

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 March 30, 2024

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
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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

15,334,082,000 shares of common stock were issued and outstanding as of April 19, 2024.

Apple Inc.

Form 10-Q

For the Fiscal Quarter Ended March 30, 2024

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except number of shares, which are reflected in thousands, and per-share amounts)

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Net sales:				
Products	\$ 66,886	\$ 73,929	\$ 163,344	\$ 170,317
Services	23,867	20,907	46,984	41,673
Total net sales	90,753	94,836	210,328	211,990
Cost of sales:				
Products	42,424	46,795	100,864	107,560
Services	6,058	6,065	12,338	12,122
Total cost of sales	48,482	52,860	113,202	119,682
Gross margin	42,271	41,976	97,126	92,308
Operating expenses:				
Research and development	7,903	7,457	15,599	15,166
Selling, general and administrative	6,468	6,201	13,254	12,808
Total operating expenses	14,371	13,658	28,853	27,974
Operating income	27,900	28,318	68,273	64,334
Other income/(expense), net	158	64	108	(329)
Income before provision for income taxes	28,058	28,382	68,381	64,005
Provision for income taxes	4,422	4,222	10,829	9,847
Net income	\$ 23,636	\$ 24,160	\$ 57,552	\$ 54,158
Earnings per share:				
Basic	\$ 1.53	\$ 1.53	\$ 3.72	\$ 3.42
Diluted	\$ 1.53	\$ 1.52	\$ 3.71	\$ 3.41
Shares used in computing earnings per share:				
Basic	15,405,856	15,787,154	15,457,810	15,839,939
Diluted	15,464,709	15,847,050	15,520,675	15,901,384

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(In millions)

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Net income	\$ 23,636	\$ 24,160	\$ 57,552	\$ 54,158
Other comprehensive income/(loss):				
Change in foreign currency translation, net of tax	(322)	(95)	(14)	(109)
Change in unrealized gains/losses on derivative instruments, net of tax:				
Change in fair value of derivative instruments	456	(13)	(75)	(1,001)
Adjustment for net (gains)/losses realized and included in net income	232	(191)	(591)	(1,957)
Total change in unrealized gains/losses on derivative instruments	688	(204)	(666)	(2,958)
Change in unrealized gains/losses on marketable debt securities, net of tax:				
Change in fair value of marketable debt securities	(7)	1,403	3,038	2,303
Adjustment for net (gains)/losses realized and included in net income	59	62	134	127
Total change in unrealized gains/losses on marketable debt securities	52	1,465	3,172	2,430
Total other comprehensive income/(loss)	418	1,166	2,492	(637)
Total comprehensive income	\$ 24,054	\$ 25,326	\$ 60,044	\$ 53,521

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except number of shares, which are reflected in thousands, and par value)

	March 30, 2024	September 30, 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 32,695	\$ 29,965
Marketable securities	34,455	31,590
Accounts receivable, net	21,837	29,508
Vendor non-trade receivables	19,313	31,477
Inventories	6,232	6,331
Other current assets	13,884	14,695
Total current assets	128,416	143,566
Non-current assets:		
Marketable securities	95,187	100,544
Property, plant and equipment, net	43,546	43,715
Other non-current assets	70,262	64,758
Total non-current assets	208,995	209,017
Total assets	<u>\$ 337,411</u>	<u>\$ 352,583</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 45,753	\$ 62,611
Other current liabilities	57,298	58,829
Deferred revenue	8,012	8,061
Commercial paper	1,997	5,985
Term debt	10,762	9,822
Total current liabilities	123,822	145,308
Non-current liabilities:		
Term debt	91,831	95,281
Other non-current liabilities	47,564	49,848
Total non-current liabilities	139,395	145,129
Total liabilities	263,217	290,437
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 15,337,686 and 15,550,061 shares issued and outstanding, respectively	78,815	73,812
Retained earnings/(Accumulated deficit)	4,339	(214)
Accumulated other comprehensive loss	(8,960)	(11,452)
Total shareholders' equity	74,194	62,146
Total liabilities and shareholders' equity	<u>\$ 337,411</u>	<u>\$ 352,583</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

(In millions, except per-share amounts)

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Total shareholders' equity, beginning balances	\$ 74,100	\$ 56,727	\$ 62,146	\$ 50,672
Common stock and additional paid-in capital:				
Beginning balances	75,236	66,399	73,812	64,849
Common stock issued	752	690	752	690
Common stock withheld related to net share settlement of equity awards	(222)	(281)	(1,882)	(1,715)
Share-based compensation	3,049	2,760	6,133	5,744
Ending balances	78,815	69,568	78,815	69,568
Retained earnings/(Accumulated deficit):				
Beginning balances	8,242	3,240	(214)	(3,068)
Net income	23,636	24,160	57,552	54,158
Dividends and dividend equivalents declared	(3,746)	(3,684)	(7,520)	(7,396)
Common stock withheld related to net share settlement of equity awards	(71)	(152)	(1,089)	(1,130)
Common stock repurchased	(23,722)	(19,228)	(44,390)	(38,228)
Ending balances	4,339	4,336	4,339	4,336
Accumulated other comprehensive income/(loss):				
Beginning balances	(9,378)	(12,912)	(11,452)	(11,109)
Other comprehensive income/(loss)	418	1,166	2,492	(637)
Ending balances	(8,960)	(11,746)	(8,960)	(11,746)
Total shareholders' equity, ending balances	\$ 74,194	\$ 62,158	\$ 74,194	\$ 62,158
Dividends and dividend equivalents declared per share or RSU	\$ 0.24	\$ 0.23	\$ 0.48	\$ 0.46

