

JONATHAN VAAS

Good afternoon and thank you for joining us. With me on the call today are Shantanu Narayen, Adobe’s Chairman 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 second quarter fiscal year 2022 financial results. You can find our Q2 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, June 16, 2022, and contains forward-looking statements that involve risk, uncertainty 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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The information discussed on this call, including our financial targets and product plans, is as of today, June 16, and contains forward-looking statements that involve risk, uncertainty and assumptions. Actual results may differ materially from those set forth in these statements. For a discussion of these risks, you should review the factors discussed in today's press release and in 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 adjusted growth rates in constant currency. During this presentation, Adobe's executives will refer to constant currency growth rates unless otherwise stated. Reconciliations between the two are available in our earnings release and on Adobe's Investor Relations website.

I will now turn the call over to Shantanu.



SHANTANU NARAYEN

Thanks, Jonathan. Good afternoon and thank you for joining us.

Adobe had a strong Q2, driven by the secular shift to digital that is transforming how we live, work and play.

Changing the world through digital experiences

<p>Unleashing Creativity</p>	<p>Accelerating Document Productivity</p>	<p>Powering Digital Businesses</p>
<p>\$4.39 Billion Q2 revenue 14% Y/Y growth 15% Y/Y growth in constant currency</p>		<p>GAAP EPS: \$2.49 Non-GAAP EPS: \$3.35</p>

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In Q2, we achieved a record \$4.39 billion in revenue, representing 15 percent year-over-year growth. GAAP earnings per share for the quarter was \$2.49 and non-GAAP earnings per share was \$3.35.

In our Digital Media business, we drove strong growth in both Creative Cloud and Document Cloud, achieving \$3.20 billion in revenue. Net new Digital Media Annualized Recurring Revenue or “ARR” was

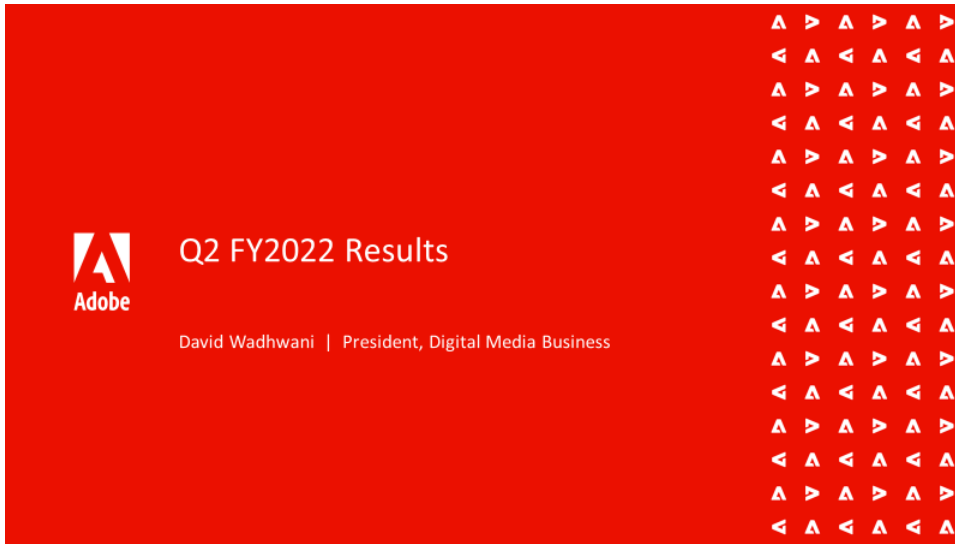
\$464 million, and total Digital Media ARR exiting Q2 grew to \$12.95 billion.

In our Experience Cloud business, we achieved \$1.10 billion in revenue, and subscription revenue was \$961 million for the quarter.

The digital economy runs on Adobe's tools and platforms. Customers, from individuals and small businesses to the largest enterprises are using our products to unleash their creativity, accelerate document productivity and deliver personalized customer experiences. Digital experiences—from apps on our devices, to digital documents we consume, edit and sign, to personalized online shopping experiences—are made possible by Adobe. Our mission to enable the world's digital experiences has never been more relevant and we remain focused on executing our long-term growth initiatives. We are delivering mission-critical products that serve an ever-increasing base of customers and we have a track record of strong growth and profitability. In my conversations with customers around the world, it is clear that digital is playing a pivotal role in powering the economy and enabling the world to keep moving forward.

