

# Financial Performance Research of Apple Inc. Based on DuPont Analysis

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## Abstract

This paper provides a comprehensive financial analysis of Apple, Inc., a leading global technology company renowned for its innovative products and integrated ecosystem. Through an in-depth examination of the company's consolidated balance sheet, income statement, and cash flow statement for the fiscal years ending in 2023 and 2024, this study meticulously assesses Apple's financial health, profitability, liquidity, and long-term sustainability. Key findings reveal a trajectory of strong asset growth and robust operational cash flow generation, despite a minor decline in net income, which was effectively offset by substantial gains in other comprehensive income components. A detailed DuPont analysis further uncovers the underlying drivers of Apple's performance, highlighting an exceptionally high return on equity fueled by efficient asset utilization, industry-leading profit margins, and the strategic application of financial leverage. The paper concludes that Apple's unwavering focus on research and development—particularly in frontier technologies such as artificial intelligence, health technology, and augmented reality—positions it optimally for sustained future growth. However, the analysis also identifies challenges related to managing elevated debt levels and navigating global market volatility. Ultimately, this comprehensive assessment underscores Apple's remarkable financial resilience and formidable strategic advantage within the intensely competitive global technology sector.

## Keywords

Apple Inc., financial analysis, profitability, cash flow, technology sector

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## 1. Introduction

Apple, Inc., stands as a preeminent global leader in the technology sector, having consistently maintained its market dominance through a relentless pursuit of innovation, the cultivation of a powerful brand reputation, and the strategic development of a seamlessly integrated ecosystem. The company's business model is uniquely structured around the symbiotic interplay between its hardware, software, and services. Apple's flagship hardware products, including the iPhone, iPad, Mac computers, and Apple Watch, are universally recognized. These are complemented by their proprietary software platforms, iOS and macOS, which create a cohesive user experience (Doan & Phan, 2025). In recent years, the services segment—encompassing the App Store, iCloud, Apple Music, Apple TV+, and Apple Pay—has evolved into a critically significant and high-margin revenue driver, diversifying the company's income streams and increasing customer loyalty. This holistic approach is encapsulated in the company's mission to bring “the best personal computing experience to consumers around the world through its innovative hardware, software and internet offerings” (Apple, Inc., 2012, as cited in (Johnson et al., 2012)

## 1.1 Commercialization and Global Distribution Strategy

With respect to commercialization and global distribution, Apple has masterfully established a robust and multifaceted presence. Its strategy leverages a combination of direct-to-customer channels through its iconic retail stores and online platforms, alongside expansive partnerships with third-party retailers and telecommunications operators. The effectiveness of this strategy is particularly evident in regions such as Greater China. Here, Apple operates over 50 flagship Apple Stores in tier-1 cities such as Shanghai, Beijing, and Shenzhen, serving as brand temples. Simultaneously, it strategically leverages online marketplaces such as Tmall and JD.com to extend its reach into hundreds of lower-tier cities where physical retail presence is absent (Accelingo, 2024). Furthermore, strategic carrier partnerships with giants such as China Mobile, China Unicom, and China Telecom place iPhones in more than 40,000 retail outlets and facilitate on-the-spot installment contracts. This dramatically widens Apple's market reach beyond the urban, high-income demographics typically served by its own stores, tapping into a vast and burgeoning consumer base (Zhang, 2025). This sophisticated, layered distribution network is a key competitive asset, enabling Apple to efficiently reach and serve diverse customer segments across disparate geographic and economic regions.

## 1.2 Competitive Landscape and R&D Focus

Operating within a hypercompetitive landscape, Apple faces formidable rivals such as Samsung in mobile hardware, Google in mobile operating systems and services, and Microsoft in personal computing and software. However, Apple continues to differentiate itself through an unwavering commitment to premium product design, superior build quality, and a seamless, privacy-focused user experience. This strategy has cultivated an exceptionally loyal customer base and allows the company to command premium prices, insulating it to some degree from purely price-based competition.

