

Adobe Q4 FY2024 Earnings Call

December 11, 2024

Adobe

Introduction

Steve Day | SVP, DX CFO & Corporate Finance, Interim Head of Investor Relations

Adobe

STEVE DAY

Good afternoon and thank you for joining us. With me on the call today are Shantanu Narayen, Adobe's Chair and CEO, David Wadhvani, President of Digital Media, Anil Chakravarthy, President of Digital Experience, and Dan Durn, Executive Vice President and CFO.

On this call, which is being recorded, we will discuss Adobe's fourth quarter and fiscal year 2024 financial results. You can find our press release, as well as PDFs of our prepared remarks and financial results, on Adobe's Investor Relations website.

Financial Disclaimer

Some of the information discussed in this presentation, including our financial targets and product plans, is based on information as of today, December 11, 2024, and contains forward -looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those set forth in such statements.

For a discussion of these risks and uncertainties, you should review Adobe's SEC filings.

During this presentation, we will discuss non -GAAP financial measures. The GAAP financial measures that correspond to non -GAAP or adjusted financial measures, as well as the reconciliation between the two, are available on www.adobe.com/ADBE.

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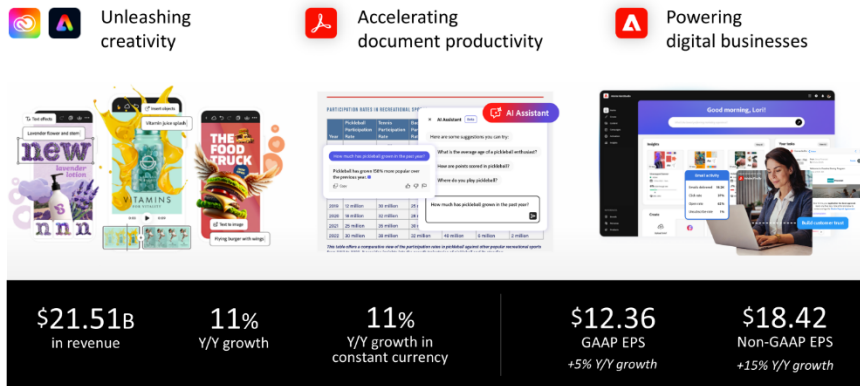
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The information discussed on this call, including our financial targets and product plans, is as of today, December 11, and contains forward-looking statements that involve risk, uncertainty and assumptions. Actual results may differ materially from those set forth in these statements. For more information on those risks, please review today's earnings release and Adobe's SEC filings.

On this call we will discuss GAAP and non-GAAP financial measures. Our reported results include GAAP growth rates as well as constant currency rates. During this presentation, Adobe's executives will refer to constant currency growth rates unless otherwise stated. Non-GAAP reconciliations are available in our earnings release and on Adobe's Investor Relations website.

I will now turn the call over to Shantanu.

FY2024 Performance



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2024 was a year of records for Adobe. We achieved record revenue of \$21.51 billion, representing 11 percent year-over-year growth. GAAP earnings per share was \$12.36 and non-GAAP earnings per share was \$18.42, representing 5 percent and 15 percent year-over-year growth, respectively. We hit several new milestones with our AI innovations, enabling us to add more than two billion dollars in Digital Media net new ARR and surpass one billion dollars in the ending book of business for Adobe Experience Platform and native apps. The Digital Experience business crossed \$5 billion in revenue, making us one of the mission-critical providers of marketing technology in the world. We exited the year with \$19.96 billion in RPO and cash and short-term investments of \$7.89 billion.

2024 was also a transformative year of product innovation, where we delivered foundational technology platforms.

- We introduced multiple generative AI models in the Adobe Firefly family including Imaging, Vector, Design and most recently Video. Adobe now has a comprehensive set of generative AI models designed to be commercially safe for creative content, offering unprecedented levels of output quality and user control in our applications.
- We reimagined creativity and productivity for a broader set of customers with Adobe Express, the quick and easy create-anything app.
- The deep integration of Firefly across our flagship applications in Creative Cloud, Document Cloud and Experience Cloud is driving record customer adoption and usage. Firefly-powered

generations across our tools surpassed 16 billion, with every month this past quarter setting a new record.

