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GLOBAL IDEA

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Apple, Inc.

The Ternus Era Begins – Premiumization, Innovation, and a Healthy Dose of AI

Apple is repositioning iPhone as an intelligent personal hub, with the Duo and Siri AI at the center of this strategy. When coupled with cont'd product innovation (battery, camera, health + more this Spring), clear Semis/SW differentiation and pricing tailwinds, we see above trend growth into FY27.

Key Takeaways

- Apple's pace of hardware and software innovation is accelerating, headlined by the new 2nm A20 SoC and iPhone Duo.
- The foldable Duo, while expensive, is clearly differentiated vs. incumbents. We're Foldable bulls, and even more so after seeing it firsthand (see pics below).
- Overall, pricing was mixed vs MSe, with new model pricing below our ests, but legacy model pricing above. Trade-ins and financing plans remain aggressive.
- The 18 Pro/Pro Max are more robust upgrades than we expected, with battery life, display, camera and performance all seeing improvements.
- Siri AI updates were better than expected (starting to see 3P app integration) while new Health features evolve from data collection to taking action.

A little of the 'old' mixed with a lot of the 'new' as CEO John Ternus heralds the next evolution of the Apple story. Today's 'Surprise and Shine' event felt different from past September product launch events. Not just because it marked the first public appearance of John Ternus as CEO, but also because Apple's broader product + software + AI strategy is becoming more exciting and differentiated and new and real (Exhibit 1). In our view, today's event previewed far more innovation than past years – Apple's first-ever 2nm A20 SoC provides a significant performance leap, the iPhone Duo is likely to redefine premium smartphones, Apple's SW/HW integration and attention to detail are subtle but game changing, and even Siri AI now shows it will play an important role in turning the iPhone into a consumer's centralized intelligence hub. Against a backdrop of 4+ year iPhone replacement cycles (PC replacement cycles are currently shorter; Exhibit 12), 57% of the iPhone installed base (or 690M devices) that owns a device older than iPhone 15 Pro, and 87% of the iPhone installed base that can't run the most complex Siri AI workloads, we believe this pace of innovation – as well as price point premiumization – is likely to materialize in multiple years of above-trend growth, making an 'Apple AI' bull case now more feasible. **As we work through the unit, ASP and margin implications of today's announcement, we share our 5 most important takeaways from today's event, as well as several other quick-hitting observations below:**

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Apple, Inc. (AAPL.O, AAPL US)

IT Hardware | United States of America

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**$360.00**
Shr price, close (Sep 9, 2026)	$315.34
Mkt cap, curr (mm)	$4,630,568
52-Week Range	$344.57-225.95

Fiscal Year Ending	09/25	09/26e	09/27e	09/28e
EPS ($)**	7.46	8.84	10.00	10.83
Prior EPS ($)**	-	-	-	-
P/E	34.1	35.7	31.5	29.1
EPS ($)§	-	8.85	9.61	11.12
Div yld (%)	0.4	0.3	0.4	0.4

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates

QUARTERLY EPS ($)

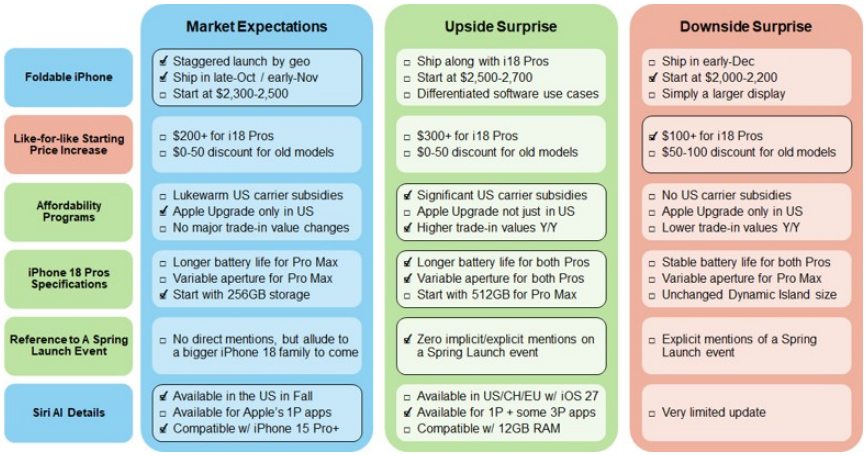
Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	2.40	-	2.84a	-	2.82
Q2	1.65	-	2.01a	-	2.42
Q3	1.57	-	2.02a	-	2.35
Q4	1.85	-	1.96	-	2.41

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Exhibit 1: iPhone 18 Product Launch post-event checklist: Affordability, iPhone 18 Pro specs, and reference to a Spring launch event surprised to the upside, while pricing in general surprised to the downside.



1. The iPhone Duo – aka your new Apple Personal Intelligence Hub – feels, looks, and behaves like the most innovative device to come out of Apple in years. While many of the productivity and multitasking functions demonstrated on iPhone Duo have existed for years on competing foldable devices, Apple's integration of hardware, software, and silicon delivers a notably more polished user experience that we think differentiates from peers. In handling the device firsthand (see pics below – Exhibit 2 to Exhibit 5), navigation feels fluid, form factor transitions are seamless (e.g. the animation when the device is unfolded), multitasking on each screen feels intuitive, and the device consistently reinforces Apple's broader vision of a personal intelligence hub. We were also impressed by the hardware itself. The form factor is different but intuitive, the display is noticeably thin when unfolded, the hinge feels exceptionally sturdy, the folding mechanism is smooth and deliberate, the camera is excellent (the Duo Preview and Kids Cue features are simple but innovative), and the device carries the premium feel expected of a flagship Apple product. Questions will remain around long-term durability, crease visibility over time, and how well the user experience translates once protective cases and everyday wear are introduced, but we believe the "wow factor" is there, and that Apple will sell every Duo it builds. At a $1,999 starting price, Duo remains an expensive device, but it launched meaningfully below many investor expectations ($2,300-$2,500) and even $1 below Samsung's Galaxy Fold7, suggesting Apple is prioritizing adoption rather than maximizing near-term economics. Given limited supply upside in the near term, we would not be surprised to see the device sell out quickly after launch.

2. The iPhone 18 Pro and Pro Max are taking a more meaningful leap (performance, camera, and battery life) than recent Pro cycles. While much of the spotlight will understandably fall on Apple's new Duo, the Pro lineup received substantial upgrades across the four attributes that continue to drive replacement decisions: camera, battery life, performance, and AI. The headline hardware enhancement is the new 48MP Fusion camera with variable aperture, bringing DSLR-style depth-of-field control to iPhone for the first time. New Pro Controls also

add manual adjustment of aperture, shutter speed, and white balance, pushing the Pro lineup further into creator and prosumer workflows. Importantly, these camera upgrades are available across both Pro models, rather than just the Pro Max as some would have expected. Performance improvements also appear more significant than a typical node transition. Built on TSMC's 2nm process, A20 Pro combines 50% greater memory bandwidth, a dual 16-core Neural Engine with 2x AI processing capability, and a redesigned thermal architecture that delivers up to 40% higher sustained performance. Battery life may ultimately prove the sleeper upgrade – Apple claims the largest battery-life increase ever for the Pro Max, with up to 45 hours of video playback vs. 39 hours previously. Combined with a smaller/more capable Dynamic Island, the iPhone 18 Pro family feels like a more substantial upgrade cycle than investors may have anticipated.

3. The relatively modest $100 like-for-like price increase suggests Apple is prioritizing upgrade volume and gross profit dollars over pure margin preservation. Despite the more meaningful than expected tech upgrades, Apple raised Pro pricing by only $100 Y/Y, with iPhone 18 Pro starting at $1,199 and Pro Max at $1,299 representing some modest downside to our FY27 iPhone ASP forecasts (Exhibit 6). In our view, a larger $200 increase would have been required to largely offset higher costs and potentially maintain iPhone margins. Instead, Apple appears focused on maximizing overall profit dollar growth. The company is preserving upgrade affordability while simultaneously encouraging mix expansion through higher-capacity storage tiers, including a new 2TB configuration for iPhone Pro. At the same time, Apple increased pricing across legacy models rather than applying the traditional $100 price step-down following a new launch, which means iPhone pricing is broadly moving higher across the entire portfolio, not just new models (above our expects). Offsetting this will be higher trade-in values (Exhibit 7 and Exhibit 8), US carrier subsidies of up to $1,200 (Exhibit 10 and Exhibit 11), and new leasing options (i.e. Apple Upgrade), which should help to reduce consumer purchase friction. In our view, Apple appears comfortable accepting some margin pressure if it helps sustain upgrade demand, ecosystem engagement, and configuration mix. That view is broadly consistent with our supply chain work, which continues to suggest CY26 iPhone builds could approach 270M units (+7% Y/Y), including 70M+ iPhone 18 Pro units in C2H26, ~15% above iPhone 17 Pro builds in C2H25 despite the higher entry pricing.