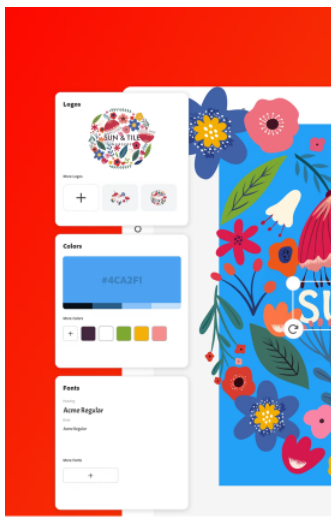
I will now turn it over to David to share more about our momentum in the Digital Media business.

David.



DAVID WADHWANI

Thanks, Shantanu. And hello everyone.



Adobe Creative Cloud

- Creative revenue of \$2.61 billion
- Launched powerful new capabilities in Photoshop – Photo Restoration Neural Filter has now been used by millions and applied to hundreds of millions of images. Enhancements to Photoshop on the web – editing, mobile browser access and learnings content
- Video production continues to explode, and Premiere Pro remains a leader in video creation and editing. New integrations between Frame.io, Premiere Pro and After Effects. Frame.io had a strong quarter, with new customer wins, including Epic Games and NBC Universal
- Customer demand for metaverse-ready content continues to increase. Substance 3D had its strongest Q2 ever as customers like HUGO BOSS, Mattel and Unity rely on it to deliver immersive experiences
- Momentum in Adobe Express with strong traffic and millions of monthly active users, launched Adobe Express Content Scheduler, kicked off *Express Your Brand* partnership with Meta and received the Editor’s Choice Award in the App Store

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Digital Media: Creative Cloud

Adobe products have always been the solution of choice for the world’s creators, whether they’re designers, photographers, filmmakers or illustrators. Today, the explosion of the creator economy is enabling even more individuals, solopreneurs and small business owners to express themselves in creative ways, whether it’s a hobby, a side hustle or a full-time job. Every creator and business is reimagining how they build their brand and engage their audiences in a digital-first world,

underscoring the rapidly growing demand for content and creativity.

Adobe Creative Cloud offers the most comprehensive portfolio of products and services across every creative category—including imaging, photography, design, video and 3D and immersive. We continue to invest across our core flagship products, including a heavy dose of new AI features. As demand for content increases, content creators are looking to Adobe to help them work together efficiently. We're responding by integrating collaboration capabilities directly into our flagship applications that enable creative teams to collaborate with each other and with stakeholders.

As communicators have become a growing part of our Creative Cloud customer base, we've expanded our offering to include Adobe Express, our new template-based, easy-to-use web and mobile product. Express creates an opportunity to serve a broader base of communicators who need lightweight, task-based tools to create everything from social media posts, logos and flyers for their small businesses, to party invitations and posters for their personal needs. Real estate entrepreneur Chrishell Stause is a great example of a social media influencer who is leveraging Adobe Express to transform how she markets her properties and engages her followers. She is one of millions of users promoting their products and services with Adobe Express.

In Q2, we achieved net new Creative Cloud ARR of \$357 million and revenue of \$2.61 billion, which grew 14 percent year over year.

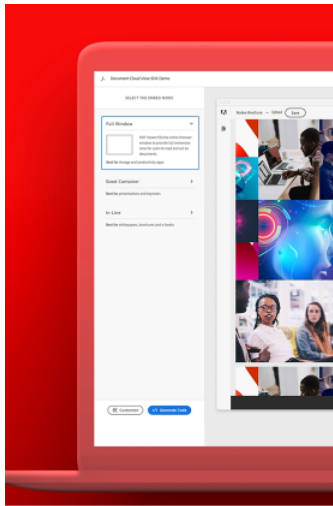
Q2 highlights include:

- Continued innovation in the imaging category; this quarter we launched powerful new capabilities in Photoshop, including Photo Restoration Neural Filter that detects and restores damaged photos in seconds. Neural Filters are one of Photoshop's most used AI-powered features – they have now been used by millions of users and applied to hundreds of millions of images. We're also delivering enhancements to Photoshop on the web, including new editing features, support for mobile browsers and integrated learning content;
- Video production also continues to explode, and Premiere Pro remains a leader in video creation, editing and now collaboration with Frame.io; the new integration between Frame and Premiere Pro and After Effects is streamlining review and collaboration workflows across

stakeholders. Frame had another strong quarter—with new customer wins including Epic Games and NBC Universal—which are using it to manage their video content supply chain, something that Anil will talk more about in a few minutes;

