

Apple Inc.

Notes to Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation and Preparation

The consolidated financial statements include the accounts of Apple Inc. and its wholly owned subsidiaries. The preparation of these consolidated financial statements and accompanying notes in conformity with GAAP requires the use of management estimates. Certain prior period amounts in the consolidated financial statements and accompanying notes have been reclassified to conform to the current period's presentation.

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, which occurred in the first fiscal quarter of 2023. The Company's fiscal year 2023 spanned 53 weeks, whereas fiscal years 2022 and 2021 spanned 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.

Revenue

The Company records revenue net of taxes collected from customers that are remitted to governmental authorities.

Share-Based Compensation

The Company recognizes share-based compensation expense on a straight-line basis for its estimate of equity awards that will ultimately vest.

Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are treated as cash equivalents.

Marketable Securities

The cost of securities sold is determined using the specific identification method.

Inventories

Inventories are measured using the first-in, first-out method.

Property, Plant and Equipment

Depreciation on property, plant and equipment is recognized on a straight-line basis.

Derivative Instruments

The Company presents derivative assets and liabilities at their gross fair values in the Consolidated Balance Sheets.

Income Taxes

The Company records certain deferred tax assets and liabilities in connection with the minimum tax on certain foreign earnings created by the Act.

Leases

The Company combines and accounts for lease and nonlease components as a single lease component for leases of corporate, data center and retail facilities.