4. The biggest AI surprise was how aggressively Apple expanded Apple Intelligence beyond 1P applications and into real-world workflows. The new Siri AI is clearly more capable than any Siri Apple has introduced over the years, with personal context awareness across messages, email, photos, and apps. But the more interesting development from today is how Apple is beginning to connect intelligence with 3P content and services. Examples include Safari's new "Notify Me" feature for product restocks and price changes, Health app integration with Quest Diagnostics lab testing, and Siri AI's ability to interact with content and control across over 300,000 3P apps (e.g. Whatsapp, Stuff, Audible, Microsoft Outlook). Apple also broadened AI beyond iPhone. On Apple Watch, new "Audio Intelligence" features such as Live Rewind, Siri Recap, and Sound Recognition extend Apple Intelligence into conversations, accessibility, and ambient awareness. The only meaningful caveat is availability. Siri AI launches initially in English and rolls out in

beta with iOS 27 and watchOS 27. French, Japanese, Korean, Portuguese, and Spanish support arrive in October, while Siri AI and related features remain unavailable in the EU and China (despite language support for Chinese) at launch as Apple works through regulatory requirements. Apple also reiterated that certain cloud-based Apple Intelligence features will become usage-limited, and therefore monetized at launch, with more of those pricing details (via iCloud) to come.

5. Apple continues to expand deeper into personalized health and wellness. The headline is not necessarily new wearable hardware (Watch Series 12 or Ultra 4), but rather the emergence of a more comprehensive health platform built around continuous sensing, AI-driven interpretation, and enhanced longitudinal health tracking. The new Health Sensing System (exclusive on Series 12 and Ultra 4) introduces what Apple claims is the industry's most accurate wearable heart-rate monitoring, with background/all-day heart-rate measurements every 5 seconds (vs. 5 minutes prior) and heart-rate variability (HRV) sampled as often as every 5 minutes (vs. every 2 hours prior; up to 24x more frequently than before). More importantly, Apple is beginning to convert those data streams into actionable recommendations through its new Readiness score, which analyzes activity, sleep, vitals, and recovery to provide daily guidance. The redesigned Health app takes this a step further with Health Age, a new Longevity dashboard, AI-powered insights, movement assessments, and even integration with laboratory testing through Quest Diagnostics. Taken together, Apple appears to be evolving from a company that helps users collect health data into one that increasingly helps interpret, contextualize, and act on it.

Other quick hitting observations from the 'Surprise and Shine' event:

- The iPhone Duo is entirely eSIM supported, and will require approval to be sold in China, similar to the iPhone Air. This is apparent when searching for the Duo on Apple.com.cn. Apple still has over 1 month to get approval (approval took 31 days for the Air last year) so this shouldn't be concerning, but something to watch as China is a massive market for the iPhone Duo.
- Apple provided no hints at an iPhone 18 Base, iPhone Air 2, and/or iPhone 18e launch. We still expect these devices to launch in the Spring '27, but this could have an interesting impact on consumers that not have to decide whether to buy a $100 more expensive Y/Y iPhone 17 base model, or pay up for a $100 more expensive Y/Y iPhone 18 Pro/Pro Max.
- iPhone Duo pricing appears to be significantly higher in international markets vs. the US. For example, in China, Taiwan and Japan the 256GB iPhone Duo starts at $2,350-2,400 vs. $1,999 in the US. This makes the Duo the most expensive Foldable in these markets.
- While AT&T and T-Mobile have released their subsidy plans for the iPhone 18 Pro/Pro Max, Verizon – who has been the most vocally anti-subsidy carrier in the US – has yet to release details of its iPhone 18 Pro/Pro Max subsidies. None of the US wireless carriers have disclosed subsidies around the Duo, presumably due to the later launch timing.
- Apple disclosed its users make 2.5B requests to Siri per day. This is far more than we expected and is on-par with ChatGPT queries per day a year ago. The important questions looking forward are (1) with the Siri AI upgrade, 2.5B/

day requests increase by how much? And (2) how will those queries be split between on-device, PCC and GCP, because the cost implications – if even modestly cloud based – could be significant.

- Based on disclosures on Apple.com, it appears Apple's new C2 modem will be integrated into the iPhone 18 Pro and iPhone Duo, but not the iPhone 18 Pro Max in the US. When we check on international markets such as Japan and China, C2 is adopted in both the iPhone 18 Pro and Pro Max.
- Apple has already worked with leading 3P app developers, including Zoom, Slack, and Netflix, to adapt their applications for the new iPhone Duo layout. We expect the pace of 3P application adaption to the Duo to accelerate far faster than with the Vision Pro.
- Apple is positioning the 'Shortcuts' app to act as an on-device agent capable of creating customized automations not yet available before Siri AI. Don't expect this functionality to be on par with more enterprise-centric and cloud-based agents, but it's a subtle upgrade that has the potential to be powerful for power users.

Key Exhibits

Exhibit 2: When folded, iPhone Duo is smaller than a passport and can easily fit into users' pockets.



Exhibit 3: When unfolded, you get a ~50% bigger screen vs. an iPhone 18 Pro Max.



Exhibit 4: Apple redesigns the user interface for iPhone Duo and put tool bars on the side of the screen.



Exhibit 5: Apple demonstrates a seamless large display with a crease that is barely visible and an under-display camera.



Exhibit 6:

Apple raised like-for-like pricing for the iPhone 18 Pro models by $100 vs. last year's iPhone 17 Pro models, while also increasing prices on legacy models by $100 Y/Y. This marks the first time Apple has not only eliminated discounts on legacy models but also raised their prices.

New Pricing (As of 9/9/2026)			Prior Pricing (As of 9/8/2026)			
Model	Storage SKU (GB)	Retail Price	Model	Storage SKU (GB)	Retail Price	Difference
iPhone Ultra (7.6" / 5.4")	2TB	$ 3,199	***New model**			
iPhone Ultra	1TB	2,599	***New model**			
iPhone Ultra	512	2,199	***New model**			
iPhone Ultra	256	1,999	***New model**			
iPhone 18 Pro Max (6.9")	2TB	$ 2,499	***$500 higher than the 2TB iPhone 17 Pro Max at launch**			
iPhone 18 Pro Max	1TB	1,899	***$300 higher than the 1TB iPhone 17 Pro Max at launch**			
iPhone 18 Pro Max	512	1,499	***$100 higher than the 512GB iPhone 17 Pro Max at launch**			
iPhone 18 Pro Max	256	1,299	***$100 higher than the 256GB iPhone 17 Pro Max at launch**			
iPhone 18 Pro (6.3")	2TB	$ 2,399	***New storage SKU for an iPhone Pro**			
iPhone 18 Pro	1TB	$ 1,799	***$300 higher than the 1TB iPhone 17 Pro at launch**			
iPhone 18 Pro	512	1,399	***$100 higher than the 512GB iPhone 17 Pro at launch**			
iPhone 18 Pro	256	1,199	***$100 higher than the 256GB iPhone 17 Pro at launch**			
iPhone 17 Pro Max (6.9")	2TB		iPhone 17 Pro Max (6.9")	2TB	$ 1,999	
iPhone 17 Pro Max	1TB		iPhone 17 Pro Max	1TB	$ 1,599	
iPhone 17 Pro Max	512		iPhone 17 Pro Max	512	1,399	
iPhone 17 Pro Max	256		iPhone 17 Pro Max	256	1,199	
iPhone 17 Pro (6.3")	1TB		iPhone 17 Pro (6.3")	1TB	$ 1,499	
iPhone 17 Pro	512		iPhone 17 Pro	512	1,299	
iPhone 17 Pro	256		iPhone 17 Pro	256	1,099	
iPhone 17 Air (6.5")	1TB	$ 1,699	iPhone 17 Air (6.5")	1TB	$ 1,399	300.00
iPhone 17 Air	512	1,299	iPhone 17 Air	512	1,199	100.00
iPhone 17 Air	256	1,099	iPhone 17 Air	256	999	100.00
iPhone 17 (6.1")	512	$ 1,099	iPhone 17 (6.1")	512	$ 999	100.00
iPhone 17	256	899	iPhone 17	256	799	100.00
iPhone 17e (6.1")	512	$ 899	iPhone 17e (6.1")	512	$ 799	100.00
iPhone 17e	256	699	iPhone 17e	256	599	100.00
Apple Watch Ultra 4	49mm (GPS + Cell)	$ 799	***Starting price in-line with the Apple Watch Ultra 3 at Launch**			
Apple Watch Series 12	46mm (GPS + Cell)	$ 549	***$20 higher than the 46mm (GPS + Cell) Apple Watch 11 at Launch**			
Apple Watch Series 12	46mm (GPS)	449	***$20 higher than the 46mm (GPS) Apple Watch 11 at Launch**			
Apple Watch Series 12	42mm (GPS + Cell)	499	***Starting price in-line with the 42mm (GPS + Cell) Apple Watch 11 at Launch**			
Apple Watch Series 12	42mm (GPS)	399	***Starting price in-line with the 42mm (GPS) Apple Watch 11 at Launch**			

