

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 25, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 001-36743



Apple Inc.

(Exact name of Registrant as specified in its charter)

California

(State or other jurisdiction
of incorporation or organization)

One Apple Park Way
Cupertino, California

(Address of principal executive offices)

94-2404110

(I.R.S. Employer Identification No.)

95014

(Zip Code)

(408) 996-1010

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 par value per share	AAPL	The Nasdaq Stock Market LLC
1.000% Notes due 2022	—	The Nasdaq Stock Market LLC
1.375% Notes due 2024	—	The Nasdaq Stock Market LLC
0.000% Notes due 2025	—	The Nasdaq Stock Market LLC
0.875% Notes due 2025	—	The Nasdaq Stock Market LLC
1.625% Notes due 2026	—	The Nasdaq Stock Market LLC
2.000% Notes due 2027	—	The Nasdaq Stock Market LLC
1.375% Notes due 2029	—	The Nasdaq Stock Market LLC
3.050% Notes due 2029	—	The Nasdaq Stock Market LLC
0.500% Notes due 2031	—	The Nasdaq Stock Market LLC
3.600% Notes due 2042	—	The Nasdaq Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

16,319,441,000 shares of common stock were issued and outstanding as of January 14, 2022.

Apple Inc.
Form 10-Q
For the Fiscal Quarter Ended December 25, 2021
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PART I — FINANCIAL INFORMATION**Item 1. Financial Statements****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	
	December 25, 2021	December 26, 2020
Net sales:		
Products	\$ 104,429	\$ 95,678
Services	19,516	15,761
Total net sales	123,945	111,439
Cost of sales:		
Products	64,309	62,130
Services	5,393	4,981
Total cost of sales	69,702	67,111
Gross margin	54,243	44,328
Operating expenses:		
Research and development	6,306	5,163
Selling, general and administrative	6,449	5,631
Total operating expenses	12,755	10,794
Operating income	41,488	33,534
Other income/(expense), net	(247)	45
Income before provision for income taxes	41,241	33,579
Provision for income taxes	6,611	4,824
Net income	\$ 34,630	\$ 28,755
Earnings per share:		
Basic	\$ 2.11	\$ 1.70
Diluted	\$ 2.10	\$ 1.68
Shares used in computing earnings per share:		
Basic	16,391,724	16,935,119
Diluted	16,519,291	17,113,688

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In millions)

	Three Months Ended	
	December 25, 2021	December 26, 2020
Net income	\$ 34,630	\$ 28,755
Other comprehensive income/(loss):		
Change in foreign currency translation, net of tax	(360)	549
Change in unrealized gains/losses on derivative instruments, net of tax:		
Change in fair value of derivative instruments	362	(304)
Adjustment for net (gains)/losses realized and included in net income	93	(183)
Total change in unrealized gains/losses on derivative instruments	455	(487)
Change in unrealized gains/losses on marketable debt securities, net of tax:		
Change in fair value of marketable debt securities	(1,176)	628
Adjustment for net (gains)/losses realized and included in net income	(9)	(105)
Total change in unrealized gains/losses on marketable debt securities	(1,185)	523
Total other comprehensive income/(loss)	(1,090)	585
Total comprehensive income	\$ 33,540	\$ 29,340

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	December 25, 2021	September 25, 2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 37,119	\$ 34,940
Marketable securities	26,794	27,699
Accounts receivable, net	30,213	26,278
Inventories	5,876	6,580
Vendor non-trade receivables	35,040	25,228
Other current assets	18,112	14,111
Total current assets	153,154	134,836
Non-current assets:		
Marketable securities	138,683	127,877
Property, plant and equipment, net	39,245	39,440
Other non-current assets	50,109	48,849
Total non-current assets	228,037	216,166
Total assets	\$ 381,191	\$ 351,002
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 74,362	\$ 54,763
Other current liabilities	49,167	47,493
Deferred revenue	7,876	7,612
Commercial paper	5,000	6,000
Term debt	11,169	9,613
Total current liabilities	147,574	125,481
Non-current liabilities:		
Term debt	106,629	109,106
Other non-current liabilities	55,056	53,325
Total non-current liabilities	161,685	162,431
Total liabilities	309,259	287,912
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,340,851 and 16,426,786 shares issued and outstanding, respectively	58,424	57,365
Retained earnings	14,435	5,562
Accumulated other comprehensive income/(loss)	(927)	163
Total shareholders' equity	71,932	63,090
Total liabilities and shareholders' equity	\$ 381,191	\$ 351,002

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
(In millions, except per share amounts)

	Three Months Ended	
	December 25, 2021	December 26, 2020
Total shareholders' equity, beginning balances	\$ 63,090	\$ 65,339
Common stock and additional paid-in capital:		
Beginning balances	57,365	50,779
Common stock withheld related to net share settlement of equity awards	(1,263)	(1,101)
Share-based compensation	2,322	2,066
Ending balances	58,424	51,744
Retained earnings:		
Beginning balances	5,562	14,966
Net income	34,630	28,755
Dividends and dividend equivalents declared	(3,665)	(3,547)
Common stock withheld related to net share settlement of equity awards	(1,730)	(1,873)
Common stock repurchased	(20,362)	(24,000)
Ending balances	14,435	14,301
Accumulated other comprehensive income/(loss):		
Beginning balances	163	(406)
Other comprehensive income/(loss)	(1,090)	585
Ending balances	(927)	179
Total shareholders' equity, ending balances	\$ 71,932	\$ 66,224
Dividends and dividend equivalents declared per share or RSU	\$ 0.22	\$ 0.205

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Three Months Ended	
	December 25, 2021	December 26, 2020
Cash, cash equivalents and restricted cash, beginning balances	\$ 35,929	\$ 39,789
Operating activities:		
Net income	34,630	28,755
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	2,697	2,666
Share-based compensation expense	2,265	2,020
Deferred income tax expense/(benefit)	682	(58)
Other	167	25
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,934)	(10,945)
Inventories	681	(950)
Vendor non-trade receivables	(9,812)	(10,194)
Other current and non-current assets	(4,921)	(3,526)
Accounts payable	19,813	21,670
Deferred revenue	462	1,341
Other current and non-current liabilities	4,236	7,959
Cash generated by operating activities	46,966	38,763
Investing activities:		
Purchases of marketable securities	(34,913)	(39,800)
Proceeds from maturities of marketable securities	11,309	25,177
Proceeds from sales of marketable securities	10,675	9,344
Payments for acquisition of property, plant and equipment	(2,803)	(3,500)
Other	(374)	195
Cash used in investing activities	(16,106)	(8,584)
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(2,888)	(2,861)
Payments for dividends and dividend equivalents	(3,732)	(3,613)
Repurchases of common stock	(20,478)	(24,775)
Repayments of term debt	—	(1,000)
Proceeds from/(Repayments of) commercial paper, net	(1,000)	22
Other	(61)	(22)
Cash used in financing activities	(28,159)	(32,249)
Increase/(Decrease) in cash, cash equivalents and restricted cash	2,701	(2,070)
Cash, cash equivalents and restricted cash, ending balances	\$ 38,630	\$ 37,719
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 5,235	\$ 1,787
Cash paid for interest	\$ 531	\$ 619

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation and Preparation

The condensed consolidated financial statements include the accounts of Apple Inc. and its wholly owned subsidiaries (collectively “Apple” or the “Company”). Intercompany accounts and transactions have been eliminated. In the opinion of the Company’s management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these condensed consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates. Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period’s presentation. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company’s annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the fiscal year ended September 25, 2021 (the “2021 Form 10-K”).

The Company’s fiscal year is the 52- or 53-week period that ends on the last Saturday of September. An additional week is included in the first fiscal quarter every five or six years to realign the Company’s fiscal quarters with calendar quarters. The Company’s fiscal years 2022 and 2021 span 52 weeks each. Unless otherwise stated, references to particular years, quarters, months and periods refer to the Company’s fiscal years ended in September and the associated quarters, months and periods of those fiscal years.