- We're also seeing the emergence of new categories like 3D, as customer demand for metaverse-ready content continues to increase. Substance 3D had its strongest Q2 ever as customers like HUGO BOSS, Mattel and Unity rely on it to deliver immersive experiences across fashion, gaming and e-commerce. We continue to rapidly innovate in this space, including delivering native Apple hardware support for Painter, Designer and Sampler, enabling creators to work faster than ever before. The Substance team also delivered a new SDK for developers who want to integrate 3D capabilities into their applications;
- And finally, we are excited about the momentum we're seeing for Adobe Express with millions of monthly active users and strong growth in traffic and new users in Q2. We continue to bring the magic of Photoshop imaging, Premiere video and Acrobat PDF capabilities, like background removal, QR code generation, video resizing and PDF editing to Express. And we released our new Content Scheduler feature —thanks to our recent acquisition of ContentCal—allowing creators to quickly create, preview, schedule and publish social media content. We're also excited to kick off our Express Your Brand partnership with Meta, which will enable over 200 million businesses to grow their online presence using Adobe Express. And our product-led growth strategy allows us to use millions of data points to continuously test, learn and optimize the entire Express experience, from search to export. Adobe Express recently received the Editor's Choice Award on the App Store, recognizing top apps for design, functionality and performance.

We're very excited about the strong demand for Creative Cloud offerings globally, driven by acquisition, engagement and retention from our data-driven operating model across individuals, SMBs and enterprises. Key enterprise customer wins include Activision, Bertelsmann, Hasbro, Honda Motor, Daimler AG, NCSOFT, Services Australia, State of California and WPP.



Adobe



Adobe Document Cloud

- Document Cloud revenue of \$595 million
- Growth in monthly active users (MAU) across desktop, mobile and web, surpassed 50 million MAU in Q2, doubling year over year
- Billions of PDFs opened in Acrobat Mobile and hundreds of millions of cumulative installs of Adobe Scan
- Strong demand for Adobe Sign as users send PDFs for signatures directly from unified Acrobat experience
- New integration between Acrobat and Adobe Express templates for visually stunning PDFs
- Acrobat and Sign APIs are thriving as customers increasingly customize, integrate and automate document services
- Momentum across routes to market and customer segment, including key enterprise customer wins with Automatic Data Processing (ADP), Duke Energy, Quanta Services and US Bank

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Digital Media: Document Cloud

In our Document Cloud business, digital document workflows are automating manual paper processes across our personal and professional lives. Whether it's a legal contract, invoice or school permission slip, we now need to scan, edit, share and sign from anywhere. Adobe Document Cloud offers the most comprehensive, intuitive tools for document productivity across every device and platform.

In Education, The University of East London is adopting Document Cloud to manage workflows for enrolling 17,000 students from 135 countries. In Financial Services, TSB Bank is transforming the online banking experience by enabling customers to quickly and securely complete common tasks like loan applications that could previously only be done in branches.

In Q2, we achieved net new Document Cloud ARR of \$107 million and record revenue of \$595 million, which grew 28 percent year over year.

Q2 highlights include:

- Strong growth in monthly active users across desktop, mobile and web. The rising volume of search traffic for Acrobat verbs remains a productive funnel to Acrobat web, which surpassed 50 million monthly active users in Q2, more than doubling year over year;
- Mobile app momentum remains strong, with billions of PDFs opened in Acrobat Mobile and

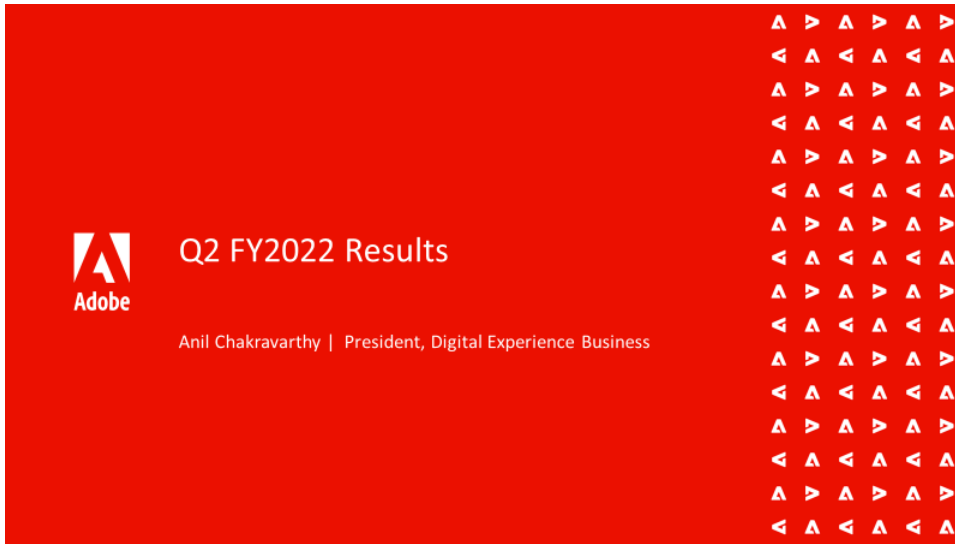
hundreds of millions of cumulative Adobe Scan installs;

- Acrobat and Adobe Sign integration continues to drive strong demand for Adobe Sign, as users increasingly send PDFs for signature directly from the unified Acrobat experience;
- Acrobat and Adobe Express integrations now give hundreds of millions of Acrobat users the ability to embed customized templates and make their PDFs visually stunning;
- And Acrobat and Sign APIs are thriving as customers increasingly customize, integrate and automate document services.

