

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		Six Months Ended	
	March 27, 2021	March 28, 2020	March 27, 2021	March 28, 2020
Net sales:				
Products	\$ 72,683	\$ 44,965	\$ 168,361	\$ 124,069
Services	16,901	13,348	32,662	26,063
Total net sales ⁽¹⁾	89,584	58,313	201,023	150,132
Cost of sales:				
Products	46,447	31,321	108,577	83,396
Services	5,058	4,622	10,039	9,149
Total cost of sales	51,505	35,943	118,616	92,545
Gross margin	38,079	22,370	82,407	57,587
Operating expenses:				
Research and development	5,262	4,565	10,425	9,016
Selling, general and administrative	5,314	4,952	10,945	10,149
Total operating expenses	10,576	9,517	21,370	19,165
Operating income	27,503	12,853	61,037	38,422
Other income/(expense), net	508	282	553	631
Income before provision for income taxes	28,011	13,135	61,590	39,053
Provision for income taxes	4,381	1,886	9,205	5,568
Net income	\$ 23,630	\$ 11,249	\$ 52,385	\$ 33,485
Earnings per share:				
Basic	\$ 1.41	\$ 0.64	\$ 3.11	\$ 1.91
Diluted	\$ 1.40	\$ 0.64	\$ 3.08	\$ 1.89
Shares used in computing earnings per share:				
Basic	16,753,476	17,440,402	16,844,298	17,550,281
Diluted	16,929,157	17,618,765	17,021,423	17,718,591
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 34,306	\$ 25,473	\$ 80,616	\$ 66,840
Europe	22,264	14,294	49,570	37,567
Greater China	17,728	9,455	39,041	23,033
Japan	7,742	5,206	16,027	11,429
Rest of Asia Pacific	7,544	3,885	15,769	11,263
Total net sales	\$ 89,584	\$ 58,313	\$ 201,023	\$ 150,132
⁽¹⁾ Net sales by category:				
iPhone	\$ 47,938	\$ 28,962	\$ 113,535	\$ 84,919
Mac	9,102	5,351	17,777	12,511
iPad	7,807	4,368	16,242	10,345
Wearables, Home and Accessories	7,836	6,284	20,807	16,294
Services	16,901	13,348	32,662	26,063
Total net sales	\$ 89,584	\$ 58,313	\$ 201,023	\$ 150,132

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	<u>March 27, 2021</u>	<u>September 26, 2020</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 38,466	\$ 38,016
Marketable securities	31,368	52,927
Accounts receivable, net	18,503	16,120
Inventories	5,219	4,061
Vendor non-trade receivables	14,533	21,325
Other current assets	13,376	11,264
Total current assets	<u>121,465</u>	<u>143,713</u>
Non-current assets:		
Marketable securities	134,539	100,887
Property, plant and equipment, net	37,815	36,766
Other non-current assets	43,339	42,522
Total non-current assets	<u>215,693</u>	<u>180,175</u>
Total assets	<u>\$ 337,158</u>	<u>\$ 323,888</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 40,127	\$ 42,296
Other current liabilities	45,660	42,684
Deferred revenue	7,595	6,643
Commercial paper	5,000	4,996
Term debt	8,003	8,773
Total current liabilities	<u>106,385</u>	<u>105,392</u>
Non-current liabilities:		
Term debt	108,642	98,667
Other non-current liabilities	52,953	54,490
Total non-current liabilities	<u>161,595</u>	<u>153,157</u>
Total liabilities	<u>267,980</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; 16,686,305 and 16,976,763 shares issued and outstanding, respectively	54,203	50,779
Retained earnings	15,261	14,966
Accumulated other comprehensive income/(loss)	(286)	(406)
Total shareholders' equity	<u>69,178</u>	<u>65,339</u>
Total liabilities and shareholders' equity	<u>\$ 337,158</u>	<u>\$ 323,888</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Six Months Ended	
	March 27, 2021	March 28, 2020
Cash, cash equivalents and restricted cash, beginning balances	\$ 39,789	\$ 50,224
Operating activities:		
Net income	52,385	33,485
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	5,463	5,602
Share-based compensation expense	4,001	3,407
Deferred income tax benefit	(207)	(651)
Other	(474)	(259)
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,347)	7,284
Inventories	(1,226)	699
Vendor non-trade receivables	6,792	7,923
Other current and non-current assets	(4,333)	(8,866)
Accounts payable	(1,997)	(13,520)
Deferred revenue	1,642	1,223
Other current and non-current liabilities	3,045	7,500
Cash generated by operating activities	62,744	43,827
Investing activities:		
Purchases of marketable securities	(74,424)	(66,489)
Proceeds from maturities of marketable securities	39,605	39,738
Proceeds from sales of marketable securities	21,645	27,762
Payments for acquisition of property, plant and equipment	(5,769)	(3,960)
Payments made in connection with business acquisitions, net	(9)	(1,134)
Other	—	(572)
Cash used in investing activities	(18,952)	(4,655)
Financing activities:		
Proceeds from issuance of common stock	561	430
Payments for taxes related to net share settlement of equity awards	(3,160)	(1,566)
Payments for dividends and dividend equivalents	(7,060)	(6,914)
Repurchases of common stock	(43,323)	(39,280)
Proceeds from issuance of term debt, net	13,923	2,210
Repayments of term debt	(4,500)	(5,250)
Proceeds from commercial paper, net	22	1,518
Proceeds from repurchase agreement	—	2,556
Other	(38)	(51)
Cash used in financing activities	(43,575)	(46,347)
Increase/(Decrease) in cash, cash equivalents and restricted cash	217	(7,175)
Cash, cash equivalents and restricted cash, ending balances	\$ 40,006	\$ 43,049
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 10,276	\$ 7,505
Cash paid for interest	\$ 1,327	\$ 1,689