Earnings Per Share

The following table shows the computation of basic and diluted earnings per share for the three months ended December 25, 2021 and December 26, 2020 (net income in millions and shares in thousands):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Numerator:		
Net income	\$ 34,630	\$ 28,755
Denominator:		
Weighted-average basic shares outstanding	16,391,724	16,935,119
Effect of dilutive securities	127,567	178,569
Weighted-average diluted shares	16,519,291	17,113,688
Basic earnings per share	\$ 2.11	\$ 1.70
Diluted earnings per share	\$ 2.10	\$ 1.68

Note 2 – Revenue

Net sales disaggregated by significant products and services for the three months ended December 25, 2021 and December 26, 2020 were as follows (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
iPhone [®] (1)	\$ 71,628	\$ 65,597
Mac [®] (1)	10,852	8,675
iPad [®] (1)	7,248	8,435
Wearables, Home and Accessories (1)(2)	14,701	12,971
Services (3)	19,516	15,761
Total net sales (4)	\$ 123,945	\$ 111,439

(1) Products net sales include amortization of the deferred value of unspecified software upgrade rights, which are bundled in the sales price of the respective product.

(2) Wearables, Home and Accessories net sales include sales of AirPods[®], Apple TV[®], Apple Watch[®], Beats[®] products, HomePod mini[®], iPod touch[®] and accessories.

(3) Services net sales include sales from the Company's advertising, AppleCare[®], cloud, digital content, payment and other services. Services net sales also include amortization of the deferred value of services bundled in the sales price of certain products.

(4) Includes \$3.0 billion of revenue recognized in the three months ended December 25, 2021 that was included in deferred revenue as of September 25, 2021 and \$2.5 billion of revenue recognized in the three months ended December 26, 2020 that was included in deferred revenue as of September 26, 2020.

The Company's proportion of net sales by disaggregated revenue source was generally consistent for each reportable segment in Note 9, "Segment Information and Geographic Data" for the three months ended December 25, 2021 and December 26, 2020, except in Greater China, where iPhone revenue represented a moderately higher proportion of net sales.

As of December 25, 2021 and September 25, 2021, the Company had total deferred revenue of \$12.4 billion and \$11.9 billion, respectively. As of December 25, 2021, the Company expects 64% of total deferred revenue to be realized in less than a year, 27% within one-to-two years, 8% within two-to-three years and 1% in greater than three years.

Note 3 – Financial Instruments

Cash, Cash Equivalents and Marketable Securities

The following tables show the Company's cash, cash equivalents and marketable securities by significant investment category as of December 25, 2021 and September 25, 2021 (in millions):

December 25, 2021							
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Current Marketable Securities	Non-Current Marketable Securities
Cash	\$ 17,992	\$ —	\$ —	\$ 17,992	\$ 17,992	\$ —	\$ —
Level 1 ⁽¹⁾ :							
Money market funds	11,356	—	—	11,356	11,356	—	—
Mutual funds	215	16	(2)	229	—	229	—
Subtotal	11,571	16	(2)	11,585	11,356	229	—
Level 2 ⁽²⁾ :							
Equity securities	1,527	—	(850)	677	—	677	—
U.S. Treasury securities	29,221	64	(171)	29,114	3,247	5,775	20,092
U.S. agency securities	7,934	1	(116)	7,819	1,066	1,581	5,172
Non-U.S. government securities	18,983	160	(177)	18,966	200	3,279	15,487
Certificates of deposit and time deposits	3,648	—	—	3,648	2,527	1,121	—
Commercial paper	2,261	—	—	2,261	702	1,559	—
Corporate debt securities	88,617	718	(754)	88,581	29	11,665	76,887
Municipal securities	993	10	(1)	1,002	—	150	852
Mortgage- and asset-backed securities	21,072	102	(223)	20,951	—	758	20,193
Subtotal	174,256	1,055	(2,292)	173,019	7,771	26,565	138,683
Total ⁽³⁾	\$ 203,819	\$ 1,071	\$ (2,294)	\$ 202,596	\$ 37,119	\$ 26,794	\$ 138,683
September 25, 2021							
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Current Marketable Securities	Non-Current Marketable Securities
Cash	\$ 17,305	\$ —	\$ —	\$ 17,305	\$ 17,305	\$ —	\$ —
Level 1 ⁽¹⁾ :							
Money market funds	9,608	—	—	9,608	9,608	—	—
Mutual funds	175	11	(1)	185	—	185	—
Subtotal	9,783	11	(1)	9,793	9,608	185	—
Level 2 ⁽²⁾ :							
Equity securities	1,527	—	(564)	963	—	963	—
U.S. Treasury securities	22,878	102	(77)	22,903	3,596	6,625	12,682
U.S. agency securities	8,949	2	(64)	8,887	1,775	1,930	5,182
Non-U.S. government securities	20,201	211	(101)	20,311	390	3,091	16,830
Certificates of deposit and time deposits	1,300	—	—	1,300	490	810	—
Commercial paper	2,639	—	—	2,639	1,776	863	—
Corporate debt securities	83,883	1,242	(267)	84,858	—	12,327	72,531
Municipal securities	967	14	—	981	—	130	851
Mortgage- and asset-backed securities	20,529	171	(124)	20,576	—	775	19,801
Subtotal	162,873	1,742	(1,197)	163,418	8,027	27,514	127,877
Total ⁽³⁾	\$ 189,961	\$ 1,753	\$ (1,198)	\$ 190,516	\$ 34,940	\$ 27,699	\$ 127,877

(1) Level 1 fair value estimates are based on quoted prices in active markets for identical assets or liabilities.

(2) Level 2 fair value estimates are based on observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

(3) As of December 25, 2021 and September 25, 2021, total marketable securities included \$16.8 billion and \$17.9 billion, respectively, that was restricted from general use, related to the European Commission decision finding that Ireland granted state aid to the Company, and other agreements.

The following table shows the fair value of the Company's non-current marketable debt securities, by contractual maturity, as of December 25, 2021 (in millions):

Due after 1 year through 5 years	\$	93,206
Due after 5 years through 10 years		25,183
Due after 10 years		20,294
Total fair value	\$	138,683

Derivative Instruments and Hedging

The Company may use derivative instruments to partially offset its business exposure to foreign exchange and interest rate risk. However, the Company may choose not to hedge certain exposures for a variety of reasons, including accounting considerations or the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign exchange or interest rates.

Foreign Exchange Risk

To protect gross margins from fluctuations in foreign currency exchange rates, the Company may enter into forward contracts, option contracts or other instruments, and may designate these instruments as cash flow hedges. The Company generally hedges portions of its forecasted foreign currency exposure associated with revenue and inventory purchases, typically for up to 12 months.

To protect the Company's foreign currency-denominated term debt or marketable securities from fluctuations in foreign currency exchange rates, the Company may enter into forward contracts, cross-currency swaps or other instruments. The Company designates these instruments as either cash flow or fair value hedges. As of December 25, 2021, the Company's hedged term debt- and marketable securities-related foreign currency transactions are expected to be recognized within 21 years.

The Company may also enter into derivative instruments that are not designated as accounting hedges to protect gross margins from certain fluctuations in foreign currency exchange rates, as well as to offset a portion of the foreign currency exchange gains and losses generated by the remeasurement of certain assets and liabilities denominated in non-functional currencies.

Interest Rate Risk

To protect the Company's term debt or marketable securities from fluctuations in interest rates, the Company may enter into interest rate swaps, options or other instruments. The Company designates these instruments as either cash flow or fair value hedges.

The notional amounts of the Company's outstanding derivative instruments as of December 25, 2021 and September 25, 2021 were as follows (in millions):

	December 25, 2021	September 25, 2021
Derivative instruments designated as accounting hedges:		
Foreign exchange contracts	\$ 77,009	\$ 76,475
Interest rate contracts	\$ 16,875	\$ 16,875
Derivative instruments not designated as accounting hedges:		
Foreign exchange contracts	\$ 176,268	\$ 126,918

The gross fair values of the Company's derivative assets and liabilities were not material as of December 25, 2021 and September 25, 2021.

The gains and losses recognized in other comprehensive income and amounts reclassified from accumulated other comprehensive income to net income for the Company's derivative instruments designated as cash flow hedges were not material in the three months ended December 25, 2021 and December 26, 2020.

The carrying amounts of the Company's hedged items in fair value hedges as of December 25, 2021 and September 25, 2021 were as follows (in millions):

	December 25, 2021	September 25, 2021
Hedged assets/(liabilities):		
Current and non-current marketable securities	\$ 15,322	\$ 15,954
Current and non-current term debt	\$ (17,444)	\$ (17,857)

The gains and losses on the Company's derivative instruments designated as fair value hedges and the related hedged item adjustments were not material in the three months ended December 25, 2021 and December 26, 2020.

