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November 3, 2026 05:06 AM GMT

Apple, Inc. | North America

F4Q26 Earnings – Strong Topline, But Services and Margin Headwinds

WHAT'S CHANGED

Apple, Inc. (AAPL.O)	From	To
Price Target	$355.00	**$350.00**

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Modest upside
Financial results versus consensus

Largely unchanged
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Dec Q rev guide is better than expected, but Services and GM downside are offsets, resulting in unchanged F1Q EPS. Big picture: HW is good but Services will be hotly debated. FCF predictability still gives AAPL a leg-up in a choppy mkt, but Services reaccel becomes key. Remain OW; PT to $350.

Key Takeaways

- Dec Q revenue guide beats expectations despite supply constraints, reinforcing solid underlying Products demand and pricing power.
- iPhone grew +17% Y/Y in the Sept Q despite constrained supply, while channel inventory remained lean exiting the Sept Q, supporting continued revenue momentum.
- Dec Q Services growth slowing to +8-9% Y/Y as App Store and 3P licensing headwinds persist; we expect further decel into Mar '27 Q due to tough Y/Y compare.
- Gross margin resets lower as memory inflation and AI costs outweigh pricing and non-memory cost savings, driving our FY27 margins lower.
- PT moves to $350 with FY27 EPS modestly lower as stronger topline and FCF offset weaker Services and margins. Bull/bear debate largely unchanged post print.

Stronger topline, but weaker Services growth and gross margins. Despite launching 2 fewer new iPhone models Y/Y and facing component constraints across 3 key product lines, Apple's guided 8.5% Y/Y growth in the December quarter speaks to strength in Apple's product portfolio and the benefits of pricing power, which we expect to persist – with revenue growth set to accelerate – through FY27 as more supply comes online and key products (iPhone 18 Base, Air 2, etc.) come to market. However, Services growth decelerating further is an issue. Mgmt attributed

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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	**$350.00**
Shr price, close (Nov 2, 2026)	$338.32
Mkt cap, curr (mm)	$4,936,127
52-Week Range	$351.73-243.42

Fiscal Year Ending	09/26	09/27e	09/28e	09/29e
EPS ($)**	8.98	9.85	10.61	11.56
Prior EPS ($)**	8.87	9.90	10.72	11.63
P/E	37.1	34.3	31.9	29.3
EPS ($)§	8.86	9.63	10.72	12.15
Div yld (%)	0.3	0.3	0.3	0.4

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2026	2027e Prior	2027e Current	2028e Prior	2028e Current
Q1	2.84	2.88	2.89	3.21	3.13
Q2	2.01	2.35	2.28	2.51	2.46
Q3	2.02	2.30	2.28	2.45	2.44
Q4	2.10	2.37	2.39	2.55	2.58

e = Morgan Stanley Research estimates

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the deceleration to App Store, 3P licensing (i.e. GOOGL TAC) and FX, which should elevate concerns of possible AI disruption in key parts of Apple's Services business. We fully acknowledge that Apple has a number of tools/tailwinds at its disposal to offset these Services headwinds, but they likely take some time to materialize, meaning Services could decelerate in the March quarter again as compares get even tougher. And while the December quarter gross margin guidance midpoint was 100bps below our expectation, we had modeled ~$1B of tariff refunds in the quarter that don't appear to be materializing – after adjusting for that, the gross margin guide is nearly 'as expected.'

Stepping back, we don't believe tonight's results will do much to shift the balance of power between Apple bears and bulls. Bulls will point to Dec Q revenue upside, capex downside / strong FCF generation, and the persistent strength of Apple's most critical product – the iPhone. Bears will understandably point to the cont'd Services deceleration / agentic risk, memory cost headwinds, and a lack of real EPS revisions post-quarter. Both perspectives bring truth, though we find ourselves leaning more in the constructive camp for now – albeit with relatively limited upside to our new $350 PT – as we believe the market is more likely to reward stability and cash flow predictability as it questions the broader AI trade. Post earnings our FY27/CY27 EPS moves 5c/16c lower to $9.85/$10.00, which on an unchanged 35x multiple, drives our new $350 PT, and we remain OW-rated.

What we learned from Apple's F4Q26 (September quarter) earnings results, conference call, and callback:

(+) A better than expected topline guide – where's it coming from? Apple's December quarter revenue guide of +7-10% Y/Y was ~260bps above MSe/Street expectations, and is an encouraging outlook given last year's +16% Y/Y compare, fewer new flagship model launches, and ongoing supply constraints. While mgmt offered no formal segment-level Product guide, we believe the drivers of December quarter growth will be the same as September – iPhone and Mac, where Apple has its strongest product portfolios – with pricing likely accounting for >100% of the Y/Y revenue growth in December. Importantly, mgmt characterized its December outlook as supply constrained, with advanced-node constraints easing but Mac and iPad now facing memory-related shortages, while the new iPhone Duo also remains constrained – the high-end of guidance implies Apple gets better supply to meet this unserved demand. Further, channel inventories exited September below target across iPhone, Mac and iPad. Together, the stronger than expected guide and below-target channel inventories reinforce our confidence in underlying Product sell-in tailwinds, even as supply availability remains a limiting factor on December growth.

(-) Services facing a 'longer arc of time' for reacceleration. Near-term Services growth remains under pressure, with the December quarter outlook of +8-9% Y/Y trailing Street expectations by 2-2.5pts and implying further deceleration from September's +9.8% Y/Y result. Mgmt pointed primarily to sequential headwinds from third-party licensing (i.e. GOOGL TAC) and an incremental ~50bps FX drag, while ongoing mobile gaming softness and changes to App Store business models remain additional challenges. In our view, these trends should elevate discussions around AI risks. However, when asked about the durability of Services growth, mgmt emphasized optimism over the "longer arc of time," pointing to Apple's >2.5B active

installed base growing 6%+ Y/Y, >1.5B paid subscriptions growing double digits Y/Y, emerging market penetration opportunities, and potential AI monetization in first- and third-party Services in the future. While these remain long-term growth opportunities, the weaker December guide raises questions about when Services growth bottoms, particularly as App Store and third-party licensing headwinds persist. We currently assume Services decelerates further into the March quarter (+7% Y/Y) before very modestly rebounding into F2H, though for FY27, we now assume the first year of sub-10% Services revenue growth (+9.3% Y/Y) since FY23 (+9.1% Y/Y).

