

Write a concise summary for the following:

Operator

Good day, and welcome to the Apple Q1 FY 2022 Earnings Conference Call. Today's call is being recorded.

At this time, for opening remarks and introductions, I would like to turn the call over to Tejas Gala, Director of Investor Relations and Corporate Finance. Please go ahead.

Tejas Gala

Thank you. Good afternoon, and thank you for joining us. Speaking today first is Apple's CEO, Tim Cook; and he'll be followed by CFO, Luca Maestri. After that, we'll open the call to questions from analysts.

Please note that, some of the information you'll hear during our discussion today will consist of forward-looking statements, including, without limitation, those regarding revenue, gross margin, operating expenses, other income and expense, taxes, capital allocation and future business outlook, including the potential impact of COVID-19 on the company's business and results of operations. These statements involve risks and uncertainties that may cause actual results or trends to differ materially from our forecast. For more information, please refer to the risk factors discussed in Apple's most recently filed annual report on Form 10-K and the Form 8-K filed with the SEC today, along with the associated press release. Apple assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

I'd like to now turn the call over to Tim for introductory remarks.

Tim Cook

Thank you, Tejas, and good afternoon. Today, we are proud to announce Apple's biggest quarter ever. Through the busy holiday season, we set an all-time revenue record of nearly \$124 billion, up 11% from last year and better than we had expected at the beginning of the quarter. And we are pleased to see that our active installed base of devices is now at a new record with more than 1.8 billion devices.

We set all-time records for both developed and emerging markets and saw revenue growth across all of our product categories, except for iPad, which we said would be supply constrained. As expected, in the aggregate, we experienced supply constraints that were higher than the September quarter.

Before I discuss our results in greater detail, I want to first acknowledge the toll that COVID continues to have on communities around the world. In many places, case counts are higher and health systems more strained than at any point throughout the pandemic. On behalf of all of us at Apple, I want to extend our deep gratitude to the scientists, doctors, nurses and so many others on the front lines of combating COVID-19.

This is our eighth quarter reporting results in the shadow of the pandemic. And while I can't say it gets any easier, I can say I'm incredibly proud of the way our teams have come together and continue to innovate on behalf of our customers.

A few weeks ago, we marked the 15th anniversary of the day Steve revealed iPhone to the world. We knew that we had the beginnings of something fundamentally transformative, though none of us could have predicted the incredible and

meaningful impact it would have on all of our lives. The creative spirit that made the first iPhone possible has thrived at Apple every day since. We never stop creating. We never stop innovating. You can see that spirit reflected throughout our products from the incredible performance and capability of our M1 chips to our powerful yet easy to use operating systems to our unrivaled iPhone camera systems to the beauty and magic of AirPods. That's why each of our major products leads the industry in customer satisfaction for their respective category. People expect Apple to solve hard problems with easy to use products. And iPhone has never been more popular.

During the December quarter, we set an all-time revenue record for iPhone, thanks to the strength of our incredible iPhone 13 lineup. This is the best iPhone lineup we've ever had and the reaction from the press and our users have been off the charts. This past quarter, we also set another all-time revenue record for Mac with customers eager to get their hands on an M1-powered MacBook Air, iMac or MacBook Pro. We've been thrilled with the response from Pro users to the M1 Pro and M1 Max chips and to see how Apple silicon is blowing them away with its power, performance and efficiency.

Despite the constraints I mentioned earlier, our iPad lineup continues to be indispensable to tens of millions of people, from teachers and students to artists and creators. Customers are eager to get their hands on our ninth generation iPad, which features a beautiful display and double the storage capacity, as well as the new iPad Mini with its ultra portable design.

Wearable, Home and Accessories, meanwhile, set an all-time revenue record. Customers are loving the Apple Watch Series 7, with its cutting edge health and fitness tracking features. Nearly every day, I get notes from customers who share how a heart alert led to a life saving appointment with a cardiologist. And more recently, I've been hearing from people who tell me that their Apple Watch saved their lives by calling 911, when they couldn't.

As I've said, we're still in the early innings with our health work that every day I'm encouraged by our positive impact.

We are also making great advancements in audio and are seeing strong demand from customers as a result. The HomePod Mini continues to earn praise for combining the intelligence of Siri with an immersive room filling audio experience. And our customers have responded with a lot of excitement to the magic of spatial audio on AirPods which packs the acoustics of a concert hall.

As always, the deep integration of hardware, software and services is a hallmark of everything Apple makes. It's a principle you can see at work in the introduction of SharePlay, a feature that offers a whole new way to create shared experiences by letting users watch and listen to their favorite content together on FaceTime.

And we continue to invest in innovation across our services business, which set another all-time revenue record last quarter and performed even better than we had anticipated.

The App Store continues to be an economic miracle for developers around the world and a safe and trusted place for consumers to discover their favorite apps. Since its launch, we have paid developers selling digital goods and services more than \$260 billion, with 2021 setting a new record for their earnings.

I'm also happy to report that in its first 2 years, Apple TV+ shows and movies have earned 200 award wins and more than 890 nominations. Among the powerful lineup are feature films like The Tragedy of Macbeth, CODA and Swan Song, along with many gripping new series coming up, including Severance and The Afterparty. Each one is

a tremendous credit to all the storytellers in front of the cameras and behind them who touched audiences all over the world.

Fitness+, meanwhile, continues to inspire customers to reach their health and fitness goals. We recently introduced Time to Run, an extension of our popular series Time to Walk, as well as new collections of workouts and meditations to help users make more intentional training choices.

Despite the pandemic, our retail businesses saw its highest revenue in Apple's history, and we also earned our highest ever customer satisfaction scores. That is a testament to the incredible adaptability our teams have shown as we've reimagined [digital] experience.

I also want to take a moment to thank our retail employees and AppleCare teams for the deep care you've given to our customers as they look to get the most out of our products, learn new skills or track down the perfect gift.

We have always led with our values and with compassion and care and never has that been more needed than during the pandemic. Last quarter, we celebrated 10 years of our Employee Giving program, which we started to help our employees identify and support the causes they care most deeply about. We pledged to match their contributions to organizations doing important work at every level from their local food pantry to global humanitarian non-profits. In the last decade, this program has contributed nearly \$725 million to charitable organizations.

We also celebrated 15 years of Apple's partnership with a global fund on Project RED supporting their life-saving work to expand healthcare services in Sub-Saharan Africa for people living with HIV/AIDS. With the support of our customers, we've now raised nearly \$270 million to fund prevention, testing and counseling services for people impacted by HIV/AIDS.

And in keeping with our abiding belief in and commitment to education, we also launched a new partnership with the Boys & Girls Club of America. This initiative will help young people across the U.S. learn to code on iPad using our Everyone Can Code curriculum. And we are continuing to drive innovations to help combat climate change. We are already carbon neutral across our own operations, and we are working intensely to meet our 2030 goal of carbon neutrality across our supply chain and the life cycle of our products.

To celebrate Black History Month, we will be releasing a special edition Apple Watch Black Unity Braided Solo Loop and a matching Unity Lights Watch Face. And through our racial equity and justice initiative, we are continuing to support organizations blazing trails to a more equitable world in our economies, our classrooms and our criminal justice system.

We recognize, as ever, that it takes all of us to confront our most profound challenges. And at Apple, we are determined to do our part. That includes our own work and inclusion and diversity, which we are advancing every day.

Let me close by saying that despite the uncertainty of the world, there is one thing of which I am certain: Apple will continue to [innovate] every day and in every way to deliver on the promise of technology at its best.

I will now turn it over to Luca to go over our quarterly results in more detail.