

MAX investor update

October 14, 2024

Adobe



Safe harbor statement and disclosures

In addition to historical information, this presentation and accompanying oral commentary (the "Materials") contains "forward-looking statements" within the meaning of applicable securities law, including statements related to our product development plans and new or enhanced offerings; our business, innovation and artificial intelligence ("AI") strategy and future growth; strategic investments; revenue; annualized recurring revenue; tax rate on a GAAP and non-GAAP basis; diluted earnings per share on a GAAP and non-GAAP basis. In addition, when used in the Materials, the words "will," "expects," "could," "would," "may," "anticipates," "intends," "plans," "believes," "seeks," "targets," "estimates," "looks for," "looks to," "continues" and similar expressions, as well as statements regarding our focus for the future, are generally intended to identify forward-looking statements. Each of the forward-looking statements we make in the Materials involves risks, uncertainties and assumptions based on information available to us as of October 14, 2024, unless otherwise stated. Such risks and uncertainties, many of which relate to matters beyond our control, could cause actual results to differ materially and adversely from these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to: failure to innovate effectively and meet customer needs; issues relating to development and use of AI; failure to realize the anticipated benefits of investments or acquisitions; failure to compete effectively; damage to our reputation or brands; service interruptions or failures in information technology systems by us or third parties; security incidents; failure to effectively develop, manage and maintain critical third-party business relationships; risks associated with being a multinational corporation and adverse macroeconomic conditions; failure to recruit and retain key personnel; complex sales cycles; changes in, and compliance with, global laws and regulations, including those related to information security and privacy; failure to protect our intellectual property; litigation, regulatory inquiries and intellectual property infringement claims; changes in tax regulations; complex government procurement processes; risks related to fluctuations in or the timing of revenue recognition from our subscription offerings; fluctuations in foreign currency exchange rates; impairment charges; our existing and future debt obligations; catastrophic events; and fluctuations in our stock price. Further information on these and other risk factors are discussed in the section titled "Risk Factors" in Adobe's most recently filed Annual Report on Form 10-K and Adobe's most recently filed Quarterly Report on Form 10-Q. The risks described in the Materials and in Adobe's filings with the U.S. Securities and Exchange Commission (the "SEC") should be carefully reviewed. Adobe undertakes no obligation to, and does not currently intend to, update the forward-looking statements, except as required by law.

The Materials contain non-GAAP financial measures. Reconciliations between GAAP and non-GAAP financial measures, and information regarding the use of non-GAAP financial measures, are available in the Appendix to these slides and on www.adobe.com/ADBE.

The information in the Materials on new or future products, capabilities, offerings or functionality (the "Availability") is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The Availability is for informational purposes only and shall not be incorporated into any contract. The Availability is not a commitment, promise, or legal obligation to deliver any future products, capabilities, offerings or functionalities. The development, release, and timing of any of the Availability described in the Materials remain at our sole discretion and may differ from what is presented in the Materials. Additional fees may be charged for any products, capabilities, offerings and/or functionality.

Annualized Recurring Revenue ("ARR") shall have the meaning set forth in our filings with the SEC.

Numbers in the Materials may be rounded for presentation purposes.

2024 AI innovation highlights

The collage is organized into three main categories on the left, each represented by a red diamond shape with a white border:

- Apps & Interfaces:** Includes Adobe Express (fruity giveaway), Adobe Photoshop² (generate background), Adobe Illustrator² (objects on path), Adobe Premiere Pro² (video editing), Firefly web app¹ (AI-generated art), Firefly Services³ (AI-generated product images), Adobe Acrobat (AI Assistant), and Adobe Reader (AI Assistant).
- Models:** Includes Adobe Experience Platform (AI Assistant), Adobe Experience Manager (AI Assistant), Adobe GenStudio (AI Assistant), and Acrobat AI Assistant (AI Assistant).
- Data:** Includes Acrobat Liquid Mode (AI Assistant), AEP AI Assistant (AI Assistant), and Firefly (Video⁴, Image, Vector, Design) (AI Assistant).



