

Apple Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Years ended		
	September 28, 2019	September 29, 2018	September 30, 2017
Net sales:			
Products	\$ 213,883	\$ 225,847	\$ 196,534
Services	46,291	39,748	32,700
Total net sales	260,174	265,595	229,234
Cost of sales:			
Products	144,996	148,164	126,337
Services	16,786	15,592	14,711
Total cost of sales	161,782	163,756	141,048
Gross margin	98,392	101,839	88,186
Operating expenses:			
Research and development	16,217	14,236	11,581
Selling, general and administrative	18,245	16,705	15,261
Total operating expenses	34,462	30,941	26,842
Operating income	63,930	70,898	61,344
Other income/(expense), net	1,807	2,005	2,745
Income before provision for income taxes	65,737	72,903	64,089
Provision for income taxes	10,481	13,372	15,738
Net income	\$ 55,256	\$ 59,531	\$ 48,351
Earnings per share:			
Basic	\$ 11.97	\$ 12.01	\$ 9.27
Diluted	\$ 11.89	\$ 11.91	\$ 9.21
Shares used in computing earnings per share:			
Basic	4,617,834	4,955,377	5,217,242
Diluted	4,648,913	5,000,109	5,251,692

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.

CONSOLIDATED BALANCE SHEETS

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

	September 28, 2019	September 29, 2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 48,844	\$ 25,913
Marketable securities	51,713	40,388
Accounts receivable, net	22,926	23,186
Inventories	4,106	3,956
Vendor non-trade receivables	22,878	25,809
Other current assets	12,352	12,087
Total current assets	162,819	131,339
Non-current assets:		
Marketable securities	105,341	170,799
Property, plant and equipment, net	37,378	41,304
Other non-current assets	32,978	22,283
Total non-current assets	175,697	234,386
Total assets	<u>\$ 338,516</u>	<u>\$ 365,725</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 46,236	\$ 55,888
Other current liabilities	37,720	33,327
Deferred revenue	5,522	5,966
Commercial paper	5,980	11,964
Term debt	10,260	8,784
Total current liabilities	105,718	115,929
Non-current liabilities:		
Term debt	91,807	93,735
Other non-current liabilities	50,503	48,914
Total non-current liabilities	142,310	142,649
Total liabilities	248,028	258,578
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,443,236 and 4,754,986 shares issued and outstanding, respectively	45,174	40,201
Retained earnings	45,898	70,400
Accumulated other comprehensive income/(loss)	(584)	(3,454)
Total shareholders' equity	90,488	107,147
Total liabilities and shareholders' equity	<u>\$ 338,516</u>	<u>\$ 365,725</u>

See accompanying Notes to Consolidated Financial Statements.

Apple Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years ended		
	September 28, 2019	September 29, 2018	September 30, 2017
Cash, cash equivalents and restricted cash, beginning balances	\$ 25,913	\$ 20,289	\$ 20,484
Operating activities:			
Net income	55,256	59,531	48,351
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and amortization	12,547	10,903	10,157
Share-based compensation expense	6,068	5,340	4,840
Deferred income tax expense/(benefit)	(340)	(32,590)	5,966
Other	(652)	(444)	(166)
Changes in operating assets and liabilities:			
Accounts receivable, net	245	(5,322)	(2,093)
Inventories	(289)	828	(2,723)
Vendor non-trade receivables	2,931	(8,010)	(4,254)
Other current and non-current assets	873	(423)	(5,318)
Accounts payable	(1,923)	9,175	8,966
Deferred revenue	(625)	(3)	(593)
Other current and non-current liabilities	(4,700)	38,449	1,092
Cash generated by operating activities	69,391	77,434	64,225
Investing activities:			
Purchases of marketable securities	(39,630)	(71,356)	(159,486)
Proceeds from maturities of marketable securities	40,102	55,881	31,775
Proceeds from sales of marketable securities	56,988	47,838	94,564
Payments for acquisition of property, plant and equipment	(10,495)	(13,313)	(12,451)
Payments made in connection with business acquisitions, net	(624)	(721)	(329)
Purchases of non-marketable securities	(1,001)	(1,871)	(521)
Proceeds from non-marketable securities	1,634	353	126
Other	(1,078)	(745)	(124)
Cash generated by/(used in) investing activities	45,896	16,066	(46,446)
Financing activities:			
Proceeds from issuance of common stock	781	669	555
Payments for taxes related to net share settlement of equity awards	(2,817)	(2,527)	(1,874)
Payments for dividends and dividend equivalents	(14,119)	(13,712)	(12,769)
Repurchases of common stock	(66,897)	(72,738)	(32,900)
Proceeds from issuance of term debt, net	6,963	6,969	28,662
Repayments of term debt	(8,805)	(6,500)	(3,500)
Proceeds from/(Repayments of) commercial paper, net	(5,977)	(37)	3,852
Other	(105)	—	—
Cash used in financing activities	(90,976)	(87,876)	(17,974)
Increase/(Decrease) in cash, cash equivalents and restricted cash	24,311	5,624	(195)
Cash, cash equivalents and restricted cash, ending balances	\$ 50,224	\$ 25,913	\$ 20,289
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 15,263	\$ 10,417	\$ 11,591
Cash paid for interest	\$ 3,423	\$ 3,022	\$ 2,092

See accompanying Notes to Consolidated Financial Statements.