- We enhanced document productivity with AI Assistant in Adobe Acrobat and Reader, unlocking even greater value from the trillions of PDFs around the world.
- We've successfully scaled Adobe Experience Platform and native apps to deliver the fundamental infrastructure required for customer engagement. We're accelerating automated decisioning and powering audiences, journeys and channels to deliver truly personalized experiences at scale.
- We set the stage to drive an AI content revolution by bringing content and data together in Adobe GenStudio, integrating high-velocity creative expression with enterprise activation. The release of Adobe GenStudio for Performance Marketing integrates Creative Cloud, Express and Experience Cloud and extends our end-to-end content supply chain solution, empowering freelancers, agencies and enterprises to accelerate the delivery of content, advertising and marketing campaigns.

I'll now turn it over to David to discuss the momentum in our Digital Media business.

Q4 FY2024 Highlights

David Wadhvani | President, Digital Media Business



DAVID WADHWANI

Thanks, Shantanu. Hello everyone.

In Q4, we achieved net new Digital Media ARR of \$578 million and revenue of \$4.15 billion, which grew 12 percent year over year, fueled by innovation in both our Creative and Document businesses. We ended the year with just over two billion dollars of net new Digital Media ARR for the first time ever, as a result of accelerated product innovation, record traffic to adobe.com and engagement on social and mobile, as well as increasing value for enterprise customers through Firefly Services and GenStudio, which bring together our Creative and Experience Clouds.

- Document Cloud revenue of \$843 million, up 17% Y/Y as reported and in constant currency in Q4 FY2024;
- Continued growth of Monthly Active Users, which grew over 25 percent year over year, surpassing 650 million paid and free users;
- Strong top of funnel momentum through Acrobat Web, with monthly active users up nearly 50 percent year over year;
- Strength in Acrobat Pro single app in both Document Cloud and Creative Cloud offerings;
- A great back to school season with a new AI Assistant offering in Education for students; and
- Key enterprise customer wins include Abbott Laboratories, BWI GmbH, Defense Information Systems Agency, Kaiser Permanente, Novo Nordisk, Truist, U.S. Cellular and the U.S. Department of State.



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Digital Media: Document Cloud

On the Document Cloud side, PDF continues to be the global standard for digital documents and Adobe Acrobat is revolutionizing the way people engage with them across mobile, web and desktop.

We took a major step forward in FY24 with the introduction of AI Assistant in Acrobat and Reader. AI Assistant and other AI features, like Liquid Mode and Firefly, are accelerating productivity through faster insights, smarter document editing and integrated image generation. A recent productivity study found that users leveraging AI Assistant completed their document-related tasks four times faster on average. AI Assistant is now available in Acrobat across desktop, web and mobile and integrated into our Edge, Chrome and Microsoft Teams extensions. In Q4, we continued to extend its value with specialized AI for contracts and scanned documents, support for additional languages and the ability to analyze larger documents. In Acrobat Web, our integrations with Adobe Express allow users to generate images and quickly stylize content. We saw AI Assistant conversations double quarter over quarter, driving deeper customer value.

In Q4, we achieved Document Cloud revenue of \$843 million, growing 17 percent year over year. We set a record for net new Document Cloud ARR of \$173 million, with ending ARR of \$3.48 billion, growing 23 percent year over year.

Other highlights include:

- Continued growth of Monthly Active Users, which grew over 25 percent year over year, surpassing 650 million paid and free users.
- Strong top of funnel momentum through Acrobat Web, with monthly active users up nearly 50 percent year over year.
- Strength in Acrobat Pro single app in both Document Cloud and Creative Cloud offerings.
- A great back to school season with a new AI Assistant offering in Education for students.
- Key enterprise customer wins include Abbott Laboratories, BWI GmbH, Defense Information Systems Agency, Kaiser Permanente, Novo Nordisk, Truist, U.S. Cellular and the U.S. Department of State.

- Creative revenue of \$3.30 billion, up 10% Y/Y as reported or 11% in constant currency in Q4 FY2024;
- Adoption of Adobe Express by ~4,000 businesses and +84% Y/Y in the number of students with access to Express Premium;
- Adobe Express saw strong ecosystem growth, 180+ plugins available Express marketplace and integrations into leading social, productivity and collaboration apps;
- Massive customer interest in Firefly Video Model, limited public beta, in Premiere Pro drove +70% increase in Premiere Pro beta users since introduction at MAX. It will be more broadly available in early 2025;
- Enhancements to Firefly Image, Vector and Design models include 4x faster image generation and new capabilities;
- Strong adoption of Lightroom Mobile. Adobe Lightroom was recognized as the Mac App of the Year in Apple's Annual App Store Awards;
- New Frame.io V4 streamlines creative management for video projects;
- Firefly Services adoption ramps as enterprises such as Pepsi and Tapestry use it to scale content production; and
- Key enterprise customer wins include Alphabet, American Express, Coca-Cola, Johnson & Johnson, LVMH, Nestlé, Procter & Gamble, T-Mobile and the U.S. Department of Defense.