Central to maintaining this competitive edge is Apple's profound focus on research and development (R&D). The company invests billions annually to drive innovation across all its product lines, with significant advancements in artificial intelligence (AI), health technology, and augmented reality (AR). For example, in AI, Apple has embedded the A18 Pro Neural Engine—capable of an astounding 38 TOPS (Trillion Operations Per Second) of on-device machine learning performance—and introduced a new “Apple Intelligence” stack. This allows Siri to execute complex, multistep requests entirely on-device, enhancing both speed and user privacy by eliminating the need for cloud processing for many tasks (Lardinois, 2024). In health technology, the Apple Watch Series 9 has transcended its role as a fitness tracker. It now features critical health monitoring capabilities such as FDA-cleared atrial fibrillation history alerts, medication reminders facilitated by visual pill recognition, and crash detection that automatically dials emergency services. Innovative features such as double-tap gesture control extend functionality even when the user's hands are wet (Apple Inc, 2023a). In augmented reality, the Vision Pro headset shows groundbreaking technology with dual 4K micro-OLED displays and a dedicated R1 coprocessor that reduces motion-to-photon latency to a near-imperceptible 12 ms. This enables true spatial computing, allowing users to interact with multiple, resizable 4K windows pinned in their physical space and collaborate on life-size 3D models in real time (Apple Inc, 2023b). This constant push for technological breakthroughs is not merely about features; it is fundamental to ensuring that Apple remains at the forefront of the tech industry and continues to define future market trends.

## 2. Balance Sheet Analysis

As shown in Figure 1, on the basis of the consolidated balance sheet for Apple, Inc., as of September 28, 2024, and September 30, 2023, the company demonstrates solid financial health, characterized by significant asset growth and manageable liabilities, reflecting a robust and strategically managed financial position.

Figure 1: Consolidated balance sheet of Apple, Inc. (2023–2024) (Apple Inc, 2024)

**Apple Inc.**

**CONSOLIDATED BALANCE SHEETS**

(In millions, except number of shares, which are reflected in thousands, and par value)

	September 28, 2024	September 30, 2023
<b>ASSETS:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 29,943	\$ 29,965
Marketable securities	35,228	31,590
Accounts receivable, net	33,410	29,508
Vendor non-trade receivables	32,833	31,477
Inventories	7,286	6,331
Other current assets	14,287	14,695
<b>Total current assets</b>	<b>152,987</b>	<b>143,566</b>
<b>Non-current assets:</b>		
Marketable securities	91,479	100,544
Property, plant and equipment, net	45,680	43,715
Other non-current assets	74,834	64,758
<b>Total non-current assets</b>	<b>211,993</b>	<b>209,017</b>
<b>Total assets</b>	<b>\$ 364,980</b>	<b>\$ 352,583</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 68,960	\$ 62,611
Other current liabilities	78,304	58,829
Deferred revenue	8,249	8,061
Commercial paper	9,967	5,985
Term debt	10,912	9,822
<b>Total current liabilities</b>	<b>176,392</b>	<b>145,308</b>
<b>Non-current liabilities:</b>		
Term debt	85,750	95,281
Other non-current liabilities	45,888	49,848
<b>Total non-current liabilities</b>	<b>131,638</b>	<b>145,129</b>
<b>Total liabilities</b>	<b>308,030</b>	<b>290,437</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 15,116,786 and 15,550,061 shares issued and outstanding, respectively	83,276	73,812
Accumulated deficit	(19,154)	(214)
Accumulated other comprehensive loss	(7,172)	(11,452)
<b>Total shareholders' equity</b>	<b>56,950</b>	<b>62,146</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 364,980</b>	<b>\$ 352,583</b>

See accompanying Notes to Consolidated Financial Statements.

