

Adobe Investor Meeting

March 26, 2024

Adobe Summit
Investor Meeting

Welcome

Jonathan Vaas

VP, Investor Relations

Adobe Summit
Investor Meeting

Safe harbor statement and disclaimers

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”) momentum; our market and AI opportunity and future growth; financial and monetization strategy; market and AI trends; strategic investments; current macroeconomic conditions; fluctuations in foreign currency exchange rates; revenue; operating margin; operating efficiencies; annualized recurring revenue; tax rate on a GAAP and non-GAAP basis; earnings per share on a GAAP and non-GAAP basis; our stock repurchases; share count; industry positioning; and customer acquisition and retention. 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 the date of this presentation. 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 Reports on Form 10-Q. The risks described in the Materials and in Adobe’s filings with the U.S. Securities and Exchange Commission should be carefully reviewed. Adobe assumes no obligation to, and does not currently intend to, update the forward-looking statements.

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 Materials also contain statistical data, estimates and forecasts that are based on independent, third-party industry publications or other publicly available information, as well as other information based on Adobe’s internal sources. This information may be based on many assumptions and limitations, and you are cautioned not to give undue weight to such information. Adobe has not independently verified the accuracy or completeness of the data contained in the industry publications and other publicly available information, and usage of such information does not mean or imply Adobe has adopted such information.

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Numbers in the Materials may be rounded for presentation purposes.

Agenda

Shantanu Narayen

Strategy update

Dan Durn

Financial update

Live Q&A

Strategy update

Shantanu Narayen

Chair & CEO

Adobe Summit
Investor Meeting

Adobe Summit

Attendees

11,000+

In-person

Customers

59%

5,000+ employees

64%

\$1B+ in revenue

Partners

2,600+

Announcements

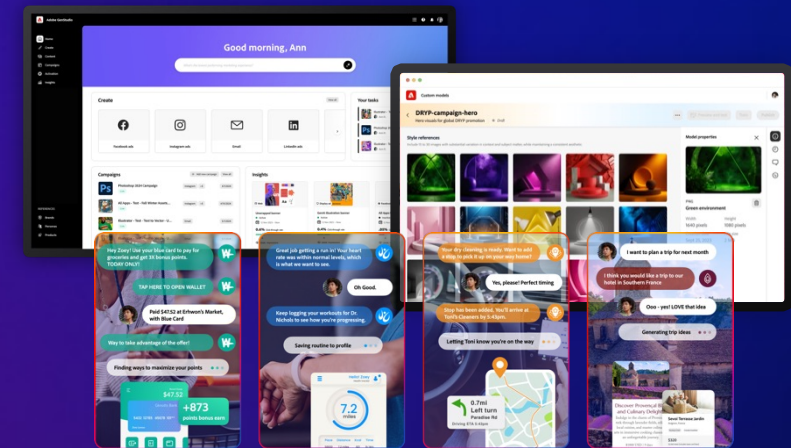
Adobe Unveils the Future of Customer Experience Management (CXM) in the Age of Generative AI

Adobe Accelerates Data-Driven Personalization at Scale with Adobe Experience Platform Innovations

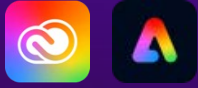
Adobe Announces Generative AI Solutions to Jumpstart Content Supply Chain for Enterprises

Adobe Leverages AI to Advance Personalized Customer Journeys Through Real-Time Experimentation

Adobe Introduces Firefly Services and Custom Models to Accelerate Enterprise Content Creation and Production



Q1 FY2024 results



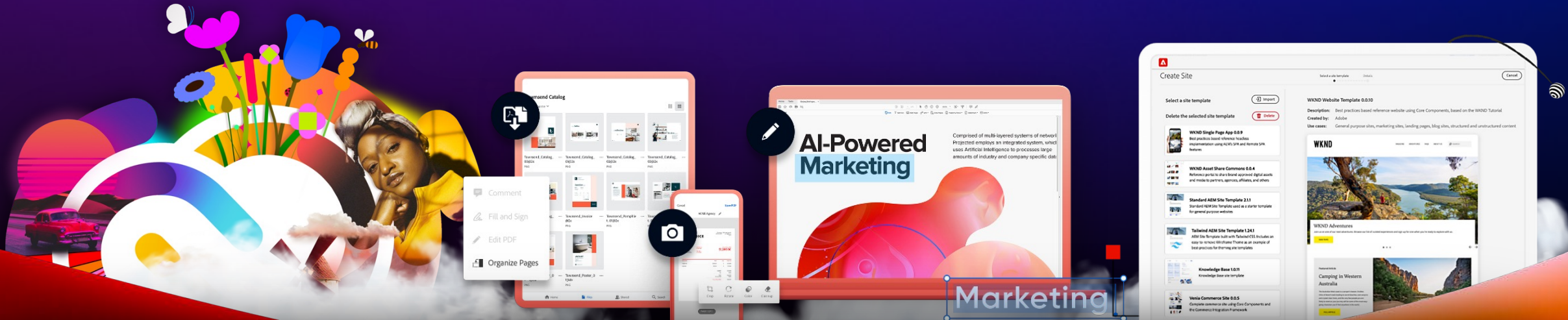
Unleashing
creativity



Accelerating
document productivity



Powering
digital businesses



\$5.18B
in revenue

11%
Y/Y growth

12%
Y/Y growth in
constant currency

\$1.36
GAAP EPS

\$4.48
Non-GAAP EPS
+18% Y/Y growth

Adobe FY2024 financial targets

March 26, 2024

Total Revenue	\$21.30 billion to \$21.50 billion	
Digital Media ARR	~\$1.90 billion of net new ARR	
Digital Media segment revenue	\$15.75 billion to \$15.85 billion	
Digital Experience segment revenue	\$5.275 billion to \$5.375 billion	
Digital Experience subscription revenue	\$4.75 billion to \$4.80 billion	
Tax rate	GAAP: ~20.5%	Non-GAAP: ~18.5%
Earnings per share ¹	GAAP: \$11.26 to \$11.66	Non-GAAP: \$17.60 to \$18.00

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

Adobe's innovation shaping every era



Internet era

Mobile era

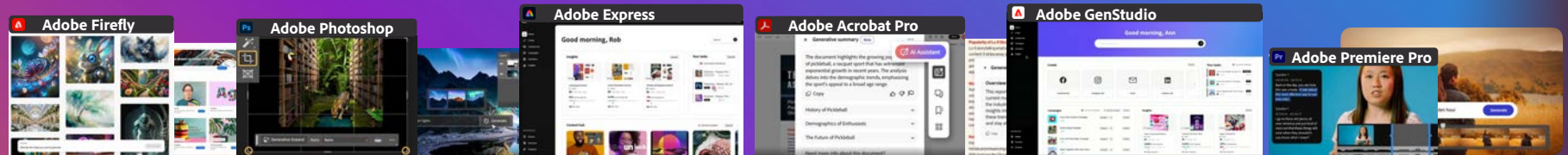
Social era

AI era

Adobe's ecosystem approach to AI innovation

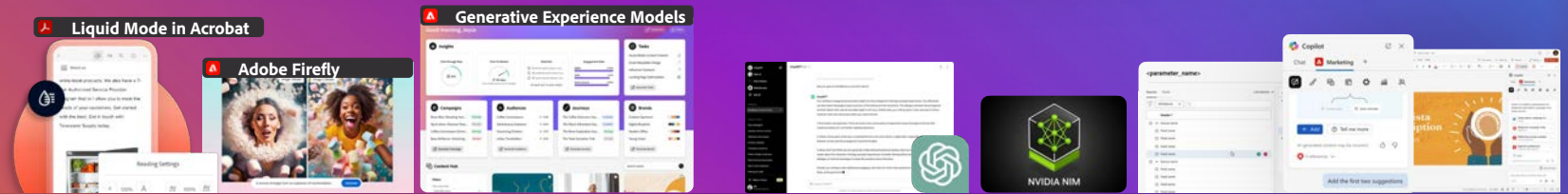
Deeply integrate into our industry-leading apps and workflows

Apps & interfaces



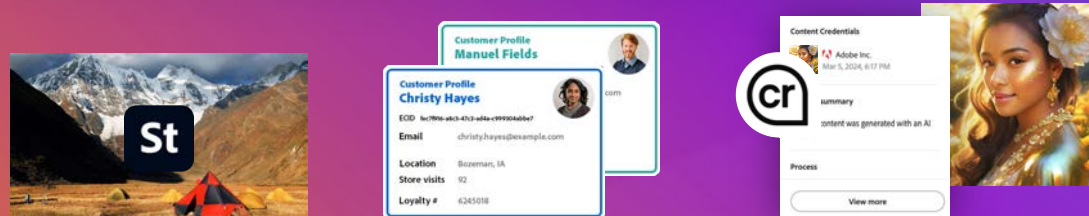
Build category-leading foundation models & partner strategically

Models



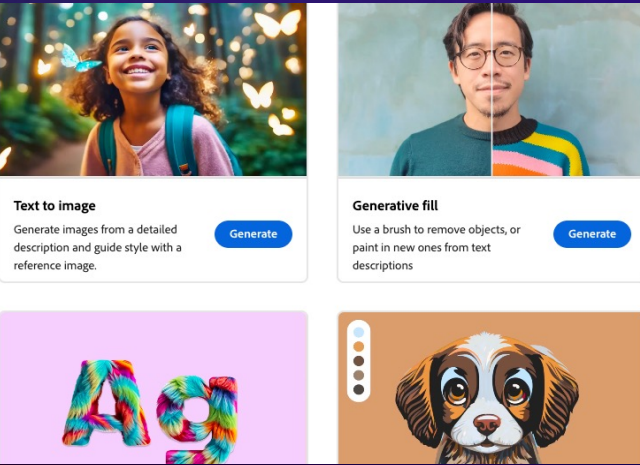
Responsibly harness & use data

Data

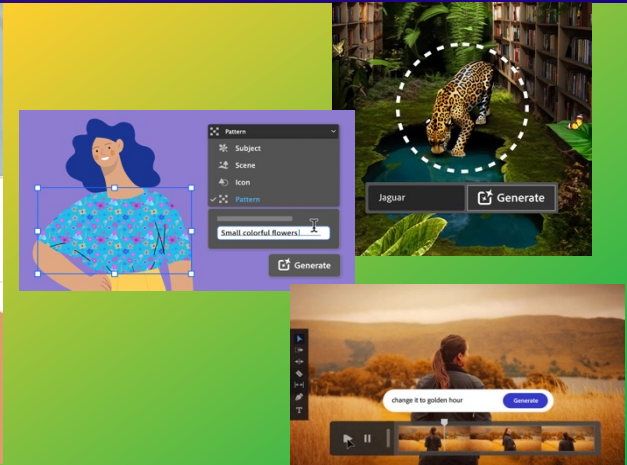


AI innovation we've delivered in the past year

Adobe Firefly



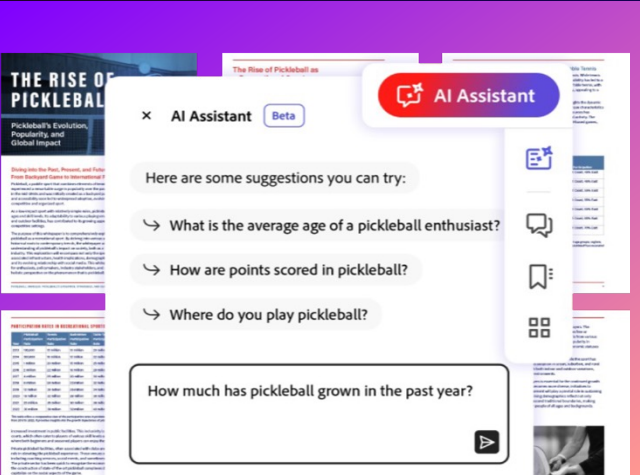
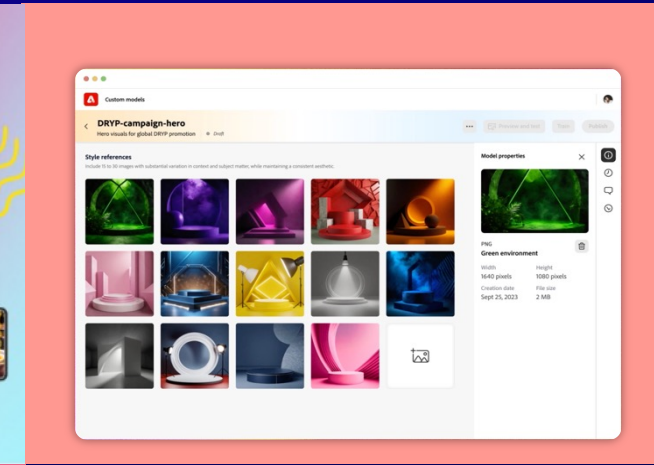
Creative Cloud (Photoshop, Illustrator & Premiere)



