

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		Nine Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales:				
Products	\$ 46,529	\$ 42,354	\$ 170,598	\$ 162,354
Services	13,156	11,455	39,219	33,780
Total net sales ⁽¹⁾	59,685	53,809	209,817	196,134
Cost of sales:				
Products	32,693	29,473	116,089	109,758
Services	4,312	4,109	13,461	12,297
Total cost of sales	37,005	33,582	129,550	122,055
Gross margin	22,680	20,227	80,267	74,079
Operating expenses:				
Research and development	4,758	4,257	13,774	12,107
Selling, general and administrative	4,831	4,426	14,980	13,667
Total operating expenses	9,589	8,683	28,754	25,774
Operating income	13,091	11,544	51,513	48,305
Other income/(expense), net	46	367	677	1,305
Income before provision for income taxes	13,137	11,911	52,190	49,610
Provision for income taxes	1,884	1,867	7,452	8,040
Net income	\$ 11,253	\$ 10,044	\$ 44,738	\$ 41,570
Earnings per share:				
Basic	\$ 2.61	\$ 2.20	\$ 10.25	\$ 8.92
Diluted	\$ 2.58	\$ 2.18	\$ 10.16	\$ 8.86
Shares used in computing earnings per share:				
Basic	4,312,573	4,570,633	4,362,571	4,660,175
Diluted	4,354,788	4,601,380	4,404,695	4,691,759
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 27,018	\$ 25,056	\$ 93,858	\$ 87,592
Europe	14,173	11,925	51,740	45,342
Greater China	9,329	9,157	32,362	32,544
Japan	4,966	4,082	16,395	16,524
Rest of Asia Pacific	4,199	3,589	15,462	14,132
Total net sales	\$ 59,685	\$ 53,809	\$ 209,817	\$ 196,134
⁽¹⁾ Net sales by category:				
iPhone	\$ 26,418	\$ 25,986	\$ 111,337	\$ 109,019
Mac	7,079	5,820	19,590	18,749
iPad	6,582	5,023	16,927	16,624
Wearables, Home and Accessories	6,450	5,525	22,744	17,962
Services	13,156	11,455	39,219	33,780
Total net sales	\$ 59,685	\$ 53,809	\$ 209,817	\$ 196,134

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	<u>June 27, 2020</u>	<u>September 28, 2019</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 33,383	\$ 48,844
Marketable securities	59,642	51,713
Accounts receivable, net	17,882	22,926
Inventories	3,978	4,106
Vendor non-trade receivables	14,193	22,878
Other current assets	10,987	12,352
Total current assets	<u>140,065</u>	<u>162,819</u>
Non-current assets:		
Marketable securities	100,592	105,341
Property, plant and equipment, net	35,687	37,378
Other non-current assets	41,000	32,978
Total non-current assets	<u>177,279</u>	<u>175,697</u>
Total assets	<u>\$ 317,344</u>	<u>\$ 338,516</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 35,325	\$ 46,236
Other current liabilities	35,005	37,720
Deferred revenue	6,313	5,522
Commercial paper and repurchase agreements	11,166	5,980
Term debt	7,509	10,260
Total current liabilities	<u>95,318</u>	<u>105,718</u>
Non-current liabilities:		
Term debt	94,048	91,807
Other non-current liabilities	55,696	50,503
Total non-current liabilities	<u>149,744</u>	<u>142,310</u>
Total liabilities	<u>245,062</u>	<u>248,028</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,283,939 and 4,443,236 shares issued and outstanding, respectively	48,696	45,174
Retained earnings	24,136	45,898
Accumulated other comprehensive income/(loss)	(550)	(584)
Total shareholders' equity	<u>72,282</u>	<u>90,488</u>
Total liabilities and shareholders' equity	<u>\$ 317,344</u>	<u>\$ 338,516</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Nine Months Ended	
	June 27, 2020	June 29, 2019
Cash, cash equivalents and restricted cash, beginning balances	\$ 50,224	\$ 25,913
Operating activities:		
Net income	44,738	41,570
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	8,354	9,368
Share-based compensation expense	5,105	4,569
Deferred income tax expense/(benefit)	182	(38)
Other	(94)	(340)
Changes in operating assets and liabilities:		
Accounts receivable, net	5,149	9,013
Inventories	10	496
Vendor non-trade receivables	8,685	13,483
Other current and non-current assets	(6,760)	693
Accounts payable	(10,787)	(19,804)
Deferred revenue	1,649	(776)
Other current and non-current liabilities	3,867	(8,753)
Cash generated by operating activities	60,098	49,481
Investing activities:		
Purchases of marketable securities	(96,606)	(21,902)
Proceeds from maturities of marketable securities	54,865	26,783
Proceeds from sales of marketable securities	39,760	49,516
Payments for acquisition of property, plant and equipment	(5,525)	(7,718)
Payments made in connection with business acquisitions, net	(1,473)	(611)
Purchases of non-marketable securities	(210)	(632)
Proceeds from non-marketable securities	58	1,526
Other	(689)	(268)
Cash generated by/(used in) investing activities	(9,820)	46,694
Financing activities:		
Proceeds from issuance of common stock	430	391
Payments for taxes related to net share settlement of equity awards	(3,234)	(2,626)
Payments for dividends and dividend equivalents	(10,570)	(10,640)
Repurchases of common stock	(55,171)	(49,453)
Proceeds from issuance of term debt, net	10,635	—
Repayments of term debt	(12,629)	(5,500)
Proceeds from/(Repayments of) commercial paper, net	31	(2,026)
Proceeds from repurchase agreements	5,165	—
Other	(120)	(83)
Cash used in financing activities	(65,463)	(69,937)
Increase/(Decrease) in cash, cash equivalents and restricted cash	(15,185)	26,238
Cash, cash equivalents and restricted cash, ending balances	\$ 35,039	\$ 52,151
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 8,410	\$ 11,795
Cash paid for interest	\$ 2,275	\$ 2,563