

ADOBE 2024

Adobe is a global technology company with a mission to change the world through personalized digital experiences. For over four decades, Adobe's innovations have transformed how individuals, teams, businesses, enterprises, institutions, and governments engage and interact across all types of media. Our products, services and solutions are used around the world to imagine, create, manage, deliver, measure, optimize and engage with content across surfaces and fuel digital experiences. We have a diverse user base that includes consumers, communicators, creative professionals, developers, students, small and medium businesses and enterprises. We are also empowering creators by putting the power of artificial intelligence ("AI") in their hands, and doing so in ways we believe are responsible. Our products and services help unleash creativity, accelerate document productivity and power businesses in a digital world.

OFFERINGS

We deliver a wide range of products, services and solutions to empower our customers and users to imagine and express ideas, create content and bring any digital experience to life. We focus our strategic investments in two areas of growth:

Digital Media. We provide products, services and solutions that enable individuals, teams, businesses, enterprises, institutions, and governments to create, publish and promote their content anywhere, and accelerate their productivity by transforming how they view, share, engage with and collaborate on documents and content creation. Our Digital Media segment is centered around Adobe Creative Cloud and Adobe Document Cloud, which include Adobe Photoshop, Adobe Illustrator, Adobe Lightroom, Adobe Premiere Pro, Adobe Acrobat, Adobe Acrobat Sign, Adobe Express, Adobe Firefly and many more products, offering a variety of tools for creative professionals (like photographers, graphic designers, video editors and game developers), communicators and other consumers. This is the core of what we have delivered to customers and users for decades, and we have continually evolved and expanded our Digital Media business model to provide our customers and users with a range of flexible solutions to help them reach their full creative potential.

Digital Experience. We provide an integrated platform and set of products, services and solutions through Adobe Experience Cloud that enable businesses to create, manage, execute, measure, monetize and optimize customer experiences. Our customers include marketers, advertisers, agencies, publishers, merchandisers, merchants, web analysts, data scientists, developers and executives across the C-suite. The foundation of our offering is Adobe Experience Platform, which provides businesses with an open and extensible system for customer experience management that transforms customer data into robust customer profiles that update in real time and uses insights to deliver personalized digital experiences across various channels.

We offer a comprehensive suite of products, services and solutions to our customers in our Digital Media business and Digital Experience business. With Adobe GenStudio, our cross-cloud, end-to-end solution that packages offerings across Digital Experience and Digital Media, enterprises can automate, optimize and accelerate their content supply chains for marketing campaigns and personalized customer experiences. We believe we are well positioned to deliver value in both the Digital Media and Digital Experience strategic areas where our mission to change the world through personalized digital experiences has never been more relevant as people seek new ways to create, collaborate and communicate and businesses continue to invest in digital transformation.

SEGMENTS

Our business is organized into three reportable segments:

- Digital Media;
- Digital Experience; and
- Publishing and Advertising.

These segments provide Adobe's senior management with a comprehensive financial view of our key businesses. Our segments are aligned around our two strategic growth opportunities further described below, and our legacy products, services and solutions are contained within the third segment, Publishing and Advertising.

MARKET OVERVIEW

This overview provides an explanation of our markets and a discussion of strategic opportunities in fiscal 2025 and beyond for each of our segments. See the section titled "Results of Operations" in Part II, Item 7 titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 of our Notes to Consolidated Financial Statements of this report for further segment information.

Digital Media

Opportunity

In today's digital world, content and digital documents are fueling the global economy, and productivity, design and creativity have never been more relevant, providing a significant market opportunity for Adobe in digital media. Everyone has a story to tell and needs products and services at their fingertips to tell those stories on an ever-increasing number of canvases. AI- and generative AI-powered technologies are increasing this opportunity by growing the demand for and production of content. This shift is changing how creative professionals work by accelerating their processes, increasing their productivity, and allowing them to explore and create in new fields, while empowering new creators by dramatically lowering barriers to creativity. At the same time, creativity is increasingly a team effort that is redefining productivity, making quick and easy collaboration even more critical to every company's success. Adobe is driving innovation to shape these trends, democratize creativity, empower individuals to create wherever inspiration strikes and enable more effective collaboration between creators and stakeholders.

