

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	
	December 31, 2022	December 25, 2021
Net sales:		
Products	\$ 96,388	\$ 104,429
Services	20,766	19,516
Total net sales ⁽¹⁾	117,154	123,945
Cost of sales:		
Products	60,765	64,309
Services	6,057	5,393
Total cost of sales	66,822	69,702
Gross margin	50,332	54,243
Operating expenses:		
Research and development	7,709	6,306
Selling, general and administrative	6,607	6,449
Total operating expenses	14,316	12,755
Operating income	36,016	41,488
Other income/(expense), net	(393)	(247)
Income before provision for income taxes	35,623	41,241
Provision for income taxes	5,625	6,611
Net income	\$ 29,998	\$ 34,630
Earnings per share:		
Basic	\$ 1.89	\$ 2.11
Diluted	\$ 1.88	\$ 2.10
Shares used in computing earnings per share:		
Basic	15,892,723	16,391,724
Diluted	15,955,718	16,519,291
⁽¹⁾ Net sales by reportable segment:		
Americas	\$ 49,278	\$ 51,496
Europe	27,681	29,749
Greater China	23,905	25,783
Japan	6,755	7,107
Rest of Asia Pacific	9,535	9,810
Total net sales	\$ 117,154	\$ 123,945
⁽¹⁾ Net sales by category:		
iPhone	\$ 65,775	\$ 71,628
Mac	7,735	10,852
iPad	9,396	7,248
Wearables, Home and Accessories	13,482	14,701
Services	20,766	19,516
Total net sales	\$ 117,154	\$ 123,945

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	<u>December 31, 2022</u>	<u>September 24, 2022</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 20,535	\$ 23,646
Marketable securities	30,820	24,658
Accounts receivable, net	23,752	28,184
Inventories	6,820	4,946
Vendor non-trade receivables	30,428	32,748
Other current assets	16,422	21,223
Total current assets	<u>128,777</u>	<u>135,405</u>
Non-current assets:		
Marketable securities	114,095	120,805
Property, plant and equipment, net	42,951	42,117
Other non-current assets	60,924	54,428
Total non-current assets	<u>217,970</u>	<u>217,350</u>
Total assets	<u>\$ 346,747</u>	<u>\$ 352,755</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 57,918	\$ 64,115
Other current liabilities	59,893	60,845
Deferred revenue	7,992	7,912
Commercial paper	1,743	9,982
Term debt	9,740	11,128
Total current liabilities	<u>137,286</u>	<u>153,982</u>
Non-current liabilities:		
Term debt	99,627	98,959
Other non-current liabilities	53,107	49,142
Total non-current liabilities	<u>152,734</u>	<u>148,101</u>
Total liabilities	<u>290,020</u>	<u>302,083</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 15,842,407 and 15,943,425 shares issued and outstanding, respectively	66,399	64,849
Retained earnings/(Accumulated deficit)	3,240	(3,068)
Accumulated other comprehensive income/(loss)	(12,912)	(11,109)
Total shareholders' equity	<u>56,727</u>	<u>50,672</u>
Total liabilities and shareholders' equity	<u>\$ 346,747</u>	<u>\$ 352,755</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Three Months Ended	
	December 31, 2022	December 25, 2021
Cash, cash equivalents and restricted cash, beginning balances	\$ 24,977	\$ 35,929
Operating activities:		
Net income	29,998	34,630
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	2,916	2,697
Share-based compensation expense	2,905	2,265
Other	(317)	849
Changes in operating assets and liabilities:		
Accounts receivable, net	4,275	(3,934)
Inventories	(1,807)	681
Vendor non-trade receivables	2,320	(9,812)
Other current and non-current assets	(4,099)	(4,921)
Accounts payable	(6,075)	19,813
Deferred revenue	131	462
Other current and non-current liabilities	3,758	4,236
Cash generated by operating activities	34,005	46,966
Investing activities:		
Purchases of marketable securities	(5,153)	(34,913)
Proceeds from maturities of marketable securities	7,127	11,309
Proceeds from sales of marketable securities	509	10,675
Payments for acquisition of property, plant and equipment	(3,787)	(2,803)
Other	(141)	(374)
Cash used in investing activities	(1,445)	(16,106)
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(2,316)	(2,888)
Payments for dividends and dividend equivalents	(3,768)	(3,732)
Repurchases of common stock	(19,475)	(20,478)
Repayments of term debt	(1,401)	—
Repayments of commercial paper, net	(8,214)	(1,000)
Other	(389)	(61)
Cash used in financing activities	(35,563)	(28,159)
Increase/(Decrease) in cash, cash equivalents and restricted cash	(3,003)	2,701
Cash, cash equivalents and restricted cash, ending balances	\$ 21,974	\$ 38,630
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 828	\$ 5,235
Cash paid for interest	\$ 703	\$ 531