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Adobe Inc. (ADBE)

Q1 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, and welcome to the Q1 FY 2025 Adobe Earnings Conference Call. Today's conference is being recorded.

At this time, I'd like to turn the conference over to Steve Day, SVP, DX CFO and Corporate Finance, Interim Head of IR. Please go ahead.

Steve Day

Senior Vice President, Digital Experience Chief Financial Officer & Corporate Finance and Interim Head-Investor Relations, Adobe Inc.

Good afternoon, and thank you for joining us. With me on the call today are Shantanu Narayen, Adobe's Chair and CEO; David Wadhwani, 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 2025 financial results. You can find our press release, as well as PDFs of our prepared remarks and financial results, on Adobe's Investor Relations website.

The information discussed on this call, including our financial targets and product plans, is as of today, March 12, and contains forward-looking statements that involve risk, uncertainty and assumptions. Actual results may differ materially from those set forth in these statements. For more information on those risks, please review today's earnings release and Adobe's SEC filings.

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

I will now turn the call over to Shantanu.

Shantanu Narayen

Chair & Chief Executive Officer, Adobe Inc.

Thanks, Steve. Good afternoon and thank you for joining us. Adobe had a record first quarter. We achieved \$5.71 billion in revenue in Q1, representing 11% year-over-year growth. GAAP earnings per share for the quarter was \$4.14, and non-GAAP earnings per share was \$5.08, representing 13% year-over-year growth. Our performance reflects the ongoing critical role that Adobe products play in powering the global digital economy. In addition, given Q1 performance, we are pleased to reaffirm our fiscal 2025 targets.

Next week is Adobe Summit, our flagship digital experience conference, where we will unveil the latest innovations across our portfolio. In addition, we will host our annual Investor Meeting on March 18, and we wanted to preview what we will share about our growth strategy.

Adobe's success over the past decade has been driven by the exponential growth of the creative economy and the customer-focused innovations we've delivered across Creative Cloud, Document Cloud and Experience Cloud. Our groundbreaking solutions are empowering an ever-expanding universe of users to imagine, create and

deliver standout content that drives exceptional experiences. Adobe's mission to change the world through personalized digital experiences is more critical than ever as digital continues to rapidly transform work, life, education and entertainment.

AI represents a generational opportunity to reimagine our technology platforms to serve an increasingly large and diverse customer universe. With creativity at the core, we have been evolving our offerings and routes to market to anticipate the distinct needs of creative professionals and next generation creators, marketing professionals, agencies and enterprises, and the broader set of consumers and business professionals. We believe this will drive continued growth and profitability.

Creative professionals and creators need power and precision to bring their ideas to life across any media type. The next generation of creators want the flexibility of web and mobile tools in addition to the power of the desktop. They will benefit from the variety of AI models to ideate and explore creative possibilities. Adobe will serve this growing community with the most comprehensive set of web, mobile and desktop applications, delivered through various subscription tiers.

In addition to Creative Cloud, we will offer new Firefly Web app subscriptions that integrate and are an onramp for our web and mobile products. While Adobe's commercially safe Firefly models will be integral to this offering, we will support additional third-party models to be part of this creative process. The Firefly app will be the umbrella destination for new creative categories like ideation.

We recently introduced and incorporated our new Firefly video model into this offering, adding to the already supported image, vector and design models. In addition to monetizing standalone subscriptions for Firefly, we will introduce multiple Creative Cloud offerings that include Firefly tiering.

Marketing professionals need to create an unprecedented volume of compelling content and optimize it to deliver personalized digital experiences across channels including mobile applications, email, social media and advertising platforms. They're looking for agility and self-service as well as integrated workflows with their creative teams and agencies.

To achieve this, enterprises require custom, commercially safe models and agents tailored to address the inefficiencies of the content supply chain. With Adobe GenStudio and Firefly Services, Adobe is transforming how brands and their agency partners collaborate on marketing campaigns, unlocking new levels of creativity, personalization and efficiency. The combination of the Adobe Experience Platform and Apps and Adobe GenStudio is the most comprehensive marketing platform to deliver on this vision. In addition to our direct sales force, we will leverage an ecosystem of partners and agencies to sell, implement, operate and deliver business outcomes to companies of all sizes.

We have accelerated One Adobe deals by increasingly integrating our creative and marketing products into a single enterprise solution. We will continue to invest in sales capacity to deliver Adobe-wide offerings across business, education and government.

Business Professionals and Consumers want ease of use across web and mobile through a freemium model. They're looking for quick and easy AI-first, category-defining creative applications to help them stand out. While the need for creative expression continues to grow exponentially, the real value is in integrating creativity and productivity in an all-in-one solution. The combination of Express and Acrobat is Adobe's opportunity to make the journey from document creation to consumption smoother than ever.

AI Assistant in Acrobat, Reader and Express will accelerate the delivery of new conversational and agentic interfaces to add value to this combined offering. Revenue growth will be driven by distribution across web and mobile app stores, partnerships with major software providers and focus on SMB and enterprise sales.

Our generative AI innovation is infused across the breadth of our products, and its impact is influencing billions of ARR across acquisition, retention and value expansion as customers benefit from these new capabilities. This strength is also reflected in our AI-first standalone and add-on products such as Acrobat AI Assistant, Firefly App and Services, and GenStudio for Performance Marketing, which have already contributed greater than \$125 million book of business exiting Q1 fiscal 2025, and we expect this AI book of business to double by the end of fiscal 2025.

In summary, by leveraging the breadth of our products and technology platforms in the era of AI and delivering new tailored offerings and solutions by customer groups, we will drive the engine of growth for the next decade. We will win by focusing on Business Professionals and Consumers, and Creative and Marketing Professionals with a unified product strategy and go-to-market. We will start to provide financial visibility in these two new groups starting this quarter, and expand on this at our Investor Day at Summit next week.

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

David Wadhwani

President-Digital Media Business, Adobe Inc.

Thanks, Shantanu. Hello, everyone. In Q1, we achieved revenue of \$4.23 billion, which grew 12% year-over-year. We exited the quarter with \$17.63 billion of Digital Media ARR, growing our ending ARR book of business 12.6% year-over-year. We continue to see healthy performance in both Creative Cloud and Document Cloud.