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Digital Media: Creative Cloud

Creative Cloud also had a strong year, as demand for content continues to grow across mobile, desktop and streaming platforms. Adobe MAX, the premiere creativity conference, showcased our FY24 innovation and drove over half a billion video views across all channels.

We have made major strides with our generative AI models with the introduction of Firefly Image Model 3, enhancements to our vector models, richer design models and the all-new Firefly video model. These models are incredibly powerful on their own, and their deep integration into our tools, like Lightroom, Photoshop, Premiere, InDesign and Express have brought incredible value to millions of creative professionals around the world. We have brought our Creative and Experience Clouds together through the introduction of Firefly Services in GenStudio, addressing the growing need for scaled content production in enterprises. Firefly generations continue to accelerate and now have crossed 16 billion cumulative generations.

In Q4, we achieved \$3.30 billion in revenue, which grew 11 percent year over year. Net new Creative Cloud ARR was \$405 million.

Other highlights include:

- Adoption of Adobe Express by approximately 4,000 businesses in the quarter and an 84 percent year-over-year increase in the number of students with access to Express Premium as part of this year's back to school season. Adobe Express saw strong ecosystem growth, with over 180

plugins available in our Express marketplace and integrations into leading social, productivity and collaboration apps like ChatGPT, Google, Slack, Wix, Box, Hubspot and Webflow, significantly increasing our customer reach.

- The launch of the Firefly Video Model and its unique integration in Premiere Pro in limited public beta garnered massive customer interest and we look forward to making it more broadly available in early 2025. This feature drove a 70 percent increase in the number of Premiere Pro beta users since it was introduced at MAX.
- Enhancements to Firefly Image, Vector and Design models include four times faster image generation and new capabilities integrated into Photoshop, Illustrator, Premiere Pro and Adobe Express.
- Strong adoption of Lightroom Mobile with customers embracing innovations like Generative Remove and Lens Blur as well as Quick Actions which streamlines editing and increases discovery and adoption of premium features. Just this morning, Adobe Lightroom was recognized as the Mac App of the Year in Apple's Annual App Store Awards.
- The launch of the new Frame.io V4 streamlines creative management for video projects to enable end-to-end editing capabilities and seamless collaboration between editors and their stakeholders.
- Firefly Services adoption continued to ramp as enterprises such as Pepsi and Tapestry use it to scale content production given the robust APIs and ease of creating custom models that are designed to be commercially safe.
- Key enterprise customer wins include Alphabet, American Express, Coca-Cola, Johnson & Johnson, LVMH, Nestlé, Procter & Gamble, T-Mobile and the U.S. Department of Defense.

Our AI product releases and business evolution in FY24 has set the stage for another strong year ahead as we expand to new audiences, deliver more value to existing users and increasingly integrate our Digital Media and Digital Experience clouds to create differentiated business solutions. We will do this by:

- Accelerating the adoption of freemium offers including Express, Lightroom and Acrobat on web

and mobile, as well as expanding access to Acrobat AI Assistant- which delivered strong financial performance in FY24.

- Growing our core creative business by continuing to expand our AI innovations in our flagship applications as well as bringing them to web and mobile. In addition, we will soon introduce a new higher-priced Firefly offering that includes our video models, as a comprehensive AI solution for creative professionals. This will allow us to monetize new users, provide additional value to existing customers and increase ARPU.
- And further accelerating Firefly Services, which saw significant demand in FY24, by integrating it into GenStudio to provide enterprises with solutions to exponentially scale their content production capabilities with AI.

We're thrilled with the response to our innovations in FY24, excited to release new capabilities and look forward to delighting customers in the year ahead.

I'll now pass it to Anil.

Q4 FY2024 Highlights

Anil Chakravarthy | President, Digital Experience Business



ANIL CHAKRAVARTHY

Thanks, David. Hello everyone.