¹Some features are Generally Available, while other features are in Limited Public Beta; ²Some features are Generally Available, while other features are in beta; ³Some features are Generally Available, while other features are in Early Access; ⁴Limited Public Beta

Fiscal 2024 recap

	Initial FY24 Targets (December 13, 2023)	Updated FY24 Targets (June 13, 2024)
Total revenue	\$21.30B to \$21.50B	\$21.40B to \$21.50B
Digital Media net new ARR	~\$1.90B	~\$1.95B
Digital Media segment revenue	\$15.75B to \$15.85B	\$15.80B to \$15.85B
Digital Experience segment revenue	\$5.275B to \$5.375B	\$5.325B to \$5.375B
Digital Experience subscription revenue	\$4.75B to \$4.80B	\$4.775B to \$4.825B
GAAP diluted earnings per share	\$13.45 to \$13.85	\$11.80 to \$12.00
Non-GAAP diluted earnings per share	\$17.60 to \$18.00	\$18.00 to \$18.20
GAAP tax rate	~18.0%	~20.5%
Non-GAAP tax rate	~18.5%	~18.5%

Initial FY24 Targets refer to previously issued FY24 targets dated December 13, 2023. Updated FY24 Targets refer to previously issued FY24 targets dated June 13, 2024.

Initial FY24 Targets assumed diluted share count of ~454 million for fiscal year 2024. Updated FY24 Targets assumed diluted share count of ~449 million for fiscal year 2024.

Reconciliations between GAAP and non-GAAP financial targets are included in the Appendix.

MAX 2024 Keynote innovation highlights

MAX by the numbers

~10k
in-person attendees

~400k
online viewers (anticipated)

200+
sessions

200+
speakers

500M
social interactions (anticipated)

