

Item 2. Properties

The Company's headquarters is located in Cupertino, California. As of September 30, 2023, the Company owned or leased facilities and land for corporate functions, R&D, data centers, retail and other purposes at locations throughout the U.S. and in various places outside the U.S. The Company believes its existing facilities and equipment, which are used by all reportable segments, are in good operating condition and are suitable for the conduct of its business.

Item 3. Legal Proceedings

Epic Games

Epic Games, Inc. ("Epic") filed a lawsuit in the U.S. District Court for the Northern District of California (the "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. On September 10, 2021, the District Court ruled in favor of the Company with respect to nine out of the ten counts included in Epic's claim. The District Court found that certain provisions of the Company's App Store Review Guidelines violate California's unfair competition law and issued an injunction enjoining the Company from prohibiting developers from including in their apps external links that direct customers to purchasing mechanisms other than Apple in-app purchasing. The injunction applies to apps on the U.S. storefront of the iOS and iPadOS App Store. On April 24, 2023, the U.S. Court of Appeals for the Ninth Circuit (the "Circuit Court") affirmed the District Court's ruling. On June 7, 2023, the Company and Epic filed petitions with the Circuit Court requesting further review of the decision. On June 30, 2023, the Circuit Court denied both petitions. On July 17, 2023, the Circuit Court granted Apple's motion to stay enforcement of the injunction pending appeal to the U.S. Supreme Court. If the U.S. Supreme Court denies Apple's petition, the stay of the injunction will expire.

Masimo

Masimo Corporation and Cercacor Laboratories, Inc. (together, "Masimo") filed a complaint before the U.S. International Trade Commission (the "ITC") alleging infringement by the Company of five patents relating to the functionality of the blood oxygen feature in Apple Watch Series 6 and 7. In its complaint, Masimo sought a permanent exclusion order prohibiting importation to the United States of certain Apple Watch models that include blood oxygen sensing functionality. On October 26, 2023, the ITC entered a limited exclusion order (the "Order") prohibiting importation and sales in the United States of Apple Watch models with blood oxygen sensing functionality, which includes Apple Watch Series 9 and Ultra 2. The Order will not go into effect until the end of the administrative review period, which is currently expected to end on December 25, 2023. The Company intends to appeal the Order and seek 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 fourth quarter of 2023 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 4. Mine Safety Disclosures

Not applicable.