

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 first quarter fiscal year 2022 financial results. You can find our Q1 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, March 22, 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, March 22, 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 that account for an extra week in the year-ago quarter ("adjusted growth rates" or "as adjusted"). During this presentation, Adobe's executives will refer to adjusted 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.

Before I discuss our Q1 results, I want to acknowledge the horrifying and heartbreaking crisis in Ukraine. The pain and suffering of millions of innocent civilians is incredibly tragic and our thoughts and prayers are with the Ukrainian people. Adobe joins the global community in taking a stand by stopping all new sales of our products and services in Russia. The Adobe Foundation has made grants to aid humanitarian relief efforts.

I am proud of how our teams have come together and continued to successfully manage our business throughout the most challenging of times, while focusing on delighting customers and the long-term growth initiatives for the company. Adobe has always had a strong purpose-driven culture and that has never been more evident than it is today.

Adobe’s mission to change the world through digital experiences is more critical than ever before. Everywhere we look—whether it is in entertainment, education or the enterprise—content is fueling the global economy. The democratization of creativity, emergence of new ways to work and learn from anywhere and the business mandate for personalized customer experiences underscore the immense opportunities we have as a company. Our strategy to unleash creativity for all, accelerate document productivity and power digital businesses is working. Our innovation engine is delivering category-leading products, services and platforms across Creative Cloud, Document Cloud and Experience Cloud.

Changing the world through digital experiences

Unleashing Creativity	Accelerating Document Productivity	Powering Digital Businesses
 Adobe Creative Cloud	 Adobe Document Cloud	 Adobe Experience Cloud
		
\$4.26 Billion Q1 revenue 9% Y/Y growth 17% adjusted Y/Y growth	GAAP EPS: \$2.66 Non-GAAP EPS: \$3.37	
<small> 1. Adjusted to account for the extra week in first quarter fiscal year 2021 and to show growth rates in constant currency. © 2022 Adobe. All Rights Reserved. Adobe Confidential. </small>		

Adobe had a strong Q1. We achieved a record \$4.26 billion in revenue, representing 17 percent year-over-year growth on an adjusted basis. GAAP earnings per share for the quarter was \$2.66 and non-GAAP earnings per share was \$3.37.

In our Digital Media business, we drove strong growth in both Creative Cloud and Document Cloud, achieving \$3.11 billion in revenue. Net new Digital Media Annualized Recurring Revenue or “ARR” was \$418 million, and total Digital Media ARR exiting Q1 grew to \$12.57 billion.

In our Experience Cloud business, we built on our Q4 momentum, achieving \$1.06 billion in revenue, and subscription revenue was \$932 million for the quarter.

I am pleased to have David Wadhvani, President, Digital Media, and Anil Chakravarthy, President, Digital Experience, on this call to share more about our momentum in the Digital Media and Digital Experience businesses, respectively.

David.



DAVID WADHWANI

Thanks, Shantanu. And hello everyone.



Adobe



Adobe Creative Cloud

- Creative revenue of \$2.55 billion
- Newly launched Creative Cloud Express seeing strong traffic, millions of monthly active users with high customer satisfaction
- New AI-powered innovations in Premiere Pro help merge music into video and accelerate transcription
- Frame.io had its best quarter, closing more deals than in any prior quarter while increasing deal sizes to record levels
- Tremendous interest for Substance 3D and new 3D Modeler beta as brands become “metaverse ready”
- Strong demand globally across all customer segments

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Digital Media: Creative Cloud

The acceleration to all things digital has made content and creativity more important than ever before. Everyone needs to express themselves digitally, from the individual on social media, to the student creating a more compelling school project, to the creative professional making the next marketing campaign. The rapid rise of the creator economy is giving individuals, solopreneurs and small business owners the opportunity to monetize their passions, their products and their services.