The flagship of our Digital Media business is Adobe Creative Cloud, a subscription service that allows subscribers to use our creative products and applications ("Apps") integrated with cloud-delivered services across various surfaces and platforms. We believe in creativity for all, and Creative Cloud addresses the needs of all content creators, from creative professionals, such as artists, designers, developers, students, and administrators, to knowledge workers, marketers, educators, enthusiasts, communicators, and consumers. Our customers rely on our products for content creation, photo editing, design, video and animation production, mobile App and gaming development, and more. Our customers can choose between products optimized for different platforms and capabilities, from the speed and ease of use offered by Adobe Express, our AI-first, task-based web and mobile App, to the greater power and precision of our flagship Creative Cloud Apps. We believe we have significant opportunities to grow our Digital Media business by advancing every creative category across all surfaces; expanding contentfirst, task-based creativity with Adobe Express; enabling seamless

collaboration across all stakeholders; inspiring the creative community through sharing and monetization; and expanding the user base of our tools through the infusion of AI into our products, services and solutions to enable users of any skill level to easily and efficiently create content.

Our Digital Media segment includes our Adobe Document Cloud business, a unified, cloud-based document services platform that integrates Adobe's pioneering PDF technology with our Adobe Acrobat, Adobe Scan and Adobe Acrobat Sign Apps to deliver fully digital document workflows across all surfaces. We have the opportunity to continue to accelerate document productivity with Adobe Document Cloud and transform how people view, share, collaborate, and engage with documents. Trillions of PDF documents are created every year, reflecting the important role PDF plays globally. There are hundreds of millions of users who engage with PDF files on a daily basis in industries such as legal, financial services, and publishing, as well as a broad array of communicators and Adobe Acrobat Reader customers who use the expanded capabilities provided by our Acrobat Apps and the document services platform in Adobe Document Cloud.

Strategy

Our goal for our Digital Media business is to be a leading platform for creativity and digital document solutions, where we offer a range of products and services that allow anyone to design and deliver content seamlessly. We aim to achieve this goal by using data-driven customer engagement, driving product-led growth to allow our customers to create content and interact with documents in ways that are more frictionless, efficient and accessible, and meeting our customers' needs holistically to increase the value they derive from our services.

We are redefining the creative process with Adobe Creative Cloud to unleash everyone's ability to imagine and express ideas. We are empowering enterprises and users beyond creative professionals, such as novice content creators and communicators, to create, edit, schedule and share content quickly and easily using Adobe Express, which makes select capabilities from products like Adobe Photoshop, Adobe Premiere Pro and Adobe Acrobat easy to use for users at any level. With Adobe Acrobat Pro, subscribers have full convert and edit capabilities, advanced e-signature features including bulk send and custom branding, advanced protection and additional PDF features. We continue to add collaboration capabilities into our flagship products, Apps and workflows, and to infuse AI into our creative Apps to help our customers and users work faster and smarter, with new models for images and vector graphics, and AI-powered video features natively integrated into our flagship products. We are building our own foundation models in areas where we have domain expertise and which we believe are most relevant to our customers, and partnering with third-party AI models and large language models to further expand the capabilities of our products. We expanded Adobe Firefly with the launch of Adobe Firefly Services, which help organizations automate content production; Custom Models, which enable enterprises to train and customize models to support brand consistency amongst creative and marketing teams; Firefly Video Model (public beta), which enables generative text-to-video and image-to-video; and Firefly Image 3 Foundation Model, which allows for faster and higher-quality image generations. Developing our own foundation models enables us to design Firefly to be commercially safe and in line with our AI Ethics principles of accountability, responsibility and transparency.

