

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except number of shares which are reflected in thousands and per share amounts)

	Three Months Ended		Twelve Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Net sales:				
Products	\$ 65,083	\$ 50,149	\$ 297,392	\$ 220,747
Services	18,277	14,549	68,425	53,768
Total net sales ⁽¹⁾	83,360	64,698	365,817	274,515
Cost of sales:				
Products	42,790	35,197	192,266	151,286
Services	5,396	4,812	20,715	18,273
Total cost of sales	48,186	40,009	212,981	169,559
Gross margin	35,174	24,689	152,836	104,956
Operating expenses:				
Research and development	5,772	4,978	21,914	18,752
Selling, general and administrative	5,616	4,936	21,973	19,916
Total operating expenses	11,388	9,914	43,887	38,668
Operating income	23,786	14,775	108,949	66,288
Other income/(expense), net	(538)	126	258	803
Income before provision for income taxes	23,248	14,901	109,207	67,091
Provision for income taxes	2,697	2,228	14,527	9,680
Net income	\$ 20,551	\$ 12,673	\$ 94,680	\$ 57,411
Earnings per share:				
Basic	\$ 1.25	\$ 0.74	\$ 5.67	\$ 3.31
Diluted	\$ 1.24	\$ 0.73	\$ 5.61	\$ 3.28
Shares used in computing earnings per share:				
Basic	16,487,121	17,057,622	16,701,272	17,352,119
Diluted	16,635,097	17,256,521	16,864,919	17,528,214
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 36,820	\$ 30,698	\$ 153,306	\$ 124,556
Europe	20,794	16,900	89,307	68,640
Greater China	14,563	7,946	68,366	40,308
Japan	5,991	5,023	28,482	21,418
Rest of Asia Pacific	5,192	4,131	26,356	19,593
Total net sales	\$ 83,360	\$ 64,698	\$ 365,817	\$ 274,515
⁽¹⁾ Net sales by category:				
iPhone	\$ 38,868	\$ 26,444	\$ 191,973	\$ 137,781
Mac	9,178	9,032	35,190	28,622
iPad	8,252	6,797	31,862	23,724
Wearables, Home and Accessories	8,785	7,876	38,367	30,620
Services	18,277	14,549	68,425	53,768
Total net sales	\$ 83,360	\$ 64,698	\$ 365,817	\$ 274,515

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except number of shares which are reflected in thousands and par value)

	September 25, 2021	September 26, 2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 34,940	\$ 38,016
Marketable securities	27,699	52,927
Accounts receivable, net	26,278	16,120
Inventories	6,580	4,061
Vendor non-trade receivables	25,228	21,325
Other current assets	14,111	11,264
Total current assets	134,836	143,713
Non-current assets:		
Marketable securities	127,877	100,887
Property, plant and equipment, net	39,440	36,766
Other non-current assets	48,849	42,522
Total non-current assets	216,166	180,175
Total assets	\$ 351,002	\$ 323,888
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 54,763	\$ 42,296
Other current liabilities	47,493	42,684
Deferred revenue	7,612	6,643
Commercial paper	6,000	4,996
Term debt	9,613	8,773
Total current liabilities	125,481	105,392
Non-current liabilities:		
Term debt	109,106	98,667
Other non-current liabilities	53,325	54,490
Total non-current liabilities	162,431	153,157
Total liabilities	287,912	258,549
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,426,786 and 16,976,763 shares issued and outstanding, respectively	57,365	50,779
Retained earnings	5,562	14,966
Accumulated other comprehensive income/(loss)	163	(406)
Total shareholders' equity	63,090	65,339
Total liabilities and shareholders' equity	\$ 351,002	\$ 323,888

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Twelve Months Ended	
	September 25, 2021	September 26, 2020
Cash, cash equivalents and restricted cash, beginning balances	\$ 39,789	\$ 50,224
Operating activities:		
Net income	94,680	57,411
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	11,284	11,056
Share-based compensation expense	7,906	6,829
Deferred income tax benefit	(4,774)	(215)
Other	(147)	(97)
Changes in operating assets and liabilities:		
Accounts receivable, net	(10,125)	6,917
Inventories	(2,642)	(127)
Vendor non-trade receivables	(3,903)	1,553
Other current and non-current assets	(8,042)	(9,588)
Accounts payable	12,326	(4,062)
Deferred revenue	1,676	2,081
Other current and non-current liabilities	5,799	8,916
Cash generated by operating activities	104,038	80,674
Investing activities:		
Purchases of marketable securities	(109,558)	(114,938)
Proceeds from maturities of marketable securities	59,023	69,918
Proceeds from sales of marketable securities	47,460	50,473
Payments for acquisition of property, plant and equipment	(11,085)	(7,309)
Payments made in connection with business acquisitions, net	(33)	(1,524)
Other	(352)	(909)
Cash used in investing activities	(14,545)	(4,289)
Financing activities:		
Proceeds from issuance of common stock	1,105	880
Payments for taxes related to net share settlement of equity awards	(6,556)	(3,634)
Payments for dividends and dividend equivalents	(14,467)	(14,081)
Repurchases of common stock	(85,971)	(72,358)
Proceeds from issuance of term debt, net	20,393	16,091
Repayments of term debt	(8,750)	(12,629)
Proceeds from/(Repayments of) commercial paper, net	1,022	(963)
Other	(129)	(126)
Cash used in financing activities	(93,353)	(86,820)
Decrease in cash, cash equivalents and restricted cash	(3,860)	(10,435)
Cash, cash equivalents and restricted cash, ending balances	\$ 35,929	\$ 39,789
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 25,385	\$ 9,501
Cash paid for interest	\$ 2,687	\$ 3,002