Creative Cloud is catalyzing these trends and fulfilling our vision for Creativity For All—enabling

customers of every skill level to create content that stands out. We continue to lead in core creative categories such as imaging, design, video and illustration and we are advancing new media types like 3D and immersive for the emerging metaverse platforms. We are building applications for every surface and every audience across web, mobile and desktop and we are investing heavily in collaboration services that are deeply integrated into our flagship applications. Our new web-based solutions enable us to deliver value more quickly and broadly than ever before. Creative Cloud solutions are powered by Adobe Sensei, our AI engine, which enables customers to work faster and smarter. As a result, our creative community has never been stronger; Behance now has nearly 30 million members and we continue to host hundreds of on-demand and live sessions weekly that serve as a source of learning and inspiration.

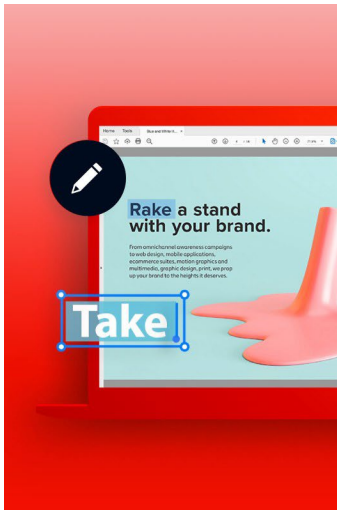
As a result, in Q1, we achieved net new Creative ARR of \$315 million and revenue of \$2.55 billion, which grew 16 percent year-over-year on an adjusted basis.

Q1 highlights include:

- The launch of Creative Cloud Express, our new template-driven, web and mobile product that makes it easy for anyone to create and share beautiful content. Its zero-friction onboarding will bring millions of small business owners, social influencers and students into the Creative Cloud family and empower them to create everything from social posts to marketing materials. Creative Cloud Express features thousands of gorgeous templates, millions of stunning stock images and videos and the world's most complete collection of fonts. Its easy-to-use interface is continuously expanding with innovation, such as enhanced search capabilities for millions of assets and new PDF Quick Actions that enable users to edit, convert, combine and organize PDFs. While we're just a few months into our journey, we are seeing strong traffic, millions of monthly active users and high customer satisfaction;
- On the video front, the explosive demand for video content shows no signs of abating. In Q1, we launched new AI-powered innovations in Premiere Pro that help merge music into video sequences and accelerate transcription. We also drove strong growth for Frame.io, the leading video collaboration solution Adobe acquired late last year. Frame had its best quarter ever, closing more deals than in any prior quarter while increasing deal sizes to

record levels. As creativity has become a team sport, we will extend our leadership in video collaboration and bring collaboration capabilities to all creative categories;

- We’re also seeing tremendous interest for Substance 3D and our new 3D Modeler beta, as brands bring together the physical and digital worlds and begin their journeys to become “metaverse ready;” Substance is already being adopted by global brands like Coca-Cola, NASCAR and NVIDIA for marketing and e-commerce;
- Finally, we continue to see strong demand for Creative Cloud offerings globally across all segments – individuals, SMBs, Teams and enterprises, with key wins at Disney, the FAA, IBM, ING Bank, Kohl’s and the New Mexico Public Education Department.



Adobe Document Cloud

- Document Cloud revenue of \$562 million
- Strong growth in Adobe Sign, driven by unifying esignature functionality in Acrobat and new Sign integrations with Adobe Commerce and Workfront
- On the web, high volume of searches for document actions; Acrobat Web’s contribution to the business has nearly doubled year over year
- On mobile, billions of Acrobat PDFs opened; Acrobat mobile ARR grew over 70% year over year
- Continued momentum in Document Cloud enterprise business

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Digital Media: Document Cloud

On the Document Cloud side, digital documents have become the foundation of how businesses run and will continue to gain significance as hybrid work becomes the standard. Adobe is accelerating document productivity with Document Cloud, enabling all capabilities—including editing, converting, sharing, scanning and signing—to be frictionless across web, desktop and mobile. PDFs are getting smarter and more accessible through our continued investment in AI and ML. And we are enabling new workflows through our APIs by empowering developers to build customized digital document experiences for their businesses.

In Q1, we achieved record revenue of \$562 million and net new Document Cloud ARR of \$103 million.