Accounts Receivable

Trade Receivables

The Company has considerable trade receivables outstanding with its third-party cellular network carriers, wholesalers, retailers, resellers, small and mid-sized businesses and education, enterprise and government customers. The Company generally does not require collateral from its customers; however, the Company will require collateral or third-party credit support in certain instances to limit credit risk. In addition, when possible, the Company attempts to limit credit risk on trade receivables with credit insurance for certain customers or by requiring third-party financing, loans or leases to support credit exposure. These credit-financing arrangements are directly between the third-party financing company and the end customer. As such, the Company generally does not assume any recourse or credit risk sharing related to any of these arrangements.

The Company's cellular network carriers accounted for 45% and 42% of total trade receivables as of December 25, 2021 and September 25, 2021, respectively.

Vendor Non-Trade Receivables

The Company has non-trade receivables from certain of its manufacturing vendors resulting from the sale of components to these vendors who manufacture subassemblies or assemble final products for the Company. The Company purchases these components directly from suppliers. As of December 25, 2021, the Company had three vendors that individually represented 10% or more of total vendor non-trade receivables, which accounted for 54%, 13% and 12%. As of September 25, 2021, the Company had three vendors that individually represented 10% or more of total vendor non-trade receivables, which accounted for 52%, 11% and 11%.

Note 4 – Condensed Consolidated Financial Statement Details

The following tables show the Company's condensed consolidated financial statement details as of December 25, 2021 and September 25, 2021 (in millions):

Property, Plant and Equipment, Net

	December 25, 2021	September 25, 2021
Gross property, plant and equipment	\$ 107,699	\$ 109,723
Accumulated depreciation and amortization	(68,454)	(70,283)
Total property, plant and equipment, net	\$ 39,245	\$ 39,440

Other Non-Current Liabilities

	December 25, 2021	September 25, 2021
Long-term taxes payable	\$ 24,689	\$ 24,689
Other non-current liabilities	30,367	28,636
Total other non-current liabilities	\$ 55,056	\$ 53,325

Other Income/(Expense), Net

The following table shows the detail of other income/(expense), net for the three months ended December 25, 2021 and December 26, 2020 (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Interest and dividend income	\$ 650	\$ 747
Interest expense	(694)	(638)
Other expense, net	(203)	(64)
Total other income/(expense), net	<u>\$ (247)</u>	<u>\$ 45</u>

Note 5 – Debt

Commercial Paper

The Company issues unsecured short-term promissory notes (“Commercial Paper”) pursuant to a commercial paper program. The Company uses net proceeds from the commercial paper program for general corporate purposes, including dividends and share repurchases. As of December 25, 2021 and September 25, 2021, the Company had \$5.0 billion and \$6.0 billion of Commercial Paper outstanding, respectively. The following table provides a summary of cash flows associated with the issuance and maturities of Commercial Paper for the three months ended December 25, 2021 and December 26, 2020 (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Maturities 90 days or less:		
Proceeds from commercial paper, net	\$ 1,339	\$ 1,439
Maturities greater than 90 days:		
Proceeds from commercial paper	1,191	780
Repayments of commercial paper	(3,530)	(2,197)
Repayments of commercial paper, net	<u>(2,339)</u>	<u>(1,417)</u>
Total proceeds from/(repayments of) commercial paper, net	<u>\$ (1,000)</u>	<u>\$ 22</u>

Term Debt

As of December 25, 2021 and September 25, 2021, the Company had outstanding floating- and fixed-rate notes with varying maturities for an aggregate carrying amount of \$117.8 billion and \$118.7 billion, respectively (collectively the “Notes”). As of December 25, 2021 and September 25, 2021, the fair value of the Company’s Notes, based on Level 2 inputs, was \$123.5 billion and \$125.3 billion, respectively.

Note 6 – Shareholders’ Equity

Share Repurchase Program

As of December 25, 2021, the Company was authorized to purchase up to \$315 billion of the Company’s common stock under a share repurchase program (the “Program”). During the three months ended December 25, 2021, the Company repurchased 124 million shares of its common stock for \$20.4 billion, including 30 million shares initially delivered under accelerated share repurchase agreements (“ASRs”) entered into in November 2021, bringing the total utilization under the Program to \$274.5 billion as of December 25, 2021. The Program does not obligate the Company to acquire any specific number of shares. Under the Program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

Under the terms of the Company's ASRs, two financial institutions committed to deliver shares of the Company's common stock during the purchase periods in exchange for up-front payments totaling \$6.0 billion. The total number of shares ultimately delivered under the ASRs, and therefore the average repurchase price paid per share, is determined based on the volume-weighted average price of the Company's common stock during the ASRs' purchase periods, which end in the second quarter of 2022. The shares received are retired in the periods they are delivered, and the up-front payments are accounted for as a reduction to retained earnings in the Company's Condensed Consolidated Statement of Shareholders' Equity in the period the payments are made.

Note 7 – Benefit Plans

Restricted Stock Units

A summary of the Company's restricted stock unit ("RSU") activity and related information for the three months ended December 25, 2021 is as follows:

	Number of RSUs (in thousands)	Weighted-Average Grant Date Fair Value Per RSU	Aggregate Fair Value (in millions)
Balance as of September 25, 2021	240,427	\$ 75.16	
RSUs granted	67,645	\$ 147.33	
RSUs vested	(56,649)	\$ 61.75	
RSUs canceled	(4,886)	\$ 93.21	
Balance as of December 25, 2021	246,537	\$ 97.69	\$ 43,460

The fair value as of the respective vesting dates of RSUs was \$8.5 billion for the three months ended both December 25, 2021 and December 26, 2020.

Share-Based Compensation

The following table shows share-based compensation expense and the related income tax benefit included in the Condensed Consolidated Statements of Operations for the three months ended December 25, 2021 and December 26, 2020 (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Share-based compensation expense	\$ 2,265	\$ 2,020
Income tax benefit related to share-based compensation expense	\$ (1,536)	\$ (1,624)

As of December 25, 2021, the total unrecognized compensation cost related to outstanding RSUs and stock options was \$20.6 billion, which the Company expects to recognize over a weighted-average period of 3.0 years.

Note 8 – Commitments and Contingencies

Accrued Warranty

The following table shows changes in the Company's accrued warranties and related costs for the three months ended December 25, 2021 and December 26, 2020 (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Beginning accrued warranty and related costs	\$ 3,364	\$ 3,354
Cost of warranty claims	(672)	(723)
Accruals for product warranty	838	1,493
Ending accrued warranty and related costs	\$ 3,530	\$ 4,124

Contingencies

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully resolved. The outcome of litigation is inherently uncertain. In the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss, or a material loss greater than a recorded accrual, concerning loss contingencies for asserted legal and other claims.

Note 9 – Segment Information and Geographic Data

The following table shows information by reportable segment for the three months ended December 25, 2021 and December 26, 2020 (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Americas:		
Net sales	\$ 51,496	\$ 46,310
Operating income	\$ 19,585	\$ 15,785
Europe:		
Net sales	\$ 29,749	\$ 27,306
Operating income	\$ 11,545	\$ 9,589
Greater China:		
Net sales	\$ 25,783	\$ 21,313
Operating income	\$ 11,183	\$ 8,530
Japan:		
Net sales	\$ 7,107	\$ 8,285
Operating income	\$ 3,349	\$ 3,503
Rest of Asia Pacific:		
Net sales	\$ 9,810	\$ 8,225
Operating income	\$ 3,995	\$ 2,953

A reconciliation of the Company's segment operating income to the Condensed Consolidated Statements of Operations for the three months ended December 25, 2021 and December 26, 2020 is as follows (in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Segment operating income	\$ 49,657	\$ 40,360
Research and development expense	(6,306)	(5,163)
Other corporate expenses, net	(1,863)	(1,663)
Total operating income	\$ 41,488	\$ 33,534

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section and other parts of this Quarterly Report on Form 10-Q ("Form 10-Q") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. For example, statements in this Form 10-Q regarding the potential future impact of the COVID-19 pandemic on the Company's business and results of operations are forward-looking statements. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended September 25, 2021 (the "2021 Form 10-K") under the heading "Risk Factors." The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Unless otherwise stated, all information presented herein is based on the Company's fiscal calendar, and references to particular years, quarters, months or periods refer to the Company's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. Each of the terms the "Company" and "Apple" as used herein refers collectively to Apple Inc. and its wholly owned subsidiaries, unless otherwise stated.

The following discussion should be read in conjunction with the 2021 Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q.