Announcements



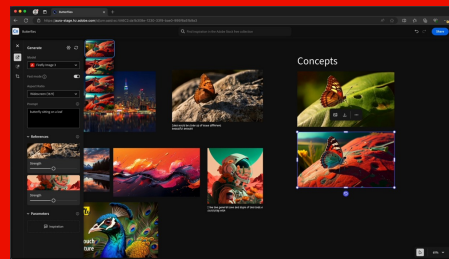
Concepting



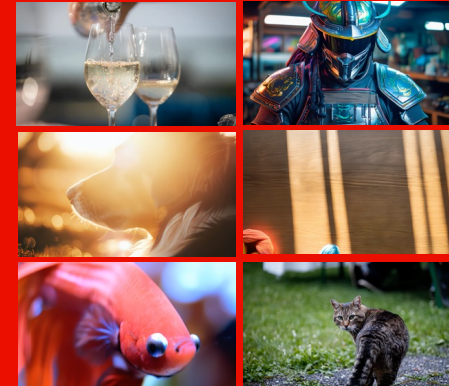
Creating



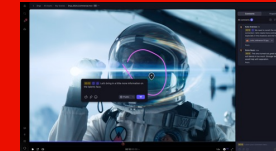
Collaborating



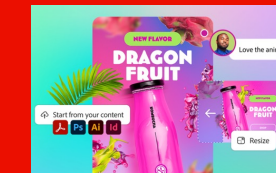
Project Concept¹



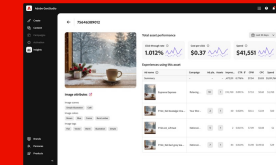
Firefly Video Model²



Frame

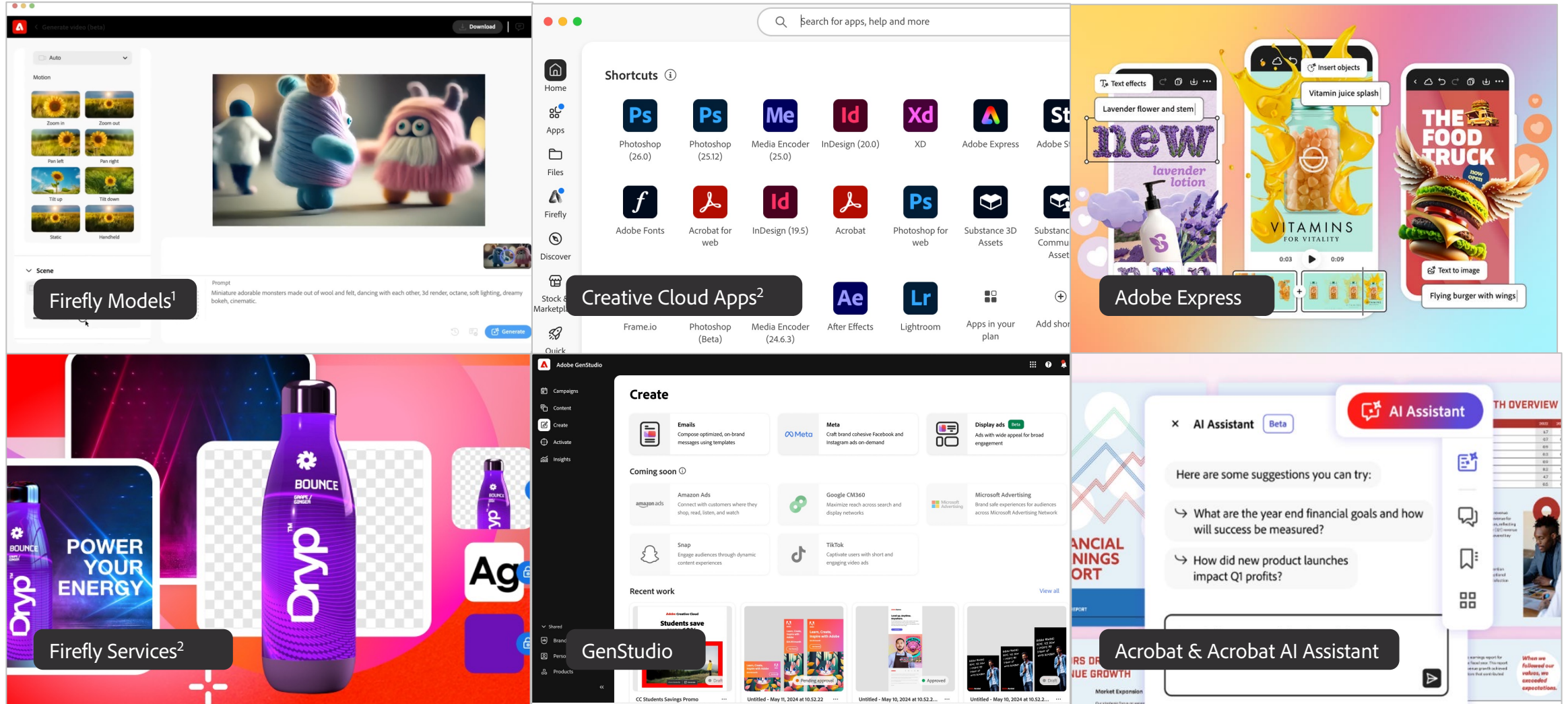


Express



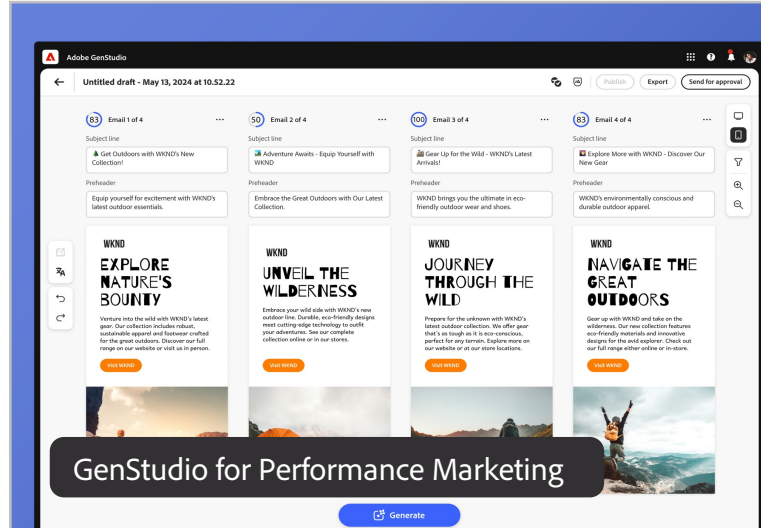
GenStudio for Performance Marketing

Digital Media 2024 innovation highlights



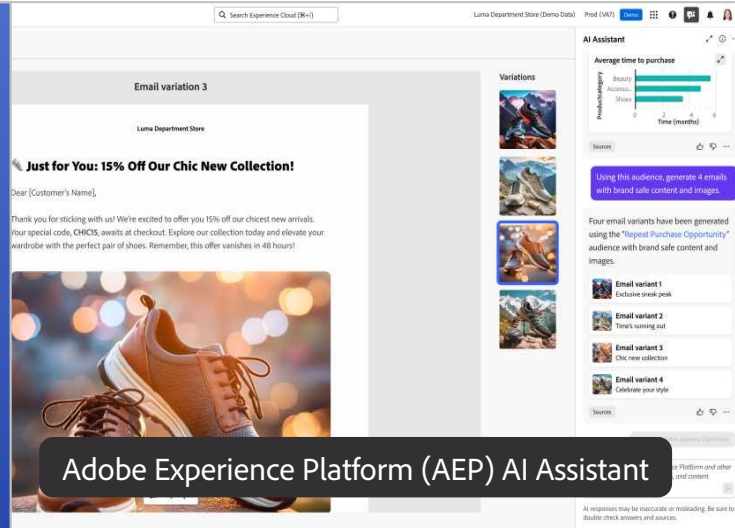
¹ Some features are Generally Available, while other features are in Limited Public Beta; ² Some features are Generally Available, while other features are in Early Access.

Digital Experience 2024 innovation highlights



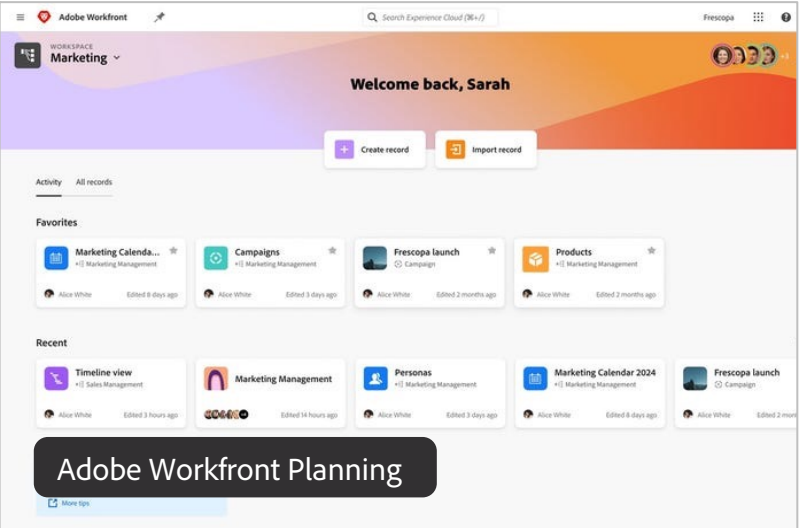