Exhibit 7: Median iPhone trade-in value remains flat at $210, while the average trade-in value is 13% higher, driven by higher trade-in values for the iPhone 17 family.

iPhone Trade-In Value									
Model	**Post iPhone 18 Launch**		**Pre iPhone 18 Launch**		**Post iPhone 17 Launch**		**Y/Y % Change**		
iPhone 17 Pro Max	$	885							
iPhone 17 Pro	$	785							
iPhone Air	$	585							
iPhone 17	$	585							
iPhone 16 Pro Max	$	610	$	720	$	700	-12.9%		
iPhone 16 Pro	$	510	$	630	$	580	-12.1%		
iPhone 16 Plus	$	430	$	485	$	470	-8.5%		
iPhone 16	$	430	$	480	$	450	-4.4%		
iPhone 16e	$	270	$	310	$	450	-40.0%		
iPhone 15 Pro Max	$	455	$	530	$	520	-12.5%		
iPhone 15 Pro	$	370	$	420	$	420	-11.9%		
iPhone 15 Plus	$	315	$	340	$	370	-14.9%		
iPhone 15	$	305	$	335	$	320	-4.7%		
iPhone 14 Pro Max	$	360	$	405	$	400	-10.0%		
iPhone 14 Pro	$	285	$	335	$	320	-10.9%		
iPhone 14 Plus	$	210	$	235	$	240	-12.5%		
iPhone 14	$	195	$	235	$	220	-11.4%		
iPhone SE (3rd Gen)	$	75	$	85	$	90	-16.7%		
iPhone 13 Pro Max	$	320	$	340	$	320	0.0%		
iPhone 13 Pro	$	255	$	285	$	250	2.0%		
iPhone 13	$	175	$	205	$	200	-12.5%		
iPhone 13 mini	$	145	$	155	$	170	-14.7%		
iPhone 12 Pro Max	$	210	$	240	$	230	-8.7%		
iPhone 12 Pro	$	165	$	195	$	170	-2.9%		
iPhone 12	$	120	$	135	$	140	-14.3%		
iPhone 12 mini	$	80	$	90	$	100	-20.0%		
iPhone 11 Pro Max	$	140	$	160	$	160	-12.5%		
iPhone 11 Pro	$	125	$	145	$	130	-3.8%		
iPhone 11	$	100	$	110	$	100	0.0%		
iPhone SE (2nd Gen)	$	80	$	45	$	50	60.0%		
iPhone XS Max	$	85	$	95	$	100	-15.0%		
iPhone XS	$	60	$	70	$	70	-14.3%		
iPhone XR	$	75	$	90	$	80	-6.3%		
iPhone X	$	50	$	60	$	60	-16.7%		
iPhone 8 Plus	$	35	$	40	$	50	-30.0%		
iPhone 8			$	40	$	40	-100.0%		
Average	**$**	**282**	**$**	**251**	**$**	**249**	**13.3%**		
Median	**$**	**210**	**$**	**220**	**$**	**210**	**0.0%**		

Exhibit 8: Even broader eligibility for older devices has lifted installed-base-weighted trade-in values.

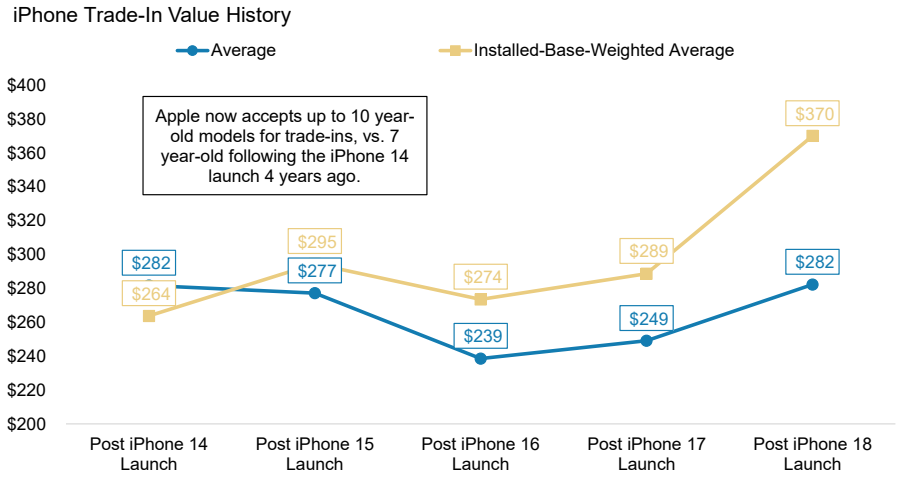


Exhibit 9: The 13% increase in the average value received from an iPhone trade-in makes the iPhone 18 Pros only slightly more expensive than the iPhone 17 Pros on a comparative storage SKU basis despite $100 of a like-for-like starting price increase.

iPhone 18 Pricing				Net Effective Price (After Trade-In**)			Net Effective Installment Plan Pricing		
Model	Storage SKU (GB)	Retail Price	Installment Plan Pricing (Per Month)*	W/ Minimum Trade-In Value***	W/ Average Trade-In Value	W/ Maximum Trade-In Value****	W/ Minimum Trade-In (Per Month)	W/ Average Trade-In (Per Month)	W/ Maximum Trade-In (Per Month)
iPhone Ultra (7.6" / 5.4")	2TB	$ 3,199	$ 133.28	$ 3,164	$ 2,917	$ 2,314	$ 131.83	$ 121.53	$ 96.42
iPhone Ultra	1TB	2,599	108.28	2,564	2,317	1,714	106.83	96.53	71.42
iPhone Ultra	512	2,199	91.62	2,164	1,917	1,314	90.17	79.86	54.75
iPhone Ultra	256	1,999	83.28	1,964	1,717	1,114	81.83	71.53	46.42
iPhone 18 Pro Max (6.9")	2TB	2,499	104.12	2,464	2,217	1,614	102.67	92.36	67.25
iPhone 18 Pro Max	1TB	1,899	79.12	1,864	1,617	1,014	77.67	67.36	42.25
iPhone 18 Pro Max	512	1,499	62.45	1,464	1,217	614	61.00	50.70	25.58
iPhone 18 Pro Max	256	1,299	54.12	1,264	1,017	414	52.67	42.36	17.25
iPhone 18 Pro (6.3")	2TB	2,399	99.95	2,364	2,117	1,514	98.50	88.20	63.08
iPhone 18 Pro	1TB	1,799	74.95	1,764	1,517	914	73.50	63.20	38.08
iPhone 18 Pro	512	1,399	58.28	1,364	1,117	514	56.83	46.53	21.42
iPhone 18 Pro	256	1,199	49.95	1,164	917	314	48.50	38.20	13.08

**Over 24 months at 0% APR*
***Trade-in values abailable through Apple.com or in Apple retail stores*
****Reflects trading in an iPhone 8 Plus*
*****Reflects trading in an iPhone 17 Pro Max*

iPhone 17 Pricing				Net Effective Price (After Trade-In**)			Net Effective Installment Plan Pricing		
Model	Storage SKU (GB)	Retail Price	Installment Plan Pricing (Per Month)*	W/ Minimum Trade-In Value***	W/ Average Trade-In Value	W/ Maximum Trade-In Value****	W/ Minimum Trade-In (Per Month)	W/ Average Trade-In (Per Month)	W/ Maximum Trade-In (Per Month)
iPhone 17 Pro Max (6.9")	2TB	$ 1,999	$ 83.28	$ 1,959	$ 1,750	$ 1,299	$ 81.63	$ 72.91	$ 54.13
iPhone 17 Pro Max	1TB	1,599	66.62	1,559	1,350	899	64.96	56.25	37.46
iPhone 17 Pro Max	512	1,399	58.28	1,359	1,150	699	56.63	47.91	29.13
iPhone 17 Pro Max	256	1,199	49.95	1,159	950	499	48.29	39.58	20.79
iPhone 17 Pro (6.3")	1TB	1,499	62.45	1,459	1,250	799	60.79	52.08	33.29
iPhone 17 Pro	512	1,299	54.12	1,259	1,050	599	52.46	43.75	24.96
iPhone 17	256	799	33.28	759	550	99	31.63	22.91	4.13

**Over 24 months at 0% APR*
***Trade-in values abailable through Apple.com or in Apple retail stores*
****Reflects trading in an iPhone 8*
*****Reflects trading in an iPhone 16 Pro Max*

Exhibit 10: AT&T's iPhone 18 Pro carrier discounts are better compared to the iPhone 16. These discounts apply to new & existing users who trade in an eligible phone and activate an unlimited plan.