Available Information

The Company periodically provides certain information for investors on its corporate website, www.apple.com, and its investor relations website, investor.apple.com. This includes press releases and other information about financial performance, information on environmental, social and corporate governance matters, and details related to the Company's annual meeting of shareholders. The information contained on the websites referenced in this Form 10-Q is not incorporated by reference into this filing. Further, the Company's references to website URLs are intended to be inactive textual references only.

Quarterly Highlights

Business Seasonality and Product Introductions

The Company has historically experienced higher net sales in its first quarter compared to other quarters in its fiscal year due in part to seasonal holiday demand. Additionally, new product and service introductions can significantly impact net sales, cost of sales and operating expenses. The timing of product introductions can also impact the Company's net sales to its indirect distribution channels as these channels are filled with new inventory following a product launch, and channel inventory of an older product often declines as the launch of a newer product approaches. Net sales can also be affected when consumers and distributors anticipate a product introduction.

COVID-19 Update

The COVID-19 pandemic has had, and continues to have, a significant impact around the world, prompting governments and businesses to take unprecedented measures, such as restrictions on travel and business operations, temporary closures of businesses, and quarantine and shelter-in-place orders. The COVID-19 pandemic has at times significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets. The COVID-19 pandemic and the measures taken by many countries in response have affected and could in the future materially impact the Company's business, results of operations and financial condition, as well as the price of the Company's stock.

During the first quarter of 2022, aspects of the Company's business continued to be affected by the COVID-19 pandemic, with a significant number of the Company's employees working remotely and certain of the Company's retail stores operating at limited capacity or temporarily closing at various times. The Company has reopened substantially all of its other facilities, subject to operating restrictions to protect public health and the health and safety of employees, and it continues to work on safely reopening the remainder of its facilities, subject to local rules and regulations. At times, certain of the Company's component suppliers and logistical service providers have experienced disruptions, resulting in supply shortages that affected sales worldwide. Similar impacts or other disruptions could occur in the future.

The extent of the continuing impact of the COVID-19 pandemic on the Company's operational and financial performance is uncertain and will depend on many factors outside the Company's control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for consumer products. Refer to Part I, Item 1A of the 2021 Form 10-K under the heading "Risk Factors" for more information.

First Quarter Fiscal 2022 Highlights

Total net sales increased 11% or \$12.5 billion during the first quarter of 2022 compared to the same quarter in 2021, driven primarily by growth in iPhone, Services and Mac.

During the first quarter of 2022, the Company released the following new products:

- MacBook Pro®, available in 14- and 16-inch models and powered by an Apple M1 Pro chip or an Apple M1 Max chip;
- Third generation of AirPods; and
- Apple Watch Series 7.

The Company repurchased \$20.4 billion of its common stock and paid dividends and dividend equivalents of \$3.7 billion during the first quarter of 2022.

Products and Services Performance

The following table shows net sales by category for the three months ended December 25, 2021 and December 26, 2020 (dollars in millions):

	Three Months Ended		
	December 25, 2021	December 26, 2020	Change
Net sales by category:			
iPhone ⁽¹⁾	\$ 71,628	\$ 65,597	9 %
Mac ⁽¹⁾	10,852	8,675	25 %
iPad ⁽¹⁾	7,248	8,435	(14) %
Wearables, Home and Accessories ⁽¹⁾⁽²⁾	14,701	12,971	13 %
Services ⁽³⁾	19,516	15,761	24 %
Total net sales	<u>\$ 123,945</u>	<u>\$ 111,439</u>	11 %

(1) Products net sales include amortization of the deferred value of unspecified software upgrade rights, which are bundled in the sales price of the respective product.

(2) Wearables, Home and Accessories net sales include sales of AirPods, Apple TV, Apple Watch, Beats products, HomePod mini, iPod touch and accessories.

(3) Services net sales include sales from the Company's advertising, AppleCare, cloud, digital content, payment and other services. Services net sales also include amortization of the deferred value of services bundled in the sales price of certain products.

iPhone

iPhone net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales from the Company's new iPhone models launched in the fourth quarter of 2021 and a different mix of iPhone sales.

Mac

Mac net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of MacBook Pro and MacBook Air®.

iPad

iPad net sales decreased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to lower net sales of the 10-inch version of iPad.

Wearables, Home and Accessories

Wearables, Home and Accessories net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of AirPods, Apple Watch and accessories.

Services

Services net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales from advertising, the App Store® and cloud services.

Segment Operating Performance

The Company manages its business primarily on a geographic basis. The Company's reportable segments consist of the Americas, Europe, Greater China, Japan and Rest of Asia Pacific. Americas includes both North and South America. Europe includes European countries, as well as India, the Middle East and Africa. Greater China includes China mainland, Hong Kong and Taiwan. Rest of Asia Pacific includes Australia and those Asian countries not included in the Company's other reportable segments. Although the reportable segments provide similar hardware and software products and similar services, each one is managed separately to better align with the location of the Company's customers and distribution partners and the unique market dynamics of each geographic region. Further information regarding the Company's reportable segments can be found in Part I, Item 1 of this Form 10-Q in the Notes to Condensed Consolidated Financial Statements in Note 9, "Segment Information and Geographic Data."

The following table shows net sales by reportable segment for the three months ended December 25, 2021 and December 26, 2020 (dollars in millions):

	Three Months Ended		
	December 25, 2021	December 26, 2020	Change
Net sales by reportable segment:			
Americas	\$ 51,496	\$ 46,310	11 %
Europe	29,749	27,306	9 %
Greater China	25,783	21,313	21 %
Japan	7,107	8,285	(14) %
Rest of Asia Pacific	9,810	8,225	19 %
Total net sales	<u>\$ 123,945</u>	<u>\$ 111,439</u>	11 %

Americas

Americas net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of Services, iPhone, and Wearables, Home and Accessories.

Europe

Europe net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of Services, Mac and iPhone. The movement of foreign currencies in Europe relative to the U.S. dollar had a net favorable impact on Europe net sales during the first quarter of 2022.

Greater China

Greater China net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of iPhone and Services. The strength of the Chinese renminbi relative to the U.S. dollar had a favorable impact on Greater China net sales during the first quarter of 2022.

Japan

Japan net sales decreased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to lower net sales of iPhone and iPad, partially offset by higher net sales of Services. The weakness of the Japanese yen relative to the U.S. dollar had an unfavorable impact on Japan net sales during the first quarter of 2022.

Rest of Asia Pacific

Rest of Asia Pacific net sales increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net sales of iPhone, Wearables, Home and Accessories and Mac.

Gross Margin

Products and Services gross margin and gross margin percentage for the three months ended December 25, 2021 and December 26, 2020 were as follows (dollars in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Gross margin:		
Products	\$ 40,120	\$ 33,548
Services	14,123	10,780
Total gross margin	<u>\$ 54,243</u>	<u>\$ 44,328</u>
Gross margin percentage:		
Products	38.4 %	35.1 %
Services	72.4 %	68.4 %
Total gross margin percentage	43.8 %	39.8 %

Products Gross Margin

Products gross margin and Products gross margin percentage increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to a different Products mix and the strength in foreign currencies relative to the U.S. dollar.

Services Gross Margin

Services gross margin increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher Services net sales and a different Services mix. Services gross margin percentage increased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to a different Services mix and leverage, partially offset by higher Services costs.

The Company's future gross margins can be impacted by a variety of factors, as discussed in Part I, Item 1A of the 2021 Form 10-K under the heading "Risk Factors." As a result, the Company believes, in general, gross margins will be subject to volatility and downward pressure.

Operating Expenses

Operating expenses for the three months ended December 25, 2021 and December 26, 2020 were as follows (dollars in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Research and development	\$ 6,306	\$ 5,163
Percentage of total net sales	5 %	5 %
Selling, general and administrative	\$ 6,449	\$ 5,631
Percentage of total net sales	5 %	5 %
Total operating expenses	\$ 12,755	\$ 10,794
Percentage of total net sales	10 %	10 %

Research and Development

The growth in research and development ("R&D") expense during the first quarter of 2022 compared to the same quarter in 2021 was driven primarily by increases in headcount-related expenses, engineering program costs and infrastructure-related costs. The Company continues to believe that focused investments in R&D are critical to its future growth and competitive position in the marketplace, and to the development of new and updated products and services that are central to the Company's core business strategy.

Selling, General and Administrative

The growth in selling, general and administrative expense during the first quarter of 2022 compared to the same quarter in 2021 was driven primarily by increases in headcount-related expenses, variable selling expenses and professional services.