We're thrilled with the momentum we see in the Acrobat ecosystem and our business performance across routes to market and customer segments, including key enterprise customer wins with Automatic Data Processing, Duke Energy, Quanta Services and US Bank.

We continue to see strong demand for our products in the second half of FY22. We'll continue to win in the Digital Media business through product innovation across Creative Cloud and Document Cloud, which are targeting a broad, growing base of customers. Our tremendous scale, consistent marketing investments, proven data-driven operating model and new product-led growth investments are accelerating our momentum across our new and established businesses.

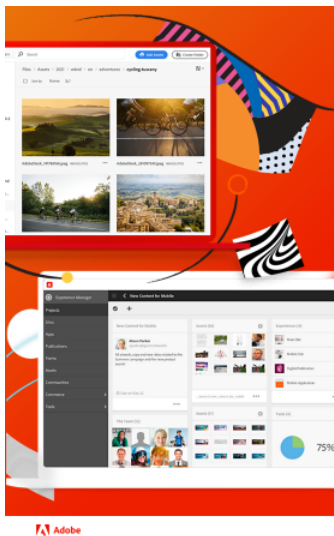
I'll now pass it to Anil.



ANIL CHAKRAVARTHY

Thanks, David. Hello everyone.

Even in this uncertain economy, every business continues to prioritize its digital investments. Our June Adobe Digital Index report, which leverages trillions of data points from Adobe Analytics, found that consumers spent a billion dollars more online in May compared to April. Year to date, shoppers have spent over \$377 billion online, which is roughly 9% more than the same period last year.



Adobe Experience Cloud

- Digital Experience revenue of \$1.10 billion with subscription revenue of \$961 million
- Native integration across Real-Time CDP, Customer Journey Analytics and Adobe Journey Optimizer is a significant differentiator, allowing brands to orchestrate, measure and optimize the entire customer experience
- New innovations, such as Segment Match, enable brands to securely share customer segment data with business partners; major enterprises are adopting Real-Time CDP as their platform of choice, with key customer wins, including Autodesk, National Football League and US Bank
- Expanding Experience Cloud leadership in the healthcare industry by making Adobe Journey Optimizer and Real-Time CDP HIPAA ready through Healthcare Shield
- New services in Adobe Analytics – delivering a single workspace for brands to unify data and insights between new media types such as 3D and streaming media with traditional channels to get a holistic view of customer engagement with Customer Journey Analytics
- Strong adoption of Adobe Experience Manager for unified content management
- Growth in demand for professional services, underscoring focus on long-term value realization and driving strong retention
- Key customer wins include Audible, Anthem, Bank of Nova Scotia, BMW, Bridgestone Europe, Coles Supermarket, Humana, McDonald's and Toyota

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Driving this digital momentum is the imperative for personalized customer experiences at scale.

Adobe Experience Cloud is the leader in the customer experience management category, offering

a comprehensive set of integrated applications and services – spanning data insights and audiences, content and commerce, customer journeys and marketing workflow. Built natively on Adobe Experience Platform, our Real-Time Customer Data Platform (Real-Time CDP) provides businesses with a single view of their customers' data across every channel, allowing them to create precise segments and deliver personalized experiences regardless of when and where a customer interacts with their brand. Adobe delivers real-time data with more than 24 trillion audience segment evaluations per day.

The Home Depot is the latest in a large and growing set of industry-leading customers who are adopting Adobe's Real-Time CDP as the underlying platform to power their digital business. Real-Time CDP provides a comprehensive view of The Home Depot's customers across e-commerce, mobile and in-store purchases, enabling them to build customer loyalty and grow their business. In Q2, we continued to drive outstanding Experience Cloud growth, achieving a record \$1.10 billion in revenue. Subscription revenue was \$961 million for the quarter, representing 18% year-over-year growth.