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Six Months Ended	
	March 30, 2024	April 1, 2023
Cash, cash equivalents and restricted cash, beginning balances	\$ 30,737	\$ 24,977
Operating activities:		
Net income	57,552	54,158
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	5,684	5,814
Share-based compensation expense	5,961	5,591
Other	(1,971)	(1,732)
Changes in operating assets and liabilities:		
Accounts receivable, net	7,727	9,596
Vendor non-trade receivables	12,164	14,785
Inventories	53	(2,548)
Other current and non-current assets	(4,438)	(4,092)
Accounts payable	(16,710)	(20,764)
Other current and non-current liabilities	(3,437)	1,757
Cash generated by operating activities	62,585	62,565
Investing activities:		
Purchases of marketable securities	(25,042)	(11,197)
Proceeds from maturities of marketable securities	27,462	17,124
Proceeds from sales of marketable securities	4,314	1,897
Payments for acquisition of property, plant and equipment	(4,388)	(6,703)
Other	(729)	(247)
Cash generated by investing activities	1,617	874
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(2,875)	(2,734)
Payments for dividends and dividend equivalents	(7,535)	(7,418)
Repurchases of common stock	(43,344)	(39,069)
Repayments of term debt	(3,150)	(3,651)
Repayments of commercial paper, net	(3,982)	(7,960)
Other	(132)	(455)
Cash used in financing activities	(61,018)	(61,287)
Increase in cash, cash equivalents and restricted cash	3,184	2,152
Cash, cash equivalents and restricted cash, ending balances	\$ 33,921	\$ 27,129
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 14,531	\$ 4,894

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation and Preparation

The condensed consolidated financial statements include the accounts of Apple Inc. and its wholly owned subsidiaries (collectively “Apple” or the “Company”). In the opinion of the Company’s management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these condensed consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles (“GAAP”) requires the use of management estimates. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company’s annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the “2023 Form 10-K”).

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 years 2024 and 2023 span 52 and 53 weeks, respectively. 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.

Note 2 – Revenue

Net sales disaggregated by significant products and services for the three- and six-month periods ended March 30, 2024 and April 1, 2023 were as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
iPhone®	\$ 45,963	\$ 51,334	\$ 115,665	\$ 117,109
Mac®	7,451	7,168	15,231	14,903
iPad®	5,559	6,670	12,582	16,066
Wearables, Home and Accessories	7,913	8,757	19,866	22,239
Services	23,867	20,907	46,984	41,673
Total net sales	<u>\$ 90,753</u>	<u>\$ 94,836</u>	<u>\$ 210,328</u>	<u>\$ 211,990</u>

Total net sales include \$3.3 billion of revenue recognized in the three months ended March 30, 2024 that was included in deferred revenue as of December 30, 2023, \$3.5 billion of revenue recognized in the three months ended April 1, 2023 that was included in deferred revenue as of December 31, 2022, \$5.1 billion of revenue recognized in the six months ended March 30, 2024 that was included in deferred revenue as of September 30, 2023, and \$5.5 billion of revenue recognized in the six months ended April 1, 2023 that was included in deferred revenue as of September 24, 2022.

The Company’s proportion of net sales by disaggregated revenue source was generally consistent for each reportable segment in Note 10, “Segment Information and Geographic Data” for the three- and six-month periods ended March 30, 2024 and April 1, 2023, except in Greater China, where iPhone revenue represented a moderately higher proportion of net sales.

As of March 30, 2024 and September 30, 2023, the Company had total deferred revenue of \$12.6 billion and \$12.1 billion, respectively. As of March 30, 2024, the Company expects 64% of total deferred revenue to be realized in less than a year, 26% within one-to-two years, 9% within two-to-three years and 1% in greater than three years.

Note 3 – Earnings Per Share

The following table shows the computation of basic and diluted earnings per share for the three- and six-month periods ended March 30, 2024 and April 1, 2023 (net income in millions and shares in thousands):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Numerator:				
Net income	\$ 23,636	\$ 24,160	\$ 57,552	\$ 54,158
Denominator:				
Weighted-average basic shares outstanding	15,405,856	15,787,154	15,457,810	15,839,939
Effect of dilutive share-based awards	58,853	59,896	62,865	61,445
Weighted-average diluted shares	<u>15,464,709</u>	<u>15,847,050</u>	<u>15,520,675</u>	<u>15,901,384</u>
Basic earnings per share	\$ 1.53	\$ 1.53	\$ 3.72	\$ 3.42
Diluted earnings per share	\$ 1.53	\$ 1.52	\$ 3.71	\$ 3.41

Approximately 48 million restricted stock units (“RSUs”) were excluded from the computation of diluted earnings per share for the six months ended April 1, 2023 because their effect would have been antidilutive.