Other Income/(Expense), Net

Other income/(expense), net ("OI&E") for the three months ended December 25, 2021 and December 26, 2020 was as follows (dollars in millions):

	Three Months Ended		
	December 25, 2021	December 26, 2020	Change
Interest and dividend income	\$ 650	\$ 747	
Interest expense	(694)	(638)	
Other expense, net	(203)	(64)	
Total other income/(expense), net	<u>\$ (247)</u>	<u>\$ 45</u>	(649) %

OI&E decreased during the first quarter of 2022 compared to the same quarter in 2021 due primarily to higher net losses on marketable and non-marketable securities and lower interest income.

Provision for Income Taxes

Provision for income taxes, effective tax rate and statutory federal income tax rate for the three months ended December 25, 2021 and December 26, 2020 were as follows (dollars in millions):

	Three Months Ended	
	December 25, 2021	December 26, 2020
Provision for income taxes	\$ 6,611	\$ 4,824
Effective tax rate	16.0 %	14.4 %
Statutory federal income tax rate	21 %	21 %

The Company's effective tax rate for the first quarter of 2022 was lower than the statutory federal income tax rate due primarily to a lower effective tax rate on foreign earnings and tax benefits from share-based compensation.

The Company's effective tax rate for the first quarter of 2022 was higher compared to the same quarter in 2021 due primarily to lower tax benefits from share-based compensation and a change in geographic mix of earnings.

Liquidity and Capital Resources

The Company believes its balances of cash, cash equivalents and unrestricted marketable securities, along with cash generated by ongoing operations and continued access to debt markets, will be sufficient to satisfy its cash requirements and capital return program over the next 12 months and beyond.

The Company's cash requirements have not changed materially since the 2021 Form 10-K, except for manufacturing purchase obligations.

Manufacturing Purchase Obligations

The Company utilizes several outsourcing partners to manufacture subassemblies for the Company's products and to perform final assembly and testing of finished products. The Company also obtains individual components for its products from a wide variety of individual suppliers. Outsourcing partners acquire components and build product based on demand information supplied by the Company, which typically covers periods up to 150 days. As of December 25, 2021, the Company had manufacturing purchase obligations of \$47.6 billion, with \$47.5 billion payable within 12 months. The Company's manufacturing purchase obligations are primarily noncancelable.

In addition to its cash requirements, the Company has a capital return program authorized by the Board of Directors. The share repurchase program (the "Program") does not obligate the Company to acquire any specific number of shares. As of December 25, 2021, the Company's quarterly cash dividend was \$0.22 per share. The Company intends to increase its dividend on an annual basis, subject to declaration by the Board of Directors.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles and the Company's discussion and analysis of its financial condition and operating results require the Company's management to make judgments, assumptions and estimates that affect the amounts reported. Note 1, "Summary of Significant Accounting Policies" of the Notes to condensed consolidated Financial Statements in Part I, Item 1 of this Form 10-Q and in the Notes to Consolidated Financial Statements in Part II, Item 8 of the 2021 Form 10-K describe the significant accounting policies and methods used in the preparation of the Company's condensed consolidated financial statements. There have been no material changes to the Company's critical accounting estimates since the 2021 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk during the first three months of 2022. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of the 2021 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") were effective as of December 25, 2021 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the first quarter of 2022, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Epic Games

Epic Games, Inc. (“Epic”) filed a lawsuit in the U.S. District Court for the Northern District of California (the “Northern California District Court”) against the Company alleging violations of federal and state antitrust laws and California’s unfair competition law based upon the Company’s operation of its App Store. The Company filed a counterclaim for breach of contract. On September 10, 2021, the Northern California District Court ruled in favor of the Company with respect to nine out of the ten counts included in Epic’s claim, and in favor of the Company with respect to the Company’s claims for breach of contract. The Northern California District Court found that certain provisions of the Company’s App Store Review Guidelines violate California’s unfair competition law and issued an injunction. Epic appealed the decision. The Company filed a cross-appeal and has been granted a stay pending the appeal.

Other Legal Proceedings

The Company is subject to other legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. The Company settled certain matters during the first quarter of 2022 that did not individually or in the aggregate have a material impact on the Company’s financial condition or operating results. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts above management’s expectations, the Company’s financial condition and operating results for that reporting period could be materially adversely affected.

Item 1A. Risk Factors

The Company’s business, reputation, results of operations and financial condition, as well as the price of the Company’s stock, can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of the 2021 Form 10-K under the heading “Risk Factors.” When any one or more of these risks materialize from time to time, the Company’s business, reputation, results of operations and financial condition, as well as the price of the Company’s stock, can be materially and adversely affected. There have been no material changes to the Company’s risk factors since the 2021 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Share repurchase activity during the three months ended December 25, 2021 was as follows (in millions, except number of shares, which are reflected in thousands, and per share amounts):

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
September 26, 2021 to October 30, 2021:				
Open market and privately negotiated purchases	41,416	\$ 144.87	41,416	
October 31, 2021 to November 27, 2021:				
November 2021 ASRs	30,405	⁽²⁾	30,405	⁽²⁾
Open market and privately negotiated purchases	27,770	\$ 153.08	27,770	
November 28, 2021 to December 25, 2021:				
Open market and privately negotiated purchases	24,218	\$ 169.76	24,218	
Total	<u>123,809</u>			<u>\$ 40,489</u>

(1) As of December 25, 2021, the Company was authorized to purchase up to \$315 billion of the Company's common stock under the Program, announced on April 28, 2021, of which \$274.5 billion had been utilized. The remaining \$40.5 billion in the table represents the amount available to repurchase shares under the Program as of December 25, 2021. The Program does not obligate the Company to acquire any specific number of shares. Under the Program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

(2) In November 2021, the Company entered into new accelerated share repurchase agreements ("ASRs"). Under the terms of the agreements, two financial institutions committed to deliver shares of the Company's common stock during the purchase periods in exchange for up-front payments totaling \$6.0 billion. The total number of shares ultimately delivered under the ASRs, and therefore the average repurchase price paid per share, is determined based on the volume-weighted average price of the Company's common stock during the ASRs' purchase periods, which end in the second quarter of 2022.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information**Rule 10b5-1 Trading Plans**

During the three months ended December 25, 2021, Katherine L. Adams, Timothy D. Cook, Luca Maestri, Deirdre O'Brien and Jeffrey Williams, each an officer for purposes of Section 16 of the Exchange Act, had equity trading plans in place in accordance with Rule 10b5-1(c)(1) under the Exchange Act. An equity trading plan is a written document that preestablishes the amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of the Company's stock, including sales of shares acquired under the Company's employee and director equity plans.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date/ Period End Date
10.1*, **	Apple Inc. Non-Employee Director Stock Plan, as amended November 9, 2021.			
31.1**	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.			
31.2**	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.			
32.1***	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.			
101**	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.			
104**	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.			

* Indicates management contract or compensatory plan or arrangement.

** Filed herewith.

*** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

January 27, 2022

Apple Inc.

By: /s/ Luca Maestri
Luca Maestri
Senior Vice President,
Chief Financial Officer

**APPLE INC.
NON-EMPLOYEE DIRECTOR STOCK PLAN**

(as amended November 9, 2021)

On November 13, 2017, the Board adopted this Non-Employee Director Stock Plan (formerly known as the 1997 Director Stock Option Plan and the 1997 Director Stock Plan, and, as renamed, the "Plan"), subject to approval by the Company's shareholders at the Annual Meeting on February 13, 2018. The Plan was further amended by the Board as set forth herein, effective November 9, 2021. For the terms and conditions of the Plan applicable to an Award, refer to the version of the Plan in effect as of the date such Award was granted.

1. **PURPOSES.** The purposes of the Plan are to retain the services of qualified individuals who are not employees of the Company to serve as members of the Board and to secure for the Company the benefits of the incentives inherent in increased Common Stock ownership by such individuals by granting such individuals Awards in respect of Shares.

2. **ADMINISTRATION.** The Administrator shall be responsible for administering the Plan. Subject to the provisions of the Plan, the Administrator shall have the full authority, in its sole discretion, to take any actions it deems necessary or advisable for the administration of the Plan, including but not limited to:

- (a) determining the Fair Market Value for purposes of any Award;
- (b) approving any forms of Award Agreements to be used under the Plan;
- (c) amending any outstanding Awards;
- (d) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and Non-Employee Directors under the Plan;
- (e) correcting any defect, supplying any omission or reconciling any inconsistency in the Plan or any Award Agreement;
- (f) adopting such rules or guidelines as it deems appropriate to implement the Plan;
- (g) authorizing any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously authorized by the Administrator or the Plan;
- (h) adjusting the number of shares subject to any Award, adjusting the price of any or all outstanding Options or otherwise changing previously imposed terms and conditions, in such circumstances as the Administrator may deem appropriate;
- (i) determining whether, and the extent to which, adjustments are required pursuant to Section 7 hereof; and
- (j) making all other decisions relating to the operation of the Plan.