(-) Resetting the bar on Gross margins. Apple's December quarter gross margin guide of 45-46% was 100bps below MSe (140 bps below Street), but our tariff refund forecast of ~$1B was likely too high – when adjusting for this, our gross margins would have been closer to 45.8%. Nonetheless, this guide represents ~140bps of Q/Q compression from the September quarter's 46.9% (ex-tariff refunds), attributed primarily to higher memory costs, which are more than offsetting pricing increases across iPhone, Mac, iPad, carry-in inventory benefits, and lower non-memory component costs. While non-memory costs are expected to remain a tailwind in the December quarter, mgmt expects memory inflation to persist beyond the quarter while benefits from lower-cost inventory gradually fade, signaling that Products gross margins will get worse before they get better. Additionally, the Siri AI rollout introduces another margin headwind in the form of incremental cloud inference costs flowing through Services COGS, though this headwind seems relatively small compared to memory. With the vast majority of tariff refunds already received, memory costs showing little sign of relief, and mgmt messaging persistent in these headwinds, December's guide should reset the bar for FY27 gross margins lower, with product pricing, non-memory cost savings and mix shift unlikely to fully offset these pressures for the foreseeable future (which we had largely already modeled).

Risk Reward – Apple, Inc. (AAPL.O)

Higher Pricing, Higher Earnings Power; Gross Margin and Services The Key Debate

PRICE TARGET $350.00

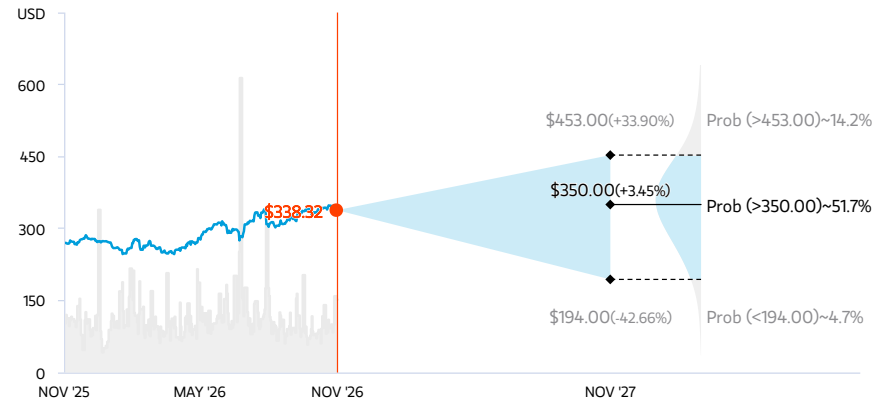
Our $350 PT is based an 9.1x EV/Sales CY27 multiple, which is derived from a regression of tech and consumer platform peers. Our price target implies 35x P/E on $10.00 CY27 EPS.

Consensus Price Target Distribution $240.00 — $327.42 — $405.00 (MS PT)

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



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

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 2 Nov 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 $9.85 in FY27 and $10.61 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

58%	Overweight
33%	Equal-weight
9%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

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 $350.00

9.1x EV/Sales CY27 or 35x CY27 EPS of $10.00

Services and margins remain resilient, while investors start to expect stronger iPhone cycles ahead. Revenue grows mid-teens % Y/Y in FY27, driven by HSD% 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 2026	Sep 2027e	Sep 2028e	Sep 2029e
Total Revenue Growth (Y/Y) (%)	15.1	14.5	5.4	5.3
iPhone Revenue Growth (Y/Y) (%)	21.2	22.0	2.5	4.0
Services Revenue Growth (Y/Y) (%)	13.0	9.3	10.6	9.5
Gross Margin (%)	48.8	46.4	47.2	48.4
EPS Growth (Y/Y) (%)	20.3	9.7	7.7	8.9

INVESTMENT DRIVERS

- Positive iPhone build revisions / clearer signs of accelerating replacement cycles
- Services revenue growth reacceleration
- Apple Intelligence / Siri AI 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

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

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

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is 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	2.2x
HF Sector Net Exposure	30.6%

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 2028e

Sales / Revenue ($, mm)	487,144	577,837 / 563,892	625,181
EBITDA ($, mm)	179,695	198,365 / 198,032	214,399
Net income ($, mm)	138,281	152,770 / 153,515	171,877
EPS ($)	8.61	10.61 / 10.72	11.82

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Earnings Variance

Exhibit 1: Apple F4Q26 Earnings Variance

Apple Earnings Analysis

Ticker: **AAPL**
Industry View: **In-Line**
Rating: **Overweight**

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F1Q27 Expectations

Consensus (pre-call): F1Q27 revenue of $152.1B, GM 46.9%, OPEX $20.3B, tax rate of 16.6% and EPS of $2.90
MS estimates (pre-call): F1Q27 revenue of $152.2B, GM 46.5%, OPEX $20.6B, OI&E $155M, tax rate of 16.5% and EPS of $2.88