Creative growth was driven by broad-based adoption across our routes to market and product portfolio with particular strength in new offerings like Firefly Services an increasing number of One Adobe deals and a growing base of web and mobile users.

Document Cloud continued to see strong organic demand, continued optimizations in free-to-paid conversion journeys, and AI Assistant being released in additional languages. We drove strong performance across Digital Media in emerging markets. The results represent a good start to the fiscal year.

Creativity is growing mainstream, and I want to provide more color on the audiences we serve. We live in a visual-first world where creative expression has become pervasive in every facet of life. Business Professionals and Consumers alike aim to produce visually rich, engaging content, whether it's a presentation, birthday invitation, or social post.

At the same time, creative professionals, creators and marketers are competing on the quality of their online presence and the personalized experiences they deliver to customers. They turn to Document Cloud, Creative Cloud and Experience Cloud to achieve their content goals.

Going forward, as a result of AI advancements, we see incredible opportunity to serve customers with audience-specific offerings, Business Professionals and Consumers are increasingly benefiting from deep integration between Acrobat, Express and Firefly, while creative professionals, creators and marketers are investing in powerful workflows across Creative Cloud, our new web and mobile creative applications, Firefly and GenStudio.

PDF continues to be the global standard for digital documents for business professionals and Adobe Acrobat is revolutionizing the way people engage with them across mobile, web and desktop. Features like AI Assistant in Acrobat and Reader have been a game-changer for everyone from sales teams to students, looking for faster insights and smarter document editing. And the ability to share links and collect comments has increased document productivity and helped drive additional adoption. These new capabilities and our cross-surface investments have paid off, with Acrobat and Reader monthly active usage growing 23% year-over-year.

Our success with Acrobat has also shown us that, whether for a sales presentation, a school project, or a social media post, Business Professionals and Consumers are looking for an easy-to-use solution that helps them create visually compelling content that stands out from the crowd of generic templates. In fact, a significant number of all documents created in Acrobat are visual documents, things like marketing content, sales pitches, presentations, infographics and cover pages.

We are making good progress in addressing this need by embedding Express capabilities as a native experience in Acrobat with a goal of boosting productivity and making the journey from document consumption to content creation smoother than ever. The integration of Adobe Express features in Acrobat allows users to create richer PDFs with AI-generated cover pages, embedded infographics and customized images and empowers users to create fully formed animated videos and other rich digital outputs. We see numerous early indicators of user demand as Express usage through Acrobat has grown 10x year-over-year.

Other highlights for Business Professionals and Consumers include: Acrobat AI Assistant support for languages now includes English, French, German, Italian, Portuguese, Spanish and Japanese; Acrobat AI Assistant support for legal workflows with contract-specific features; new AI capabilities in Express, like Clip Maker, for auto generation of video highlights, and Text Rewrite, to help produce more effective copy. Expanded Acrobat integrations with Microsoft Edge, Google Chrome, Gmail and Google Drive, and strong adoption of link sharing for richer collaborative experiences have led to approximately 50% year-over-year growth in Acrobat web monthly active usage. Expanded Express integrations now include Miro, Box, Slack, Webflow and HubSpot. The Express ecosystem also expanded to 225 plugins, more than doubling in the last year. Strong business and student adoption. Express onboarded nearly 6,000 new businesses in Q1, representing approximately 50% quarter-over-quarter growth. Students with access to Express premium grew 85% year-over-year. Key global customer wins include AT&T, Delta Airlines, Disney, Ernst & Young, IBM, JPMorgan Chase, Microsoft, Paramount and Qatar Airlines.

Creative professionals and the next generation of creators, who make their living by designing and producing content, are focused on standing out and bringing their unique creative visions to life with pixel-perfect precision. As we mark the 35th anniversary of Photoshop, Adobe creative applications remain the solutions of choice for the world's creative professionals across imaging, design, photography, video, illustration and 3D.

We also see increasing demand from the next generation of creators, who are looking for freemium, web and mobile applications as they begin their creative journeys. To better serve these users, we launched a new Photoshop mobile app and an expanded web experience, delivering Photoshop's iconic image editing and design capabilities on the iPhone. The mobile app and all-new web experience are also included in current Photoshop plans, offering established Photoshop customers a flexible ecosystem to create and edit across surfaces. The launch garnered over 30 million social engagements in just two weeks.

The release of the Adobe Firefly Video Model in February, a commercially safe generative AI video model, has been very positively received by brands and creative professionals who have already started using it to create production-ready content. Users can generate video clips from a text prompt or image, use camera angles to

control shots, create distinct scenes with 3D sketches, craft atmospheric elements and develop custom motion design elements. We're thrilled to see creative professionals in enterprises and agencies, including dentsu, PepsiCo and Stagwell, finding success with the video model.

Additionally, we recently launched an all-new Firefly application, the most comprehensive destination to generate images, vectors and now videos with unmatched creative control and direct integration with our industry-leading creative apps to seamlessly move from ideation to production. In addition to generating images, videos and designs from text, the app lets users generate videos from keyframes, use 3D designs to precisely direct generations, and translate audio and video into multiple languages. We also launched two new plans as part of this release, Firefly Standard and Firefly Pro, and began the rollout of our third plan, Firefly Premium, yesterday. User engagement has been strong, with over 90% of paid users generating videos.

The launch of Photoshop on web and mobile and the release of the new Firefly application expands our growing family of web and mobile products, which now includes Photoshop for creative imaging, Lightroom for photography, Express for design and Firefly for ideation and early production. These apps serve as value-added capabilities to our existing paid subscribers and as a frictionless, freemium onboarding experience to attract and monetize next generation creators. We're delighted with the early interest in these new offerings.

Other creative professional and creator highlights include: continued strong adoption of GenAI in our products with Photoshop GenAI monthly active users at approximately 35% and Lightroom GenAI, monthly active users at 30%. Users have generated over 20 billion assets with Firefly. The introduction of new features in Premiere Pro beta and After Effects beta are helping editors and motion designers stay ahead of deadlines with AI features like Media Intelligence, which helps users find footage faster using natural language and caption translation for 17 languages, which effortlessly expand video to global audiences. We're honored to see visionary filmmakers around the world telling the season's most acclaimed stories using Adobe creative applications, including Academy Award winners Anora and Dune: Part Two. The launch of Adaptive profiles and distraction removal in Adobe Lightroom and Adobe Camera Raw, which reduce tedious and repetitive tasks. Max Japan brought our community together and served as an opportunity for us to launch a number of new innovations, including performance improvements in Adobe Illustrator, which accelerate features like pan and zoom and loading large files up to ten-x faster.