Adobe GenStudio interface showing email drafts for WKND brand. The interface displays four email drafts with subject lines like "Adventure Awaits - Equip Yourself with WKND" and "Explore More with WKND - Discover Our New Gear". Each draft includes a preview of the email content with images and text. A "Generate" button is visible at the bottom.

GenStudio for Performance Marketing



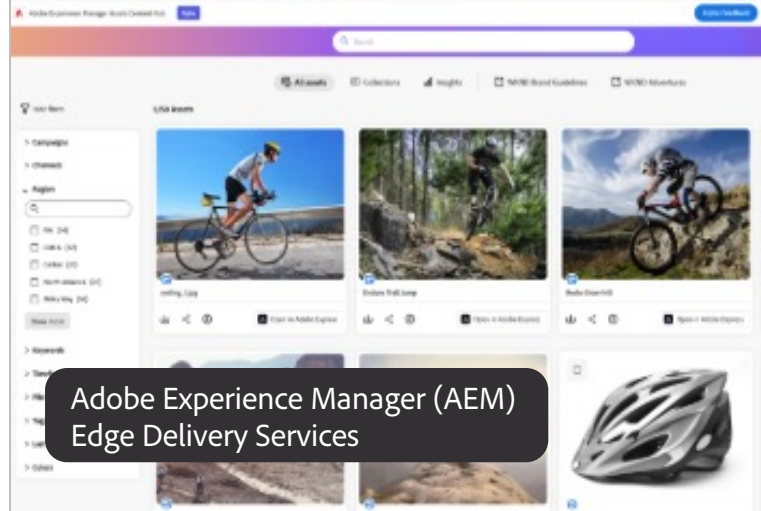
Adobe Experience Platform (AEP) AI Assistant interface. It shows a draft for an email variation titled "Just for You: 15% Off Our Chic New Collection!". The interface includes a "Variations" panel on the right with a bar chart showing "Average time to purchase" for different audience segments. A text box suggests using the audience to generate 4 emails with brand-safe content and images.