- Digital Experience revenue of \$1.40 billion, up 10% Y/Y as reported and in constant currency with subscription revenue of \$1.27 billion, up 13% Y/Y as reported or 12% in constant currency in Q4 FY2024;
- Expanded partnership with Amazon to make Adobe Experience Platform available on Amazon Web Services (AWS) and extend our leadership across public clouds. Enterprises will soon be able to access the full power of AEP and native apps on AWS;
- Integration partnerships with Google’s Campaign Manager 360, Meta, Microsoft Advertising, Snap and TikTok, offering marketing teams a holistic view of campaign performance directly in Adobe GenStudio to optimize the ROI of their ad spend;
- Strong industry analyst recognition in major analyst reports including:
 - Gartner Magic Quadrant for Digital Commerce
 - Forrester Wave for Cross-Channel Marketing Hubs
- Our largest bookings quarter ever with key global customer wins including Air Canada, Allianz, American Express, Bank of America, BMW, Centene, CIBC, Cisco, Disney, Fanatics, GAP, GM, JPMorgan Chase, PayPal, Samsung, Tesco and Wells Fargo.



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The Experience Cloud business had a strong close to the year, achieving revenue of \$1.40 billion for the quarter and a record \$5.37 billion in revenue in fiscal 2024. Subscription revenue in the quarter was \$1.27 billion, representing 12 percent year-over-year growth. The book of business for Adobe Experience Platform and native apps— Real-Time CDP, Customer Journey Analytics and Journey Optimizer— surpassed one billion dollars in the quarter, with 48 of the Fortune 100 companies now leveraging these solutions.

The market opportunity for customer experience management is large and growing. Both B2B and B2C

companies are selecting Adobe as their strategic technology partner to accelerate customer acquisition, engagement and retention. Our leading solutions spanning content, data and customer journeys empower businesses to drive top-line growth while simultaneously delivering productivity gains.

The AI innovations we have delivered enable our customers to accelerate the delivery of personalized experiences at scale and have been built to satisfy enterprise governance requirements. Adobe Experience Platform AI Assistant empowers marketers to automate tasks and generate new audiences and journeys. Adobe Experience Manager Generate Variations provides dynamic and personalized content creation natively through AEM, enabling customers to deliver more compelling and engaging experiences on their websites.

We are transforming the content supply chain for enterprises with Adobe GenStudio, which natively integrates multiple Adobe applications across Creative Cloud and Experience Cloud, including Express, Firefly, Workfront, Experience Manager, Customer Journey Analytics and Journey Optimizer. GenStudio enables agencies and enterprises to unlock new levels of creativity and efficiency across content creation and production, workflow and planning, asset management, delivery and activation and reporting and insights. Adobe GenStudio for Performance Marketing is a great addition to the GenStudio portfolio, offering an integrated application to create paid social ads, display ads, banners and marketing emails by leveraging pre-approved, on-brand content. It brings together creative teams that define the foundational requirements of a brand, including guidelines around brand voice, channels and images, with marketing teams that need to deliver numerous content variations with speed and agility. We're seeing strong customer demand for Adobe GenStudio for Performance Marketing since its general availability at MAX. GenStudio is *the* answer to address how marketing is going to transform in the era of AI for CMO's, CIO's and CFO's.

Other highlights include:

- Expanded partnership with Amazon to make Adobe Experience Platform available on Amazon Web Services (AWS) and extend our leadership across public clouds. Enterprises will soon be able to access the full power of AEP and native apps on AWS.
- Integration partnerships with Google's Campaign Manager 360, Meta, Microsoft Advertising,

Snap and TikTok, offering marketing teams a holistic view of campaign performance directly in Adobe GenStudio to optimize the ROI of their ad spend.

- Strong industry analyst recognition in major analyst reports including the Gartner Magic Quadrant for Digital Commerce and the Forrester Wave for Cross-Channel Marketing Hubs. In particular, Gartner recognized Adobe's critical capabilities for Multichannel Marketing such as our differentiated ability to adapt customer journeys in real time based on customer behavior.
- AI innovations delivered in the premium tiers and add-ons helped us close our largest bookings quarter ever, with key global customer wins including Air Canada, Allianz, American Express, Bank of America, BMW, Centene, CIBC, Cisco, Disney, Fanatics, GAP, GM, JPMorgan Chase, PayPal, Samsung, Tesco and Wells Fargo.

Digital remains a critical growth imperative for businesses around the world. Adobe Digital Insights, which analyzes trillions of data points, reported that both Black Friday and Cyber Monday sales hit record highs of \$10.8 billion and \$13.3 billion, jumping 10.2 percent and 7.3 percent from last year, respectively. We expect the full holiday season to hit \$240.8 billion, up 8.4 percent year over year.

With the availability of our new offerings, in FY25, Adobe has a unique opportunity to capitalize on the breadth of these solutions to further optimize our integrated go-to-market field organization. We are expanding our enterprise go-to-market teams to sell these integrated solutions that cut across Digital Media and Digital Experience, globally under the new GenStudio umbrella. We have seen early success for this strategy that included Express and Firefly Services in Q4. As we enable our worldwide field organization in Q1, we anticipate acceleration of this pipeline throughout the rest of the year and beyond.