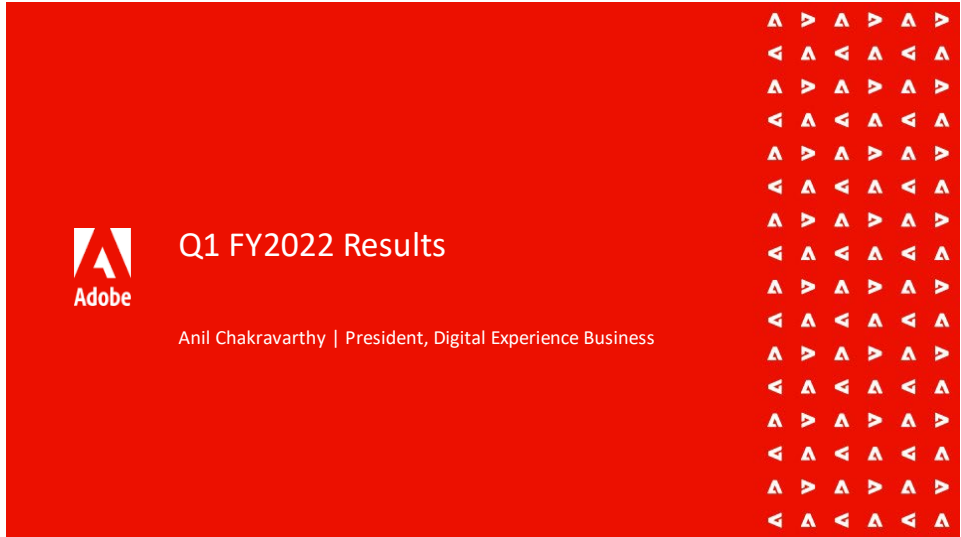
Ending ARR for Document Cloud crossed the \$2 billion mark, which represents 29 percent year-over-year growth.

Q1 highlights include:

- Strong growth in Adobe Sign, driven by unifying e-signature functionality in Acrobat and new Sign integrations with Adobe Commerce and Workfront;
- On the web, we continue to see a high volume of searches for document actions such as editing, converting and sharing PDFs. As a result, Acrobat Web's contribution to the business has nearly doubled year over year;
- On mobile, we saw billions of Acrobat mobile PDFs opened in Q1. This usage combined with our efforts to convert users to paid subscribers on mobile is working. Acrobat mobile ARR grew over 70 percent year over year;
- And lastly, our Document Cloud enterprise business continues to do well with key wins including Medallia, Mercedes-Benz, Raytheon, Ricoh Europe, Shimizu and UnitedHealth.

We've responded to the needs of professionals by adding a broad array of features to our flagship applications across both Creative Cloud and Document Cloud. And we are attracting millions of new users including a significant number of non-pros with Acrobat and Creative Cloud Express on web and mobile. Our increasing breadth of offerings not only expand our ability to reach new customers, but also enable us to further personalize pricing across our offerings starting later in Q2.

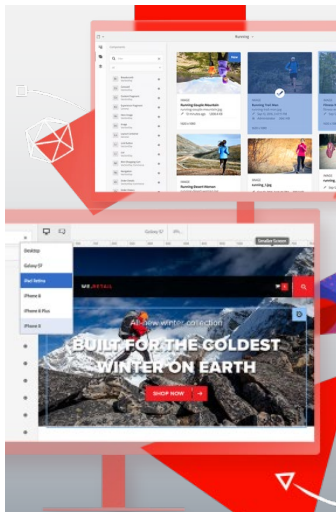
I'll now pass it to Anil.



ANIL CHAKRAVARTHY

Thanks, David. Hello everyone.

Over the last two years, the digital economy has exploded as we have experienced a profound global shift in how we work, learn and play. Telehealth visits are now the norm rather than the exception. Customers and businesses are engaging and transacting digitally. Online shopping is now essential, and the U.S. is on track to surpass \$1 trillion in e-commerce sales this year, according to the Adobe Digital Economy Index. To succeed, companies must make the digital economy personal with powerful digital experiences that can be personalized to millions of customers in milliseconds.