Q2 highlights include:

- Native integration across Real-Time CDP, Customer Journey Analytics and Adobe Journey Optimizer is a significant differentiator, allowing brands to orchestrate, measure and optimize the entire customer experience; new innovations, such as Segment Match, enable brands to securely share customer segment data with business partners while respecting customer privacy; major enterprises are adopting Real-Time CDP as their platform of choice, with key customer wins this quarter including Autodesk, National Football League and US Bank;
- Expanding Experience Cloud leadership in the healthcare industry by making Adobe Journey Optimizer and Real-Time CDP HIPAA ready through Healthcare Shield; this quarter's customer win with CVS is a great proof point of this massive market opportunity;
- New services in Adobe Analytics, delivering a single workspace for brands to unify data and insights from new media types such as 3D and streaming media with traditional channels to get

a holistic view of customer engagement with Customer Journey Analytics;

- Strong adoption of Adobe Experience Manager for unified content management, demonstrating Adobe's leadership in helping businesses effectively manage their content supply chain from creation through delivery;
- Tremendous growth in demand for partner and Adobe professional services, underscoring the urgency for implementation and value realization;
- Key customer wins, including Audible, Anthem, Bank of Nova Scotia, Humana, McDonald's, Stellantis and Toyota.

Reinforcing our leadership position, Adobe continued to receive strong industry analyst recognition, including being named #1 by Gartner for both the Marketing sub-segment of Customer Experience and Relationship Management and Digital Experience Platforms. We were also named a Leader in the inaugural IDC MarketScape for Worldwide Retail and CPG Customer Data Platforms and the IDC MarketScape for Professional Services.

Looking ahead, our category-leading solutions, strong pipeline and tremendous scale through our partner ecosystem position us to deliver personalization at scale across every industry and drive strong growth in the second half.

Dan, over to you.



DAN DURN

Thanks, Anil.

Today I will start by summarizing Adobe’s performance in Q2 fiscal 2022, highlighting growth drivers across our businesses, and I’ll finish with financial targets.

Q2 FY2022 Results

Total Revenue	\$4.39 billion	14% Y/Y growth	15% Y/Y growth ¹
Digital Media segment revenue	\$3.20 billion	15% Y/Y growth	16% Y/Y growth ¹
Digital Media ARR	\$464 million of net new ARR		
Digital Experience segment revenue	\$1.10 billion	17% Y/Y growth	18% Y/Y growth ¹
Digital Experience subscription revenue	\$961 million	18% Y/Y growth	18% Y/Y growth ¹
Earnings per share	GAAP: \$2.49		Non-GAAP: \$3.35

- Generated \$2.04 billion of cash flows from operations
- Repurchased approximately 1.9 million shares
- Remaining Performance Obligations (RPO) exiting the quarter were \$13.82 billion

1. Adjusted to show growth rates in constant currency.



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Q2 Performance

Adobe delivered a strong quarter, surpassing our issued Q2 financial targets in an uncertain macro environment. On the top line, we grew revenue by 14 percent year over year, or 15 percent in constant currency. While making long-term growth investments, we delivered operating margins of 35 percent

on a GAAP basis, and 45 percent on a non-GAAP basis, continuing to be one of the most predictable and profitable growth companies in technology.

We have three strategic businesses growing into massive addressable markets, with differentiated products used by hundreds of millions of individuals every month. In addition to our established businesses, we are delivering innovations and new offerings that will drive transformational growth in the future.

Q2 business and financial highlights included:

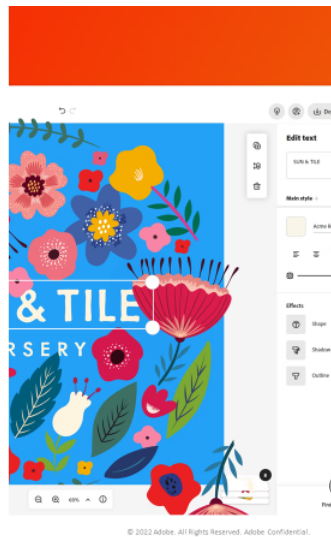
- Record revenue of \$4.39 billion;
- GAAP diluted earnings per share of \$2.49 and non-GAAP diluted earnings per share of \$3.35;
- Digital Media revenue of \$3.20 billion;
- Net new Digital Media ARR of \$464 million;
- Digital Experience revenue of \$1.10 billion;
- Cash flows from operations of \$2.04 billion;
- RPO of \$13.82 billion exiting the quarter; and
- Repurchasing approximately 1.9 million shares of our stock during the quarter.

Digital Media

In our Digital Media segment, we achieved 15 percent year-over-year revenue growth in Q2, or 16 percent in constant currency. We exited the quarter with \$12.95 billion of Digital Media ARR.

