



APPLE, INC. Q1 2026

Earnings Report Update

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Company Overview

Apple Inc. designs, manufactures, and markets innovative consumer electronics, including the iPhone, Mac, iPad, and a range of wearables and accessories. The company complements its hardware with a robust ecosystem of digital services, such as the App Store, Apple Music, iCloud, and Apple TV+, delivering integrated technology experiences that drive global engagement across consumer, enterprise, and education markets.

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Today, Apple is proud to report a record-breaking quarter, with revenue reaching \$143.8 billion, up 16 percent year-on-year and ahead of expectations,” CEO Tim Cook said. He highlighted iPhone’s best-ever quarter, record Services revenue growth of 14 percent, and an installed base exceeding 2.5 billion active devices, underscoring strong customer satisfaction and global demand.

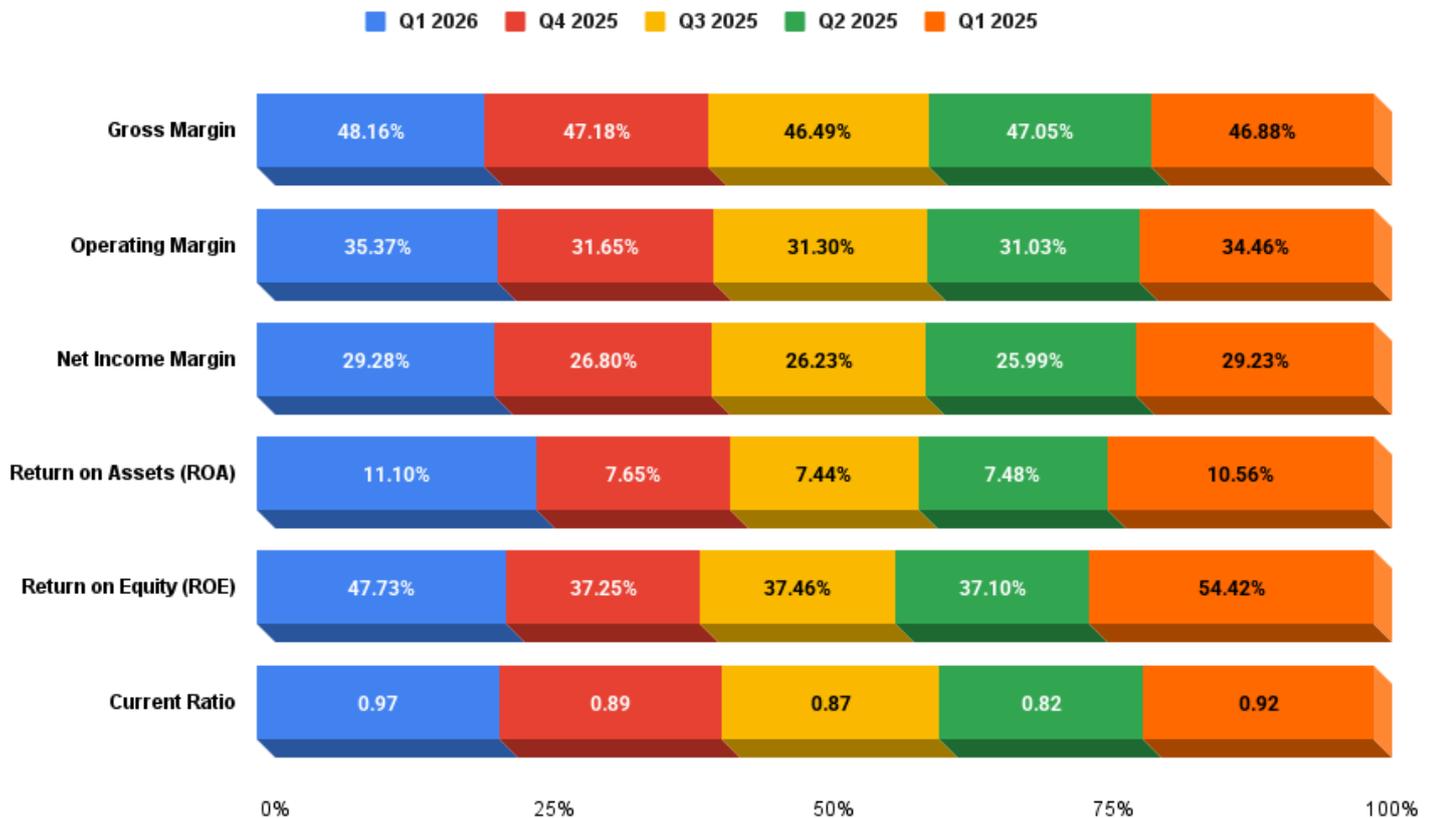
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CEO's Commentary

Expectation Analysis

USD (\$)	Q1 2026	ESTIMATE	BEAT/MISS
REVENUE	144.00B	139.00B	3.80%
EBITDA	54.10B	51.30B	5.50%
EBIT	50.90B	47.40B	7.20%
EPS (adjusted)	2.84	2.67	6.20%

Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q1 2026	QOQ	YOY	
Revenue	143,756.00	40.30%	15.65%	
Gross profit	69,231.00	43.21%	18.80%	
Operating income	50,852.00	56.82%	18.72%	
Income before tax	51,002.00	55.47%	19.77%	
Net income	42,097.00	53.27%	15.87%	
Earnings per share (EPS)	2.84	53.51%	18.33%	
Cost/Expenses Summary				
Million USD(\$)	Q1 2026	QOQ	YOY	
Cost of sales	74,525.00	37.69%	12.87%	
Research and development	10,887.00	22.79%	31.68%	
Selling & administrative	7,492.00	6.30%	4.42%	
Income tax	8,905.00	66.82%	42.39%	
Cash Flow Summary				
Million USD(\$)	Q1 2026	QOQ	YOY	
Net cash from operations	53,925.00	-51.63%	80.14%	
Net cash used in investing	-4,886.00	-132.16%	-149.90%	
Net cash used in financing	-39,656.00	67.14%	-0.72%	
Closing cash balance	45,317.00	26.11%	49.57%	
Segment Performance				
Million USD(\$)	Q1 2026	% Revenue	QOQ	YOY
iPhone	85,269.00	59.32%	73.93%	23.33%
Mac	8,386.00	5.83%	-3.90%	-6.69%
iPad	8,595.00	5.98%	23.63%	6.27%
Wearables & Accessories	11,493.00	7.99%	27.52%	-2.16%
Services	30,013.00	20.88%	4.39%	13.94%
Key Items of Financial Position Summary				
Million USD(\$)	27th Dec 2025	QOQ	YOY	
Current assets	158,104.00	6.86%	18.66%	
Non-current assets	221,193.00	4.69%	4.91%	
Total assets	379,297.00	5.58%	10.23%	
Current liabilities	162,367.00	-1.97%	12.47%	
Non-current liabilities	128,740.00	7.39%	-3.18%	
Total liabilities	291,107.00	1.96%	4.97%	
Total equities	88,190.00	19.61%	32.10%	

Performance Highlights

- Apple delivered an exceptional quarterly performance, with total revenue expanding by 16% year-on-year to a new all-time high, primarily driven by robust iPhone demand, accelerated services monetization, and sustained ecosystem expansion. The broad-based growth underscores strong brand pricing power and resilient consumer demand despite a mixed global macroeconomic backdrop.
- iPhone revenue recorded its strongest quarterly performance on record, supported by unprecedented upgrade cycles and premium model mix expansion. The double-digit growth trajectory was largely attributable to heightened demand in both developed and emerging markets, reinforcing Apple's dominance in the high-end smartphone segment and its ability to sustain volume and margin simultaneously.
- Services revenue advanced 14% year-on-year, achieving another historical peak as recurring subscription streams, advertising, and digital ecosystem offerings continued to scale. The segment's expansion reflects increasing monetization per user and deeper ecosystem lock-in, which structurally enhances earnings visibility and margin resilience relative to hardware cycles.
- Gross margins strengthened materially during the quarter, supported by favorable product mix, operational efficiency gains, and higher contribution from services. Margin expansion signals effective cost discipline and supply-chain optimization, which collectively amplified earnings leverage beyond the pace of revenue growth.
- Earnings per share rose by 19%, establishing a new all-time record, driven by both topline acceleration and margin improvement. The EPS expansion also reflects the accretive impact of ongoing share repurchase programs, demonstrating management's continued focus on shareholder value optimization.
- Operating cash flow generation remained exceptionally strong at nearly \$54 billion, highlighting Apple's superior cash conversion efficiency and working capital management. The magnitude of operating inflows provides substantial flexibility for capital allocation, research and development investment, and balance-sheet strengthening.
- The installed device base surpassed 2.5 billion active units globally, representing a significant milestone in ecosystem expansion. This installed base growth is a critical structural driver of future services revenue, cross-selling opportunities, and long-term customer lifetime value enhancement.
- Geographic performance was notably broad-based, with all major regions recording all-time revenue records. This diversification reduces concentration risk and indicates effective localization strategies, distribution network strength, and brand penetration across mature and growth markets alike.

Concerns Raised

- A key concern centers on increasing dependence on iPhone performance as a principal revenue driver, which may expose earnings to cyclical smartphone demand fluctuations and elongated replacement cycles in future periods if innovation momentum moderates.
- Another area of caution is the intensifying competitive landscape within digital services and hardware ecosystems, where regulatory scrutiny, platform competition, and pricing pressure could gradually compress margins or slow user monetization growth over the medium term.
- Additionally, foreign exchange volatility, geopolitical trade tensions, and supply-chain concentration risks remain structural uncertainties that could affect cost structures, revenue translation, and production continuity, particularly given Apple's extensive global manufacturing and distribution footprint.

SAVEST RATING: OVERWEIGHT

OUR INSIGHT

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Apple delivered a double-digit revenue growth and earnings expansion driven by record iPhone sales, resilient Services growth, and margin strengthening supported by ecosystem scale and operational efficiency. Long-term investment prospects remain attractive given strong cash generation, brand dominance, and recurring revenue streams. Key watch-outs include iPhone revenue concentration risk, regulatory and competitive pressures in digital services, foreign-exchange volatility, and sustained increases in research, development, and capital expenditure intensity.

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