Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

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

Net sales: Products 79,104 73,435 Services 12,75 10,875 Total net sales (1) 91,819 84,310 Cost of sales: 82,075 48,238 Products 52,075 48,238 Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: 8 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 3,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,191 3,902 Net income 3,282 3,941 Net income \$2,223 3,941 Seling, general and administrative 3,19 560 Operating income 25,569 23,346 Other income/(expense), net 3,89 3,91 Net income \$2,22 </th <th></th> <th></th> <th colspan="3">Three Months Ended</th>			Three Months Ended		
Products \$ 79,104 \$ 73,435 Services 12,715 10,875 Total net sales (1) 91,819 84,310 Cost of sales: Products 52,075 48,238 Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: 8 5.04 4,773,252 Basic				•	
Services 12,715 10,875 Total net sales (1) 91,819 84,310 Cost of sales: Products 52,075 48,238 Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$2,2,236 \$19,965 Earnings per share: \$5,04 \$4,22 Diluted \$4,99 \$4,18 Shares used in computing earnings per share: 4,415,040 4,735,820 Diluted 4,415,040 4,773,252	Net sales:				
Total net sales (1) 91,819 84,310 Cost of sales: 700 cts 48,238 52,075 48,238 48,238 4,527 4,041 4,041 700 cts 56,602 52,279 600 56,602 52,279 600 35,217 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,031 32,002 32,341 32,002 32,346 32,031 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,346 32,002 32,002 32,002 <t< td=""><td>Products</td><td>\$</td><td>79,104</td><td>\$</td><td>73,435</td></t<>	Products	\$	79,104	\$	73,435
Cost of sales: Products 52,075 48,238 Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Services		12,715		10,875
Products 52,075 48,238 Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$22,236 19,965 Earnings per share: Basic 5,04 4,22 Diluted 4,499 4,18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Total net sales (1)		91,819		84,310
Services 4,527 4,041 Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Cost of sales:				
Total cost of sales 56,602 52,279 Gross margin 35,217 32,031 Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Products		52,075		48,238
Gross margin 35,217 32,031 Operating expenses: 888 arch and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Services		4,527		4,041
Operating expenses: Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: 8 Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Total cost of sales		56,602		52,279
Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$22,236 \$19,965 Earnings per share: Basic \$4.99 \$4.18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Gross margin		35,217		32,031
Research and development 4,451 3,902 Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$22,236 \$19,965 Earnings per share: Basic \$4.99 \$4.18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252					
Selling, general and administrative 5,197 4,783 Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$22,236 \$19,965 Earnings per share: Basic \$5.04 \$4.22 Diluted \$4.99 \$4.18 Shares used in computing earnings per share: 8 4,415,040 4,735,820 Diluted 4,454,604 4,773,252					
Total operating expenses 9,648 8,685 Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252					·
Operating income 25,569 23,346 Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: Basic \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Selling, general and administrative		5,197		
Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Total operating expenses		9,648		8,685
Other income/(expense), net 349 560 Income before provision for income taxes 25,918 23,906 Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Operating income		25,569		23,346
Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	-				
Provision for income taxes 3,682 3,941 Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Income before provision for income taxes		25,918		23,906
Net income \$ 22,236 \$ 19,965 Earnings per share: \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: \$ 4,415,040 4,735,820 Diluted 4,454,604 4,773,252					
Basic \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Net income	\$	22,236	\$	
Basic \$ 5.04 \$ 4.22 Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252					
Diluted \$ 4.99 \$ 4.18 Shares used in computing earnings per share: 8 4.99 \$ 4.18 Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Earnings per share:				
Shares used in computing earnings per share: Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Basic	\$	5.04	\$	4.22
Basic 4,415,040 4,735,820 Diluted 4,454,604 4,773,252	Diluted	\$	4.99	\$	4.18
Diluted 4,454,604 4,773,252	Shares used in computing earnings per share:				
	Basic		4,415,040		4,735,820
(1) Net sales by reportable segment:	Diluted		4,454,604		4,773,252
⁽¹⁾ Net sales by reportable segment:					
	(1) Net sales by reportable segment:				
Americas \$ 41,367 \$ 36,940	Americas	\$	41,367	\$	36,940
Europe 23,273 20,363	Europe		23,273		20,363
Greater China 13,578 13,169	Greater China		13,578		13,169
Japan 6,223 6,910					6,910
Rest of Asia Pacific 7,378 6,928	Rest of Asia Pacific		7,378		6,928
Total net sales <u>\$ 91,819</u> <u>\$ 84,310</u>	Total net sales	\$	91,819	\$	84,310
(1) Net sales by category:	(1) Net sales by category:				
iPhone \$ 55,957 \$ 51,982		\$	55,957	\$	51,982
Mac 7,160 7,416					
iPad 5,977 6,729					
Wearables, Home and Accessories 10,010 7,308	Wearables, Home and Accessories				
Services 12,715 10,875	Services		12,715		
	Total net sales	\$		\$	84,310