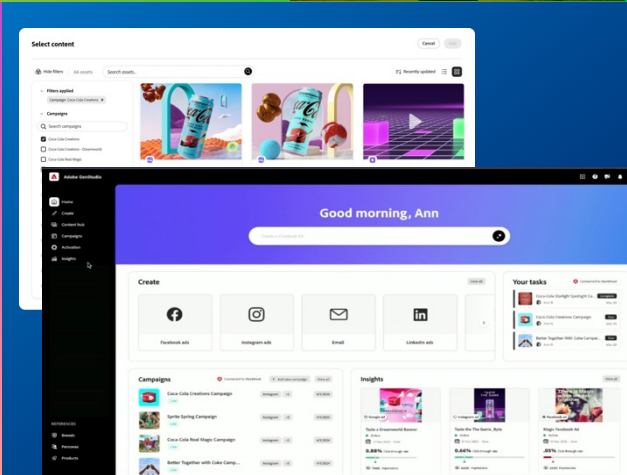
Adobe Express



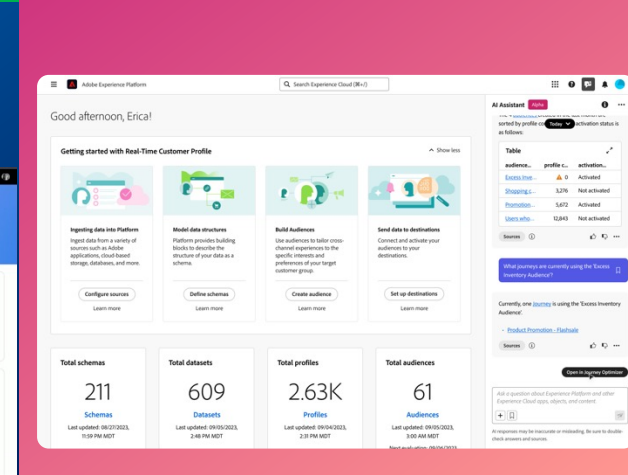
Adobe Firefly Services



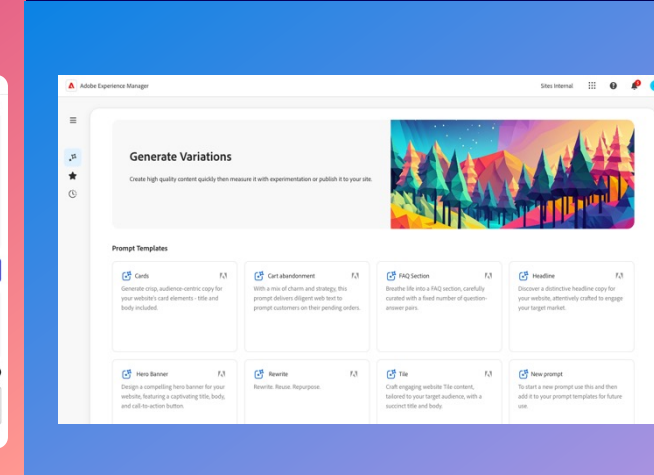
AI Assistant in Acrobat & Reader



Adobe GenStudio








Adobe Experience Platform AI Assistant










AEM Sites with GenAI

Monetizing generative AI innovation


New user growth

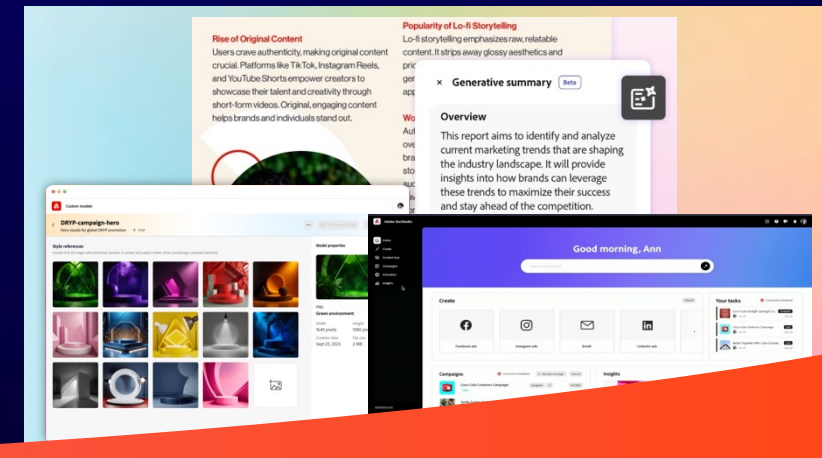
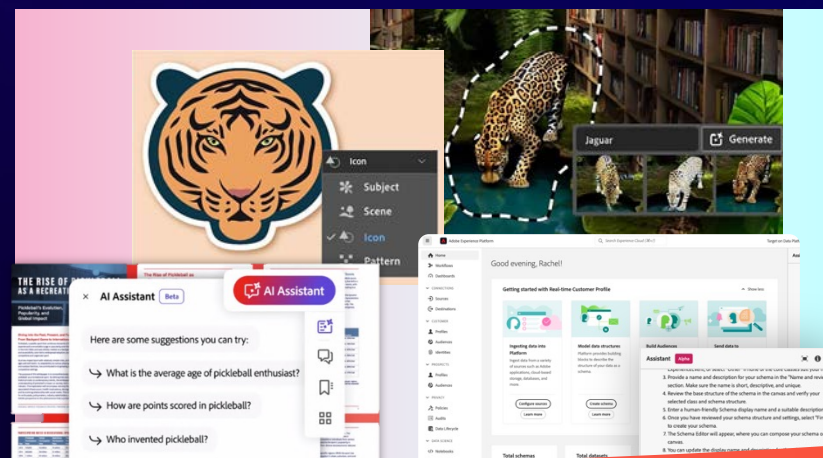
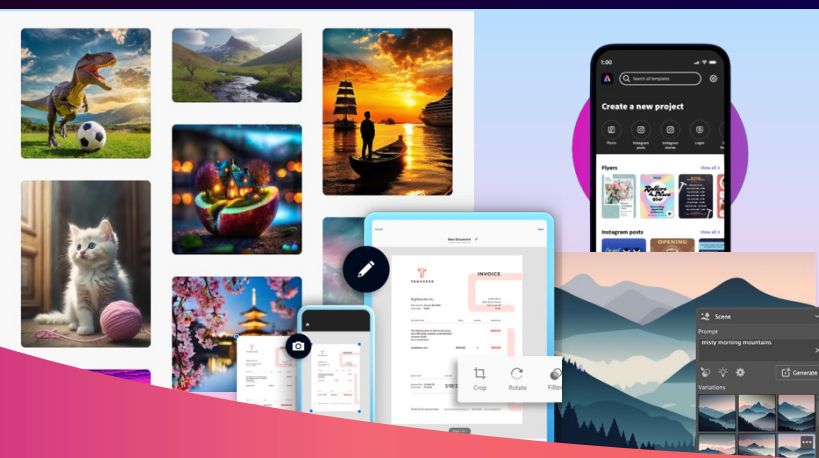
-  Firefly (web app)
-  Adobe Express
-   Acrobat, Reader & Scan
-  Creative Cloud

Increased product value and engagement

-     ...
-  Creative Cloud Generative Credits
-  AI Assistant for Acrobat
-  Experience Cloud AI Services

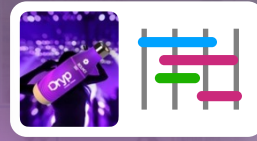
New offerings and services

-  AI Assistant for Reader
-  Firefly Services
-  GenStudio



AI enabling cloud convergence & supercharging personalized digital experiences

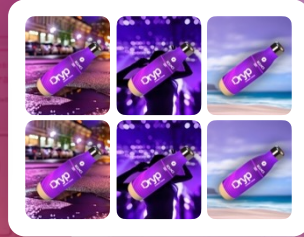
Workflow & Planning



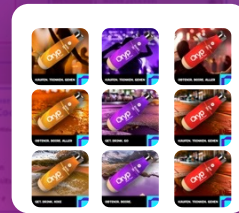
Adobe Real-time Customer Data Platform



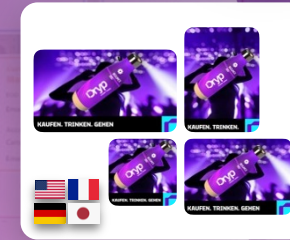
Creation & Production



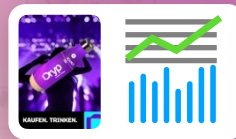
Asset Management



Delivery & Activation



Reporting & Insights



Changing the world through *personalized* digital experiences

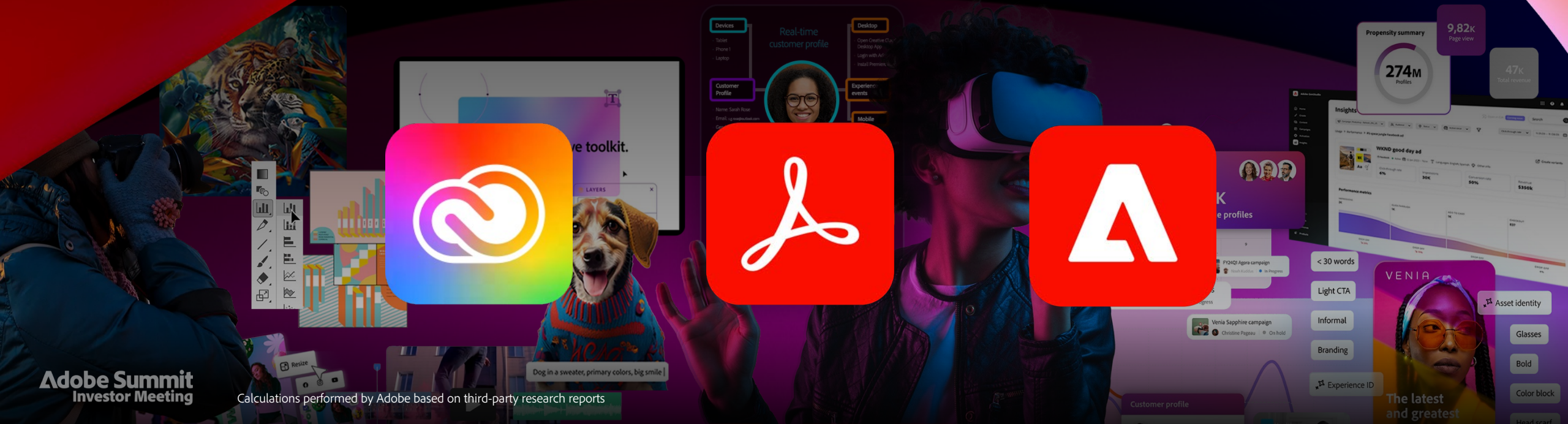
Accelerating growth in the AI era

2024 Total Addressable Market

~\$205B

2027 Total Addressable Market

~\$293B



Financial update

Dan Durn

Chief Financial Officer & EVP,
Finance, Technology Services & Operations

Adobe Summit
Investor Meeting

Diverse business models and sources of revenue, across geographies

← Subscription • SaaS • Services • Consumption • Marketplace • Freemium • Community →

FY2023

Business segments¹



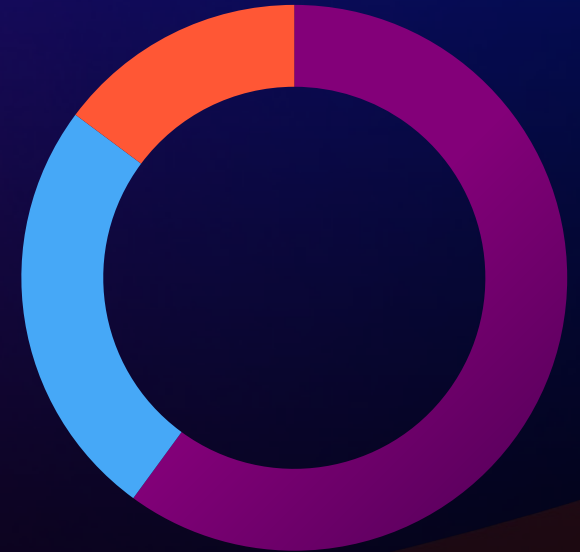
■ Creative Cloud ■ Document Cloud
■ Digital Experience ■ Publishing & Advertising