($ Millions)	F1Q25A	F2Q25A	F3Q25A	F4Q25A	F1Q26A	F2Q26A	F3Q26A	F4Q26A	F4Q26E	% Delta	Share Impact	Cons. Est.
Total Revenues	**124,300**	**95,359**	**94,036**	**102,466**	**143,756**	**111,184**	**109,417**	**114,477**	**113,320**	**1%**	**$0.03**	**113,404**
Y/Y Growth	*4%*	*5%*	*10%*	*8%*	*16%*	*17%*	*16%*	*12%*	*11%*			
Q/Q Growth	*31%*	*-23%*	*-1%*	*9%*	*40%*	*-23%*	*-2%*	*5%*	*4%*			
Gross Profit	**58,275**	**44,867**	**43,718**	**48,341**	**69,231**	**54,781**	**54,770**	**54,820**	**53,945**	**2%**	**$0.05**	**53,838**
Gross Profit Margin	*46.9%*	*47.1%*	*46.5%*	*47.2%*	*48.2%*	*49.3%*	*50.1%*	*47.9%*	*47.6%*	*28 bps*		*47.5%*
SG&A	7,175	6,728	6,650	7,048	7,492	7,477	7,346	7,459	7,592	-2%	**$0.01**	
SG&A as a % of Sales	*5.8%*	*7.1%*	*7.1%*	*6.9%*	*5.2%*	*6.7%*	*6.7%*	*6.5%*	*6.7%*			
R&D	8,268	8,550	8,866	8,866	10,887	11,419	11,729	11,730	11,785	0%	**$0.00**	
R&D as a % of Sales	*6.7%*	*9.0%*	*9.4%*	*8.7%*	*7.6%*	*10.3%*	*10.7%*	*10.2%*	*10.4%*			
Total Operating Expenses	**15,443**	**15,278**	**15,516**	**15,914**	**18,379**	**18,896**	**19,075**	**19,189**	**19,378**	**-1%**		**19,284**
Operating Income	**42,832**	**29,589**	**28,202**	**32,427**	**50,852**	**35,885**	**35,695**	**35,631**	**34,567**	**3%**	**$0.05**	**34,554**
Operating Margin	*34.5%*	*31.0%*	*30.0%*	*31.6%*	*35.4%*	*32.3%*	*32.6%*	*31.1%*	*30.5%*	*62 bps*		*30.5%*
Other Income & Expense	(248)	(279)	(171)	377	150	(52)	572	504	350	44%	**0.0**	
Tax rate	14.7%	15.5%	16.4%	16.3%	17.5%	17.5%	17.9%	15.0%	16.5%			
Operating EPS	**$2.40**	**$1.65**	**$1.57**	**$1.85**	**$2.84**	**$2.01**	**$2.02**	**$2.10**	**$1.99**	**5%**	**$0.11**	**$1.99**
Share Count	15,151	15,056	14,948	14,864	14,810	14,726	14,715	14,630	14,651	0%		
Segment Revenue ($M)	**F1Q25A**	**F2Q25A**	**F3Q25A**	**F4Q25A**	**F1Q26A**	**F2Q26A**	**F3Q26A**	**F4Q26A**	**F4Q26E**			
iPhone	69,138	46,841	44,582	49,025	85,269	56,994	54,252	57,583	56,860	1%		56,616
Y/Y Growth	*-1%*	*2%*	*13%*	*6%*	*23%*	*22%*	*22%*	*17%*	*16%*			
iPad	8,088	6,402	6,581	6,952	8,595	6,914	6,191	6,229	6,401	-3%		6,992
Y/Y Growth	*15%*	*15%*	*-8%*	*0%*	*6%*	*8%*	*-6%*	*-10%*	*-8%*			
Mac	8,987	7,949	8,046	8,726	8,386	8,399	10,352	10,792	9,527	13%		9,810
Y/Y Growth	*16%*	*7%*	*15%*	*13%*	*-7%*	*6%*	*29%*	*24%*	*9%*			
Wearables, Home and Accessories	11,747	7,522	7,404	9,013	11,493	7,901	7,883	8,300	8,995	-8%		8,954
Y/Y Growth	*-2%*	*-5%*	*-9%*	*0%*	*-2%*	*5%*	*6%*	*-8%*	*0%*			
Services	26,340	26,645	27,423	28,750	30,013	30,976	30,739	31,573	31,537	0%		31,590
Y/Y Growth	*14%*	*12%*	*13%*	*15%*	*14%*	*16%*	*12%*	*10%*	*10%*			
Segment Gross Margin ($M)	**F1Q25A**	**F2Q25A**	**F3Q25A**	**F4Q25A**	**F1Q26A**	**F2Q26A**	**F3Q26A**	**F4Q26A**	**F4Q26E**			
Product Gross Profit	38,513	24,684	22,993	26,697	46,265	31,029	31,525	30,840	30,292	2%		
Product Gross Margin	*39.3%*	*35.9%*	*34.5%*	*36.2%*	*40.7%*	*38.7%*	*40.1%*	*37.2%*	*37.0%*	*16 bps*		
Services Gross Profit	19,762	20,183	20,725	21,644	22,966	23,752	23,245	23,980	23,653	1%		
Services Gross Margin	*75.0%*	*75.7%*	*75.6%*	*75.3%*	*76.5%*	*76.7%*	*75.6%*	*76.0%*	*75.0%*	*95 bps*		
Regional Revenue ($M)	**F1Q25A**	**F2Q25A**	**F3Q25A**	**F4Q25A**	**F1Q26A**	**F2Q26A**	**F3Q26A**	**F4Q26A**	**F4Q26E**			
Americas	52,648	40,315	41,198	44,192	58,529	45,093	45,781	48,680				
Y/Y Growth	*4%*	*8%*	*9%*	*6%*	*11%*	*12%*	*11%*	*10%*				
Europe, Middle East, Africa	33,861	24,454	24,014	28,703	38,146	28,055	29,395	32,008				
Y/Y Growth	*11%*	*1%*	*10%*	*15%*	*13%*	*15%*	*22%*	*12%*				
Greater China	18,513	16,002	15,369	14,493	25,526	20,497	18,816	17,539				
Y/Y Growth	*-11%*	*-2%*	*4%*	*-4%*	*38%*	*28%*	*22%*	*21%*				
Japan	8,987	7,298	5,782	6,636	9,413	8,401	6,554	6,540				
Y/Y Growth	*16%*	*17%*	*13%*	*12%*	*5%*	*15%*	*13%*	*-1%*				
Rest of Asia Pacific	10,291	7,290	7,673	8,442	12,142	9,138	8,871	9,710				
Y/Y Growth	*1%*	*8%*	*20%*	*14%*	*18%*	*25%*	*16%*	*15%*				
Balance Sheet / Return Metrics	**F1Q25A**	**F2Q25A**	**F3Q25A**	**F4Q25A**	**F1Q26A**	**F2Q26A**	**F3Q26A**	**F4Q26A**	**F4Q26E**			
CFO	29,935	23,952	27,867	29,728	53,925	28,702	34,369	28,101	29,475	-5%		
FCF	26,995	20,881	24,405	26,486	51,552	26,731	31,914	25,859	27,135	-5%		
Repurchase of Common Stock	23,606	25,898	21,075	20,132	24,701	12,288	25,105	24,296	22,000	10%		
Total deferred Revenue	11,660	11,723	11,830	11,786	12,870	13,103	13,343	13,282	11,499	16%		
Y/Y Growth	1%	5%	6%	5%	10%	12%	13%	13%	-2%			
Inventory Turns	31	34	37	39	39	35	22	17	24	-29%		
Days Sales	22	25	27	36	26	25	26	35	35	1%		
Days Payable	86	96	91	119	87	92	107	127	115	10%		
Days Inventory	10	11	11	10	7	11	18	22	16	40%		
Cash Conversion	(55)	(61)	(54)	(73)	(54)	(56)	(63)	(69)	(64)			

