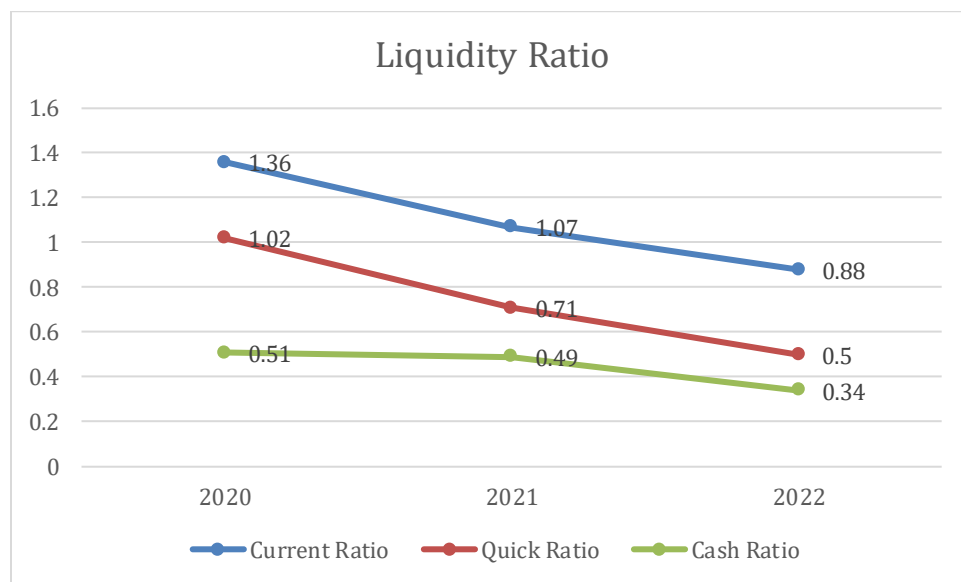


Apple Inc. Financial Analysis Report

Introduction

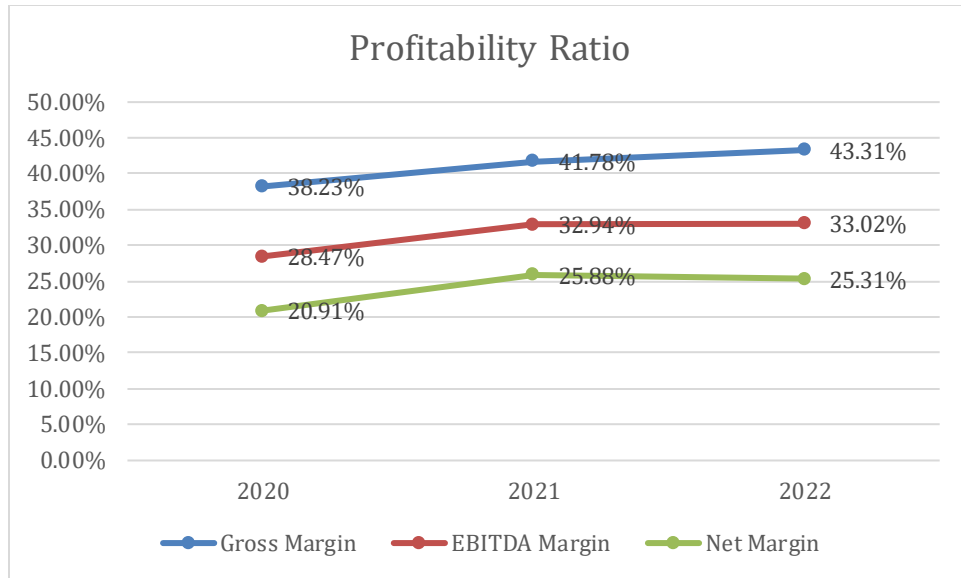
This report provides an analysis of Apple Inc.'s financial performance over the years 2020, 2021, and 2022. The analysis focuses on key financial ratios across liquidity, profitability, solvency, asset utilization, and investor ratios.

Liquidity Ratios



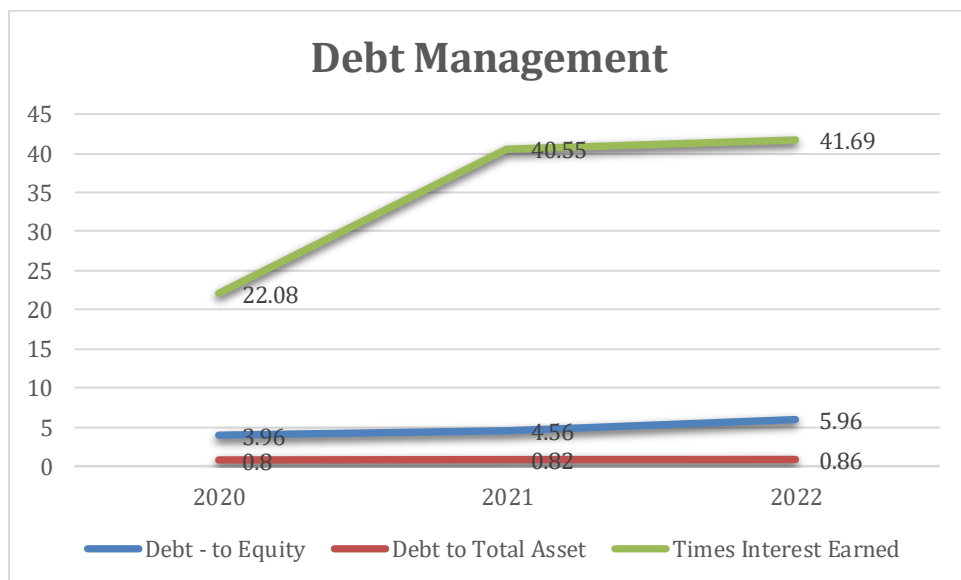
The liquidity ratios for Apple Inc. have shown a declining trend over the past three years. The current ratio dropped from 1.36 in 2020 to 0.88 in 2022, reflecting a reduction in Apple's ability to meet its short-term liabilities using its current assets. The quick and cash ratios also followed a similar decline, indicating that Apple is facing increased liquidity constraints. A notable decrease in the defensive interval ratio suggests that Apple has fewer liquid resources available to cover its daily operational expenses for an extended period where we saw a decline from 785.90 in 2020 to 105.84 in 2022.