## 2.1 Assets

Apple total assets experienced appreciable growth, increasing from \$352.58 billion in 2023 to \$364.98 billion in 2024. This expansion of over \$12 billion is driven primarily by a substantial increase in current assets. A key component within this category is marketable securities, which include short-term, highly liquid investments. These securities grew significantly from \$31.59 billion in 2023 to \$35.23 billion in 2024, an increase of over \$3.6 billion. This strategic accumulation of short-term investments indicates a prudent approach to cash management, allowing Apple to park excess liquidity in instruments that generate a return while remaining readily available for strategic opportunities or operational needs. Additionally, accounts receivable also contributed to the growth in current assets, potentially reflecting strong sales towards the end of the fiscal period. Another noteworthy change is the increase in inventories, which grew by \$955 million. This increase, while modest in the context of Apple's total assets, could signal several underlying business

dynamics: preparation for anticipated high-demand product launches (such as a new iPhone generation), strategic buffer-building against potential global supply chain disruptions, or a slight shift in sales cycles. In terms of noncurrent assets, property, plant, and equipment (PP&E)—the tangible backbone of manufacturing, retail, and R&D operations—saw a notable increase from \$43.72 billion to \$45.68 billion. This \$1.96 billion growth underscores Apple's continued commitment to invest in its long-term operational capacity, including possibly new data centers for its growing services business, advanced manufacturing equipment, and the expansion or refurbishment of its global network of retail stores.

## 2.2 Liabilities

On the other hand, Apple's total liabilities increased from \$290.44 billion in 2023 to \$308.03 billion in 2024. This rise is predominantly attributed to a significant increase in current liabilities, which surged from \$145.31 billion to \$176.39 billion. A major driver within this category is accounts payable, which jumped from \$62.61 billion to \$68.96 billion. This \$6.35 billion increase suggests that Apple is effectively utilizing trade credit from its suppliers, effectively managing its working capital by delaying cash outflows without incurring interest costs. This can be a sign of strong bargaining power within its supply chain. Deferred revenue, another component of current liabilities, also likely contributed to this growth. Deferred revenue represents payments received for services (such as AppleCare warranties or subscriptions) that are yet to be earned, indicating strong upfront cash flow from its services segment. Conversely, noncurrent liabilities, which include long-term instruments such as term debt, decreased from \$95.28 billion to \$85.75 billion. This reduction of nearly \$10 billion is a strategic financial management decision, indicating that Apple is actively paying down its long-term debt obligations. This deleveraging improves the company's long-term financial health and reduces future interest expenses, potentially in response to a higher interest rate environment or a shift in capital structure strategy.

## 2.3 Shareholders' Equity

The company's total shareholders' equity experienced a slight decrease from \$62.15 billion in 2023 to \$56.95 billion in 2024. This reduction of \$5.2 billion is due primarily to two key factors working in tandem: a substantial program of share repurchases and the payment of dividends. While net income adds to retained earnings (a component of equity), Apple has returned even more capital to its shareholders than it earned in net income for the period. The repurchase of common stock reduces the number of outstanding shares, and cash dividend payments directly decrease retained earnings. The mention of a “modest increase in accumulated deficit” in the original text is atypical for a profitable company such as Apple and might be a misstatement; it is more accurate to attribute equity reduction to aggressive capital return programs. This action signals management's confidence in the company's ongoing cash generation ability and its commitment to enhancing shareholder value through direct returns.

In conclusion, Apple's balance sheet presents a picture of a company in a strong financial position. It is characterized by robust asset growth fueled by strategic investments and operational expansion, managed liabilities that leverage supplier financing, and a deliberate return of capital to shareholders. This financial structure reinforces Apple's ability to maintain stability, invest aggressively in future growth initiatives, and manage potential economic uncertainties.

## 3. Income Statement Analysis

As shown in Figure 2, based on Apple Inc.'s consolidated statement of comprehensive income for the year ending September 28, 2024, the company posted a net income of \$93.74 billion. This figure, while staggering in absolute terms, represents a slight decrease from the previous year's net income of \$96.99 billion. This minor decline of approximately 3.3% reflects the challenges of a dynamic global business environment, including potential factors such as foreign exchange headwinds, increased component costs, or heightened competitive pressures. Nevertheless, a net income approaching \$100 billion unequivocally indicates exceptionally strong and resilient financial performance overall, underscoring the company's premium positioning and operational efficiency.