AT&T Carrier Discount Plan						
iPhone SKU	List Price	Starting Storage Capacity (GB)	Price After Trade In & Activation of Unlimited Plan (per month)	Length of Financing Term (Months)	Total Discount	% Discount
iPhone 12 Mini	$699	64	$0.00	30	$699	100%
iPhone 13 Mini	$699	128	$0.00	36	$699	100%
iPhone 12	$799	64	$0.00	30	$799	100%
iPhone 13	$799	128	$2.75	36	$700	88%
iPhone 14	$799	128	$0.00	36	$799	100%
iPhone 15	$799	128	$0.00	36	$799	100%
iPhone 16	$799	128	$0.00	36	$799	100%
iPhone 17	$799	256	$0.00	36	$799	100%
iPhone 14 Plus	$899	128	$2.75	36	$800	89%
iPhone 15 Plus	$899	128	$2.75	36	$800	89%
iPhone 16 Plus	$899	128	$2.75	36	$800	89%
iPhone 17 Air	$999	256	$4.70	36	$830	83%
iPhone 12 Pro	$999	64	$6.64	30	$800	80%
iPhone 13 Pro	$999	128	$0.00	36	$999	100%
iPhone 14 Pro	$999	128	$0.00	36	$999	100%
iPhone 15 Pro	$999	128	$0.00	36	$999	100%
iPhone 16 Pro	$999	128	$0.00	36	$999	100%
iPhone 17 Pro	$1,099	256	$0.00	36	$1,099	100%
iPhone 18 Pro	$1,199	256	$0.00	36	$1,199	100%
iPhone 12 Pro Max	$1,099	64	$13.30	30	$700	64%
iPhone 13 Pro Max	$1,099	128	$2.75	36	$1,000	91%
iPhone 14 Pro Max	$1,099	128	$2.75	36	$1,000	91%
iPhone 15 Pro Max	$1,199	256	$5.53	36	$1,000	83%
iPhone 16 Pro Max	$1,199	256	$5.53	36	$1,000	83%
iPhone 17 Pro Max	$1,199	256	$2.75	36	$1,100	92%
iPhone 18 Pro Max (AT&T Elite 2.0, Premium 2.0 or legacy unlimited plan)	$1,299	256	$2.75	36	$1,200	92%

Source: Apple website, AT&T website

Exhibit 11: T-Mobile's carrier discounts for the iPhone 17 family are comparable with AT&T's. These discounts apply to new & existing users who trade in an eligible phone and have an eligible unlimited plan.

T-Mobile Carrier Discount Plan						
iPhone SKU	List Price	Starting Storage Capacity (GB)	Price After Trade In & Activation of Unlimited Plan (per month)	Length of Financing Term (Months)	Total Discount	% Discount
iPhone 18 Pro	$1,199	256	$0.00	36	$1,199	100%
iPhone 18 Pro Max (Experience Beyond 2.0 rate plan)	$1,299	256	$2.75	36	$1,200	92%

Source: Apple website, T-Mobile website

Exhibit 12: Our base case assumes pricing elasticity extends the replacement cycle to 4.8 years in FY27 and 5.0 years in FY28.

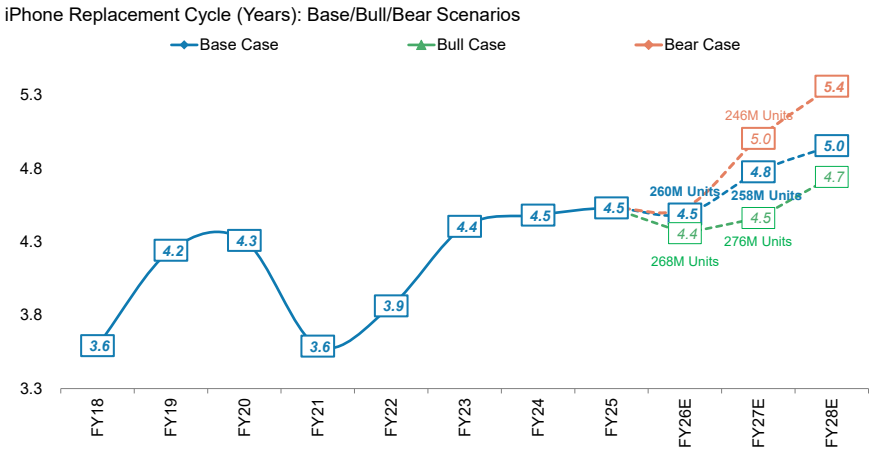
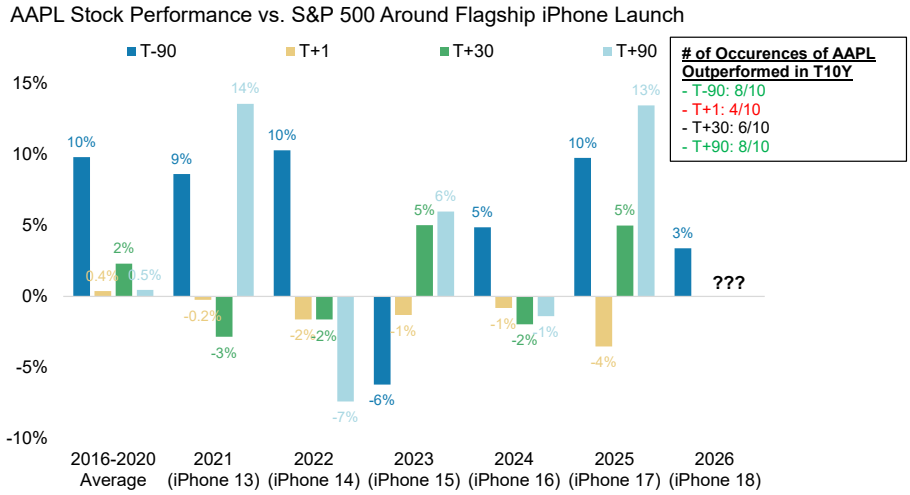


Exhibit 13: Over the past 10 years, there were 8 years where Apple outperformed 90 days after a flagship iPhone launch.



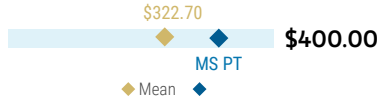
Risk Reward – Apple, Inc. (AAPL.O)

Higher Pricing, Higher Earnings Power, And A Catalyst-Laden 2H

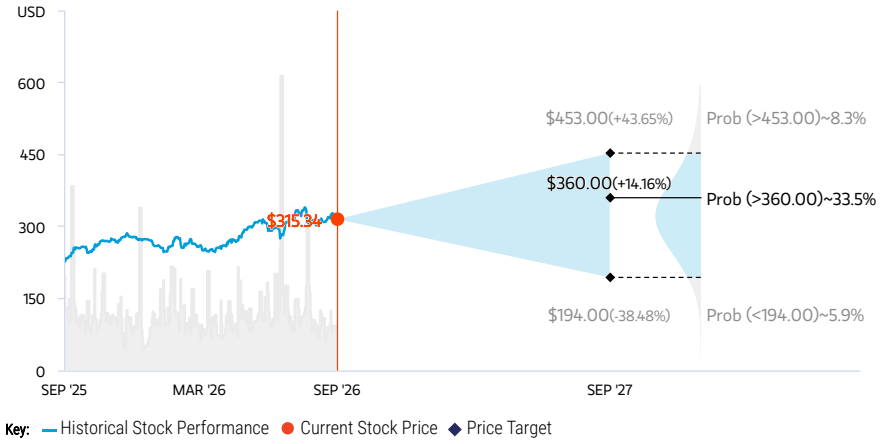
PRICE TARGET $360.00

Our $360 PT is based an 9.4x EV/Sales CY27 multiple, which is derived from a regression of tech and consumer platform peers. Our price target implies ~35x P/E on $10.30 CY27 EPS.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



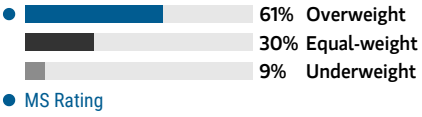
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 9 Sep 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

With the most elongated iPhone replacement cycles, new AI features rolling out around the world, and a renewed focus on device form factor changes, we believe Apple can accelerate iPhone growth starting in CY26, with replacement cycles peaking as aged installed base starts to upgrade. When combined with consistent, double digit services growth and moderate operating leverage, we believe Apple can earn $10.00 in FY27 and $10.83 by FY28. Memory cost dynamic could create uncertainties in the near term. Longer-term, investments in AI, payments, cloud, health, and home, and long runway to grow spend per user from $1/day today are key arguments for sustained long-term growth and value creation.

