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FINANCIAL, INC.

An Independent Firm

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We listened, (as you may have as well), to Apple's earnings call yesterday. What follows is a summary, our thoughts, and the market's general reactions.

Yesterday's earnings announcement by Apple wrapped up their fiscal year 2021 by providing 4th quarter results. Revenue grew by 28.8% Y/Y and earnings per share (EPS) grew 69.9% Y/Y.

The company's forecast for the quarter was largely exceeded as the below table illustrates the forecast vs. the actual result

Forecast	Q4 Actual Results
Revenue to grow strong double digits (Y/Y), not likely to beat 36% for current.	Revenue grew by 33% Y/Y
Services growth rate to be closer to historical averages, not likely to beat 33% growth rate for current quarter.	Growth rate was 26%, less than the growth rate for the last quarter.
Supply constraints to have a negative \$3B - \$5B impact in the September quarter.	The supply constraints were worse than expected - the negative impact was \$6B for the quarter.

Additional highlights from the call are as follows:

- The last 5 quarters were the best quarters ever for Mac.
- 745 million paid subscriptions, up more than 160 million since last year.
- Every category within the business was up over 20% Y/Y, some exceeding that level.
- iPhone sales grew 47% Y/Y.
- Every geographic segment increased by at least 20% Y/Y.

In closing, Tim and Luca did not provide any revenue guidance due to the increased supply constraints that will occur in the next quarter. It is their belief that supply constraints will become an even greater negative headwind, and exceed the \$6B impact as seen in the most recent quarter. Additional guidance was as follows:

- Services growth rate to decelerate but remain strong.
- All product categories are expected to grow, with the exception of iPad.

As of 7:31 a.m. Apple stock price is \$146.93 per share, down 3.8%.

Please don't hesitate to contact us with any questions, concerns, or specific issues regarding your Apple holdings.

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