Note 4 – Financial Instruments

Cash, Cash Equivalents and Marketable Securities

The following tables show the Company’s cash, cash equivalents and marketable securities by significant investment category as of March 30, 2024 and September 30, 2023 (in millions):

	March 30, 2024						
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Current Marketable Securities	Non-Current Marketable Securities
Cash	\$ 28,227	\$ —	\$ —	\$ 28,227	\$ 28,227	\$ —	\$ —
Level 1:							
Money market funds	1,353	—	—	1,353	1,353	—	—
Mutual funds	464	66	(7)	523	—	523	—
Subtotal	<u>1,817</u>	<u>66</u>	<u>(7)</u>	<u>1,876</u>	<u>1,353</u>	<u>523</u>	<u>—</u>
Level 2 ⁽¹⁾ :							
U.S. Treasury securities	18,150	1	(933)	17,218	1,895	4,133	11,190
U.S. agency securities	5,775	—	(446)	5,329	233	581	4,515
Non-U.S. government securities	17,319	37	(666)	16,690	—	11,289	5,401
Certificates of deposit and time deposits	976	—	—	976	656	320	—
Commercial paper	1,482	—	—	1,482	274	1,208	—
Corporate debt securities	71,612	90	(3,694)	68,008	57	15,096	52,855
Municipal securities	511	—	(15)	496	—	188	308
Mortgage- and asset-backed securities	24,044	37	(2,046)	22,035	—	1,117	20,918
Subtotal	<u>139,869</u>	<u>165</u>	<u>(7,800)</u>	<u>132,234</u>	<u>3,115</u>	<u>33,932</u>	<u>95,187</u>
Total ⁽²⁾	<u>\$ 169,913</u>	<u>\$ 231</u>	<u>\$ (7,807)</u>	<u>\$ 162,337</u>	<u>\$ 32,695</u>	<u>\$ 34,455</u>	<u>\$ 95,187</u>

September 30, 2023

	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Current Marketable Securities	Non-Current Marketable Securities
Cash	\$ 28,359	\$ —	\$ —	\$ 28,359	\$ 28,359	\$ —	\$ —
Level 1:							
Money market funds	481	—	—	481	481	—	—
Mutual funds and equity securities	442	12	(26)	428	—	428	—
Subtotal	923	12	(26)	909	481	428	—
Level 2 ⁽¹⁾ :							
U.S. Treasury securities	19,406	—	(1,292)	18,114	35	5,468	12,611
U.S. agency securities	5,736	—	(600)	5,136	36	271	4,829
Non-U.S. government securities	17,533	6	(1,048)	16,491	—	11,332	5,159
Certificates of deposit and time deposits	1,354	—	—	1,354	1,034	320	—
Commercial paper	608	—	—	608	—	608	—
Corporate debt securities	76,840	6	(5,956)	70,890	20	12,627	58,243
Municipal securities	628	—	(26)	602	—	192	410
Mortgage- and asset-backed securities	22,365	6	(2,735)	19,636	—	344	19,292
Subtotal	144,470	18	(11,657)	132,831	1,125	31,162	100,544
Total ⁽²⁾	\$ 173,752	\$ 30	\$ (11,683)	\$ 162,099	\$ 29,965	\$ 31,590	\$ 100,544

- (1) The valuation techniques used to measure the fair values of the Company's Level 2 financial instruments, which generally have counterparties with high credit ratings, are based on quoted market prices or model-driven valuations using significant inputs derived from or corroborated by observable market data.
- (2) As of March 30, 2024 and September 30, 2023, total marketable securities included \$14.0 billion and \$13.8 billion, respectively, that were restricted from general use, related to the European Commission decision finding that Ireland granted state aid to the Company, and other agreements.

The following table shows the fair value of the Company's non-current marketable debt securities, by contractual maturity, as of March 30, 2024 (in millions):

Due after 1 year through 5 years	\$ 67,987
Due after 5 years through 10 years	9,108
Due after 10 years	18,092
Total fair value	<u>\$ 95,187</u>

Derivative Instruments and Hedging

The Company may use derivative instruments to partially offset its business exposure to foreign exchange and interest rate risk. However, the Company may choose not to hedge certain exposures for a variety of reasons, including accounting considerations or the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign exchange or interest rates.

Foreign Exchange Rate Risk

To protect gross margins from fluctuations in foreign exchange rates, the Company may use forwards, options or other instruments, and may designate these instruments as cash flow hedges. The Company generally hedges portions of its forecasted foreign currency exposure associated with revenue and inventory purchases, typically for up to 12 months.

To protect the Company's foreign currency-denominated term debt or marketable securities from fluctuations in foreign exchange rates, the Company may use forwards, cross-currency swaps or other instruments. The Company designates these instruments as either cash flow or fair value hedges. As of March 30, 2024, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for term debt-related foreign currency transactions is 18 years.

The Company may also use derivative instruments that are not designated as accounting hedges to protect gross margins from certain fluctuations in foreign exchange rates, as well as to offset a portion of the foreign currency gains and losses generated by the remeasurement of certain assets and liabilities denominated in non-functional currencies.

Interest Rate Risk

To protect the Company's term debt or marketable securities from fluctuations in interest rates, the Company may use interest rate swaps, options or other instruments. The Company designates these instruments as either cash flow or fair value hedges.