Consensus Rating Distribution



Risk Reward Themes

Disruption:	*Positive*
New Data Era:	*Positive*
Pricing Power:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $453.00

11x EV/Sales FY27; ~41x Bull FY27 P/E of $11.02

iPhone replacement cycles accelerate in FY26/FY27 with Robotics as an long-term upside. Consumer demand returns, and stronger than expected iPhone 17 upgrade intentions + mix shift to higher end iPhones drives mid-teens Y/Y iPhone revenue growth, while rising component costs are mitigated given Apple's bargaining power against consumers and the supply chain. Our bull case valuation implies a 41.1x P/E multiple on FY27 Bull EPS, which embeds $22 per share of upside from its Robotics efforts.

BASE CASE $360.00

9.4x EV/Sales CY27 or ~35x CY27 EPS of $10.30

Services and margins remain resilient, while investors start to expect stronger iPhone cycles ahead. Revenue grows mid-teens % Y/Y in FY27, driven by 10%+ Services growth and mid-teens % Products growth. GM may contract Y/Y in FY27 driven by higher Product revenue mix and memory costs, while Apple leverages the supply chain and repricing to mitigate the cost impact. The iPhone replacement cycle is elongating again in FY27 due to demand elasticity amidst memory-induced pricing increases.

BEAR CASE $194.00

6.3x EV/Sales FY27; 24.6x FY27 Bear EPS of $7.89

iPhone 17 cycle disappoints as consumer spending weakens more than expected amidst synthetic price increases. Growth slows further across the portfolio as discretionary income is pressured by hard landing, leading to just LSD of Product rev growth and decelerating Services rev growth in FY26. With revenue slightly growing but margin contracting, FY26 EPS will only grow MSD to ~$7.36. Our bear case valuation implies a 24.6x FY27 P/E, below T5Y avg of 26.0x due to plateauing Services profit mix.

Risk Reward – Apple, Inc. (AAPL.O)

KEY EARNINGS INPUTS

Drivers	Sep 2025	Sep 2026e	Sep 2027e	Sep 2028e
Total Revenue Growth (Y/Y) (%)	6.4	14.6	13.9	5.5
iPhone Revenue Growth (Y/Y) (%)	4.2	20.7	18.9	4.0
Services Revenue Growth (Y/Y) (%)	13.5	12.9	10.6	11.6
Gross Margin (%)	46.9	48.7	47.1	48.1
EPS Growth (Y/Y) (%)	10.6	18.4	13.1	8.3

INVESTMENT DRIVERS

- Positive iPhone build revisions / clearer signs of accelerating replacement cycles
- Services revenue growth reacceleration
- Apple Intelligence feature and distribution expansion
- New product launches in home, health and AI

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% MEA
- 0-10% UK
- 10-20% Europe ex UK
- 10-20% Mainland China
- 30-40% North America

View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon

the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- iPhone 18 outperforms expectations
- Apple Intelligence adoption surprises to the upside
- Apple introduces new product lines
- Services growth re-accelerates despite tougher compares
- Gross margins surprise positively

RISKS TO DOWNSIDE

- Weak consumer spending limits iPhone upgrade rates
- Higher memory input costs
- Limited progress on AI features
- Geopolitical tensions
- Increased regulation, particularly with App Store

OWNERSHIP POSITIONING

Inst. Owners, % Active	47.8%
HF Sector Long/Short Ratio	2.1x
HF Sector Net Exposure	33.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Sep 2027e

Sales / Revenue ($, mm)	497,893	543,285 / 525,163	555,719
EBITDA ($, mm)	160,893	187,562 / 179,926	193,552
Net income ($, mm)	125,536	145,610 / 138,815	158,312
EPS ($)	8.69	10.00 / 9.61	10.67

◆ Mean ◆

Apple (AAPL) Financial Model

Exhibit 14: Apple Income Statement

	2025A				2026E				2027E				Fiscal Year				
($ in millions)	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Revenues	**124,300**	**95,359**	**94,036**	**102,466**	**143,756**	**111,184**	**109,417**	**112,670**	**150,095**	**130,907**	**130,427**	**131,855**	**391,035**	**416,161**	**477,027**	**543,285**	**573,412**
iPhone	69,138	46,841	44,582	49,025	85,269	56,994	54,252	56,382	87,162	72,728	70,106	70,608	201,183	209,586	252,897	300,604	312,567
iPad	8,088	6,402	6,581	6,952	8,595	6,914	6,191	7,104	8,624	6,996	6,526	7,112	26,694	28,023	28,804	29,258	29,528
Mac	8,987	7,949	8,046	8,726	8,386	8,399	10,352	8,724	9,327	9,486	10,979	8,787	29,984	33,708	35,861	38,579	37,875
Wearables, Home and Accessories	11,747	7,522	7,404	9,013	11,493	7,901	7,883	8,992	12,181	8,062	8,282	10,066	37,005	35,686	36,269	38,590	41,320
Services	26,340	26,645	27,423	28,750	30,013	30,976	30,739	31,468	32,801	33,635	34,535	35,283	96,169	109,158	123,196	136,253	152,123
Cost of Sales	**66,025**	**50,492**	**50,318**	**54,125**	**74,525**	**56,403**	**54,647**	**59,196**	**80,774**	**68,403**	**69,074**	**69,224**	**210,352**	**220,960**	**244,771**	**287,474**	**297,518**
Gross Profit	**58,275**	**44,867**	**43,718**	**48,341**	**69,231**	**54,781**	**54,770**	**53,473**	**69,321**	**62,504**	**61,354**	**62,632**	**180,683**	**195,201**	**232,255**	**255,810**	**275,894**
Gross Margin	*46.9%*	*47.1%*	*46.5%*	*47.2%*	*48.2%*	*49.3%*	*50.1%*	*47.5%*	*46.2%*	*47.7%*	*47.0%*	*47.5%*	*46.2%*	*46.9%*	*48.7%*	*47.1%*	*48.1%*
Operating Expenses	**15,443**	**15,278**	**15,516**	**15,914**	**18,379**	**18,896**	**19,075**	**19,379**	**20,488**	**20,683**	**20,868**	**21,123**	**57,467**	**62,151**	**75,729**	**83,163**	**90,299**
Research and Development	8,268	8,550	8,866	8,866	10,887	11,419	11,729	11,830	12,683	13,025	13,173	13,383	31,370	34,550	45,865	52,265	57,517
Selling, General and Administrative	7,175	6,728	6,650	7,048	7,492	7,477	7,346	7,549	7,805	7,658	7,695	7,740	26,097	27,601	29,864	30,898	32,781
Operating Income	**42,832**	**29,589**	**28,202**	**32,427**	**50,852**	**35,885**	**35,695**	**34,094**	**48,833**	**41,821**	**40,485**	**41,508**	**123,216**	**133,050**	**156,526**	**172,647**	**185,595**
PTOP Margin	*34.5%*	*31.0%*	*30.0%*	*31.6%*	*35.4%*	*32.3%*	*32.6%*	*30.3%*	*32.5%*	*31.9%*	*31.0%*	*31.5%*	*31.5%*	*32.0%*	*32.8%*	*31.8%*	*32.4%*
Total Interest & Other Income	**(248)**	**(279)**	**(171)**	**377**	**150**	**(52)**	**572**	**350**	**142**	**167**	**191**	**198**	**269**	**(321)**	**1,020**	**698**	**746**
Pretax Income	**42,584**	**29,310**	**28,031**	**32,804**	**51,002**	**35,833**	**36,267**	**34,444**	**48,974**	**41,988**	**40,676**	**41,706**	**123,485**	**132,729**	**157,546**	**173,345**	**186,342**
GAAP Income Tax Provision	6,254	4,530	4,597	5,338	8,905	6,255	6,478	5,683	7,836	6,718	6,508	6,673	29,749	20,719	27,321	27,735	29,815
Operating Tax Provision (excl one time tax ef	6,254	4,530	4,597	5,338	8,905	6,255	6,478	5,683	7,836	6,718	6,508	6,673	19,503	20,719	27,321	27,735	29,815
Effective Tax Rate	*14.7%*	*15.5%*	*16.4%*	*16.3%*	*17.5%*	*17.5%*	*17.9%*	*16.5%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*15.8%*	*15.6%*	*17.3%*	*16.0%*	*16.0%*
Operating Net Income	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**29,789**	**28,761**	**41,138**	**35,270**	**34,168**	**35,033**	**103,982**	**112,010**	**130,225**	**145,610**	**156,527**
Operating Net Income Margin	*29.2%*	*26.0%*	*24.9%*	*26.8%*	*29.3%*	*26.6%*	*27.2%*	*25.5%*	*27.4%*	*26.9%*	*26.2%*	*26.6%*	*26.6%*	*26.9%*	*27.3%*	*26.8%*	*27.3%*
Total Non-recurring Charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,246)**	**-**	**-**	**-**	**-**
GAAP Net Income	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**29,789**	**28,761**	**41,138**	**35,270**	**34,168**	**35,033**	**93,736**	**112,010**	**130,225**	**145,610**	**156,527**
Fully-diluted EPS																	
EPS - ModelWare	**$2.40**	**$1.65**	**$1.57**	**$1.85**	**$2.84**	**$2.01**	**$2.02**	**$1.96**	**$2.82**	**$2.42**	**$2.35**	**$2.41**	**$6.75**	**$7.46**	**$8.84**	**$10.00**	**$10.83**
EPS - Reported	$2.40	$1.65	$1.57	$1.85	$2.84	$2.01	$2.02	$1.96	$2.82	$2.42	$2.35	$2.41	$6.08	$7.46	$8.84	$10.00	$10.83
EPS - ModelWare excl. Stock Option Expe	$2.61	$1.86	$1.78	$2.06	$3.09	$2.25	$2.26	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Dividend Payment	3,856	3,758	3,945	3,862	3,921	3,822	4,035	4,002	4,061	3,972	4,188	4,159	15,234	15,421	15,780	16,380	17,024
Dividend Per Share	$0.25	$0.25	$0.26	$0.26	$0.26	$0.26	$0.27	$0.27	$0.28	$0.27	$0.29	$0.29	$0.99	$1.03	$1.08	$1.13	$1.18
Period Ending Outstanding Shares	15,040.7	14,939.3	14,856.7	14,773.3	14,702.7	14,667.7	14,615.9	14,582.3	14,550.1	14,519.2	14,489.8	14,461.6	15,116.8	14,773.3	14,582.3	14,461.6	14,370.3
Avg Shares (Basic)	15,081.7	14,994.1	14,902.9	14,815.3	14,748.2	14,673.3	14,646.1	14,599.1	14,566.2	14,534.7	14,504.5	14,475.7	15,343.8	14,948.5	14,666.7	14,520.3	14,413.8
Avg Shares (Fully Diluted)	15,150.9	15,056.1	14,948.2	14,863.6	14,810.4	14,725.9	14,714.7	14,667.7	14,608.2	14,576.7	14,546.5	14,517.7	15,408.1	15,004.7	14,729.6	14,562.3	14,455.8