Routes to market



■ Digital ■ Channel ■ Enterprise

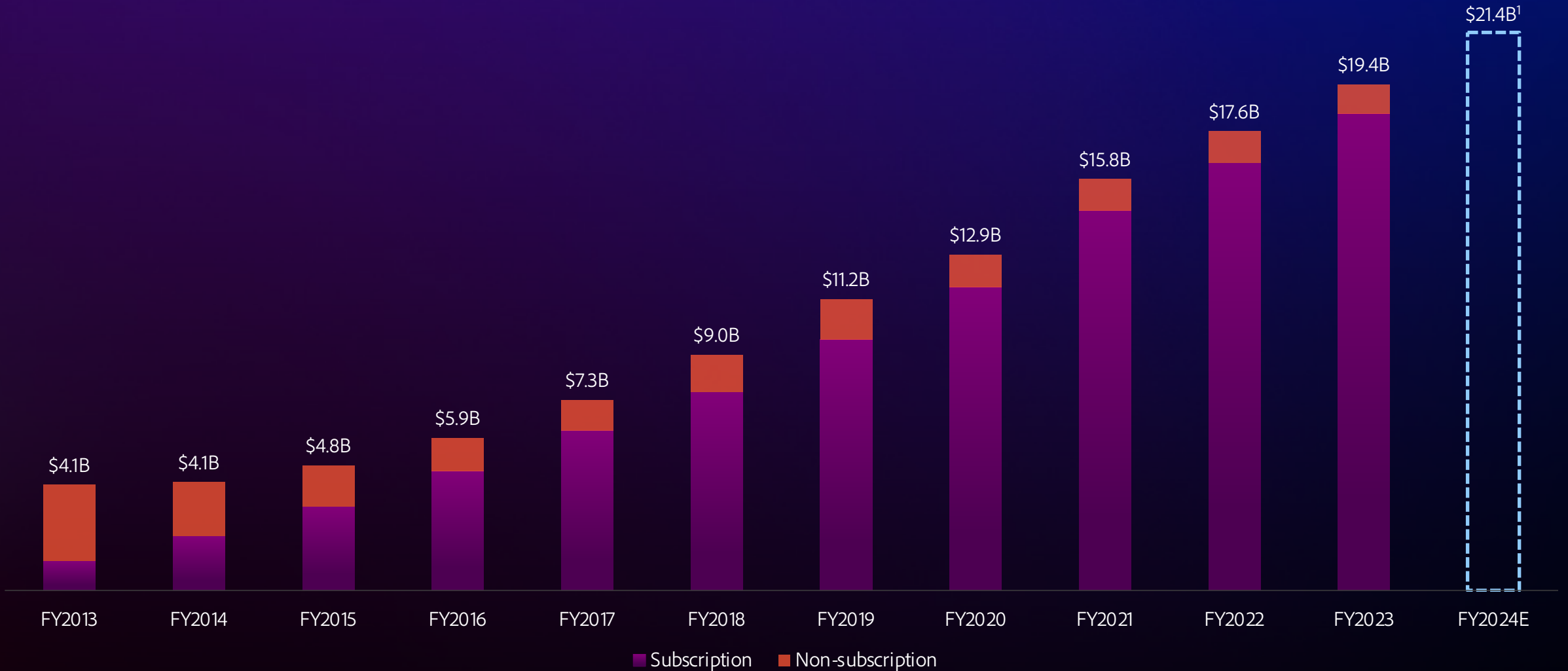
Geographic footprint



■ Americas ■ EMEA ■ Asia

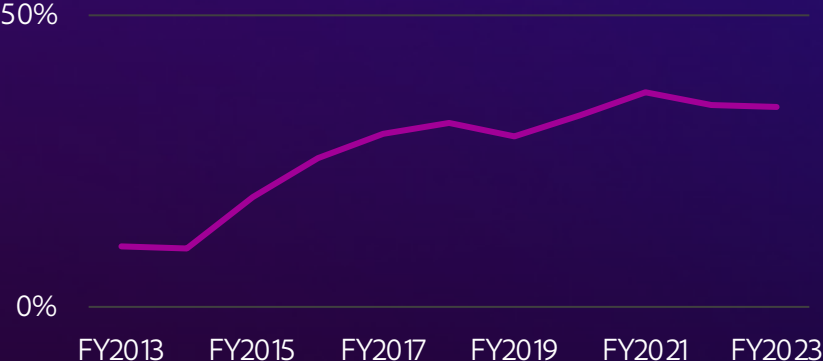
← Students • Consumers • Communicators • Creative Professionals • Developers • SMBs • Enterprises →

Best-in-class subscription revenue model



World-class margins and profits

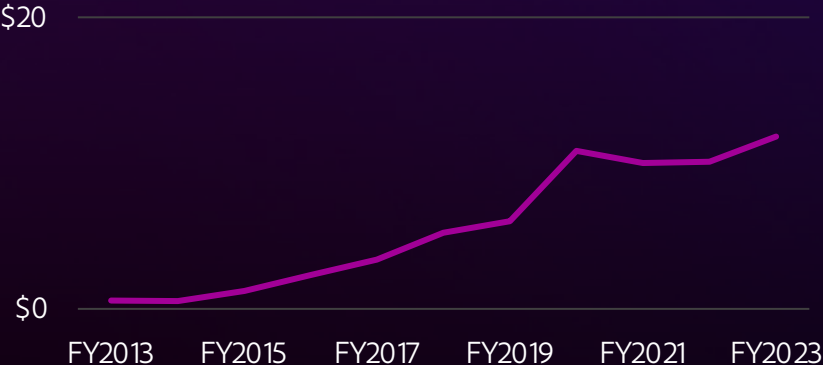
GAAP operating margin



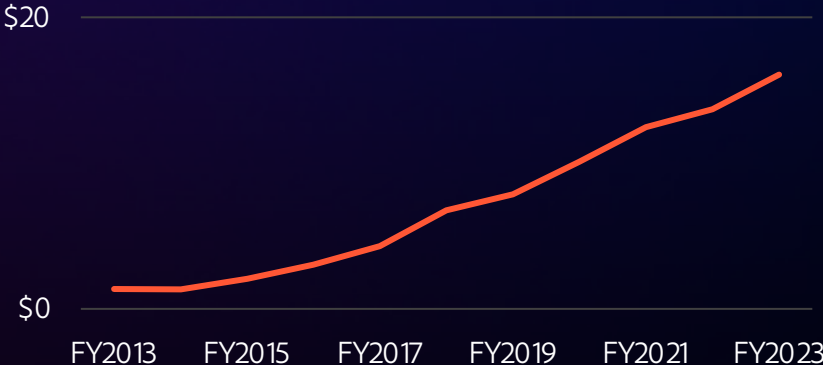
Non-GAAP operating margin



GAAP earnings per share

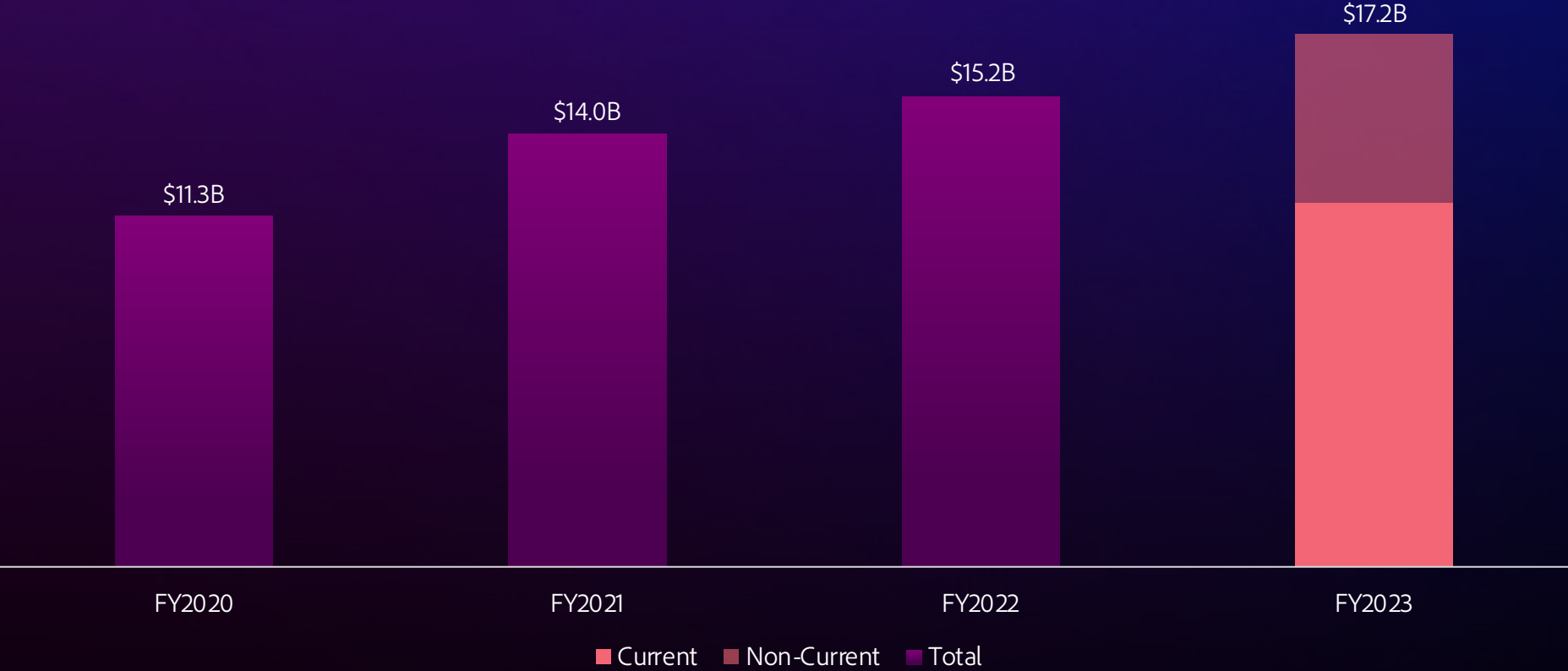


Non-GAAP earnings per share



Growing recurring book of business

Remaining performance obligations





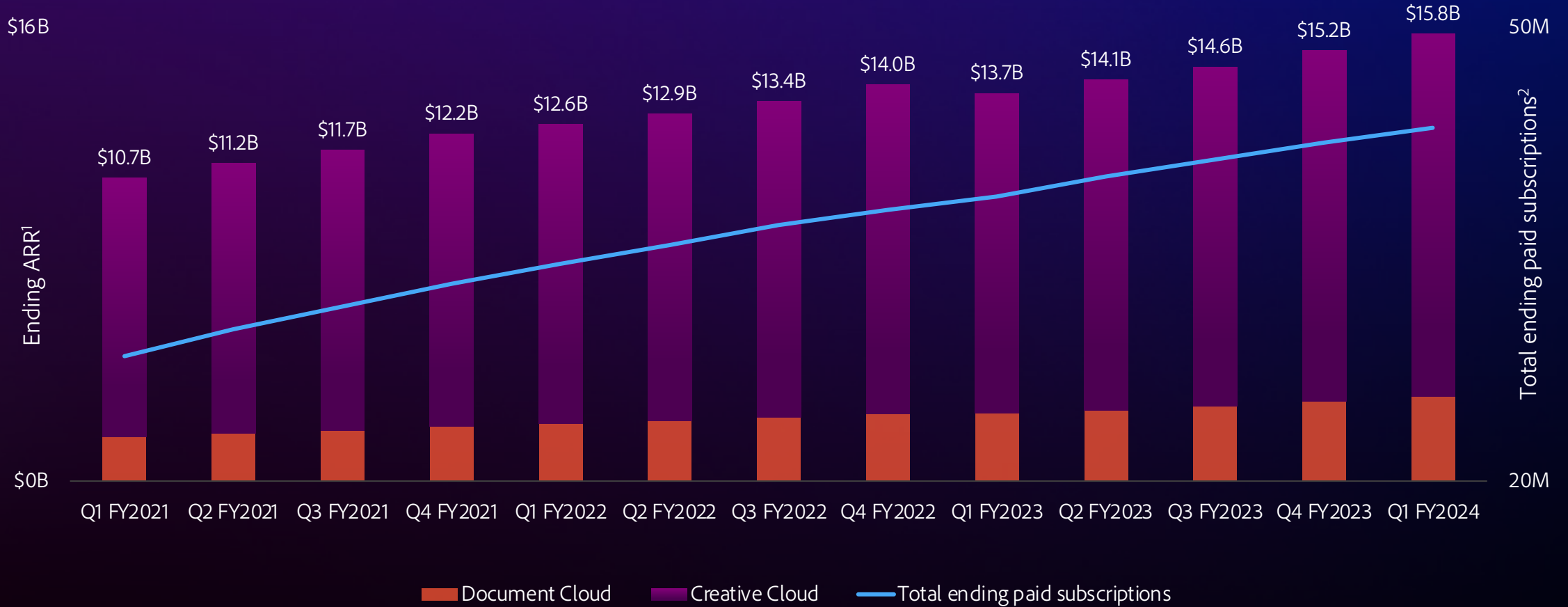
Digital Media opportunity



Digital Media business momentum



Digital Media ending ARR and ending subscriptions



¹ FY2021 ending Annualized Recurring Revenue (ARR) at December 2020 currency rates, FY2022 ending ARR at December 2021 currency rates, FY2023 ending ARR at December 2022 currency rates & FY2024 ending ARR at December 2023 currency rates. As a result of the 2022 Russia-Ukraine war, subsequent to Q1 FY2022, ARR balances were reduced by amounts representing the entirety of Adobe's ARR in Russia, Belarus and Ukraine. Q1 FY2022 ending ARR is presented above at amounts prior to this reduction.

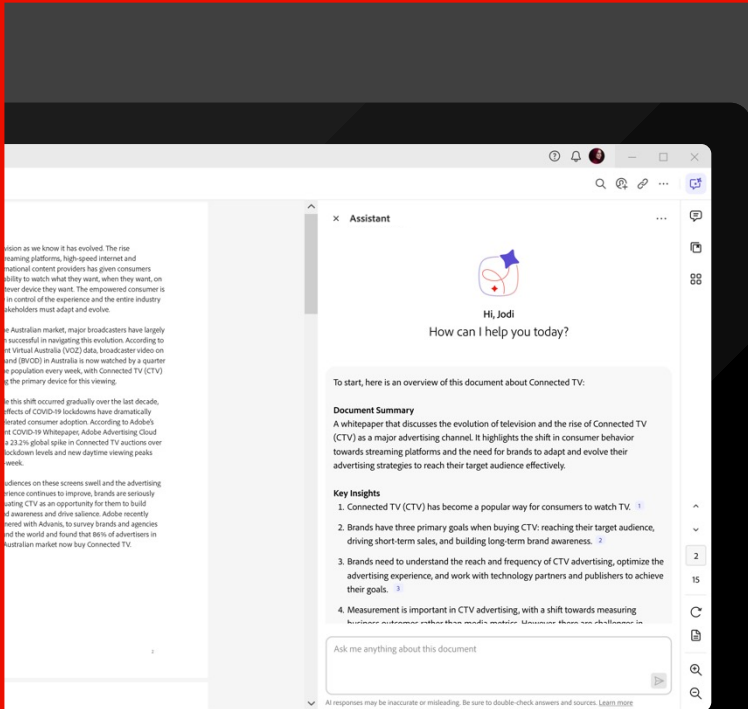
² Total ending paid subscriptions, excluding EDU & Enterprise
Source: Adobe, March 2024