The notional amounts of the Company's outstanding derivative instruments as of March 30, 2024 and September 30, 2023 were as follows (in millions):

	March 30, 2024	September 30, 2023
Derivative instruments designated as accounting hedges:		
Foreign exchange contracts	\$ 60,265	\$ 74,730
Interest rate contracts	\$ 17,625	\$ 19,375
Derivative instruments not designated as accounting hedges:		
Foreign exchange contracts	\$ 75,552	\$ 104,777

The carrying amounts of the Company's hedged items in fair value hedges as of March 30, 2024 and September 30, 2023 were as follows (in millions):

	March 30, 2024	September 30, 2023
Hedged assets/(liabilities):		
Current and non-current marketable securities	\$ 15,045	\$ 14,433
Current and non-current term debt	\$ (16,817)	\$ (18,247)

Accounts Receivable

Trade Receivables

The Company's third-party cellular network carriers accounted for 34% and 41% of total trade receivables as of March 30, 2024 and September 30, 2023, respectively. The Company requires third-party credit support or collateral from certain customers to limit credit risk.

Vendor Non-Trade Receivables

The Company has non-trade receivables from certain of its manufacturing vendors resulting from the sale of components to these vendors who manufacture subassemblies or assemble final products for the Company. The Company purchases these components directly from suppliers. The Company does not reflect the sale of these components in products net sales. Rather, the Company recognizes any gain on these sales as a reduction of products cost of sales when the related final products are sold by the Company. As of March 30, 2024, the Company had two vendors that individually represented 10% or more of total vendor non-trade receivables, which accounted for 47% and 19%. As of September 30, 2023, the Company had two vendors that individually represented 10% or more of total vendor non-trade receivables, which accounted for 48% and 23%.

Note 5 – Condensed Consolidated Financial Statement Details

The following table shows the Company's condensed consolidated financial statement details as of March 30, 2024 and September 30, 2023 (in millions):

Property, Plant and Equipment, Net

	March 30, 2024	September 30, 2023
Gross property, plant and equipment	\$ 115,243	\$ 114,599
Accumulated depreciation	(71,697)	(70,884)
Total property, plant and equipment, net	\$ 43,546	\$ 43,715

Note 6 – Debt

Commercial Paper

The Company issues unsecured short-term promissory notes 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 March 30, 2024 and September 30, 2023, the Company had \$2.0 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 six months ended March 30, 2024 and April 1, 2023 (in millions):

	Six Months Ended	
	March 30, 2024	April 1, 2023
Maturities 90 days or less:		
Repayments of commercial paper, net	\$ (3,982)	\$ (5,315)
Maturities greater than 90 days:		
Repayments of commercial paper	—	(2,645)
Total repayments of commercial paper, net	<u>\$ (3,982)</u>	<u>\$ (7,960)</u>

Term Debt

As of March 30, 2024 and September 30, 2023, the Company had outstanding fixed-rate notes with varying maturities for an aggregate carrying amount of \$102.6 billion and \$105.1 billion, respectively (collectively the “Notes”). As of March 30, 2024 and September 30, 2023, the fair value of the Company’s Notes, based on Level 2 inputs, was \$91.6 billion and \$90.8 billion, respectively.

Note 7 – Shareholders’ Equity

Share Repurchase Program

During the six months ended March 30, 2024, the Company repurchased 248 million shares of its common stock for \$44.0 billion. The Company’s share repurchase 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 (the “Exchange Act”).

Note 8 – Share-Based Compensation

Restricted Stock Units

A summary of the Company’s RSU activity and related information for the six months ended March 30, 2024 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 30, 2023	180,247	\$ 135.91	
RSUs granted	75,826	\$ 171.78	
RSUs vested	(47,027)	\$ 113.44	
RSUs canceled	(5,195)	\$ 126.83	
Balance as of March 30, 2024	<u>203,851</u>	<u>\$ 154.66</u>	<u>\$ 34,956</u>

The fair value as of the respective vesting dates of RSUs was \$821 million and \$8.6 billion for the three- and six-month periods ended March 30, 2024, respectively, and was \$1.1 billion and \$8.0 billion for the three- and six-month periods ended April 1, 2023, 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- and six-month periods ended March 30, 2024 and April 1, 2023 (in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Share-based compensation expense	\$ 2,964	\$ 2,686	\$ 5,961	\$ 5,591
Income tax benefit related to share-based compensation expense	\$ (663)	\$ (620)	\$ (1,898)	\$ (1,798)

As of March 30, 2024, the total unrecognized compensation cost related to outstanding RSUs was \$24.7 billion, which the Company expects to recognize over a weighted-average period of 2.7 years.

Note 9 – 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.