We had another great quarter in the enterprise with more customers turning to Firefly services and custom models to scale on-brand content production for marketing use cases, including leading brands such as Deloitte Digital, IBM, IPG Health, Mattel and Tapestry. Tapestry, for example, has implemented a new and highly productive digital twin workflow using custom models and Firefly. You'll hear more on how the combination of creativity and marketing is powering personalization at scale in enterprises.

Adobe is incredibly well set up to take advantage of AI across creativity. We're rapidly delivering tailored innovations to serve the full continuum of content creation for Business Professionals and Consumers, creative professionals and creators, and marketing professionals. Our expanding breadth of offerings is reaching a broader universe of customers, and our incredible go-to-market strength and proven data-driven operating model are propelling the growth of both flagship and new offerings. We will be unveiling more exciting product capabilities at Adobe Summit and MAX London in April.

I'll now pass it to Anil.

Anil Chakravarthy*President-Digital Experience Business, Adobe Inc.*

Thanks, David. Hello everyone. Experience Cloud had a strong Q1, achieving revenue of \$1.41 billion for the quarter. Subscription revenue in the quarter was \$1.3 billion, representing 11% year-over-year growth. Our leading solutions spanning content, data and customer journeys enable enterprises around the world to deliver personalized experiences at scale, helping customers drive both top line growth and productivity gains. In Q1, we delivered typical seasonal bookings and advanced our pipeline as enterprise customers initiated the execution of their critical 2025 priorities.

Adobe Experience Platform and Apps play a pivotal role in enabling unified customer experiences. With the addition of AEP AI Assistant, we extended the value and impact of Experience Platform by empowering more functions across the business with conversational interfaces for data ingestion, insight generation, audience segmentation and experience delivery. We're now building on these advances and expanding AEP to enable intelligent orchestration of customer experiences with AI agents natively built in. We're empowering customers to make better use of their first-party data and to drive more relevant ad experiences based on direct customer relationships.

Our portfolio spans the entire content supply chain from creation and production, workflow and planning, asset management, delivery and activation through to reporting and insights. Now, we are bringing together creativity and marketing with AI to help our customers realize the full potential of personalization at scale. Up to now, marketing professionals have been constrained by the number of content variations they can create and the number of journeys they can deploy. With Adobe GenStudio, brands around the globe have been working with Adobe to bring creative and marketing teams closer together, simplify their creation-to-activation process, and unlock new levels of creativity, insights and efficiency in marketing campaigns.

Other highlights include: strong demand for Adobe Experience platform and native applications, with Q1 subscription revenue growing nearly 50% year-on-year; release of Real-Time CDP Collaboration, delivering a secure environment for advertisers and publishers to jointly discover, activate and measure high-value audiences for more relevant campaigns. Built on AEP, Real-Time CDP Collaboration is purpose-built for brands to connect and collaborate on first-party data. Users can now measure ad effectiveness directly with publishers, including NBC Universal and Warner Bros. Discovery.

Advertisers and agencies, including Alterra Mountain Company, GroupM Wavemaker, Major League Baseball and The Coca-Cola Company piloted the solution to deliver personalized and performant ads; launch of the AEM Cloud Service accelerator with Publicis Sapient, which can reduce the labor cost of migration up to 35%; industry analyst recognition in major analyst reports, including the Gartner Magic Quadrant for Digital Experience Platforms and Gartner Magic Quadrant for Personalization Engines; strong demand for Firefly Services and Custom Models as part of the GenStudio solution with over 1,400 custom models since launch; GenStudio for Performance Marketing wins at leading brands, including AT&T, Lennar, Lenovo, Lumen, Nebraska Furniture Mart, Red Hat, Thai Airways, and University of Phoenix; strong partnership momentum with GenStudio for Performance Marketing supporting ad creation and activation for Google, Meta, Microsoft Ads, Snap, and TikTok and several partners including, Accenture, EY, IPG, Merkle and PwC offering vertical extension apps; partnership with dentsu to bring GenAI from playground to production for our joint customers with Adobe GenStudio dentsu+; key global customer wins including Delta Airlines, Ford, IBM, M.H. Alshaya, Microsoft, PNC Financial Services and Tyson Foods.

These customer wins address the ongoing evolution of the requirements of global brands for an integrated workflow spanning creativity and marketing. This success is driven by product integration and innovation across Creative Cloud and Experience Cloud increasingly delivered through Adobe GenStudio. Our One Adobe

enterprise go-to-market engine enables customers to deliver personalized and on-brand content at scale. The combination of our integrated enterprise solutions across creativity and marketing is a unique strength for Adobe.

Next week, we are excited to host Adobe Summit, our flagship digital experience conference in Las Vegas, where we will be joined by thousands of customers, partners, and developers from around the world. We will share our vision for how brands can apply the power of generative AI and agentic technology to achieve personalization at scale and look forward to highlighting a number of product innovations.

I will now pass it to Dan.

Daniel J. Durn

Chief Financial Officer and Executive Vice President-Finance, Technology, Security and Operations, Adobe Inc.

Thanks, Anil. Adobe's business has grown over the last decade by delivering world-class products grouped within three clouds: Creative Cloud, Document Cloud and Experience Cloud. In parallel, we have continued to expand cross-cloud offerings to better serve different customer groups. Examples include Acrobat which is reflected in Creative Cloud and Document Cloud; GenStudio, which includes Creative Cloud, Express, Firefly Services and Experience Cloud; Enterprises who want to engage with One Adobe and combine Creative seats with marketing automation; and increasingly, Acrobat and Express.

We believe Adobe's success will be driven by innovation in service of both Business Professionals and Consumers and Creative and Marketing Professionals. Reporting insights and the financial performance across these customer groups will provide a clear view of Adobe's execution against our strategy.

We will therefore provide overall Adobe revenue, Digital Media and Digital Experience segment revenue, Digital Experience Subscription revenue and Digital Media ending ARR in aggregate rather than by cloud, as well as subscription revenue for Business Professionals and Consumers and Creative and Marketing Professionals. Subscription revenue provided will primarily include revenue from SaaS, managed services and term offerings.