Profitability Ratios



Apple's profitability has been on a positive trajectory over the past three years. The gross margin improved from 38.23% in 2020 to 43.31% in 2022, reflecting Apple's ability to retain more profit from each dollar of revenue. Both EBITDA and EBIT margins have been strong, with EBITDA margins exceeding 33% in 2022. Net margin remained relatively stable at around 25%, indicating consistent profitability, even though there was a slight dip in 2022.

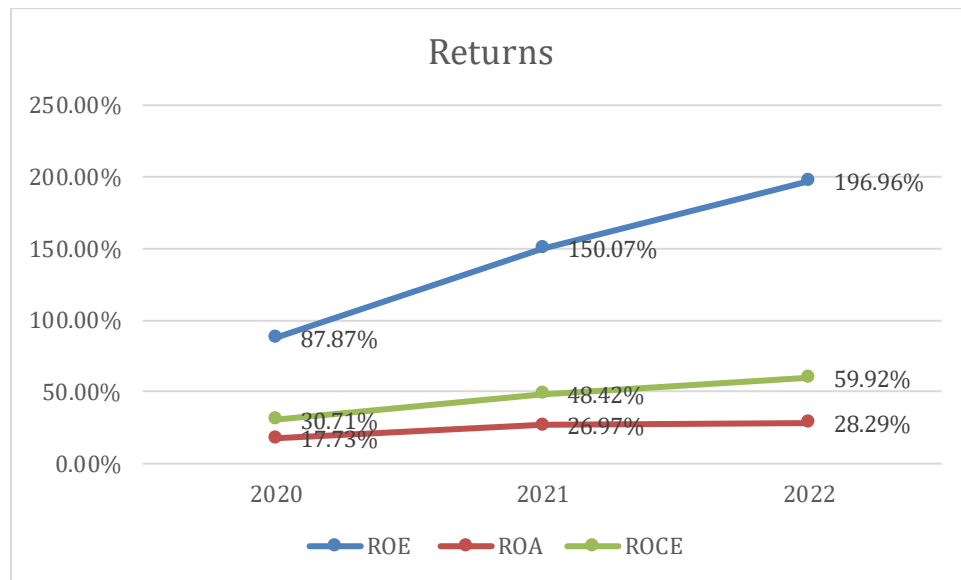
Solvency and Debt Management



The solvency ratios indicate that Apple has been increasing its reliance on debt financing over the past few years. The debt-to-equity ratio rose from 3.96 in 2020 to 5.96 in 2022, signaling higher financial risk. However, Apple continues to comfortably cover its interest

payments, as evidenced by the improving times interest earned ratio, which reached 41.69 in 2022. Notably, The debt-to-asset ratio for Apple Inc. has gradually increased from 0.80 in 2020 to 0.86 in 2022, indicating a growing reliance on debt to finance its assets, which heightens financial leverage and potential risk.

Return on Assets and Equity



Apple's return on assets (ROA) and return on equity (ROE) ratios both improved substantially over the analyzed period. ROA increased from 17.73% in 2020 to 28.29% in 2022, demonstrating Apple's ability to generate higher returns from its assets. Meanwhile, ROE surged from 87.87% in 2020 to a remarkable 196.96% in 2022, indicating substantial returns for shareholders, despite Apple's increased debt levels. Apple Inc.'s ROCE improved from 48.42% in 2021 to 59.92% in 2022, indicating enhanced efficiency in generating returns from its capital base over the year.

Sales Growth

Apple's sales growth has exhibited a shift between products and services over the past few years. The growth in product sales slowed significantly from 34.72% in 2021 to just 6.32% in 2022, while services growth remained strong at 14.18% in 2022. This highlights Apple's increasing focus on its services segment to drive future growth, even as product sales stabilize.

Investor/Market Ratios

1. Price to Earnings Ratio (P/E):

Apple's P/E ratio dropped from 24.92 in 2021 to 22.47 in 2022. This implies that investors were willing to pay less for each dollar of Apple's earnings in 2022 compared to 2021, potentially due to a shift in market expectations or growth outlook.

2. Price to Book Ratio (P/B):

The P/B ratio for Apple increased from 37.40 in 2021 to 44.23 in 2022. This suggests that the market valuation of Apple relative to its book value has grown, indicating a premium valuation driven by investor confidence or perceived growth potential.

3. Dividend Payout Ratio:

The dividend payout ratio remained stable at 0.15 (15%) in both 2021 and 2022, showing Apple's consistent strategy of returning 15% of its net income to shareholders as dividends, while retaining the rest for reinvestment or operational needs.

4. Dividend Yield:

Apple's dividend yield increased slightly from 0.61% in 2021 to 0.66% in 2022, reflecting a modest rise in the dividend income investors received relative to the stock price during this period.

Conclusion

Overall, Apple Inc. has demonstrated strong financial performance across several key metrics. Despite a decline in liquidity and increased reliance on debt, the company has maintained robust profitability margins, improved asset utilization, and delivered significant returns to its shareholders. Looking ahead, Apple's continued investment in services and its ability to manage debt will be crucial in sustaining its competitive position and financial strength.