Note 10 – Segment Information and Geographic Data

The following table shows information by reportable segment for the three- and six-month periods ended March 30, 2024 and April 1, 2023 (in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Americas:				
Net sales	\$ 37,273	\$ 37,784	\$ 87,703	\$ 87,062
Operating income	\$ 15,074	\$ 13,927	\$ 35,431	\$ 31,791
Europe:				
Net sales	\$ 24,123	\$ 23,945	\$ 54,520	\$ 51,626
Operating income	\$ 9,991	\$ 9,368	\$ 22,702	\$ 19,385
Greater China:				
Net sales	\$ 16,372	\$ 17,812	\$ 37,191	\$ 41,717
Operating income	\$ 6,700	\$ 7,531	\$ 15,322	\$ 17,968
Japan:				
Net sales	\$ 6,262	\$ 7,176	\$ 14,029	\$ 13,931
Operating income	\$ 3,135	\$ 3,394	\$ 6,954	\$ 6,630
Rest of Asia Pacific:				
Net sales	\$ 6,723	\$ 8,119	\$ 16,885	\$ 17,654
Operating income	\$ 2,806	\$ 3,268	\$ 7,385	\$ 7,119

A reconciliation of the Company's segment operating income to the Condensed Consolidated Statements of Operations for the three- and six-month periods ended March 30, 2024 and April 1, 2023 is as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Segment operating income	\$ 37,706	\$ 37,488	\$ 87,794	\$ 82,893
Research and development expense	(7,903)	(7,457)	(15,599)	(15,166)
Other corporate expenses, net	(1,903)	(1,713)	(3,922)	(3,393)
Total operating income	<u>\$ 27,900</u>	<u>\$ 28,318</u>	<u>\$ 68,273</u>	<u>\$ 64,334</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Item and other sections of this Quarterly Report on Form 10-Q ("Form 10-Q") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. For example, statements in this Form 10-Q regarding the potential future impact of macroeconomic conditions on the Company's business and results of operations are forward-looking statements. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the 2023 Form 10-K under the heading "Risk Factors." The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Unless otherwise stated, all information presented herein is based on the Company's fiscal calendar, and references to particular years, quarters, months or periods refer to the Company's fiscal years ended in September and the associated quarters, months and periods of those fiscal years.

The following discussion should be read in conjunction with the 2023 Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Form 10-Q.

Available Information

The Company periodically provides certain information for investors on its corporate website, www.apple.com, and its investor relations website, investor.apple.com. This includes press releases and other information about financial performance, information on environmental, social and governance matters, and details related to the Company's annual meeting of shareholders. The information contained on the websites referenced in this Form 10-Q is not incorporated by reference into this filing. Further, the Company's references to website URLs are intended to be inactive textual references only.

Business Seasonality and Product Introductions

The Company has historically experienced higher net sales in its first quarter compared to other quarters in its fiscal year due in part to seasonal holiday demand. Additionally, new product and service introductions can significantly impact net sales, cost of sales and operating expenses. The timing of product introductions can also impact the Company's net sales to its indirect distribution channels as these channels are filled with new inventory following a product launch, and channel inventory of an older product often declines as the launch of a newer product approaches. Net sales can also be affected when consumers and distributors anticipate a product introduction.

During the second quarter of 2024, the Company announced an updated MacBook Air[®] 13-in. and MacBook Air 15-in.

Fiscal Period

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 quarter of 2023. The Company's fiscal years 2024 and 2023 span 52 and 53 weeks, respectively.

Macroeconomic Conditions

Macroeconomic conditions, including inflation, interest rates and currency fluctuations, have directly and indirectly impacted, and could in the future materially impact, the Company's results of operations and financial condition.

Segment Operating Performance

The following table shows net sales by reportable segment for the three- and six-month periods ended March 30, 2024 and April 1, 2023 (dollars in millions):

	Three Months Ended			Six Months Ended		
	March 30, 2024	April 1, 2023	Change	March 30, 2024	April 1, 2023	Change
Net sales by reportable segment:						
Americas	\$ 37,273	\$ 37,784	(1)%	\$ 87,703	\$ 87,062	1 %
Europe	24,123	23,945	1 %	54,520	51,626	6 %
Greater China	16,372	17,812	(8)%	37,191	41,717	(11)%
Japan	6,262	7,176	(13)%	14,029	13,931	1 %
Rest of Asia Pacific	6,723	8,119	(17)%	16,885	17,654	(4)%
Total net sales	<u>\$ 90,753</u>	<u>\$ 94,836</u>	<u>(4)%</u>	<u>\$ 210,328</u>	<u>\$ 211,990</u>	<u>(1)%</u>

Americas

Americas net sales were relatively flat during the second quarter of 2024 compared to the second quarter of 2023, with lower net sales of iPhone and iPad offset by higher net sales of Services. Year-over-year Americas net sales were relatively flat during the first six months of 2024, with higher net sales of Services offset by lower net sales of iPhone and iPad. The strength in foreign currencies relative to the U.S. dollar had a net favorable year-over-year impact on Americas net sales during the second quarter and first six months of 2024.

Europe

Europe net sales were relatively flat during the second quarter of 2024 compared to the second quarter of 2023, with higher net sales of Services offset by lower net sales of iPhone. The weakness in foreign currencies relative to the U.S. dollar had a net unfavorable year-over-year impact on Europe net sales during the second quarter of 2024. Year-over-year Europe net sales increased during the first six months of 2024 due primarily to higher net sales of iPhone and Services, partially offset by lower net sales of iPad.

