

Apple Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except number of shares which are reflected in thousands and per share amounts)

	Years ended		
	September 25, 2021	September 26, 2020	September 28, 2019
Net sales:			
Products	\$ 297,392	\$ 220,747	\$ 213,883
Services	68,425	53,768	46,291
Total net sales	365,817	274,515	260,174
Cost of sales:			
Products	192,266	151,286	144,996
Services	20,715	18,273	16,786
Total cost of sales	212,981	169,559	161,782
Gross margin	152,836	104,956	98,392
Operating expenses:			
Research and development	21,914	18,752	16,217
Selling, general and administrative	21,973	19,916	18,245
Total operating expenses	43,887	38,668	34,462
Operating income	108,949	66,288	63,930
Other income/(expense), net	258	803	1,807
Income before provision for income taxes	109,207	67,091	65,737
Provision for income taxes	14,527	9,680	10,481
Net income	\$ 94,680	\$ 57,411	\$ 55,256
Earnings per share:			
Basic	\$ 5.67	\$ 3.31	\$ 2.99
Diluted	\$ 5.61	\$ 3.28	\$ 2.97
Shares used in computing earnings per share:			
Basic	16,701,272	17,352,119	18,471,336
Diluted	16,864,919	17,528,214	18,595,651

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years ended		
	September 25, 2021	September 26, 2020	September 28, 2019
Net income	\$ 94,680	\$ 57,411	\$ 55,256
Other comprehensive income/(loss):			
Change in foreign currency translation, net of tax	501	88	(408)
Change in unrealized gains/losses on derivative instruments, net of tax:			
Change in fair value of derivative instruments	32	79	(661)
Adjustment for net (gains)/losses realized and included in net income	1,003	(1,264)	23
Total change in unrealized gains/losses on derivative instruments	1,035	(1,185)	(638)
Change in unrealized gains/losses on marketable debt securities, net of tax:			
Change in fair value of marketable debt securities	(694)	1,202	3,802
Adjustment for net (gains)/losses realized and included in net income	(273)	(63)	25
Total change in unrealized gains/losses on marketable debt securities	(967)	1,139	3,827
Total other comprehensive income/(loss)	569	42	2,781
Total comprehensive income	\$ 95,249	\$ 57,453	\$ 58,037

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.

CONSOLIDATED BALANCE SHEETS

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

	September 25, 2021	September 26, 2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 34,940	\$ 38,016
Marketable securities	27,699	52,927
Accounts receivable, net	26,278	16,120
Inventories	6,580	4,061
Vendor non-trade receivables	25,228	21,325
Other current assets	14,111	11,264
Total current assets	134,836	143,713
Non-current assets:		
Marketable securities	127,877	100,887
Property, plant and equipment, net	39,440	36,766
Other non-current assets	48,849	42,522
Total non-current assets	216,166	180,175
Total assets	<u>\$ 351,002</u>	<u>\$ 323,888</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 54,763	\$ 42,296
Other current liabilities	47,493	42,684
Deferred revenue	7,612	6,643
Commercial paper	6,000	4,996
Term debt	9,613	8,773
Total current liabilities	125,481	105,392
Non-current liabilities:		
Term debt	109,106	98,667
Other non-current liabilities	53,325	54,490
Total non-current liabilities	162,431	153,157
Total liabilities	287,912	258,549
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,426,786 and 16,976,763 shares issued and outstanding, respectively	57,365	50,779
Retained earnings	5,562	14,966
Accumulated other comprehensive income/(loss)	163	(406)
Total shareholders' equity	63,090	65,339
Total liabilities and shareholders' equity	<u>\$ 351,002</u>	<u>\$ 323,888</u>

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In millions, except per share amounts)