Adobe Experience Cloud

- Digital Experience revenue of \$1.06 billion with subscription revenue of \$932 million
- Product innovations including new real-time customer data capabilities with the integration of Adobe Real-Time CDP and Adobe Target
- New cross-cloud integrations, including a unified workflow between Workfront, CC Enterprise and Experience Manager Assets
- Adobe helps customers across the content supply chain with Adobe Experience Manager
- New APIs for customized user experiences on top of Adobe Commerce
- General availability of Adobe Experience Cloud for Healthcare
- Expanding partner ecosystem, including OneTrust to simplify consent management for next-phase of e-commerce integrations

Adobe Experience Cloud is a comprehensive set of integrated, AI-driven applications and services to help companies deliver experiences across all aspects of the customer journey. At its core is the Adobe Experience Platform with billions of customer profiles. Our Adobe Experience Cloud applications span the entire customer funnel, from acquisition to monetization to retention, across content and commerce, customer journeys, data insights and audiences and marketing workflow. We have made the dramatic transformation to deliver AI-driven services, with over 80 percent of Experience Cloud customers now using Adobe Sensei, our industry-leading AI and ML framework, to power experiences for their customers.

Last week, we hosted Adobe Summit, the world's largest digital experience conference. We launched exciting new Experience Cloud technology and heard from executives from some of the world's most interesting and innovative brands, including BMW, Nike, Prada, Real Madrid and Walgreens Boots Alliance. We enabled the entire event using Experience Cloud, personalizing the experience for our global attendees. Summit content has had over 22 million views to date, underscoring the significant interest and demand for digital transformation.

We continued to drive outstanding growth in our Experience Cloud business. The pandemic has caused brands around the world to realize the critical need for digital transformation and we are adding new logos while continuing to focus on driving significant value realization for our existing customers.

In Q1, we achieved \$1.06 billion in revenue. Subscription revenue was \$932 million for the quarter, representing 22 percent year-over-year growth on an adjusted basis.

Q1 highlights include:

- A slate of exciting product innovations, including new real-time customer data capabilities with the integration of Adobe Real-Time CDP and Adobe Target; Adobe Real-Time CDP is used by a large and growing base of customers such as Dick's Sporting Goods, Henkel, Panera, Real Madrid, ServiceNow and Verizon;
- New cross-cloud integrations, including a unified workflow between Workfront, Creative Cloud Enterprise and Experience Manager Assets that powers end-to-end content creation and delivery;
- Strong performance in Adobe Experience Manager, emphasizing the need for unified

content management to meet the ever-increasing demand for content at speed and scale; Adobe is uniquely positioned to help customers across the content supply chain;

- New APIs that provide developers with the flexibility to create customized user experiences on top of Adobe Commerce;
- The general availability of Adobe Experience Cloud for Healthcare to deliver personalized healthcare experiences;
- An expanding partner ecosystem, including a partnership with OneTrust to simplify consent management, the next phase of e-commerce integrations with FedEx, Walmart and PayPal, as well as a collaboration with The Weather Company; and
- Key customer wins, including CrowdStrike, Deutsche Telekom, IBM, Jaguar Land Rover, JPMorgan Chase, McDonald's and UnitedHealth.

Our Experience Cloud product innovation, global customer base and vibrant partner ecosystem are driving our continued success. We are executing across our entire go-to-market motion and continue to receive strong industry recognition. This quarter, Adobe was named a leader in three industry analyst reports focused on core customer experience management segments, including Gartner's Magic Quadrant for Digital Experience Platforms, the inaugural IDC MarketScape for CDPs for Front Office and the Forrester Wave for Digital Asset Management.

Dan, over to you.



DAN DURN

Thanks, Anil.

Today I will start by summarizing Adobe’s performance in Q1 fiscal 2022, highlighting growth drivers across our businesses, and I’ll finish with targets for Q2.