We are confident of continuing our leadership and momentum into 2025.

I will now pass it to Dan.

Q4 and FY2024 Results

Dan Durn | EVP & CFO

The Adobe logo, consisting of the word "Adobe" in a bold, red, sans-serif font.

DAN DURN

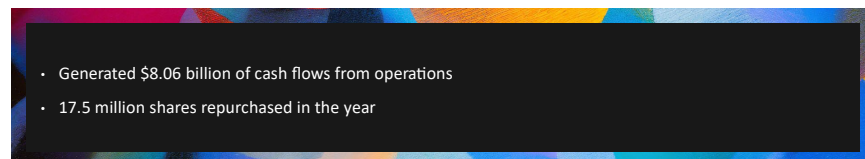
Thanks, Anil.

Our earnings report today covers both Q4 and FY24 results, highlighting growth drivers across our businesses, and I'll finish with financial targets.

We are proud of the performance we have driven in FY24, delivering record revenue, EPS and Operating Cash Flows while aggressively investing in AI product innovation. New AI releases including Express, Acrobat AI Assistant, Firefly Services, DX premium tiers and GenStudio for Performance Marketing have expanded the portfolio of products, driving proliferation and meaningful GenAI monetization. We had a strong finish to the year with records in Digital Media net new ARR and Digital Experience bookings.

FY2024 Results

Total Revenue	\$21.51 billion	11% Y/Y growth	11% Y/Y growth ¹
Digital Media ARR	\$2.0 billion of net new ARR		
Digital Media segment revenue	\$15.86 billion	12% Y/Y growth	12% Y/Y growth ¹
Digital Experience segment revenue	\$5.37 billion	10% Y/Y growth	10% Y/Y growth ¹
Digital Experience subscription revenue	\$4.86 billion	12% Y/Y growth	12% Y/Y growth ¹
Earnings per share	GAAP: \$12.36	Non-GAAP: \$18.42	



1. Adjusted to show growth rates in constant currency.



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In FY24, Adobe achieved record revenue of \$21.51 billion, which represents 11 percent year-over-year growth as reported and in constant currency.

GAAP EPS for the year was \$12.36, and non-GAAP EPS was \$18.42, growing 5 percent and 15 percent year over year, respectively.

FY24 business and financial highlights included:

- Digital Media revenue of \$15.86 billion;
- Net new Digital Media ARR of \$2.00 billion;
- Digital Experience revenue of \$5.37 billion;
- Cash flows from operations of \$8.06 billion;
- RPO of \$19.96 billion exiting the year; and
- Repurchasing approximately 17.5 million shares of our stock during the year.

Q4 FY2024 Results

Total Revenue	\$5.61 billion	11% Y/Y growth	11% Y/Y growth ¹
Digital Media ARR	\$578 million of net new ARR		
Digital Media segment revenue	\$4.15 billion	12% Y/Y growth	12% Y/Y growth ¹
Digital Experience segment revenue	\$1.40 billion	10% Y/Y growth	10% Y/Y growth ¹
Digital Experience subscription revenue	\$1.27 billion	13% Y/Y growth	12% Y/Y growth ¹
Earnings per share	GAAP: \$3.79		Non-GAAP: \$4.81

- Generated \$2.92 billion of cash flows from operations
- 4.6 million shares repurchased in the quarter
- Remaining Performance Obligations (RPO) exiting the quarter were \$19.96 billion

¹ Adjusted to show growth rates in constant currency.



In the fourth quarter of FY24, Adobe achieved revenue of \$5.61 billion, which represents 11 percent year-over-year growth as reported and in constant currency. GAAP diluted earnings per share in Q4 was \$3.79 and non-GAAP diluted earnings per share was a record \$4.81, growing 17 percent and 13 percent year over year, respectively.

Q4 business and financial highlights included:

- Digital Media revenue of \$4.15 billion;
- Net new Digital Media ARR of \$578 million;
- Digital Experience revenue of \$1.40 billion;
- Cash flows from operations of \$2.92 billion; and
- Added \$1.82 billion to RPO in the quarter.