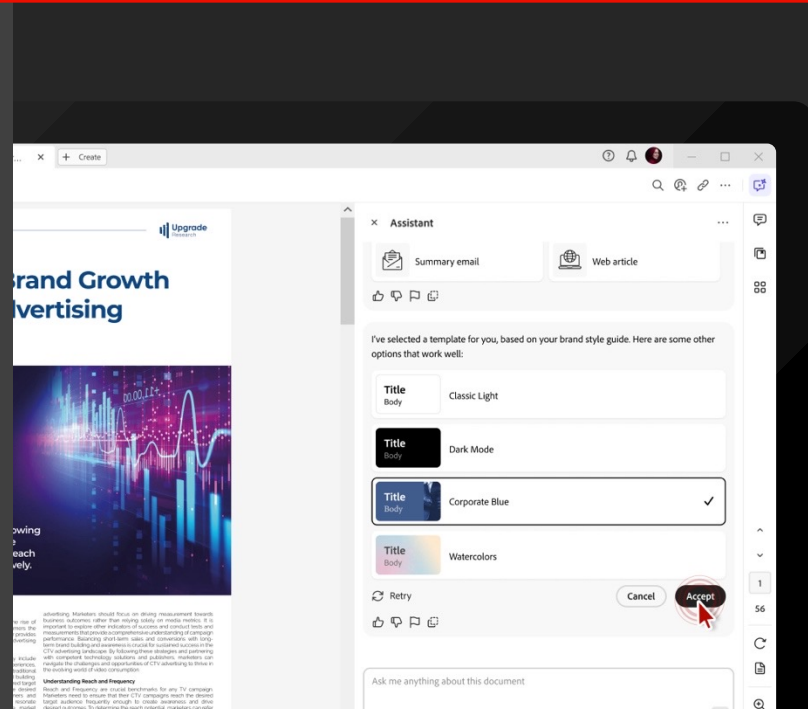
Document Cloud opportunity



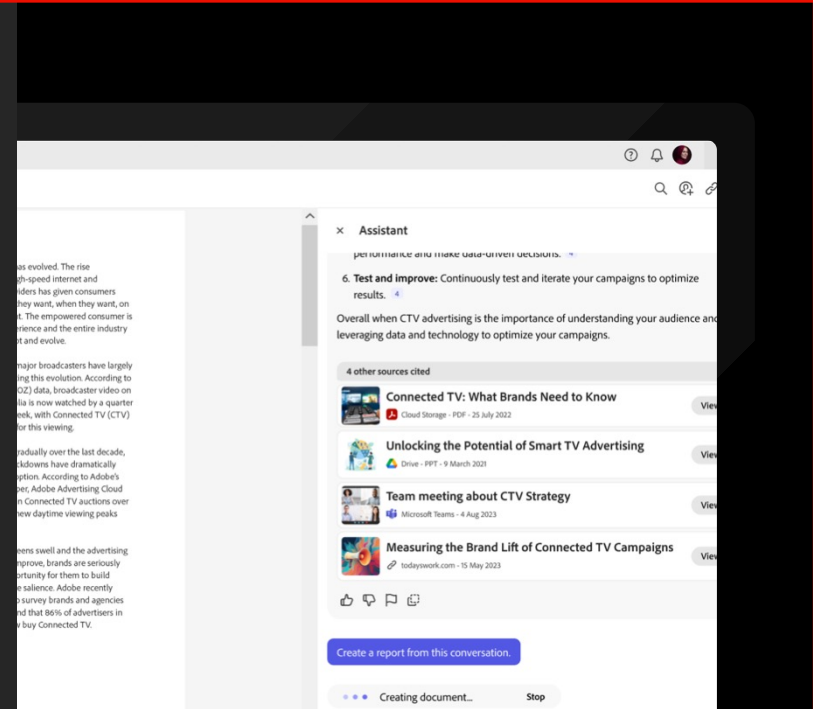
What to expect in Document Cloud: insight, creation and collaboration



Document insight: AI-assisted conversational experiences



Document creation: AI-powered authoring, editing and formatting



Document collaboration: AI-supported review process



The AI opportunity for Document Cloud

More value



Document Cloud

More users

Conversational insight, assisted creation and streamlined collaboration for paid users

- Integrated conversational AI Assistant for Acrobat
- Accelerate document insights
- Streamline consumption, creation & collaboration
- Elevate PDF to a knowledge repository

AI Assistant in Acrobat Reader provides new opportunities to monetize free MAU

- AI Assistant integrated into free Reader
- Provide AI onramp for hundreds of millions of users
- Available across desktop, web and mobile



AI innovation drives new monetization opportunities

Access to AI Assistant brings more power to PDF across Reader and Acrobat offerings

Monetization of consumption, creation, and collaboration with paid generative AI plans across Reader and Acrobat on all surfaces

Enterprise APIs and controls, paid generative AI offer and increased value in Acrobat drive higher penetration in enterprises



Individuals to enterprises



The collage shows the AI Assistant interface in use across various documents. Key elements include:

- AI Assistant Beta** window with suggestions:
 - Here are some suggestions you can try:
 - What is the average age of pickleball enthusiast?
 - How are points scored in pickleball?
 - Who invented pickleball?
 - How much has pickleball grown in the past year?
- Generative summary Beta** window:
 - This report aims to identify and analyze current marketing trends that are shaping the industry landscape. It will provide insights into how brands can leverage these trends to maximize their success and stay ahead of the competition.
 - Copy button
 - Personalization menu
 - Influencer Marketing
 - Rise of Original Content (highlighted)
 - Original content (not just influencer partnerships) is on the rise. Lo-fi storytelling is growing in popularity, even for major brands. Social platform creators continue to play a major role in the social media world.
 - Copy button
 - Platform Differentiators
- Background documents include:
 - THE RISE OF PICKLEBALL AS A RECREATIONAL SPORT**
 - Pickleball's Evolution, Popularity, and Global Impact**
 - Generative summary** (repeated)
 - Personalization** (repeated)
 - Rise of Original Content** (repeated)
 - AI Assistant Beta** (repeated)
 - How is the company's business doing?** (repeated)
 - According to this document, Q2 revenue showed steady growth of 13% due to higher net partnership sales.** (repeated)

AI Assistant innovation



Unlocking new value from the information inside the approximately **3 trillion PDFs¹** in the world.

- A new way to get to what matters. Significantly benefits users by transforming their productivity and workflows
- Builds upon third party LLMs and AI and ML models in Acrobat Liquid Mode
- Intelligent citations: Adobe's custom attribution engine can easily verify the source of AI Assistant's answers

THE RISE OF PICKLEBALL
Pickleball's Evolution, Popularity, and Global Impact

The Rise of Pickleball as a Recreational Sport
Historical Evolution
Pickleball's journey from a simple backyard pastime to a widely embraced recreational sport is a fascinating narrative that encapsulates the spirit of innovation and adaptability in modern leisure activities.

Demographics Between Pickleball, Tennis, and Table Tennis
The demographics of players in these sports also exhibit noteworthy contrasts. While tennis is traditionally favored among elite and forward-leaning, pickleball's accessibility has led to a more diverse participant base, ranging from retirees to young enthusiasts. Table tennis, with its widespread popularity in recreational spaces, draws a similar inclusivity, appealing to a broad spectrum of age groups.

Regional Participation

Region	Participation Rate (%)
North America	45%
Europe	30%
Asia	20%
Australia	15%
South America	10%
Africa	5%
Oceania	8%

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South America	10%
Africa	5%
Oceania	8%

Regional Participation

Region	Participation Rate (%)
North America	45%
Europe	30%
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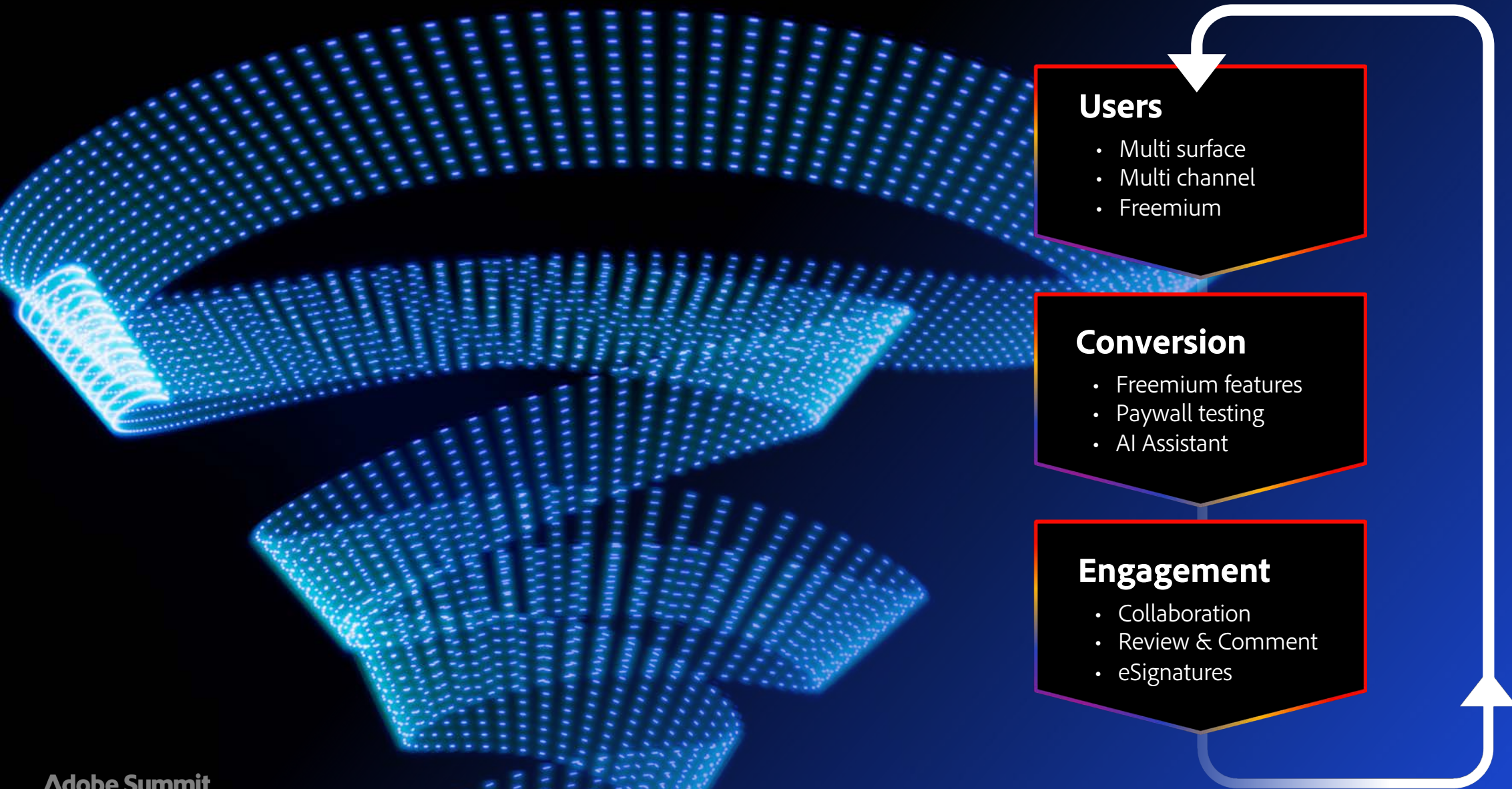
Regional Participation

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Regional Participation

Region	Participation Rate (%)
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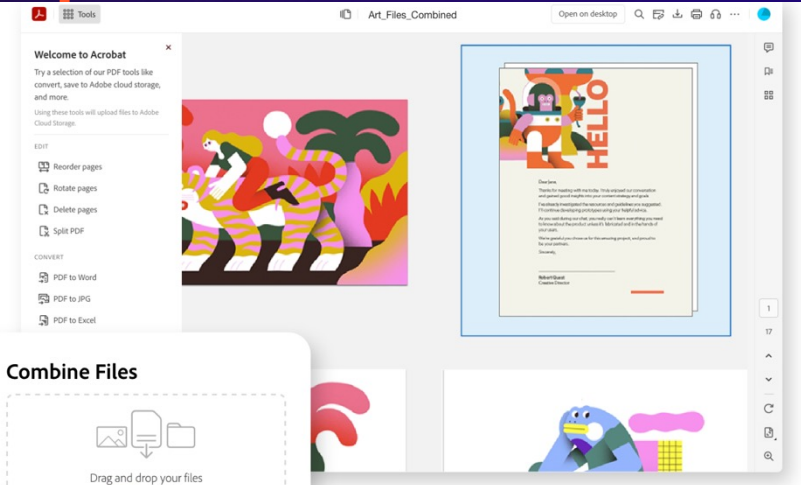
PLG & viral growth loops drive audience expansion