Q1 FY2022 Results

Total Revenue	\$4.26 billion	9% Y/Y growth	17% Adjusted Y/Y growth ¹
Digital Media segment revenue	\$3.11 billion	9% Y/Y growth	17% Adjusted Y/Y growth ¹
Digital Media ARR	\$418 million of net new ARR		
Digital Experience segment revenue	\$1.06 billion	13% Y/Y growth	20% Adjusted Y/Y growth ¹
Digital Experience subscription revenue	\$932 million	15% Y/Y growth	22% Adjusted Y/Y growth ¹
Earnings per share	GAAP: \$2.66		Non-GAAP: \$3.37

- Generated \$1.77 billion of cash flows from operations
- Repurchased approximately 3.8 million shares
- Grew Remaining Performance Obligations (RPO) by 19% Y/Y to \$13.83 billion

Adobe 1. Adjusted to account for the extra week in first quarter fiscal year 2021 and to show growth rates in constant currency. © 2022 Adobe. All Rights Reserved. Adobe Confidential.

Q1 Performance

Adobe’s strong financial results demonstrate the company’s ability to execute in a challenging macroeconomic and geopolitical environment. Across our business we are attracting new customers, signing up transformational deals, growing our recurring book of business and seeing emerging businesses ramp and, in some cases, reach escape velocity.

We are witnessing the digitization of everything, and Adobe's products offer customers access to a digital future, underpinning how they live and work. Our investment in products, marketing and a data-driven operating model are continuing to drive Adobe's growth.

In Q1 Adobe achieved record revenue of \$4.26 billion, which represents 9 percent year-over-year growth, or 17 percent on an adjusted basis.

Business and financial highlights included:

- GAAP diluted earnings per share of \$2.66 and non-GAAP diluted earnings per share of \$3.37;
- Digital Media revenue of \$3.11 billion;
- Net new Digital Media ARR of \$418 million;
- Digital Experience revenue of \$1.06 billion;
- Cash flows from operations of \$1.77 billion;
- RPO of \$13.83 billion exiting the quarter; and
- Repurchasing approximately 3.8 million shares of our stock during the quarter.

Digital Media

In our Digital Media segment, we achieved 9 percent year-over-year revenue growth in Q1, or 17 percent on an adjusted basis. We exited the quarter with \$12.57 billion of Digital Media ARR.

Global demand for digital content continues to explode, and with the strength of Adobe's product innovation and our data-driven operating model, our net new Digital Media ARR in Q1 grew on a year-

over-year basis after factoring out the additional week in the year-ago period.



Adobe Creative Cloud | Results

- Creative revenue of \$2.55 billion growing 7% Y/Y or 16% Y/Y adjusted¹, with \$315 million of net new Creative ARR
- Strong engagement and retention across individual and SMB segments
- Creative Cloud for Teams offering achieved highest Q1 on record
- Continued growth of subscription licensing for individual flagship applications, such as Photoshop, Illustrator, Premiere and Adobe Stock
- Enterprise adoption of new collaboration capabilities, including Frame.io and 3D & immersive applications



Adobe 1. Adjusted to account for the extra week in first quarter fiscal year 2021 and to show growth rates in constant currency.

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Creative Cloud

We achieved Creative revenue of \$2.55 billion, which represents 7 percent year-over-year growth, or 16 percent on an adjusted basis. We added \$315 million of net new Creative ARR in the quarter.

First quarter Creative growth drivers included:

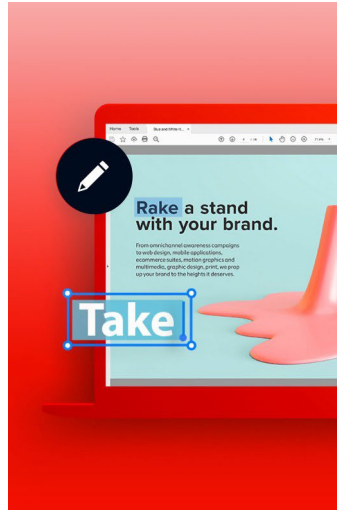
- Strong Creative engagement and retention across individual and SMB segments;
- New customer demand across large organizations, small and medium businesses, driving growth in our Creative Cloud for Teams offering, which was the highest Q1 on record;
- Sustained growth of subscription licensing for individual flagship applications, such as Photoshop, Illustrator and Premiere, as well as strength in our Adobe Stock business; and
- Enterprise adoption of new collaboration capabilities, including Frame.io, as well as our 3D and immersive applications.

