

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, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Net sales:				
Products	\$ 46,565	\$ 51,287	\$ 120,000	\$ 130,451
Services	11,450	9,850	22,325	18,979
Total net sales ⁽¹⁾	58,015	61,137	142,325	149,430
Cost of sales:				
Products	32,047	33,936	80,285	84,511
Services	4,147	3,779	8,188	7,585
Total cost of sales	36,194	37,715	88,473	92,096
Gross margin	21,821	23,422	53,852	57,334
Operating expenses:				
Research and development	3,948	3,378	7,850	6,785
Selling, general and administrative	4,458	4,150	9,241	8,381
Total operating expenses	8,406	7,528	17,091	15,166
Operating income	13,415	15,894	36,761	42,168
Other income/(expense), net	378	274	938	1,030
Income before provision for income taxes	13,793	16,168	37,699	43,198
Provision for income taxes	2,232	2,346	6,173	9,311
Net income	\$ 11,561	\$ 13,822	\$ 31,526	\$ 33,887
Earnings per share:				
Basic	\$ 2.47	\$ 2.75	\$ 6.70	\$ 6.69
Diluted	\$ 2.46	\$ 2.73	\$ 6.66	\$ 6.63
Shares used in computing earnings per share:				
Basic	4,674,071	5,024,877	4,704,945	5,068,877
Diluted	4,700,646	5,068,493	4,736,949	5,113,140
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 25,596	\$ 24,841	\$ 62,536	\$ 60,034
Europe	13,054	13,846	33,417	34,900
Greater China	10,218	13,024	23,387	30,980
Japan	5,532	5,468	12,442	12,705
Rest of Asia Pacific	3,615	3,958	10,543	10,811
Total net sales	\$ 58,015	\$ 61,137	\$ 142,325	\$ 149,430
⁽¹⁾ Net sales by category:				
iPhone	\$ 31,051	\$ 37,559	\$ 83,033	\$ 98,663
Mac	5,513	5,776	12,929	12,600
iPad	4,872	4,008	11,601	9,763
Wearables, Home and Accessories	5,129	3,944	12,437	9,425
Services	11,450	9,850	22,325	18,979
Total net sales	\$ 58,015	\$ 61,137	\$ 142,325	\$ 149,430

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	March 30, 2019	September 29, 2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 37,988	\$ 25,913
Marketable securities	42,104	40,388
Accounts receivable, net	15,085	23,186
Inventories	4,884	3,956
Vendor non-trade receivables	11,193	25,809
Other current assets	12,092	12,087
Total current assets	<u>123,346</u>	<u>131,339</u>
Non-current assets:		
Marketable securities	145,319	170,799
Property, plant and equipment, net	38,746	41,304
Other non-current assets	34,587	22,283
Total non-current assets	<u>218,652</u>	<u>234,386</u>
Total assets	<u>\$ 341,998</u>	<u>\$ 365,725</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 30,443	\$ 55,888
Other current liabilities	35,368	33,327
Deferred revenue	5,532	5,966
Commercial paper	11,924	11,964
Term debt	10,505	8,784
Total current liabilities	<u>93,772</u>	<u>115,929</u>
Non-current liabilities:		
Term debt	90,201	93,735
Other non-current liabilities	52,165	48,914
Total non-current liabilities	<u>142,366</u>	<u>142,649</u>
Total liabilities	<u>236,138</u>	<u>258,578</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,607,284 and 4,754,986 shares issued and outstanding, respectively	42,801	40,201
Retained earnings	64,558	70,400
Accumulated other comprehensive income/(loss)	(1,499)	(3,454)
Total shareholders' equity	<u>105,860</u>	<u>107,147</u>
Total liabilities and shareholders' equity	<u>\$ 341,998</u>	<u>\$ 365,725</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Six Months Ended	
	March 30, 2019	March 31, 2018
Cash, cash equivalents and restricted cash, beginning balances	\$ 25,913	\$ 20,289
Operating activities:		
Net income	31,526	33,887
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	6,435	5,484
Share-based compensation expense	3,073	2,644
Deferred income tax benefit	(124)	(34,235)
Other	(215)	(151)
Changes in operating assets and liabilities:		
Accounts receivable, net	8,094	3,523
Inventories	(1,006)	(2,807)
Vendor non-trade receivables	14,616	9,715
Other current and non-current assets	(717)	(1,053)
Accounts payable	(20,024)	(12,004)
Deferred revenue	(540)	394
Other current and non-current liabilities	(3,273)	38,026
Cash generated by operating activities	<u>37,845</u>	<u>43,423</u>
Investing activities:		
Purchases of marketable securities	(13,854)	(48,449)
Proceeds from maturities of marketable securities	16,880	31,884
Proceeds from sales of marketable securities	22,635	38,942
Payments for acquisition of property, plant and equipment	(5,718)	(7,005)
Payments made in connection with business acquisitions, net	(291)	(305)
Purchases of non-marketable securities	(490)	(163)
Other	30	216
Cash generated by investing activities	<u>19,192</u>	<u>15,120</u>
Financing activities:		
Proceeds from issuance of common stock	390	327
Payments for taxes related to net share settlement of equity awards	(1,427)	(1,190)
Payments for dividends and dividend equivalents	(7,011)	(6,529)
Repurchases of common stock	(32,498)	(32,851)
Proceeds from issuance of term debt, net	—	6,969
Repayments of term debt	(2,500)	(500)
Other	(87)	1
Cash used in financing activities	<u>(43,133)</u>	<u>(33,773)</u>
Increase in cash, cash equivalents and restricted cash	<u>13,904</u>	<u>24,770</u>
Cash, cash equivalents and restricted cash, ending balances	<u>\$ 39,817</u>	<u>\$ 45,059</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 9,497	\$ 6,340
Cash paid for interest	\$ 1,762	\$ 1,356