Adobe Creative Cloud | Results

- Creative revenue of \$2.61 billion growing 12% Y/Y or 14% Y/Y in constant currency, with \$357 million of net new Creative ARR
- Continued strength in acquisition, engagement and retention across our customer segments
- Momentum in SMB – Teams offering continues to drive new customer acquisition
- Solid demand for our flagship products, including Photoshop, Illustrator and Premiere
- Mobile applications ending ARR grew greater than 30% Y/Y exiting the quarter
- Adobe Stock – strong book of business growth across organizations and new customers
- Momentum in new businesses – Frame.io and Substance offerings, grew ending ARR greater than 60% Y/Y exiting the quarter.



Digital Media: Creative Cloud

We achieved Creative revenue of \$2.61 billion, which represents 12 percent year-over-year growth, or 14 percent in constant currency. We added \$357 million of net new Creative ARR in the quarter, a sequential increase of 13 percent from Q1.

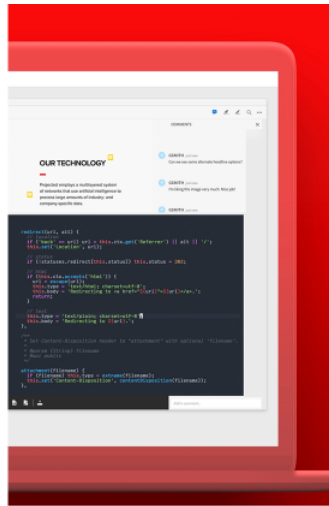
Second quarter Creative growth drivers included:

- Continued strength in acquisition, engagement and retention across our customer segments;
- Momentum in the small and medium business segment, where our Teams offering continues to drive new customer acquisition;
- Demand for our flagship products, including Photoshop, Illustrator and Premiere;
- Mobile applications, where our ending ARR grew greater than 30 percent year over year exiting the quarter;
- Adobe Stock, where we saw strong book of business growth across organizations and new customers; and
- Momentum in new businesses, with strong growth in Frame.io, as well as our Substance offerings, which grew ending ARR greater than 60 percent year over year exiting the quarter.



Adobe Document Cloud | Results

- Document Cloud revenue of \$595 million growing 27% Y/Y or 28% Y/Y in constant currency, with \$107 million of net new Document Cloud ARR
- Continued strength in acquisition, engagement and retention for Acrobat across our customer segments
- Momentum in SMB and reseller channels, driving new Document Cloud subscriptions
- Continued growth of searches online for document actions, funneling millions of new customers into our document franchise through Acrobat Web
- Strength in mobile, with ending ARR growing greater than 40% Y/Y exiting the quarter
- Strong adoption of Acrobat with integrated Sign capabilities within organizations of all sizes
- Strong sales of Acrobat perpetual licenses



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Digital Media: Document Cloud

Adobe achieved Document Cloud revenue of \$595 million, which represents 27 percent year-over-year growth, or 28 percent in constant currency. Document Cloud continues to be our fastest growing business, given the relevance and importance of PDF to knowledge workers around the globe. We added \$107 million of net new Document Cloud ARR in the quarter.

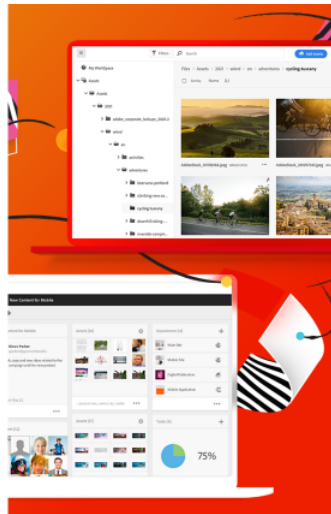
Second quarter Document Cloud growth drivers included:

- Continued strength in acquisition, engagement and retention for Acrobat across our customer segments;
- Momentum in the small and medium business segment and the reseller channel, continuing to drive new Document Cloud subscriptions;
- Continued growth of searches online for document actions, funneling millions of new customers into our document franchise through Acrobat Web;
- Strength in mobile, with ending ARR growing greater than 40 percent year over year exiting the quarter; and
- Strong adoption of Acrobat with integrated Sign capabilities within organizations of all sizes.

Our Document business also had a strong quarter in sales of Acrobat perpetual licenses.

A Adobe Experience Cloud | Results

- Digital Experience revenue of \$1.10 billion growing 17% Y/Y or 18% Y/Y in constant currency, with subscription revenue of \$961 million growing 18% Y/Y
- Strong growth in Adobe Experience Platform (AEP) business, with Real-time CDP revenue more than doubling Y/Y
- Increasing customer interest and pipeline generation for native applications built on AEP, including Real-time CDP, Customer Journey Optimizer and Customer Journey Analytics
- Success with Workfront – average deal sizes grew greater than 35% Y/Y
- Continued customer demand in Content and Commerce, with significant new customer acquisition in AEM as a cloud service
- Enterprise demand for Adobe professional services, driving customer success and new implementations across our solutions
- Strong retention rates, driven by product differentiation and customer value



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Digital Experience

Turning to our Digital Experience segment, in Q2 we achieved revenue of \$1.10 billion, which represents 17 percent year-over-year growth, or 18 percent in constant currency. Digital Experience subscription revenue was \$961 million, representing 18 percent year-over-year growth.

