

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 June 25, 2022

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



Non-accelerated filer



Accelerated filer



Smaller reporting company



Emerging growth company



Other Income/(Expense), Net

The following table shows the detail of other income/(expense), net for the three- and nine-month periods ended June 25, 2022 and June 26, 2021 (in millions):

	Three Months Ended		Nine Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Interest and dividend income	\$ 722	\$ 719	\$ 2,072	\$ 2,184
Interest expense	(719)	(665)	(2,104)	(1,973)
Other income/(expense), net	(13)	189	(65)	585
Total other income/(expense), net	<u>\$ (10)</u>	<u>\$ 243</u>	<u>\$ (97)</u>	<u>\$ 796</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 June 25, 2022 and September 25, 2021, the Company had \$11.0 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 nine months ended June 25, 2022 and June 26, 2021 (in millions):

	Nine Months Ended	
	June 25, 2022	June 26, 2021
Maturities 90 days or less:		
Proceeds from commercial paper, net	\$ 4,383	\$ 2,745
Maturities greater than 90 days:		
Proceeds from commercial paper	5,731	3,993
Repayments of commercial paper	(5,144)	(3,716)
Proceeds from commercial paper, net	<u>587</u>	<u>277</u>
Total proceeds from commercial paper, net	<u>\$ 4,970</u>	<u>\$ 3,022</u>

Term Debt

As of June 25, 2022 and September 25, 2021, the Company had outstanding floating- and fixed-rate notes with varying maturities for an aggregate carrying amount of \$108.7 billion and \$118.7 billion, respectively (collectively the “Notes”). As of June 25, 2022 and September 25, 2021, the fair value of the Company’s Notes, based on Level 2 inputs, was \$101.0 billion and \$125.3 billion, respectively.

Note 6 – Shareholders’ Equity

Share Repurchase Program

During the nine months ended June 25, 2022, the Company repurchased 408 million shares of its common stock for \$65.0 billion under a share repurchase program authorized by the Board of Directors (the “Program”), including 35 million shares delivered under accelerated share repurchase agreements totaling \$6.0 billion that were entered into in November 2021. The Program does not obligate the Company to acquire a minimum amount 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.

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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.

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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
1.375% 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



Non-accelerated filer



Accelerated filer



Smaller reporting company



Emerging growth company



Term Debt

As of December 31, 2022 and September 24, 2022, the Company had outstanding fixed-rate notes with varying maturities for an aggregate carrying amount of \$109.4 billion and \$110.1 billion, respectively (collectively the "Notes"). As of December 31, 2022 and September 24, 2022, the fair value of the Company's Notes, based on Level 2 inputs, was \$98.0 billion and \$98.8 billion, respectively.

Note 6 – Shareholders' Equity

Share Repurchase Program

During the three months ended December 31, 2022, the Company repurchased 133 million shares of its common stock for \$19.0 billion under a share repurchase program authorized by the Board of Directors (the "Program"). The Program does not obligate the Company to acquire a minimum amount 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.

Note 7 – Benefit Plans

Restricted Stock Units

A summary of the Company's RSU activity and related information for the three months ended December 31, 2022 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 24, 2022	201,501	\$ 109.48	
RSUs granted	82,123	\$ 149.85	
RSUs vested	(47,298)	\$ 84.46	
RSUs canceled	(2,958)	\$ 120.26	
Balance as of December 31, 2022	233,368	\$ 128.62	\$ 30,322

The fair value as of the respective vesting dates of RSUs was \$6.8 billion and \$8.5 billion for the three months ended December 31, 2022 and December 25, 2021, respectively.

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 31, 2022 and December 25, 2021 (in millions):

	Three Months Ended	
	December 31, 2022	December 25, 2021
Share-based compensation expense	\$ 2,905	\$ 2,265
Income tax benefit related to share-based compensation expense	\$ (1,178)	\$ (1,536)

As of December 31, 2022, the total unrecognized compensation cost related to outstanding RSUs and stock options was \$25.5 billion, which the Company expects to recognize over a weighted-average period of 3.0 years.

