*iPhone*

iPhone net sales increased during 2021 compared to 2020 due primarily to higher net sales from the Company’s new iPhone models launched in the first quarter and fourth quarter of 2021 and a favorable mix of iPhone sales.

*Mac*

Mac net sales increased during 2021 compared to 2020 due primarily to higher net sales of MacBook Air, MacBook Pro and iMac.

*iPad*

iPad net sales increased during 2021 compared to 2020 due primarily to higher net sales of iPad Air and iPad Pro.

*Wearables, Home and Accessories*

Wearables, Home and Accessories net sales increased during 2021 compared to 2020 due primarily to higher net sales of accessories and Apple Watch.

*Services*

Services net sales increased during 2021 compared to 2020 due primarily to higher net sales from advertising, the App Store and cloud services.

***The Company’s retail stores have required and will continue to require a substantial investment and commitment of resources and are subject to numerous risks and uncertainties.***

The Company’s retail stores have required substantial investment in equipment and leasehold improvements, information systems, inventory and personnel. The Company also has entered into substantial lease commitments for retail space. Certain stores have been designed and built to serve as high-profile venues to promote brand awareness. Because of their unique design elements, locations and size, these stores require substantially more investment than the Company’s more typical retail stores. Due to the high cost structure associated with the Company’s retail stores, a decline in sales or the closure or poor performance of an individual store or multiple stores, including as a result of protective public safety measures in response to the COVID-19 pandemic, could result in significant lease termination costs, write-offs of equipment and leasehold improvements and severance costs.

The Company’s retail operations are subject to many factors that pose risks and uncertainties and could adversely impact the Company’s business, results of operations and financial condition, including macro-economic factors that could have an adverse effect on general retail activity. Other factors include the Company’s ability to: manage costs associated with retail store construction and operation; manage relationships with existing retail partners; manage costs associated with fluctuations in the value of retail inventory; and obtain and renew leases in quality retail locations at a reasonable cost.

*Leases*

The Company has lease arrangements for certain equipment and facilities, including retail, corporate, manufacturing and data center space. As of September 25, 2021, the Company had fixed lease payment obligations of $14.6 billion, with $1.8 billion payable within 12 months.