

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 June 30, 2018
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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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 ☒

4,829,926,000 shares of common stock, par value \$0.00001 per share, issued and outstanding as of July 20, 2018

Apple Inc.
Form 10-Q
For the Fiscal Quarter Ended June 30, 2018
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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		Nine Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Net sales	\$ 53,265	\$ 45,408	\$ 202,695	\$ 176,655
Cost of sales	32,844	27,920	124,940	108,400
Gross margin	20,421	17,488	77,755	68,255
Operating expenses:				
Research and development	3,701	2,937	10,486	8,584
Selling, general and administrative	4,108	3,783	12,489	11,447
Total operating expenses	7,809	6,720	22,975	20,031
Operating income	12,612	10,768	54,780	48,224
Other income/(expense), net	672	540	1,702	1,948
Income before provision for income taxes	13,284	11,308	56,482	50,172
Provision for income taxes	1,765	2,591	11,076	12,535
Net income	\$ 11,519	\$ 8,717	\$ 45,406	\$ 37,637
Earnings per share:				
Basic	\$ 2.36	\$ 1.68	\$ 9.07	\$ 7.18
Diluted	\$ 2.34	\$ 1.67	\$ 8.99	\$ 7.14
Shares used in computing earnings per share:				
Basic	4,882,167	5,195,088	5,006,640	5,239,847
Diluted	4,926,609	5,233,499	5,050,963	5,274,394
Cash dividends declared per share	\$ 0.73	\$ 0.63	\$ 1.99	\$ 1.77

See accompanying Notes to Condensed Consolidated Financial Statements.

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In millions)

	Three Months Ended		Nine Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Net income	\$ 11,519	\$ 8,717	\$ 45,406	\$ 37,637
Other comprehensive income/(loss):				
Change in foreign currency translation, net of tax effects of \$(3), \$(35), \$4 and \$(3), respectively	(590)	120	(287)	(41)
Change in unrealized gains/losses on derivative instruments:				
Change in fair value of derivatives, net of tax benefit/(expense) of \$70, \$(16), \$(60) and \$(269), respectively	109	(166)	170	1,002
Adjustment for net (gains)/losses realized and included in net income, net of tax expense/(benefit) of \$(254), \$176, \$(198) and \$276, respectively	978	(409)	873	(1,135)
Total change in unrealized gains/losses on derivative instruments, net of tax	1,087	(575)	1,043	(133)
Change in unrealized gains/losses on marketable securities:				
Change in fair value of marketable securities, net of tax benefit/(expense) of \$154, \$(197), \$1,159 and \$536, respectively	(568)	364	(3,417)	(980)
Adjustment for net (gains)/losses realized and included in net income, net of tax expense/(benefit) of \$(7), \$16, \$27 and \$12, respectively	24	(32)	(22)	(25)
Total change in unrealized gains/losses on marketable securities, net of tax	(544)	332	(3,439)	(1,005)
Total other comprehensive income/(loss)	(47)	(123)	(2,683)	(1,179)
Total comprehensive income	\$ 11,472	\$ 8,594	\$ 42,723	\$ 36,458

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)

	June 30, 2018	September 30, 2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 31,971	\$ 20,289
Short-term marketable securities	38,999	53,892
Accounts receivable, net	14,104	17,874
Inventories	5,936	4,855
Vendor non-trade receivables	12,263	17,799
Other current assets	12,488	13,936
Total current assets	115,761	128,645
Long-term marketable securities	172,773	194,714
Property, plant and equipment, net	38,117	33,783
Other non-current assets	22,546	18,177
Total assets	\$ 349,197	\$ 375,319
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 38,489	\$ 49,049
Accrued expenses	25,184	25,744
Deferred revenue	7,403	7,548
Commercial paper	11,974	11,977
Current portion of long-term debt	5,498	6,496
Total current liabilities	88,548	100,814
Deferred revenue, non-current	2,878	2,836
Long-term debt	97,128	97,207
Other non-current liabilities	45,694	40,415
Total liabilities	234,248	241,272
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,842,917 and 5,126,201 shares issued and outstanding, respectively	38,624	35,867
Retained earnings	79,436	98,330
Accumulated other comprehensive income/(loss)	(3,111)	(150)
Total shareholders' equity	114,949	134,047
Total liabilities and shareholders' equity	\$ 349,197	\$ 375,319

See accompanying Notes to Condensed Consolidated Financial Statements.