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Common Stock, \$0.00001 par value per share	AAPL	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

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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 ☐

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Large accelerated filer



Non-accelerated filer



Accelerated filer



Smaller reporting company



Emerging growth company



Note 5 – Income Taxes

European Commission State Aid Decision

On August 30, 2016, the European Commission announced its decision that Ireland granted state aid to the Company by providing tax opinions in 1991 and 2007 concerning the tax allocation of profits of the Irish branches of two subsidiaries of the Company (the “State Aid Decision”). The State Aid Decision ordered Ireland to calculate and recover additional taxes from the Company for the period June 2003 through December 2014. Irish legislative changes, effective as of January 2015, eliminated the application of the tax opinions from that date forward. The Company and Ireland appealed the State Aid Decision to the General Court of the Court of Justice of the European Union (the “General Court”). On July 15, 2020, the General Court annulled the State Aid Decision. On September 25, 2020, the European Commission appealed the General Court’s decision to the European Court of Justice and a hearing has been scheduled for May 23, 2023. The Company believes it would be eligible to claim a U.S. foreign tax credit for a portion of any incremental Irish corporate income taxes potentially due related to the State Aid Decision.

Note 6 – 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 April 1, 2023 and September 24, 2022, the Company had \$2.0 billion and \$10.0 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 six months ended April 1, 2023 and March 26, 2022 (in millions):

	Six Months Ended	
	April 1, 2023	March 26, 2022
Maturities 90 days or less:		
Proceeds from/(Repayments of) commercial paper, net	\$ (5,315)	\$ 4,952
Maturities greater than 90 days:		
Proceeds from commercial paper	—	1,191
Repayments of commercial paper	(2,645)	(5,144)
Repayments of commercial paper, net	(2,645)	(3,953)
Total proceeds from/(repayments of) commercial paper, net	\$ (7,960)	\$ 999

Term Debt

As of April 1, 2023 and September 24, 2022, the Company had outstanding fixed-rate notes with varying maturities for an aggregate carrying amount of \$107.6 billion and \$110.1 billion, respectively (collectively the “Notes”). As of April 1, 2023 and September 24, 2022, the fair value of the Company’s Notes, based on Level 2 inputs, was \$98.4 billion and \$98.8 billion, respectively.

Note 7 – Shareholders’ Equity

Share Repurchase Program

During the six months ended April 1, 2023, the Company repurchased 262 million shares of its common stock under an authorized share repurchase program for \$38.1 billion, excluding excise tax due under the Inflation Reduction Act of 2022. The program does not obligate the Company to acquire a minimum amount of shares. Under the program, shares may be repurchased in privately negotiated or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

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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
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Yes ☒ No ☐

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Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

Note 5 – Income Taxes

European Commission State Aid Decision

On August 30, 2016, the European Commission announced its decision that Ireland granted state aid to the Company by providing tax opinions in 1991 and 2007 concerning the tax allocation of profits of the Irish branches of two subsidiaries of the Company (the “State Aid Decision”). The State Aid Decision ordered Ireland to calculate and recover additional taxes from the Company for the period June 2003 through December 2014. Irish legislative changes, effective as of January 2015, eliminated the application of the tax opinions from that date forward. The Company and Ireland appealed the State Aid Decision to the General Court of the Court of Justice of the European Union (the “General Court”). On July 15, 2020, the General Court annulled the State Aid Decision. On September 25, 2020, the European Commission appealed the General Court’s decision to the European Court of Justice (the “ECJ”) and a hearing was held on May 23, 2023. A decision from the ECJ is expected in calendar year 2024. The Company believes it would be eligible to claim a U.S. foreign tax credit for a portion of any incremental Irish corporate income taxes potentially due related to the State Aid Decision.

Note 6 – 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 July 1, 2023 and September 24, 2022, the Company had \$4.0 billion and \$10.0 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 nine months ended July 1, 2023 and June 25, 2022 (in millions):

	Nine Months Ended	
	July 1, 2023	June 25, 2022
Maturities 90 days or less:		
Proceeds from/(Repayments of) commercial paper, net	\$ (3,326)	\$ 4,383
Maturities greater than 90 days:		
Proceeds from commercial paper	—	5,731
Repayments of commercial paper	(2,645)	(5,144)
Proceeds from/(Repayments of) commercial paper, net	(2,645)	587
Total proceeds from/(repayments of) commercial paper, net	\$ (5,971)	\$ 4,970

Term Debt

As of July 1, 2023 and September 24, 2022, the Company had outstanding fixed-rate notes with varying maturities for an aggregate carrying amount of \$105.3 billion and \$110.1 billion, respectively (collectively the “Notes”). As of July 1, 2023 and September 24, 2022, the fair value of the Company’s Notes, based on Level 2 inputs, was \$95.3 billion and \$98.8 billion, respectively.

Note 7 – Shareholders’ Equity

Share Repurchase Program

During the nine months ended July 1, 2023, the Company repurchased 365 million shares of its common stock for \$56.1 billion, excluding excise tax due under the Inflation Reduction Act of 2022. The Company’s share repurchase programs do not obligate the Company to acquire a minimum amount of shares. Under the programs, shares may be repurchased in privately negotiated or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.