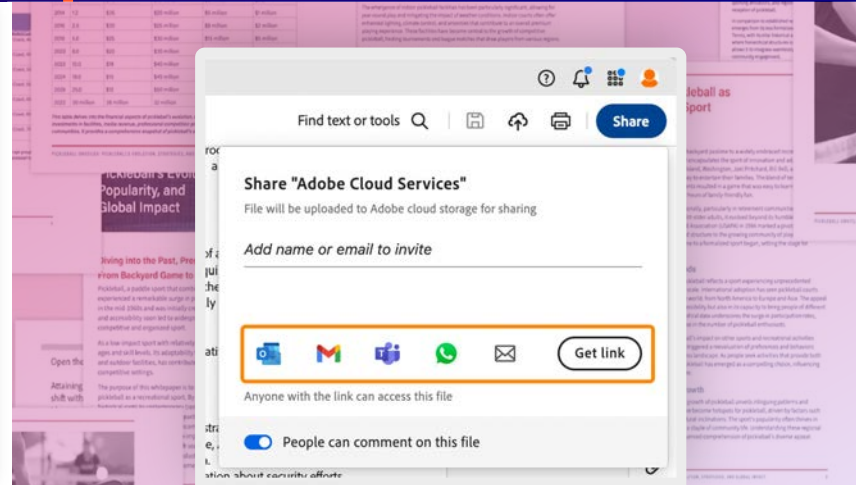
Acrobat on the web: PLG results



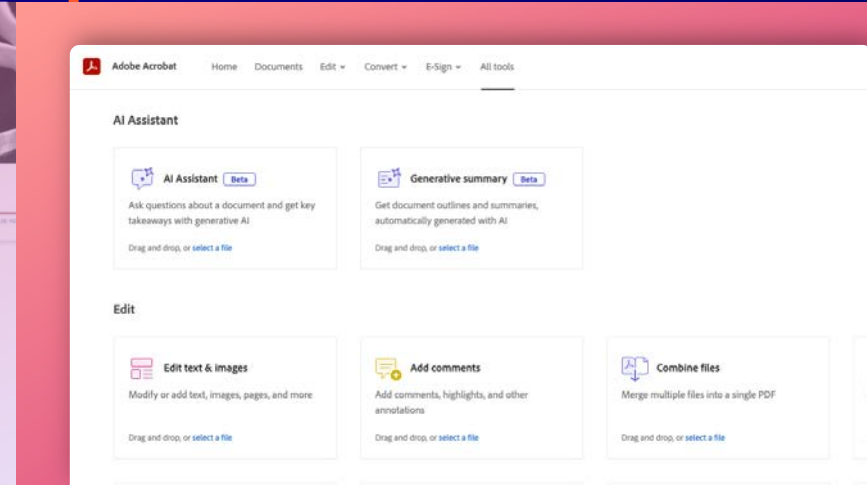
Acquisition



Viral growth



Business outcome



>70%

Y/Y increase in monthly active users (MAU)¹

>200%

Y/Y increase in users sharing documents via link-sharing²

>65%

Y/Y increase in new paid subscriptions from the web funnel³

¹ Y/Y growth in Acrobat on the web MAU, Q1FY24

² Average monthly unique MAU sharing documents for view & review, Q1FY24

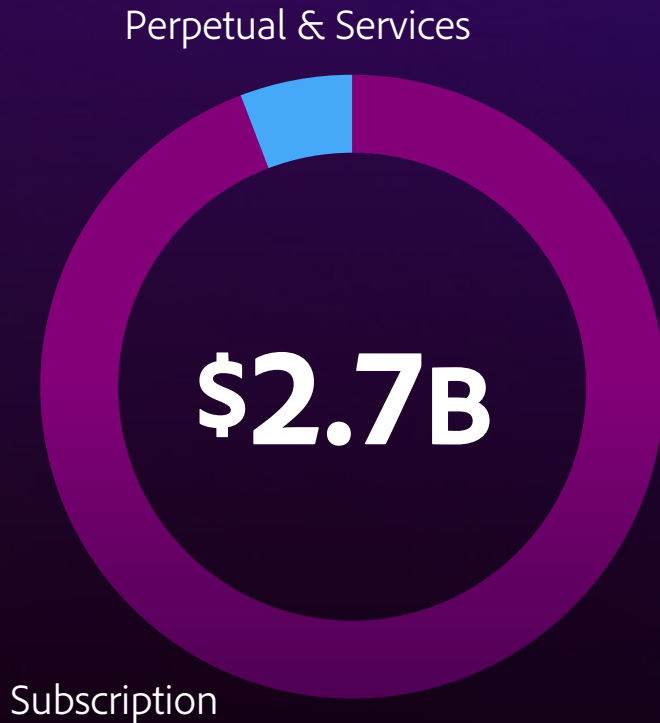
³ Paid subscriptions sourced from all Acrobat on the web surfaces, FY2023



Document Cloud revenue mix

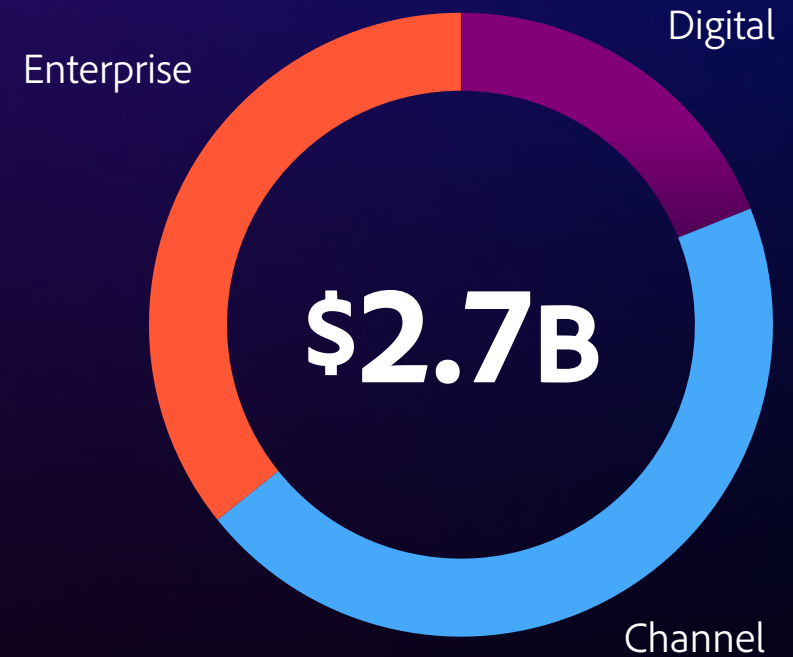
FY2023

By revenue type



By RTM

94%
Subscription
Revenue



2027 Document Cloud total addressable market



2024 Document Cloud TAM

~\$32B



2027 Document Cloud TAM

~\$47B

~\$25B

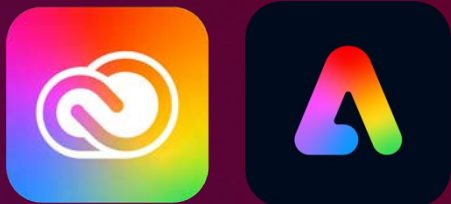
Knowledge Workers

- High propensity use cases
- Advanced Gen AI, including collaboration
- Increased organizational penetration
- Expanded opportunity for creation & creative use
- e-Signature for SMBs and Enterprises

~\$22B

Communicators

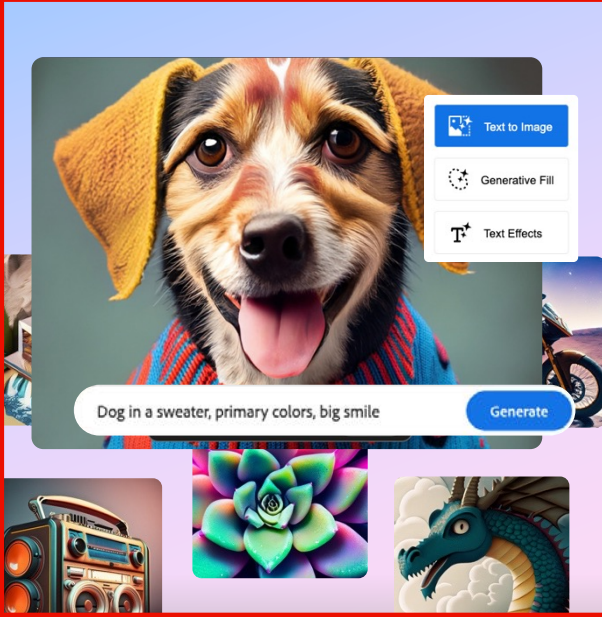
- Broader web & mobile use cases
- Generative AI Reader consumption use
- Expanded opportunity for creation & creative use
- e-Signature for general use



Creative Cloud opportunity



What to expect in Creative Cloud: unleashing a new era of creativity



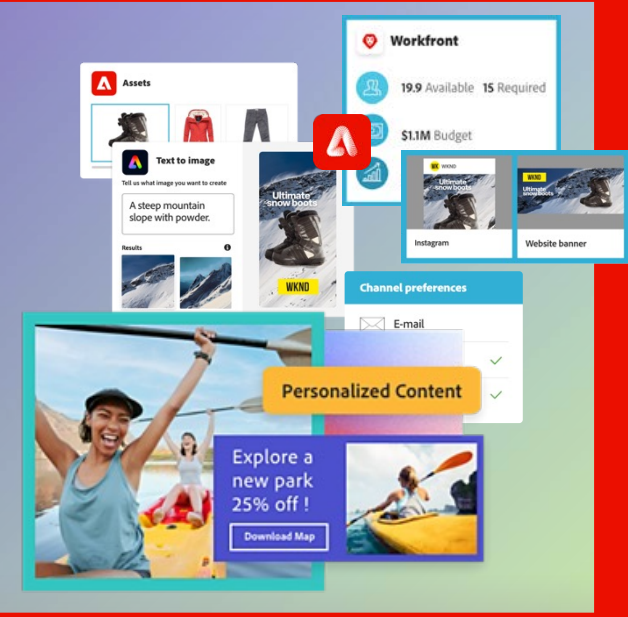
Adobe Firefly foundation models built for all media types



Generative AI natively built into Creative Cloud flagship apps



AI-first creative apps with Adobe Express and Firefly web app

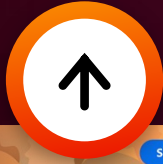


Adobe Firefly Services and GenStudio for personalization and automation at scale

The AI opportunity for Creative Cloud



More value



Creative Cloud



More users

Supercharge content creation

- Enrich ideation and exploration across media types
- Deliver the power and precision professionals need
- Accelerate previously costly production workflows
- Streamline stakeholder collaboration
- Drive content personalization at scale

Fast and fun creative expression

- Remove onboarding friction with AI-first creation apps
- Empower students and creators to promote ideas
- Enable marketers to work at the speed of social
- Encourage consumers to express themselves

AI innovation drives new monetization opportunities



Adobe Express and Firefly web app

- Expand new user adoption through freemium offerings
- Drive free to paid conversion with usage limits on generative AI capabilities
- Offer new revenue stream with Generative Credits

Creative Cloud apps & services

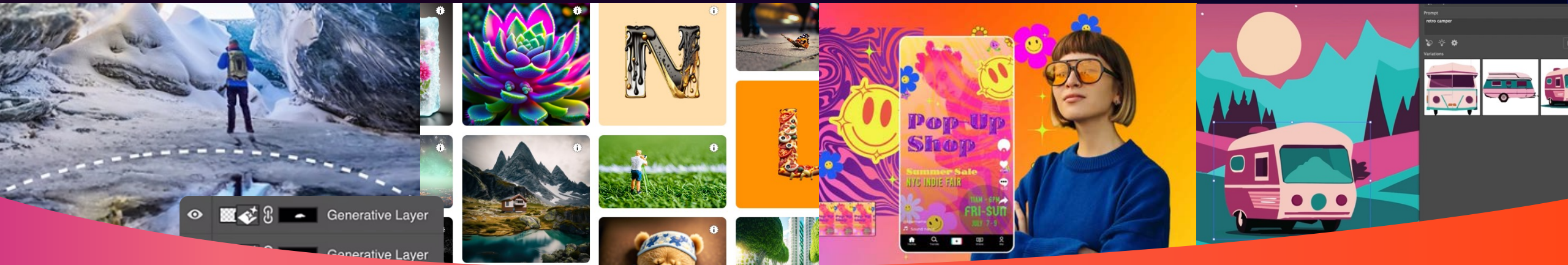
- Increase value in flagship apps
- Expand customer base / seats through improved onboarding and user success
- Further increase engagement / retention
- Offer new revenue stream with Generative Credits

Adobe Creation and Production for Businesses

- Drive Custom Model adoption
- Drive adoption of Firefly Services for automation
- New GenStudio solution
- Enable workflows across Creative Cloud, Express, GenStudio and partners



Subscriptions and consumption



AI momentum



Adobe Firefly

>6.5B

Images generated since March 2023¹

Adobe Photoshop

>50%

Increase in average monthly social interactions following the public beta release of Generative Fill in Photoshop²

>30%

Y/Y increase in gross new Photoshop subscriptions³

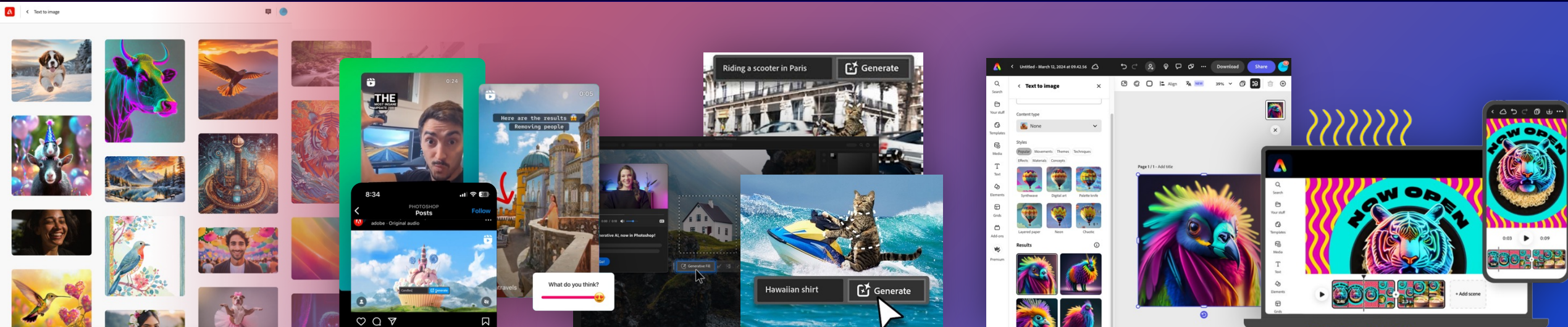
Adobe Express

>100%

Y/Y growth in exports from Adobe Express⁴

>40%

Mobile beta users who have used a GenAI feature⁵



¹ Adobe, March 2024

² Average monthly social interactions from May 2023 to January 2024 as compared to December 2022 to April 2023

