing receivable may be returned to accrual status after all of the customer's delinquent balances of principal and interest have been settled, and the customer remains current for an appropriate period.

We facilitate arrangements for third-party financing extended to channel partners, consisting of revolving short-term financing, generally with payment terms ranging from 60 to 90 days. In certain instances, these financing arrangements result in a transfer of our receivables to the third party. The receivables are derecognized upon transfer, as these transfers qualify as a sale, and we receive a payment for the receivables from the third party based on our standard payment terms. These financing arrangements facilitate the working capital requirements of the channel partners, and, in some cases, we guarantee a portion of these arrangements. We could be called upon to make payments under these guarantees if the channel partners do not pay. Deferred revenue relating to these financing arrangements is recorded in accordance with revenue recognition policies or for the fair value of the financing guarantees.

(i) Leases We lease real estate, information technology (IT) and other equipment and vehicles. We also have arrangements with certain suppliers and contract manufacturers which includes the leasing of dedicated space and equipment costs. Certain of our leases include options to extend or terminate. We include those options in the lease term when it is reasonably certain we will exercise them.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

As a lessee, we determine if an arrangement is a lease at commencement. Our right-of-use (ROU) lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments related to the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. We use incremental borrowing rates based on information available at the commencement date to determine the present value of our lease payments. Certain of our lease agreements contain variable lease payments. Our variable lease payments can fluctuate depending on the level of activity or the cost of certain services where we have elected to combine lease and non-lease components. While these payments are not included as part of our lease liabilities, they are recognized as variable lease expense in the period they are incurred.

We provide leasing of our equipment and complementary third-party products primarily through our channel partners and distributors, for which the income arising from these leases is recognized through interest income. As a lessor, we determine if an arrangement is a lease at inception. We provide leasing arrangements for our equipment to certain qualified customers. Our lease portfolio primarily consists of sales-type leases. We allocate the consideration in a bundled contract with our customers based on relative standalone selling prices of our lease and non-lease components. The residual value on our leased equipment is determined at the inception of the lease based on an analysis of estimates of the value of equipment, market factors and historical customer behavior. Residual value estimates are reviewed on a periodic basis and declines are expensed in the period they occur. Our leases generally provide an end-of-term option for the customer to extend the lease under mutually-agreed terms, return the leased equipment, or purchase the equipment for either the then-market value of the equipment or a pre-determined purchase price. If a customer chooses to terminate their lease prior to the original end of lease term, the customer is required to pay all remaining lease payments in full.

(j) Depreciation and Amortization Property and equipment are stated at cost, less accumulated depreciation or amortization, whenever applicable. Depreciation and amortization expenses for property and equipment were approximately \$0.7 billion for each of fiscal 2026, 2025, and 2024. Depreciation and amortization are computed using the straight-line method, generally over the following periods:

Asset Category	Period
Buildings	25 years
Building improvements	Up to 15 years
Leasehold improvements	Shorter of remaining lease term or up to 15 years
Production, engineering, computer and other equipment and related software	Up to 5 years
Operating lease assets	Based on lease term
Furniture and fixtures	5 years

(k) Business Combinations We allocate the fair value of the purchase consideration of our acquisitions to the tangible assets, liabilities, and intangible assets acquired, including in-process research and development (IPR&D), based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When an IPR&D project is completed, the IPR&D is reclassified as an amortizable purchased intangible asset and amortized over the asset's estimated useful life. Acquisition-related expenses and related restructuring costs are recognized separately from the business combination and are expensed as incurred.

(l) Goodwill and Purchased Intangible Assets Goodwill is tested for impairment on an annual basis in the fourth fiscal quarter and, when specific circumstances dictate, between annual tests. An impairment charge is recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, limited to the amount of goodwill allocated to that reporting unit. Identifying a potential impairment consists of comparing the fair value of a reporting unit with its carrying amount, including goodwill. Purchased intangible assets with finite lives are carried at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets. See "Long-Lived Assets" for our policy regarding impairment testing of purchased intangible assets with finite lives. Purchased intangible assets with indefinite lives are assessed for potential impairment annually or when events or circumstances indicate that their carrying amounts might be impaired.

(m) Long-Lived Assets Long-lived assets that are held and used by us are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability of long-lived assets is based on an estimate of the undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the difference between the fair value of the asset and its carrying value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

(n) Fair Value Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, we consider the principal or most advantageous market in which we would transact, and we also consider assumptions that market participants would use when pricing the asset or liability.

Assets and liabilities recorded at fair value are measured and classified in accordance with a three-tier fair value hierarchy based on the observability of the inputs available in the market to measure fair value:

Level 1: observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data. We use inputs such as actual trade data, benchmark yields, broker/dealer quotes, and other similar data, which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of assets or liabilities.

Level 3: inputs are generally unobservable that are supported by little or no market data. The fair values are determined based on model-based techniques such as discounted cash flow models using inputs that we could not corroborate with market data.

(o) Derivative Instruments We recognize derivative instruments as either assets or liabilities and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For a derivative instrument designated as a cash flow hedge, the gain or loss is initially reported as a component of AOCI and subsequently reclassified into earnings when the hedged exposure affects earnings. For a derivative instrument designated as a net investment hedge of our foreign operations, the gain or loss is recorded in the cumulative translation adjustment within AOCI together with the offsetting loss or gain of the hedged exposure of the underlying foreign operations. For derivative instruments that are not designated as accounting hedges, changes in fair value are recognized in earnings in the period of change. We record derivative instruments in the statements of cash flows to operating, investing, or financing activities consistent with the cash flows of the hedged item.

Hedge effectiveness for foreign exchange forward contracts used as cash flow hedges is assessed by comparing the change in the fair value of the hedge contract with the change in the fair value of the forecasted cash flows of the hedged item. Hedge effectiveness for equity forward contracts and foreign exchange net investment hedge forward contracts is assessed by comparing changes in fair value due to changes in spot rates for both the derivative and the hedged item. For foreign exchange option contracts, hedge effectiveness is assessed based on the hedging instrument's entire change in fair value. Hedge effectiveness for interest rate swaps is assessed by comparing the change in fair value of the swap with the change in the fair value of the hedged item due to changes in the benchmark interest rate.

(p) Foreign Currency Translation Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where that local currency is the functional currency, are translated to U.S. dollars at exchange rates in effect at the balance sheet date, with the resulting translation adjustments directly recorded to a separate component of AOCI. Income and expense accounts are translated at average exchange rates during the year. Remeasurement adjustments are recorded in other income (loss), net.

(q) Concentrations of Risk Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. We seek to mitigate our credit risks by spreading such risks across multiple counterparties and monitoring the risk profiles of these counterparties.

We perform ongoing credit evaluations of our customers and, with the exception of certain financing transactions, do not require collateral from our customers. We receive certain of our components from sole suppliers. Additionally, we rely on a limited number of contract manufacturers and suppliers to provide manufacturing services for our products. The inability of a contract manufacturer or supplier to fulfill our supply requirements could materially impact future operating results.

(r) Revenue Recognition We enter into contracts with customers that can include various combinations of products and services which are generally distinct and accounted for as separate performance obligations, resulting in contracts that may contain multiple performance obligations. We determine whether arrangements are distinct based on whether the customer can

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

benefit from the product or service on its own or together with other resources that are readily available and whether our commitment to transfer the product or service to the customer is separately identifiable from other obligations in the contract. We classify our hardware, perpetual software licenses, and SaaS as distinct performance obligations. Term software licenses represent multiple obligations, which include software licenses and software maintenance. In transactions where we deliver hardware or software, we are typically the principal and we record revenue and costs of goods sold on a gross basis. We refer to our term software licenses, security software licenses, SaaS, and associated service arrangements as subscription offers. Revenue from subscription offers includes revenue recognized over time as well as upfront.

We recognize revenue upon transfer of control of promised goods or services in a contract with a customer in an amount that reflects the consideration we expect to receive in exchange for those products or services. Transfer of control occurs once the customer has the contractual right to use the product, generally upon shipment, electronic delivery (or when the software is available for download by the customer), or once title and risk of loss has transferred to the customer. Transfer of control can also occur over time for software maintenance and services as the customer receives the benefit over the contract term. Our hardware and perpetual software licenses are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses include multiple performance obligations where the term licenses are recognized upfront upon transfer of control, with the associated software maintenance revenue recognized ratably over the contract term as services and software updates are provided. SaaS arrangements do not include the right for the customer to take possession of the software during the term, and therefore have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term as the customer consumes the services. On our product sales, we record consideration from shipping and handling on a gross basis within net product sales. We record our revenue net of any associated sales taxes.

Revenue is allocated among these performance obligations in a manner that reflects the consideration that we expect to be entitled to for the promised goods or services based on standalone selling prices (SSP). SSP is estimated for each distinct performance obligation and judgment may be required in their determination. The best evidence of SSP is the observable price of a product or service when we sell the goods separately in similar circumstances and to similar customers. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.

We assess relevant contractual terms in our customer contracts to determine the transaction price. We apply judgment in identifying contractual terms and determining the transaction price as we may be required to estimate variable consideration when determining the amount of revenue to recognize. Variable consideration includes potential contractual penalties and various rebate, cooperative marketing and other incentive programs that we offer to our distributors, channel partners and direct sale customers. When determining the amount of revenue to recognize, we estimate the expected usage of these programs, applying the expected value or most likely estimate and update the estimate at each reporting period as actual utilization becomes available. We also consider the customers' right of return in determining the transaction price, where applicable.

We assess certain software licenses, such as for security software, that contain critical updates or upgrades which customers can download throughout the contract term. Without these updates or upgrades, the functionality of the software would diminish over a relatively short time period. These updates or upgrades provide the customer the full functionality of the purchased security software licenses and are required to maintain the security license's utility as the risks and threats in the environment are rapidly changing. In these circumstances, the revenue from these software arrangements is recognized as a single performance obligation satisfied over the contract term.

(s) Advertising Costs We expense advertising costs as incurred. Advertising costs included within sales and marketing expenses were approximately \$119 million, \$186 million, and \$210 million for fiscal 2026, 2025, and 2024, respectively.

(t) Share-Based Compensation Expense We measure and recognize the compensation expense for all share-based awards made to employees and directors, including restricted stock units (RSUs), performance-based restricted stock units (PRSUs), employee stock purchases related to the Employee Stock Purchase Plan (Employee Stock Purchase Rights) and employee stock options based on estimated fair values. Share-based compensation expense is reduced for forfeitures as they occur.

(u) Software Development Costs Software development costs, including costs to develop software sold, leased, or otherwise marketed, that are incurred subsequent to the establishment of technological feasibility are capitalized. Costs incurred during the application development stage for internal-use software and cloud-based applications are capitalized. Such software development costs capitalized during the periods presented were not material.

(v) Income Taxes Income tax expense is based on pretax financial accounting income. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

We account for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. We classify the liability for unrecognized tax benefits as current to the extent that we anticipate payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

(w) Computation of Net Income per Share Basic net income per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Diluted shares outstanding includes the dilutive effect of in-the-money options, unvested restricted stock, and restricted stock units. The dilutive effect of such equity awards is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options and the amount of compensation cost for future service that we have not yet recognized are collectively assumed to be used to repurchase shares.

(x) Consolidation of Variable Interest Entities Our approach in assessing the consolidation requirement for variable interest entities focuses on identifying which enterprise has the power to direct the activities that most significantly impact the variable interest entity's economic performance and which enterprise has the obligation to absorb losses or the right to receive benefits from the variable interest entity. Should we conclude that we are the primary beneficiary of a variable interest entity, the assets, liabilities, and results of operations of the variable interest entity will be included in our Consolidated Financial Statements.

(y) Use of Estimates The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Estimates are used for the following, among others:

- Revenue recognition
- Allowances for accounts receivable and financing receivables
- Inventory valuation and liability for purchase commitments with contract manufacturers and suppliers
- Loss contingencies and product warranties
- Fair value measurements
- Valuation of non-marketable equity securities
- Valuation of goodwill and purchased intangible assets
- Income taxes

The actual results that we experience may differ materially from our estimates.

(z) Recent Accounting Updates Recently Adopted

Improvements on Income Tax Disclosures In December 2023, the Financial Accounting Standards Board (FASB) issued an accounting standard update that expands the requirements for disclosure of disaggregated information about the effective tax rate reconciliation and income taxes paid. We adopted this accounting standard update on a prospective basis for our fiscal 2026 Form 10-K. See Note 17.

(aa) Recent Accounting Standards or Updates Not Yet Effective as of Fiscal Year End

Disaggregation of Income Statement Expenses In November 2024, the FASB issued an accounting standard update expanding the disclosure requirements about specific expense categories, primarily through disaggregated information on income statement line items. The accounting standard update will be effective for our fiscal 2028 Form 10-K, and early adoption is permitted. We are currently evaluating the impact of this accounting standard update on our Consolidated Financial Statements.

