

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		Twelve Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales:				
Products	\$ 69,958	\$ 67,184	\$ 294,866	\$ 298,085
Services	24,972	22,314	96,169	85,200
Total net sales ⁽¹⁾	94,930	89,498	391,035	383,285
Cost of sales:				
Products	44,566	42,586	185,233	189,282
Services	6,485	6,485	25,119	24,855
Total cost of sales	51,051	49,071	210,352	214,137
Gross margin	43,879	40,427	180,683	169,148
Operating expenses:				
Research and development	7,765	7,307	31,370	29,915
Selling, general and administrative	6,523	6,151	26,097	24,932
Total operating expenses	14,288	13,458	57,467	54,847
Operating income	29,591	26,969	123,216	114,301
Other income/(expense), net	19	29	269	(565)
Income before provision for income taxes	29,610	26,998	123,485	113,736
Provision for income taxes	14,874	4,042	29,749	16,741
Net income	\$ 14,736	\$ 22,956	\$ 93,736	\$ 96,995
Earnings per share:				
Basic	\$ 0.97	\$ 1.47	\$ 6.11	\$ 6.16
Diluted	\$ 0.97	\$ 1.46	\$ 6.08	\$ 6.13
Shares used in computing earnings per share:				
Basic	15,171,990	15,599,434	15,343,783	15,744,231
Diluted	15,242,853	15,672,400	15,408,095	15,812,547
(¹) Net sales by reportable segment:				
Americas	\$ 41,664	\$ 40,115	\$ 167,045	\$ 162,560
Europe	24,924	22,463	101,328	94,294
Greater China	15,033	15,084	66,952	72,559
Japan	5,926	5,505	25,052	24,257
Rest of Asia Pacific	7,383	6,331	30,658	29,615
Total net sales	\$ 94,930	\$ 89,498	\$ 391,035	\$ 383,285
(¹) Net sales by category:				
iPhone	\$ 46,222	\$ 43,805	\$ 201,183	\$ 200,583
Mac	7,744	7,614	29,984	29,357
iPad	6,950	6,443	26,694	28,300
Wearables, Home and Accessories	9,042	9,322	37,005	39,845
Services	24,972	22,314	96,169	85,200
Total net sales	\$ 94,930	\$ 89,498	\$ 391,035	\$ 383,285

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	September 28, 2024	September 30, 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 29,943	\$ 29,965
Marketable securities	35,228	31,590
Accounts receivable, net	33,410	29,508
Vendor non-trade receivables	32,833	31,477
Inventories	7,286	6,331
Other current assets	14,287	14,695
Total current assets	152,987	143,566
Non-current assets:		
Marketable securities	91,479	100,544
Property, plant and equipment, net	45,680	43,715
Other non-current assets	74,834	64,758
Total non-current assets	211,993	209,017
Total assets	\$ 364,980	\$ 352,583
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 68,960	\$ 62,611
Other current liabilities	78,304	58,829
Deferred revenue	8,249	8,061
Commercial paper	9,967	5,985
Term debt	10,912	9,822
Total current liabilities	176,392	145,308
Non-current liabilities:		
Term debt	85,750	95,281
Other non-current liabilities	45,888	49,848
Total non-current liabilities	131,638	145,129
Total liabilities	308,030	290,437
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 15,116,786 and 15,550,061 shares issued and outstanding, respectively	83,276	73,812
Accumulated deficit	(19,154)	(214)
Accumulated other comprehensive loss	(7,172)	(11,452)
Total shareholders' equity	56,950	62,146
Total liabilities and shareholders' equity	\$ 364,980	\$ 352,583