³ Photoshop single-app gross new units Q3-Q4 FY23 compared to Q3-Q4 FY22

⁴ Y/Y growth in cumulative exports from Adobe Express, exiting Q1 FY24

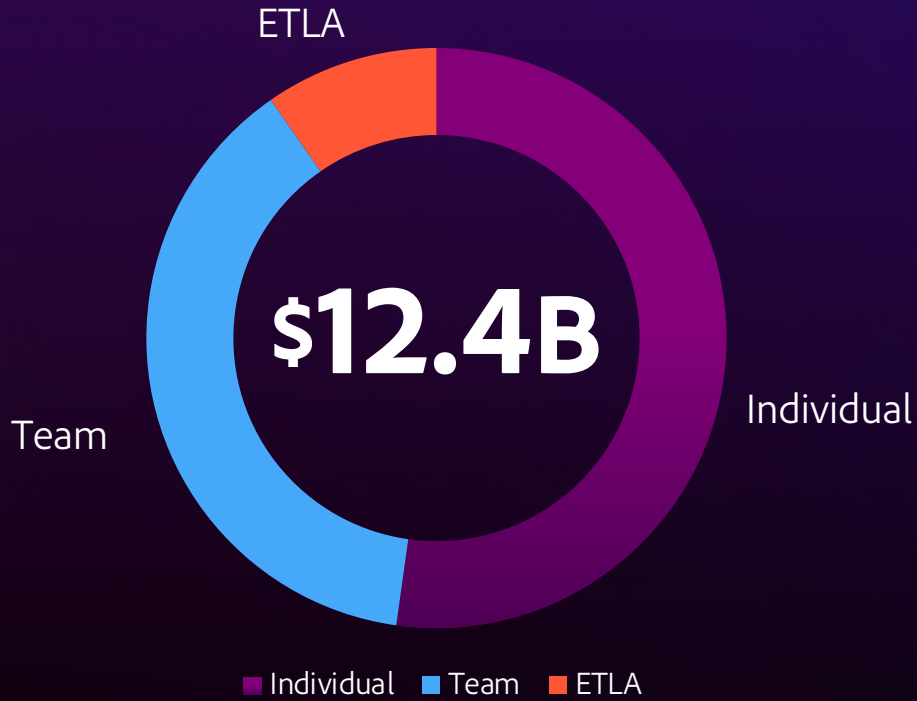
⁵ Since launch on 3/7/24 through 3/18/24

Creative Cloud ending ARR mix

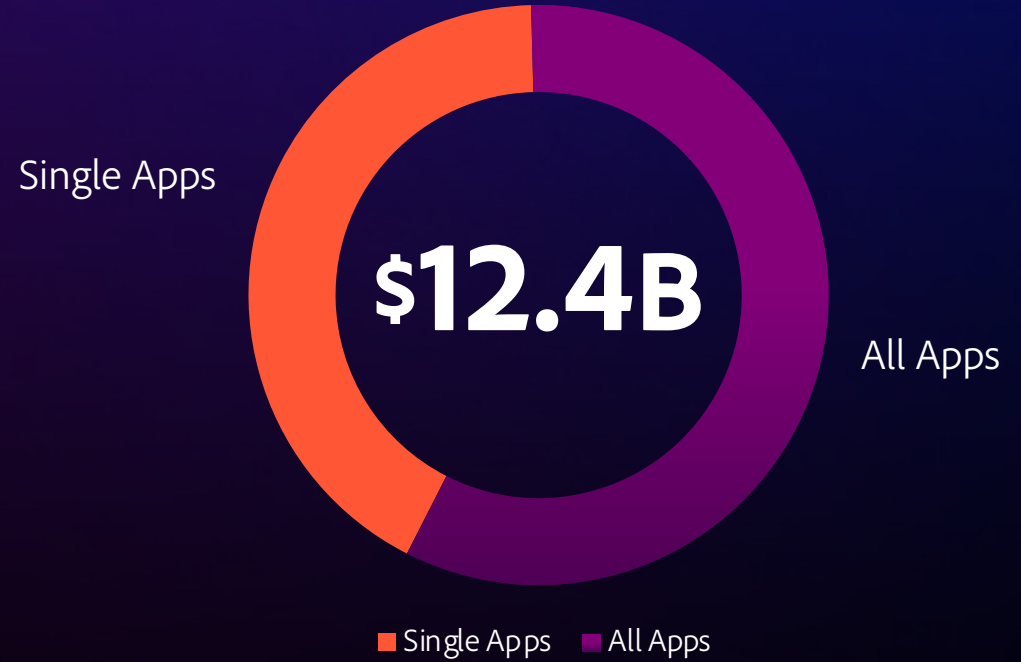


FY2023

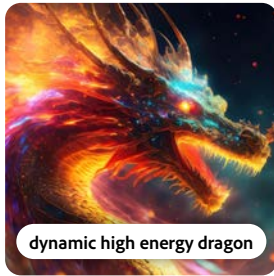
By offering



Single app vs. all apps



Innovation roadmap



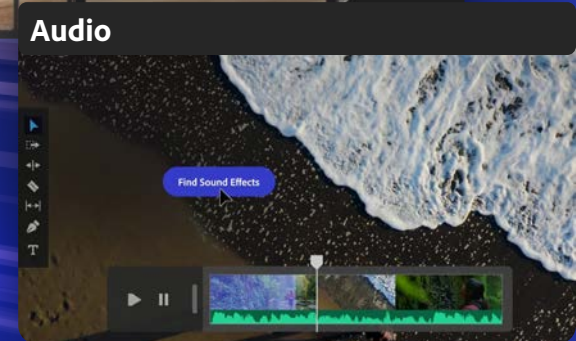
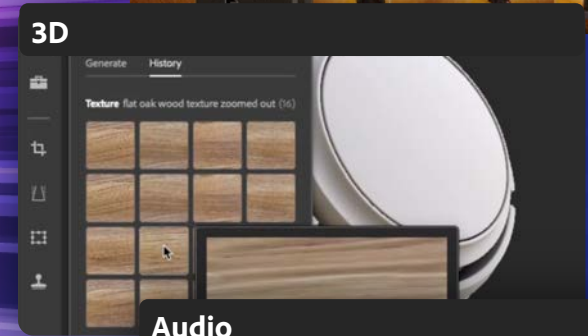
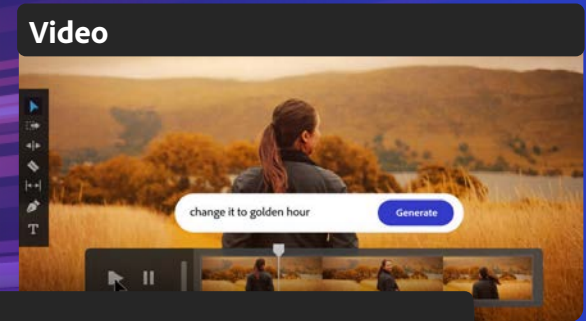
Firefly Image Model



Firefly Vector Model



Firefly Design Model



Introduction to Firefly Services



2027 Creative Cloud total addressable market



2024 Creative Cloud TAM

~\$63B



2027 Creative Cloud TAM

~\$91B

~\$44B

Professional Creativity

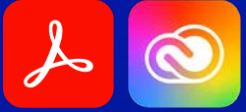
- Increasing value in CC flagships through GenAI features and collaboration
- Expanding reach with more approachable AI-enabled and web-based creative tools
- New content generation solutions for enterprises & pros to deliver personalization at scale (custom models, APIs)
- Content automation

~\$47B

Communicators & Consumers



- AI-first creative apps enabling more people to participate in creative expression
- Growth in content creation among students, marketers and small businesses
- Continued expansion of the creator economy
- New revenue streams with Generative Credits

Digital Media AI monetization





Quantity \times Price $+$ Value

Professional Creativity

-  Creative Cloud Base Plans
-  Generative Credit Plans




Communicators & Consumers

-  Firefly (web app)
-  Adobe Express

Knowledge Workers & Communicators

-  AI Assistant for Acrobat and Reader

Enterprise Services

-  Firefly Services
-  Firefly Custom Models
-  GenStudio

Better Onboarding & Retention = More Subscribers

More Capabilities = Higher Value Plans

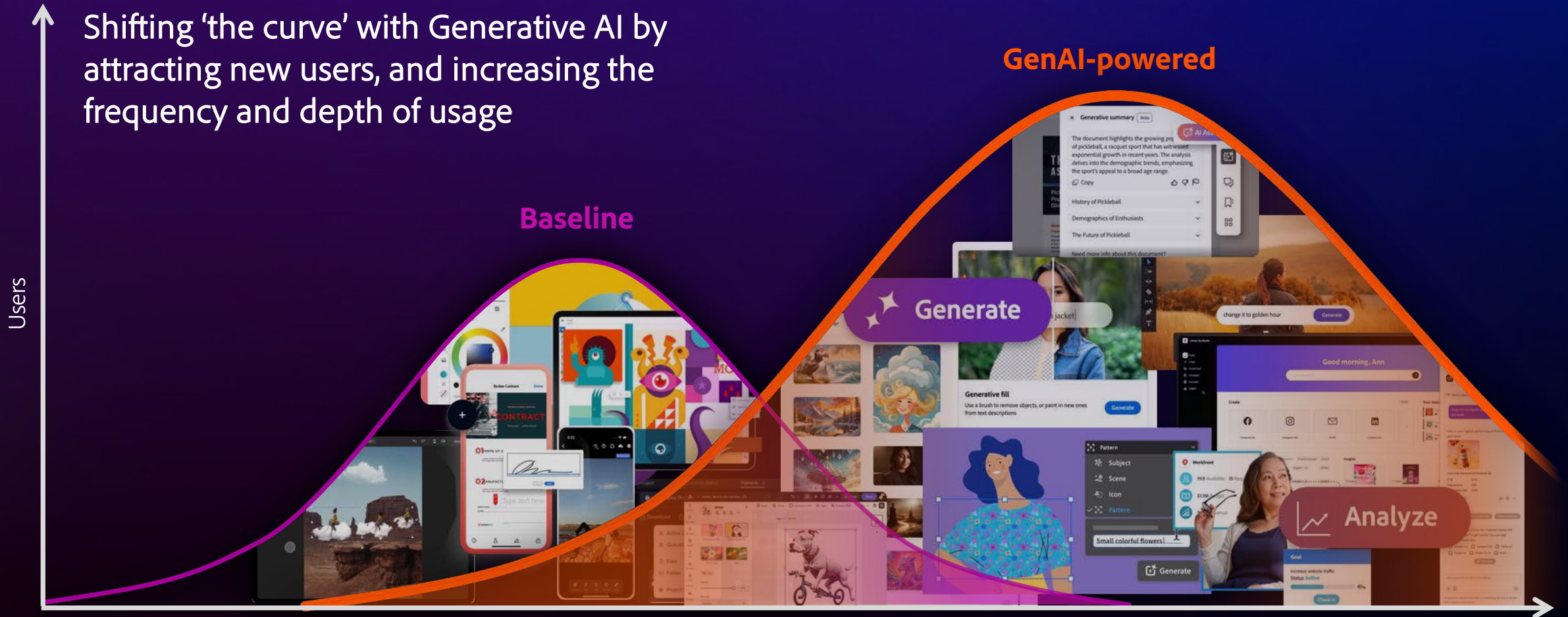
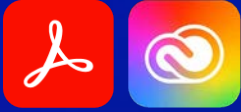
Line Optimization (Base Plans)

Usage Levels (Generative Credit Plans)

Business Automation Solutions

Enterprise Usage Based Pricing

Product engagement: pushing the curve to the right with AI



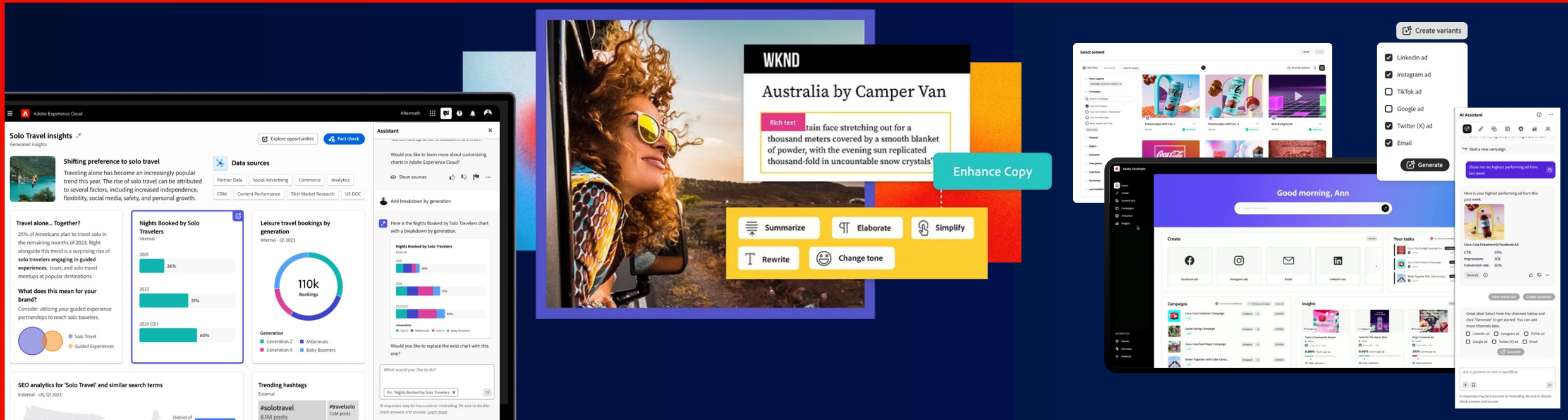
Distribution curve graphic for illustrative purposes only