Second quarter Digital Experience growth drivers included:

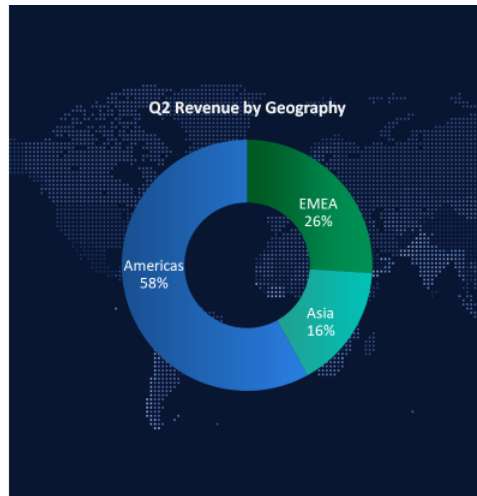
- Strong growth in our Adobe Experience Platform (AEP) business, with Real-time CDP revenue more than doubling year over year;
- Increasing customer interest and pipeline generation for new applications built on AEP, including Real-time CDP, Customer Journey Optimizer and Customer Journey Analytics;
- Success with Workfront, where average deal sizes grew greater than 35 percent year over year;
- Continued customer demand in Content and Commerce, with significant new customer acquisition in Adobe Experience Manager as a Cloud Service;
- Enterprise demand for Adobe professional services, driving customer success and new implementations across our solutions; and
- Strength in retention rates during the quarter, driven by product differentiation and our focus

on delivering customer value.

Our strategy of enabling enterprises to activate first-party data to provide personalization at scale in real time is resonating with customers, driving our continuing Digital Experience growth.

Q2 FY2022 Results

- RPO of \$13.82 billion
- Cash and short-term investments of \$5.30 billion
- Cash flows from operations of \$2.04 billion
- Repurchased approximately 1.9 million shares



Adobe

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Income Statement and Balance Sheet

In Q2, we continued to focus on making disciplined investments to drive growth, including marketing campaigns and headcount additions in our R&D and sales organizations. We're pleased with our success in talent acquisition during the quarter in a competitive market.

Adobe's effective tax rate in Q2 was 21 percent on a GAAP basis and 18.5 percent on a non-GAAP basis. The increase in the GAAP tax rate is primarily due to the lower-than-expected tax benefits associated with stock-based compensation and geographic mix of earnings.

RPO exiting the quarter was \$13.82 billion, growing 13 percent year over year, or 15 percent year over year when factoring in a 2 percent foreign exchange headwind.

Our ending cash and short-term investment position exiting Q2 was \$5.30 billion, and cash flows from operations in the quarter were \$2.04 billion.

In Q2 we repurchased approximately 1.9 million shares at a cost of \$800 million. We currently have \$9.5 billion remaining of our \$15 billion authorization granted in December 2020, which goes through 2024.

Q3 FY2022 Financial Targets | June 16, 2022

Total Adobe revenue	~\$4.43 billion	
Digital Media ARR	~\$430 million of net new ARR	
Digital Media segment revenue (Y/Y growth)	~13%	~16% (Constant Currency)
Digital Experience segment revenue (Y/Y growth)	~12%	~14% (Constant Currency)
Digital Experience subscription revenue (Y/Y growth)	~13%	~15% (Constant Currency)
Tax rate	GAAP: ~22.5%	Non-GAAP: ~18.5%
Earnings per share ¹	GAAP: ~\$2.35	Non-GAAP: ~\$3.33

The information discussed on this slide contains forward-looking statements that involve risk and uncertainty. Actual results may differ materially. For a discussion of these risks and uncertainties, you should review Adobe's SEC filings. Please see our website for a discussion of these targets and a detailed reconciliation between GAAP and non-GAAP targets.

 1. Targets assume share count of ~470 million.

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Targets

We will now provide Q3 targets as well as an update on the annual targets we provided in December, factoring in the following four items:

- First, in March, we stated that as a result of lower-than-expected tax benefits associated with stock-based compensation, our effective tax rates would increase in fiscal 2022;
- Second, in March, we outlined the impact of the ongoing war in Ukraine and our decision to cease all new sales in Russia and Belarus, resulting in an expected \$75 million revenue impact on our Digital Media business;
- Third, as a result of the continued strength of the US Dollar, we are now factoring in an incremental FX headwind of \$175 million across Q3 and Q4 revenue;
- And fourth, while demand for our products remains strong, we now expect the second half of the fiscal year to show more pronounced summer seasonality in Q3 in the enterprise business, with a stronger sequential increase in Q4.