Source: Company data, FactSet, Morgan Stanley Research estimates

Apple (AAPL) Financial Model

Exhibit 2: Apple Income Statement

	2026A				2027E				2028E								
($ in millions)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	2025A	2026A	2027E	2028E	2029E
Revenues	**143,756**	**111,184**	**109,417**	**114,477**	**156,041**	**129,208**	**130,228**	**132,993**	**165,721**	**135,500**	**136,363**	**140,252**	**416,161**	**478,834**	**548,470**	**577,837**	**608,366**
iPhone	85,269	56,994	54,252	57,583	95,357	73,074	71,088	70,557	97,118	74,663	72,475	73,481	209,586	254,098	310,075	317,737	330,515
iPad	8,595	6,914	6,191	6,229	6,875	6,395	6,790	7,294	8,379	6,580	6,547	6,826	28,023	27,929	27,353	28,331	28,852
Mac	8,386	8,399	10,352	10,792	10,243	8,848	10,430	10,781	11,167	9,471	11,141	11,724	33,708	37,929	40,303	43,503	44,580
Wearables, Home and Accessories	11,493	7,901	7,883	8,300	10,988	7,737	8,055	9,153	12,383	8,406	8,743	9,696	35,686	35,577	35,933	39,227	41,294
Services	30,013	30,976	30,739	31,573	32,578	33,155	33,865	35,208	36,675	36,380	37,458	38,526	109,158	123,301	134,806	149,038	163,127
Cost of Sales	**74,525**	**56,403**	**54,647**	**59,657**	**84,917**	**68,766**	**69,780**	**70,605**	**89,093**	**70,761**	**71,854**	**73,207**	**220,960**	**245,232**	**294,067**	**304,915**	**314,020**
Gross Profit	**69,231**	**54,781**	**54,770**	**54,820**	**71,124**	**60,442**	**60,448**	**62,388**	**76,628**	**64,739**	**64,509**	**67,045**	**195,201**	**233,602**	**254,403**	**272,922**	**294,346**
Gross Margin	*48.2%*	*49.3%*	*50.1%*	*47.9%*	*45.6%*	*46.8%*	*46.4%*	*46.9%*	*46.2%*	*47.8%*	*47.3%*	*47.8%*	*46.9%*	*48.8%*	*46.4%*	*47.2%*	*48.4%*
Operating Expenses	**18,379**	**18,896**	**19,075**	**19,189**	**20,675**	**20,738**	**20,902**	**21,039**	**22,455**	**22,425**	**22,636**	**22,791**	**62,151**	**75,539**	**83,354**	**90,308**	**96,730**
Research and Development	10,887	11,419	11,729	11,730	12,717	13,115	13,413	13,233	14,169	14,431	14,727	14,586	34,550	45,765	52,478	57,913	62,662
Selling, General and Administrative	7,492	7,477	7,346	7,459	7,958	7,623	7,488	7,807	8,286	7,994	7,909	8,205	27,601	29,774	30,876	32,394	34,069
Operating Income	**50,852**	**35,885**	**35,695**	**35,631**	**50,449**	**39,704**	**39,546**	**41,349**	**54,173**	**42,314**	**41,873**	**44,254**	**133,050**	**158,063**	**171,048**	**182,614**	**197,616**
PTOP Margin	*35.4%*	*32.3%*	*32.6%*	*31.1%*	*32.3%*	*30.7%*	*30.4%*	*31.1%*	*32.7%*	*31.2%*	*30.7%*	*31.6%*	*32.0%*	*33.0%*	*31.2%*	*31.6%*	*32.5%*
Total Interest & Other Income	**150**	**(52)**	**572**	**504**	**302**	**279**	**301**	**305**	**302**	**360**	**385**	**398**	**(321)**	**1,174**	**1,187**	**1,446**	**1,567**
Pretax Income	**51,002**	**35,833**	**36,267**	**36,135**	**50,751**	**39,983**	**39,847**	**41,653**	**54,476**	**42,674**	**42,259**	**44,652**	**132,729**	**159,237**	**172,235**	**184,060**	**199,183**
GAAP Income Tax Provision	8,905	6,255	6,478	5,424	8,628	6,797	6,774	7,081	9,261	7,255	7,184	7,591	20,719	27,062	29,280	31,290	33,861
Operating Tax Provision (excl one time tax ef	8,905	6,255	6,478	5,424	8,628	6,797	6,774	7,081	9,261	7,255	7,184	7,591	20,719	27,062	29,280	31,290	33,861
Effective Tax Rate	*17.5%*	*17.5%*	*17.9%*	*15.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*15.6%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*
Operating Net Income	**42,097**	**29,578**	**29,789**	**30,711**	**42,123**	**33,186**	**33,073**	**34,572**	**45,215**	**35,419**	**35,075**	**37,061**	**112,010**	**132,175**	**142,955**	**152,770**	**165,322**
Operating Net Income Margin	*29.3%*	*26.6%*	*27.2%*	*26.8%*	*27.0%*	*25.7%*	*25.4%*	*26.0%*	*27.3%*	*26.1%*	*25.7%*	*26.4%*	*26.9%*	*27.6%*	*26.1%*	*26.4%*	*27.2%*
Total Non-recurring Charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GAAP Net Income	**42,097**	**29,578**	**29,789**	**30,711**	**42,123**	**33,186**	**33,073**	**34,572**	**45,215**	**35,419**	**35,075**	**37,061**	**112,010**	**132,175**	**142,955**	**152,770**	**165,322**
Fully-diluted EPS																	
EPS - ModelWare	**$2.84**	**$2.01**	**$2.02**	**$2.10**	**$2.89**	**$2.28**	**$2.28**	**$2.39**	**$3.13**	**$2.46**	**$2.44**	**$2.58**	**$7.46**	**$8.98**	**$9.85**	**$10.61**	**$11.56**
EPS - Reported	$2.84	$2.01	$2.02	$2.10	$2.89	$2.28	$2.28	$2.39	$3.13	$2.46	$2.44	$2.58	$7.46	$8.98	$9.85	$10.61	$11.56
EPS - ModelWare excl. Stock Option Expe	$3.09	$2.25	$2.26	$2.32	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Dividend Payment	3,921	3,822	4,035	3,943	3,930	3,958	4,173	4,092	4,080	4,110	4,334	4,253	15,421	15,721	16,153	16,777	17,500
Dividend Per Share	$0.26	$0.26	$0.27	$0.27	$0.27	$0.27	$0.29	$0.28	$0.28	$0.29	$0.30	$0.30	$1.03	$1.07	$1.12	$1.17	$1.23
Period Ending Outstanding Shares	14,702.7	14,667.7	14,609.0	14,532.3	14,498.2	14,465.6	14,434.3	14,404.3	14,376.5	14,349.8	14,324.3	14,299.9	14,773.3	14,532.3	14,404.3	14,299.9	14,212.5
Avg Shares (Basic)	14,748.2	14,673.3	14,656.1	14,570.2	14,515.2	14,481.9	14,449.9	14,419.3	14,390.4	14,363.2	14,337.1	14,312.1	14,948.5	14,661.9	14,466.6	14,350.7	14,256.2
Avg Shares (Fully Diluted)	14,810.4	14,725.9	14,714.7	14,630.3	14,557.2	14,523.9	14,491.9	14,461.3	14,432.4	14,405.2	14,379.1	14,354.1	15,004.7	14,720.3	14,508.6	14,392.7	14,298.2