Each interpretation, determination, or other action made or taken by the Administrator pursuant to the Plan shall be final and binding on all persons, and the Administrator's determinations under the Plan need not be the same for all persons. The Administrator shall not be liable for any action or determination made in good faith, and shall be entitled to indemnification and reimbursement in the manner provided in the Company's Articles of Incorporation and Bylaws as such documents may be amended from time to time.

3. **SHARES AVAILABLE; LIMITS.**

(a) **SHARE LIMIT.** Subject to the provisions of Section 7, the maximum number of Shares that may be issued under the Plan shall not exceed 11,200,000 Shares (the "Share Limit"). The stock issuable under the Plan shall be authorized and unissued Shares.

(b) **SHARE COUNT.** Shares issued pursuant to Restricted Stock Unit Awards shall count against the Share Limit as two (2) Shares for every one (1) Share issued in connection with the Award. Shares issued pursuant to the exercise of Options shall count against the Share Limit as one (1) Share for every one (1) Share to which such exercise relates. If Awards are settled in cash, the shares that would have been delivered had there been no cash settlement shall not be counted against the Share Limit. Except as provided in the next sentence, if Awards are forfeited or are terminated for any reason before settlement or exercise, then the Shares underlying such Awards shall again become available for Awards under the Plan, provided that any one (1) Share subject to a Restricted Stock Unit Award that is forfeited or terminated shall be credited as two (2) Shares when determining the number of Shares that shall again become available for Awards under the Plan. Shares that are exchanged by a Non-Employee Director or withheld by the Company as full or partial payment in connection with any Award under the Plan, as well as any Shares exchanged by a Non-Employee Director or withheld by the Company or one of its Subsidiaries to satisfy the tax withholding obligations related to any Award, shall not be available for subsequent Awards under the Plan.

(c) **LIMIT ON COMPENSATION.** In no event shall the compensation payable by the Company to a Non-Employee Director for services performed as a Non-Employee Director, including the grant date value (determined under U.S. generally accepted accounting principles) of Awards, cash retainers, and other compensation, exceed \$1,500,000 in the aggregate in any fiscal year.

4. **RESTRICTED STOCK UNITS.** Unless otherwise determined by the Administrator, each Non-Employee Director shall receive grants of Restricted Stock Units under the Plan subject to the following provisions of this Section 4 and the terms of any Award Agreement approved by the Administrator:

(a) **ANNUAL GRANTS.** On the date of each Annual Meeting immediately following which a Non-Employee Director is serving on the Board, such Non-Employee Director shall be automatically granted an Award of a number of Restricted Stock Units determined by dividing (i) \$275,000 (or such other amount as determined by the Board and subject to the limitations of the Plan) by (ii) the Fair Market Value of the Shares on the date of grant, such number to be rounded to the nearest whole number of Restricted Stock Units (each, an "Annual RSU Award").

(b) **INITIAL GRANTS.** Each Non-Employee Director who first becomes a Non-Employee Director at any time other than on the date of an Annual Meeting shall be automatically granted, on the date he or she first becomes a Non-Employee Director, an Award of a number of Restricted Stock Units determined by multiplying (i) the quotient obtained by dividing (A) the dollar amount applied under Section 4(a) with respect to Awards granted at the immediately preceding Annual Meeting by (B) the Fair Market Value of the Shares on the date of grant, by (ii) a fraction (A) the numerator of which shall be the number of days remaining in the 365-day period following the most recent Annual Meeting, and (B) the denominator of which shall be 365 (but in no event shall such fraction be greater than one (1)), such number to be rounded to the nearest whole number of Restricted Stock Units (each, an "Initial RSU Award"); provided, however, that a Non-Employee Director shall not be eligible to receive an Initial RSU Award if either (x) he or she was an employee of the Company or any of its Subsidiaries immediately prior to first becoming a Non-Employee Director, or (y) he or she first becomes a Non-Employee Director at any time on or after the February 1 following the last preceding Annual Meeting.

(c) *VESTING; TERMINATION OF SERVICE.* Except as otherwise provided in an Award Agreement at the time of grant, each Annual RSU Award shall fully vest on the February 1 that occurs in the fiscal year of the Company following the fiscal year in which the Award was granted. Each Initial RSU Award shall fully vest on the Vesting Date established for the Annual RSU Awards granted in connection with the last Annual Meeting to occur prior to the grant date of such Initial RSU Award. If the Non-Employee Director ceases to serve as a member of the Board for any reason other than the Non-Employee Director's death, the Non-Employee Director's Restricted Stock Units shall terminate to the extent such Restricted Stock Units have not become vested prior to the first date the Non-Employee Director is no longer a member of the Board, and the Non-Employee Director shall have no rights with respect to, or in respect of, such terminated Restricted Stock Units. If the Non-Employee Director ceases to serve as a member of the Board due to his or her death, the Non-Employee Director's unvested Restricted Stock Units shall fully vest as of the date of the Non-Employee Director's death.

(d) *SETTLEMENT OF RESTRICTED STOCK UNITS.* On or as soon as administratively practical following the applicable Vesting Date (and in all events not later than two and one-half months after the applicable Vesting Date), the Company shall deliver to the Non-Employee Director a number of Shares (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company) equal to the number of Restricted Stock Units that vested on the applicable Vesting Date. Upon settlement of any Restricted Stock Units in accordance with the foregoing provision of this Section 4(d) and settlement of any Dividend Equivalent Right in accordance with Section 4(f), the Non-Employee Director shall have no further rights with respect to any Restricted Stock Units that are so paid.

(e) *SHAREHOLDER RIGHTS.* A Non-Employee Director shall have no rights as a shareholder of the Company, no dividend rights (except as expressly set forth in Section 4(f) with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units or any Shares underlying or issuable in respect of such Restricted Stock Units until such Shares have been issued to the Non-Employee Director pursuant to Section 4(d). Except for any Dividend Equivalent Rights awarded pursuant to Section 4(f) or as provided in Section 7, no adjustment shall be made in respect of any Restricted Stock Units for dividends or distributions or other rights in respect of any share for which the record date is prior to the date upon which the Non-Employee Director shall become the holder of record of Shares related thereto.

(f) *DIVIDEND EQUIVALENT RIGHTS DISTRIBUTIONS.* As of any date that the Company pays an ordinary cash dividend on its Common Stock, the Company shall credit the Non-Employee Directors with a dollar amount equal to (i) the per Share cash dividend paid by the Company on its Common Stock on such date, multiplied by (ii) the total number of Restricted Stock Units (including as such total number may be adjusted pursuant to Section 7) subject to the Award that are outstanding immediately prior to the record date for that dividend (a "Dividend Equivalent Right"). Any Dividend Equivalent Rights credited pursuant to the foregoing provisions of this Section 4(f) shall be subject to the same vesting, settlement and other terms, conditions and restrictions as the Restricted Stock Units to which they relate; provided, however, that the amount of any vested Dividend Equivalent Rights shall be paid in cash. No crediting of Dividend Equivalent Rights shall be made pursuant to this Section 4(f) with respect to any Restricted Stock Units which, immediately prior to the record date for that dividend, have either been paid pursuant to Section 4(d) or terminated pursuant to Section 4(c).

5. *OPTIONS.*

(a) *NO ADDITIONAL GRANTS.* No Options shall be granted under the Plan unless and until the Board determines that the grant of Options is in the best interests of the Company and its shareholders.

(b) *EXERCISE PRICE.* The per share exercise price of each Option shall not be less than 100% of the Fair Market Value of a Share as of the date of grant of the Option determined in accordance with the provisions of the Plan.

(c) *VESTING.* Except as otherwise provided in an Award Agreement at the time of grant, Options shall be fully vested and immediately exercisable on their date of grant.