We're also pleased by the adoption we see in some of our newer initiatives, such as Creative Cloud Express, Substance as well as Acrobat, Photoshop and Illustrator on the web. We are driving strong usage growth and have already attracted millions of monthly active users to our cloud-native offerings. We expect these businesses to be drivers of future ARR and revenue growth.



Adobe Document Cloud | Results

- Document Cloud revenue of \$562 million growing 17% Y/Y or 26% Y/Y adjusted¹, with \$103 million of net new Document Cloud ARR
- Ending ARR surpassed \$2 billion, growing 29% Y/Y
- Strong customer demand for Acrobat subscriptions, the best Q1 on record
- Notable strength in Acrobat for Teams in the SMB segment, both on Adobe.com and reseller channel
- Impressive growth of sign transactions within Acrobat
- Robust demand for our PDF solutions on mobile
- Momentum with frictionless onboarding of new customers through Acrobat Web, 90% Y/Y growth in ARR



¹ Adobe 1. Adjusted to account for the extra week in first quarter fiscal year 2021 and to show growth rates in constant currency.

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Document Cloud

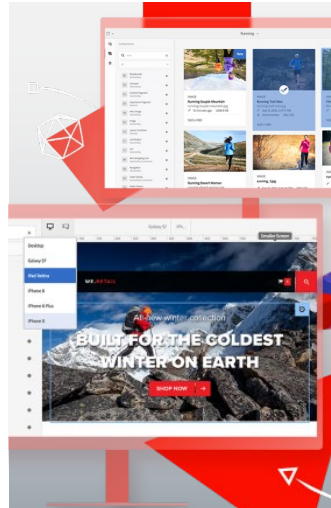
Adobe achieved Document Cloud revenue of \$562 million, which represents 17 percent year-over-year growth, or 26 percent on an adjusted basis. We added \$103 million of net new Document Cloud ARR in the quarter, surpassing \$2 billion in ending ARR, growing at 29 percent year over year. Document Cloud continues to be our fastest growing business, demonstrating that our strategy of accelerating document productivity is working, and reflecting how Acrobat and PDF are essential to the way people work in a digital-first world.

First quarter Document Cloud growth drivers included:

- Customer demand for Acrobat subscriptions, the strongest Q1 on record;
- New licensing and renewal for our Acrobat for Teams offering in the SMB segment, both on Adobe.com and through our reseller channel;
- Momentum in Adobe Sign, with strong year-over-year growth of sign transactions within Acrobat;
- Strong demand for our PDF solutions on mobile; and
- Continued momentum with our frictionless onboarding of new customers through Acrobat Web, with ARR growing approximately 90 percent year over year.

Adobe Experience Cloud | Results

- Digital Experience revenue of \$1.06 billion growing 13% Y/Y or 20% Y/Y adjusted¹, with subscription revenue of \$932 million growing 15% Y/Y or 22% Y/Y adjusted
- New logo acquisition across solutions
- Strong customer retention with improved product innovation and customer experience
- Larger deal sizes in Workfront
- Acceleration in upselling customers to new cloud-native solutions
- Momentum with our Content & Commerce, customer data platform and Customer Journey Analytics offerings



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Digital Experience

Turning to our Digital Experience segment, in Q1 we achieved revenue of \$1.06 billion, which represents 13 percent year-over-year growth, or 20 percent on an adjusted basis. Digital Experience subscription revenue was \$932 million, representing 15 percent year-over-year growth, or 22 percent on an adjusted basis.

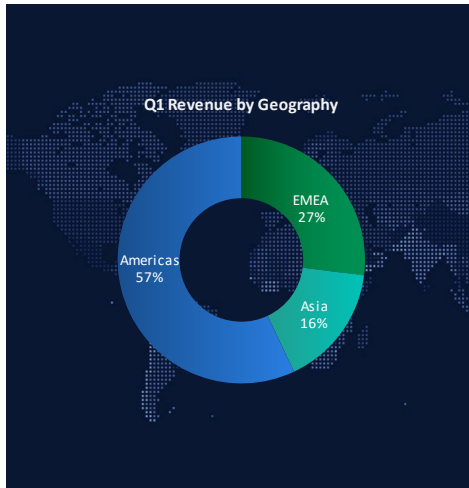
When we look at the quarterly sequential revenue growth, we continue to see acceleration, as our strategy of delivering personalization at scale is resonating with enterprise customers.