Digital Experience opportunity



What to expect in Experience Cloud: delivering the future of digital experiences



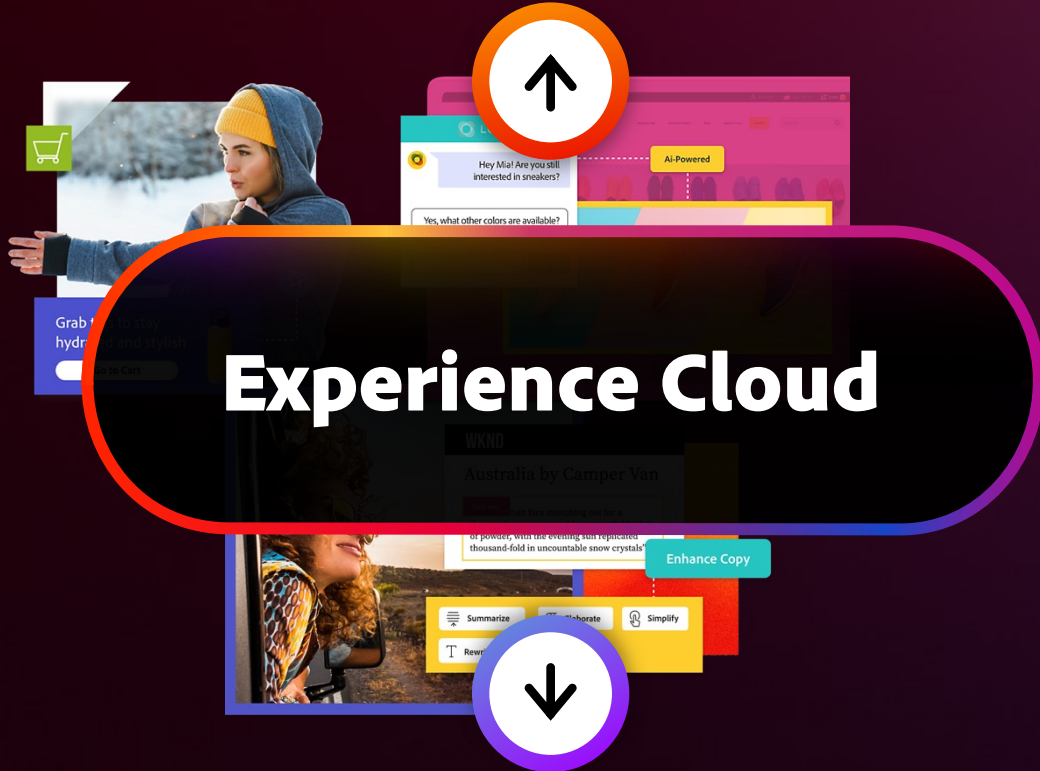
AI Assistant enhancing productivity
across Experience Cloud apps

Reimagining Experience Cloud apps
leveraging generative AI

New generative AI-based
solutions to revolutionize
digital experiences starting with
Adobe GenStudio

The AI opportunity for Experience Cloud

Transformational value



Experience Cloud

Accelerate business value

- Simplify content creation-to-activation process
- Drive efficiency through embedded generative AI offerings and automated workflows
- Shorten time to plan and deploy new use cases

Expand enterprise user base

- Enable any user to rapidly become proficient through conversational interfaces
- Expand beyond marketing to include new functional areas
- Democratize insights across the enterprise

Empowering new practitioners

AI innovation drives new monetization opportunities

AI Assistant enhancing productivity across Experience Cloud apps

- Drive upsell through availability of value-add features in higher value tiers
- Create incremental adoption opportunities through seat expansion

Reimagining Experience Cloud apps leveraging generative AI

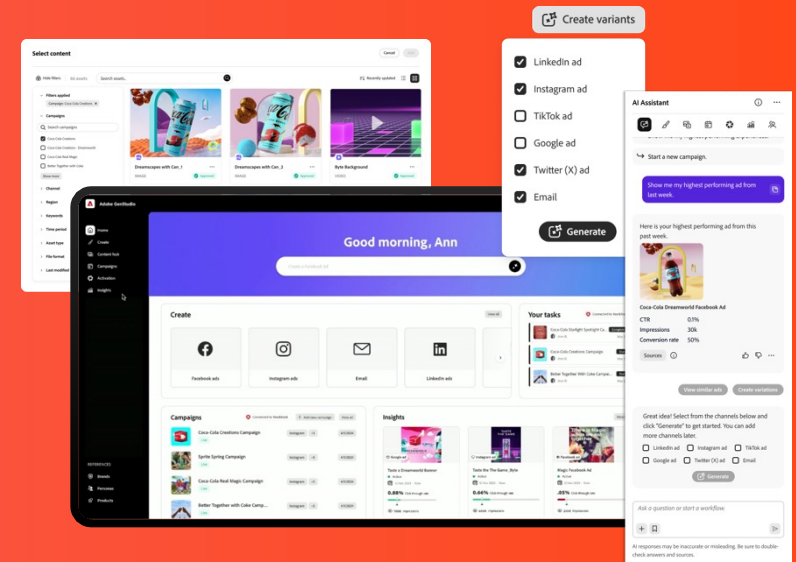
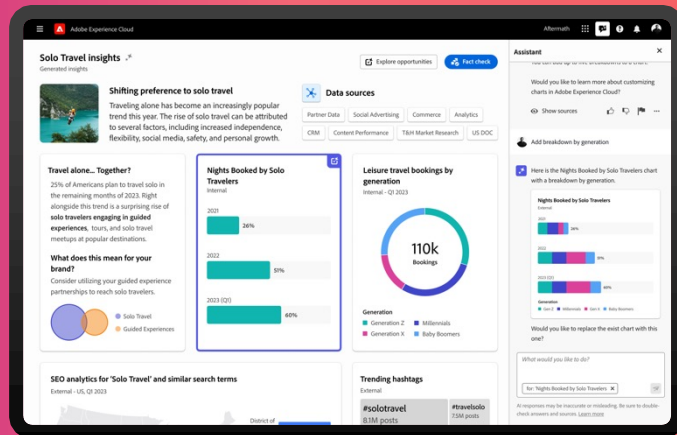
- Deliver added value for new and renewing customers
- Enable list price uplift

New generative AI-based solutions to revolutionize digital experiences starting with Adobe GenStudio

- Offer scaled pricing based on number of seats and usage



Subscriptions and consumption



Adobe Experience Cloud business momentum



Value-driven customer expansion

FY2023

~\$4M

Average BoB¹ of top 1000 customers

~\$19M

Average BoB¹ of top 100 customers

~\$40M

Average BoB¹ of top 25 customers

FY20-FY23 Growth

~1.8x

Growth multiple of top 1000 customers

~2.0x

Growth multiple of top 100 customers

~2.2x

Growth multiple of top 25 customers

+52%

growth in accounts with >\$1M in BoB¹ (FY2020 – FY2023)

117%

Net dollar retention rate of Top 1000 customers²

>\$800M

AEP + apps BoB exiting Q1FY24

~\$1.6B

Combined TCV of top 10 customers³

Annual revenue



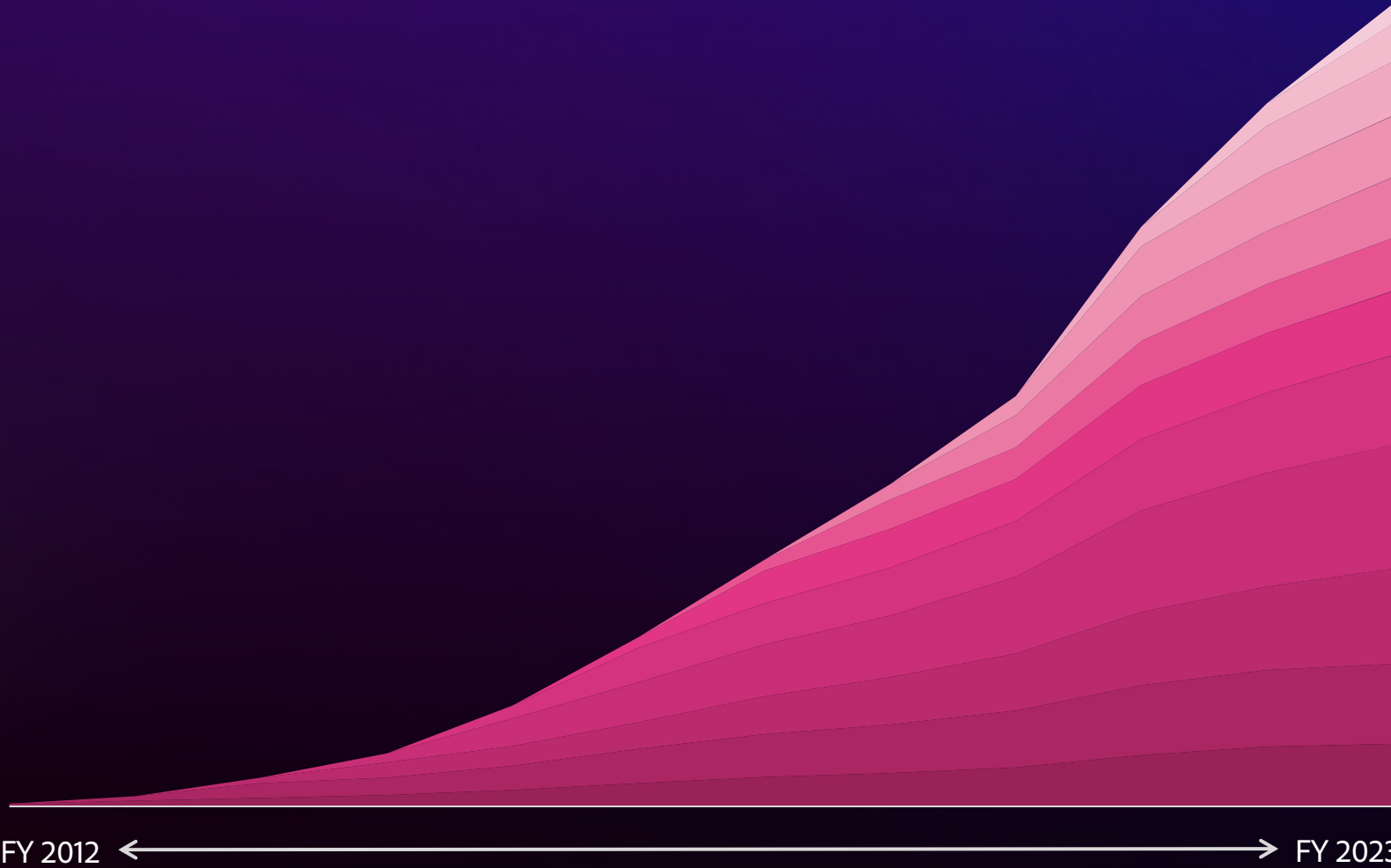
¹ Book of Business (BoB) includes annualized subscription value of SaaS, managed service, term, and subscription services offerings

² Net dollar retention reflects the annual growth rate of ARR for Top 1000 Digital Experience customers inclusive of any attrition, as of FY2023

³ Reflects Total Contract Value for top 10 customers at end of Q4 FY2023

Source: Adobe, December 2023 & March 2024 for AEP + apps BoB

GTM: proven track record of solution adoption and expansion



Expansion years ¹	Average Subscription expansion multiple ^{1,2}
1	1.2x
3	1.9x
7	4.5x
10	10.6x

¹ Multiples use first full year revenue as baseline in each cohort (e.g., FY2021 cohort compares FY2023 revenue to FY2022)

² Cohort analysis based on Subscription Revenue for all current Digital Experience customers who were added from FY2012 through FY2023, other than customers acquired as a result of M&A since 2018
Source: Adobe, March 2024

