

**ADOBE INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except par value)

	<b>November 29, 2019</b>	<b>November 30, 2018</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,650,221	\$ 1,642,775
Short-term investments	1,526,755	1,586,187
Trade receivables, net of allowances for doubtful accounts of \$9,650 and of \$14,981, respectively	1,534,809	1,315,578
Prepaid expenses and other current assets	783,140	312,499
Total current assets	6,494,925	4,857,039
Property and equipment, net	1,293,015	1,075,072
Goodwill	10,691,199	10,581,048
Other intangibles, net	1,720,565	2,069,001
Other assets	562,696	186,522
Total assets	<u>\$ 20,762,400</u>	<u>\$ 18,768,682</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade payables	\$ 209,499	\$ 186,258
Accrued expenses	1,398,548	1,163,185
Debt	3,149,343	—
Deferred revenue	3,377,986	2,915,974
Income taxes payable	55,562	35,709
Total current liabilities	8,190,938	4,301,126
Long-term liabilities:		
Debt	988,924	4,124,800
Deferred revenue	122,727	137,630
Income taxes payable	616,102	644,101
Deferred income taxes	140,498	46,702
Other liabilities	173,056	152,209
Total liabilities	10,232,245	9,406,568
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 2,000 shares authorized; none issued	—	—
Common stock, \$0.0001 par value; 900,000 shares authorized; 600,834 shares issued; 482,339 and 487,663 shares outstanding, respectively	61	61
Additional paid-in-capital	6,504,800	5,685,337
Retained earnings	14,828,562	11,815,597
Accumulated other comprehensive income (loss)	(188,034)	(148,130)
Treasury stock, at cost (118,495 and 113,171 shares, respectively), net of re-issuances	(10,615,234)	(7,990,751)
Total stockholders' equity	10,530,155	9,362,114
Total liabilities and stockholders' equity	<u>\$ 20,762,400</u>	<u>\$ 18,768,682</u>

*See accompanying Notes to Consolidated Financial Statements.*

**ADOBE INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except per share data)

	Years Ended		
	November 29, 2019	November 30, 2018	December 1, 2017
Revenue:			
Subscription	\$ 9,994,463	\$ 7,922,152	\$ 6,133,869
Product	647,788	622,153	706,767
Services and support	529,046	485,703	460,869
Total revenue	11,171,297	9,030,008	7,301,505
Cost of revenue:			
Subscription	1,222,520	807,221	623,048
Product	39,625	46,009	57,082
Services and support	410,575	341,769	330,361
Total cost of revenue	1,672,720	1,194,999	1,010,491
Gross profit	9,498,577	7,835,009	6,291,014
Operating expenses:			
Research and development	1,930,228	1,537,812	1,224,059
Sales and marketing	3,244,347	2,620,829	2,197,592
General and administrative	880,637	744,898	624,706
Amortization of intangibles	175,244	91,101	76,562
Total operating expenses	6,230,456	4,994,640	4,122,919
Operating income	3,268,121	2,840,369	2,168,095
Non-operating income (expense):			
Interest and other income (expense), net	42,255	39,536	36,395
Interest expense	(157,214)	(89,242)	(74,402)
Investment gains (losses), net	51,579	3,213	7,553
Total non-operating income (expense), net	(63,380)	(46,493)	(30,454)
Income before income taxes	3,204,741	2,793,876	2,137,641
Provision for income taxes	253,283	203,102	443,687
Net income	\$ 2,951,458	\$ 2,590,774	\$ 1,693,954
Basic net income per share	\$ 6.07	\$ 5.28	\$ 3.43
Shares used to compute basic net income per share	486,291	490,564	493,632
Diluted net income per share	\$ 6.00	\$ 5.20	\$ 3.38
Shares used to compute diluted net income per share	491,572	497,843	501,123

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**ADOBE INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Years Ended		
	November 29, 2019	November 30, 2018	December 1, 2017
Cash flows from operating activities:			
Net income	\$ 2,951,458	\$ 2,590,774	\$ 1,693,954
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	736,669	346,492	325,997
Stock-based compensation	787,705	609,562	454,472
Deferred income taxes	2,707	(468,936)	51,605
Unrealized losses (gains) on investments, net	(47,626)	793	(5,494)
Other non-cash items	13,835	7,193	4,625
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:			
Trade receivables, net	(187,826)	(1,983)	(187,173)
Prepaid expenses and other assets	(531,054)	(77,225)	28,040
Trade payables	23,129	54,920	(45,186)
Accrued expenses	171,705	43,837	151,104
Income taxes payable	4,152	479,184	(34,493)
Deferred revenue	496,959	444,693	475,402
Net cash provided by operating activities	4,421,813	4,029,304	2,912,853
Cash flows from investing activities:			
Purchases of short-term investments	(699,893)	(566,084)	(1,931,011)
Maturities of short-term investments	699,540	765,860	759,737
Proceeds from sales of short-term investments	86,137	1,709,480	1,393,929
Acquisitions, net of cash acquired	(100,704)	(6,314,382)	(459,626)
Purchases of property and equipment	(394,479)	(266,579)	(178,122)
Purchases of long-term investments, intangibles and other assets	(48,735)	(18,513)	(29,918)
Proceeds from sale of long-term investments and other assets	2,550	4,923	2,134
Net cash used for investing activities	(455,584)	(4,685,295)	(442,877)
Cash flows from financing activities:			
Purchases of treasury stock	(2,750,000)	(2,050,000)	(1,100,000)
Proceeds from re-issuance of treasury stock	232,932	190,990	158,351
Taxes paid related to net share settlement of equity awards	(439,984)	(393,193)	(240,126)
Proceeds from debt issuance, net of costs	—	2,248,342	—
Other financing activities, net	11,008	(1,707)	(1,960)
Net cash used for financing activities	(2,946,044)	(5,568)	(1,183,735)
Effect of foreign currency exchange rates on cash and cash equivalents	(12,739)	(1,738)	8,516
Net increase (decrease) in cash and cash equivalents	1,007,446	(663,297)	1,294,757
Cash and cash equivalents at beginning of year	1,642,775	2,306,072	1,011,315
Cash and cash equivalents at end of year	\$ 2,650,221	\$ 1,642,775	\$ 2,306,072
Supplemental disclosures:			
Cash paid for income taxes, net of refunds	\$ 352,478	\$ 210,369	\$ 396,668
Cash paid for interest	\$ 152,075	\$ 81,258	\$ 69,430
Non-cash investing activities:			
Investment in lease receivable applied to building purchase	\$ —	\$ —	\$ 80,439
Issuance of common stock and stock awards assumed in business acquisitions	\$ —	\$ 2,784	\$ 10,348

*See accompanying Notes to Consolidated Financial Statements.*