Adobe Experience Platform (AEP) AI Assistant



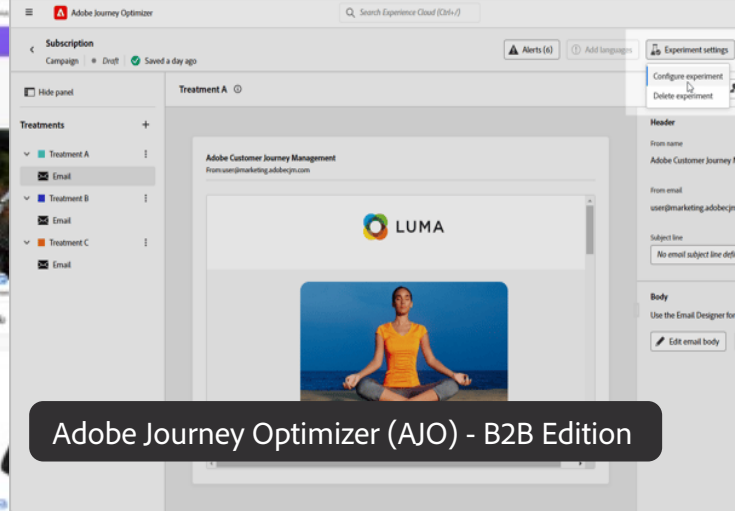
Adobe Workfront Planning interface. It shows a dashboard with a "Welcome back, Sarah" message and buttons for "Create record" and "Import record". Below, there are sections for "Favorites" and "Recent" activities, each containing cards for various marketing tasks like "Marketing Calendar", "Campaigns", "Frescopia launch", and "Products".

Adobe Workfront Planning



Adobe Experience Manager (AEM) Edge Delivery Services interface. It shows a dashboard with various content assets and a preview of a website layout. A "Generate" button is visible at the bottom.

Adobe Experience Manager (AEM) Edge Delivery Services



Adobe Journey Optimizer (AJO) - B2B Edition interface. It shows a "Subscription" campaign draft with three treatments (A, B, and C). The main content area displays a preview of an email with the LUMA logo and a woman meditating. The right sidebar shows "Experiment settings" and "Configure experiment" options.

Adobe Journey Optimizer (AJO) - B2B Edition



AEP Federated Audience Composition interface. It shows a "Warehouse" section with "Altura database" and a "Setup an audience" section. A search bar displays "All customers with \$500+ in purchases over the past 5 years". A table shows "Selected audience" (1) and "Selected attributes" (4). Below, it lists "Federated database access" and "5 year high value customers".

AEP Federated Audience Composition

Reaffirming Q4FY24 targets

	Q3FY24 results		Q4FY24 targets
Total revenue	\$5.41B	+\$53M vs mid-point	\$5.50B to \$5.55B
Digital Media net new ARR	\$504M	+\$44M vs guide	~\$550M
Digital Media segment revenue	\$4.00B	+\$30M vs mid-point	\$4.09B to \$4.12B
Digital Experience segment revenue	\$1.35B	+\$19M vs mid-point	\$1.36B to \$1.38B
Digital Experience subscription revenue	\$1.23B	+\$21M vs mid-point	\$1.23B to \$1.25B
GAAP diluted earnings per share	\$3.76	+\$0.28 vs mid-point	\$3.58 to \$3.63
Non-GAAP diluted earnings per share	\$4.65	+\$0.12 vs mid-point	\$4.63 to \$4.68
GAAP tax rate	17.5%		~16.0%
Non-GAAP tax rate	18.5%		~18.5%

Q3FY24 performance relative to previously issued Q3FY24 targets dated June 13, 2024, at midpoint of range as applicable.