Exhibit 15: Apple Income Statement Analysis

	2025A				2026E				2027E				Fiscal Year				
($ in millions)	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Margin Analysis																	
Gross Margin	**46.9%**	**47.1%**	**46.5%**	**47.2%**	**48.2%**	**49.3%**	**50.1%**	**47.5%**	**46.2%**	**47.7%**	**47.0%**	**47.5%**	**46.2%**	**46.9%**	**48.7%**	**47.1%**	**48.1%**
Product	39.3%	35.9%	34.5%	36.2%	40.7%	38.7%	40.1%	36.8%	37.9%	37.9%	36.6%	37.1%	37.2%	36.8%	39.2%	37.4%	37.9%
iPhone	42.8%	39.3%	37.4%	40.0%	44.5%	43.0%	45.0%	40.5%	41.5%	41.5%	40.0%	40.5%	40.6%	40.2%	43.4%	40.9%	41.1%
iPad	29.7%	27.5%	26.8%	26.8%	28.0%	28.0%	28.0%	27.0%	27.0%	26.0%	27.0%	27.0%	28.6%	27.8%	27.8%	26.8%	27.9%
Mac	32.3%	28.5%	30.0%	30.0%	31.0%	28.0%	30.0%	29.0%	27.0%	26.8%	26.8%	27.1%	30.3%	30.3%	29.5%	26.9%	28.3%
Wearables, Home and Accessories	30.8%	29.9%	28.9%	28.9%	28.8%	28.3%	28.8%	28.8%	28.5%	28.5%	28.5%	29.0%	30.6%	29.7%	28.7%	28.6%	29.0%
Services	75.0%	75.7%	75.6%	75.3%	76.5%	76.7%	75.6%	75.0%	75.7%	76.3%	76.0%	76.0%	73.9%	75.4%	75.9%	76.0%	76.5%
R&D	6.7%	9.0%	9.4%	8.7%	7.6%	10.3%	10.7%	10.5%	8.5%	10.0%	10.1%	10.2%	8.0%	8.3%	9.6%	9.6%	10.0%
SG&A	5.8%	7.1%	7.1%	6.9%	5.2%	6.7%	6.7%	6.7%	5.2%	5.9%	5.9%	5.9%	6.7%	6.6%	6.3%	5.7%	5.7%
Operating Expenses	12.4%	16.0%	16.5%	15.5%	12.8%	17.0%	17.4%	17.2%	13.7%	15.8%	16.0%	16.0%	14.7%	14.9%	15.9%	15.3%	15.7%
EBITDA Margin	36.9%	33.8%	33.0%	34.7%	37.6%	35.4%	35.7%	33.5%	35.0%	34.8%	33.9%	34.3%	34.4%	34.8%	35.7%	34.5%	35.1%
PTOP Margin	34.5%	31.0%	30.0%	31.6%	35.4%	32.3%	32.6%	30.3%	32.5%	31.9%	31.0%	31.5%	31.5%	32.0%	32.8%	31.8%	32.4%
Pretax Margin	34.3%	30.7%	29.8%	32.0%	35.5%	32.2%	33.1%	30.6%	32.6%	32.1%	31.2%	31.6%	31.6%	31.9%	33.0%	31.9%	32.5%
Net Income	29.2%	26.0%	24.9%	26.8%	29.3%	26.6%	27.2%	25.5%	27.4%	26.9%	26.2%	26.6%	26.6%	26.9%	27.3%	26.8%	27.3%
Year-Over-Year Growth (%)																	
Revenue	**4%**	**5%**	**10%**	**8%**	**16%**	**17%**	**16%**	**10%**	**4%**	**18%**	**19%**	**17%**	**2%**	**6%**	**15%**	**14%**	**6%**
iPhone	-1%	2%	13%	6%	23%	22%	22%	15%	2%	28%	29%	25%	0%	4%	21%	19%	4%
iPad	15%	15%	-8%	0%	6%	8%	-6%	2%	0%	1%	5%	0%	-6%	5%	3%	2%	1%
Mac	16%	7%	15%	13%	-7%	6%	29%	0%	11%	13%	6%	1%	2%	12%	6%	8%	-2%
Wearables, Home and Accessories	-2%	-5%	-9%	0%	-2%	5%	6%	0%	6%	2%	5%	12%	-7%	-4%	2%	6%	7%
Services	14%	12%	13%	15%	14%	16%	12%	9%	9%	9%	12%	12%	13%	14%	13%	11%	12%
Gross Margin	**6%**	**6%**	**10%**	**10%**	**19%**	**22%**	**25%**	**11%**	**0%**	**14%**	**12%**	**17%**	**7%**	**8%**	**19%**	**10%**	**8%**
iPhone	0%	0%	10%	7%	28%	33%	46%	16%	-5%	23%	15%	25%	1%	3%	30%	12%	5%
iPad	14%	13%	-12%	-5%	0%	10%	-2%	3%	-3%	-6%	2%	0%	-3%	2%	3%	-2%	5%
Mac	17%	4%	15%	13%	-10%	4%	29%	-3%	-3%	8%	-5%	-6%	5%	12%	4%	-2%	3%
Wearables, Home and Accessories	-5%	-4%	-12%	-4%	-8%	-1%	6%	-1%	5%	3%	4%	13%	-5%	-6%	-2%	6%	8%
Services	17%	13%	16%	17%	16%	18%	12%	9%	8%	8%	13%	14%	18%	16%	14%	11%	12%
R&D	**7%**	**8%**	**11%**	**14%**	**32%**	**34%**	**32%**	**33%**	**16%**	**14%**	**12%**	**13%**	**5%**	**10%**	**33%**	**14%**	**10%**
SG&A	**6%**	**4%**	**5%**	**8%**	**4%**	**11%**	**10%**	**7%**	**4%**	**2%**	**5%**	**3%**	**5%**	**6%**	**8%**	**3%**	**6%**
Operating Expenses	**7%**	**6%**	**8%**	**11%**	**19%**	**24%**	**23%**	**22%**	**11%**	**9%**	**9%**	**9%**	**5%**	**8%**	**22%**	**10%**	**9%**
PTOP Margin	6%	6%	11%	10%	19%	21%	27%	5%	-4%	17%	13%	22%	8%	8%	18%	10%	7%
Pretax Margin	6%	4%	10%	11%	20%	22%	29%	5%	-4%	17%	12%	21%	9%	7%	19%	10%	7%
Net Income	7%	5%	9%	10%	16%	19%	27%	5%	-2%	19%	15%	22%	7%	8%	16%	12%	7%
ModelWare EPS	**10%**	**8%**	**12%**	**13%**	**19%**	**22%**	**29%**	**6%**	**-1%**	**20%**	**16%**	**23%**	**10%**	**11%**	**18%**	**13%**	**8%**
Sequential Growth (%)																	
Revenue	**31%**	**-23%**	**-1%**	**9%**	**40%**	**-23%**	**-2%**	**3%**	**33%**	**-13%**	**0%**	**1%**					
iPhone	50%	-32%	-5%	10%	74%	-33%	-5%	4%	55%	-17%	-4%	1%					
iPad	16%	-21%	3%	6%	24%	-20%	-10%	15%	21%	-19%	-7%	9%					
Mac	16%	-12%	1%	8%	-4%	0%	23%	-16%	7%	2%	16%	-20%					
Wearables, Home and Accessories	30%	-36%	-2%	22%	28%	-31%	0%	14%	35%	-34%	3%	22%					
Services	5%	1%	3%	5%	4%	3%	-1%	2%	4%	3%	3%	2%					
Gross Margin	**33%**	**-23%**	**-3%**	**11%**	**43%**	**-21%**	**0%**	**-2%**	**30%**	**-10%**	**-2%**	**2%**					
iPhone	61%	-38%	-9%	18%	93%	-35%	0%	-6%	58%	-17%	-7%	2%					
iPad	23%	-27%	0%	6%	29%	-20%	-10%	11%	21%	-22%	-3%	9%					
Mac	25%	-22%	7%	8%	-1%	-10%	32%	-19%	0%	1%	16%	-19%					
Wearables, Home and Accessories	33%	-38%	-5%	22%	27%	-33%	2%	14%	34%	-34%	3%	24%					
Services	7%	2%	3%	4%	6%	3%	-2%	2%	5%	3%	2%	2%					
R&D	6%	3%	4%	0%	23%	5%	3%	1%	7%	3%	1%	2%					
SG&A	10%	-6%	-1%	6%	6%	0%	-2%	3%	3%	-2%	0%	1%					
Operating Expenses	**8%**	**-1%**	**2%**	**3%**	**15%**	**3%**	**1%**	**2%**	**6%**	**1%**	**1%**	**1%**					
PTOP Margin	45%	-31%	-5%	15%	57%	-29%	-1%	-4%	43%	-14%	-3%	3%					
Pretax Margin	44%	-31%	-4%	17%	55%	-30%	1%	-5%	42%	-14%	-3%	3%					