We continue to pursue ways to inspire, empower and connect the creative community and support live, interactive tutorials with creators. Additionally, with Adobe GenStudio and Adobe GenStudio for Performance Marketing, a generative AIfirst product that natively integrates Digital Media and Digital

Experience offerings, we help enterprises to quickly create onbrand content variations and accelerate their marketing workflows. Further descriptions of our Digital Media products are included below under “Principal Products, Services and Solutions.”

In our Creative Cloud business, we employ our product-led growth strategy to minimize the friction of customer interactions and drive positive product experiences, which results in increasing adoption, usage, conversion, expansion and loyalty. We also continue to employ a pricing strategy, as appropriate, to migrate our customers to higher-value offerings as well as attract past customers and potential customers to try out our products and ultimately subscribe. We use a data-driven operating model and our Adobe Experience Cloud solutions to drive and optimize customer awareness, engagement and licensing of our creative products and services at every stop of the customer journey through our website and across other channels. Adobe.com is the central destination where we engage individual and small business customers to sign up for and renew Creative Cloud subscriptions. Our customers have the flexibility to subscribe to over twenty of our Creative Cloud products through a single subscription or, for many of our Apps, through various collections of our individual subscriptions to point products. To better serve our current users and potential users, we offer free and premium levels for certain Apps and targeted packages and suites. Further, our generative AI capabilities are increasing the value of our existing subscription products, expanding our potential customer base and increasing engagement and retention through Generative Credits—credits that provide users and subscribers the ability to generate content with Adobe Firefly. The collaboration features across many of our products help us to further expand our universe of customers beyond creative professionals to other stakeholders who use our products for review and approval, copywriting, social media marketing or other social content creation. We utilize channel partners to target mid-size creative customers with our Creative Cloud for Teams offering. Our direct sales force is focused on building relationships with our largest customers and driving adoption of our Creative Cloud for Enterprise offering. Overall, our strategy with Creative Cloud is designed to enable us to deliver customer value, increase our revenue with existing customers, attract new customers and grow a recurring and predictable revenue stream that is recognized ratably.

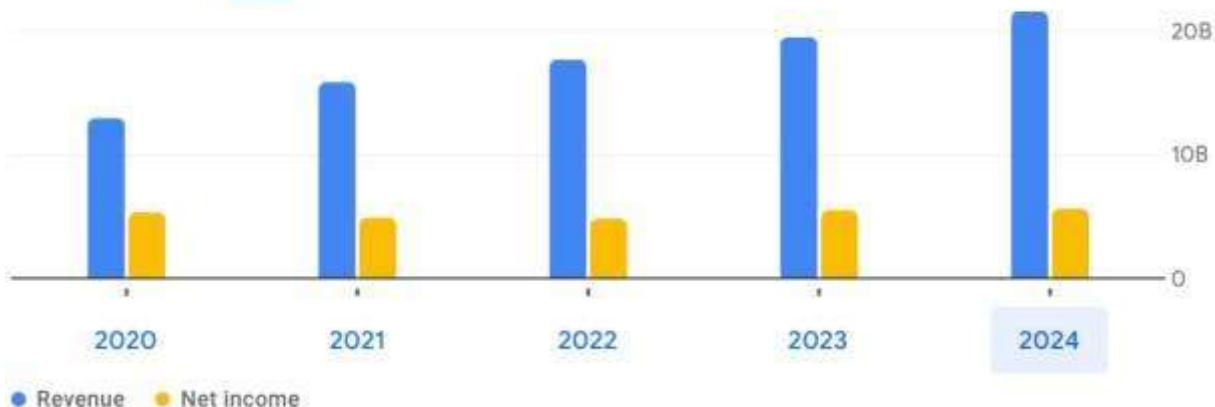
In our Adobe Document Cloud business, we expect to drive sustained long-term revenue growth through an expansion of our customer base by continuing to employ our product-led growth strategy; deliver the best PDF experience on and across every platform; improve Acrobat web’s functionality and ease of use; and expand the number of digital document and workflow-based actions in Acrobat. We are driving innovation with Acrobat AI Assistant, our generative AI-powered tool in Adobe Acrobat Pro, Acrobat Standard and Acrobat Reader, that allows users to better and more quickly understand their documents with quick answers and generative AI summaries, and Adobe Sensei, our cross-platform AI and machine learning technology to make documents more intelligent and responsive. Additionally, with the integration of Adobe Firefly in Acrobat, our customers can easily generate and edit visuals directly in PDFs. We are unlocking business workflows through PDF and Adobe Acrobat Sign Application Programming Interfaces (“APIs”); accelerating Document Cloud adoption through digital and direct sales; and deploying diversified go-to-market motions to reach all industries and businesses of all sizes. With over 100 million online searches for PDF-related actions per month, we intend to harness that demand and attract new users and customers to our Document Cloud services through Acrobat web, which allows anyone to quickly access tools to create, edit, convert, sign and compress PDFs through their web browser. As with our Creative Cloud strategy, we utilize a data-driven operating model to market our Document Cloud solutions and optimize our subscription-based pricing for individuals as well as small and medium businesses, large enterprises, students and education users, and government institutions around the world. We utilize our corporate and volume