Targeted Improvements to the Accounting for Internal-Use Software In September 2025, the FASB issued an accounting standard update to modernize the accounting for internal-use software costs and clarify the criteria for capitalization. The accounting standard update will be effective for our interim and annual reporting periods of fiscal 2029, with early adoption permitted. We are currently evaluating the impact of this accounting standard update on our Consolidated Financial Statements.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

3. Revenue

(a) Disaggregation of Revenue

We disaggregate our revenue into groups of similar products and services that depict the nature, amount, and timing of revenue and cash flows for our various offerings. The sales cycle, contractual obligations, customer requirements, and go-to-market strategies differ for each of our product categories, resulting in different economic risk profiles for each category.

The following table presents this disaggregation of revenue (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Product revenue:			
Networking	\$ 34,668	\$ 28,304	\$ 29,229
Security	8,232	8,094	5,075
Collaboration	4,300	4,154	4,113
Observability	1,095	1,055	837
Total Product	48,295	41,608	39,253
Services	15,030	15,046	14,550
Total revenue	<u>\$ 63,325</u>	<u>\$ 56,654</u>	<u>\$ 53,803</u>

Amounts may not sum due to rounding.

Networking consists of our core networking technologies of switching, routing, wireless, and servers. These technologies consist of both hardware and software offerings, including software licenses and SaaS. Our hardware and perpetual software in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses are multiple performance obligations where the term license is recognized upfront upon transfer of control with the associated software maintenance revenue recognized ratably over the contract term. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Security consists of our Network Security, Identity and Access Management, SASE, and Identity and Agentic Security offerings. These products consist of both hardware and software offerings, including software licenses and SaaS. Updates and upgrades for the term software licenses are critical for our software to perform its intended commercial purpose because of the continuous need for our software to secure our customers' network environments against frequent threats. Therefore, security software licenses are generally represented by a single distinct performance obligation with revenue recognized ratably over the contract term. Our hardware and perpetual software in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Collaboration consists of our Webex Suite, Collaboration Devices, Contact Center and CPaaS offerings. These products consist primarily of software offerings, including software licenses and SaaS, as well as hardware. Our perpetual software and hardware in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses are multiple performance obligations where the term license is recognized upfront upon transfer of control with the associated software maintenance revenue recognized ratably over the contract term. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

Observability consists of our observability suite and network assurance offerings. These products consist primarily of software offerings, including software licenses and SaaS. Our perpetual software in this category are distinct performance obligations where revenue is recognized upfront upon transfer of control. Term software licenses are multiple performance obligations where the term license is recognized upfront upon transfer of control with the associated software maintenance revenue recognized ratably over the contract term. SaaS arrangements in this category have one distinct performance obligation which is satisfied over time with revenue recognized ratably over the contract term.

In addition to our product offerings, we provide a broad range of service and support options for our customers, including technical support services and professional services. Technical support services represent the majority of these offerings which are distinct performance obligations that are satisfied over time with revenue recognized ratably over the contract term. Professional services are distinct performance obligations that are satisfied over time with revenue recognized as services are delivered.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The sales arrangements as discussed above are typically made pursuant to customer purchase orders based on master purchase or partner agreements. Cash is received based on our standard payment terms which is typically 30 days. We provide financing arrangements to customers for our hardware, software and service offerings. Refer to Note 9 for additional information. For these arrangements, cash is typically received over time.

Subscription revenue includes revenue recognized from our term software licenses, security software licenses, SaaS, and associated service arrangements. Our subscription revenue is recorded in product and services revenue in our Consolidated Statements of Operations as follows (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Product.....	\$ 18,314	\$ 17,783	\$ 14,078
Services.....	13,663	13,743	13,302
Total.....	<u>\$ 31,977</u>	<u>\$ 31,526</u>	<u>\$ 27,380</u>

The majority of our product subscription revenue is recognized over time and the remainder is recognized upfront. Substantially all of our services subscription revenue is recognized over time based on the contract term.

(b) Contract Balances

Accounts Receivable

Accounts receivable, net was \$7.5 billion as of July 25, 2026 compared to \$6.7 billion as of July 26, 2025, as reported on the Consolidated Balance Sheets. We had a global channel partner that accounted for approximately 15% of accounts receivable as of July 25, 2026.

The allowances for credit loss for our accounts receivable are summarized as follows (in millions):

	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Allowance for credit loss at beginning of fiscal year.....	\$ 69	\$ 87	\$ 85
Provisions.....	24	33	36
Write-offs, net of recoveries.....	(15)	(51)	(34)
Allowance for credit loss at end of fiscal year.....	<u>\$ 78</u>	<u>\$ 69</u>	<u>\$ 87</u>

Contract Assets and Liabilities

Gross contract assets by our internal risk ratings are summarized as follows (in millions):

	<u>July 25, 2026</u>	<u>July 26, 2025</u>
1 to 4.....	\$ 1,355	\$ 1,358
5 to 6.....	2,015	1,868
7 and Higher.....	99	73
Total.....	<u>\$ 3,469</u>	<u>\$ 3,299</u>

Contract assets consist of unbilled receivables and are recorded when revenue is recognized in advance of scheduled billings to our customers. These amounts are primarily related to software and service arrangements where transfer of control has occurred but we have not yet invoiced. As of July 25, 2026 and July 26, 2025, our contract assets for these unbilled receivables, net of allowances, were \$3.4 billion and \$3.2 billion, respectively, of which \$1.9 billion and \$1.7 billion, respectively, were included in other current assets, with remaining balances included in other assets.

Contract liabilities consist of deferred revenue. Deferred revenue was \$29.8 billion as of July 25, 2026 compared to \$28.8 billion as of July 26, 2025. We recognized approximately \$16.4 billion of revenue during fiscal 2026 that was included in the deferred revenue balance at July 26, 2025.

(c) Capitalized Contract Acquisition Costs

We capitalize direct and incremental costs incurred to acquire contracts, primarily sales commissions, for which the associated revenue is expected to be recognized in future periods. We incur these costs in connection with both initial contracts and renewals. These costs are initially deferred and typically amortized over the term of the customer contract which corresponds to the period of benefit. Capitalized contract acquisition costs were \$1.5 billion as of each of July 25, 2026 and July 26, 2025, and were included in other current assets and other assets. The amortization expense associated with these costs was \$942 million,

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

\$957 million, and \$742 million for fiscal 2026, 2025, and 2024, respectively, and was included in sales and marketing expenses.

4. Acquisitions

(a) Acquisitions Summary

Fiscal 2026 Acquisitions

Allocation of the total purchase consideration for acquisitions we completed during fiscal 2026 is summarized as follows (in millions):

<u>Fiscal 2026</u>	<u>Purchase Consideration</u>	<u>Net Tangible Assets Acquired (Liabilities Assumed)</u>	<u>Purchased Intangible Assets</u>	<u>Goodwill</u>
Total acquisitions	\$ 550	\$ 10	\$ 190	\$ 350

The total purchase consideration for acquisitions we completed during fiscal 2026 consisted primarily of cash consideration. The total cash and cash equivalents acquired from these acquisitions was approximately \$30 million.

The purchase price allocation for acquisitions completed during fiscal 2026 is preliminary and subject to revision as additional information about fair value of assets and liabilities becomes available. Additional information that existed as of the acquisition date but is currently unknown to us may become known during the remainder of the measurement period, a period not to exceed 12 months from the acquisition date.

Fiscal 2025 Acquisitions

Allocation of the total purchase consideration for acquisitions we completed during fiscal 2025 is summarized as follows (in millions):

<u>Fiscal 2025</u>	<u>Purchase Consideration</u>	<u>Net Tangible Assets Acquired (Liabilities Assumed)</u>	<u>Purchased Intangible Assets</u>	<u>Goodwill</u>
Total acquisitions	\$ 293	\$ (21)	\$ 121	\$ 193

The total purchase consideration related to our acquisitions completed during fiscal 2025 consisted primarily of cash consideration. The total cash and cash equivalents acquired from these acquisitions was approximately \$15 million.

Fiscal 2024 Acquisitions

Allocation of the total purchase consideration for acquisitions we completed during fiscal 2024 is summarized as follows (in millions):

<u>Fiscal 2024</u>	<u>Purchase Consideration</u>	<u>Net Tangible Assets Acquired (Liabilities Assumed)</u>	<u>Purchased Intangible Assets</u>	<u>Goodwill</u>
Splunk	\$ 27,090	\$ (2,761)	\$ 10,550	\$ 19,301
Other acquisitions	1,370	(47)	500	917
Total acquisitions	\$ 28,460	\$ (2,808)	\$ 11,050	\$ 20,218

Acquisition of Splunk Inc.

On March 18, 2024, we completed the acquisition of Splunk Inc. (“Splunk”), a public cybersecurity and observability company. Under the terms of the agreement, we agreed to pay \$157 per share in cash, representing approximately \$27 billion in merger consideration. The total purchase consideration was allocated to \$19.3 billion of goodwill, \$10.6 billion of purchased intangible assets and \$2.8 billion of net liabilities.

Our Consolidated Statements of Operations for fiscal 2024 includes revenue of approximately \$1.4 billion and a net loss of \$557 million attributable to Splunk since the date of acquisition.

We incurred \$82 million of transaction costs related to the Splunk acquisition and these costs were expensed as incurred in G&A in the Consolidated Statements of Operations. We incurred \$79 million of these transaction costs in fiscal 2024.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The goodwill generated from Splunk is primarily related to expected synergies. Goodwill is not deductible for income tax purposes.

Pro forma Financial Information

The unaudited pro forma financial information in the table below summarizes the combined results of our operations and Splunk's operations, as though the acquisition of Splunk had been completed as of the beginning of fiscal 2024. The pro forma financial information for fiscal 2024 combines our results for this period with the results of Splunk for the period beginning August 1, 2023 through July 27, 2024.

The following table summarizes the pro forma financial information (in millions):

<u>Year Ended</u>	<u>July 27, 2024</u>
Total revenue	\$ 56,761
Net income	\$ 9,280

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition and the cost of financing the acquisition had taken place at the beginning of fiscal 2024. The financial information for the periods presented above includes pro forma adjustments for amortization of purchased intangible assets, costs related to financing the acquisition and transaction costs.

(b) Compensation Expense Related to Acquisitions

In connection with our acquisitions, we have agreed to pay certain additional amounts contingent upon the continued employment with Cisco of certain employees of the acquired entities.

The following table summarizes the compensation expense related to acquisitions (in millions):

	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Compensation expense related to acquisitions	\$ 360	\$ 876	\$ 618

As of July 25, 2026, we estimated that future cash compensation expense of up to \$293 million may be required to be recognized pursuant to applicable acquisition agreements.

(c) Other Acquisition and Divestiture Information

Total transaction costs related to acquisition and divestiture activities during fiscal 2026, 2025, and 2024, inclusive of Splunk, were \$18 million, \$12 million and \$104 million, respectively. These transaction costs were expensed as incurred in G&A in the Consolidated Statements of Operations.

The goodwill generated from acquisitions completed during fiscal 2026, 2025, and 2024 is primarily related to expected synergies. The goodwill is generally not deductible for income tax purposes.

The Consolidated Financial Statements include the operating results of each acquisition from the date of acquisition. Pro forma results of operations and the revenue and net income subsequent to the acquisition date for the acquisitions completed during fiscal 2026, 2025, and 2024, with the exception of Splunk, have not been presented because the effects of the acquisitions were not material to our financial results.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

5. Goodwill and Purchased Intangible Assets

(a) Goodwill

The following tables present the goodwill allocated to our reportable segments as of July 25, 2026 and July 26, 2025, as well as the changes to goodwill during fiscal 2026 and 2025 (in millions):

	Balance at July 26, 2025	Acquisitions	Foreign Currency Translation and Other	Balance at July 25, 2026
Americas	\$ 36,468	\$ 224	\$ (6)	\$ 36,686
EMEA	14,397	87	(2)	14,482
APJC	8,271	39	(1)	8,309
Total	\$ 59,136	\$ 350	\$ (9)	\$ 59,477

	Balance at July 27, 2024	Acquisitions, net of Divestitures	Foreign Currency Translation and Other	Balance at July 26, 2025
Americas	\$ 36,169	\$ 121	\$ 178	\$ 36,468
EMEA	14,283	47	67	14,397
APJC	8,208	23	40	8,271
Total	\$ 58,660	\$ 191	\$ 285	\$ 59,136

(b) Purchased Intangible Assets

The following tables present details of our intangible assets acquired through acquisitions completed during fiscal 2026 and 2025 (in millions, except years):

	FINITE LIVES				
	CUSTOMER RELATED		TECHNOLOGY		TOTAL
	Weighted- Average Useful Life (in Years)	Amount	Weighted- Average Useful Life (in Years)	Amount	Amount
Fiscal 2026					
Total acquisitions	1.0	\$ 5	3.9	\$ 185	\$ 190

	FINITE LIVES				
	CUSTOMER RELATED		TECHNOLOGY		TOTAL
	Weighted- Average Useful Life (in Years)	Amount	Weighted- Average Useful Life (in Years)	Amount	Amount
Fiscal 2025					
Total acquisitions	3.5	\$ 16	3.8	\$ 105	\$ 121

The following tables present details of our purchased intangible assets with finite lives (in millions):

	Gross	Accumulated Amortization	Net
July 25, 2026			
Customer related	\$ 6,243	\$ (2,038)	\$ 4,205
Technology	5,067	(2,124)	2,943
Trade name	510	(101)	409
Total	\$ 11,820	\$ (4,263)	\$ 7,557

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

<u>July 26, 2025</u>	Gross	Accumulated Amortization	Net
Customer related	\$ 6,341	\$ (1,268)	\$ 5,073
Technology	5,254	(1,606)	3,648
Trade name	526	(72)	454
Total	<u>\$ 12,121</u>	<u>\$ (2,946)</u>	<u>\$ 9,175</u>

Purchased intangible assets include intangible assets acquired through acquisitions as well as through direct purchases or licenses.