Digital Media

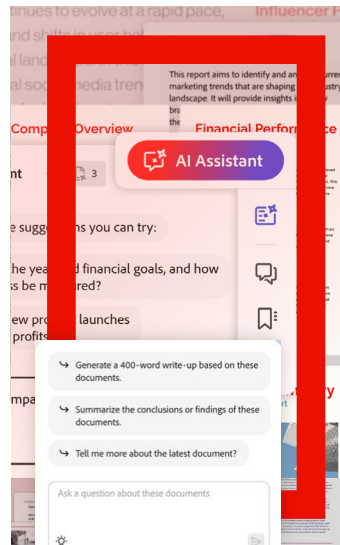
In our Digital Media segment, we achieved Q4 revenue of \$4.15 billion, which represents 12 percent year-over-year growth as reported and in constant currency. We exited the quarter with \$17.33 billion of Digital Media ARR, growing our ending ARR book of business 13 percent year over year in constant currency.

Adobe Document Cloud Q4 FY2024 Highlights

- Document Cloud revenue of \$843 million, up 17% Y/Y as reported and in constant currency, with \$173 million of net new Document Cloud ARR
- Strong growth across Reader and Acrobat on web and mobile and extensions such as Edge and Chrome;
- Acrobat subscription demand across all customer segments, routes to market and geographies;
- Accelerated adoption and monetization of AI Assistant driven by product enhancements and delivery of French and German language support; and
- Year-end seasonal strength in the enterprise.



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Digital Media: Document Cloud

Adobe achieved Document Cloud revenue of \$843 million, which represents 17 percent year-over-year growth as reported and in constant currency. In the quarter, we added \$173 million of net new Document Cloud ARR, growing our ending ARR book of business 23 percent year over year in constant currency.

Fourth quarter Document Cloud growth drivers included:

- Strong growth across Reader and Acrobat on web and mobile and extensions such as Edge and Chrome;
- Acrobat subscription demand across all customer segments, routes to market and geographies;
- Accelerated adoption and monetization of AI Assistant driven by product enhancements and delivery of French and German language support; and
- Year-end seasonal strength in the enterprise.

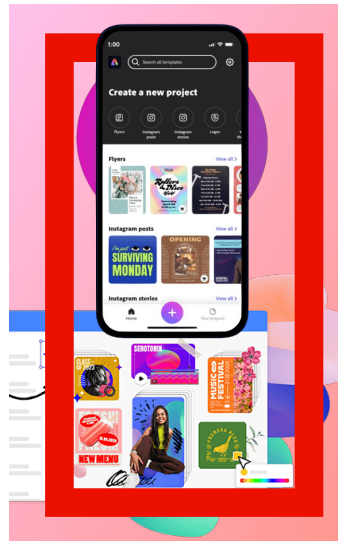
Adobe Creative Cloud Q4 FY2024 Highlights



- Creative revenue of \$3.30 billion growing 10% Y/Y as reported or 11% Y/Y in constant currency, with \$405 million of net new Creative ARR
- Strong demand for new subscriptions for Creative Cloud All Apps, across individuals, Teams, Enterprise and Education;
- Strength in Creative Cloud single apps for Acrobat Pro, Lightroom and Photoshop;
- Momentum with new subscriptions in emerging markets;
- Demand for Adobe Express across education, SMB, and enterprises; and
- Adoption of Firefly Services in the enterprise.

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Digital Media: Creative Cloud

We achieved Creative revenue of \$3.30 billion, which represents 10 percent year-over-year growth, or 11 percent in constant currency. In the quarter, we added \$405 million of net new Creative ARR, growing our ending ARR book of business 11 percent year over year in constant currency.

Fourth quarter Creative growth drivers included:

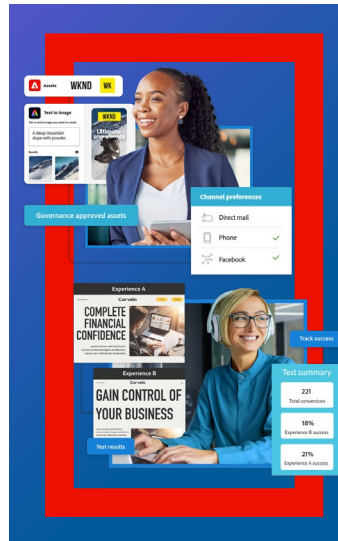
- Strong demand for new subscriptions for Creative Cloud All Apps, across individuals, Teams, Enterprise and Education;
- Strength in Creative Cloud single apps for Acrobat Pro, Lightroom and Photoshop;
- Momentum with new subscriptions in emerging markets;
- Demand for Adobe Express across education, SMB, and enterprises; and
- Adoption of Firefly Services in the enterprise.