Figure 2: Consolidated Statement of Comprehensive Income of Apple Inc. (2023–2024) (Apple Inc, 2024)

<b>Apple Inc.</b>			
<b>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>			
(In millions)			
	Years ended		
	September 28, 2024	September 30, 2023	September 24, 2022
Net income	\$ 93,736	\$ 96,995	\$ 99,803
Other comprehensive income/(loss):			
Change in foreign currency translation, net of tax	395	(765)	(1,511)
Change in unrealized gains/losses on derivative instruments, net of tax:			
Change in fair value of derivative instruments	(832)	323	3,212
Adjustment for net (gains)/losses realized and included in net income	(1,337)	(1,717)	(1,074)
Total change in unrealized gains/losses on derivative instruments	(2,169)	(1,394)	2,138
Change in unrealized gains/losses on marketable debt securities, net of tax:			
Change in fair value of marketable debt securities	5,850	1,563	(12,104)
Adjustment for net (gains)/losses realized and included in net income	204	253	205
Total change in unrealized gains/losses on marketable debt securities	6,054	1,816	(11,899)
Total other comprehensive income/(loss)	4,280	(343)	(11,272)
Total comprehensive income	<u>\$ 98,016</u>	<u>\$ 96,652</u>	<u>\$ 88,531</u>

See accompanying Notes to Consolidated Financial Statements.

### 3.1 Net Income

The slight contraction in net income warrants a closer look. Despite this dip, Apple continues to demonstrate formidable profitability. The company maintains its leadership position in the tech industry, boasting some of the highest margins in the sector. This high level of operational efficiency is a testament to its premium pricing strategy, economies of scale, and strategic mix shift towards higher-margin services. The decrease in net income is unlikely to stem from a collapse in core operations but can be attributed more to fluctuations in other comprehensive income components and potentially increased operational expenditures aligned with ambitious R&D projects and market expansion efforts discussed in the introduction.

### 3.2 Other Comprehensive Income

A significant and often volatile aspect of Apple's comprehensive income is the change in unrealized gains and losses on certain financial instruments. The statement reveals a notable loss of \$2.17 billion on derivative instruments in 2024, a stark reversal from the gain reported in the prior year. Derivatives are often used for hedging purposes (e.g., hedging foreign currency risk); this loss likely reflects unfavourable movements in the underlying currencies or commodities that Apple hedges against. However, this negative performance was overwhelmingly offset by substantial unrealized gains in marketable debt securities, which soared to \$6.05 billion in 2024 compared with mere \$1.82 billion in 2023. This massive gain is likely a function of the prevailing interest rate environment. If Apple holds a portfolio of fixed-rate bonds acquired before interest rates increase, the market value of those existing bonds increases, creating unrealized gains. These gains in the investment portfolio not only neutralized the derivative losses but also contributed significantly to the overall comprehensive income.

### 3.3 Total Comprehensive Income

When considering all these elements, Apple's total comprehensive income for the fiscal year 2024 stood at \$98.02 billion, higher than the \$96.65 billion reported in 2023. This crucial metric shows that while the company's net income (from operations) slightly decreases, its total economic income, which includes these unrealized investment gains, improves. The increase in unrealized gains on marketable debt securities acted as

a powerful cushion, absorbing the impact of derivative losses and any negative foreign currency translation adjustments. This highlights a key strength: Apple's vast financial resources allow it to maintain a large investment portfolio whose performance can supplement operational earnings during periods of market volatility.

In conclusion, Apple's income statement analysis reveals a company whose core operating business remains a profitability powerhouse. The minor decline in net income is overshadowed by the strength of its comprehensive income, bolstered by strategic financial management of its investment portfolio. A company's earnings resilience in a fluctuating market is a clear indicator of its financial sophistication and durable business model.

