

## Services

### *Advertising*

The Company's advertising services include third-party licensing arrangements and the Company's own advertising platforms.

### *AppleCare*

The Company offers a portfolio of fee-based service and support products under the AppleCare<sup>®</sup> brand. The offerings provide priority access to Apple technical support, access to the global Apple authorized service network for repair and replacement services, and in many cases additional coverage for instances of accidental damage or theft and loss, depending on the country and type of product.

### *Cloud Services*

The Company's cloud services store and keep customers' content up-to-date and available across multiple Apple devices and Windows personal computers.

### *Digital Content*

The Company operates various platforms, including the App Store<sup>®</sup>, that allow customers to discover and download applications and digital content, such as books, music, video, games and podcasts.

The Company also offers digital content through subscription-based services, including Apple Arcade<sup>®</sup>, a game subscription service; Apple Fitness+<sup>SM</sup>, a personalized fitness service; Apple Music<sup>®</sup>, which offers users a curated listening experience with on-demand radio stations; Apple News+<sup>®</sup>, a subscription news and magazine service; and Apple TV+<sup>®</sup>, which offers exclusive original content and live sports.

### *Payment Services*

The Company offers payment services, including Apple Card<sup>®</sup>, a co-branded credit card, and Apple Pay<sup>®</sup>, a cashless payment service.

## Segments

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.

## Markets and Distribution

The Company's customers are primarily in the consumer, small and mid-sized business, education, enterprise and government markets. The Company sells its products and resells third-party products in most of its major markets directly to customers through its retail and online stores and its direct sales force. The Company also employs a variety of indirect distribution channels, such as third-party cellular network carriers, wholesalers, retailers and resellers. During 2023, the Company's net sales through its direct and indirect distribution channels accounted for 37% and 63%, respectively, of total net sales.

## Competition

The markets for the Company's products and services are highly competitive, and are characterized by aggressive price competition and resulting downward pressure on gross margins, frequent introduction of new products and services, short product life cycles, evolving industry standards, continual improvement in product price and performance characteristics, rapid adoption of technological advancements by competitors, and price sensitivity on the part of consumers and businesses. Many of the Company's competitors seek to compete primarily through aggressive pricing and very low cost structures, and by imitating the Company's products and infringing on its intellectual property.