Q4FY24 targets are dated October 14, 2024. Q4FY24 earnings per share targets assume diluted share count of ~445 million for fourth quarter fiscal year 2024.

Reconciliations between GAAP and non-GAAP financial measures are included in the Appendix.

Source: Adobe, September 2024 and October 2024

Growth agenda and guidance approach

Growth agenda

- Delivering cross-cloud AI innovation across data, models and interfaces
- Monetizing AI in four distinct ways:
 - Tiered subscription offerings across Creative Cloud, Document Cloud and Adobe Express
 - AI add-on offerings (e.g. Acrobat AI Assistant, video generation)
 - Digital Experience Prime and Ultimate tiers and add-on offerings (e.g. AJO)
 - AI-first standalone offerings (e.g. Firefly Services and GenStudio)
- Investing in product leadership and go-to-market excellence:
 - Developing proprietary AI models and rapidly integrating capabilities across the product portfolio
 - Converging clouds to address large customer pain points (e.g. Creativity and Productivity through Express and Acrobat, Content Supply Chain in GenStudio leveraging Creative Cloud and Experience Cloud)
 - Driving cross-cloud selling with unified go-to-market in SMB and enterprise, while scaling the partner ecosystem

FY25 guidance approach

Annually &
Quarterly

Total revenue



Digital Media segment revenue



Digital Experience segment revenue



Digital Experience subscription revenue



Diluted earnings per share



Annually

Digital Media ending ARR (% y/y growth)



FY25 ARR reporting

Quarterly

Creative Cloud ending ARR



Document Cloud ending ARR



Growth agenda and guidance approach

Guidance approach

- Digital Media and Digital Experience segment, and Digital Experience subscription top-line targets provide visibility into Adobe's revenue growth.
- Digital Media ending ARR Y/Y growth provides better visibility into the trajectory of the business given its scale and diversity.

Modeling assumptions

- Adobe will provide additional details to facilitate modeling, such as tax rate, share count and operating margin.
- In December, in addition to revaluing Q4FY24 Digital Media ending ARR at next fiscal year's currency rates, we will also revalue the ending ARR results for each quarter in FY24 at those new rates to assist with modeling.

FY25 guidance approach

Annually &
Quarterly

Total revenue



Digital Media segment revenue



Digital Experience segment revenue



Digital Experience subscription revenue



Diluted earnings per share



Annually

Digital Media ending ARR (% y/y growth)



FY25 ARR reporting

Quarterly

Creative Cloud ending ARR



Document Cloud ending ARR



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Appendix

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Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP for previously issued FY24 targets dated December 13, 2023 ("Initial FY24 Targets")

Diluted earnings per share	Initial FY24 Targets		Effective income tax rate	Initial FY24 Targets
	Low	High		
GAAP diluted earnings per share	\$ 13.45	\$13.85	GAAP effective income tax rate	18.0%
Stock-based and deferred compensation	4.33	4.33	Stock-based and deferred compensation	(1.3)
Amortization of intangibles	0.73	0.73	Amortization of intangibles	(0.2)
Acquisition-related expenses*	0.13	0.13	Income tax adjustments	2.0
Income tax adjustments	(1.04)	(1.04)	Non-GAAP effective income tax rate**	18.5%
Non-GAAP diluted earnings per share ¹	\$17.60	\$18.00		

¹ Targets assume diluted share count of ~454 million for fiscal year 2024.



*Associated with the Figma transaction, and includes deal costs, certain professional fees and the termination fee

** Represents Adobe's fixed long-term non-GAAP tax rate based on projections and available information through fiscal year 2025 as of December 13, 2023.

Source: Adobe, December 2023.