	Years ended		
	September 25, 2021	September 26, 2020	September 28, 2019
Total shareholders' equity, beginning balances	\$ 65,339	\$ 90,488	\$ 107,147
Common stock and additional paid-in capital:			
Beginning balances	50,779	45,174	40,201
Common stock issued	1,105	880	781
Common stock withheld related to net share settlement of equity awards	(2,627)	(2,250)	(2,002)
Share-based compensation	8,108	6,975	6,194
Ending balances	57,365	50,779	45,174
Retained earnings:			
Beginning balances	14,966	45,898	70,400
Net income	94,680	57,411	55,256
Dividends and dividend equivalents declared	(14,431)	(14,087)	(14,129)
Common stock withheld related to net share settlement of equity awards	(4,151)	(1,604)	(1,029)
Common stock repurchased	(85,502)	(72,516)	(67,101)
Cumulative effects of changes in accounting principles	—	(136)	2,501
Ending balances	5,562	14,966	45,898
Accumulated other comprehensive income/(loss):			
Beginning balances	(406)	(584)	(3,454)
Other comprehensive income/(loss)	569	42	2,781
Cumulative effects of changes in accounting principles	—	136	89
Ending balances	163	(406)	(584)
Total shareholders' equity, ending balances	\$ 63,090	\$ 65,339	\$ 90,488
Dividends and dividend equivalents declared per share or RSU	\$ 0.85	\$ 0.795	\$ 0.75

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years ended		
	September 25, 2021	September 26, 2020	September 28, 2019
Cash, cash equivalents and restricted cash, beginning balances	\$ 39,789	\$ 50,224	\$ 25,913
Operating activities:			
Net income	94,680	57,411	55,256
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and amortization	11,284	11,056	12,547
Share-based compensation expense	7,906	6,829	6,068
Deferred income tax benefit	(4,774)	(215)	(340)
Other	(147)	(97)	(652)
Changes in operating assets and liabilities:			
Accounts receivable, net	(10,125)	6,917	245
Inventories	(2,642)	(127)	(289)
Vendor non-trade receivables	(3,903)	1,553	2,931
Other current and non-current assets	(8,042)	(9,588)	873
Accounts payable	12,326	(4,062)	(1,923)
Deferred revenue	1,676	2,081	(625)
Other current and non-current liabilities	5,799	8,916	(4,700)
Cash generated by operating activities	104,038	80,674	69,391
Investing activities:			
Purchases of marketable securities	(109,558)	(114,938)	(39,630)
Proceeds from maturities of marketable securities	59,023	69,918	40,102
Proceeds from sales of marketable securities	47,460	50,473	56,988
Payments for acquisition of property, plant and equipment	(11,085)	(7,309)	(10,495)
Payments made in connection with business acquisitions, net	(33)	(1,524)	(624)
Purchases of non-marketable securities	(131)	(210)	(1,001)
Proceeds from non-marketable securities	387	92	1,634
Other	(608)	(791)	(1,078)
Cash generated by/(used in) investing activities	(14,545)	(4,289)	45,896
Financing activities:			
Proceeds from issuance of common stock	1,105	880	781
Payments for taxes related to net share settlement of equity awards	(6,556)	(3,634)	(2,817)
Payments for dividends and dividend equivalents	(14,467)	(14,081)	(14,119)
Repurchases of common stock	(85,971)	(72,358)	(66,897)
Proceeds from issuance of term debt, net	20,393	16,091	6,963
Repayments of term debt	(8,750)	(12,629)	(8,805)
Proceeds from/(Repayments of) commercial paper, net	1,022	(963)	(5,977)
Other	(129)	(126)	(105)
Cash used in financing activities	(93,353)	(86,820)	(90,976)
Increase/(Decrease) in cash, cash equivalents and restricted cash	(3,860)	(10,435)	24,311
Cash, cash equivalents and restricted cash, ending balances	\$ 35,929	\$ 39,789	\$ 50,224
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 25,385	\$ 9,501	\$ 15,263
Cash paid for interest	\$ 2,687	\$ 3,002	\$ 3,423

See accompanying Notes to Consolidated Financial Statements.