Impairment charges related to purchased intangible assets were \$145 million for fiscal 2024. Impairment charges were as a result of declines in estimated fair value resulting from the reductions in or the elimination of expected future cash flows associated with certain in-process research and development and technology intangible assets. The fair value for purchased intangible assets measured at fair value on a nonrecurring basis was categorized as Level 3 due to the use of significant unobservable inputs in the valuation. Significant unobservable inputs that were used included expected revenues and net income related to the assets and the expected life of the assets. The difference between the estimated fair value and the carrying value of the assets was recorded as an impairment charge, which was included in product cost of sales.

The following table presents the amortization of purchased intangible assets, including impairment charges (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Amortization of purchased intangible assets:			
Cost of sales	\$ 947	\$ 1,174	\$ 955
Operating expenses	916	1,028	698
Total	<u>\$ 1,863</u>	<u>\$ 2,202</u>	<u>\$ 1,653</u>

The estimated future amortization expense of purchased intangible assets with finite lives as of July 25, 2026 is as follows (in millions):

<u>Fiscal Year</u>	<u>Amount</u>
2027	\$ 1,534
2028	1,451
2029	1,329
2030	1,040
2031	586
Thereafter	1,617
Total	<u>\$ 7,557</u>

6. Restructuring and Other Charges

In the fourth quarter of fiscal 2026, we announced a restructuring plan (the “Fiscal 2026 Plan”) to allow us to invest in key growth opportunities including silicon, optics, security and AI. The total pre-tax charges are estimated to be up to \$1 billion consisting of severance and other one-time termination benefits, and other costs. In connection with the Fiscal 2026 Plan, we incurred charges of \$511 million in fiscal 2026. The aggregate pre-tax charges are primarily cash-based and consist of severance and other one-time termination benefits, and other costs. We expect this plan to be substantially completed by the end of fiscal 2027.

We initiated a restructuring plan in fiscal 2025 (the “Fiscal 2025 Plan”), in order to allow us to invest in key growth opportunities and drive more efficiencies in our business. In connection with the Fiscal 2025 Plan, we incurred charges of \$182 million in fiscal 2026. The aggregate pre-tax charges were primarily cash-based and consisted of severance and other one-time termination benefits, and other costs. In connection with the Fiscal 2025 Plan, we incurred cumulative charges of \$926 million and the plan is substantially complete.

We initiated a restructuring plan in fiscal 2024 (the “Fiscal 2024 Plan”), in order to realign the organization and enable further investment in key priority areas. In connection with the Fiscal 2024 Plan, we incurred cumulative charges of \$654 million and

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

the plan is complete. The aggregate pretax charges related to this plan were primarily cash-based and consisted of severance and other one-time termination benefits and other costs.

The following table summarizes the activities related to our restructuring liability, which was included in other current liabilities on our Consolidated Balance Sheets (in millions):

	FISCAL 2026 PLAN		FISCAL 2025 AND PRIOR PLANS		Total
	Employee Severance	Other	Employee Severance	Other	
Liability as of July 29, 2023	\$ —	\$ —	\$ 167	\$ 46	\$ 213
Charges	—	—	731	58	789
Cash payments	—	—	(677)	(14)	(691)
Non-cash and other	—	—	—	(37)	(37)
Liability as of July 27, 2024	—	—	221	53	274
Charges	—	—	617	127	744
Cash payments	—	—	(752)	(18)	(770)
Non-cash and other	—	—	2	(103)	(101)
Liability as of July 26, 2025	—	—	88	59	147
Charges	450	61	142	40	693
Cash payments	(154)	(1)	(178)	(32)	(365)
Non-cash and other	—	(54)	(3)	(38)	(95)
Liability as of July 25, 2026	\$ 296	\$ 6	\$ 49	\$ 29	\$ 380

7. Balance Sheet and Other Details

The following tables provide details of selected balance sheet and other items (in millions, except percentages):

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

	July 25, 2026	July 26, 2025
Cash and cash equivalents	\$ 7,218	\$ 8,346
Restricted cash and restricted cash equivalents included in other current assets	9	564
Total	<u>\$ 7,227</u>	<u>\$ 8,910</u>

In the table above, our restricted cash and restricted cash equivalents are funds primarily related to contractual obligations with suppliers.

Inventories

	July 25, 2026	July 26, 2025
Raw materials	\$ 2,796	\$ 1,744
Work in process	1,140	261
Finished goods	1,525	933
Service-related spares	224	220
Demonstration systems	9	6
Total	<u>\$ 5,694</u>	<u>\$ 3,164</u>

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

Property and Equipment, Net

	July 25, 2026	July 26, 2025
Gross property and equipment:		
Land, buildings, and building and leasehold improvements	\$ 4,093	\$ 4,045
Production, engineering, computer and other equipment and related software	5,441	5,178
Operating lease assets	51	51
Furniture, fixtures and other	287	316
Total gross property and equipment	9,872	9,590
Less: accumulated depreciation and amortization	(7,112)	(7,477)
Total	\$ 2,760	\$ 2,113

Remaining Performance Obligations (RPO)

	July 25, 2026	July 26, 2025
Product	\$ 23,436	\$ 21,572
Services	23,298	21,961
Total	\$ 46,734	\$ 43,533
Short-term RPO	\$ 22,776	\$ 21,723
Long-term RPO	23,958	21,810
Total	\$ 46,734	\$ 43,533
Deferred revenue	\$ 29,781	\$ 28,779
Unbilled contract revenue	16,953	14,754
Total	\$ 46,734	\$ 43,533

RPO is comprised of deferred revenue plus unbilled contract revenue. Unbilled contract revenue represents noncancelable contracts, primarily subscription arrangements, for which we have not invoiced, have an obligation to perform, and revenue has not yet been recognized in the financial statements.

As of July 25, 2026, we expect to recognize approximately 49% of total remaining performance obligations as revenue over the next 12 months, approximately 39% between one year and three years, and approximately 12% thereafter.

Deferred Revenue

	July 25, 2026	July 26, 2025
Product	\$ 13,817	\$ 13,490
Services	15,964	15,289
Total	\$ 29,781	\$ 28,779
Reported as:		
Current	\$ 16,988	\$ 16,416
Noncurrent	12,793	12,363
Total	\$ 29,781	\$ 28,779

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

8. Leases

(a) Lessee Arrangements

The following table presents our operating lease balances (in millions):

	Balance Sheet Line Item	July 25, 2026	July 26, 2025
Operating lease ROU assets	Other assets	\$ 1,395	\$ 1,301
Operating lease liabilities	Other current liabilities	\$ 404	\$ 375
Operating lease liabilities	Other long-term liabilities	1,248	1,175
Total operating lease liabilities		<u>\$ 1,652</u>	<u>\$ 1,550</u>

The components of our lease expenses were as follows (in millions):

Years Ended	July 25, 2026	July 26, 2025	July 27, 2024
Operating lease expense	\$ 536	\$ 495	\$ 420
Short-term lease expense	103	77	75
Variable lease expense	326	191	194
Total lease expense	<u>\$ 965</u>	<u>\$ 763</u>	<u>\$ 689</u>

Supplemental information related to our operating leases is as follows (in millions):

Years Ended	July 25, 2026	July 26, 2025
Cash paid for amounts included in the measurement of lease liabilities — operating cash flows	\$ 517	\$ 457
ROU assets obtained in exchange for operating leases liabilities	\$ 592	\$ 660

The weighted-average lease term was 5.7 years as of each of July 25, 2026 and July 26, 2025. The weighted-average discount rate was 4.0% and 4.1% as of July 25, 2026 and July 26, 2025, respectively.

The maturities of our operating leases (undiscounted) as of July 25, 2026 are as follows (in millions):

Fiscal Year	Amount
2027	\$ 461
2028	339
2029	262
2030	219
2031	182
Thereafter	411
Total lease payments	1,874
Less interest	(222)
Total	<u>\$ 1,652</u>

(b) Lessor Arrangements

Our leases primarily represent sales-type leases with terms of four years on average. We provide leasing of our equipment and complementary third-party products primarily through our channel partners and distributors, for which the income arising from these leases is recognized through interest income. Interest income for fiscal 2026, 2025, and 2024 was \$56 million, \$66 million and \$65 million, respectively, and was included in interest income in the Consolidated Statement of Operations. The net investment of our lease receivables is measured at the commencement date as the gross lease receivable, residual value less unearned income and allowance for credit loss. For additional information, see Note 9.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

Future minimum lease payments on our lease receivables as of July 25, 2026 are summarized as follows (in millions):

<u>Fiscal Year</u>	<u>Amount</u>
2027	\$ 345
2028	181
2029	127
2030	149
2031	139
Total	941
Less: Present value of lease payments	(858)
Unearned income	<u>\$ 83</u>

Actual cash collections may differ from the contractual maturities due to early customer buyouts, refinancings, or defaults.

9. Financing Receivables

(a) Financing Receivables

Financing receivables primarily consist of loan receivables and lease receivables. Loan receivables represent financing arrangements related to the sale of our hardware, software, and services (including technical support and professional services), and also may include additional funding for other costs associated with network installation and integration of our products and services. Loan receivables have terms of one year to three years on average. Lease receivables represent sales-type leases resulting from the sale of Cisco's and complementary third-party products and are typically collateralized by a security interest in the underlying assets. Lease receivables consist of arrangements with terms of four years on average.

A summary of our financing receivables is presented as follows (in millions):

<u>July 25, 2026</u>	<u>Loan Receivables</u>	<u>Lease Receivables</u>	<u>Total</u>
Gross	\$ 7,457	\$ 941	\$ 8,398
Residual value	—	67	67
Unearned income	—	(83)	(83)
Allowance for credit loss	(40)	(10)	(50)
Total, net	<u>\$ 7,417</u>	<u>\$ 915</u>	<u>\$ 8,332</u>
Reported as:			
Current	\$ 3,024	\$ 368	\$ 3,392
Noncurrent	4,393	547	4,940
Total, net	<u>\$ 7,417</u>	<u>\$ 915</u>	<u>\$ 8,332</u>

<u>July 26, 2025</u>	<u>Loan Receivables</u>	<u>Lease Receivables</u>	<u>Total</u>
Gross	\$ 5,628	\$ 982	\$ 6,610
Residual value	—	66	66
Unearned income	—	(99)	(99)
Allowance for credit loss	(37)	(13)	(50)
Total, net	<u>\$ 5,591</u>	<u>\$ 936</u>	<u>\$ 6,527</u>
Reported as:			
Current	\$ 2,715	\$ 346	\$ 3,061
Noncurrent	2,876	590	3,466
Total, net	<u>\$ 5,591</u>	<u>\$ 936</u>	<u>\$ 6,527</u>

The fair value of our short-term loan receivables and financed service contracts approximates their carrying value due to their short duration. The aggregate carrying value of our long-term loan receivables and financed service contracts as of July 25,

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

2026 and July 26, 2025 was \$4.4 billion and \$2.9 billion, respectively. The estimated fair value of our long-term loan receivables and financed service contracts approximates their carrying value. We use significant unobservable inputs in determining discounted cash flows to estimate the fair value of our long-term loan receivables and financed service contracts, and therefore they are categorized as Level 3 in the fair value hierarchy.