Business Professionals and Consumers Group will consist of all subscription revenue from Document Cloud, Acrobat subscription revenue in Creative Cloud, and Adobe Express subscription revenue in Creative Cloud, all of which are part of Digital Media. Creative and Marketing Professionals Group will consist of all subscription revenue from Digital Experience as well as all of the remaining subscription revenue from Creative Cloud in Digital Media.

In today's call, I'll cover three main areas: our Q1 FY 2025 results focusing on key growth drivers, financial targets and our supplemental disclosures.

Now, turning to the quarter. In the first quarter of FY 2025, Adobe achieved revenue of \$5.71 billion, which represents 10% year-over-year growth or 11% in constant currency. GAAP diluted earnings per share in Q1 was \$4.14 and non-GAAP diluted earnings per share was \$5.08.

Q1 business and financial highlights included: Digital Media revenue of \$4.23 billion; Digital Media ending ARR of \$17.63 billion, growing 12.6% year-over-year; Digital Experience revenue of \$1.41 billion; cash flows from operations of \$2.48 billion; and exiting the quarter, Remaining Performance Obligations were \$19.69 billion, growing 12% year-over-year and cRPO growing 11%.

In our Digital Media segment, we achieved Q1 revenue of \$4.23 billion, which represents 11% year-over-year growth or 12% in constant currency. We exited the quarter with \$17.63 billion of Digital Media ARR, growing our ending ARR book of business 12.6% year-over-year in constant currency.

First quarter Digital Media growth drivers included: strong growth for Acrobat across all routes to market and geographies; Acrobat web and mobile growth driven by freemium funnel and app store optimizations; growth in Adobe Express, fueled by top-of-funnel improvements, PLG journeys across Acrobat and Express, and B2B customer onboarding; strength in user adoption and engagement of Acrobat AI Assistant driven by expansion of features, including support for additional languages and contract intelligence capabilities; growth of creative flagship offerings driven by All Apps, Stock, Imaging and Photography; continued momentum in Creative Web and Mobile offerings with 35% year-over-year ending paid subscription growth; and strong momentum in the enterprise, driven by Firefly Services and the continued benefit from the upsell motion of generative AI-enabled offerings.

Turning to our Digital Experience segment, in Q1, we achieved revenue of \$1.41 billion, which represents 10% year-over-year growth as reported and in constant currency. Digital Experience subscription revenue was \$1.30 billion, growing 11% year-over-year as reported and in constant currency.

First quarter Digital Experience growth drivers included: momentum for product offerings across content, data and journeys; AEP and Apps subscription revenue growing nearly 50% year-on-year; GenStudio solution surpassing \$1 billion in ending ARR book of business; early momentum in GenStudio for Performance Marketing and adoption and pipeline; and improvements in overall enterprise retention.

Turning now to our customer group performance. Creative and Marketing Professionals Group subscription revenue was \$3.92 billion, which represents 10% year-over-year growth as reported. Business Professionals and Consumers Group subscription revenue was \$1.53 billion, which represents 15% year-over-year growth as reported.

Adobe's effective tax rate in Q1 was 17.0% on a GAAP basis and 18.5% on a non-GAAP basis. RPO exiting the quarter was \$19.69 billion, growing 12% year-over-year or 13% in constant currency, and cRPO growing 11% year-over-year with 12% in constant currency. Our cash flows from operations in the quarter were a Q1 record, \$2.48 billion, and ending cash and short-term investment position exiting Q1 was \$7.44 billion. In Q1, we entered into share repurchase agreements totaling \$3.25 billion and we currently have \$14.4 billion remaining of our \$25 billion authorization granted in March 2024.

Let me now turn to our Q2 FY 2025 financial targets. For Q2 FY 2025 we are targeting: total Adobe revenue of \$5.77 billion to \$5.82 billion; Digital Media segment revenue of \$4.27 billion to \$4.30 billion; Digital Experience segment revenue of \$1.43 billion to \$1.45 billion; Digital Experience subscription revenue of \$1.315 billion to \$1.325 billion; GAAP earnings per share of \$3.80 to \$3.85; and Non-GAAP earnings per share of \$4.95 to \$5.00. For Q2, we expect non-GAAP operating margin of approximately 45% and a non-GAAP tax rate of approximately 18.5%.

The year is off to a good start, and assuming current macroeconomic conditions, I am pleased to reaffirm our full year guidance for fiscal year 2025. This quarter's strong performance reflects Adobe's longstanding focus on innovation and meeting the growing needs of our broad customer base. As businesses increasingly prioritize digital transformation, we are uniquely positioned to deliver value through our highly differentiated solutions and proven go-to-market execution to unleash the power of creativity.

Looking ahead, we are excited about the opportunities to drive growth for our customers as we continue to shape the future in the era of AI. We look forward to seeing you next week at our Investor Meeting at Summit 2025.

Thank you. And we'll now take questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question will come from Brent Thill with Jefferies.

Brent Thill

Analyst, Jefferies LLC

Good afternoon. Shantanu, if you took the AI book of business, it would be low single-digit percent of your total revenue for the year. I guess, many are asking, when does this become more material? How long does it take? What is required? Maybe just help us walk through the AI journey and how that translates to revenue.

Shantanu Narayan

Chair & Chief Executive Officer, Adobe Inc.

Happy to, Brent. If you take a step back and think about it, we've always talked about the AI journey as three parts. The first is ensuring that we innovate. The second is all about tracking usage and ensuring value and monetization. I would say, we're really pleased across all three of those journeys. As – we've had conversations with you folks as well in the past. A significant amount of the AI monetization is also happening in terms of attracting people to our subscription, making sure they're retained, and having them drive higher value price SKUs. So, when somebody buys Creative Cloud or when somebody buys Document Cloud, in effect, they are actually monetizing AI.

But in addition to that, Brent, what we wanted to do was give you a flavor for the new standalone products that we have. When we talked about introducing Acrobat AI Assistant and rolling that out in different languages, Firefly, and making sure that we have a new subscription model associated with that on the web, Firefly Services for the enterprise, and GenStudio. So, the \$125 million book of business that we talked about exiting Q1 only relates to that new book of business. And that's, again, stuff that we said we would double.

