

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 26, 2020	December 28, 2019
Net sales:		
Products	\$ 95,678	\$ 79,104
Services	15,761	12,715
Total net sales ⁽¹⁾	111,439	91,819
Cost of sales:		
Products	62,130	52,075
Services	4,981	4,527
Total cost of sales	67,111	56,602
Gross margin	44,328	35,217
Operating expenses:		
Research and development	5,163	4,451
Selling, general and administrative	5,631	5,197
Total operating expenses	10,794	9,648
Operating income	33,534	25,569
Other income/(expense), net	45	349
Income before provision for income taxes	33,579	25,918
Provision for income taxes	4,824	3,682
Net income	<u>\$ 28,755</u>	<u>\$ 22,236</u>
Earnings per share:		
Basic	\$ 1.70	\$ 1.26
Diluted	\$ 1.68	\$ 1.25
Shares used in computing earnings per share:		
Basic	16,935,119	17,660,160
Diluted	17,113,688	17,818,417
⁽¹⁾ Net sales by reportable segment:		
Americas	\$ 46,310	\$ 41,367
Europe	27,306	23,273
Greater China	21,313	13,578
Japan	8,285	6,223
Rest of Asia Pacific	8,225	7,378
Total net sales	<u>\$ 111,439</u>	<u>\$ 91,819</u>
⁽¹⁾ Net sales by category:		
iPhone	\$ 65,597	\$ 55,957
Mac	8,675	7,160
iPad	8,435	5,977
Wearables, Home and Accessories	12,971	10,010
Services	15,761	12,715
Total net sales	<u>\$ 111,439</u>	<u>\$ 91,819</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 26, 2020	September 26, 2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 36,010	\$ 38,016
Marketable securities	40,816	52,927
Accounts receivable, net	27,101	16,120
Inventories	4,973	4,061
Vendor non-trade receivables	31,519	21,325
Other current assets	13,687	11,264
Total current assets	154,106	143,713
Non-current assets:		
Marketable securities	118,745	100,887
Property, plant and equipment, net	37,933	36,766
Other non-current assets	43,270	42,522
Total non-current assets	199,948	180,175
Total assets	\$ 354,054	\$ 323,888
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 63,846	\$ 42,296
Other current liabilities	48,504	42,684
Deferred revenue	7,395	6,643
Commercial paper	5,000	4,996
Term debt	7,762	8,773
Total current liabilities	132,507	105,392
Non-current liabilities:		
Term debt	99,281	98,667
Other non-current liabilities	56,042	54,490
Total non-current liabilities	155,323	153,157
Total liabilities	287,830	258,549
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,823,263 and 16,976,763 shares issued and outstanding, respectively	51,744	50,779
Retained earnings	14,301	14,966
Accumulated other comprehensive income/(loss)	179	(406)
Total shareholders' equity	66,224	65,339
Total liabilities and shareholders' equity	\$ 354,054	\$ 323,888

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Three Months Ended	
	December 26, 2020	December 28, 2019
Cash, cash equivalents and restricted cash, beginning balances	\$ 39,789	\$ 50,224
Operating activities:		
Net income	28,755	22,236
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	2,666	2,816
Share-based compensation expense	2,020	1,710
Deferred income tax benefit	(58)	(349)
Other	25	(142)
Changes in operating assets and liabilities:		
Accounts receivable, net	(10,945)	2,015
Inventories	(950)	(28)
Vendor non-trade receivables	(10,194)	3,902
Other current and non-current assets	(3,526)	(7,054)
Accounts payable	21,670	(1,089)
Deferred revenue	1,341	985
Other current and non-current liabilities	7,959	5,514
Cash generated by operating activities	38,763	30,516
Investing activities:		
Purchases of marketable securities	(39,800)	(37,416)
Proceeds from maturities of marketable securities	25,177	19,740
Proceeds from sales of marketable securities	9,344	7,280
Payments for acquisition of property, plant and equipment	(3,500)	(2,107)
Payments made in connection with business acquisitions, net	(9)	(958)
Other	204	(207)
Cash used in investing activities	(8,584)	(13,668)
Financing activities:		
Proceeds from issuance of common stock	—	2
Payments for taxes related to net share settlement of equity awards	(2,861)	(1,379)
Payments for dividends and dividend equivalents	(3,613)	(3,539)
Repurchases of common stock	(24,775)	(20,706)
Proceeds from issuance of term debt, net	—	2,210
Repayments of term debt	(1,000)	(1,000)
Proceeds from/(Repayments of) commercial paper, net	22	(979)
Other	(22)	(16)
Cash used in financing activities	(32,249)	(25,407)
Decrease in cash, cash equivalents and restricted cash	(2,070)	(8,559)
Cash, cash equivalents and restricted cash, ending balances	\$ 37,719	\$ 41,665
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 1,787	\$ 4,393
Cash paid for interest	\$ 619	\$ 771