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP for previously issued FY24 targets dated June 13, 2024 ("Updated FY24 Targets")

Diluted earnings per share	Updated FY24 Targets		Effective income tax rate	Updated FY24 Targets
	Low	High		
GAAP diluted earnings per share	\$ 11.80	\$12.00	GAAP effective income tax rate	20.5%
Stock-based and deferred compensation	4.25	4.25	Stock-based and deferred compensation	(1.3)
Amortization of intangibles	0.74	0.74	Amortization of intangibles	(0.2)
Acquisition-related expenses*	2.24	2.24	Acquisition-related expenses*	(2.5)
Loss contingency**	0.01	0.01	Income tax adjustments	2.0
Income tax adjustments	(1.04)	(1.04)	Non-GAAP effective income tax rate***	18.5%
Non-GAAP diluted earnings per share ¹	\$18.00	\$18.20		

¹ Targets assume diluted share count of ~449 million for fiscal year 2024.

*Associated with the Figma transaction, and includes deal costs, certain professional fees and the termination fee

** Associated with an IP litigation matter

*** Represents Adobe's fixed long-term non-GAAP tax rate based on projections and available information through fiscal 2025 as of June 13, 2024

Source: Adobe, June 2024

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP Q3FY24 results

Diluted earnings per share	Q3FY24 results	Effective income tax rate	Q3FY24 results
GAAP diluted earnings per share	\$3.76	GAAP effective income tax rate	17.5%
Stock-based and deferred compensation	1.08	Income tax adjustments	2.5
Amortization of intangibles	0.19	Stock-based and deferred compensation	(1.4)
Loss contingency (reversal)*	(0.10)	Amortization of intangibles	(0.2)
Investment (gains) losses, net	(0.03)	Loss contingency reversal*	0.1
Income tax adjustments	(0.25)	Non-GAAP effective income tax rate**	18.5%
Non-GAAP diluted earnings per share	\$4.65		

*Associated with an IP litigation matter

** Represents Adobe's fixed long-term non-GAAP tax rate based on projections and available information through fiscal 2025 as of September 12, 2024.

Source: Adobe, September 2024

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP Q4FY24 targets

Diluted earnings per share	Q4FY24 targets		Effective income tax rate	Q4FY24 targets
	Low	High		
GAAP diluted earnings per share	\$ 3.58	\$3.63	GAAP effective income tax rate	16.0%
Stock-based and deferred compensation	1.03	1.03	Stock-based and deferred compensation	(1.1)
Amortization of intangibles	0.19	0.19	Amortization of intangibles	(0.2)
Lease-related asset impairments and other charges*	0.20	0.20	Lease-related asset impairments and other charges*	(0.2)
Income tax adjustments	(0.37)	(0.37)	Income tax adjustments	4.0
Non-GAAP diluted earnings per share ¹	\$4.63	\$4.68	Non-GAAP effective income tax rate**	18.5%

¹ Targets assume diluted share count of ~445 million for fourth quarter fiscal year 2024.

*Associated with the optimization of our leased facilities, and primarily includes impairment charges related to certain operating lease right-of-use assets and leasehold improvements

** Represents Adobe's fixed long-term non-GAAP tax rate based on projections and currently available information through fiscal 2025

Source: Adobe, October 2024.

Use of Non-GAAP Financial Information

These Materials contain non-GAAP financial measures, which are not prepared in accordance with generally accepted accounting principles (“GAAP”), including non-GAAP diluted earnings per share and non-GAAP tax rate. These non-GAAP financial measures are not an alternative for measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. Adobe believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s financial results as determined in accordance with GAAP and that these measures should only be used to evaluate the Company’s financial results in conjunction with the corresponding GAAP measures; therefore, the Company qualifies the use of non-GAAP financial information in a statement when non-GAAP information is presented.

Non-GAAP diluted earnings per share and non-GAAP tax rate may exclude items including (but not limited to): stock-based and deferred compensation expenses, amortization of intangibles, lease-related asset impairments and other charges, investment gains and losses, income tax adjustments, and the income tax effect of the non-GAAP pre-tax adjustments from the provision for income taxes.

Adobe uses non-GAAP financial information to evaluate its ongoing operations and for internal planning and forecasting purposes. Adobe’s management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Adobe presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Adobe’s operating results. Adobe believes these non-GAAP financial measures are useful because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. This allows institutional investors, the analyst community and others to better understand and evaluate our operating results and future prospects in the same manner as management. Adobe’s management believes it is useful for itself and investors to review, as applicable, both GAAP and non-GAAP measures, as well as the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measure.