Greater China

Greater China net sales decreased during the second quarter and first six months of 2024 compared to the same periods in 2023 due primarily to lower net sales of iPhone and iPad. The weakness in the renminbi relative to the U.S. dollar had an unfavorable year-over-year impact on Greater China net sales during the second quarter and first six months of 2024.

Japan

Japan net sales decreased during the second quarter of 2024 compared to the second quarter of 2023 due primarily to lower net sales of iPhone. Year-over-year Japan net sales during the first six months of 2024 were relatively flat. The weakness in the yen relative to the U.S. dollar had an unfavorable year-over-year impact on Japan net sales during the second quarter and first six months of 2024.

Rest of Asia Pacific

Rest of Asia Pacific net sales decreased during the second quarter of 2024 compared to the second quarter of 2023 due primarily to lower net sales of iPhone. Year-over-year Rest of Asia Pacific net sales decreased during the first six months of 2024 due primarily to lower net sales of Wearables, Home and Accessories and iPad.

Products and Services Performance

The following table shows net sales by category for the three- and six-month periods ended March 30, 2024 and April 1, 2023 (dollars in millions):

	Three Months Ended			Six Months Ended		
	March 30, 2024	April 1, 2023	Change	March 30, 2024	April 1, 2023	Change
Net sales by category:						
iPhone	\$ 45,963	\$ 51,334	(10)%	\$ 115,665	\$ 117,109	(1)%
Mac	7,451	7,168	4 %	15,231	14,903	2 %
iPad	5,559	6,670	(17)%	12,582	16,066	(22)%
Wearables, Home and Accessories	7,913	8,757	(10)%	19,866	22,239	(11)%
Services	23,867	20,907	14 %	46,984	41,673	13 %
Total net sales	<u>\$ 90,753</u>	<u>\$ 94,836</u>	<u>(4)%</u>	<u>\$ 210,328</u>	<u>\$ 211,990</u>	<u>(1)%</u>

iPhone

iPhone net sales decreased during the second quarter of 2024 compared to the second quarter of 2023 due to lower net sales of Pro models. Year-over-year iPhone net sales were relatively flat during the first six months of 2024.

Mac

Mac net sales increased during the second quarter and first six months of 2024 compared to the same periods in 2023 due to higher net sales of laptops.

iPad

iPad net sales decreased during the second quarter and first six months of 2024 compared to the same periods in 2023 due primarily to lower net sales of iPad Pro® and iPad 9th generation.

Wearables, Home and Accessories

Wearables, Home and Accessories net sales decreased during the second quarter and first six months of 2024 compared to the same periods in 2023 due primarily to lower net sales of Wearables and Accessories.

Services

Services net sales increased during the second quarter and first six months of 2024 compared to the same periods in 2023 due primarily to higher net sales from advertising, the App Store® and cloud services.

Gross Margin

Products and Services gross margin and gross margin percentage for the three- and six-month periods ended March 30, 2024 and April 1, 2023 were as follows (dollars in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Gross margin:				
Products	\$ 24,462	\$ 27,134	\$ 62,480	\$ 62,757
Services	17,809	14,842	34,646	29,551
Total gross margin	<u>\$ 42,271</u>	<u>\$ 41,976</u>	<u>\$ 97,126</u>	<u>\$ 92,308</u>
Gross margin percentage:				
Products	36.6 %	36.7 %	38.3 %	36.8 %
Services	74.6 %	71.0 %	73.7 %	70.9 %
Total gross margin percentage	46.6 %	44.3 %	46.2 %	43.5 %

Products Gross Margin

Products gross margin decreased during the second quarter of 2024 compared to the second quarter of 2023 due primarily to lower Products volume and the weakness in foreign currencies relative to the U.S. dollar. Year-over-year Products gross margin was relatively flat during the first six months of 2024.

Products gross margin percentage was relatively flat during the second quarter of 2024 compared to the second quarter of 2023. Year-over-year Products gross margin percentage increased during the first six months of 2024 due primarily to cost savings, partially offset by the weakness in foreign currencies relative to the U.S. dollar.

Services Gross Margin

Services gross margin and Services gross margin percentage increased during the second quarter and first six months of 2024 compared to the same periods in 2023 due primarily to a different Services mix.

The Company's future gross margins can be impacted by a variety of factors, as discussed in Part I, Item 1A of the 2023 Form 10-K under the heading "Risk Factors." As a result, the Company believes, in general, gross margins will be subject to volatility and downward pressure.

Operating Expenses

Operating expenses for the three- and six-month periods ended March 30, 2024 and April 1, 2023 were as follows (dollars in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Research and development	\$ 7,903	\$ 7,457	\$ 15,599	\$ 15,166
Percentage of total net sales	9 %	8 %	7 %	7 %
Selling, general and administrative	\$ 6,468	\$ 6,201	\$ 13,254	\$ 12,808
Percentage of total net sales	7 %	7 %	6 %	6 %
Total operating expenses	\$ 14,371	\$ 13,658	\$ 28,853	\$ 27,974
Percentage of total net sales	16 %	14 %	14 %	13 %

Research and Development

The growth in research and development ("R&D") expense during the second quarter and first six months of 2024 compared to the same periods in 2023 was driven primarily by increases in headcount-related expenses.

Selling, General and Administrative

The growth in selling, general and administrative expense during the second quarter and first six months of 2024 compared to the same periods in 2023 was driven in part by higher infrastructure-related costs.