Apple Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	December 28, 2019		September 28, 2019	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$	39,771	\$	48,844
Marketable securities		67,391		51,713
Accounts receivable, net		20,970		22,926
Inventories		4,097		4,106
Vendor non-trade receivables		18,976		22,878
Other current assets		12,026		12,352
Total current assets		163,231		162,819
Non-current assets:				
Marketable securities		99,899		105,341
Property, plant and equipment, net		37,031		37,378
Other non-current assets		40,457		32,978
Total non-current assets		177,387		175,697
Total assets	\$	340,618	\$	338,516
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities:				
Accounts payable	\$	45,111	ф	46,236
Other current liabilities	Ψ	36,263	Ψ	37,720
Deferred revenue		5,573		5,522
Commercial paper		4,990		5,980
Term debt		10,224		
	_	•	_	10,260
Total current liabilities		102,161		105,718
Non-current liabilities:				
Term debt		93,078		91,807
Other non-current liabilities		55,848		50,503
Total non-current liabilities		148,926		142,310
Total liabilities		251,087		248,028
		· ·		·
Commitments and contingencies				
Shareholders' equity:				
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,384,959 and 4,443,236 shares issued and outstanding, respectively		45,972		45,174
Retained earnings		43,977		45,898
Accumulated other comprehensive income/(loss)		(418)		(584)
Total shareholders' equity		89,531		90,488
Total liabilities and shareholders' equity	\$	340,618	\$	338,516
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Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Dec	Three Mor		December 29,	
	2019		2018		
Cash, cash equivalents and restricted cash, beginning balances	\$	50,224	\$	25,913	
Operating activities:					
Net income		22,236		19,965	
Adjustments to reconcile net income to cash generated by operating activities:					
Depreciation and amortization		2,816		3,395	
Share-based compensation expense		1,710		1,559	
Deferred income tax expense/(benefit)		(349)		53	
Other		(142)		(54	
Changes in operating assets and liabilities:					
Accounts receivable, net		2,015		5,130	
Inventories		(28)		(1,076	
Vendor non-trade receivables		3,902		6,90	
Other current and non-current assets		(7,054)		(886	
Accounts payable		(1,089)		(8,50	
Deferred revenue		985		(370	
Other current and non-current liabilities		5,514		570	
Cash generated by operating activities		30,516		26,690	
nvesting activities:					
Purchases of marketable securities		(37,416)		(7,07	
Proceeds from maturities of marketable securities		19,740		7,203	
Proceeds from sales of marketable securities		7,280		9,723	
Payments for acquisition of property, plant and equipment		(2,107)		(3,35	
Payments made in connection with business acquisitions, net		(958)		(16	
Purchases of non-marketable securities		(77)		(42	
Other		(130)		(56	
Cash generated by/(used in) investing activities		(13,668)		5,844	
inancing activities:					
Proceeds from issuance of common stock		2		_	
Payments for taxes related to net share settlement of equity awards		(1,379)		(1,318	
Payments for dividends and dividend equivalents		(3,539)		(3,568	
Repurchases of common stock		(20,706)		(8,796	
Proceeds from issuance of term debt, net		2,210		_	
Repayments of term debt		(1,000)		_	
Proceeds from/(Repayments of) commercial paper, net		(979)		(
Other		(16)		_	
Cash used in financing activities		(25,407)		(13,676	
ncrease/(Decrease) in cash, cash equivalents and restricted cash		(8,559)		18,858	
Cash, cash equivalents and restricted cash, ending balances	\$	41,665	\$	44,77	
Supplemental cash flow disclosure:	<u>-</u>	,			
Cash paid for income taxes, net	\$	4,393	\$	4,916	
Cash paid for interest	\$	771		836	