

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 27, 2025	December 28, 2024
Net sales:		
Products	\$ 113,743	\$ 97,960
Services	30,013	26,340
Total net sales ⁽¹⁾	<u>143,756</u>	<u>124,300</u>
Cost of sales:		
Products	67,478	59,447
Services	7,047	6,578
Total cost of sales	<u>74,525</u>	<u>66,025</u>
Gross margin	<u>69,231</u>	<u>58,275</u>
Operating expenses:		
Research and development	10,887	8,268
Selling, general and administrative	7,492	7,175
Total operating expenses	<u>18,379</u>	<u>15,443</u>
Operating income	50,852	42,832
Other income/(expense), net	<u>150</u>	<u>(248)</u>
Income before provision for income taxes	51,002	42,584
Provision for income taxes	8,905	6,254
Net income	<u>\$ 42,097</u>	<u>\$ 36,330</u>
Earnings per share:		
Basic	\$ 2.85	\$ 2.41
Diluted	\$ 2.84	\$ 2.40
Shares used in computing earnings per share:		
Basic	14,748,158	15,081,724
Diluted	14,810,356	15,150,865
(¹) Net sales by reportable segment:		
Americas	\$ 58,529	\$ 52,648
Europe	38,146	33,861
Greater China	25,526	18,513
Japan	9,413	8,987
Rest of Asia Pacific	<u>12,142</u>	<u>10,291</u>
Total net sales	<u>\$ 143,756</u>	<u>\$ 124,300</u>
(¹) Net sales by category:		
iPhone	\$ 85,269	\$ 69,138
Mac	8,386	8,987
iPad	8,595	8,088
Wearables, Home and Accessories	11,493	11,747
Services	<u>30,013</u>	<u>26,340</u>
Total net sales	<u>\$ 143,756</u>	<u>\$ 124,300</u>

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	December 27, 2025	September 27, 2025
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 45,317	\$ 35,934
Marketable securities	21,590	18,763
Accounts receivable, net	39,921	39,777
Vendor non-trade receivables	30,399	33,180
Inventories	5,875	5,718
Other current assets	15,002	14,585
Total current assets	158,104	147,957
Non-current assets:		
Marketable securities	77,888	77,723
Property, plant and equipment, net	50,159	49,834
Other non-current assets	93,146	83,727
Total non-current assets	221,193	211,284
Total assets	<u><u>\$ 379,297</u></u>	<u><u>\$ 359,241</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 70,587	\$ 69,860
Other current liabilities	68,543	66,387
Deferred revenue	9,413	9,055
Commercial paper	1,997	7,979
Term debt	11,827	12,350
Total current liabilities	162,367	165,631
Non-current liabilities:		
Term debt	76,685	78,328
Other non-current liabilities	52,055	41,549
Total non-current liabilities	128,740	119,877
Total liabilities	<u><u>291,107</u></u>	<u><u>285,508</u></u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 14,702,703 and 14,773,260 shares issued and outstanding, respectively	95,221	93,568
Accumulated deficit	(2,177)	(14,264)
Accumulated other comprehensive loss	(4,854)	(5,571)
Total shareholders' equity	88,190	73,733
Total liabilities and shareholders' equity	<u><u>\$ 379,297</u></u>	<u><u>\$ 359,241</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Three Months Ended	
	December 27, 2025	December 28, 2024
Cash, cash equivalents, and restricted cash and cash equivalents, beginning balances	\$ 35,934	\$ 29,943
Operating activities:		
Net income	42,097	36,330
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	3,214	3,080
Share-based compensation expense	3,594	3,286
Other	(528)	(2,009)
Changes in operating assets and liabilities:		
Accounts receivable, net	(153)	3,597
Vendor non-trade receivables	2,781	3,166
Inventories	(211)	215
Other current and non-current assets	(10,250)	939
Accounts payable	848	(6,671)
Other current and non-current liabilities	12,533	(11,998)
Cash generated by operating activities	<u>53,925</u>	<u>29,935</u>
Investing activities:		
Purchases of marketable securities	(12,693)	(6,124)
Proceeds from maturities of marketable securities	7,510	15,967
Proceeds from sales of marketable securities	2,824	3,492
Payments for acquisition of property, plant and equipment	(2,373)	(2,940)
Other	(154)	(603)
Cash generated by/(used in) investing activities	<u>(4,886)</u>	<u>9,792</u>
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(2,922)	(2,921)
Payments for dividends and dividend equivalents	(3,921)	(3,856)
Repurchases of common stock	(24,701)	(23,606)
Repayments of term debt	(2,164)	(1,009)
Repayments of commercial paper, net	(5,910)	(7,944)
Other	(38)	(35)
Cash used in financing activities	<u>(39,656)</u>	<u>(39,371)</u>
Increase in cash, cash equivalents, and restricted cash and cash equivalents	9,383	356
Cash, cash equivalents, and restricted cash and cash equivalents, ending balances	<u>\$ 45,317</u>	<u>\$ 30,299</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 3,434	\$ 18,651