But I think in terms of the impact also on the overall business, that has had a material part. But if you play this out a little bit more and you talk about what investors can expect, I think with the new Firefly app that's come out, this is a web product with a new subscription, ability to have the video model, ability to have ideation as part of it, think of it as then integrating Photoshop Web, Express Web, and all of the other products, all of that is also upside. And you'll see a lot more innovation in that area and you'll see a lot more monetization in that area.

And again, the last thing I'll probably say, Brent, is that the whole idea was to start to tee it up, and then again at the FA meeting to continue to expand on how that is. But net-net, I would say, whether it's innovation, having our own models, integrating it across all of our products, brand-new revenue streams like GenStudio and the enterprise, and then usage and monetization, I feel really good about it.

Brent Thill

Analyst, Jefferies LLC

Great. Thanks, Shantanu.

Operator: And the next question will come from Brent Bracelin with Piper Sandler.

Brent A. Bracelin

Analyst, Piper Sandler & Co.

Thanks for taking the question. Good afternoon. I wanted to double-click into the demand linearity you saw in the quarter. I appreciate the commentary reaffirming 11% Digital Media ARR growth guide for the full year, but can you provide more color on trends you saw in the quarter across Creative and Document Clouds here? Thanks.

David Wadhwani

President-Digital Media Business, Adobe Inc.

Yeah. Happy to do that. So, again, just Digital Media ARR was 12.6% growth, which is in line with our expectation and also the mix was in line with our expectations. If you take a step back and you look at the demand and sort of the way the business played out this quarter, it's consistent with what we've seen historically and it's also we've seen sort of a broad-based demand for the products with a few highlights that, I think, are worth calling out.

First of all, as it comes to Business Professionals and Consumers, this is obviously a huge market with billions of users that we're going after. And our strategy here is to really make sure that productivity – that we deliver a solution for productivity from consumption all the way to creation, and that's really what we're doing with Acrobat and Express. We saw a lot of momentum in these businesses. We talked about how Acrobat is up 23% year-over-year in terms of monthly active users. We're seeing stronger conversion on those users, and that's been helping drive the business.

AI Assistant, obviously we introduced that last year, continues to do very well and it's certainly helping with that strategy of faster consumption and conversational experiences. We saw 2X quarter-over-quarter usage growth in AI Assistant. And of course, in that context, Express has been a great product. The product right now is just – it's an amazing product to use. And so, that also we've been investing in very significantly.

From a marketing standpoint, but also from a partnership standpoint, we've doubled the partner ecosystem in the last year. It now includes new names like Miro, and Box, and Webflow, and HubSpot. We have 85% more access – 85% year-over-year growth in students with access to it. We've been ramping up our student and campus ambassador programs. We added 6,000 new small/medium businesses to the Express product as well. And even within Acrobat, where we've been doing more, we're seeing much more demand, we saw 10x year-over-year engagement of Express capabilities from Acrobat users. So, feeling really good about that audience group.

On the creative pro and creator side, Shantanu mentioned this already, but the introduction of the Firefly Video Model being used by dentsu and PepsiCo and Stagwell, Firefly new offerings from Standard to Pro, and just yesterday, we introduced Premium, which is a much larger set of generative credits, and all of those represent new monetization models. We introduced Photoshop Mobile and Web. We saw hundreds of articles, 30 million social engagements. We were just listed as the focused app on the App Store over the weekend.

We saw some great new advances for AI coming into Lightroom Web and Mobile. Premier also saw some great advances in terms of AI. So, lots of momentum in that business. And what's really exciting is that, as we've done all of this innovation, as Shantanu was talking about, we also have three big milestones coming up with Summit next week, then NAB shortly after that, then Max London shortly after that. And this is starting to show up.

Obviously, we've talked about generations. We've crossed 20 billion generations. We're doing more than 1 billion generations now a month. And 90% of people using Firefly, the app, also saw – are generating video as well as part of that. But we also saw strong growth in the enterprise. I don't know, Anil, if you want to add something.

Anil Chakravarthy*President-Digital Experience Business, Adobe Inc.***A**

Yeah, exactly. To just echo what you were saying, I think in the enterprise, we see a lot of demand for creativity and marketing and AI coming together. Every CMO that we talk to, every agency that we work with, they're all very interested in how generative AI can be used to transform how the content supply chain works. And with the GenStudio offering, which combines the creativity and the marketing and AI, we've seen tremendous traction. And we saw a number of both customer wins as well as a number of agency partners. And we look forward to unveiling a lot more of this at Summit.

David Wadhwani*President-Digital Media Business, Adobe Inc.***A**

So off to a great start, I think, with innovation, new offerings. And you can expect to see new offerings and tiers in the months ahead.

Brent A. Bracelin*Analyst, Piper Sandler & Co.***Q**

Helpful. Look forward to talking to you next week. Thanks.

Operator: And the next question will come from Keith Weiss with Morgan Stanley.

Keith Weiss*Analyst, Morgan Stanley & Co. LLC***Q**

Excellent. Thank you, guys, for taking the question. And thank you for the additional disclosure. I think it's a really interesting view, kind of breaking down the Creative and Marketing Professionals versus the Business Professionals and Consumer Group. And kind of following on that last question, correct me if I'm wrong, but it feels kind of bullish to me that the Business Professionals and Consumer Group has a stronger growth rate, Creative – at 15%, Creative and Marketing Professionals a little bit behind, because it feels like Business Professionals and Consumer Group, those products would be faster sales cycle, particularly on the consumer side of the equation, faster adoption. The Creative and Marketing Professionals, this broader solution that you're trying to sell would have longer sales cycle.

So, the question is, am I thinking about that right? And are you seeing any indications that that Creative and Marketing Professional Group, whether it's in your pipelines or sort of the activity you're seeing, could that catch up with what we're seeing from the Business Professionals and Consumer Group?

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.***A**

Well, Keith, I mean, part of our goal was really to start to provide insight into by the customer groups, how we're starting to see it, and to some degree, when people are wondering how we are actually driving creative. And the reality is that when you think about the GenStudio set of products, which we now said is \$1 billion book of business, AEP and Apps is also \$1 billion book of business, and the creative professional, that's actually addressing the entire content supply chain.