licensing programs to increase our reach in our key markets and are continuing to focus on marketing and licensing Acrobat in targeted vertical markets such as education, financial services, telecommunications and government, and on expanding into emerging markets. We will continue to engage in strategic partnerships to help expand our distribution reach and drive the enterprise business.

As our Document Cloud customers increasingly expect business processes to be seamless across surfaces and the web, we are expanding our Document Cloud capabilities to meet this need. Adobe Acrobat is available on the web, delivering quick results for common PDF actions with a single click. Users can ask questions using voice commands with Acrobat AI Assistant on mobile devices. Adobe Scan powers mobile devices with scanning capabilities, transforming paper documents into fullfeatured PDFs. Adobe Acrobat Sign provides a green alternative to costly, paper-based solutions and offers a convenient solution for our customers to digitally manage their documents, automate processes and contract workflows, and is integrated into Acrobat across all surfaces. Acrobat Reader is available on mobile devices, and features AI-powered “Liquid Mode” to automatically reformat PDFs for quick navigation and easier consumption on smaller screens. With features offered by AI Assistant and Adobe Firefly as well as new capabilities to Acrobat, Adobe Scan and Acrobat Sign, we help our customers and users continue to migrate away from paper-based processes and adopt our solutions for personalized, digital document experiences, growing our revenue with this business in the process.