Source: Company data, Morgan Stanley Research estimates

Exhibit 3: Apple Income Statement Analysis

	2026A				2027E				2028E								
($ in millions)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	2025A	2026A	2027E	2028E	2029E
Margin Analysis																	
Gross Margin	**48.2%**	**49.3%**	**50.1%**	**47.9%**	**45.6%**	**46.8%**	**46.4%**	**46.9%**	**46.2%**	**47.8%**	**47.3%**	**47.8%**	**46.9%**	**48.8%**	**46.4%**	**47.2%**	**48.4%**
Product	40.7%	38.7%	40.1%	37.2%	37.7%	36.8%	36.1%	36.5%	37.9%	37.4%	36.4%	37.1%	36.8%	39.3%	36.9%	37.2%	38.1%
iPhone	44.5%	43.0%	44.4%	40.0%	40.5%	39.7%	39.3%	40.0%	41.0%	40.5%	39.5%	40.5%	40.2%	43.1%	39.9%	40.4%	41.3%
iPad	28.0%	28.0%	30.8%	31.5%	28.5%	28.0%	27.0%	27.0%	27.8%	27.5%	28.0%	28.0%	27.8%	29.4%	27.6%	27.8%	28.3%
Mac	31.0%	28.0%	28.0%	28.8%	27.5%	26.8%	26.0%	26.8%	28.0%	27.5%	27.0%	28.0%	30.3%	28.9%	26.8%	27.6%	28.5%
Wearables, Home and Accessories	28.8%	28.3%	33.4%	33.0%	28.8%	28.5%	28.5%	29.0%	29.0%	29.0%	29.0%	29.0%	29.7%	30.7%	28.7%	29.0%	29.5%
Services	76.5%	76.7%	75.6%	76.0%	75.4%	75.6%	75.8%	75.7%	75.7%	76.0%	76.1%	76.0%	75.4%	76.2%	75.6%	76.0%	76.5%
R&D	7.6%	10.3%	10.7%	10.2%	8.2%	10.2%	10.3%	10.0%	8.6%	10.7%	10.8%	10.4%	8.3%	9.6%	9.6%	10.0%	10.3%
SG&A	5.2%	6.7%	6.7%	6.5%	5.1%	5.9%	5.8%	5.9%	5.0%	5.9%	5.8%	5.9%	6.6%	6.2%	5.6%	5.6%	5.6%
Operating Expenses	12.8%	17.0%	17.4%	16.8%	13.3%	16.1%	16.1%	15.8%	13.6%	16.6%	16.6%	16.3%	14.9%	15.8%	15.2%	15.6%	15.9%
EBITDA Margin	37.6%	35.4%	35.7%	34.1%	34.7%	33.6%	33.2%	33.9%	35.0%	34.1%	33.6%	34.6%	34.8%	35.8%	33.9%	34.3%	35.3%
PTOP Margin	35.4%	32.3%	32.6%	31.1%	32.3%	30.7%	30.4%	31.1%	32.7%	31.2%	30.7%	31.6%	32.0%	33.0%	31.2%	31.6%	32.5%
Pretax Margin	35.5%	32.2%	33.1%	31.6%	32.5%	30.9%	30.6%	31.3%	32.9%	31.5%	31.0%	31.8%	31.9%	33.3%	31.4%	31.9%	32.7%
Net Income	29.3%	26.6%	27.2%	26.8%	27.0%	25.7%	25.4%	26.0%	27.3%	26.1%	25.7%	26.4%	26.9%	27.6%	26.1%	26.4%	27.2%
Year-Over-Year Growth (%)																	
Revenue	**16%**	**17%**	**16%**	**12%**	**9%**	**16%**	**19%**	**16%**	**6%**	**5%**	**5%**	**5%**	**6%**	**15%**	**15%**	**5%**	**5%**
iPhone	23%	22%	22%	17%	12%	28%	31%	23%	2%	2%	2%	4%	4%	21%	22%	2%	4%
iPad	6%	8%	-6%	-10%	-20%	-8%	10%	17%	22%	3%	-4%	-6%	5%	0%	-2%	4%	2%
Mac	-7%	6%	29%	24%	22%	5%	1%	0%	9%	7%	7%	9%	12%	13%	6%	8%	2%
Wearables, Home and Accessories	-2%	5%	6%	-8%	-4%	-2%	2%	10%	13%	9%	9%	6%	-4%	0%	1%	9%	5%
Services	14%	16%	12%	10%	9%	7%	10%	12%	13%	10%	11%	9%	14%	13%	9%	11%	9%
Gross Margin	**19%**	**22%**	**25%**	**13%**	**3%**	**10%**	**10%**	**14%**	**8%**	**7%**	**7%**	**7%**	**8%**	**20%**	**9%**	**7%**	**8%**
iPhone	28%	33%	44%	17%	2%	18%	16%	23%	3%	4%	2%	5%	3%	30%	13%	4%	6%
iPad	0%	10%	8%	5%	-19%	-8%	-4%	0%	19%	1%	0%	-3%	2%	5%	-8%	4%	4%
Mac	-10%	4%	20%	19%	8%	1%	-6%	-7%	11%	10%	11%	14%	12%	7%	-2%	11%	6%
Wearables, Home and Accessories	-8%	-1%	23%	5%	-5%	-1%	-13%	-3%	13%	11%	10%	6%	-6%	3%	-5%	10%	7%
Services	16%	18%	12%	11%	7%	6%	10%	11%	13%	10%	11%	10%	16%	14%	9%	11%	10%
R&D	**32%**	**34%**	**32%**	**32%**	**17%**	**15%**	**14%**	**13%**	**11%**	**10%**	**10%**	**10%**	**10%**	**32%**	**15%**	**10%**	**8%**
SG&A	**4%**	**11%**	**10%**	**6%**	**6%**	**2%**	**2%**	**5%**	**4%**	**5%**	**6%**	**5%**	**6%**	**8%**	**4%**	**5%**	**5%**
Operating Expenses	**19%**	**24%**	**23%**	**21%**	**12%**	**10%**	**10%**	**10%**	**9%**	**8%**	**8%**	**8%**	**8%**	**22%**	**10%**	**8%**	**7%**
PTOP Margin	19%	21%	27%	10%	-1%	11%	11%	16%	7%	7%	6%	7%	8%	19%	8%	7%	8%
Pretax Margin	20%	22%	29%	10%	0%	12%	10%	15%	7%	7%	6%	7%	7%	20%	8%	7%	8%
Net Income	16%	19%	27%	12%	0%	12%	11%	13%	7%	7%	6%	7%	8%	18%	8%	7%	8%
ModelWare EPS	**19%**	**22%**	**29%**	**14%**	**2%**	**14%**	**13%**	**14%**	**8%**	**8%**	**7%**	**8%**	**11%**	**20%**	**10%**	**8%**	**9%**
Sequential Growth (%)																	
Revenue	**40%**	**-23%**	**-2%**	**5%**	**36%**	**-17%**	**1%**	**2%**	**25%**	**-18%**	**1%**	**3%**					
iPhone	74%	-33%	-5%	6%	66%	-23%	-3%	-1%	38%	-23%	-3%	1%					
iPad	24%	-20%	-10%	1%	10%	-7%	6%	7%	15%	-21%	-1%	4%					
Mac	-4%	0%	23%	4%	-5%	-14%	18%	3%	4%	-15%	18%	5%					
Wearables, Home and Accessories	28%	-31%	0%	5%	32%	-30%	4%	14%	35%	-32%	4%	11%					
Services	4%	3%	-1%	3%	3%	2%	2%	4%	4%	-1%	3%	3%					
Gross Margin	**43%**	**-21%**	**0%**	**0%**	**30%**	**-15%**	**0%**	**3%**	**23%**	**-16%**	**0%**	**4%**					
iPhone	93%	-35%	-2%	-4%	68%	-25%	-4%	1%	41%	-24%	-5%	4%					
iPad	29%	-20%	-2%	3%	0%	-9%	2%	7%	18%	-22%	1%	4%					
Mac	-1%	-10%	23%	7%	-9%	-16%	14%	7%	8%	-17%	15%	9%					
Wearables, Home and Accessories	27%	-33%	18%	4%	16%	-30%	4%	16%	35%	-32%	4%	11%					
Services	6%	3%	-2%	3%	2%	2%	2%	4%	4%	0%	3%	3%					
R&D	23%	5%	3%	0%	8%	3%	2%	-1%	7%	2%	2%	-1%					
SG&A	6%	0%	-2%	2%	7%	-4%	-2%	4%	6%	-4%	-1%	4%					
Operating Expenses	**15%**	**3%**	**1%**	**1%**	**8%**	**0%**	**1%**	**1%**	**7%**	**0%**	**1%**	**1%**					
PTOP Margin	57%	-29%	-1%	0%	42%	-21%	0%	5%	31%	-22%	-1%	6%					
Pretax Margin	55%	-30%	1%	0%	40%	-21%	0%	5%	31%	-22%	-1%	6%					
Net Income	53%	-30%	1%	3%	37%	-21%	0%	5%	31%	-22%	-1%	6%					
ModelWare EPS	**54%**	**-29%**	**1%**	**4%**	**38%**	**-21%**	**0%**	**5%**	**31%**	**-22%**	**-1%**	**6%**					
Revenue Mix																	
iPhone	59%	51%	50%	50%	61%	57%	55%	53%	59%	55%	53%	52%	50%	53%	57%	55%	54%
iPad	6%	6%	6%	5%	4%	5%	5%	5%	5%	5%	5%	5%	7%	6%	5%	5%	5%
Mac	6%	8%	9%	9%	7%	7%	8%	8%	7%	7%	8%	8%	8%	8%	7%	8%	7%
Wearables, Home and Accessories	8%	7%	7%	7%	7%	6%	6%	7%	7%	6%	6%	7%	9%	7%	7%	7%	7%
Services	21%	28%	28%	28%	21%	26%	26%	26%	22%	27%	27%	27%	26%	26%	25%	26%	27%