First quarter Digital Experience growth drivers included:

- New logo acquisition across our solutions;
- Strong customer retention as a result of investments we’ve made in product innovation, greater value realization and customer experience;
- Larger deal sizes in our Workfront business;
- Traction upselling customers to new cloud-native solutions; and
- Momentum with our Content & Commerce, customer data platform and Customer Journey Analytics offerings.

Q1 FY2022 Results

- Trade DSO of 36 days
- RPO of \$13.83 billion
- Cash and short-term investments of \$4.70 billion
- Cash flows from operations of \$1.77 billion
- Repurchased approximately 3.8 million shares



 Adobe

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Income Statement and Balance Sheet

In Q1, we continued to increase investments in initiatives that will drive long-term revenue growth, including ramping headcount across R&D and sales capacity. Travel and facilities remained at lower levels in Q1, but we are increasing facilities utilization and travel in Q2 as we resume in-person meetings with customers and partners.

Adobe's effective tax rate in Q1 was 18 percent on a GAAP basis and 18.5 percent on a non-GAAP basis. The tax rate came in higher than expected primarily due to less-than-expected tax benefits associated with stock-based compensation.

Our trade DSO was 36 days, which compares to 38 days in the year-ago quarter, and 42 days last quarter.

RPO grew by 19 percent year over year to \$13.83 billion exiting Q1, benefitting from enterprise bookings.

Our ending cash and short-term investment position exiting Q1 was \$4.70 billion, and cash flows from operations in Q1 were \$1.77 billion.

We repurchased approximately 3.8 million shares in Q1 at a cost of \$2.1 billion. Included in this purchase was the partial settlement of an accelerated share repurchase ("ASR") entered into during Q1 to repurchase shares at an aggregate cost of \$2.4 billion. The final number of shares to be repurchased under the ASR will be based on a discount to the volume-weighted average price of our

common stock during the term of the agreement with the final settlement and delivery of incremental shares to Adobe scheduled to occur in early Q3. These share repurchases are part of the previously announced program, under which we currently have \$10.7 billion remaining of our \$15 billion authorization that was granted in December 2020 and goes through 2024.

Q2 FY2022 Financial Targets | March 22, 2022

Total Adobe revenue	~\$4.34 billion	
Digital Media ARR	~\$440 million of net new ARR	
Digital Media segment revenue (Y/Y growth)	~13%	~14% (Constant Currency ¹)
Digital Experience segment revenue (Y/Y growth)	~15%	~16% (Constant Currency ¹)
Digital Experience subscription revenue (Y/Y growth)	~17%	~18% (Constant Currency ¹)
Tax rate	GAAP: ~20%	Non-GAAP: ~18.5%
Earnings per share ²	GAAP: ~\$2.44	Non-GAAP: ~\$3.30

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 show growth rates in constant currency.
 2. Targets assume share count of ~ 474 million.

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Targets

Before we get to our Q2 targets, I want to discuss the impact of the devastating situation in Ukraine. Earlier this month, Adobe announced a cessation of all new sales in Russia and Belarus. In addition, we have made the decision to reduce our Digital Media ARR balance by \$75 million, which represents all ARR for existing business in these two countries. While we will extend subscriptions automatically in Ukraine during this period and continue to provide Digital Media services, we reduced ARR by an additional \$12 million, which represents our entire Ukraine business. This results in a total ARR reduction of \$87 million and an expected revenue impact of \$75 million for fiscal 2022. The impact to our Digital Experience business is de minimis.