(d) *TERM OF OPTIONS.*

i. *TEN-YEAR TERM.* Each Option shall expire ten (10) years from its date of grant, subject to earlier termination as provided herein.

ii. *TERMINATION OF SERVICE.* Upon cessation of a Non-Employee Director's service as a member of the Board for any reason other than death, any of the Non-Employee Director's Options (or any portion thereof) that is not then vested shall terminate, and the Non-Employee Director shall have no rights with respect to, or in respect of, such terminated Options. If the Non-Employee Director ceases to serve as a member of the Board due to his or her death, the Non-Employee Director's Options shall fully vest as of the date of the Non-Employee Director's death.

iii. *EXERCISE FOLLOWING TERMINATIONS OF SERVICE.* If a Non-Employee Director ceases to be a member of the Board for any reason other than death, any Options granted to such Non-Employee Director that are exercisable at the time of the Non-Employee Director's termination may be exercised by such Non-Employee Director at any time within ninety (90) days after the date of such Non-Employee Director's termination of service, subject to the earlier expiration of such Options as provided for in Section 5(d)(i) above. At the end of such ninety-day period, any unexercised portion of the Option shall expire. If a Non-Employee Director ceases to be a member of the Board by reason of his or her death, all of the Options granted to the Non-Employee Director may be exercised by his or her Beneficiary at any time within three (3) years after the date of the Non-Employee Director's death, subject to the earlier expiration of such Options as provided for in Section 5(d)(i) above. At the end of such three-year period, any unexercised portion of the Option shall expire.

(e) *TIME AND MANNER OF EXERCISE OF OPTIONS.*

i. *NOTICE OF EXERCISE.* Subject to the other terms and conditions hereof, a Non-Employee Director may exercise any Option, to the extent such Option is vested, by giving written notice of exercise to the Company; provided, however, that in no event shall an Option be exercisable for a fractional share. The date of exercise of an Option shall be the later of (A) the date on which the Company receives such written notice and (B) the date on which the Non-Employee Director pays the applicable consideration pursuant to Section 5(e)(ii).

ii. *METHOD OF EXERCISE.* The consideration to be paid for the Shares to be issued upon exercise of an Option may consist of (A) cash, (B) check, (C) other Shares that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option shall be exercised, (D) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to sell Shares and promptly deliver to the Company the amount of proceeds required to pay the exercise price, or (E) any combination of the foregoing methods of payment. Without limiting the generality of the

foregoing, any vested and exercisable Options may also be Net Exercised, to the extent permitted by the Administrator.

- iii. *SHAREHOLDER RIGHTS.* A Non-Employee Director shall have no rights as a shareholder with respect to any Shares issuable upon exercise of an Option until such Shares shall have been issued to the Non-Employee Director pursuant to Section 5(e), and, except as provided in Section 7, no adjustment shall be made to an Option or Share issued upon the exercise thereof for dividends, distributions or other rights in respect of any Share for which the record date is prior to the date upon which the Non-Employee Director shall become the holder of record thereof.

(f) *ISSUANCE OF SHARES.* Subject to the foregoing conditions, as soon as is reasonably practicable after its receipt of a proper notice of exercise and, if applicable, payment of the exercise price of the Option for the number of Shares with respect to which the Option is exercised, the Company shall deliver to the Non-Employee Director (or following the Non-Employee Director's death, the Beneficiary entitled to exercise the Option), at the principal office of the Company or at such other location as may be acceptable to the Company and the Non-Employee Director (or such Beneficiary), the appropriate number of Shares to be issued in connection with such exercise. Delivery of such Shares shall be evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company, or in such other manner that the Administrator shall specify from time to time. Shares sold in connection with a "cashless exercise" shall be delivered to the broker referred to therein in accordance with procedures established by the Company from time to time.

- 6. *RESTRICTIONS ON TRANSFER.* An Award may not be transferred, pledged, assigned, or otherwise disposed of, except by will or by the laws of descent and distribution; provided, however, that, with the approval of the Administrator, an Award may be transferred to a Non-Employee Director's family members or to one or more trusts established in whole or in part for the benefit of one or more of such family members. An Option shall be exercisable, during the Non-Employee Director's lifetime, only by the Non-Employee Director or by the individual or entity to whom the Option has been transferred in accordance with the previous sentence. No assignment or transfer of an Award, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, except by will or the laws of descent and distribution, shall vest in the assignee or transferee any interest or right in the Award, but immediately upon any attempt to assign or transfer the Award the same shall terminate and be of no force or effect.

7. *ADJUSTMENTS.*

(a) Upon (or, as may be necessary to effect the adjustment, immediately prior to) any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation or other reorganization; any spin-off, split-up, split-off or extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock, the Administrator shall equitably and proportionately adjust (1) the number and type of Shares (or other securities) that thereafter may be made the subject of Awards (including the Share Limit, maximums and number of Shares set forth elsewhere in the Plan), (2) the number, amount and type of Shares (or other securities or property) subject to any outstanding Awards, (3) the exercise price of any outstanding Options, and/or (4) the securities, cash or other property deliverable upon exercise or settlement of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by the Plan and the then-outstanding Awards. Any good faith determination by the Administrator as to whether an adjustment is required in the

circumstances pursuant to this Section 7(a), and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

(b) It is intended that, unless otherwise determined by the Administrator, any adjustments contemplated by Section 7(a) be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Code Section 409A) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

(c) Any adjustment under this Section 7 need not be the same for all persons or Awards.

8. **CHANGE OF CONTROL.** Upon the occurrence of any Change of Control, any then outstanding Award automatically shall become vested or exercisable, as the case may be, with respect to a prorated portion of the number of Shares subject to such Award, determined as follows:

(a) **CLIFF-VESTING AWARDS.** If the Award has one scheduled Vesting Date, the portion of the Award with respect to the following number of Shares shall vest upon the Change of Control: (i) the number of Shares subject to such Award, multiplied by (ii) a fraction (A) the numerator of which is the number of days elapsed from and including the date the Award was granted to the date of the Change of Control, and (B) the denominator is the number of days from and including the date of grant to and including the scheduled Vesting Date.

(b) **INSTALLMENT-VESTING AWARDS.** If the Award has multiple scheduled Vesting Dates, the portion of the Award with respect to the following number of Shares shall vest upon the Change of Control: (i) the number of Shares subject to the portion of such Award that is scheduled to vest on the first Vesting Date that is scheduled to occur following the Change of Control, multiplied by (ii) a fraction (A) the numerator of which is the number of days elapsed following and excluding the most recent Vesting Date prior to the Change of Control, and (B) the denominator is the number of days from and excluding such most recent Vesting Date to and including the first Vesting Date that is scheduled to occur following the Change of Control.

9. **DESIGNATION OF BENEFICIARY.**

(a) **BENEFICIARY DESIGNATIONS.** Each Non-Employee Director may designate a Beneficiary to exercise an Option or receive settlement of an Award upon the Non-Employee Director's death by executing a Beneficiary Designation Form and delivering it to the Administrator.

(b) **CHANGE OF BENEFICIARY DESIGNATION.** A Non-Employee Director may change an earlier Beneficiary designation by executing a later Beneficiary Designation Form and delivering it to the Administrator. The execution of a Beneficiary Designation Form and its receipt by the Administrator shall revoke and rescind any prior Beneficiary Designation Form.

10. **TERMINATION AND AMENDMENT OF THE PLAN.**

(a) **TERMINATION.** Unless earlier terminated by the Board, the Plan shall terminate on November 12, 2027. Following such date, no further grants of Awards shall be made pursuant to the Plan.

(b) **GENERAL POWER OF BOARD.** Notwithstanding anything herein to the contrary, the Board may at any time and from time to time terminate, modify, suspend or amend the Plan in whole or in part (including amend the Plan at any time and from time to time, without shareholder approval, to prospectively change the value and relative mixture of Restricted Stock

Units and Options subject to Awards granted to Non-Employee Directors on the date of each Annual Meeting or upon becoming a Non-Employee Director and the methodology for determining the number of Shares to be subject to such Awards, each within the Share Limit and the individual limit set forth in Section 3, and the other terms and conditions applicable to such Awards) or, subject to Sections 10(c) and 10(d), amend the terms of any outstanding Award; provided, however, that no such termination, modification, suspension or amendment shall be effective without shareholder approval if such approval is required to comply with any applicable law or stock exchange rule; and provided further that the Board may not, without shareholder approval, increase the maximum number of Shares issuable under the Plan except as provided in Section 7. For avoidance of doubt, the Board may, without shareholder approval, provide on a prospective basis for grants under the Plan to consist of Options only, Restricted Stock Units only, or a combination of Options and Restricted Stock Units on such terms and conditions, subject to the Share Limit and the other express limits of the Plan, as may be established by the Board.