And so, in terms of that growth rate, as we add new subscriptions like the Firefly app subscription, add more video, add more functionality in what we are doing with GenStudio, that growth rate as well, it's a very large, untapped opportunity. And people have been asking us questions about the strength of the creative market as well as the strength of that market within the enterprise. And we think that's a large TAM. We'll share more. So, I think you're thinking of it right, which is to say, the \$5 billion book of business that we built for digital marketing, that's really helping the content and the creative economy. And so, that was the idea behind giving you a window into that, and the metrics associated with that are subscription and different kinds of offerings.

On the other side of the equation as well, to your point, what we wanted to do was reflect the fact that the investments that we made in both Acrobat and Express, continuing to ensure distribution when we think about the monthly average users, if you take it in aggregate, I mean Adobe has hundreds of millions of people who are using monthly – are using our products, and that will be really the early metrics and the indicators of how Express and Acrobat continue to grow. So, I'm glad that you found the additional disclosure beneficial. And that was the idea.

And to Brent's earlier question as well, I just wanted to clarify. I mean, we are not taking all of the revenue that we see in Digital Media and Digital Experience and calling that AI revenue. But relative to what I've seen from any other company in our particular space, we've actually been pleased by how much of it, whether it's additional tiers of AI in the Digital Experience or what we are seeing across Acrobat as well as the creative professional space, there's been good adoption of AI in that. And so, that was the other intent to start to show that so that we can talk about it more at the FA meeting.

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Outstanding. Can I sneak one in for Mr. Durn? It's great to see you guys take advantage of the pullback in the stock price by accelerating the share repurchase, which picked up this quarter. Could this pace of share repurchases, can you guys sustain this throughout the year or was that more of a one-time pickup?

Daniel J. Durn

Chief Financial Officer and Executive Vice President-Finance, Technology, Security and Operations, Adobe Inc.

Yeah. So, if I take a step back, Keith, and you think about the last four quarters, we've repurchased almost \$11 billion, and we've always talked about if there's opportunities to be opportunistic along the way, we would take advantage of it. And I think that's what you saw play out in Q1. We've got a strong point of view about the financial profile throughout the course of the year, happy to reaffirm guidance, but we're going to drive that with strong operating margins, strong cash flow delivery, and be strong capital allocators throughout the year. So, we feel good about where we sit. And if there's opportunities to be opportunistic, we will.

Shantanu Narayen

Chair & Chief Executive Officer, Adobe Inc.

And Keith, it's definitely...

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Sounds great.

A**Shantanu Narayen***Chair & Chief Executive Officer, Adobe Inc.*

...a vote of confidence that we feel in what we are seeing as the opportunities ahead of us.

Keith Weiss*Analyst, Morgan Stanley & Co. LLC***Q**

Yeah, it's great to see you guys putting your money where your mouth is by accelerating that share repurchase. It definitely helps.

Operator: And the next question will come from Kash Rangan with Goldman Sachs.

Kash Rangan*Analyst, Goldman Sachs & Co. LLC***Q**

Hi. Thank you very much. Much appreciate the disclosure and the color and everything that goes with it. Shantanu, a question for you, when you pivoted the company to a new business model through cloud, initially there was a lot of skepticism. Then you proved to us that the TAM was actually larger in the new creative-meets-the-cloud cycle, and the company was able to accelerate through the transition and put up even better margins by expanding the TAM necessarily.

So as you look at AI right now, right now one bearish argument that one could make, which I don't subscribe to, is that you're playing defense and that AI is a cost of staying in business and keeping yourself relevant to your creative base. But how do you look – since you've been through this one big shift before, you've got a lot of experience, where is your conviction on how truly incremental AI can be for your growth? Could we be at a similar junction where you're poised to get into the next cycle? It's actually a bigger TAM. Not to put words in your mouth, but even maybe, dare I say, the potential to accelerate off of the good growth that we've seen so far. Thank you so much.

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.***A**

Well, Kash, what I appreciate about the question is this is what we wanted to really tee up in front of the FA meeting. But without a doubt, as David described, the opportunity for the business professional and consumers, I think you'll start to see, and we'll share more at the FA meeting, that there are billions of people that we can bring into the fold for creativity and productivity and talk more about how we're – with the distribution that we have and with the monthly average users that we have, monetize that much like we've monetized Acrobat. And we definitely believe that it's a massive, massive opportunity.

I think it's the same thing across creators. There are more creators that are entering. And again, I'll preview a little bit of what David will share, which is when you think about the web and mobile offerings that we're providing to attract more people to our platform as creative professionals and next generation creators, the number of people who want to enter that profession is significantly larger than it's ever been. And so with products like Photoshop on web and mobile as well as Firefly app, that's clearly the intent, to show how that as a subscription service and attracting the next generation creators will be a tailwind.

And then when you put this together in the enterprise, I mean, hopefully what you also see as part of the additional disclosures is that the enterprises continue to be a material part of our business and material part of our growth, because they are – in order to do personalization at scale, as Anil is talking about, there's going to be

more content that's produced, there's going to be more content that's actually inserted into ad systems and social media. And so, again, I think setting the stage for how that's a larger opportunity, but if you look at it from not just the [ph] lens (00:50:16) of we were marketing, but look at the lens of, hey, that's a content business for us in the enterprise. We will again outline how that is only going to be a growing opportunity.

So no question in my mind, all three of these are actually going to accelerate in terms of the TAM, and then we have to innovate and execute against that. So, I am more excited about the larger opportunity, without a doubt, as a result of AI. And we've talked about this, Kash. If you don't take advantage of AI, it's a disruption. In our particular case, the intent is clearly to show how it's a tailwind.

Kash Rangan*Analyst, Goldman Sachs & Co. LLC*

Excellent. And one follow-up and very quick on – I promise, if I can. With the turbulence in the markets, with trade wars, et cetera, tariffs, et cetera, how do you feel your customer base is going to behave? Is everything going to be on track from what you can tell by talking to your customers, or are they kind of perplexed by what's going on and pausing? Thank you so much, and that's it for me.

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.*

Well, I mean, I think we just sort of said, assuming current macroeconomic conditions, I mean, we have a diverse business, we're off to a good start in the conversations that we're having. And all of us have conversations with all of our other peers. And I think we have a seasoned management team that will navigate it. But customers – I think we're all jointly trying to understand what happens in the economy. But the tariffs, et cetera, don't really impact Adobe the way they impact other businesses. And so, we are optimistic.