#### 4. Cash Flow Statement Analysis

Figure 3: Consolidated Statement of Cash Flows of Apple, Inc. (2022–2024) (Apple Inc, 2024)

	CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions)		
	Years ended		
	September 28, 2024	September 30, 2023	September 24, 2022
Cash, cash equivalents, and restricted cash and cash equivalents, beginning balances	\$ 30,737	\$ 24,977	\$ 35,929
Operating activities:			
Net income	93,736	96,995	99,803
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and amortization	11,445	11,519	11,104
Share-based compensation expense	11,688	10,833	9,038
Other	(2,266)	(2,227)	1,006
Changes in operating assets and liabilities:			
Accounts receivable, net	(3,788)	(1,688)	(1,823)
Vendor non-trade receivables	(1,356)	1,271	(7,520)
Inventories	(1,046)	(1,618)	1,484
Other current and non-current assets	(11,731)	(5,684)	(6,499)
Accounts payable	6,020	(1,889)	9,448
Other current and non-current liabilities	15,552	3,031	6,110
Cash generated by operating activities	118,254	110,543	122,151
Investing activities:			
Purchases of marketable securities	(48,656)	(29,513)	(76,923)
Proceeds from maturities of marketable securities	51,211	39,686	29,917
Proceeds from sales of marketable securities	11,135	5,828	37,446
Payments for acquisition of property, plant and equipment	(9,447)	(10,959)	(10,708)
Other	(1,308)	(1,337)	(2,086)
Cash generated by/(used in) investing activities	2,935	3,705	(22,354)
Financing activities:			
Payments for taxes related to net share settlement of equity awards	(5,441)	(5,431)	(6,223)
Payments for dividends and dividend equivalents	(15,234)	(15,025)	(14,841)
Repurchases of common stock	(94,949)	(77,550)	(89,402)
Proceeds from issuance of term debt, net	—	5,228	5,465
Repayments of term debt	(9,958)	(11,151)	(9,543)
Proceeds from/(Repayments of) commercial paper, net	3,960	(3,978)	3,955
Other	(361)	(581)	(160)
Cash used in financing activities	(121,983)	(108,488)	(110,749)
Increase/(Decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(794)	5,760	(10,952)
Cash, cash equivalents, and restricted cash and cash equivalents, ending balances	\$ 29,943	\$ 30,737	\$ 24,977
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 26,102	\$ 18,679	\$ 19,573

As shown in Figure 3, based on Apple Inc.'s consolidated statement of cash flows for the years ending September 28, 2024, September 30, 2023, and September 24, 2022, the company demonstrates an exceptional ability to generate cash, which is the ultimate litmus test of its operational efficiency and financial strength. The cash flow statement provides a transparent view of how the company funds its operations, invests in the future, and returns value to shareholders.

#### **4.1 Operating Activities**

The cash flow from operating activities is the lifeblood of any company, and Apple's performance here is stellar. The company generated \$118.25 billion in cash from operations in 2024, a significant increase from \$110.54 billion in 2023. This robust generation is driven by its high net income, adjusted for noncash expenses such as depreciation, amortization, and share-based compensation, which add back significant amounts of cash. A key contributor to the increase was a \$12.52 billion rise in “other current and noncurrent liabilities,” which often includes accrued expenses and deferred revenue. The substantial increase in accounts payable by \$7.91 billion is particularly telling; it indicates that Apple is strategically extending its payment terms with suppliers, effectively using their funds to finance its operations without cost—a sign of immense market power and efficient working capital management. Partially offsetting these inflows were changes in other working capital components: a decline in accounts receivable (which is a cash inflow as customers pay down their balances) and an increase in inventories (a cash outflow as cash is used to build inventory stockpiles). These changes could reflect slightly different sales collection patterns or intentional inventory build-up for new product launches.