Source: Company data, Morgan Stanley Research estimates

Exhibit 4: Apple Balance Sheet

($ in millions)	2026A				2027E				2028E								
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	2025A	2026A	2027E	2028E	2029E
Assets																	
Current Assets:																	
Cash and cash equivalents	45,317	45,572	39,544	36,305	58,799	69,860	71,671	70,636	99,489	112,100	118,268	115,297	35,934	36,305	70,636	115,297	167,958
Short-term investments	99,478	101,023	106,973	100,630	100,630	100,630	100,630	100,630	100,630	100,630	100,630	100,630	96,486	100,630	100,630	100,630	100,630
Accounts receivable	39,921	30,339	31,398	43,817	37,314	35,891	40,070	46,258	46,834	38,714	40,459	45,734	39,777	43,817	46,258	45,734	46,669
Inventories	5,875	6,747	11,092	14,541	18,460	16,810	18,403	18,419	19,368	16,329	16,582	14,323	5,718	14,541	18,419	14,323	12,905
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	39,855	32,975	39,383	53,231	44,705	36,900	41,584	54,962	47,988	36,900	41,584	54,962	42,219	53,231	54,962	54,962	57,116
Total Current Assets	**235,992**	**222,202**	**233,936**	**254,070**	**265,454**	**265,637**	**277,904**	**296,451**	**319,855**	**310,219**	**323,069**	**336,492**	**225,680**	**254,070**	**296,451**	**336,492**	**390,824**
Property, Plant & Equipment, ne	50,159	50,116	51,431	52,084	51,683	51,286	51,291	51,581	52,252	53,306	54,392	55,478	49,834	52,084	51,581	55,478	61,140
Acquired Intangible Assets	35,050	37,164	36,839	37,025	36,365	35,749	35,174	34,638	34,137	33,670	33,233	32,635	31,506	37,025	34,638	32,635	31,166
Other assets	58,096	61,600	61,060	61,369	63,905	67,760	67,166	67,506	70,296	74,536	73,883	74,256	52,221	61,369	67,506	74,256	81,682
Non-current debt and equity inve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	**143,305**	**148,880**	**149,330**	**150,478**	**151,954**	**154,795**	**153,631**	**153,725**	**156,685**	**161,512**	**161,509**	**162,369**	**133,561**	**150,478**	**153,725**	**162,369**	**173,988**
Total Assets	**379,297**	**371,082**	**383,266**	**404,548**	**417,408**	**420,432**	**431,536**	**450,176**	**476,540**	**471,731**	**484,578**	**498,862**	**359,241**	**404,548**	**450,176**	**498,862**	**564,812**
Liabilities																	
Current Liabilities:																	
Accounts payable	70,587	57,349	64,525	82,252	73,841	72,587	70,547	88,256	91,998	81,647	82,908	91,509	69,860	82,252	88,256	91,509	101,519
Accrued expenses	77,956	66,985	71,797	75,760	82,974	81,174	88,440	82,702	87,624	85,179	89,230	86,201	75,442	75,760	82,702	86,201	90,128
Current Debt	13,824	10,307	13,004	11,903	11,903	11,903	11,903	11,903	11,903	11,903	11,903	11,903	20,329	11,903	11,903	11,903	11,903
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**162,367**	**134,641**	**149,326**	**169,915**	**168,718**	**165,663**	**170,890**	**182,861**	**191,525**	**178,730**	**184,041**	**189,612**	**165,631**	**169,915**	**182,861**	**189,612**	**203,550**
Non-Current Liabilities																	
Long-term debt	76,685	74,404	71,340	68,208	68,208	68,208	68,208	68,208	68,208	68,208	68,208	68,208	78,328	68,208	68,208	68,208	68,208
Deferred revenue - non-curren	3,457	3,772	3,805	3,646	2,845	3,031	3,342	2,865	2,911	3,069	3,344	2,728	2,731	3,646	2,865	2,728	2,764
Deferred tax liabilities	47,748	50,924	50,425	49,836	49,836	49,836	49,836	49,836	49,836	49,836	49,836	49,836	37,968	49,836	49,836	49,836	49,836
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	**128,740**	**129,950**	**126,420**	**122,540**	**121,739**	**121,925**	**122,236**	**121,759**	**121,805**	**121,963**	**122,238**	**121,622**	**119,877**	**122,540**	**121,759**	**121,622**	**121,658**
Total Liabilities	**291,107**	**264,591**	**275,746**	**292,455**	**290,458**	**287,589**	**293,126**	**304,620**	**313,330**	**300,693**	**306,279**	**311,234**	**285,508**	**292,455**	**304,620**	**311,234**	**325,208**
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Shareholder's Equity	**88,190**	**106,491**	**107,520**	**112,093**	**126,950**	**132,843**	**138,410**	**145,556**	**163,210**	**171,038**	**178,299**	**187,628**	**73,733**	**112,093**	**145,556**	**187,628**	**239,604**
Total Liabilities and Shareholde	**379,297**	**371,082**	**383,266**	**404,548**	**417,408**	**420,432**	**431,536**	**450,176**	**476,540**	**471,731**	**484,578**	**498,862**	**359,241**	**404,548**	**450,176**	**498,862**	**564,812**