Kash Rangan*Analyst, Goldman Sachs & Co. LLC*

Thank you so much.

Operator: Thank you. And the next question will come from Mark Moerdler with Bernstein Research.

Mark L. Moerdler*Analyst, Bernstein Research*

Thank you very much. Dan, can you give us more color on why you're changing the categorization of revenue, removing the historical Document Cloud and Creative Cloud? Is this driven by the One Adobe sales motion? Is Express now sold predominantly with Document Cloud? How should we think about the drivers? Thank you.

Daniel J. Durn*Chief Financial Officer and Executive Vice President-Finance, Technology, Security and Operations, Adobe Inc.*

Yeah. So, thanks for the question, Mark. As we laid it out, we talked about increasingly driving cross-cloud offerings. We're already doing it today. We're going to be doing more of it going forward. And as you look at individuals increasingly buying offerings, as you look at enterprises increasingly buying solutions and bringing different parts of our portfolio together to meet their highest value needs around these two groupings of the customers, it really is meant to just draw a highlight to our strategy and how we're executing against that strategy.

On a go-forward basis, our success is going to be driven by the way we innovate into the intersection of productivity and creativity, into the intersection of creativity and marketing. And those intersections are highlighted by these two groupings of customers. And so, the intent around this is to really bring to life how we're driving our strategy, how we're executing against it, provides the best insight in how the company is performing on a go-forward basis.

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.***A**

And Mark, at least two specific things that we've heard as feedback from all of you folks are you understand that there's an Acrobat within the Creative Cloud and Document Cloud. This pulls out the business in order to show the momentum and the opportunity in that business. And to your question about One Adobe, yes, I mean the GenStudio solution is without a doubt taking seats of products like Photoshop or the Creative Cloud. It's adding Express in it for every marketer in there. We have Firefly Services and custom models. And so, the more we sell that as one enterprise offering, and we want to accelerate the sale of that as a strategic partnership, that's now also all reflected in one of those revenue slices. So, we believe that the additional disclosure will also give you more visibility into routes to market.

Mark L. Moerdler*Analyst, Bernstein Research***Q**

That makes a lot of sense. One quick other one. Should we expect the disclosure on the AI ARR something that we'll be getting quarterly or periodically updated?

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.***A**

Periodically.

Mark L. Moerdler*Analyst, Bernstein Research***Q**

Okay. Good luck in [ph] quarterly (00:55:07). Thank you.

Operator: And the next question will come from Alex Zukin with Wolfe Research.

Alex Zukin*Analyst, Wolfe Research LLC***Q**

Thanks, guys, for taking the question. And I will join the chorus of those commenting positively on some of the new numbers, particularly the AI book of business. And that's where I wanted to ask the question. Basically, look, you're going to give us a number, we're going to ask for more. So, in that spirit, if you look at the \$125 million and you think about the segmentation between Assistant, Firefly, GenStudio, is there any triangulation around maybe how much – what the percentages of [ph] ARR (00:55:52) for the breakout of those and maybe stack-rank the growth rates that are going to get you to double that by the end of the year? And then kind of similarly, if you think about if that \$125 million is impacting or where the tailwinds are more towards the Creative and Marketing Professional or the Business Professionals?

David Wadhwani*President-Digital Media Business, Adobe Inc.***A**

Yeah. Great question, Alex. So, first of all, if you look at the mix of these things, AI Assistant has been around for about three quarters – or four quarters now. Firefly service has been around for about four quarters as well. GenStudio was introduced late in Q4 of last year. So, that gives you a little bit of a sense of the composition's going to sort of like be based on the tenure of these products in the market. But if we take a step back and you look at the growth trajectory, again, we're talking \$195 million – sorry, \$125 million doubling in the next nine months, it gives you a sense of the scale of these businesses and really the momentum that's in the business. And when you look at it, the core innovation that Shantanu talked about led to a lot of utilization, and now we're starting to get to a point where we can monetize it.

For Firefly, we have imaging, vector, design, video, voice – video and voice coming out just a couple of weeks ago, off to a good start. I know there have been some questions about how important is commercially safe – the safety of the models. They're very important. A lot of enterprises are turning to them for the quality, the breadth, but also the commercial safety. The creative control that we give them around being able to really match structure, style, set keyframes for precise video generation, 3D to image, image to video. The inclusion also on a roadmap, and we'll share more about this next week, of third-party models really establishes us as the one-stop shop for anything you need to do with creativity.

And then when you ladder that into a Firefly standalone offer with multiple tiers, with Pro – Standard, Premium, and Pro, when you look at that integrated into Creative Cloud, you could imagine further tiering there. When you look at the work that we're doing in conjunction with Anil's team around GenStudio and making sure all of these models and this entire platform, including third-party models, are exposed within our GenStudio offer, what it's really doing is it's evolving away from the conversation being about the model to the conversation being about the workflows, and the integration, and the application tier, and the agent-based things that we'll be talking to you more about. And that really plays to our differentiation, our strength, and our audiences that we serve, and that's why you see the bullishness of that \$125 million doubling in the next nine months.

Anil Chakravarthy*President-Digital Experience Business, Adobe Inc.*

Yeah. Next [ph] week (00:58:50)...

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.*

Alex, I'm glad that you find the sort of information useful. I'll give you a little bit more color as well on that. I remember, with Acrobat, we have AI Assistant that's separate, so this is only the separate Acrobat AI Assistant. So, the majority of that revenue is actually creative, because as we can continue to put the AI Assistant as part of Acrobat SKU, we would not count that if that came as part of an Acrobat Premium SKU. So, color-wise so far, creative actually represents the majority of that. But as you know...

Alex Zukin*Analyst, Wolfe Research LLC*

Super helpful. Then maybe...

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.*

...the Acrobat business is doing great.

Alex Zukin
Analyst, Wolfe Research LLC

That's very helpful. I guess, maybe just to follow along there, you've seen or we've seen a lot of consolidation start to happen within the AI realm, where the model companies or the agent – even emerging, the agentic companies, maybe just remind us on how you're thinking about your approach towards organic versus inorganic innovation here, given just the plethora of functionality that you're releasing across the board.

Shantanu Narayen
Chair & Chief Executive Officer, Adobe Inc.