(b) Credit Quality of Financing Receivables

The tables below present our gross financing receivables, excluding residual value, less unearned income, categorized by our internal credit risk rating by period of origination (in millions):

July 25, 2026	Fiscal Year						
Internal Credit Risk Rating	Prior	July 30, 2022	July 29, 2023	July 27, 2024	July 26, 2025	July 25, 2026	Total
Loan Receivables:							
1 to 4.....	\$ 5	\$ 39	\$ 164	\$ 681	\$ 1,282	\$ 2,479	\$ 4,650
5 to 6.....	8	8	79	226	760	1,685	2,766
7 and Higher.....	—	1	2	8	16	14	41
Total Loan Receivables	\$ 13	\$ 48	\$ 245	\$ 915	\$ 2,058	\$ 4,178	\$ 7,457
Lease Receivables:							
1 to 4.....	\$ —	\$ 7	\$ 63	\$ 139	\$ 176	\$ 158	\$ 543
5 to 6.....	—	7	39	69	76	115	306
7 and Higher.....	—	—	1	4	1	3	9
Total Lease Receivables.....	\$ —	\$ 14	\$ 103	\$ 212	\$ 253	\$ 276	\$ 858
Total	\$ 13	\$ 62	\$ 348	\$ 1,127	\$ 2,311	\$ 4,454	\$ 8,315

July 26, 2025	Fiscal Year						
	Prior	July 31, 2021	July 30, 2022	July 29, 2023	July 27, 2024	July 26, 2025	Total
<u>Internal Credit Risk Rating</u>							
Loan Receivables:							
1 to 4	\$ 2	\$ 83	\$ 236	\$ 371	\$ 1,258	\$ 1,556	\$ 3,506
5 to 6	2	56	53	167	561	1,248	2,087
7 and Higher	—	—	6	9	4	16	35
Total Loan Receivables	\$ 4	\$ 139	\$ 295	\$ 547	\$ 1,823	\$ 2,820	\$ 5,628
Lease Receivables:							
1 to 4	\$ —	\$ 9	\$ 23	\$ 112	\$ 187	\$ 207	\$ 538
5 to 6	—	6	25	77	120	103	331
7 and Higher	—	—	1	3	8	2	14
Total Lease Receivables	\$ —	\$ 15	\$ 49	\$ 192	\$ 315	\$ 312	\$ 883
Total	\$ 4	\$ 154	\$ 344	\$ 739	\$ 2,138	\$ 3,132	\$ 6,511

The following tables present the aging analysis of gross receivables as of July 25, 2026 and July 26, 2025 (in millions):

	DAYS PAST DUE (INCLUDES BILLED AND UNBILLED)								
July 25, 2026	31 - 60	61 - 90	91+	Total Past Due	Current	Total	120+ Still Accruing	Nonaccrual Financing Receivables	
Loan receivables.....	\$ 31	\$ 14	\$ 12	\$ 57	\$ 7,400	\$ 7,457	\$ 7	\$ 1	
Lease receivables.....	9	2	3	14	844	858	1	—	
Total	\$ 40	\$ 16	\$ 15	\$ 71	\$ 8,244	\$ 8,315	\$ 8	\$ 1	

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

DAYS PAST DUE
(INCLUDES BILLED AND UNBILLED)

July 26, 2025	31 - 60	61 - 90	91+	Total Past Due	Current	Total	120+ Still Accruing	Nonaccrual Financing Receivables
Loan receivables.....	\$ 18	\$ 18	\$ 16	\$ 52	\$ 5,576	\$ 5,628	\$ 4	\$ 5
Lease receivables.....	7	3	6	16	867	883	4	1
Total	<u>\$ 25</u>	<u>\$ 21</u>	<u>\$ 22</u>	<u>\$ 68</u>	<u>\$ 6,443</u>	<u>\$ 6,511</u>	<u>\$ 8</u>	<u>\$ 6</u>

Past due financing receivables are those that are 31 days or more past due according to their contractual payment terms. The data in the preceding tables is presented by contract, and the aging classification of each contract is based on the oldest outstanding receivable, and therefore past due amounts also include unbilled and current receivables within the same contract.

(c) Allowance for Credit Loss Rollforward

The allowances for credit loss and the related financing receivables are summarized as follows (in millions):

CREDIT LOSS ALLOWANCES

	Loan Receivables	Lease Receivables	Total
Allowance for credit loss as of July 26, 2025	\$ 37	\$ 13	\$ 50
Provisions (benefits)	3	(4)	(1)
Foreign exchange and other	—	1	1
Allowance for credit loss as of July 25, 2026	<u>\$ 40</u>	<u>\$ 10</u>	<u>\$ 50</u>

CREDIT LOSS ALLOWANCES

	Loan Receivables	Lease Receivables	Total
Allowance for credit loss as of July 27, 2024.....	\$ 50	\$ 15	\$ 65
Provisions (benefits)	(6)	(3)	(9)
Recoveries (write-offs), net	(9)	—	(9)
Foreign exchange and other	2	1	3
Allowance for credit loss as of July 26, 2025	<u>\$ 37</u>	<u>\$ 13</u>	<u>\$ 50</u>

CREDIT LOSS ALLOWANCES

	Loan Receivables	Lease Receivables	Total
Allowance for credit loss as of July 29, 2023	\$ 53	\$ 19	\$ 72
Provisions (benefits)	1	(3)	(2)
Recoveries (write-offs), net	(4)	(1)	(5)
Allowance for credit loss as of July 27, 2024	<u>\$ 50</u>	<u>\$ 15</u>	<u>\$ 65</u>

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

10. Investments

Investments Measured on a Recurring Basis

The following tables summarize our cash equivalents, available-for-sale debt investments and marketable equity securities measured at fair value on a recurring basis (in millions):

July 25, 2026							
	Fair Value Level	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized and Credit Losses	Fair Value	Reported as	
						Cash equivalents	Investments
U.S. government securities	Level 2	\$ 1,627	\$ 1	\$ (15)	\$ 1,613	\$ —	\$ 1,613
U.S. government agency securities	Level 2	41	—	—	41	—	41
Non-U.S. government and agency securities	Level 2	452	—	(1)	451	126	325
Corporate debt securities	Level 2	2,493	1	(48)	2,446	45	2,401
Mortgage- and asset-backed securities	Level 2	156	—	(4)	152	—	152
Commercial paper	Level 2	3,285	—	—	3,285	533	2,752
Certificates of deposit	Level 2	1,080	—	—	1,080	25	1,055
Money market funds	Level 1	4,868	—	—	4,868	4,868	—
Marketable equity securities	Level 1				361	—	361
Total		\$ 14,002	\$ 2	\$ (68)	\$ 14,297	\$ 5,597	\$ 8,700

July 26, 2025							
	Fair Value Level	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized and Credit Losses	Fair Value	Reported as	
						Cash equivalents	Investments
U.S. government securities	Level 2	\$ 1,971	\$ 2	\$ (12)	\$ 1,961	\$ —	\$ 1,961
U.S. government agency securities	Level 2	67	—	—	67	—	67
Non-U.S. government and agency securities	Level 2	458	—	—	458	—	458
Corporate debt securities	Level 2	3,139	13	(61)	3,091	1	3,090
Mortgage- and asset-backed securities	Level 2	320	—	(34)	286	—	286
Commercial paper	Level 2	1,286	—	—	1,286	336	950
Certificates of deposit	Level 2	569	—	—	569	—	569
Money market funds	Level 1	6,448	—	—	6,448	5,885	—
Marketable equity securities	Level 1				383	—	383
Total		\$ 14,258	\$ 15	\$ (107)	\$ 14,549	\$ 6,222	\$ 7,764

For more discussion on the fair value measurement of our non-marketable equity securities, see below.

Available-for-sale Debt Investments

The following table presents the gross realized gains and gross realized losses related to available-for-sale debt investments (in millions):

Years Ended	July 25, 2026	July 26, 2025	July 27, 2024
Gross realized gains	\$ 14	\$ 10	\$ 7
Gross realized losses	(28)	(110)	(74)
Total	\$ (14)	\$ (100)	\$ (67)

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The following tables present the breakdown of the available-for-sale debt investments with gross unrealized losses and the duration that those losses had been unrealized at July 25, 2026 and July 26, 2025 (in millions):

	UNREALIZED LOSSES LESS THAN 12 MONTHS		UNREALIZED LOSSES 12 MONTHS OR GREATER		TOTAL	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
July 25, 2026						
U.S. government securities	\$ 1,449	\$ (15)	\$ 52	\$ —	\$ 1,501	\$ (15)
U.S. government agency securities	38	—	—	—	38	—
Non-U.S. government and agency securities	227	(1)	—	—	227	(1)
Corporate debt securities	1,549	(20)	547	(2)	2,096	(22)
Mortgage- and asset-backed securities	129	(1)	20	(3)	149	(4)
Commercial paper	99	—	—	—	99	—
Total	\$ 3,491	\$ (37)	\$ 619	\$ (5)	\$ 4,110	\$ (42)
	UNREALIZED LOSSES LESS THAN 12 MONTHS		UNREALIZED LOSSES 12 MONTHS OR GREATER		TOTAL	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
July 26, 2025						
U.S. government securities	\$ 1,076	\$ (6)	\$ 302	\$ (6)	\$ 1,378	\$ (12)
U.S. government agency securities	8	—	21	—	29	—
Non-U.S. government and agency securities	292	—	—	—	292	—
Corporate debt securities	106	—	1,800	(35)	1,906	(35)
Mortgage- and asset-backed securities	5	—	279	(34)	284	(34)
Commercial paper	30	—	—	—	30	—
Total	\$ 1,517	\$ (6)	\$ 2,402	\$ (75)	\$ 3,919	\$ (81)

The following table summarizes the maturities of our available-for-sale debt investments as of July 25, 2026 (in millions):

	Amortized Cost	Fair Value
Within 1 year	\$ 5,217	\$ 5,190
After 1 year through 5 years	2,937	2,904
After 5 years through 10 years	95	93
Mortgage- and asset-backed securities with no single maturity	156	152
Total	\$ 8,405	\$ 8,339

Actual maturities may differ from the contractual maturities because borrowers may have the right to call or prepay certain obligations.

Marketable Equity Securities

We held marketable equity securities of \$361 million and \$383 million as of July 25, 2026 and July 26, 2025, respectively. We recognized net unrealized losses of \$7 million and net unrealized gains of \$108 million and \$71 million for fiscal 2026, 2025, and 2024, respectively, on our marketable securities still held as of the reporting date.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

Non-Marketable Equity Securities

Our non-marketable equity securities are investments in privately held entities, venture funds, and publicly traded entities that do not have RDFV. The carrying value of these investments are summarized below (in millions):

	July 25, 2026	July 26, 2025
Initial cost of non-marketable equity securities measured under the measurement alternative.....	\$ 1,106	\$ 975
Cumulative upward adjustments.....	893	195
Cumulative downward adjustments, including impairments.....	(637)	(597)
Non-marketable equity securities under measurement alternative.....	1,362	573
Restricted equity securities.....	731	—
Consolidated investments.....	857	508
Non-marketable equity securities under NAV, equity method and other.....	1,080	840
Total.....	<u>\$ 4,030</u>	<u>\$ 1,921</u>

Our non-marketable equity securities measured using the measurement alternative are recorded to fair value on a non-recurring basis. The carrying value of these securities are adjusted for observable transactions for identical or similar investments of the same issuer or impairment. These securities are classified as Level 3 in the fair value hierarchy because we estimate the value based on valuation methods using the observable transaction price at the transaction date and other unobservable inputs such as volatility, rights, and obligations of the securities we hold.

The gross upward adjustments and downward adjustments, including impairments, on our non-marketable equity securities measured under the measurement alternative are summarized below (in millions):

Years Ended	July 25, 2026	July 26, 2025	July 27, 2024
Upward adjustments.....	\$ 698	\$ 11	\$ 1
Downward adjustments, including impairments.....	(19)	(77)	(166)
Net adjustments.....	<u>\$ 679</u>	<u>\$ (66)</u>	<u>\$ (165)</u>

Restricted equity securities are measured at fair value on a recurring basis and are classified as Level 2 in the fair value hierarchy, as they are valued based on pricing models that use observable market inputs reduced by a DLOM. The fair value of these restricted equity securities was \$731 million as of July 25, 2026, and we recognized unrealized gains of \$320 million in fiscal 2026.

Our non-marketable equity securities classified as consolidated investments include venture funds that qualified for investment company specific accounting, the accounts of which are consolidated within our financial statements under the voting interest entity model. The noncontrolling interest attributed to these investments was \$354 million and \$162 million as of July 25, 2026 and July 26, 2025, respectively, and is included in the equity section of the Consolidated Balance Sheets. The share of earnings attributable to the noncontrolling interest attributed to these investments is not material for any of the fiscal years presented and is included in other income (loss), net in the Consolidated Statements of Operations.

Of the total carrying value of our non-marketable equity securities as of July 25, 2026, \$1.1 billion of such investments are considered to be in variable interest entities which are unconsolidated.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

11. Borrowings

(a) Short-Term Debt

The following table summarizes our short-term debt (in millions, except percentages):

	July 25, 2026		July 26, 2025	
	Amount	Effective Rate	Amount	Effective Rate
Current portion of senior fixed-rate notes.....	\$ 3,498	3.89 %	\$ 1,749	4.15 %
Commercial paper.....	6,661	3.84 %	3,482	4.37 %
Current portion of other debt.....	2	1.13 %	1	1.13 %
Total.....	<u>\$ 10,161</u>		<u>\$ 5,232</u>	

We have a short-term debt financing program of up to \$15.0 billion through the issuance of commercial paper notes. We use the proceeds from the issuance of commercial paper notes for general corporate purposes.

The effective rates for the short- and long-term debt include the interest on the notes, the accretion of the discount, the issuance costs, and, if applicable, adjustments related to hedging.

