

Apple Inc.

CONSOLIDATED BALANCE SHEETS

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

	September 27, 2025	September 28, 2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 35,934	\$ 29,943
Marketable securities	18,763	35,228
Accounts receivable, net	39,777	33,410
Vendor non-trade receivables	33,180	32,833
Inventories	5,718	7,286
Other current assets	14,585	14,287
Total current assets	<u>147,957</u>	<u>152,987</u>
Non-current assets:		
Marketable securities	77,723	91,479
Property, plant and equipment, net	49,834	45,680
Other non-current assets	83,727	74,834
Total non-current assets	<u>211,284</u>	<u>211,993</u>
Total assets	<u>\$ 359,241</u>	<u>\$ 364,980</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 69,860	\$ 68,960
Other current liabilities	66,387	78,304
Deferred revenue	9,055	8,249
Commercial paper	7,979	9,967
Term debt	12,350	10,912
Total current liabilities	<u>165,631</u>	<u>176,392</u>
Non-current liabilities:		
Term debt	78,328	85,750
Other non-current liabilities	41,549	45,888
Total non-current liabilities	<u>119,877</u>	<u>131,638</u>
Total liabilities	<u>285,508</u>	<u>308,030</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 14,773,260 and 15,116,786 shares issued and outstanding, respectively	93,568	83,276
Accumulated deficit	(14,264)	(19,154)
Accumulated other comprehensive loss	(5,571)	(7,172)
Total shareholders' equity	<u>73,733</u>	<u>56,950</u>
Total liabilities and shareholders' equity	<u>\$ 359,241</u>	<u>\$ 364,980</u>

Apple Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Years ended		
	September 27, 2025	September 28, 2024	September 30, 2023
Net sales:			
Products	\$ 307,003	\$ 294,866	\$ 298,085
Services	109,158	96,169	85,200
Total net sales	<u>416,161</u>	<u>391,035</u>	<u>383,285</u>
Cost of sales:			
Products	194,116	185,233	189,282
Services	26,844	25,119	24,855
Total cost of sales	<u>220,960</u>	<u>210,352</u>	<u>214,137</u>
Gross margin	<u>195,201</u>	<u>180,683</u>	<u>169,148</u>
Operating expenses:			
Research and development	34,550	31,370	29,915
Selling, general and administrative	27,601	26,097	24,932
Total operating expenses	<u>62,151</u>	<u>57,467</u>	<u>54,847</u>
Operating income	133,050	123,216	114,301
Other income/(expense), net	(321)	269	(565)
Income before provision for income taxes	<u>132,729</u>	<u>123,485</u>	<u>113,736</u>
Provision for income taxes	20,719	29,749	16,741
Net income	<u>\$ 112,010</u>	<u>\$ 93,736</u>	<u>\$ 96,995</u>
Earnings per share:			
Basic	\$ 7.49	\$ 6.11	\$ 6.16
Diluted	\$ 7.46	\$ 6.08	\$ 6.13

Note 2 – Revenue

The Company recognizes revenue at the amount to which it expects to be entitled when control of products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products or services are transferred to its customers. For most of the Company's Products net sales, control transfers when products are shipped. For the Company's Services net sales, control transfers over time as services are delivered. Payment for Products and Services net sales is collected within a short period following transfer of control or commencement of delivery of services, as applicable.

The Company records reductions to Products net sales related to future product returns, price protection and other customer incentive programs based on the Company's expectations and historical experience.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are distinct, the Company allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSPs"). When available, the Company uses observable prices to determine SSPs. When observable prices are not available, SSPs are established that reflect the Company's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, where applicable, prices charged by the Company for similar offerings, market trends in the pricing for similar offerings, product-specific business objectives and the estimated cost to provide the performance obligation.

The Company has identified the performance obligations regularly included in arrangements involving the sale of iPhone, Mac and iPad. The first material performance obligation, which represents the substantial portion of the allocated sales price, is the hardware and bundled software delivered at the time of sale. The second material performance obligation is the right to receive certain product-related bundled services, which include iCloud®, Siri® and Maps. The Company allocates revenue and any related discounts to all of its performance obligations based on their relative SSPs. Because the Company lacks observable prices for product-related bundled services, the allocation of revenue is based on the Company's estimated SSPs. Revenue allocated to the delivered hardware and bundled software is recognized when control has transferred to the customer, which generally occurs when the product is shipped. Revenue allocated to product-related bundled services is deferred and recognized on a straight-line basis over the estimated period they are expected to be provided.

For certain long-term service arrangements, the Company has performance obligations for services it has not yet delivered. For these arrangements, the Company does not have a right to bill for the undelivered services. The Company has determined that any unbilled consideration relates entirely to the value of the undelivered services. Accordingly, the Company has not recognized revenue, and does not disclose amounts, related to these undelivered services.

For the sale of third-party products where the Company obtains control of the product before transferring it to the customer, the Company recognizes revenue based on the gross amount billed to customers. The Company considers multiple factors when determining whether it obtains control of third-party products, including evaluating if it can establish the price of the product, retains inventory risk for tangible products or has the responsibility for ensuring acceptability of the product. For third-party applications sold through the App Store, the Company does not obtain control of the product before transferring it to the customer. Therefore, the Company accounts for all third-party application-related sales on a net basis by recognizing in Services net sales only the commission it retains.

The following table shows disaggregated net sales, as well as the portion of total net sales that was previously deferred, for 2025, 2024 and 2023 (in millions):

	2025	2024	2023
iPhone	\$ 209,586	\$ 201,183	\$ 200,583
Mac	33,708	29,984	29,357
iPad	28,023	26,694	28,300
Wearables, Home and Accessories	35,686	37,005	39,845
Services ⁽¹⁾	109,158	96,169	85,200
Total net sales	\$ 416,161	\$ 391,035	\$ 383,285

Portion of total net sales that was included in deferred revenue as of			
the beginning of the period	\$ 8,229	\$ 7,728	\$ 8,169

(1) Services net sales include amortization of the deferred value of services bundled in the sales price of certain products.

The Company's proportion of net sales by disaggregated revenue source was generally consistent for each reportable segment in Note 13, "Segment Information and Geographic Data" for 2025, 2024 and 2023, except in Greater China, where iPhone revenue represented a moderately higher proportion of net sales.

As of September 27, 2025 and September 28, 2024, the Company had total deferred revenue of \$13.7 billion and \$12.8 billion, respectively. As of September 27, 2025, the Company expects 66% of total deferred revenue to be realized in less than a year, 23% within one-to-two years, 9% within two-to-three years and 2% in greater than three years.