

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 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Net sales:				
Products	\$ 63,948	\$ 46,529	\$ 232,309	\$ 170,598
Services	17,486	13,156	50,148	39,219
Total net sales <sup>(1)</sup>	81,434	59,685	282,457	209,817
Cost of sales:				
Products	40,899	32,693	149,476	116,089
Services	5,280	4,312	15,319	13,461
Total cost of sales	46,179	37,005	164,795	129,550
Gross margin	35,255	22,680	117,662	80,267
Operating expenses:				
Research and development	5,717	4,758	16,142	13,774
Selling, general and administrative	5,412	4,831	16,357	14,980
Total operating expenses	11,129	9,589	32,499	28,754
Operating income	24,126	13,091	85,163	51,513
Other income/(expense), net	243	46	796	677
Income before provision for income taxes	24,369	13,137	85,959	52,190
Provision for income taxes	2,625	1,884	11,830	7,452
Net income	\$ 21,744	\$ 11,253	\$ 74,129	\$ 44,738
Earnings per share:				
Basic	\$ 1.31	\$ 0.65	\$ 4.42	\$ 2.56
Diluted	\$ 1.30	\$ 0.65	\$ 4.38	\$ 2.54
Shares used in computing earnings per share:				
Basic	16,629,371	17,250,291	16,772,656	17,450,284
Diluted	16,781,735	17,419,154	16,941,527	17,618,778
<sup>(1)</sup> Net sales by reportable segment:				
Americas	\$ 35,870	\$ 27,018	\$ 116,486	\$ 93,858
Europe	18,943	14,173	68,513	51,740
Greater China	14,762	9,329	53,803	32,362
Japan	6,464	4,966	22,491	16,395
Rest of Asia Pacific	5,395	4,199	21,164	15,462
Total net sales	\$ 81,434	\$ 59,685	\$ 282,457	\$ 209,817
<sup>(1)</sup> Net sales by category:				
iPhone	\$ 39,570	\$ 26,418	\$ 153,105	\$ 111,337
Mac	8,235	7,079	26,012	19,590
iPad	7,368	6,582	23,610	16,927
Wearables, Home and Accessories	8,775	6,450	29,582	22,744
Services	17,486	13,156	50,148	39,219
Total net sales	\$ 81,434	\$ 59,685	\$ 282,457	\$ 209,817

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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 26, 2021</u>	<u>September 26, 2020</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 34,050	\$ 38,016
Marketable securities	27,646	52,927
Accounts receivable, net	17,475	16,120
Inventories	5,178	4,061
Vendor non-trade receivables	16,433	21,325
Other current assets	13,641	11,264
Total current assets	<u>114,423</u>	<u>143,713</u>
Non-current assets:		
Marketable securities	131,948	100,887
Property, plant and equipment, net	38,615	36,766
Other non-current assets	44,854	42,522
Total non-current assets	<u>215,417</u>	<u>180,175</u>
Total assets	<u>\$ 329,840</u>	<u>\$ 323,888</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$ 40,409	\$ 42,296
Other current liabilities	43,625	42,684
Deferred revenue	7,681	6,643
Commercial paper	8,000	4,996
Term debt	8,039	8,773
Total current liabilities	<u>107,754</u>	<u>105,392</u>
Non-current liabilities:		
Term debt	105,752	98,667
Other non-current liabilities	52,054	54,490
Total non-current liabilities	<u>157,806</u>	<u>153,157</u>
Total liabilities	<u>265,560</u>	<u>258,549</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,556,942 and 16,976,763 shares issued and outstanding, respectively	54,989	50,779
Retained earnings	9,233	14,966
Accumulated other comprehensive income/(loss)	58	(406)
Total shareholders' equity	<u>64,280</u>	<u>65,339</u>
Total liabilities and shareholders' equity	<u>\$ 329,840</u>	<u>\$ 323,888</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Nine Months Ended	
	June 26, 2021	June 27, 2020
Cash, cash equivalents and restricted cash, beginning balances	\$ 39,789	\$ 50,224
<b>Operating activities:</b>		
Net income	74,129	44,738
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	8,295	8,354
Share-based compensation expense	5,961	5,105
Deferred income tax expense/(benefit)	(737)	182
Other	(689)	(94)
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,316)	5,149
Inventories	(1,213)	10
Vendor non-trade receivables	4,892	8,685
Other current and non-current assets	(5,899)	(6,760)
Accounts payable	(1,786)	(10,787)
Deferred revenue	1,738	1,649
Other current and non-current liabilities	463	3,867
Cash generated by operating activities	<u>83,838</u>	<u>60,098</u>
<b>Investing activities:</b>		
Purchases of marketable securities	(94,052)	(96,606)
Proceeds from maturities of marketable securities	49,880	54,865
Proceeds from sales of marketable securities	36,745	39,760
Payments for acquisition of property, plant and equipment	(7,862)	(5,525)
Payments made in connection with business acquisitions, net	(13)	(1,473)
Other	(78)	(841)
Cash used in investing activities	<u>(15,380)</u>	<u>(9,820)</u>
<b>Financing activities:</b>		
Proceeds from issuance of common stock	561	430
Payments for taxes related to net share settlement of equity awards	(5,855)	(3,234)
Payments for dividends and dividend equivalents	(10,827)	(10,570)
Repurchases of common stock	(66,223)	(55,171)
Proceeds from issuance of term debt, net	13,923	10,635
Repayments of term debt	(7,500)	(12,629)
Proceeds from commercial paper, net	3,022	31
Proceeds from repurchase agreements	—	5,165
Other	(72)	(120)
Cash used in financing activities	<u>(72,971)</u>	<u>(65,463)</u>
Decrease in cash, cash equivalents and restricted cash	(4,513)	(15,185)
Cash, cash equivalents and restricted cash, ending balances	<u>\$ 35,276</u>	<u>\$ 35,039</u>
<b>Supplemental cash flow disclosure:</b>		
Cash paid for income taxes, net	\$ 18,536	\$ 8,410
Cash paid for interest	\$ 1,870	\$ 2,275