(b) Long-Term Debt

The following table summarizes our long-term debt (in millions, except percentages):

	Maturity Date	July 25, 2026		July 26, 2025	
		Amount	Effective Rate	Amount	Effective Rate
Senior fixed-rate notes:					
4.90%.....	February 26, 2026	\$ —	—	\$ 1,000	5.00%
2.95%.....	February 28, 2026	—	—	750	3.01%
2.50%.....	September 20, 2026	1,500	2.55%	1,500	2.55%
4.80%.....	February 26, 2027	2,000	4.90%	2,000	4.90%
4.55%.....	February 24, 2028	1,000	4.61%	1,000	4.61%
4.85%.....	February 26, 2029	2,500	4.91%	2,500	4.91%
4.75%.....	February 24, 2030	1,000	4.73%	1,000	4.73%
4.95%.....	February 26, 2031	2,500	5.04%	2,500	5.04%
4.95%.....	February 24, 2032	1,000	4.94%	1,000	4.94%
5.05%.....	February 26, 2034	2,500	4.97%	2,500	4.97%
5.10%.....	February 24, 2035	1,250	5.11%	1,250	5.11%
5.90%.....	February 15, 2039	2,000	6.11%	2,000	6.11%
5.50%.....	January 15, 2040	2,000	5.67%	2,000	5.67%
5.30%.....	February 26, 2054	2,000	5.28%	2,000	5.28%
5.50%.....	February 24, 2055	750	5.49%	750	5.49%
5.35%.....	February 26, 2064	1,000	5.42%	1,000	5.42%
Other debt.....		2	1.13%	3	1.13%
Total.....		<u>23,002</u>		<u>24,753</u>	
Unaccreted discount/issuance costs.....		<u>(130)</u>		<u>(142)</u>	
Total.....		<u>\$ 22,872</u>		<u>\$ 24,611</u>	
Reported as:					
Current portion of long-term debt.....		\$ 3,500		\$ 1,750	
Long-term debt.....		<u>19,372</u>		<u>22,861</u>	
Total.....		<u>\$ 22,872</u>		<u>\$ 24,611</u>	

As of July 25, 2026 and July 26, 2025, the estimated fair value of our short-term debt approximates its carrying value due to the short maturities. As of July 25, 2026, the fair value of our senior notes was \$22.7 billion, with a carrying amount of \$22.9

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

billion. This compares to a fair value of \$25.0 billion and a carrying amount of \$24.6 billion as of July 26, 2025. The fair value of the senior notes was determined based on observable market prices in a less active market and was categorized as Level 2 in the fair value hierarchy.

Our cash paid for interest was \$1.4 billion, \$1.5 billion and \$0.6 billion for fiscal 2026, 2025, and 2024, respectively. Interest is payable semiannually on each class of the senior fixed-rate notes. Each of the senior fixed-rate notes is redeemable by us at any time, subject to a make-whole premium. The senior fixed-rate notes rank at par with the commercial paper notes that have been issued pursuant to our short-term debt financing program, as discussed above under “(a) Short-Term Debt.” As of July 25, 2026, we were in compliance with all debt covenants.

As of July 25, 2026, future principal payments for long-term debt, including the current portion, are summarized as follows (in millions):

<u>Fiscal Year</u>	<u>Amount</u>
2027	\$ 3,502
2028	1,000
2029	2,500
2030	1,000
2031	2,500
Thereafter	12,500
Total	<u>\$ 23,002</u>

(c) Credit Facility

On February 2, 2024, we entered into an amended and restated 5-year \$5.0 billion unsecured revolving credit agreement. The interest rate for the credit agreement is determined based on a formula using certain market rates. The credit agreement requires that we comply with certain covenants, including that we maintain an interest coverage ratio (defined in the agreement as the ratio of consolidated EBITDA to consolidated interest expense) of not less than 3.0 to 1.0. As of July 25, 2026, we were in compliance with all associated covenants and we had not borrowed any funds under our credit agreement.

12. Derivative Instruments

(a) Summary of Derivative Instruments

We use derivative instruments primarily to manage exposures to foreign currency exchange rate, interest rate, and equity price risks. Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates, interest rates, and equity prices. Our derivatives expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We seek to mitigate such risks by limiting our counterparties to major financial institutions and requiring collateral in certain cases. In addition, the potential risk of loss with any one counterparty resulting from credit risk is monitored. Management does not expect material losses as a result of defaults by counterparties.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The fair values of our derivative instruments and the line items on the Consolidated Balance Sheets to which they were recorded are summarized as follows (in millions):

DERIVATIVE ASSETS				DERIVATIVE LIABILITIES		
	Balance Sheet Line Item	July 25, 2026	July 26, 2025	Balance Sheet Line Item	July 25, 2026	July 26, 2025
Derivatives designated as hedging instruments:						
Foreign currency derivatives	Other current assets	\$ 49	\$ 17	Other current liabilities	\$ 2	\$ 2
Foreign currency derivatives	Other assets	43	10	Other long-term liabilities	—	2
Total		92	27		2	4
Derivatives not designated as hedging instruments:						
Foreign currency derivatives	Other current assets	7	3	Other current liabilities	48	17
Foreign currency derivatives	Other assets	1	2	Other long-term liabilities	43	10
Total		8	5		91	27
Total		\$ 100	\$ 32		\$ 93	\$ 31

Our derivative instruments are primarily classified as Level 2 in the fair value hierarchy, as they are not actively traded and are valued using pricing models that use observable market inputs.

The effect on the Consolidated Statements of Operations of derivative instruments not designated as hedges is summarized as follows (in millions):

		GAINS (LOSSES) FOR THE YEARS ENDED		
Derivatives Not Designated as Hedging Instruments	Line Item in Statements of Operations	July 25, 2026	July 26, 2025	July 27, 2024
Foreign currency derivatives	Other income (loss), net	\$ (81)	\$ 102	\$ (162)
Total return swaps—deferred compensation.....	Operating expenses and other	147	56	91
Equity derivatives.....	Other income (loss), net	—	—	2
Total		\$ 66	\$ 158	\$ (69)

The notional amounts of our outstanding derivatives are summarized as follows (in millions):

	July 25, 2026	July 26, 2025
Foreign currency derivatives	\$ 8,686	\$ 8,978
Total return swaps—deferred compensation	1,307	1,087
Total	\$ 9,993	\$ 10,065

(b) Offsetting of Derivative Instruments

We present our derivative instruments at gross fair values in the Consolidated Balance Sheets. However, our master netting and other similar arrangements with the respective counterparties allow for net settlement under certain conditions, which are designed to reduce credit risk by permitting net settlement with the same counterparty.

(c) Foreign Currency Exchange Risk

We conduct business globally in numerous currencies. Therefore, we are exposed to adverse movements in foreign currency exchange rates. To limit the exposure related to foreign currency changes, we enter into foreign currency contracts. We do not enter into such contracts for speculative purposes.

We may hedge forecasted foreign currency transactions related to certain revenues, operating expenses and service cost of sales with currency options and forward contracts. These currency options and forward contracts, designated as cash flow hedges, generally have maturities of less than 24 months. The derivative instrument's gain or loss is initially reported as a component of accumulated other comprehensive income (AOCI) and subsequently reclassified into earnings when the hedged exposure affects earnings.

We enter into foreign exchange forward and option contracts to reduce the short-term effects of foreign currency fluctuations on assets and liabilities such as foreign currency receivables, long-term customer financings and payables. These derivatives are

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

not designated as hedging instruments. Gains and losses on the contracts are included in other income (loss), net, and substantially offset foreign exchange gains and losses from the remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of the reporting entity.

We hedge certain net investments in our foreign operations with forward contracts to reduce the effects of foreign currency fluctuations on our net investment in those foreign subsidiaries. These derivative instruments generally have maturities of up to six months.

(d) Interest Rate Risk

We periodically enter into treasury lock agreements, designated as cash flow hedges, in order to hedge the impact of changes in the U.S. benchmark interest rate on future interest payments in anticipation of future debt offerings. Changes in the fair value of treasury lock agreements are recorded to AOCI and reclassified into earnings when the hedged exposure affects earnings.

(e) Equity Price Risk

We are exposed to variability in compensation charges related to certain deferred compensation obligations to employees and directors. Although not designated as accounting hedges, we utilize derivatives such as total return swaps to economically hedge this exposure and offset the related compensation expense.

13. Commitments and Contingencies

(a) Purchase Commitments with Contract Manufacturers and Suppliers

We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate component supply, we enter into agreements with contract manufacturers and suppliers that allow them to procure inventory based upon criteria as defined by us or establish the parameters defining our requirements. A significant portion of our reported purchase commitments arising from these agreements consists of firm, noncancelable, and unconditional commitments.

Certain of these inventory purchase commitments are directly with suppliers, and relate to fixed-dollar commitments to secure supply and pricing for certain product components for multi-year periods. In addition, certain of these inventory purchase commitments are related to long-term supply agreements for fixed quantities of certain memory components for which pricing is variable based on current market values. In certain instances, these agreements allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed.

The following table summarizes our inventory purchase commitments with contract manufacturers and suppliers by period (in millions):

	July 25, 2026	July 26, 2025
Less than 1 year	\$ 14,341	\$ 7,202
1 to 3 years	2,558	320
3 to 5 years	266	77
Total	<u>\$ 17,165</u>	<u>\$ 7,599</u>

A significant portion of these commitments supports products sold to hyperscalers and other large customers. Purchase commitments with contract manufacturers and suppliers related to orders from these customers are based on our current demand forecasts and may be canceled, rescheduled, or modified with limited notice. Certain committed components are qualified to a specific customer design and have limited alternative use; others, including certain memory components, are more readily deployable across our product portfolio.

We record a liability for firm, noncancelable, and unconditional purchase commitments for quantities in excess of our future demand forecasts, and for commitments related to components that can no longer be used in a salable product, consistent with the valuation of our excess and obsolete inventory. As of July 25, 2026 and July 26, 2025, the liability for these purchase commitments was \$294 million and \$206 million, respectively, and was included in other current liabilities.

(b) Other Commitments

We have certain funding commitments, primarily related to our non-marketable equity securities. The funding commitments were \$0.4 billion and \$0.3 billion as of July 25, 2026 and July 26, 2025, respectively. The funding commitments and the

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

carrying value of our non-marketable equity securities, collectively, represent our maximum exposure related to non-marketable equity securities.

(c) Product Warranties

The following table summarizes the activity related to the product warranty liability (in millions):

	July 25, 2026	July 26, 2025	July 27, 2024
Balance at beginning of fiscal year	\$ 399	\$ 362	\$ 329
Provisions for warranties issued	415	403	425
Adjustments for pre-existing warranties	(1)	42	22
Settlements	(441)	(408)	(414)
Balance at end of fiscal year	<u>\$ 372</u>	<u>\$ 399</u>	<u>\$ 362</u>

We accrue for warranty costs as part of our cost of sales based on associated material product costs, labor costs for technical support staff, and associated overhead. Our products are generally covered by a warranty for periods ranging from 90 days to five years, and for some products we provide a limited lifetime warranty.

(d) Financing and Other Guarantees

In the ordinary course of business, we provide financing guarantees for various third-party financing arrangements that are extended to channel partners and end users. Payments under these financing guarantee arrangements were not material for the periods presented.

Channel Partner Financing Guarantees We facilitate arrangements for third-party financing extended to channel partners, consisting of revolving short-term financing, with payment terms generally ranging from 60 to 90 days. These financing arrangements facilitate the working capital requirements of the channel partners, and, in some cases, we guarantee a portion of these arrangements. The volume of channel partner financing was \$29.9 billion, \$24.9 billion, and \$27.1 billion in fiscal 2026, 2025, and 2024, respectively. The balance of the channel partner financing subject to guarantees was \$1.2 billion and \$1.3 billion as of July 25, 2026 and July 26, 2025, respectively.

Financing Guarantee Summary The aggregate amounts of channel partner financing guarantees outstanding at July 25, 2026 and July 26, 2025, representing the total maximum potential future payments under financing arrangements with third parties along with the related deferred revenue, are summarized in the following table (in millions):

	July 25, 2026	July 26, 2025
Maximum potential future payments	\$ 127	\$ 123
Deferred revenue	(12)	(13)
Total	<u>\$ 115</u>	<u>\$ 110</u>

(e) Indemnifications

In the normal course of business, we have indemnification obligations to other parties, including customers, lessors, and parties to other transactions with us, with respect to certain matters. We have agreed to indemnify against losses arising from a breach of representations or covenants or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time or circumstances within which an indemnification claim can be made and the amount of the claim.

It is not possible to determine the maximum potential amount for claims made under the indemnification obligations due to uncertainties in the litigation process, coordination with and contributions by other parties and the defendants in these types of cases, and the unique facts and circumstances involved in each particular case and agreement. Historically, indemnity payments made by us have not had a material effect on our Consolidated Financial Statements.

In addition, we have entered into indemnification agreements with our officers and directors, and our Amended and Restated Bylaws contain similar indemnification obligations to our agents.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

(f) Legal Proceedings

Brazil Brazilian authorities have investigated our Brazilian subsidiary and certain of its former employees, as well as a Brazilian importer of our products, and its affiliates and employees, relating to alleged evasion of import taxes and alleged improper transactions involving the subsidiary and the importer. Brazilian tax authorities have assessed claims against our Brazilian subsidiary based on a theory of joint liability with the Brazilian importer for import taxes, interest, and penalties. In addition to claims asserted by the Brazilian federal tax authorities in prior fiscal years, tax authorities from the Brazilian state of Sao Paulo have asserted similar claims on the same legal basis in prior fiscal years.