Adobe Experience Cloud Q4 FY2024 Highlights

- Digital Experience revenue of \$1.40 billion growing 10% Y/Y as reported and in constant currency, with subscription revenue of \$1.27 billion growing 13% Y/Y as reported or 12% in constant currency
- Strong finish to the year, with the largest-ever bookings quarter and robust performance across geographies including the U.S. and EMEA and multiple verticals including financial services;
- Strong subscription revenue growth, led by Adobe Experience Manager, Adobe Journey Optimizer, Real-Time-Customer Data Platform, Customer Journey Analytics and Workfront;
- Continued strength in retention and expansion across our enterprise customers with Digital Experience solutions being leveraged by 85 of the Fortune 100 companies;
- Momentum with AEP and native apps, with FY24 ending book of business surpassing \$1.0 billion and growing greater than 40% Y/Y; and
- Strong bookings for our umbrella GenStudio solution with interest and momentum for our new GenStudio for Performance Marketing offering.

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Digital Experience

Turning to our Digital Experience segment, in Q4 we achieved revenue of \$1.40 billion, which represents 10 percent year-over-year growth as reported and in constant currency. Digital Experience subscription revenue was \$1.27 billion, growing 13 percent year over year or 12 percent in constant currency.

Fourth quarter Digital Experience growth drivers included:

- Strong finish to the year, with the largest-ever bookings quarter and robust performance across geographies including the U.S. and EMEA and multiple verticals including financial services;
- Strong subscription revenue growth, led by Adobe Experience Manager, Adobe Journey Optimizer, Real-Time-Customer Data Platform, Customer Journey Analytics and Workfront;
- Continued strength in retention and expansion across our enterprise customers with Digital Experience solutions being leveraged by 85 of the Fortune 100 companies;
- Momentum with AEP and native apps, with FY24 ending book of business surpassing \$1.0 billion and growing greater than 40 percent year over year; and
- Strong bookings for our umbrella GenStudio solution with interest and momentum for our new GenStudio for Performance Marketing offering.

Q4 FY2024 Results

\$19.96B

RPO

\$7.89B

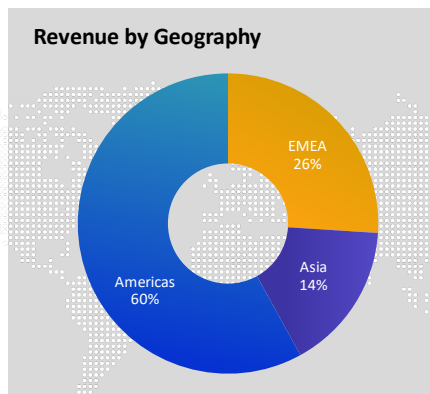
Cash and short-term investments

\$2.92B

Cash flows from operations

4.6M

Shares repurchased



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Income Statement and Balance Sheet

Adobe’s effective tax rate in Q4 was 15.5 percent on a GAAP basis and 18.5 percent on a non-GAAP basis.

RPO exiting the quarter was \$19.96 billion, growing 16 percent and cRPO growing 13 percent year over year as reported.

Our cash flows from operations in the quarter were a record \$2.92 billion, and ending cash and short-term investment position exiting Q4 was \$7.89 billion.

In Q4, we entered into a \$2.5 billion share repurchase agreement, and we currently have \$17.65 billion remaining of our \$25 billion authorization granted in March 2024.

Targets

Now turning to our FY2025 financial targets.

FY2025 Financial Targets | December 11, 2024

Total Revenue	\$23.30 billion to \$23.55 billion
Digital Media segment revenue	\$17.25 billion to \$17.40 billion
Digital Media ending ARR growth	11.0% Y/Y
Digital Experience segment revenue	\$5.80 billion to \$5.90 billion
Digital Experience subscription revenue	\$5.375 billion to \$5.425 billion
Earnings per share	GAAP: \$15.80 to \$16.10 Non-GAAP: \$20.20 to \$20.50

The information on this slide contains forward looking statements that involve risk and uncertainty. Actual results may differ materially. Please review Adobe's SEC filings and/or visit the Adobe Investor Relations website for additional information.

¹ Targets assume non-GAAP operating margin of ~46%, non-GAAP tax rate of ~18.5% and diluted share count of ~433 million for fiscal year 2025.



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We measure ARR on a constant currency basis during the fiscal year and revalue ending ARR at year-end. FX rate changes between the end of FY23 and the end of FY24 have resulted in a \$117 million decrease to the Digital Media ARR balance entering FY25, from \$17.33 to \$17.22 billion and is reflected in our investor data sheet. We expect an approximate \$200 million headwind to FY25 revenue, as a result of the effect of foreign exchange and a smaller impact of the continued move to subscriptions from perpetual offerings.

