

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 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Net sales:				
Products	\$ 44,965	\$ 46,565	\$ 124,069	\$ 120,000
Services	13,348	11,450	26,063	22,325
Total net sales ⁽¹⁾	58,313	58,015	150,132	142,325
Cost of sales:				
Products	31,321	32,047	83,396	80,285
Services	4,622	4,147	9,149	8,188
Total cost of sales	35,943	36,194	92,545	88,473
Gross margin	22,370	21,821	57,587	53,852
Operating expenses:				
Research and development	4,565	3,948	9,016	7,850
Selling, general and administrative	4,952	4,458	10,149	9,241
Total operating expenses	9,517	8,406	19,165	17,091
Operating income	12,853	13,415	38,422	36,761
Other income/(expense), net	282	378	631	938
Income before provision for income taxes	13,135	13,793	39,053	37,699
Provision for income taxes	1,886	2,232	5,568	6,173
Net income	\$ 11,249	\$ 11,561	\$ 33,485	\$ 31,526
Earnings per share:				
Basic	\$ 2.58	\$ 2.47	\$ 7.63	\$ 6.70
Diluted	\$ 2.55	\$ 2.46	\$ 7.56	\$ 6.66
Shares used in computing earnings per share:				
Basic	4,360,101	4,674,071	4,387,570	4,704,945
Diluted	4,404,691	4,700,646	4,429,648	4,736,949
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 25,473	\$ 25,596	\$ 66,840	\$ 62,536
Europe	14,294	13,054	37,567	33,417
Greater China	9,455	10,218	23,033	23,387
Japan	5,206	5,532	11,429	12,442
Rest of Asia Pacific	3,885	3,615	11,263	10,543
Total net sales	\$ 58,313	\$ 58,015	\$ 150,132	\$ 142,325
⁽¹⁾ Net sales by category:				
iPhone	\$ 28,962	\$ 31,051	\$ 84,919	\$ 83,033
Mac	5,351	5,513	12,511	12,929
iPad	4,368	4,872	10,345	11,601
Wearables, Home and Accessories	6,284	5,129	16,294	12,437
Services	13,348	11,450	26,063	22,325
Total net sales	\$ 58,313	\$ 58,015	\$ 150,132	\$ 142,325

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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 28, 2020</u>	<u>September 28, 2019</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 40,174	\$ 48,844
Marketable securities	53,877	51,713
Accounts receivable, net	15,722	22,926
Inventories	3,334	4,106
Vendor non-trade receivables	14,955	22,878
Other current assets	15,691	12,352
Total current assets	<u>143,753</u>	<u>162,819</u>
Non-current assets:		
Marketable securities	98,793	105,341
Property, plant and equipment, net	35,889	37,378
Other non-current assets	41,965	32,978
Total non-current assets	<u>176,647</u>	<u>175,697</u>
Total assets	<u>\$ 320,400</u>	<u>\$ 338,516</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 32,421	\$ 46,236
Other current liabilities	37,324	37,720
Deferred revenue	5,928	5,522
Commercial paper and repurchase agreement	10,029	5,980
Term debt	10,392	10,260
Total current liabilities	<u>96,094</u>	<u>105,718</u>
Non-current liabilities:		
Term debt	89,086	91,807
Other non-current liabilities	56,795	50,503
Total non-current liabilities	<u>145,881</u>	<u>142,310</u>
Total liabilities	<u>241,975</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; 4,323,987 and 4,443,236 shares issued and outstanding, respectively	48,032	45,174
Retained earnings	33,182	45,898
Accumulated other comprehensive income/(loss)	(2,789)	(584)
Total shareholders' equity	<u>78,425</u>	<u>90,488</u>
Total liabilities and shareholders' equity	<u>\$ 320,400</u>	<u>\$ 338,516</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Six Months Ended	
	March 28, 2020	March 30, 2019
Cash, cash equivalents and restricted cash, beginning balances	\$ 50,224	\$ 25,913
Operating activities:		
Net income	33,485	31,526
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	5,602	6,435
Share-based compensation expense	3,407	3,073
Deferred income tax benefit	(651)	(124)
Other	(259)	(215)
Changes in operating assets and liabilities:		
Accounts receivable, net	7,284	8,094
Inventories	699	(1,006)
Vendor non-trade receivables	7,923	14,616
Other current and non-current assets	(8,866)	(717)
Accounts payable	(13,520)	(20,024)
Deferred revenue	1,223	(540)
Other current and non-current liabilities	7,500	(3,273)
Cash generated by operating activities	<u>43,827</u>	<u>37,845</u>
Investing activities:		
Purchases of marketable securities	(66,489)	(13,854)
Proceeds from maturities of marketable securities	39,738	16,880
Proceeds from sales of marketable securities	27,762	22,635
Payments for acquisition of property, plant and equipment	(3,960)	(5,718)
Payments made in connection with business acquisitions, net	(1,134)	(291)
Purchases of non-marketable securities	(146)	(490)
Other	(426)	30
Cash generated by/(used in) investing activities	<u>(4,655)</u>	<u>19,192</u>
Financing activities:		
Proceeds from issuance of common stock	430	390
Payments for taxes related to net share settlement of equity awards	(1,566)	(1,427)
Payments for dividends and dividend equivalents	(6,914)	(7,011)
Repurchases of common stock	(39,280)	(32,498)
Proceeds from issuance of term debt, net	2,210	—
Repayments of term debt	(5,250)	(2,500)
Proceeds from/(Repayments of) commercial paper, net	1,518	(36)
Proceeds from repurchase agreement	2,556	—
Other	(51)	(51)
Cash used in financing activities	<u>(46,347)</u>	<u>(43,133)</u>
Increase/(Decrease) in cash, cash equivalents and restricted cash	<u>(7,175)</u>	<u>13,904</u>
Cash, cash equivalents and restricted cash, ending balances	<u>\$ 43,049</u>	<u>\$ 39,817</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 7,505	\$ 9,497
Cash paid for interest	\$ 1,689	\$ 1,762