The remaining asserted claims by Brazilian federal tax authorities are for calendar years 2004 through 2007, and the remaining asserted claims by the tax authorities from the state of Sao Paulo are for calendar years 2005 through 2007. The total remaining asserted claims by Brazilian state and federal tax authorities aggregate to \$153 million for the alleged evasion of import and other taxes, \$969 million for interest, and \$315 million for various penalties, all determined using an exchange rate as of July 25, 2026.

We have completed a thorough review of the matters and believe the asserted claims against our Brazilian subsidiary are without merit, and we are defending the claims vigorously. While we believe there is no legal basis for the alleged liability, due to the complexities and uncertainty surrounding the judicial process in Brazil and the nature of the claims asserting joint liability with the importer, we are unable to determine the likelihood of an unfavorable outcome against our Brazilian subsidiary and are unable to reasonably estimate a range of loss, if any. We do not expect a final judicial determination for several years.

Centripetal Centripetal Networks, Inc. (“Centripetal”) filed various patent litigations in the U.S., Germany, and France. These cases have either concluded with findings of non-infringement or invalidity or are in various stages of appeals. In the U.S., there was an appeal from our win in the Eastern District of Virginia that was pending in the Federal Circuit Court of Appeals, and on April 29, 2026, the Federal Circuit affirmed the District Court’s non-infringement decision, and one Patent Trial and Appeal Board (“PTAB”) inter partes review decision that was remanded to the PTAB for further proceedings in which the PTAB found all claims unpatentable. In Germany, there was an infringement hearing on one patent on April 2, 2026, during which the German Court announced its preliminary opinion that Cisco does not infringe, and an appeal hearing in a related invalidity proceeding set for November 10, 2026. In France, Centripetal also filed an infringement case alleging infringement of the French counterpart to U.S. and German patents previously found to not be infringed. Those proceedings are ongoing and there is a final hearing set for October 8, 2026.

Ramot On June 12, 2019 and on February 26, 2021, Ramot at Tel Aviv University Ltd. (“Ramot”) asserted patent infringement claims against Cisco and Acacia in the U.S. District Court for the Eastern District of Texas (“E.D. Tex.”) and in the District of Delaware (“D. Del.”), respectively. Ramot is seeking damages, including enhanced damages, and a royalty on future sales. Ramot alleges that certain optical transceiver modules and line cards infringe three patents. We challenged the validity of the patents in the U.S. Patent and Trademark Office (“PTO”) and the pending District Court cases have been stayed. On September 28, 2021 and May 24, 2022, Cisco and Acacia filed two declaratory judgment actions of noninfringement against Ramot in D. Del on other Ramot patents. The Court rescheduled the trial date in the D. Del. cases for December 1, 2025. Prior to trial, the D. Del. Court granted our motion for summary judgment of non-infringement of all patents-in suit. Ramot appealed that decision to the Federal Circuit and those proceedings are ongoing.

While we believe that we have strong non-infringement and invalidity arguments in these litigations, and that Ramot’s damages theories in such cases are not supported by prevailing law, we are unable to reasonably estimate the ultimate outcome of these litigations at this time due to uncertainties in the litigation processes. If we do not prevail in court in these litigations, we believe any damages ultimately assessed would not have a material effect on our Consolidated Financial Statements.

In addition to the above matters, we are subject to other legal proceedings, claims, and litigation arising in the ordinary course of business, including intellectual property litigation. While the outcome of these matters is currently not determinable, we do not believe that the ultimate costs to resolve these matters will have a material effect on our Consolidated Financial Statements.

For additional information regarding intellectual property litigation, see “Part I, Item 1A. Risk Factors—We may be found to infringe on intellectual property rights of others” herein.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

14. Stockholders' Equity

(a) Stock Repurchase Program

In September 2001, our Board of Directors authorized a stock repurchase program. As of July 25, 2026, the remaining authorized amount for stock repurchases under this program was approximately \$8.1 billion, with no termination date.

Our stock repurchase activity under the stock repurchase program, reported based on the trade date, is summarized as follows (in millions, except per-share amounts):

<u>Years Ended</u>	<u>Shares</u>	<u>Weighted-Average Price per Share</u>	<u>Amount</u>
July 25, 2026	76	\$ 80.26	\$ 6,106
July 26, 2025	105	\$ 56.53	\$ 5,995
July 27, 2024	117	\$ 49.45	\$ 5,764

Amounts may not recalculate due to rounding.

The purchase price for the shares of our stock repurchased is reflected as a reduction to stockholders' equity.

We are required to allocate the purchase price of the repurchased shares as (i) a reduction to retained earnings or an increase to accumulated deficit and (ii) a reduction of common stock and additional paid-in capital.

(b) Dividends Declared

On August 12, 2026, our Board of Directors declared a quarterly dividend of \$0.42 per common share to be paid on October 21, 2026, to all stockholders of record as of the close of business on October 2, 2026. Future dividends will be subject to the approval of our Board of Directors.

(c) Preferred Stock

Under the terms of our Amended and Restated Certificate of Incorporation, the Board of Directors is authorized to issue preferred stock in one or more series and, in connection with the creation of such series, to fix by resolution the designation, powers (including voting powers (if any)), preferences and relative, participating, optional or other special rights, if any, of such series, and any qualifications, limitations or restrictions thereof, of the shares of such series. As of July 25, 2026, we have not issued any shares of preferred stock.

15. Employee Benefit Plans

(a) Employee Stock Incentive Plans

We have one stock incentive plan: the 2005 Stock Incentive Plan (the "2005 Plan"). In addition, we have, in connection with our acquisitions of various companies, assumed the share-based awards granted under stock incentive plans of the acquired companies or issued share-based awards in replacement thereof. Share-based awards are designed to reward employees for their long-term contributions to us and provide incentives for them to remain with us. The number and frequency of share-based awards are based on competitive practices, our operating results, government regulations, and other factors.

The 2005 Plan provides for the granting of stock options, stock grants, stock units and stock appreciation rights (SARs), the vesting of which may be time-based or upon satisfaction of performance goals, or both, and/or other conditions. Time-based and performance-based RSUs generally vest over three years with certain awards containing retirement eligible provisions. Employees (including employee directors and executive officers) and consultants of Cisco and its subsidiaries and affiliates and non-employee directors of Cisco are eligible to participate in the 2005 Plan. The 2005 Plan may be terminated by our Board of Directors at any time and for any reason, and is currently set to terminate at the 2030 Annual Meeting unless re-adopted or extended by our stockholders prior to or on such date.

Under the 2005 Plan's share reserve feature, a distinction is made between the number of shares in the reserve attributable to (i) stock options and SARs and (ii) "full value" awards (i.e., stock grants and stock units). Shares issued as stock grants, pursuant to stock units or pursuant to the settlement of dividend equivalents are counted against shares available for issuance under the 2005 Plan on a 1.5-to-1 ratio. For each share awarded as restricted stock or a restricted stock unit award under the 2005 Plan, 1.5 shares was deducted from the available share-based award balance. If awards issued under the 2005 Plan are forfeited or terminated for any reason before being exercised or settled, then the shares underlying such awards, plus the number of additional shares, if any, that counted against shares available for issuance under the 2005 Plan at the time of grant as a result of

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

the application of the share ratio described above, will become available again for issuance under the 2005 Plan. As of July 25, 2026, 131 million shares were authorized for future grant under the 2005 Plan.

(b) Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan under which eligible employees are offered shares through a 24-month offering period, which consists of four consecutive 6-month purchase periods. Employees may purchase a limited amount of shares of our stock at a discount of up to 15% of the lesser of the fair market value at the beginning of the offering period or the end of each 6-month purchase period. The Employee Stock Purchase Plan is scheduled to terminate on the earlier of (i) January 3, 2030 and (ii) the date on which all shares available for issuance under the Employee Stock Purchase Plan are sold pursuant to exercised purchase rights. We issued 19 million, 18 million, and 20 million shares under the Employee Stock Purchase Plan in fiscal 2026, 2025, and 2024, respectively. As of July 25, 2026, 31 million shares were available for issuance under the Employee Stock Purchase Plan.

(c) Summary of Share-Based Compensation Expense

Share-based compensation expense consists of expenses for RSUs and stock purchase rights, granted to employees or assumed from acquisitions. The following table summarizes share-based compensation expense and the income tax benefit for share-based compensation (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Cost of sales—product	\$ 254	\$ 255	\$ 214
Cost of sales—services	335	329	300
Share-based compensation expense in cost of sales	589	584	514
Research and development	1,734	1,625	1,316
Sales and marketing	999	918	846
General and administrative	448	476	375
Restructuring and other charges	60	38	23
Share-based compensation expense in operating expenses	3,241	3,057	2,560
Total share-based compensation expense	\$ 3,830	\$ 3,641	\$ 3,074
Income tax benefit for share-based compensation	\$ 1,175	\$ 871	\$ 696

As of July 25, 2026, the total compensation cost related to unvested share-based awards not yet recognized was \$4.8 billion, which is expected to be recognized over approximately 1.6 years on a weighted-average basis.

(d) Restricted Stock Unit Awards

A summary of the restricted stock and stock unit activity, which includes time-based and performance-based or market-based RSUs, is as follows (in millions, except per-share amounts):

	<u>Restricted Stock/ Stock Units</u>	<u>Weighted-Average Grant Date Fair Value per Share</u>	<u>Aggregate Fair Value</u>
UNVESTED BALANCE AT JULY 29, 2023	122	\$ 44.04	
Granted and assumed	63	48.97	
Vested	(58)	43.46	\$ 2,906
Canceled/forfeited/other	(10)	45.65	
UNVESTED BALANCE AT JULY 27, 2024	117	46.86	
Granted and assumed	70	55.73	
Vested	(65)	46.95	\$ 3,707
Canceled/forfeited/other	(9)	48.04	
UNVESTED BALANCE AT JULY 26, 2025	113	52.26	
Granted and assumed	53	75.75	
Vested	(67)	50.47	\$ 5,435
Canceled/forfeited/other	(2)	83.39	
UNVESTED BALANCE AT JULY 25, 2026	97	\$ 65.51	

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

(e) Valuation of Employee Share-Based Awards

Time-based restricted stock units and PRSUs that are based on our financial performance metrics or non-financial operating goals are valued using the market value of our common stock on the date of grant, discounted for the present value of expected dividends. For PRSUs granted, we included a relative total shareholder return (TSR) modifier to determine the number of shares earned at the end of the performance period. The TSR modifier is determined using a Monte Carlo simulation model. The PRSUs granted during the fiscal years presented are contingent on the achievement of our financial performance metrics, our comparative market-based returns, or the achievement of financial and non-financial operating goals.

The assumptions for the valuation of time-based RSUs and PRSUs are summarized as follows:

<u>Years Ended</u>	RESTRICTED STOCK UNITS		
	July 25, 2026	July 26, 2025	July 27, 2024
Number of shares granted (in millions).....	50	65	60
Grant date fair value per share.....	\$ 76.00	\$ 55.93	\$ 48.71
Weighted-average assumptions/inputs:			
Expected dividend yield.....	2.2 %	2.7 %	3.0 %
Range of risk-free interest rates.....	3.4 % – 4.4 %	3.5 % – 4.9 %	4.2 % – 5.6 %
PERFORMANCE BASED RESTRICTED STOCK UNITS			
<u>Years Ended</u>	July 25, 2026	July 26, 2025	July 27, 2024
Number of shares granted (in millions).....	2	4	3
Grant date fair value per share.....	\$ 70.86	\$ 54.50	\$ 59.31

The assumptions for the valuation of employee stock purchase rights are summarized as follows:

<u>Years Ended</u>	EMPLOYEE STOCK PURCHASE RIGHTS		
	July 25, 2026	July 26, 2025	July 27, 2024
Weighted-average assumptions:			
Expected volatility.....	22.7 %	22.5 %	28.3 %
Risk-free interest rate.....	4.9 %	5.0 %	2.9 %
Expected dividend.....	3.3 %	3.3 %	3.5 %
Expected life (in years).....	1.3	1.3	1.2
Weighted-average estimated grant date fair value per share.....	\$ 12.52	\$ 12.18	\$ 11.59

The valuation of employee stock purchase rights and the related assumptions are for the employee stock purchases made during the respective fiscal years.

We used the implied volatility for traded options (with contract terms corresponding to the expected life of the employee stock purchase rights) on our stock as the expected volatility assumption required in the Black-Scholes model. The implied volatility is more representative of future stock price trends than historical volatility. The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock purchase rights. The dividend yield assumption is based on the history and expectation of dividend payouts at the grant date.

(f) Employee 401(k) Plans

We sponsor the Cisco Systems, Inc. 401(k) Plan (the “Plan”) to provide retirement benefits for our employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions and after-tax contributions for eligible employees. The Plan allows employees to contribute up to 75% of their annual eligible earnings to the Plan on a pretax and after-tax basis, including Roth contributions. Employee contributions are limited to a maximum annual amount as set periodically by the Internal Revenue Code. We match pretax and Roth employee contributions up to 100% of the first 4.5% of eligible earnings that are contributed by employees. Therefore, the maximum matching contribution that we may allocate to each participant’s account will not exceed \$16,200 for the 2026 calendar year due to the \$360,000 annual limit on eligible earnings imposed by the Internal Revenue Code. All matching contributions vest immediately. Our matching contributions to the Plan totaled \$385 million, \$373 million, and \$358 million in fiscal 2026, 2025, and 2024, respectively.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The Plan allows employees who meet the age requirements and reach the Plan contribution limits to make catch-up contributions (pretax or Roth) not to exceed the lesser of 75% of their annual eligible earnings or the limit set forth in the Internal Revenue Code. Catch-up contributions are not eligible for matching contributions. In addition, the Plan provides for discretionary profit-sharing contributions as determined by the Board of Directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. There were no discretionary profit-sharing contributions made in fiscal 2026, 2025, and 2024.