Factored into our financial targets is an ongoing strategy to introduce new tiered subscription offerings and add-ons.

For FY25 we are targeting:

- Total Adobe revenue of \$23.30 to \$23.55 billion;
- Digital Media segment revenue of \$17.25 to \$17.40 billion;
- Digital Media ending ARR book of business growth of 11.0 percent year over year;
- Digital Experience segment revenue of \$5.80 to \$5.90 billion;
- Digital Experience subscription revenue of \$5.375 to \$5.425 billion;
- GAAP earnings per share of \$15.80 to \$16.10; and
- Non-GAAP earnings per share of \$20.20 to \$20.50.

We expect non-GAAP operating margin of approximately 46 percent and a non-GAAP tax rate of approximately 18.5%.

Q1 FY2025 Financial Targets | December 11, 2024

Total Revenue	\$5.63 billion to \$5.68 billion	
Digital Media segment revenue	\$4.17 billion to \$4.20 billion	
Digital Experience segment revenue	\$1.38 billion to \$1.40 billion	
Digital Experience subscription revenue	\$1.27 billion to \$1.29 billion	
Earnings per share	GAAP: \$3.85 to \$3.90	Non-GAAP: \$4.95 to \$5.00

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¹ Targets assume non-GAAP operating margin of ~47%, non-GAAP tax rate of ~18.5% and diluted share count of ~439 million for first quarter fiscal year 2025.



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For Q1 FY25 we are targeting:

- Total Adobe revenue of \$5.63 to \$5.68 billion;
- Digital Media segment revenue of \$4.17 to \$4.20 billion;
- Digital Experience segment revenue of \$1.38 to \$1.40 billion;
- Digital Experience subscription revenue of \$1.27 to \$1.29 billion;
- GAAP earnings per share of \$3.85 to \$3.90; and
- Non-GAAP earnings per share of \$4.95 to \$5.00.

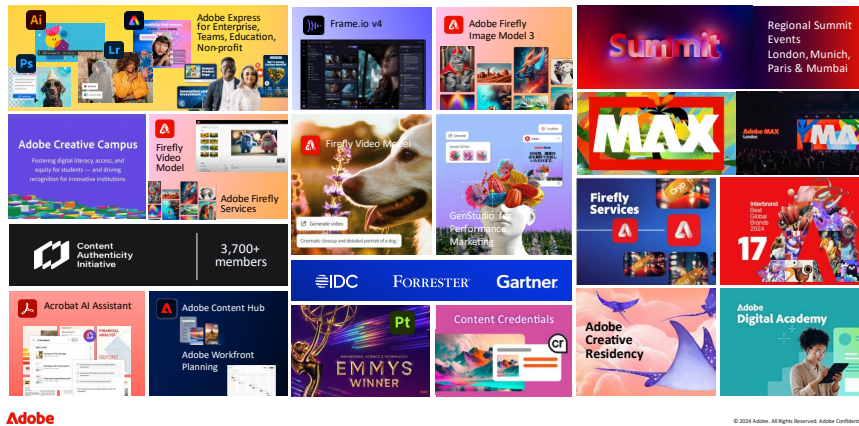
For Q1, we expect non-GAAP operating margin of approximately 47 percent and a non-GAAP tax rate of approximately 18.5%.

Summary

In summary, I'm proud of our outstanding performance, which combines robust product leadership, velocity of innovation and financial discipline positioning us to achieve strong revenue and EPS growth in the year ahead.

Shantanu, back to you.

FY2024 Accomplishments



SHANTANU NARAYEN

Thanks, Dan.

This quarter, Adobe was once again recognized for our exceptional culture and industry leadership including on Forbes World's Best Employers, Fortune's 50 AI Innovators and Fortune's Best Workplaces in Technology and the Wall Street Journal's Best-Managed Companies list.

At MAX, we announced a new global initiative aimed at helping 30 million next-generation learners develop AI literacy, content creation and digital marketing skills using Adobe Express to thrive in the modern workforce, working with education partners and schools, nonprofits and online learning platforms to provide training, certifications and career pathways.

Our strategy to unleash creativity for all, accelerate document productivity and power digital businesses represents a massive addressable market opportunity. Adobe continues to build on its strong foundation of transformative innovation, category and brand leadership, financial performance and profitable growth. We're delivering Adobe "magic" to an expanding set of global customers and executing on the massive market opportunity ahead. Adobe couldn't be better positioned for 2025 and beyond.

Thank you and we will now take questions. Operator.

Q&A

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