(c) *WHEN NON-EMPLOYEE DIRECTORS' CONSENTS REQUIRED.* The Board may not alter, amend, suspend or terminate the Plan, or amend the terms of any outstanding Award, without the consent of any Non-Employee Director to the extent that such action would adversely affect his or her rights with respect to Awards that have previously been granted, except to the extent such action is necessary to comply with applicable law or stock exchange listing rules or accounting rules.

(d) *NO REPRICING.* In no case (except due to an adjustment contemplated by Section 7 or any repricing that may be approved by shareholders) shall any action be taken with respect to the Plan or any Option hereunder that would constitute a repricing (by amendment, substitution, cancellation and regrant, exchange or other means, including any action that is treated as a repricing under U.S. generally accepted accounting principles) of the per Share exercise price of any Option.

11. *MISCELLANEOUS.*

(a) *NO RIGHT TO NOMINATION.* Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for reelection by the Company's shareholders, nor confer upon any Non-Employee Director the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

(b) *REGULATORY REQUIREMENTS.* The Administrator may require each Non-Employee Director or any other person purchasing or acquiring Shares pursuant to the Plan to agree with the Company in writing that such Non-Employee Director is acquiring the Shares for investment and not with a view to the distribution thereof or provide such other assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements. Shares delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission or any exchange upon which the Common Stock is then listed, and any applicable federal or state securities law. No Shares shall be issued hereunder unless the Company shall have determined that such issuance is in compliance with, or pursuant to an exemption from, all applicable federal and state securities laws.

(c) *EXPENSES.* The costs and expenses of administering the Plan shall be borne by the Company.

(d) **APPLICABLE LAW.** Except as to matters of federal law, the Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of California without giving effect to conflicts of law principles.

(e) **SEVERABILITY.** If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of the Plan shall continue in effect.

(f) **SECTION HEADINGS; INTERPRETATION.** Captions and headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(g) **AUTHORITY OF THE COMPANY AND SHAREHOLDERS.** The existence of the Plan shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or business of the Company or any Subsidiary, (ii) any merger, amalgamation, consolidation or change in the ownership of the Company or any Subsidiary, (iii) any issue of bonds, debentures, capital, preferred or prior preference stock ahead of or affecting the capital stock (or the rights thereof) of the Company or any Subsidiary, (iv) any dissolution or liquidation of the Company or any Subsidiary, (v) any sale or transfer of all or any part of the assets or business of the Company or any Subsidiary, (vi) the payment at the discretion of the Board of any type or form of compensation to Non-Employee Directors that may be made at law and without contravention of any requirement of the principal exchange upon which the Shares are traded, or (vii) any other corporate act or proceeding by the Company or any Subsidiary, whether of a similar character or otherwise. No Non-Employee Director, beneficiary or other person shall have any claim under any Award or Award Agreement against any member of the Board or the Company, or any employees, officers or agents of the Company or any Subsidiary, as a result of any such action.

12. **DEFINITIONS.** Capitalized words not otherwise defined in the Plan have the meanings set forth below:

"ADMINISTRATOR" means the Board. The Board may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Subsidiaries or to third parties.

"ANNUAL MEETING" means the first annual meeting of the Company's shareholders at which members of the Board are elected following the applicable fiscal year of the Company or the applicable date, as the context may require. By way of example, the Annual Meeting following the Company's 2016 fiscal year occurred on February 28, 2017.

"AWARD" means an award of Options or Restricted Stock Units under the Plan.

"AWARD AGREEMENT" means any agreement that evidences an Award granted under the Plan. Award Agreements shall consist of either (1) a written award agreement in a form approved by the Administrator, or (2) an electronic notice of award grant in a form approved by the Administrator and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking award grants under the Plan generally, as the Administrator may provide and, in each case and if required by the Administrator, executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Administrator may require.

"BENEFICIARY" means an individual or entity designated by a Non-Employee Director on a Beneficiary Designation Form to exercise Options or receive settlement of Awards in the event of the Non-Employee Director's death; provided, however, that, if no such individual or entity is designated or if

no such designated individual is alive at the time of the Non-Employee Director's death, Beneficiary shall mean the Non-Employee Director's estate.

"BENEFICIARY DESIGNATION FORM" means a document, in a form approved by the Administrator to be used by Non-Employee Directors to name their respective Beneficiaries. No Beneficiary Designation Form shall be effective unless it is signed by the Non-Employee Director and received by the Administrator prior to the date of death of the Non-Employee Director.

"BOARD" means the Board of Directors of the Company.

"CHANGE OF CONTROL" means the occurrence of any one or more of the following events:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (an "Acquirer") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then outstanding Shares (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (4) any acquisition by any entity pursuant to a transaction that complies with clauses (1), (2) and (3) of subsection (iii) of this definition;

(ii) A change in the composition of the Board such that the individuals who, as of February 13, 2018, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that, for purposes of this subsection (ii), any individual who becomes a member of the Board subsequent to February 13, 2018 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered members of the Incumbent Board; provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an Acquirer other than the Board shall not be considered a member of the Incumbent Board;

(iii) The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Subsidiaries or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its Subsidiaries (a "Business Combination"), in each case, unless, following such Business Combination (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (2) no Acquirer (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then outstanding shares of common stock (or, for a noncorporate entity,

equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

“CODE” means the Internal Revenue Code of 1986, as amended, and the applicable rules and regulations promulgated thereunder.

“COMMON STOCK” means the common stock of the Company or any other class of securities of the Company or any successor in interest thereto to which any award under the Plan relates by reason of an adjustment under Section 7.

“COMPANY” means Apple Inc., a California corporation, or any successor to substantially all of its business.

“EXCHANGE ACT” means the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations promulgated thereunder.

“FAIR MARKET VALUE” means, unless otherwise determined or provided by the Administrator in the circumstances, the last price (in regular trading) for a Share on the Nasdaq Stock Market (the “Market”) for the date in question or, if no sales of Shares were reported on the Market on that date, the last price (in regular trading) for a Share on the Market for the next preceding day on which sales of Shares were reported on the Market. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the last price for a Share on the Market on the last trading day preceding the date in question or the average of the high and low trading prices of a Share on the Market for the date in question or the most recent trading day. If Shares are no longer listed or are no longer actively traded on the Market as of the applicable date, the Fair Market Value of a Share shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances. The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Awards (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards shall be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

“NET EXERCISED” shall mean the exercise of an Option or any portion thereof by the delivery to the person exercising such Option of the greatest number of whole Shares having a Fair Market Value on the date of exercise not in excess of the difference between the aggregate Fair Market Value of the Shares subject to the Option (or the portion of such Option then being exercised) and the aggregate exercise price for all such Shares under the Option (or the portion thereof then being exercised), with any fractional share that would result from such equation to be payable in cash.

“NON-EMPLOYEE DIRECTOR” means a member of the Board who is not an employee of the Company or any of its Subsidiaries.

“OPTION” means an option to purchase Shares awarded to a Non-Employee Director under the Plan.

"RESTRICTED STOCK UNIT" means a bookkeeping entry representing the equivalent of one Share, subject to the terms and conditions hereof, and represents an unfunded and unsecured obligation of the Company.

"SHARE" means one share of Common Stock.

"SUBSIDIARY" means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company. An entity that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

"VESTING DATE" means, with respect to a particular Award, the date on which the Award vests in whole or in part.

"VOTING SECURITIES" means, with respect to any corporation, securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

CERTIFICATION

I, Timothy D. Cook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apple Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 27, 2022

By: /s/ Timothy D. Cook
Timothy D. Cook
Chief Executive Officer

CERTIFICATION

I, Luca Maestri, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apple Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: January 27, 2022

By: /s/ Luca Maestri
 Luca Maestri
 Senior Vice President,
 Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy D. Cook, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Apple Inc. on Form 10-Q for the period ended December 25, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Apple Inc. at the dates and for the periods indicated.

Date: January 27, 2022

By: /s/ Timothy D. Cook
Timothy D. Cook
Chief Executive Officer

I, Luca Maestri, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Apple Inc. on Form 10-Q for the period ended December 25, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Apple Inc. at the dates and for the periods indicated.

Date: January 27, 2022

By: /s/ Luca Maestri
Luca Maestri
Senior Vice President,
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Apple Inc. and will be retained by Apple Inc. and furnished to the Securities and Exchange Commission or its staff upon request.