Source: Company data, Morgan Stanley Research estimates



Exhibit 5: Apple Statement of Cash Flows

($ in millions)	2026A				2027E				2028E								
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	2025A	2026A	2027E	2028E	2029E
Cash Flow Statement (Non Cumulative)																	
Operating activities:																	
Net Income / (Loss)	**42,097**	**29,578**	**29,789**	**30,711**	**42,123**	**33,186**	**33,073**	**34,572**	**45,215**	**35,419**	**35,075**	**37,061**	**112,010**	**132,175**	**142,955**	**152,770**	**165,322**
Cumulative effect of accounting change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to reconcile net income:	-	-	-	-													
Depreciation & Amortization	3,214	3,439	3,320	3,450	3,669	3,700	3,723	3,751	3,782	3,843	3,913	4,212	11,698	13,423	14,843	15,750	17,105
Stock based compensation expense	3,594	3,528	3,401	3,266	-	-	-	-	-	-	-	-	12,863	13,789	-	-	-
Provision for (benefit from) deferred inc	(528)	(1,189)	(320)	2,605	-	-	-	-	-	-	-	-	(89)	568	-	-	-
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	-	-	-	-	633	633	633	633	484	484	484	484	-	-	2,532	1,937	-
Changes in Operating Assets and Liabilities:																	
Accounts receivable	(153)	9,448	(979)	(12,310)	6,503	1,423	(4,179)	(6,188)	(576)	8,120	(1,745)	(5,275)	(6,682)	(3,994)	(2,441)	524	(935)
Inventories	(211)	(873)	(4,377)	(3,444)	(3,919)	1,651	(1,594)	(15)	(949)	3,039	(252)	2,259	1,400	(8,905)	(3,878)	4,095	1,418
Other current assets	2,781	7,227	(4,337)	(12,387)	8,526	7,805	(4,684)	(13,378)	6,974	11,088	(4,684)	(13,378)	(347)	(6,716)	(1,731)	-	(2,154)
Other assets	(10,250)	(4,079)	(1,937)	(4,851)	(2,536)	(3,854)	593	(340)	(2,790)	(4,240)	653	(374)	(9,197)	(21,117)	(6,137)	(6,751)	(7,426)
Accounts payable	848	(13,145)	7,094	17,374	(8,411)	(1,254)	(2,040)	17,709	3,743	(10,351)	1,261	8,601	902	12,171	6,004	3,253	10,010
Deferred revenue	-	-	-	-	(801)	186	311	(477)	46	158	275	(617)	-	-	(781)	(137)	36
Accrued restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	12,533	(5,232)	2,715	3,687	7,214	(1,800)	7,266	(5,738)	4,922	(2,445)	4,051	(3,029)	(11,076)	13,703	6,942	3,499	3,927
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by Operating Activities	**53,925**	**28,702**	**34,369**	**28,101**	**53,001**	**41,675**	**33,103**	**30,529**	**60,850**	**45,116**	**39,030**	**29,945**	**111,482**	**145,097**	**158,308**	**174,940**	**187,305**
Investing activities:																	
Purchase of short-term investments	(12,693)	(19,739)	(16,320)	(6,193)	-	-	-	-	-	-	-	-	(24,407)	(54,945)	-	-	-
Proceeds from maturities of short-term inv	7,510	11,181	7,813	8,311	-	-	-	-	-	-	-	-	40,907	34,815	-	-	-
Proceeds from sales of short-term investm	2,824	5,791	3,401	2,264	-	-	-	-	-	-	-	-	12,890	14,280	-	-	-
Purchases of long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of PP&E	(2,373)	(1,971)	(2,455)	(2,242)	(2,608)	(2,687)	(3,152)	(3,505)	(3,952)	(4,430)	(4,563)	(4,700)	(12,715)	(9,041)	(11,953)	(17,644)	(21,299)
Cash paid for acquisition of technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of ARM shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(154)	(1,430)	(196)	(609)	-	-	-	-	-	-	-	-	(1,480)	(2,389)	-	-	-
Net cash used in investing activities	**(4,886)**	**(6,168)**	**(7,757)**	**1,531**	**(2,608)**	**(2,687)**	**(3,152)**	**(3,505)**	**(3,952)**	**(4,430)**	**(4,563)**	**(4,700)**	**15,195**	**(17,280)**	**(11,953)**	**(17,644)**	**(21,299)**
Financing activities:																	
Proceeds from issuance of common stock	-	-	-	-	31	32	33	34	34	35	36	36	-	-	130	141	153
Excess tax benefits from stock-based com	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement	(2,922)	(330)	(3,210)	(331)	-	-	-	-	-	-	-	-	(5,960)	(6,793)	-	-	-
Dividends and dividend equivalent rights pa	(3,921)	(3,822)	(4,035)	(3,943)	(3,930)	(3,958)	(4,173)	(4,092)	(4,080)	(4,110)	(4,334)	(4,253)	(15,421)	(15,721)	(16,153)	(16,777)	(17,500)
Repurchase of common stock	(24,701)	(12,288)	(25,105)	(24,296)	(24,000)	(24,000)	(24,000)	(24,000)	(24,000)	(24,000)	(24,000)	(24,000)	(90,711)	(86,390)	(96,000)	(96,000)	(96,000)
Increase (decrease) in long-term borrowing	(2,164)	2,164	-	-	-	-	-	-	-	-	-	-	4,481	-	-	-	-
Increase (decrease) in notes payable to ba	(5,948)	(8,003)	(290)	(4,301)	-	-	-	-	-	-	-	-	(13,075)	(18,542)	-	-	-
Net Cash used in Financing Activities	**(39,656)**	**(22,279)**	**(32,640)**	**(32,871)**	**(27,899)**	**(27,926)**	**(28,140)**	**(28,059)**	**(28,045)**	**(28,075)**	**(28,299)**	**(28,216)**	**(120,686)**	**(127,446)**	**(112,023)**	**(112,635)**	**(113,346)**
Increase/(decrease) in Cash and Cash Equ	**9,383**	**255**	**(6,028)**	**(3,239)**	**22,494**	**11,062**	**1,811**	**(1,035)**	**28,852**	**12,611**	**6,168**	**(2,971)**	**5,991**	**371**	**34,331**	**44,661**	**52,660**
Adjustments for restatements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents at Beginning of P	35,934	45,317	45,572	39,544	36,305	58,799	69,860	71,671	70,636	99,489	112,100	118,268	29,943	35,934	36,305	70,636	115,297
Cash and Cash Equivalents at End of Peri	**45,317**	**45,572**	**39,544**	**36,305**	**58,799**	**69,860**	**71,671**	**70,636**	**99,489**	**112,100**	**118,268**	**115,297**	**35,934**	**36,305**	**70,636**	**115,297**	**167,958**