Provision for Income Taxes

Provision for income taxes, effective tax rate and statutory federal income tax rate for the three- and six-month periods ended March 30, 2024 and April 1, 2023 were as follows (dollars in millions):

	Three Months Ended		Six Months Ended	
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Provision for income taxes	\$ 4,422	\$ 4,222	\$ 10,829	\$ 9,847
Effective tax rate	15.8 %	14.9 %	15.8 %	15.4 %
Statutory federal income tax rate	21 %	21 %	21 %	21 %

The Company's effective tax rate for the second quarter and first six months of 2024 was lower than the statutory federal income tax rate due primarily to a lower effective tax rate on foreign earnings, the impact of the U.S. federal R&D credit, and tax benefits from share-based compensation, partially offset by state income taxes.

The Company's effective tax rate for the second quarter and first six months of 2024 was higher compared to the same periods in 2023 due primarily to a higher effective tax rate on foreign earnings and a lower tax benefit from the U.S. federal R&D credit.

Liquidity and Capital Resources

The Company believes its balances of cash, cash equivalents and unrestricted marketable securities, along with cash generated by ongoing operations and continued access to debt markets, will be sufficient to satisfy its cash requirements and capital return program over the next 12 months and beyond.

The Company's contractual cash requirements have not changed materially since the 2023 Form 10-K, except for manufacturing purchase obligations.

Manufacturing Purchase Obligations

The Company utilizes several outsourcing partners to manufacture subassemblies for the Company's products and to perform final assembly and testing of finished products. The Company also obtains individual components for its products from a wide variety of individual suppliers. As of March 30, 2024, the Company had manufacturing purchase obligations of \$34.2 billion, with \$34.1 billion payable within 12 months.

Capital Return Program

In addition to its contractual cash requirements, the Company has an authorized share repurchase program, under which the remaining availability was \$30.1 billion as of March 30, 2024. On May 2, 2024, the Company announced the Board of Directors had authorized an additional program to repurchase up to \$110 billion of the Company's common stock. The programs do not obligate the Company to acquire a minimum amount of shares.

On May 2, 2024, the Company also announced the Board of Directors raised the Company's quarterly cash dividend from \$0.24 to \$0.25 per share, beginning with the dividend to be paid during the third quarter of 2024. The Company intends to increase its dividend on an annual basis, subject to declaration by the Board of Directors.

During the second quarter of 2024, the Company repurchased \$23.5 billion of its common stock and paid dividends and dividend equivalents of \$3.7 billion.

Recent Accounting Pronouncements

Income Taxes

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”), which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 will also require the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. The Company will adopt ASU 2023-09 in its fourth quarter of 2026. ASU 2023-09 allows for adoption using either a prospective or retrospective transition method.

Segment Reporting

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”), which will require the Company to disclose segment expenses that are significant and regularly provided to the Company’s chief operating decision maker (“CODM”). In addition, ASU 2023-07 will require the Company to disclose the title and position of its CODM and how the CODM uses segment profit or loss information in assessing segment performance and deciding how to allocate resources. The Company will adopt ASU 2023-07 in its fourth quarter of 2025 using a retrospective transition method.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with GAAP and the Company’s discussion and analysis of its financial condition and operating results require the Company’s management to make judgments, assumptions and estimates that affect the amounts reported. Note 1, “Summary of Significant Accounting Policies” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q and in the Notes to Consolidated Financial Statements in Part II, Item 8 of the 2023 Form 10-K describe the significant accounting policies and methods used in the preparation of the Company’s condensed consolidated financial statements. There have been no material changes to the Company’s critical accounting estimates since the 2023 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company’s market risk during the first six months of 2024. For a discussion of the Company’s exposure to market risk, refer to the Company’s market risk disclosures set forth in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of the 2023 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of the Company’s management, the Company’s principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of March 30, 2024 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the second quarter of 2024, which were identified in connection with management’s evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Digital Markets Act Investigations

On March 25, 2024, the European Commission (the “Commission”) announced that it had opened two formal noncompliance investigations against the Company under the European Union (“EU”) Digital Markets Act (the “DMA”). The Commission’s investigations concern (1) Article 5(4) of the DMA, which relates to how developers may communicate and promote offers to end users for apps distributed through the App Store as well as how developers may conclude contracts with those end users; and (2) Article 6(3) of the DMA, which relates to default settings, uninstallation of apps, and a web browser choice screen on iOS. If the Commission concludes that there has been a violation, it can issue a cease and desist order and may impose fines up to 10% of the Company’s annual worldwide net sales. Although any decision by the Commission can be appealed to the General Court of the EU, the effectiveness of the Commission’s order would apply immediately while the appeal is pending, unless a stay of the order is granted. The Company believes that it complies with the DMA and will continue to engage with the Commission as it conducts its investigations.

Department of Justice Lawsuit

On March 21, 2024, the U.S. Department of Justice (the “DOJ”) and 16 state and district attorneys general filed a civil antitrust lawsuit in the U.S. District Court for the District of New Jersey against the Company alleging monopolization or attempted monopolization in the markets for “performance smartphones” and “smartphones” in violation of U.S. antitrust laws. The DOJ is seeking equitable relief to redress the alleged anticompetitive behavior. In addition, various civil litigation matters have been filed in state and federal courts in the U.S. alleging similar violations of U.S. antitrust laws and seeking monetary damages and other nonmonetary relief. The Company believes it has substantial defenses and intends to vigorously defend itself.