Net Income	45%	-32%	-5%	17%	53%	-30%	1%	-3%	43%	-14%	-3%	3%					
ModelWare EPS	**46%**	**-31%**	**-5%**	**18%**	**54%**	**-29%**	**1%**	**-3%**	**44%**	**-14%**	**-3%**	**3%**					
Revenue Mix																	
iPhone	56%	49%	47%	48%	59%	51%	50%	50%	58%	56%	54%	54%	51%	50%	53%	55%	55%
iPad	7%	7%	7%	7%	6%	6%	6%	6%	6%	5%	5%	5%	7%	7%	6%	5%	5%
Mac	7%	8%	9%	9%	6%	8%	9%	8%	6%	7%	8%	7%	8%	8%	8%	7%	7%
Wearables, Home and Accessories	9%	8%	8%	9%	8%	7%	7%	8%	8%	6%	6%	8%	9%	9%	8%	7%	7%
Services	21%	28%	29%	28%	21%	28%	28%	28%	22%	26%	26%	27%	25%	26%	26%	25%	27%



Exhibit 16: Apple Balance Sheet

($ in millions)	2025A				2026E				2027E				Fiscal Year				
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Assets																	
Current Assets:																	
Cash and cash equivalents	30,299	28,162	36,269	35,934	45,317	45,572	39,544	40,059	60,246	79,578	85,271	94,574	29,943	35,934	40,059	94,574	157,349
Short-term investments	111,069	104,760	96,717	96,486	99,478	101,023	106,973	106,973	106,973	106,973	106,973	106,973	126,707	96,486	106,973	106,973	106,973
Accounts receivable	29,639	26,136	27,557	39,777	39,921	30,339	31,398	42,864	35,892	36,363	40,132	45,863	33,410	39,777	42,864	45,863	37,777
Inventories	6,911	6,269	5,925	5,718	5,875	6,747	11,092	10,295	12,292	11,400	11,386	12,039	7,286	5,718	10,295	12,039	8,557
Deferred tax assets	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546
Other current assets	37,369	32,225	28,091	42,219	39,855	32,975	39,383	46,713	44,705	36,900	41,584	49,500	41,574	42,219	46,713	49,500	49,500
Total Current Assets	**220,833**	**203,098**	**200,105**	**225,680**	**235,992**	**222,202**	**233,936**	**252,450**	**265,654**	**276,760**	**290,891**	**314,495**	**244,466**	**225,680**	**252,450**	**314,495**	**365,702**
Property, Plant & Equipment, ne	46,069	46,876	48,508	49,834	50,159	50,116	51,431	50,780	50,384	49,980	49,984	50,280	45,680	49,834	50,780	50,280	54,248
Acquired Intangible Assets	29,043	30,577	31,188	31,506	35,050	37,164	36,839	36,182	35,569	34,997	34,463	33,965	28,160	31,506	36,182	33,965	32,105
Other assets	48,140	50,682	51,694	52,221	58,096	61,600	61,060	57,443	63,905	67,760	67,166	63,188	46,674	52,221	57,443	63,188	69,506
Non-current debt and equity inve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	**123,252**	**128,135**	**131,390**	**133,561**	**143,305**	**148,880**	**149,330**	**144,406**	**149,859**	**152,737**	**151,614**	**147,433**	**120,514**	**133,561**	**144,406**	**147,433**	**155,860**
Total Assets	**344,085**	**331,233**	**331,495**	**359,241**	**379,297**	**371,082**	**383,266**	**396,856**	**415,513**	**429,497**	**442,505**	**461,928**	**364,980**	**359,241**	**396,856**	**461,928**	**521,561**
Liabilities																	
Current Liabilities:																	
Accounts payable	61,910	54,126	50,374	69,860	70,587	57,349	64,525	73,995	70,238	72,203	69,833	86,530	68,960	69,860	73,995	86,530	89,456
Accrued expenses	69,612	70,825	71,478	75,442	77,956	66,985	71,797	73,469	80,060	81,889	88,355	81,998	86,553	75,442	73,469	81,998	85,196
Current Debt	12,843	19,620	19,268	20,329	13,824	10,307	13,004	13,004	13,004	13,004	13,004	13,004	20,879	20,329	13,004	13,004	13,004
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**144,365**	**144,571**	**141,120**	**165,631**	**162,367**	**134,641**	**149,326**	**160,469**	**163,302**	**167,096**	**171,192**	**181,532**	**176,392**	**165,631**	**160,469**	**181,532**	**187,656**
Non-Current Liabilities																	
Long-term debt	83,956	78,566	82,430	78,328	76,685	74,404	71,340	71,340	71,340	71,340	71,340	71,340	85,750	78,328	71,340	71,340	71,340
Deferred revenue - non-curren	3,199	2,747	2,851	2,731	3,457	3,772	3,805	2,763	2,845	3,073	3,339	2,881	2,960	2,731	2,763	2,881	2,809
Deferred tax liabilities	44,957	37,703	38,414	37,968	47,748	50,924	50,425	50,425	50,425	50,425	50,425	50,425	42,078	37,968	50,425	50,425	50,425
Other non-current liabilities	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850
Total Non-Current Liabilities	**132,962**	**119,866**	**124,545**	**119,877**	**128,740**	**129,950**	**126,420**	**125,378**	**125,460**	**125,688**	**125,954**	**125,496**	**131,638**	**119,877**	**125,378**	**125,496**	**125,424**
Total Liabilities	**277,327**	**264,437**	**265,665**	**285,508**	**291,107**	**264,591**	**275,746**	**285,847**	**288,762**	**292,784**	**297,146**	**307,028**	**308,030**	**285,508**	**285,847**	**307,028**	**313,080**
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Shareholder's Equity	**66,758**	**66,796**	**65,830**	**73,733**	**88,190**	**106,491**	**107,520**	**111,009**	**126,751**	**136,713**	**145,359**	**154,900**	**56,950**	**73,733**	**111,009**	**154,900**	**208,482**
Total Liabilities and Shareholde	**344,085**	**331,233**	**331,495**	**359,241**	**379,297**	**371,082**	**383,266**	**396,856**	**415,513**	**429,497**	**442,505**	**461,928**	**364,980**	**359,241**	**396,856**	**461,928**	**521,561**