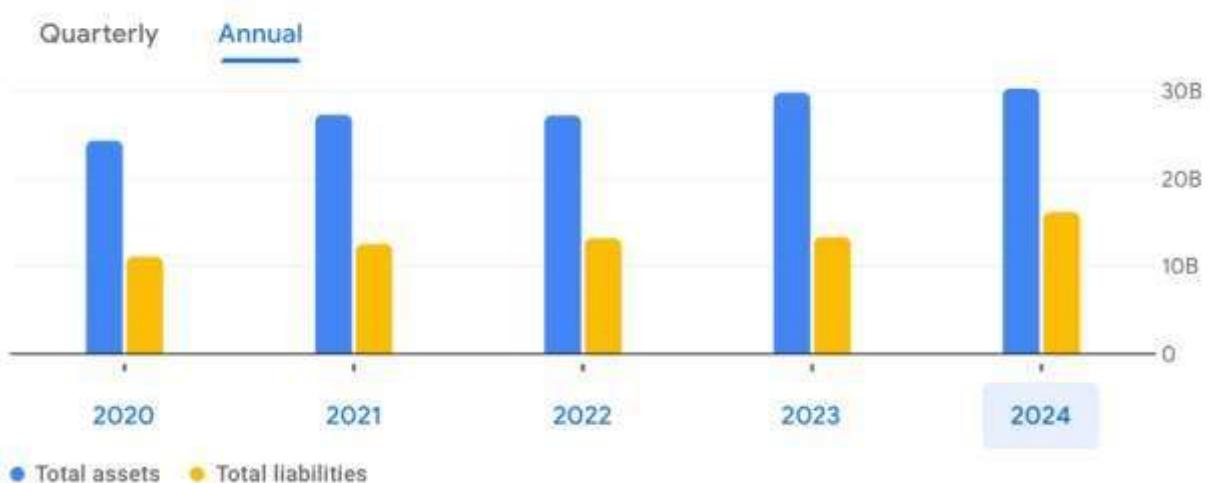
Income Statement

Quarterly Annual



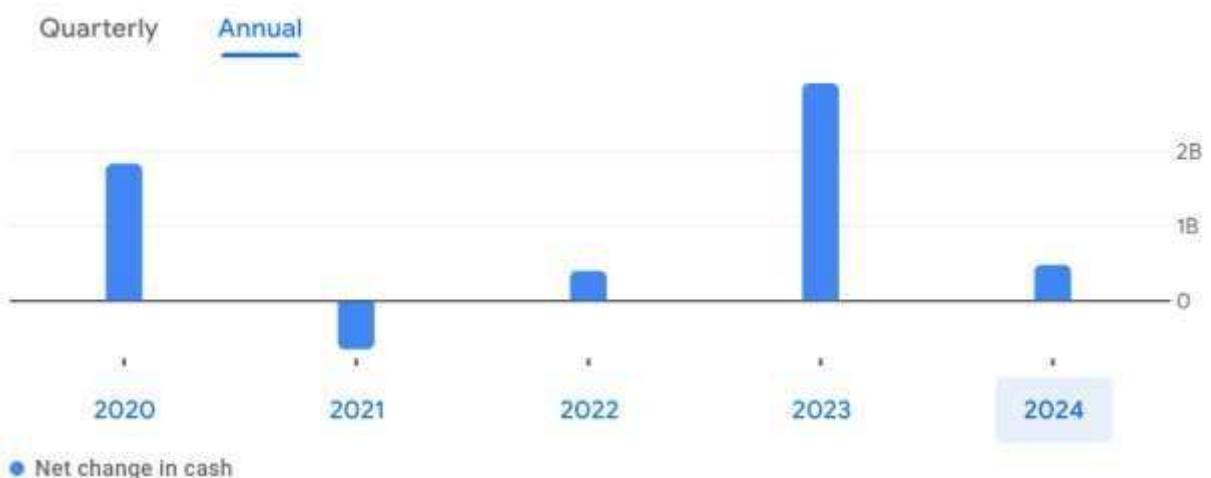
Income Statement (USD)	2024	Y/Y change
Revenue	21.51B	10.80%
Operating expense	11.33B	8.87%
Net income	5.56B	2.43%
Net profit margin	25.85	-7.58%
Earnings per share	18.42	14.62%
EBITDA	8.40B	15.63%
Effective tax rate	19.78%	—

Balance Sheet



Balance Sheet (USD)	2024	Y/Y change
Cash and short-term investments	7.89B	0.56%
Total assets	30.23B	1.51%
Total liabilities	16.13B	21.60%
Total equity	14.11B	—
Shares outstanding	435.30M	—
Price to book	9.99	—
Return on assets	16.29%	—
Return on capital	23.98%	—

Cash Flow



Cash Flow (USD)	2024	Y/Y change
Net income	5.56B	2.43%
Cash from operations	8.06B	10.33%
Cash from investing	149.00M	-80.80%
Cash from financing	-7.72B	-49.05%
Net change in cash	472.00M	-83.75%
Free cash flow	7.95B	20.31%

Comparison of Five-Year Cumulative Total Return