For Q2 we are targeting:

- Total Adobe revenue of approximately \$4.34 billion;
- Net new Digital Media ARR of approximately \$440 million;
- Digital Media segment revenue growth of approximately 13 percent year over year, or 14 percent in constant currency;

- Digital Experience segment revenue growth of approximately 15 percent year over year, or 16 percent in constant currency;
- Digital Experience subscription revenue growth of approximately 17 percent year over year, or 18 percent in constant currency;
- Tax rate of approximately 20 percent on a GAAP basis and 18.5 percent on a non-GAAP basis;
- GAAP earnings per share of approximately \$2.44; and
- Non-GAAP earnings per share of approximately \$3.30.

As a result of the lower-than-expected deductions from stock-based compensation, our effective tax rate for fiscal 2022 is now targeted to be 19.5 percent on a GAAP basis and 18.5 percent on a non-GAAP basis.

As we look toward the back half of the year, we expect quarterly sequential revenue and EPS growth in Q3 and Q4.

In Digital Media, we expect strong second half ARR performance across Document Cloud and Creative Cloud, including continued strength of emerging businesses like Acrobat Web, Frame.io, Substance and Creative Cloud Express. In addition, we expect ARR contributions to increase sequentially in Q3 and Q4 from a new offering and pricing structure, which starts late in Q2.

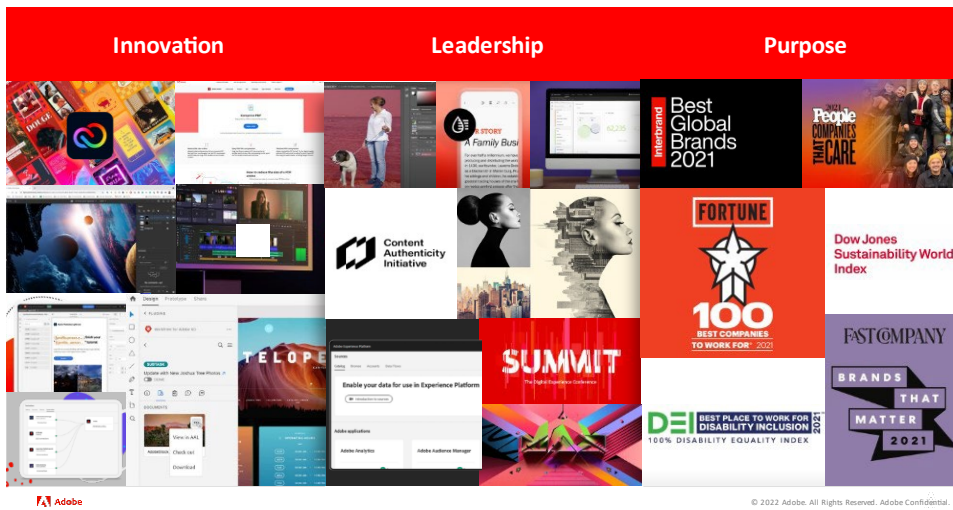
We expect Digital Experience bookings to show continued momentum in the second half, with a traditional strong Q4 finish.

We will continue to invest in product innovation, sales capacity, marketing awareness and demand generation given our immense market opportunity. As the world reopens, we expect to increase our travel and facilities expenses.

Summary

In summary, I'm pleased that Adobe delivered another record quarter in Q1, with sustained growth and world-class profitability. Adobe continues to show its resilience through unprecedented circumstances that all companies face today and I'm confident we will emerge stronger. We are on track for another year of strong financial performance.

Shantanu, back to you.



SHANTANU NARAYEN

Thanks, Dan.

This is a transformative time at Adobe. We are engaging with hundreds of millions of customers globally—from individuals to the largest enterprises—launching new applications for new audiences and bringing our flagship category applications to new surfaces and platforms, while increasing collaboration capabilities across our solutions.

Adobe has a winning strategy, applied to an exceptional opportunity. We are a leader in the digital economy with Adobe Creative Cloud, Document Cloud and Experience Cloud, which combined have a total addressable market of \$205 billion. Few companies can consistently deliver technology innovation, successful transformation across new categories and business models and a broad, ever-growing base of customers and partners. I’d like to thank our 26,000 employees for their continued dedication and unwavering focus on delivering customer innovation and inventing the future of digital experiences.

Thank you. We will now take questions.

Operator.

Q&A