As a result, for Q3 we are targeting:

- Total Adobe revenue of approximately \$4.43 billion;
- Net new Digital Media ARR of approximately \$430 million;
- Digital Media segment revenue growth of approximately 13 percent year over year, or 16 percent in constant currency;
- Digital Experience segment revenue growth of approximately 12 percent year over year, or 14 percent in constant currency;
- Digital Experience subscription revenue growth of approximately 13 percent year over year, or 15 percent in constant currency;
- Tax rate of approximately 22.5 percent on a GAAP basis and 18.5 percent on a non-GAAP basis; and
- GAAP earnings per share of approximately \$2.35, and Non-GAAP earnings per share of approximately \$3.33.

Updated FY2022 Financial Targets | June 16, 2022

Total Adobe revenue	~\$17.65 billion	
Digital Media ARR	~\$1.90 billion of net new ARR	
Digital Media segment revenue (Y/Y growth)	~12%	~17% (Adjusted ¹)
Digital Experience segment revenue (Y/Y growth)	~14%	~17% (Adjusted ¹)
Digital Experience subscription revenue (Y/Y growth)	~15%	~19% (Adjusted ¹)
Tax rate	GAAP: ~21%	Non-GAAP: ~18.5%
Earnings per share ²	GAAP: ~\$9.95	Non-GAAP: ~\$13.50

The information discussed on this slide contains forward-looking statements that involve risk and uncertainty. Actual results may differ materially. For a discussion of these risks and uncertainties, you should review Adobe's SEC filings. Please see our website for a discussion of these targets and a detailed reconciliation between GAAP and non-GAAP targets.

 1. Adjusted to account for the extra week in first quarter fiscal year 2021 and to show growth rates in constant currency.
2. Targets assume share count of ~471 million. © 2022 Adobe. All Rights Reserved. Adobe Confidential.

For fiscal year 2022 we are now targeting:

- Total Adobe revenue of approximately \$17.65 billion;
- Net new Digital Media ARR of approximately \$1.90 billion;
- Digital Media segment revenue growth of approximately 12 percent year over year, or 17 percent on an adjusted basis;
- Digital Experience segment revenue growth of approximately 14 percent year over year, or 17 percent on an adjusted basis;
- Digital Experience subscription revenue growth of approximately 15 percent year over year, or 19 percent on an adjusted basis;
- Tax rate of approximately 21 percent on a GAAP basis and 18.5 percent on a non-GAAP basis; and
- GAAP earnings per share of approximately \$9.95, and Non-GAAP earnings per share of approximately \$13.50.

Summary

In summary, I'm pleased by the way Adobe executed in Q2. We are driving growth across Creative Cloud, Document Cloud and Experience Cloud, with momentum in our established businesses and

early success in our new initiatives. As a result of our disciplined operating model and focused execution, we were able to dramatically reduce the expected impact of increased tax rates and FX headwinds on our EPS. The investments we are making today in people, products and marketing will enable us to drive strong growth for years to come, and we are on track for another year of record revenue and operating cash flows.

Shantanu, back to you.



Adobe

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SHANTANU NARAYEN

Thanks, Dan.

We are proud of our strong Q2 performance across Creative Cloud, Document Cloud and Experience Cloud.

Adobe remains one of the greatest places to work in the industry, and I want to thank our employees for their relentless dedication. This quarter, Forbes named us a top employer for college graduates and we were ranked on their list of America’s Best Employers for Diversity. I am thrilled to welcome our largest cohort of interns and university graduates this summer.

Demand for our category-defining products and services continues to grow. We are innovating at rapid speed for new and existing customer segments, accelerating our leadership in established categories and seeing strong momentum for our newer initiatives.

Our strategy remains to focus on long-term growth initiatives while delivering world-class profitability. Our business fundamentals and market tailwinds are strong, and I have never been more confident in our ability to execute on the \$205 billion market opportunity ahead of us.

I will now turn the call back over to Jonathan.

JONATHAN VAAS

Thanks, Shantanu.

Adobe MAX, our Creativity conference, will take place during the third week of October this year in Los Angeles. On day one at MAX on Tuesday, October 18th, we plan to host a financial analyst meeting. Invitations, including discounted registration information, will be sent to our analyst and investor email list later this summer. More information about the event can be found online at max.adobe.com.

We would now be happy to take your questions, and we ask that you limit your questions to one per person. Operator.

Q&A



