

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 25, 2021	December 26, 2020
Net sales:		
Products	\$ 104,429	\$ 95,678
Services	19,516	15,761
Total net sales ⁽¹⁾	123,945	111,439
Cost of sales:		
Products	64,309	62,130
Services	5,393	4,981
Total cost of sales	69,702	67,111
Gross margin	54,243	44,328
Operating expenses:		
Research and development	6,306	5,163
Selling, general and administrative	6,449	5,631
Total operating expenses	12,755	10,794
Operating income	41,488	33,534
Other income/(expense), net	(247)	45
Income before provision for income taxes	41,241	33,579
Provision for income taxes	6,611	4,824
Net income	\$ 34,630	\$ 28,755
Earnings per share:		
Basic	\$ 2.11	\$ 1.70
Diluted	\$ 2.10	\$ 1.68
Shares used in computing earnings per share:		
Basic	16,391,724	16,935,119
Diluted	16,519,291	17,113,688
⁽¹⁾ Net sales by reportable segment:		
Americas	\$ 51,496	\$ 46,310
Europe	29,749	27,306
Greater China	25,783	21,313
Japan	7,107	8,285
Rest of Asia Pacific	9,810	8,225
Total net sales	\$ 123,945	\$ 111,439
⁽¹⁾ Net sales by category:		
iPhone	\$ 71,628	\$ 65,597
Mac	10,852	8,675
iPad	7,248	8,435
Wearables, Home and Accessories	14,701	12,971
Services	19,516	15,761
Total net sales	\$ 123,945	\$ 111,439

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	December 25, 2021	September 25, 2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 37,119	\$ 34,940
Marketable securities	26,794	27,699
Accounts receivable, net	30,213	26,278
Inventories	5,876	6,580
Vendor non-trade receivables	35,040	25,228
Other current assets	18,112	14,111
Total current assets	153,154	134,836
Non-current assets:		
Marketable securities	138,683	127,877
Property, plant and equipment, net	39,245	39,440
Other non-current assets	50,109	48,849
Total non-current assets	228,037	216,166
Total assets	\$ 381,191	\$ 351,002
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 74,362	\$ 54,763
Other current liabilities	49,167	47,493
Deferred revenue	7,876	7,612
Commercial paper	5,000	6,000
Term debt	11,169	9,613
Total current liabilities	147,574	125,481
Non-current liabilities:		
Term debt	106,629	109,106
Other non-current liabilities	55,056	53,325
Total non-current liabilities	161,685	162,431
Total liabilities	309,259	287,912
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,340,851 and 16,426,786 shares issued and outstanding, respectively	58,424	57,365
Retained earnings	14,435	5,562
Accumulated other comprehensive income/(loss)	(927)	163
Total shareholders' equity	71,932	63,090
Total liabilities and shareholders' equity	\$ 381,191	\$ 351,002

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Three Months Ended	
	December 25, 2021	December 26, 2020
Cash, cash equivalents and restricted cash, beginning balances	\$ 35,929	\$ 39,789
Operating activities:		
Net income	34,630	28,755
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	2,697	2,666
Share-based compensation expense	2,265	2,020
Deferred income tax expense/(benefit)	682	(58)
Other	167	25
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,934)	(10,945)
Inventories	681	(950)
Vendor non-trade receivables	(9,812)	(10,194)
Other current and non-current assets	(4,921)	(3,526)
Accounts payable	19,813	21,670
Deferred revenue	462	1,341
Other current and non-current liabilities	4,236	7,959
Cash generated by operating activities	<u>46,966</u>	<u>38,763</u>
Investing activities:		
Purchases of marketable securities	(34,913)	(39,800)
Proceeds from maturities of marketable securities	11,309	25,177
Proceeds from sales of marketable securities	10,675	9,344
Payments for acquisition of property, plant and equipment	(2,803)	(3,500)
Other	(374)	195
Cash used in investing activities	<u>(16,106)</u>	<u>(8,584)</u>
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(2,888)	(2,861)
Payments for dividends and dividend equivalents	(3,732)	(3,613)
Repurchases of common stock	(20,478)	(24,775)
Repayments of term debt	—	(1,000)
Proceeds from/(Repayments of) commercial paper, net	(1,000)	22
Other	(61)	(22)
Cash used in financing activities	<u>(28,159)</u>	<u>(32,249)</u>
Increase/(Decrease) in cash, cash equivalents and restricted cash	2,701	(2,070)
Cash, cash equivalents and restricted cash, ending balances	<u>\$ 38,630</u>	<u>\$ 37,719</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 5,235	\$ 1,787
Cash paid for interest	\$ 531	\$ 619