We also sponsor other 401(k) plans as a result of acquisitions of other companies. Our contributions to these plans were not material to Cisco on either an individual or aggregate basis for any of the fiscal years presented.

(g) Deferred Compensation Plans

The Cisco Systems, Inc. Deferred Compensation Plan (the “Deferred Compensation Plan”), a nonqualified deferred compensation plan, became effective in 2007. As required by applicable law, participation in the Deferred Compensation Plan is limited to a select group of our management employees. Under the Deferred Compensation Plan, which is an unfunded and unsecured deferred compensation arrangement, a participant may elect to defer base salary, bonus, and/or commissions, pursuant to such rules as may be established by Cisco, up to the maximum percentages for each deferral election as described in the plan. We may also, at our discretion, make a matching contribution to the employee under the Deferred Compensation Plan. A matching contribution equal to 4.5% of eligible compensation in excess of the Internal Revenue Code limit for qualified plans for calendar year 2026 that is deferred by participants under the Deferred Compensation Plan (with a \$1.5 million cap on eligible compensation) will be made to eligible participants’ accounts at the end of calendar year 2026. The total deferred compensation liability under the Deferred Compensation Plan, together with deferred compensation plans assumed from acquired companies, was approximately \$1.5 billion and \$1.2 billion as of July 25, 2026 and July 26, 2025, respectively, and was recorded primarily in other long-term liabilities.

16. Accumulated Other Comprehensive Income (Loss)

The components of AOCI, net of tax, and the other comprehensive income (loss) are summarized as follows (in millions):

	Net Unrealized Gains (Losses) on Available- for-Sale Investments	Net Unrealized Gains (Losses) Cash Flow Hedging Instruments	Cumulative Translation Adjustment and Actuarial Gains (Losses)	Accumulated Other Comprehensive Income (Loss)
BALANCE AT JULY 29, 2023	\$ (440)	\$ 18	\$ (1,153)	\$ (1,575)
Other comprehensive income (loss) before reclassifications	193	128	(115)	206
(Gains) losses reclassified out of AOCI	67	(49)	(2)	16
Tax benefit (expense)	(61)	(18)	2	(77)
BALANCE AT JULY 27, 2024	(241)	79	(1,268)	(1,430)
Other comprehensive income (loss) before reclassifications	152	29	304	485
(Gains) losses reclassified out of AOCI	100	(47)	—	53
Tax benefit (expense)	(68)	4	2	(62)
BALANCE AT JULY 26, 2025	(57)	65	(962)	(954)
Other comprehensive income (loss) before reclassifications	12	104	(71)	45
(Gains) losses reclassified out of AOCI	14	(41)	1	(26)
Tax benefit (expense)	—	(15)	(6)	(21)
BALANCE AT JULY 25, 2026	<u>\$ (31)</u>	<u>\$ 113</u>	<u>\$ (1,038)</u>	<u>\$ (956)</u>

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

17. Income Taxes

(a) Provision for Income Taxes

The provision for income taxes consists of the following (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Federal:			
Current.....	\$ 1,385	\$ 956	\$ 1,939
Deferred.....	(256)	(838)	(883)
	<u>1,129</u>	<u>118</u>	<u>1,056</u>
State:			
Current.....	271	431	388
Deferred.....	452	(250)	11
	<u>723</u>	<u>181</u>	<u>399</u>
Foreign:			
Current.....	860	665	559
Deferred.....	30	(44)	(100)
	<u>890</u>	<u>621</u>	<u>459</u>
Total.....	<u>\$ 2,742</u>	<u>\$ 920</u>	<u>\$ 1,914</u>

Income before provision for income taxes consists of the following (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
United States.....	\$ 14,062	\$ 9,500	\$ 10,790
International.....	1,947	1,600	1,444
Total.....	<u>\$ 16,009</u>	<u>\$ 11,100</u>	<u>\$ 12,234</u>

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes consist of the following for fiscal 2026 (in millions, except percentages):

<u>Year Ended</u>	<u>July 25, 2026</u>	
Federal statutory rate.....	\$ 3,362	21.0 %
State taxes, net of federal tax benefit ⁽¹⁾	565	3.5
Foreign tax effects.....	300	1.9
Effect of cross-border tax laws:		
Foreign-derived intangible income deduction.....	(625)	(3.9)
Subpart F inclusion.....	285	1.8
Other.....	15	0.1
Tax credits:		
R&D tax credits.....	(430)	(2.7)
Foreign tax credits.....	(592)	(3.7)
Other credits.....	(4)	—
Nontaxable or nondeductible items:		
Stock-based compensation.....	(292)	(1.8)
Other.....	(19)	(0.2)
Changes in unrecognized tax benefits.....	177	1.1
Total.....	<u>\$ 2,742</u>	<u>17.1 %</u>

⁽¹⁾ California state tax made up the majority (greater than 50 percent) of the tax effect in this category.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes consist of the following for fiscal 2025 and 2024:

<u>Years Ended</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Federal statutory rate	21.0 %	21.0 %
Effect of:		
State taxes, net of federal tax benefit	1.3	2.8
Foreign income at other than U.S. rates	0.7	(0.3)
Tax credits	(2.7)	(2.4)
Foreign-derived intangible income deduction	(6.0)	(5.5)
Stock-based compensation	0.7	0.7
Impact of the Tax Act	(6.5)	—
Other, net	(0.2)	(0.7)
Total	<u>8.3 %</u>	<u>15.6 %</u>

On August 26, 2024, the U.S. Tax Court issued an opinion in *Varian Medical Systems, Inc. v. Commissioner*. The opinion related to the U.S. taxation of deemed foreign dividends in the transition year of the Tax Act (our fiscal 2018). While we were not a party to the case, the opinion resulted in a change to our tax position. As such, we recorded a tax benefit of \$720 million as a reduction to the provision for income taxes in fiscal 2025 due to this U.S. Tax Court opinion. The income tax receivable associated with this tax benefit was included in other assets in the Consolidated Balance Sheets.

During fiscal 2025, we changed our assertion regarding our intent to indefinitely reinvest \$6.5 billion of undistributed earnings for certain foreign subsidiaries and determined that those earnings are no longer considered permanently reinvested.

During fiscal 2024, we resolved all remaining items with the IRS related to the audit of our federal income tax returns for the fiscal years ended July 26, 2014 through July 30, 2016. As a result of this resolution, we recognized a net benefit to the provision for income taxes of \$55 million, which included a reduction of interest expense of \$18 million.

Cash paid for income taxes, net of refunds, for fiscal 2026 is as follows (in millions):

<u>Year Ended</u>	<u>July 25, 2026</u>
Federal	\$ 3,672
State	360
Foreign	789
Total	<u>\$ 4,821</u>

We made our final transition tax payment of \$2.3 billion in fiscal 2026 as a result of the Tax Act.

Our cash paid for income taxes, net was \$3.9 billion and \$7.4 billion for fiscal 2025 and 2024, respectively.

Unrecognized Tax Benefits

The aggregate changes in the balance of gross unrecognized tax benefits were as follows (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Beginning balance	\$ 2,337	\$ 2,156	\$ 2,137
Additions based on tax positions related to the current year	270	283	205
Additions for tax positions of prior years	128	81	256
Reductions for tax positions of prior years	(112)	(68)	(344)
Settlements	(37)	(75)	(53)
Lapse of statute of limitations	(96)	(40)	(45)
Ending balance	<u>\$ 2,490</u>	<u>\$ 2,337</u>	<u>\$ 2,156</u>

As of July 25, 2026, \$1.7 billion of the unrecognized tax benefits would affect the effective tax rate if realized. We recognized net interest expense of \$44 million, \$77 million and \$21 million during fiscal 2026, 2025, and 2024, respectively. Our net penalty expense for fiscal 2026, 2025, and 2024 was not material. Our total accrual for interest and penalties was \$539 million, \$497 million, and \$401 million as of the end of fiscal 2026, 2025, and 2024, respectively. We are no longer subject to U.S.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

federal income tax audit for returns covering tax years through fiscal 2016. We are no longer subject to foreign or state income tax audits for returns covering tax years through fiscal 2003 and fiscal 2015, respectively.

As a result of the resolution of the IRS audit of our federal tax income tax returns for the fiscal years ended July 26, 2014 through July 30, 2016, the amount of gross unrecognized tax benefits was reduced by approximately \$245 million in fiscal 2024.

(b) Deferred Tax Assets and Liabilities

The following table presents the breakdown for net deferred tax assets (in millions):

	July 25, 2026	July 26, 2025
Deferred tax assets	\$ 7,109	\$ 7,356
Deferred tax liabilities	(85)	(75)
Total net deferred tax assets	<u>\$ 7,024</u>	<u>\$ 7,281</u>

The following table presents the components of the deferred tax assets and liabilities (in millions):

	July 25, 2026	July 26, 2025
ASSETS		
Inventory write-downs and capitalization	\$ 684	\$ 532
Deferred foreign income	178	221
IPR&D and purchased intangible assets	878	961
Depreciation	208	242
Deferred revenue	1,819	1,933
Credits and net operating loss carryforwards	1,490	1,350
Share-based compensation expense	360	319
Accrued compensation	248	175
Lease liabilities	400	379
Capitalized research expenditures	4,396	4,182
Other	555	678
Gross deferred tax assets	<u>11,216</u>	<u>10,972</u>
Valuation allowance	(1,408)	(910)
Total deferred tax assets	<u>9,808</u>	<u>10,062</u>
LIABILITIES		
Goodwill and purchased intangible assets	(1,946)	(2,288)
ROU lease assets	(340)	(315)
Unrealized gains on investments	(341)	(50)
Other	(157)	(128)
Total deferred tax liabilities	<u>(2,784)</u>	<u>(2,781)</u>
Total net deferred tax assets	<u>\$ 7,024</u>	<u>\$ 7,281</u>

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The changes in the valuation allowance for deferred tax assets are summarized as follows (in millions):

	July 25, 2026	July 26, 2025	July 27, 2024
Balance at beginning of fiscal year	\$ 910	\$ 1,024	\$ 754
Additions	498	33	148
Additions from Splunk	—	—	147
Deductions	(2)	(4)	(4)
Write-offs	—	(145)	(20)
Foreign exchange and other	2	2	(1)
Balance at end of fiscal year	<u>\$ 1,408</u>	<u>\$ 910</u>	<u>\$ 1,024</u>

We increased our valuation allowance in fiscal 2026, primarily due to the expectation that our future California taxable income will be insufficient to fully utilize our accumulated California tax credits and net operating loss carryforwards.

As of July 25, 2026, our federal, state, and foreign net operating loss carryforwards for income tax purposes were \$265 million, \$2.3 billion, and \$616 million, respectively. A significant amount of the net operating loss carryforwards relates to acquisitions and, as a result, is limited in the amount that can be recognized in any one year. If not utilized, the federal, state, and foreign net operating loss carryforwards will begin to expire in fiscal 2027. We have provided a valuation allowance of \$65 million and \$102 million for deferred tax assets related to state and foreign net operating losses respectively that are not expected to be realized.

As of July 25, 2026, our federal, state, and foreign tax credit carryforwards for income tax purposes were \$5 million, \$1.9 billion, and \$17 million, respectively. If not utilized, the federal and foreign tax credit carryforwards will begin to expire in fiscal 2027 and fiscal 2032, respectively. The majority of state tax credit carryforwards do not expire. We have provided a valuation allowance of \$1.2 billion for deferred tax assets related to state and foreign tax credit carryforwards that are not expected to be realized.

18. Segment Information and Major Customers

(a) Revenue and Gross Margin by Segment

We conduct business globally and are primarily managed on a geographic basis consisting of three segments: the Americas, EMEA, and APJC. Our chief executive officer is the chief operating decision maker (CODM). The CODM reviews certain financial information for each segment, to evaluate performance and allocate resources by comparing actual performance to our annual targets. Performance of each segment is measured based on segment revenue and segment gross margin. Sales are attributed to a segment based on the location of the customer. Our CODM does not use assets to measure performance of our operating segments.