As it relates to the core creative models, we will have our commercially safe, as David said, Alex. And so, within Firefly as an application and within each of our product integrations and Photoshop, et cetera, expect Firefly. We've also signaled and we've shown how we would support third-party models associated with that. And so, whether it's a custom model that we create for one of our enterprise customers, I think if you look at it, there have been a couple of articles this week about how whether it's Estée Lauder who's going to be building their models built on ours and leveraging it, or a company like Publicis that's going to be taking these models. So, our core imaging video franchise will have our models. As it relates to text, we have support for other third-party models.

And so, I think it's very practical and it's the right one. And we'll support all of the creative third-party models that people want to support, whether it's a custom model we create for them, or whether it's any other third-party model within Firefly as an app and within Photoshop, you're going to see support for that as well. And so, think of it as we are the way in which those models actually deliver value to a user. And so, it's actually – just like we did with Photoshop plug-ins in the past, you're going to see those models supported within our flagship applications. Hopefully, that gives you a sense.

Operator: And the next question will come from Mark Murphy with JPMorgan.

Mark R. Murphy
Analyst, JPMorgan Chase & Co.

Thank you very much. I was wondering if you can just comment on what you're sensing fundamentally in terms of advertising activity and consumer spending trends in the wake of some very choppy results from multiple airlines the last several days and multiple retailers. What is giving you the resilience to reaffirm the FY 2025 guidance when some of those are really huge sectors of the economy and they seem to be encountering some turbulence? I'm just wondering if [ph] they're – (01:02:17) you basically see them continuing to create and market and advertise despite this environment.

Shantanu Narayen
Chair & Chief Executive Officer, Adobe Inc.

I think at the end of the day, Mark, we just believe that digital is going to continue to be a fundamental part of the economy and the importance is going to continue. I mean, there isn't a single company that I've talked to that doesn't say digital. To your point, as other companies view macroeconomic conditions that may be particular to them, onus is on every company that's serving them with technology to demonstrate how the technology helps, whether it's the top line or the efficiency. But whether it's top line growth, or efficiency, or both, they're not going to go out of style as it relates to any enterprise saying how can I use technology to accomplish my objectives.

Mark R. Murphy
Analyst, JPMorgan Chase & Co.

Okay. And then – I appreciate that, Shantanu. As a very quick follow-up on Alex's question, with the ARR – \$125 million ARR doubling in the next nine months, do you think it's going to be the same composition or is something going to be coming in from the video model that might change the mix there in the next nine months?

Shantanu Narayen*Chair & Chief Executive Officer, Adobe Inc.***A**

The video model is part of the creative Firefly app that will be part of this. I think a lot of these great questions, Mark, I mean at the FA meeting, we'll try and give more color as well, as to what we are seeing. But we wanted to at least start to outline what products were in there, the growth rates that we expect, and how we're executing on, as I said, the innovation, usage, understanding and offering these as monetization. So, we'll also, I know, keep a track of the ongoing questions and address them at the FA meeting as well, Mark.

Operator: And our last question will come from Saket Kalia with Barclays.

Saket Kalia*Analyst, Barclays Capital, Inc.***Q**

Okay. Great. Hey, guys. Thanks for taking my question here and squeezing me in. I'll keep it to one. David, maybe for you, it's great to see the Firefly app here that customers can add to their existing subscriptions. And maybe to Shantanu's point, this is a better topic for FA day, but I'm wondering if we could just talk about how do you envision sort of the potential attach rate there? I mean, Firefly is clearly an unprecedented offering, so maybe that's really tough to answer. But are there any products that maybe Adobe has seen in the past, like Adobe Stock, or any others, that you look at as sort of a framework for what that adoption curve could look like?

David Wadhwani*President-Digital Media Business, Adobe Inc.***A**

Yeah. I think – so if we take a step back, the reason we're so excited about the Firefly app is really twofold. One is exactly where you're going, Saket, and what you're asking about, which is, with every conversation we've had with creative professionals, we know that wherever they are, they're under an enormous amount of pressure to produce more. And this cohort of creative professionals, we see very strong attach and adoption of the generative AI features we put in the product, partially because they're well-integrated and very discoverable and because they just work and people get a lot of value out of that.

So, what you will see is you'll start to see us integrating these new capabilities, these premium capabilities that are in the Firefly Standard, Pro and Premium plans, more deeply into the creative workflows, so more people have the opportunity to discover them. And of course, as part of that, I think you can expect to see what we've done all along is look at where the usage is, look at where the excitement is, and make sure we get the pricing and the tiering right in a way that maximizes the opportunity for our customers and maximizes the opportunity and the value that Adobe and our shareholders get as part of that, too. So, that will be a big area and a big opportunity, and we see a lot of potential there as we look ahead.

The other part that I want to make sure doesn't get lost in this is how relevant this Firefly experience is for non-creative professionals as well, this next generation of creators that we keep talking about. And if we look at the early adoption rates of the Firefly paid plan, it really tells us both of these stories. We have a high degree of conviction that it's adding value and being used by creative professionals, but it's also proving to be a good onboarding opportunity for next generation pros – sorry, next generation pros and creators in general. And that's where, as Shantanu mentioned earlier, there is an increasing opportunity to merge our web and mobile offerings

around not just the generative capabilities, but what you do with the content you generate with Photoshop Web and Mobile, Express Web and Mobile, and you can imagine other capabilities coming around video as well.

So, we're excited about Firefly Services and the monetization capabilities there in both directions, new users and also value in ARPU for our existing base.

Shantanu Narayen

Chair & Chief Executive Officer, Adobe Inc.

And Saket, since that was the last question, thank you. And maybe just in a quick summary, I mean, the four things that I would leave you all with is Q1 was a strong start. We were pleased with our performance. When you think about the addressable markets that we have as we think about how we serve the business professional and the consumer and the creative professional and the marketing professional, we believe that that's an immense opportunity that's only going to grow as a result of AI.

We're pleased with how AI is now infused across all of our products and how we are further tailoring the breadth of our products to serve these customer groups in a way in which we delight them. And we're starting to outline how the monetization will be different for each one of these and applicable for the customer group that we are serving. We really continue to believe that this will drive growth and profitability for us as a company in 2025 and beyond.

And so, we look forward to joining you all at the FA meeting. And thank you for joining us today.

Operator: Thank you. That does conclude today's conference. We do thank you for your participation, and have an excellent day.

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