Digital Experience revenue mix

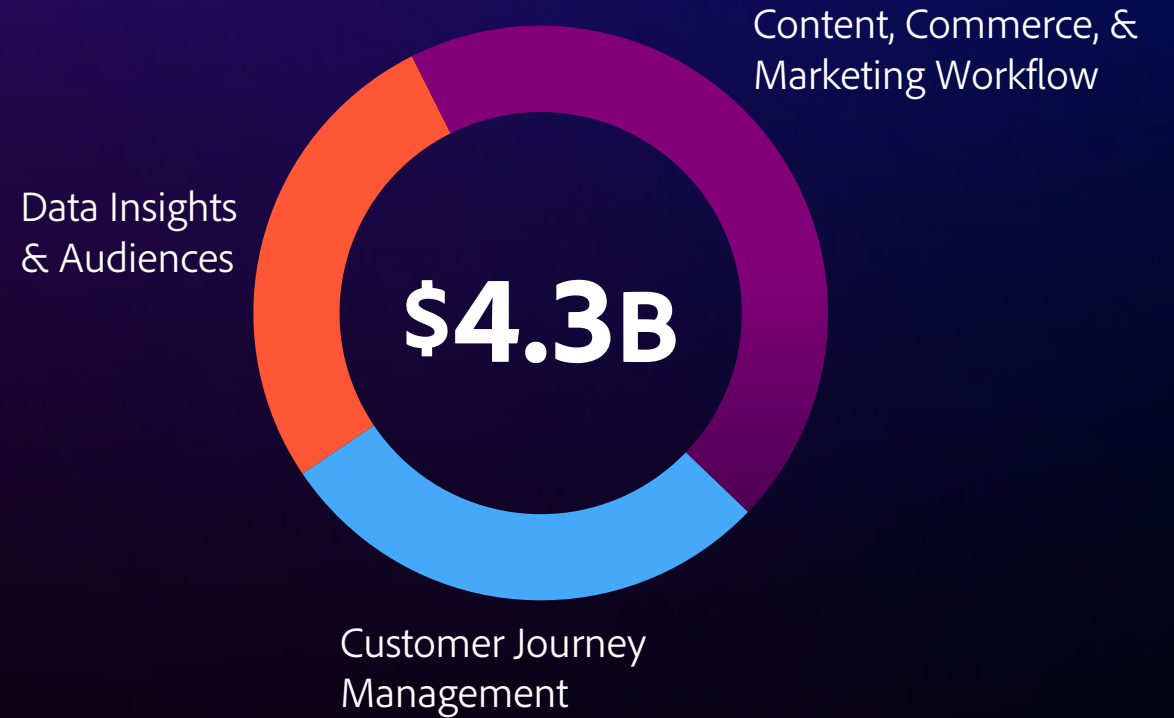
FY2023



Revenue mix



Subscription revenue by category



2027 Experience Cloud total addressable market

 2024 Experience Cloud TAM
~\$110B

 2027 Experience Cloud TAM
~\$155B

~\$49B

Data Insights & Audiences

- Single view of customer fuels Personalization at Scale
- First-party data collaboration
- Omni-channel customer analytics
- Data governance
- Product Analytics

~\$77B

Content, Commerce & Workflows

- Content Supply Chain
- GenAI-first content creation
- Marketing System of Record
- Integrated marketing workflows
- Agile marketing and creative collaboration
- Personalized commerce services

~\$29B

Customer Journeys

- Real-time customer journey orchestration
- Intelligent offer decisioning
- Audience based and 1:1
- Experimentation and decisioning
- B2B & B2C
- Web + mobile

The digital experience flywheel

Variation & personalization



Analysis & optimization

← Students • Consumers • Communicators • Creative Professionals • Developers • SMBs • Enterprises →

Financial strategy

Financial strategy

**Grow Revenue
and EPS**

Efficient Capital Allocation



**Disciplined Financial
Management**

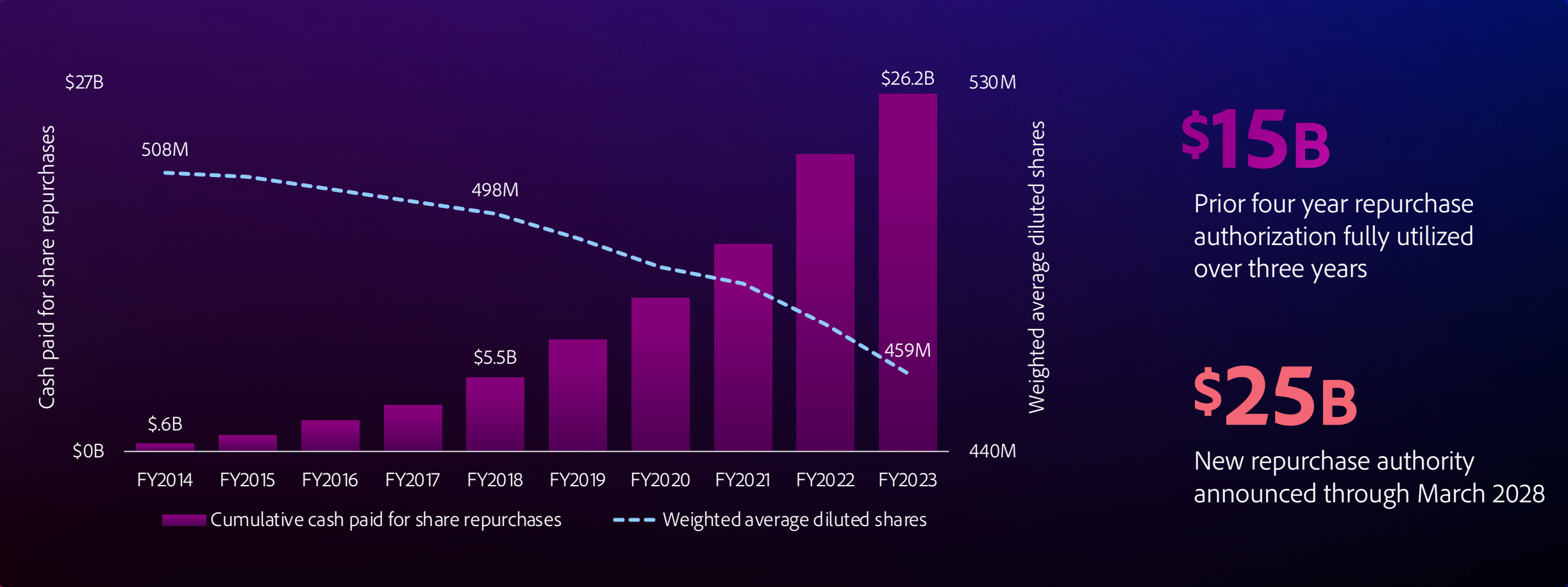


Robust Capital Structure

- Invest in the business and maximize growth
- Further enhance value through inorganic opportunities
- Offset dilution and consistently return capital via share repurchase
- Strong cash flow generation and liquidity
- Net debt neutral balance sheet
- Strong investment grade credit rating

Strong, consistent capital returns

Meaningful share count reduction over the last decade, over \$26 billion of shares repurchased

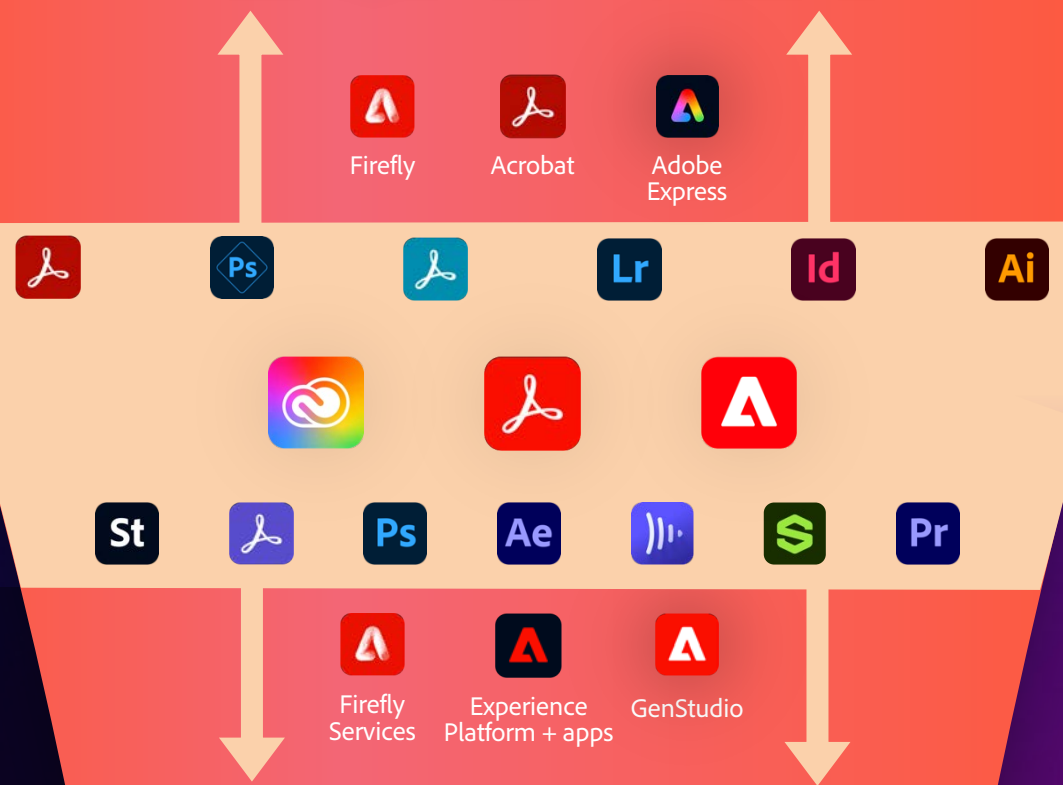


Expanding Adobe's opportunity: the path to \$30B and beyond

2027 Adobe TAM
~\$293B

New multi-surface consumer offerings

Broadening our reach to new audiences



Value-added services and generative AI augment flagship offerings

Comprehensive, multi-cloud, integrated solutions for enterprise

Accelerating time-to-value to take customers deeper

>5B
 Web-connected people¹

~3T
 PDFs in the world²

>1.5B
 Monthly A.com visits³

Tens of thousands
 Enterprises⁴

Tens of millions
 SMBs⁴

¹ Statista, Number of internet and social media users worldwide, January 2024
² Adobe, February 2024
³ Adobe, monthly average, October 2023 through February 2024
⁴ Internal estimate based on third party data, 2023; SMB means small and medium business

TAM calculations performed by Adobe based on third-party research reports. GenStudio in Early Access. Firefly Services in Limited Release

Appendix

Adobe Summit
Investor Meeting

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP operating margin

	FY2013	FY2014	FY2015	FY2016	FY2017
GAAP operating margin	10.4 %	10.0 %	18.8 %	25.5 %	29.7 %
Stock-based and deferred compensation	8.2	8.1	7.0	6.0	6.3
Restructuring and other related charges	0.7	0.5	-	-	-
Amortization of purchased intangibles & technology license arrangements	3.8	3.0	3.3	2.3	2.0
Loss contingency (reversal)	-	0.2	(0.2)	-	-
Non-GAAP operating margin	23.1 %	21.8 %	28.9 %	33.8 %	38.0 %

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP operating margin (continued)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
GAAP operating margin	31.5 %	29.2 %	32.9 %	36.8 %	34.6 %	34.3 %
Stock-based and deferred compensation	6.8	7.1	7.2	7.0	8.1	8.9
Amortization of intangibles	1.8	3.6	2.8	2.2	2.3	1.9
Acquisition-related expenses ^(*)	-	-	-	-	0.1	0.6
Loss contingency ^(**)	-	-	-	-	-	0.2
Non-GAAP operating margin	40.1 %	39.9 %	42.9 %	46.0 %	45.1 %	45.9 %

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

^(**) Associated with an IP litigation matter

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP earnings per share

	FY2013	FY2014	FY2015	FY2016	FY2017
GAAP diluted earnings per share	\$ 0.56	\$ 0.53	\$ 1.24	\$ 2.32	\$ 3.38
Stock-based and deferred compensation	0.65	0.65	0.67	0.70	0.92
Restructuring and other related charges	0.05	0.04	-	-	-
Amortization of purchased intangibles & technology license arrangements	0.30	0.24	0.30	0.27	0.29
Non-operating income (expense)	0.01	-	(0.04)	-	(0.02)
Loss contingency (reversal)	-	0.02	(0.02)	-	-
Income tax adjustments	(0.23)	(0.15)	(0.07)	(0.28)	(0.26)
Non-GAAP diluted earnings per share	\$ 1.34	\$ 1.33	\$ 2.08	\$ 3.01	\$ 4.31

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP earnings per share (continued)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Q1 FY24
GAAP diluted earnings per share	\$ 5.20	\$ 6.00	\$ 10.83	\$ 10.02	\$ 10.10	\$ 11.82	\$ 1.36
Stock-based and deferred compensation	1.23	1.62	1.90	2.30	3.02	3.78	1.03
Amortization of intangibles	0.35	0.80	0.74	0.73	0.85	0.81	0.18
Acquisition-related expenses ^(*)	-	-	-	-	0.05	0.25	2.21
Loss contingency ^(**)	-	-	-	-	-	0.10	-
Investment losses (gains), net	(0.01)	(0.10)	(0.03)	(0.03)	0.04	(0.03)	(0.04)
Income tax adjustments	(0.01)	(0.45)	(3.34)	(0.54)	(0.35)	(0.66)	(0.26)
Non-GAAP diluted earnings per share	\$ 6.76	\$ 7.87	\$ 10.10	\$ 12.48	\$ 13.71	\$ 16.07	\$ 4.48

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

^(**) Associated with an IP litigation matter

Non-GAAP reconciliation

Reconciliation of GAAP to non-GAAP FY2024 financial targets

Effective income tax rate	FY2024 Target	Diluted earnings per share	FY2024 Target - Low	FY2024 Target - High
GAAP effective income tax rate	20.5 %	GAAP diluted earnings per share	\$ 11.26	\$ 11.66
Stock-based and deferred compensation	(1.3)	Stock-based and deferred compensation	4.33	4.33
Amortization of intangibles	(0.2)	Amortization of intangibles	0.73	0.73
Acquisition termination fee ^(*)	(2.5)	Acquisition-related expenses ^(*)	0.13	0.13
Income tax adjustments	2.0	Acquisition termination fee ^(*)	2.19	2.19
Non-GAAP effective income tax rate	18.5 %	Income tax adjustments	(1.04)	(1.04)
		Non-GAAP diluted earnings per share	\$ 17.60	\$ 18.00

^(*) Associated with the Figma transaction. "Acquisition-related expenses" includes deal costs and certain professional fees.

Earnings per share targets assume diluted share count of ~454 million for fiscal year 2024

Source: Adobe, March 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 operating margin, non-GAAP diluted earnings per share, non-GAAP tax rate and constant currency revenue growth rates. 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 operating margin, 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, 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. Constant currency revenue growth rates are calculated by converting non-United States Dollar revenue using comparative period exchange rates and determining the change from prior period reported revenue, adjusted for any hedging effects.

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.