We do not allocate research and development, sales and marketing, or general and administrative expenses to our segments because the CODM does not include this information in our measurement of performance of the operating segments. In addition, we do not allocate amortization and impairment of acquisition-related intangible assets, share-based compensation expense, significant litigation settlements and other contingencies, charges related to asset impairments and restructurings, and certain other charges to the cost of sales and gross margin for each segment because the CODM does not include this information in the measurement of the performance of our operating segments.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

The following summarizes our revenue and gross margin by segment and the significant expenses by each segment for fiscal 2026, 2025, and 2024 (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Revenue:			
Americas	\$ 37,799	\$ 33,656	\$ 31,971
EMEA	16,613	14,824	14,117
APJC	8,914	8,174	7,716
Total	<u>\$ 63,325</u>	<u>\$ 56,654</u>	<u>\$ 53,803</u>
Gross margin:			
Americas	\$ 24,625	\$ 22,962	\$ 21,372
EMEA	11,835	10,545	9,755
APJC	5,933	5,431	5,187
Segment total	<u>42,392</u>	<u>38,938</u>	<u>36,312</u>
Unallocated corporate items	<u>(1,532)</u>	<u>(2,148)</u>	<u>(1,484)</u>
Total	<u><u>\$ 40,860</u></u>	<u><u>\$ 36,790</u></u>	<u><u>\$ 34,828</u></u>
Supplemental information about our significant expenses:			
Americas:			
Cost of sales — product	\$ 10,712	\$ 8,206	\$ 8,077
Cost of sales — services	2,463	2,487	2,523
Segment total	<u>\$ 13,174</u>	<u>\$ 10,694</u>	<u>\$ 10,600</u>
EMEA:			
Cost of sales — product	\$ 3,621	\$ 3,138	\$ 3,264
Cost of sales — services	1,158	1,140	1,098
Segment total	<u>\$ 4,778</u>	<u>\$ 4,279</u>	<u>\$ 4,362</u>
APJC:			
Cost of sales — product	\$ 2,270	\$ 2,010	\$ 1,838
Cost of sales — services	711	734	690
Segment total	<u>\$ 2,982</u>	<u>\$ 2,743</u>	<u>\$ 2,529</u>

Amounts may not sum due to rounding.

Revenue in the United States was \$34.4 billion, \$30.4 billion, and \$28.7 billion for fiscal 2026, 2025, and 2024, respectively.

CISCO SYSTEMS, INC.
Notes to Consolidated Financial Statements (Continued)

(b) Revenue for Groups of Similar Products and Services

We design and sell IP-based networking and other products related to the communications and IT industry and provide services associated with these products and their use.

The following table presents revenue for groups of similar products and services (in millions):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Revenue:			
Networking	\$ 34,668	\$ 28,304	\$ 29,229
Security	8,232	8,094	5,075
Collaboration	4,300	4,154	4,113
Observability	1,095	1,055	837
Total Product	48,295	41,608	39,253
Services	15,030	15,046	14,550
Total	\$ 63,325	\$ 56,654	\$ 53,803

Amounts may not sum due to rounding.

(c) Additional Segment Information

We had a global channel partner that accounted for approximately 11% of our total revenue in fiscal 2026. No single customer accounted for 10% or more of revenue in fiscal 2025 or 2024.

Our long-lived assets are based on the physical location of the assets. The following table presents our long-lived assets, which consists of property and equipment, net and operating lease ROU assets information for geographic areas (in millions):

	<u>July 25, 2026</u>	<u>July 26, 2025</u>
Long-lived assets:		
United States	\$ 2,815	\$ 2,370
International	1,340	1,044
Total	\$ 4,155	\$ 3,414

19. Net Income per Share

The following table presents the calculation of basic and diluted net income per share (in millions, except per-share amounts):

<u>Years Ended</u>	<u>July 25, 2026</u>	<u>July 26, 2025</u>	<u>July 27, 2024</u>
Net income	\$ 13,267	\$ 10,180	\$ 10,320
Weighted-average shares—basic	3,953	3,976	4,043
Effect of dilutive potential common shares	34	22	19
Weighted-average shares—diluted	3,987	3,998	4,062
Net income per share—basic	\$ 3.36	\$ 2.56	\$ 2.55
Net income per share—diluted	\$ 3.33	\$ 2.55	\$ 2.54
Antidilutive employee share-based awards, excluded	8	78	82

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management's report on our internal control over financial reporting and the report of our independent registered public accounting firm on our internal control over financial reporting are set forth, respectively, on page 55 under the caption "Management's Report on Internal Control Over Financial Reporting" and on page 53 of this report.

There was no change in our internal control over financial reporting during our fourth quarter of fiscal 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

On June 6, 2026, Nicholas A. Fink, Cisco's Senior Vice President and Chief Accounting Officer, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Mr. Fink's trading plan provides for the sale of 14,440 gross shares, plus any related dividend-equivalent shares earned with respect to such shares and excluding, as applicable, any shares withheld to satisfy tax withholding obligations in connection with the net settlement of the equity awards. Mr. Fink's trading plan is scheduled to terminate on June 25, 2027, subject to early termination for certain specified events set forth therein.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of ethics that applies to our principal executive officer and all members of our finance department, including the principal financial officer and principal accounting officer. This code of ethics can be found at the “Financial Officer Code of Ethics” link in the Corporate Governance section of Cisco’s Investor Relations website at investor.cisco.com. We intend to satisfy any disclosure requirement regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on that website or in a report on Form 8-K.

Insider Trading Arrangements and Policies

We are committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, we have adopted an Insider Trading Policy governing transactions in our securities by our directors, employees, contractors, consultants and other personnel providing services to Cisco, as well as by Cisco itself, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations and The Nasdaq Stock Market listing standards. The foregoing summary of the Insider Trading Policy does not purport to be complete and is qualified in its entirety by reference to the full text of the Insider Trading Policy attached hereto as Exhibit 19.1.

The additional information required by this item is included in our Proxy Statement related to the 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days after July 25, 2026 (the “Proxy Statement”) and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item is included in our Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is included in our Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is included in our Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item is included in our Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) 1. Financial Statements
See the “Index to Consolidated Financial Statements” on page 52 of this report.
2. Financial Statement Schedule
All financial statement schedules have been omitted, since the required information is not applicable or is shown in the financial statements or notes herein.
3. Exhibits
See the “Index to Exhibits” beginning on page 100 of this report.

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of September 20, 2023, by and among Cisco Systems, Inc., Spirit Merger Corp. and Splunk Inc.	8-K	001-39940	2.1	9/21/2023	
3.1	Amended and Restated Certificate of Incorporation of Cisco Systems, Inc., as currently in effect	8-K12B	001-39940	3.1	1/25/2021	
3.2	Amended and Restated Bylaws of Cisco Systems, Inc., as currently in effect	8-K	001-39940	3.2	8/25/2025	
4.1	Indenture, dated February 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee	8-K	000-18225	4.1	2/17/2009	
4.2	Indenture, dated November 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee	8-K	000-18225	4.1	11/17/2009	
4.3	Indenture, dated March 3, 2014, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee	8-K	000-18225	4.1	3/3/2014	
4.4	First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated February 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee	10-Q	001-39940	4.1	2/16/2021	
4.5	First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated November 17, 2009, between Cisco Systems, Inc. and the Bank of New York Mellon Trust Company, N.A., as trustee	10-Q	001-39940	4.2	2/16/2021	
4.6	First Supplemental Indenture, dated January 25, 2021 to the Indenture, dated March 3, 2014, between the Company and The Bank of New York Mellon Trust Company	10-Q	001-39940	4.3	2/16/2021	
4.7	Indenture, dated as of February 26, 2024, between Cisco Systems, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee	8-K	001-39940	4.1	2/26/2024	
4.8	First Supplemental Indenture, dated as of February 26, 2024, between Cisco Systems, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, for 4.900% Senior Notes due 2026, 4.800% Senior Notes due 2027, 4.850% Senior Notes due 2029, 4.950% Senior Notes due 2031, 5.050% Senior Notes due 2034, 5.300% Senior Notes due 2054 and 5.350% Senior Notes due 2064	8-K	001-39940	4.2	2/26/2024	
4.9	Second Supplemental Indenture, dated as of February 24, 2025 to the Indenture, dated February 26, 2024, between Cisco Systems, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the issuance of the 4.550% Senior Notes due 2028, 4.750% Senior Notes due 2030, 4.950% Senior Notes due 2032, 5.100% Senior Notes due 2035 and 5.500% Senior Notes due 2055	8-K	001-39940	4.2	2/24/2025	
4.10	Forms of Global Note for the registrant's 5.90% Senior Notes due 2039	8-K	000-18225	4.1	2/17/2009	
4.11	Forms of Global Note for the registrant's 4.45% Senior Notes due 2020 and 5.50% Senior Notes due 2040	8-K	000-18225	4.1	11/17/2009	
4.12	Form of Officer's Certificate setting forth the terms of the Fixed and Floating Notes issued in September 2016	8-K	000-18225	4.1	9/20/2016	
4.13	Description of Registrant's Securities	10-K	001-39940	4.13	9/9/2021	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1*	Cisco Systems, Inc. 2005 Stock Incentive Plan (including related form agreements)					X
10.2*	Cisco Systems, Inc. Employee Stock Purchase Plan	10-Q	001-39940	10.1	11/18/2025	
10.3*	Cisco Systems, Inc. Deferred Compensation Plan, as amended	10-Q	001-39940	10.3	11/22/2022	
10.4*	Cisco Systems, Inc. Executive Incentive Plan	8-K	000-18225	10.2	12/12/2017	
10.5*	Form of Indemnity Agreement	8-K12B	001-39940	10.1	1/25/2021	
10.6†	Third Amended and Restated Credit Agreement, dated as of February 2, 2024, by and among Cisco Systems, Inc., certain lenders party thereto, and Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer	8-K	001-39940	10.1	2/8/2024	
19.1	Insider Trading Policy					X
21.1	Subsidiaries of the Registrant					X
23.1	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (included on page 102 of this Annual Report on Form 10-K)					X
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer					X
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer					X
32.1	Section 1350 Certification of Principal Executive Officer					X
32.2	Section 1350 Certification of Principal Financial Officer					X
97.1	Compensation Recovery Policy	10-K	001-39940	97.1	9/5/2024	
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)					X
†	Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). Cisco agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.					
*	Indicates a management contract or compensatory plan or arrangement.					

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

September 2, 2026

CISCO SYSTEMS, INC.

/S/ CHARLES H. ROBBINS

Charles H. Robbins
Chair and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Charles H. Robbins and Mark Patterson, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ CHARLES H. ROBBINS</u> Charles H. Robbins	Chair and Chief Executive Officer (Principal Executive Officer)	September 2, 2026
<u>/S/ MARK PATTERSON</u> Mark Patterson	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	September 2, 2026
<u>/S/ NICHLAS A. FINK</u> Nichlas A. Fink	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	September 2, 2026

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> /S/ MICHAEL D. CAPELLAS Michael D. Capellas	Lead Independent Director	September 2, 2026
<hr/> /S/ MARK GARRETT Mark Garrett	Director	September 2, 2026
<hr/> /S/ JOHN D. HARRIS II John D. Harris II	Director	September 2, 2026
<hr/> /S/ KRISTINA M. JOHNSON Dr. Kristina M. Johnson	Director	September 2, 2026
<hr/> /S/ SARAH RAE MURPHY Sarah Rae Murphy	Director	September 2, 2026
<hr/> /S/ PETER A. SHIMER Peter A. Shimer	Director	September 2, 2026
<hr/> /S/ MARIANNA TESSEL Marianna Tessel	Director	September 2, 2026
<hr/> /S/ KEVIN WEIL Kevin Weil	Director	September 2, 2026

Stockholder information and forward-looking statements

Executive officers

Chuck Robbins

Chair and Chief Executive Officer

Mark Patterson

Executive Vice President and Chief Financial Officer

Jeetu Patel

President and Chief Product Officer

Dev Stahlkopf

Executive Vice President and Chief Legal Officer

Thimaya Subaiya

Executive Vice President, Operations

Oliver Tuszik

Executive Vice President, Global Sales and Chief Sales Officer

Principal accounting officer

Nick Fink

Senior Vice President and Chief Accounting Officer

Resources

For more information about Cisco, to view the Annual Report online, or to obtain other financial information without charge, contact:

INVESTOR RELATIONS

Cisco Systems, Inc.
3098 Olsen Drive
San Jose, CA 95128
1 (408) 227-2726
investor.cisco.com

Cisco (Nasdaq: CSCO)
Cisco's stock trades on the Nasdaq Global Select Market under the ticker symbol CSCO.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
San Jose, CA

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000
www-us.computershare.com/investor

Toll-free: 1 (800) 254-5194
International: 1 (781) 575-2879

NOTICE OF ANNUAL MEETING

Date: December 15, 2026
Time: 8:00 a.m. Pacific Time

Virtual stockholder meeting
www.virtualshareholdermeeting.com/CSCO2026

Forward-looking statements

This Summary Report and our Annual Report, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations" discussed therein, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are statements that could be deemed forward looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "momentum," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to (1) projections of our future financial performance; (2) our anticipated growth and trends in our businesses; (3) related to our Purpose to Power an Inclusive Future for All and our Purpose Report goals, commitments and programs; (4) the scope and impact of our corporate responsibility risks and opportunities, and the related standards and expectations of third parties; and (5) other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in the attached Form 10-K, under "Item 1A. Risk Factors," and elsewhere therein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.



Americas Headquarters

San Jose, CA, USA

Asia Pacific Headquarters

Singapore

Europe Headquarters

Amsterdam, The Netherlands

Cisco has approximately 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco website at www.cisco.com/go/offices.

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