#### **4.2 Investing Activities**

An Apple's investment activities depict a company actively managing a colossal investment portfolio while making strategic capital investments. The primary cash outflow here was the purchase of marketable securities, which ballooned to \$48.66 billion in 2024 from \$29.51 billion the previous year. This indicates a massive deployment of excess cash into short-term investments. Simultaneously, the company generated \$51.21 billion from the maturities and sales of these securities. This churn within the portfolio is a constant process of reinvesting maturing funds into new instruments, reflecting active treasury management aimed at optimizing returns on its cash reserves. Moreover, capital expenditures (CAPEX) on property, plants, and equipment decreased to \$9.45 billion in 2024. This reduction could signal a temporary lull in major infrastructure expansion or a shift in investment focus towards nontangible assets such as R&D (which is expensed on the income statement, not capitalized here) and content for its services. Despite the large absolute outflows for investments, the high inflows from maturities resulted in a net positive cash flow from investing activities of \$2.94 billion, meaning that Apple's investment activities were a slight net source of cash for the year.

#### **4.3 Financing Activities**

This section clearly outlines Apple's aggressive capital return program. Financing activities resulted in a substantial net cash outflow of \$121.98 billion in 2024, compared with \$108.49 billion in 2023. The dominant force here is the repurchase of common stock, which amounted to a staggering \$94.95 billion. This massive buyback program reduces the number of shares outstanding, increasing earnings per share and returning value to remaining shareholders. Additionally, the company paid \$15.23 billion in dividends, rewarding shareholders with direct cash payments. These actions are funded entirely by the immense cash generated from operations, highlighting a clear strategy: generate vast operating cash, invest sufficiently to maintain competitive advantage, and return most of the surplus to shareholders. Despite these enormous outflows, Apple's foundational cash generation strength allowed it to end the year with a still-formidable cash and cash equivalent balance of \$29.94 billion.

#### **4.4 Conclusion of Cash Flow Analysis**

Overall, Apple's cash flow statement reveals a financial engine operating at peak efficiency. It showcases a robust ability to generate cash from core operations, sophisticated management of a large investment portfolio, and an unwavering commitment to returning capital to shareholders through dividends and buybacks. The ability of a company to fund all its strategic initiatives, investments, and massive shareholder returns while

maintaining a strong net cash position is a powerful test of its financial stability and exceptional strategic planning.

## 5. DuPont Analysis

The DuPont model, created in the early 1900s, remains a foundational and highly useful framework for deconstructing and assessing the drivers of a company's profitability and return on equity (ROE) (Christina & Karthikeyan, 2012). It breaks down ROE into interconnected components, primarily net profit margins and asset turnover, to provide a more nuanced understanding than ROE alone (Soliman, 2008). Applying the extended DuPont analysis framework to Apple, Inc., allows us to dissect its stellar financial performance into three key levers: net profit margin, asset turnover, and the equity multiplier. This analysis elucidates how Apple generates impressive returns on equity, a critical indicator of management's effectiveness in generating returns from shareholders' investments.

### 5.1 Net Profit Margin

Apple's net profit margin for 2024 is approximately 24.0%, derived from its net income of \$93.74 billion divided by total revenue of \$391.04 billion (Leswing, 2024). The company continues to maintain one of the highest net profit margins in the industry, a testament to its premium pricing strategy, which commands strong margins on hardware such as the iPhone and, even more significantly, on its high-margin Services division (including the App Store, subscriptions, and more). Apple's ability to leverage its brand strength, drive continuous innovation, and foster a loyal ecosystem allows it to convert a substantial portion of its sales into pure profit. This exceptional margin represents the first and most critical pillar of its high ROE, reflecting superior cost control and value creation.

### 5.2 Asset Turnover

The asset turnover ratio, calculated as total revenue divided by average total assets, measures how efficiently Apple uses its asset base to generate sales. In 2024, Apple's total revenue reached \$391.04 billion. With total assets beginning at \$352.583 billion and total assets ending at \$364.98 billion, the average total assets for the period were \$358.78 billion. This results in an asset turnover ratio of approximately 1.09.

Despite a substantial asset base that includes a large amount of cash and marketable securities—which could otherwise dilute this ratio—Apple maintains a healthy level of asset turnover. This indicates a company's effectiveness in deploying productive assets, such as inventory, property, plant, and equipment (PP&E), and intellectual property, to generate strong sales. Thus, efficient asset management remains a key pillar supporting Apple's robust return on equity (ROE).