Source: Company data, Morgan Stanley Research estimates

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

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(as of October 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1575	43%	460	49%	29%	742	44%
Equal-weight/Hold	1537	42%	393	42%	26%	720	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	92	10%	16%	218	13%
Total	3,684		946			1681	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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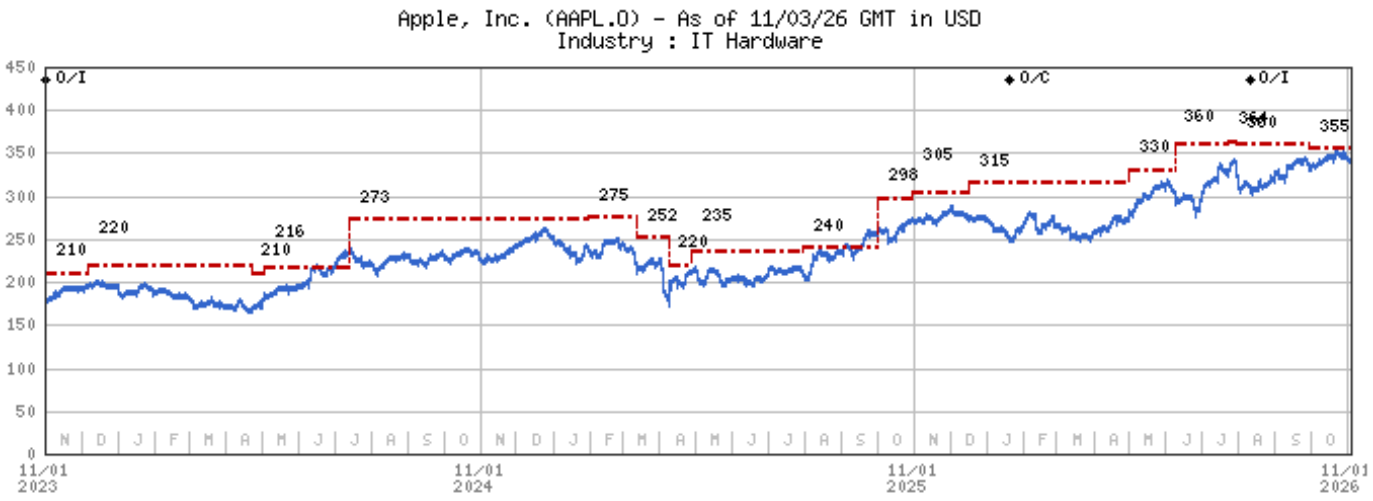
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 11/1/21 : O/C; 1/18/23 : O/I; 1/20/26 : O/C; 8/10/26 : O/I

Price Target History: 10/28/21 : 164; 12/7/21 : 200; 1/27/22 : 210; 4/28/22 : 195; 6/14/22 : 185; 7/19/22 : 180; 10/17/22 : 177; 11/7/22 : 175; 3/3/23 : 180; 5/4/23 : 185; 6/1/23 : 190; 7/16/23 : 220; 8/3/23 : 215; 10/15/23 : 210; 12/7/23 : 220; 4/22/24 : 210; 5/3/24 : 216; 7/14/24 : 273; 1/31/25 : 275; 3/12/25 : 252; 4/8/25 : 220; 4/28/25 : 235; 7/31/25 : 240; 10/1/25 : 298; 10/31/25 : 305; 12/17/25 : 315; 5/1/26 : 330; 6/8/26 : 360; 7/23/26 : 364; 7/30/26 : 360; 9/30/26 : 355

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: IT Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (11/02/2026)
Erik W Woodring		
Accelevation (ACCV.O)	E (10/26/2026)	$14.01
Apple, Inc. (AAPL.O)	O (05/26/2009)	$338.32
CDW Corporation (CDW.O)	O (06/23/2026)	$150.59
Cricut Inc (CRCT.O)	U (08/12/2021)	$6.04
Dell Technologies Inc. (DELL.N)	E (06/01/2026)	$392.78
Everpure, Inc. (P.N)	O (08/10/2026)	$113.78
Garmin Ltd (GRMN.N)	E (02/18/2026)	$274.29
GoPro Inc (GPRO.O)	U (12/12/2023)	$0.96
Hewlett Packard Enterprise (HPE.N)	O (08/10/2026)	$51.19
HP Inc. (HPQ.N)	U (11/16/2025)	$28.43
IBM (IBM.N)	E (01/18/2023)	$252.51
Ingram Micro (INGM.N)	E (06/11/2025)	$26.98
Kornit Digital Ltd. (KRNT.O)	E (11/06/2025)	$17.44
Logitech International SA (LOGI.O)	U (01/20/2026)	$94.55
NetApp Inc (NTAP.O)	E (08/10/2026)	$185.26
Resideo Technologies Inc (REZI.N)	O (08/11/2025)	$19.25
Seagate Technology (STX.O)	O (03/26/2024)	$593.76
SmartRent, Inc. (SMRT.N)	++	$1.38
Sonos Inc. (SONO.O)	E (11/06/2025)	$15.73
TD Synnex Corporation (SNX.N)	O (06/11/2025)	$222.22
Teradata (TDC.N)	E (08/10/2026)	$33.61
Western Digital (WDC.O)	O (04/16/2025)	$338.59
Sanjit K Singh		
Nutanix Inc (NTNX.O)	E (01/12/2026)	$64.43

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