Epic Games

Epic Games, Inc. (“Epic”) filed a lawsuit in the U.S. District Court for the Northern District of California (the “California 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. The California 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 January 16, 2024, the Company implemented a plan to comply with the injunction and filed a statement of compliance with the California District Court. On March 13, 2024, Epic filed a motion with the California District Court disputing the Company’s compliance plan and seeking to enforce the injunction. The Company has filed an opposition to Epic’s motion. The Company believes it has substantial defenses and intends to vigorously defend itself.

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 second quarter of 2024 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 1A. Risk Factors

The Company’s business, reputation, results of operations, financial condition and stock price can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of the 2023 Form 10-K under the heading “Risk Factors.” When any one or more of these risks materialize from time to time, the Company’s business, reputation, results of operations, financial condition and stock price can be materially and adversely affected. Except as set forth below, there have been no material changes to the Company’s risk factors since the 2023 Form 10-K.

The technology industry, including, in some instances, the Company, is subject to intense media, political and regulatory scrutiny, which exposes the Company to increasing regulation, government investigations, legal actions and penalties.

From time to time, the Company has made changes to its App Store, including actions taken in response to litigation, competition, market conditions and legal and regulatory requirements. The Company expects to make further business changes in the future. For example, in the U.S. the Company has implemented changes to how developers communicate with consumers within apps on the U.S. storefront of the iOS and iPadOS App Store regarding alternative purchasing mechanisms.

In January 2024, the Company announced changes to iOS, the App Store and Safari® in the EU to comply with the DMA, including new business terms and alternative fee structures for iOS apps, alternative methods of distribution for iOS apps, alternative payment processing for apps across the Company's operating systems, and additional tools and application programming interfaces ("APIs") for developers. Although the Company's compliance plan is intended to address the DMA's obligations, it has been challenged by the Commission and may be challenged further by private litigants. In addition, other jurisdictions may seek to require the Company to make changes to its business. While the changes introduced by the Company in the EU are intended to reduce new privacy and security risks the DMA poses to EU users, many risks will remain.

The Company is also currently subject to antitrust investigations and litigation in various jurisdictions around the world, which can result in legal proceedings and claims against the Company that could, individually or in the aggregate, have a materially adverse impact on the Company's business, results of operations and financial condition. For example, the Company is subject to civil antitrust lawsuits in the U.S. alleging monopolization or attempted monopolization in the markets for "performance smartphones" and "smartphones" generally in violation of U.S. antitrust laws. In addition, the Company is the subject of investigations in Europe and other jurisdictions relating to App Store terms and conditions. If such investigations or litigation are resolved against the Company, the Company can be exposed to significant fines and may be required to make further changes to its business practices, all of which could materially adversely affect the Company's business, reputation, results of operations and financial condition.

Further, the Company has commercial relationships with other companies in the technology industry that are or may become subject to investigations and litigation that, if resolved against those other companies, could materially adversely affect the Company's commercial relationships with those business partners and materially adversely affect the Company's business, results of operations and financial condition. For example, the Company earns revenue from licensing arrangements with other companies to offer their search services on the Company's platforms and applications, and certain of these arrangements are currently subject to government investigations and legal proceedings.

There can be no assurance the Company's business will not be materially adversely affected, individually or in the aggregate, by the outcomes of such investigations, litigation or changes to laws and regulations in the future. Changes to the Company's business practices to comply with new laws and regulations or in connection with other legal proceedings can negatively impact the reputation of the Company's products for privacy and security and otherwise adversely affect the experience for users of the Company's products and services, and result in harm to the Company's reputation, loss of competitive advantage, poor market acceptance, reduced demand for products and services, and lost sales.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended March 30, 2024 was as follows (in millions, except number of shares, which are reflected in thousands, and per-share amounts):

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
December 31, 2023 to February 3, 2024:				
Open market and privately negotiated purchases	40,119	\$ 186.95	40,119	
February 4, 2024 to March 2, 2024:				
Open market and privately negotiated purchases	40,120	\$ 183.88	40,120	
March 3, 2024 to March 30, 2024:				
Open market and privately negotiated purchases	50,053	\$ 172.27	50,053	
Total	<u>130,292</u>			<u>\$ 30,069</u>

- (1) As of March 30, 2024, the Company was authorized by the Board of Directors to purchase up to \$90 billion of the Company's common stock under a share repurchase program announced on May 4, 2023, of which \$59.9 billion had been utilized. On May 2, 2024, the Company announced the Board of Directors had authorized an additional program to repurchase up to \$110 billion of the Company's common stock. The 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 Exchange Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information**Insider Trading Arrangements**

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date/ Period End Date
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.			
31.2*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.			
32.1**	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.			
101*	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.			
104*	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.			

* Filed herewith.

** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 2, 2024

Apple Inc.

By: /s/ Luca Maestri

Luca Maestri
Senior Vice President,
Chief Financial Officer