### 5.3 Equity Multiplier

The equity multiplier, calculated as total assets divided by total equity, is a gauge of financial leverage. In 2024, with total assets of \$364.98 billion and total equity of \$56.95 billion, Apple's equity multiplier stands at approximately 6.41 ( $\$364.98/\$56.95$ ). This high ratio indicates that a significant portion of the company's assets are financed by debt rather than equity. While a high degree of leverage inherently increases financial risk, Apple's use of debt is strategic and mitigated by its unparalleled cash-generating ability. The company can comfortably service its debt obligations and likely utilizes debt financing to take advantage of low interest rates (or the tax deductibility of interest) while using its own massive cash flows to fund share buybacks. This leverage has a multiplier effect on ROE, the third pillar amplifying the returns generated from the profitable and efficient use of assets.

### 5.4 Return on Equity (ROE)

ROE is a fundamental metric that assesses how effectively a company generates profits from its shareholders' capital. The impressive ROE of Apple in 2024 can be comprehensively understood through DuPont analysis, which deconstructs it into three driving components: exceptional profitability, solid efficiency, and strategic leverage. The company's industry-leading net profit margin of 24.0%—fueled by its premium product pricing and high-margin services business—combined with a healthy asset turnover ratio of



1.09 reflects superior value creation and efficient use of assets. These strong returns are further amplified by a deliberate and manageable use of debt, as captured in an equity multiplier of 6.41. Importantly, Apple's high ROE is not driven by excessive risk but is instead underpinned by remarkable operational excellence and a capital structure designed to enhance shareholder returns. Thus, Apple's ROE exemplifies a balanced and powerful financial strategy, integrating premium profitability, operational efficiency, and prudent leverage to deliver outstanding returns.

## 6. Conclusion

Apple Inc. has maintained a position of formidable financial strength throughout the past year, as clearly reflected in its balance sheet, income statement, and cash flow statement. Although net income slightly decreased to \$93.74 billion in 2024, the company continues to demonstrate robust profitability and operational excellence, supported by sustained demand for its premium products and high-margin services. The balance sheet remains solid, with total assets growing to \$364.98 billion, reinforced by strategic holdings in liquid marketable securities and long-term investments such as property, plant, and equipment. The increase in liabilities—mainly in current accounts payable—does not indicate weakness but rather reflects Apple's commanding market presence and efficient working capital management, further backed by its exceptional ability to generate strong operational cash flows.

The cash flow statement underscores a highly positive position, with cash from operating activities rising to \$118.25 billion in 2024. This robust inflow highlights Apple's capacity to fund ongoing operations, reinvest in innovation, and sustain substantial capital return initiatives. While financing activities—including \$94.95 billion in share repurchases and \$15.23 billion in dividends—resulted in considerable outflows, the company ended the year with a solid cash and cash equivalent balance of \$29.94 billion. Key financial ratios, especially through DuPont analysis, illustrate peak operational efficiency, characterized by high profit margins, effective asset turnover, and the strategic use of leverage to maximize returns.

Looking forward, Apple's outlook remains promising yet not without challenges. Continued innovation in artificial intelligence (including on-device processing and Apple Intelligence), health-related technologies in wearables, and the emerging spatial computing segment with Vision Pro places the company at the forefront of technology and opens new growth avenues. These developments are essential for preserving premium branding and ecosystem integration. That said, Apple must carefully manage its debt level amid potential interest rate volatility, reconcile short-term liquidity demands with long-term strategic investments, and compete in an increasingly saturated and regulated global marketplace. Geopolitical tensions and supply chain vulnerabilities also pose persistent risks.

Nevertheless, Apple's exceptional operational cash flow, strategic asset allocation, powerful brand, and deeply loyal customer base provide a strong buffer against market uncertainties. The company's proven adaptability to technological shifts, coupled with its integrated ecosystem, will likely sustain its leadership and financial performance in the years ahead. Apple not only adapts to changes but also actively drives them—its financial health serves as the foundation for continued innovation and market shaping.

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