

### Share-Based Compensation

The following table shows share-based compensation expense and the related income tax benefit included in the Consolidated Statements of Operations for 2023, 2022 and 2021 (in millions):

	2023	2022	2021
Share-based compensation expense	\$ 10,833	\$ 9,038	\$ 7,906
Income tax benefit related to share-based compensation expense	\$ ( 3,421 )	\$ ( 4,002 )	\$ ( 4,056 )

As of September 30, 2023, the total unrecognized compensation cost related to outstanding RSUs was \$ 18.6 billion, which the Company expects to recognize over a weighted-average period of 2.5 years.

### Note 12 – Commitments, Contingencies and Supply Concentrations

#### Unconditional Purchase Obligations

The Company has entered into certain off-balance sheet commitments that require the future purchase of goods or services ("unconditional purchase obligations"). The Company's unconditional purchase obligations primarily consist of supplier arrangements, licensed intellectual property and content, and distribution rights. Future payments under noncancelable unconditional purchase obligations with a remaining term in excess of one year as of September 30, 2023, are as follows (in millions):

2024	\$ 4,258
2025	2,674
2026	3,434
2027	1,277
2028	5,878
Thereafter	3,215
Total	<u>\$ 20,736</u>

#### 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.

#### Concentrations in the Available Sources of Supply of Materials and Product

Although most components essential to the Company's business are generally available from multiple sources, certain components are currently obtained from single or limited sources. The Company also competes for various components with other participants in the markets for smartphones, personal computers, tablets, wearables and accessories. Therefore, many components used by the Company, including those that are available from multiple sources, are at times subject to industry-wide shortage and significant commodity pricing fluctuations.

The Company uses some custom components that are not commonly used by its competitors, and new products introduced by the Company often utilize custom components available from only one source. When a component or product uses new technologies, initial capacity constraints may exist until the suppliers' yields have matured or their manufacturing capacities have increased. The continued availability of these components at acceptable prices, or at all, may be affected if suppliers decide to concentrate on the production of common components instead of components customized to meet the Company's requirements.

Substantially all of the Company's hardware products are manufactured by outsourcing partners that are located primarily in China mainland, India, Japan, South Korea, Taiwan and Vietnam.