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Twelve Months Ended	
	September 28, 2024	September 30, 2023
Cash, cash equivalents, and restricted cash and cash equivalents, beginning balances	\$ 30,737	\$ 24,977
Operating activities:		
Net income	93,736	96,995
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	11,445	11,519
Share-based compensation expense	11,688	10,833
Other	(2,266)	(2,227)
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,788)	(1,688)
Vendor non-trade receivables	(1,356)	1,271
Inventories	(1,046)	(1,618)
Other current and non-current assets	(11,731)	(5,684)
Accounts payable	6,020	(1,889)
Other current and non-current liabilities	15,552	3,031
Cash generated by operating activities	<u>118,254</u>	<u>110,543</u>
Investing activities:		
Purchases of marketable securities	(48,656)	(29,513)
Proceeds from maturities of marketable securities	51,211	39,686
Proceeds from sales of marketable securities	11,135	5,828
Payments for acquisition of property, plant and equipment	(9,447)	(10,959)
Other	(1,308)	(1,337)
Cash generated by investing activities	<u>2,935</u>	<u>3,705</u>
Financing activities:		
Payments for taxes related to net share settlement of equity awards	(5,441)	(5,431)
Payments for dividends and dividend equivalents	(15,234)	(15,025)
Repurchases of common stock	(94,949)	(77,550)
Proceeds from issuance of term debt, net	—	5,228
Repayments of term debt	(9,958)	(11,151)
Proceeds from/(Repayments of) commercial paper, net	3,960	(3,978)
Other	(361)	(581)
Cash used in financing activities	<u>(121,983)</u>	<u>(108,488)</u>
Increase/(Decrease) in cash, cash equivalents, and restricted cash and cash equivalents	<u>(794)</u>	<u>5,760</u>
Cash, cash equivalents, and restricted cash and cash equivalents, ending balances	<u>\$ 29,943</u>	<u>\$ 30,737</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 26,102	\$ 18,679

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RECONCILIATION OF NON-GAAP TO GAAP RESULTS OF OPERATIONS (Unaudited)

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

	Three Months Ended			Twelve Months Ended		
	September 28, 2024			September 28, 2024		
	As Reported (GAAP)	Non-GAAP Adjustments (a)	As Adjusted (Non-GAAP)	As Reported (GAAP)	Non-GAAP Adjustments (a)	As Adjusted (Non-GAAP)
Income before provision for income taxes	\$ 29,610	\$ —	\$ 29,610	\$ 123,485	\$ —	\$ 123,485
Provision for income taxes	14,874	(10,246) (b)	4,628	29,749	(10,246) (b)	19,503
Net income	\$ 14,736	\$ 10,246 (b)	\$ 24,982	\$ 93,736	\$ 10,246 (b)	\$ 103,982
Diluted earnings per share	\$ 0.97	\$ 0.67 (c)	\$ 1.64	\$ 6.08	\$ 0.67 (c)	\$ 6.75
Shares used in computing diluted earnings per share	15,242,853	—	15,242,853	15,408,095	—	15,408,095

- (a) These adjustments reconcile certain of the Company's GAAP results of operations to its non-GAAP results of operations. The Company believes that the presentation of results excluding the impact of the reversal of the European General Court's State Aid decision provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results.
- (b) Non-GAAP adjustments to provision for income taxes and net income to reflect the impact of the reversal of the European General Court's State Aid decision recognized during the fourth quarter of 2024. On September 10, 2024, the European Court of Justice announced that it had set aside the 2020 judgment of the European General Court and confirmed the European Commission's 2016 State Aid decision. As a result, during the fourth quarter of 2024 the Company recorded a one-time income tax charge of \$10.2 billion, net, which represents \$15.8 billion payable to Ireland via release of restricted funds held in escrow, partially offset by a U.S. foreign tax credit of \$4.8 billion and a decrease in unrecognized tax benefits of \$823 million. For additional information, refer to Note 7, "Income Taxes" of the Notes to Consolidated Financial Statements that will be included in Part II, Item 8 of the Company's fiscal 2024 Annual Report on Form 10-K.
- (c) Represents the per-share impact of the non-GAAP adjustments to net income.