Exhibit 17: Apple Statement of Cash Flows

($ in millions)	2025A				2026E				2027E				Fiscal Year				
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Cash Flow Statement (Non Cumulative)																	
Operating activities:																	
Net Income / (Loss)	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**29,789**	**28,761**	**41,138**	**35,270**	**34,168**	**35,033**	**93,736**	**112,010**	**130,225**	**145,610**	**156,527**
Cumulative effect of accounting change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to reconcile net income:	-	-	-	-	-	-	-										
Depreciation & Amortization	3,080	2,661	2,830	3,127	3,214	3,439	3,320	3,647	3,692	3,713	3,739	3,772	11,445	11,698	13,620	14,915	15,859
Stock based compensation expense	3,286	3,226	3,168	3,183	3,594	3,528	3,401	-	-	-	-	-	11,688	12,863	10,523	-	-
Provision for (benefit from) deferred inc	(2,009)	(208)	469	1,659	(528)	(1,189)	(320)	-	-	-	-	-	(2,266)	(89)	(2,037)	-	-
Gain on non-current investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on short-term investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized loss on conv. securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Process R&D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit from ESO	-	-	-	-	-	-	-	699	633	633	633	633	-	-	699	2,532	1,937
Changes in Operating Assets and Liabilities:																	
Accounts receivable	3,597	3,669	(1,581)	(12,367)	(153)	9,448	(979)	(11,466)	6,971	(471)	(3,768)	(5,731)	(3,788)	(6,682)	(3,150)	(2,999)	8,085
Inventories	215	643	365	177	(211)	(873)	(4,377)	797	(1,997)	891	15	(653)	(1,046)	1,400	(4,664)	(1,744)	3,482
Other current assets	3,166	6,005	4,384	(13,902)	2,781	7,227	(4,337)	(7,330)	2,008	7,805	(4,684)	(7,916)	(11,731)	(347)	(1,659)	(2,787)	-
Other assets	939	(5,310)	(1,745)	(3,081)	(10,250)	(4,079)	(1,937)	3,617	(6,462)	(3,854)	593	3,979	(1,356)	(9,197)	(12,649)	(5,744)	(6,319)
Accounts payable	(6,671)	(7,933)	(3,875)	19,381	848	(13,145)	7,094	9,470	(3,757)	1,964	(2,370)	16,697	6,020	902	4,267	12,534	2,926
Deferred revenue	-	-	-	-	-	-	-	(1,042)	82	228	267	(458)	-	-	(1,042)	118	(72)
Accrued restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(11,998)	(3,581)	418	4,085	12,533	(5,232)	2,715	1,672	6,590	1,830	6,466	(6,357)	15,552	(11,076)	11,688	8,529	3,198
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by Operating Activities	**29,935**	**23,952**	**27,867**	**29,728**	**53,925**	**28,702**	**34,369**	**28,827**	**48,899**	**48,009**	**35,058**	**38,998**	**118,254**	**111,482**	**145,823**	**170,963**	**185,624**
Investing activities:																	
Purchase of short-term investments	(6,124)	(6,318)	(5,149)	(6,816)	(12,693)	(19,739)	(16,320)	-	-	-	-	-	(48,656)	(24,407)	(48,752)	-	-
Proceeds from maturities of short-term inv	15,967	10,620	8,449	5,871	7,510	11,181	7,813	-	-	-	-	-	51,211	40,907	26,504	-	-
Proceeds from sales of short-term investm	3,492	1,718	5,575	2,105	2,824	5,791	3,401	-	-	-	-	-	11,135	12,890	12,016	-	-
Purchases of long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of PP&E	(2,940)	(3,071)	(3,462)	(3,242)	(2,373)	(1,971)	(2,455)	(2,340)	(2,683)	(2,736)	(3,210)	(3,569)	(9,447)	(12,715)	(9,139)	(12,198)	(17,967)
Cash paid for acquisition of technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of ARM shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(603)	(32)	(340)	(505)	(154)	(1,430)	(196)	-	-	-	-	-	(1,308)	(1,480)	(1,780)	-	-
Net cash used in investing activities	**9,792**	**2,917**	**5,073**	**(2,587)**	**(4,886)**	**(6,168)**	**(7,757)**	**(2,340)**	**(2,683)**	**(2,736)**	**(3,210)**	**(3,569)**	**2,935**	**15,195**	**(21,151)**	**(12,198)**	**(17,967)**
Financing activities:																	
Proceeds from issuance of common stock	-	-	-	-	-	-	-	31	31	32	33	34	-	-	31	130	141
Excess tax benefits from stock-based com	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement	(2,921)	(284)	(2,514)	(241)	(2,922)	(330)	(3,210)	-	-	-	-	-	(5,441)	(5,960)	(6,462)	-	-
Dividends and dividend equivalent rights p	(3,856)	(3,758)	(3,945)	(3,862)	(3,921)	(3,822)	(4,035)	(4,002)	(4,061)	(3,972)	(4,188)	(4,159)	(15,234)	(15,421)	(15,780)	(16,380)	(17,024)
Repurchase of common stock	(23,606)	(25,898)	(21,075)	(20,132)	(24,701)	(12,288)	(25,105)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)	(94,949)	(90,711)	(84,094)	(88,000)	(88,000)
Increase (decrease) in long-term borrowing	(1,009)	1,009	4,481	-	(2,164)	2,164	-	-	-	-	-	-	-	4,481	-	-	-
Increase (decrease) in notes payable to ba	(7,979)	(75)	(1,780)	(3,241)	(5,948)	(8,003)	(290)	-	-	-	-	-	(6,359)	(13,075)	(14,241)	-	-
Net Cash used in Financing Activities	**(39,371)**	**(29,006)**	**(24,833)**	**(27,476)**	**(39,656)**	**(22,279)**	**(32,640)**	**(25,971)**	**(26,029)**	**(25,940)**	**(26,155)**	**(26,125)**	**(121,983)**	**(120,686)**	**(120,546)**	**(104,250)**	**(104,883)**
Increase/(decrease) in Cash and Cash Equ	**356**	**(2,137)**	**8,107**	**(335)**	**9,383**	**255**	**(6,028)**	**515**	**20,187**	**19,332**	**5,693**	**9,304**	**(794)**	**5,991**	**4,125**	**54,515**	**62,775**
Adjustments for restatements	-	-	-	-	-	-	-	-	-	-	-	-	772	-	-	-	-
Cash and Cash Equivalents at Beginning of P	29,943	30,299	28,162	36,269	35,934	45,317	45,572	39,544	40,059	60,246	79,578	85,271	29,965	29,943	35,934	40,059	94,574
Cash and Cash Equivalents at End of Peri	**30,299**	**28,162**	**36,269**	**35,934**	**45,317**	**45,572**	**39,544**	**40,059**	**60,246**	**79,578**	**85,271**	**94,574**	**29,943**	**35,934**	**40,059**	**94,574**	**157,349**

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf