

Adobe Q1 FY2025 Earnings Call

March 12, 2025

Adobe

Introduction

Steve Day | SVP, DX CFO & Corporate Finance, Interim Head of Investor Relations

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STEVE DAY

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.

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 12, 2025 and contains forward-looking statements that involve risks, uncertainties 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 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 & CEO



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

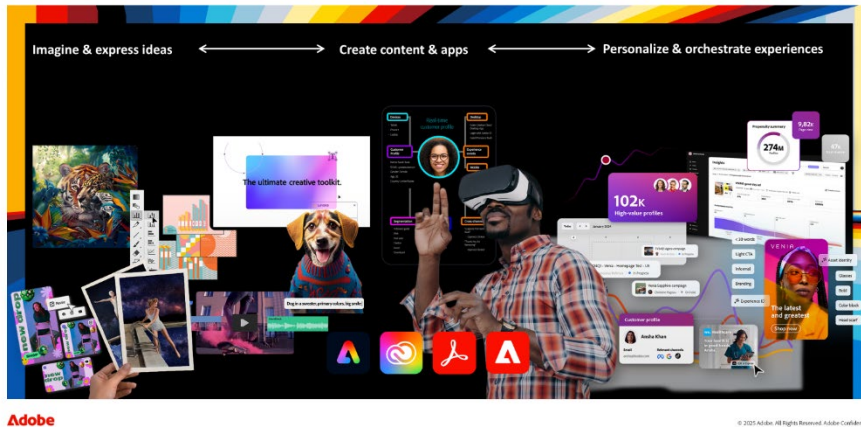


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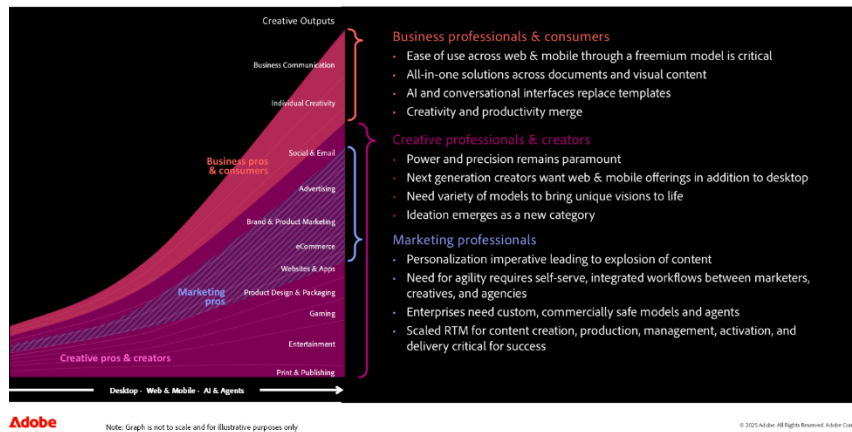
Next week is Adobe Summit, our flagship digital experience conference, where we will unveil the latest innovations across our portfolio. In addition, we will host our annual Investor Meeting on March 18th and we wanted to preview what we will share about our growth strategy.

Changing the world through personalized digital experiences



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.

Acceleration of the creative opportunity in the era of AI



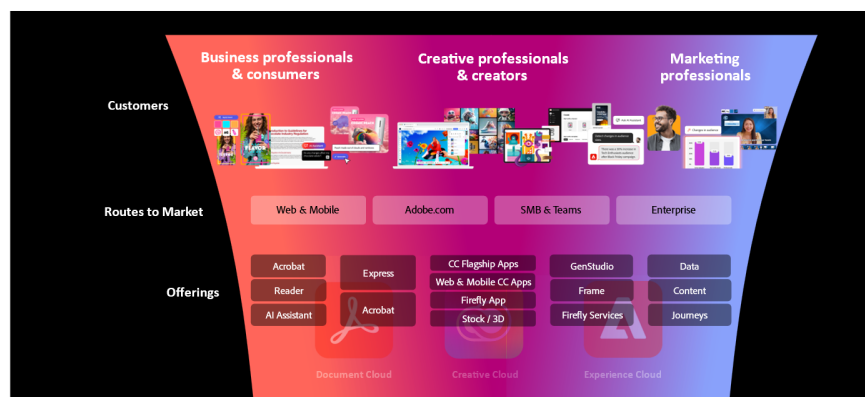
AI represents a generational opportunity to reimagine our technology platforms to serve an increasingly large and diverse customer universe. With creativity at the core, we have been evolving our offerings and routes to market to anticipate the distinct needs of creative professionals and next generation 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 (AEP) 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.

Adobe's success for the next decade will be driven by customer focused innovation



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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 \$125M book of business exiting Q1 FY25 and we expect this AI book of business to double by the end of FY25.

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 into 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.

Q1 FY2025 Highlights

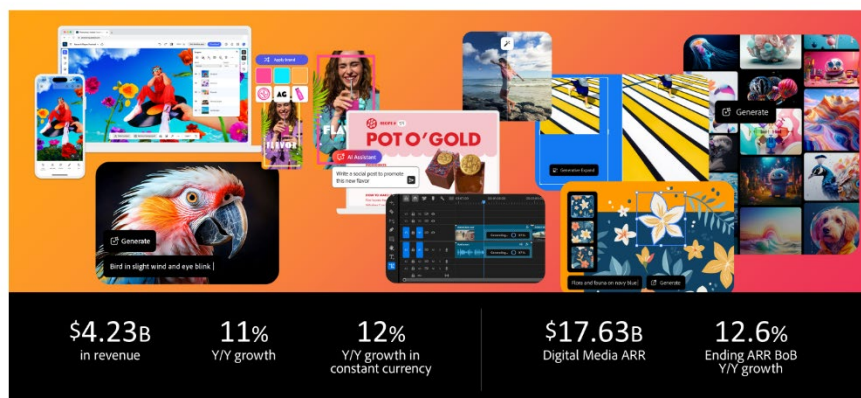
David Wadhwani | President, Digital Media Business

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DAVID WADHWANI

Thanks, Shantanu. Hello everyone.

Digital Media Performance



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In Q1, we achieved revenue of \$4.23 billion, which grew 12 percent year-over-year. We exited the quarter with \$17.63 billion of Digital Media ARR, growing our ending ARR book of business 12.6 percent 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 going 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 benefitting 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 application, Firefly and GenStudio.



Business Professionals and Consumers

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 percent year over year.

Creativity is the new productivity

Visual documents growing significantly

- Marketing Content
- Sales Pitches
- Presentations
- Infographics
- Cover pages

Adobe Acrobat
AI powered document productivity

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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.

Creativity is the new productivity

Adobe Acrobat
AI powered document productivity

Adobe Express
AI powered visual content creation

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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.

Business Professionals and Consumers

- Acrobat AI Assistant expanded support for additional languages and added support for legal workflows with contract-specific features;
- New AI capabilities, such as Clip Maker and Text Rewrite in Express to help produce more effective copy;
- ~50% Y/Y growth in Acrobat web MAU with expanded Acrobat integrations with Microsoft Edge, Google Chrome, Gmail and Google Drive;
- Express integrations include Miro, Box, Slack, Webflow and Hubspot. Ecosystem expanded 2X Y/Y to 225+ plugins;
- Strong business adoption of Express with ~50% Q/Q growth;
- Students with access to Express premium grew ~85% Y/Y; and
- Key global customer wins include AT&T, Delta Airlines, Disney, Ernst & Young, IBM, JPMorgan Chase, Microsoft, Paramount and Qatar Airlines.

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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 percent 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 percent quarter-over-quarter growth. Students with access to Express premium grew 85 percent 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 Creators

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 percent of paid Firefly Standard and Pro users generating videos.

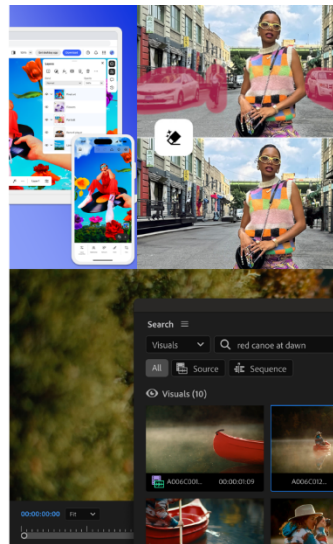
The launch of Photoshop on web and mobile and the release of the new Firefly application, expands our growing family of web and mobile products, which now includes, Photoshop for creative imaging, Lightroom for photography, Express for design and Firefly for ideation and early production. These apps 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.

Creative Professionals and Creators

- Continued strong adoption of gen AI in our products: Photoshop gen AI MAU at ~35% and Lightroom gen AI MAU at 30%. Users have generated over 20 billion assets¹ with Firefly;
- New AI features in Premiere Pro beta and After Effects beta helps users find footage faster using natural language and captions translation for 17+ languages;
- Visionary filmmakers using Adobe creative applications including Academy Award winners "Anora" and "Dune: Part Two";
- Launch of Adaptive Profiles and Distraction Removal in Adobe Lightroom and Adobe Camera Raw reduces tedious and repetitive tasks; and
- MAX Japan – launched new innovations and performance improvements features, such as in Adobe Illustrator with 10x faster performance.

Adobe 1. Since March 2023

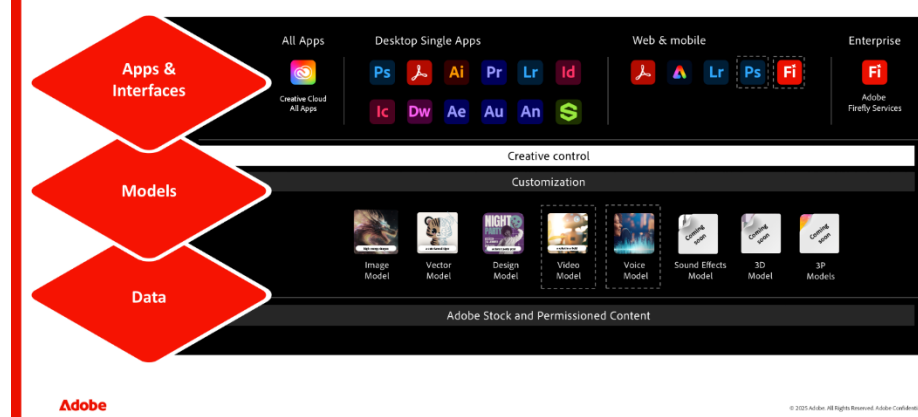
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Other Creative Professional and Creator highlights include:

- Continued strong adoption of generative AI in our products with Photoshop generative AI monthly active users (MAU) at approximately 35 percent and Lightroom generative AI MAU at 30 percent. 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 captions translation for 17 languages, which effortlessly expand video to global audiences. We're honored to see visionary filmmakers around the world telling this 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 10x faster.

Build the most complete Creative AI platform



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.

Q1 FY2025 Highlights

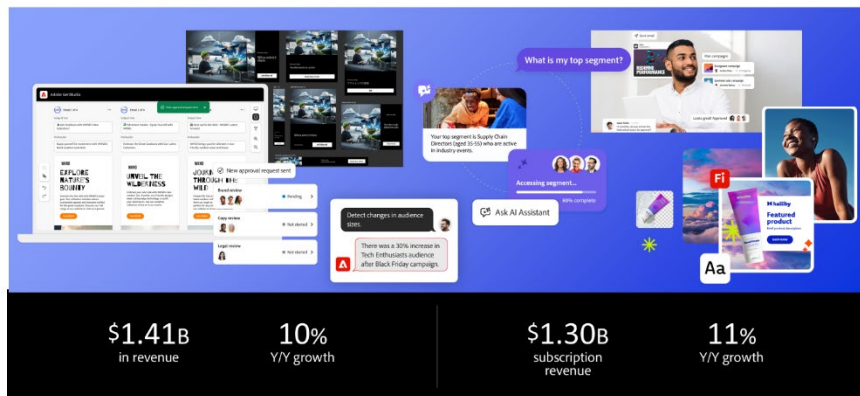
Anil Chakravarthy | President, Digital Experience Business



ANIL CHAKRAVARTHY

Thanks, David. Hello everyone.

Digital Experience Performance



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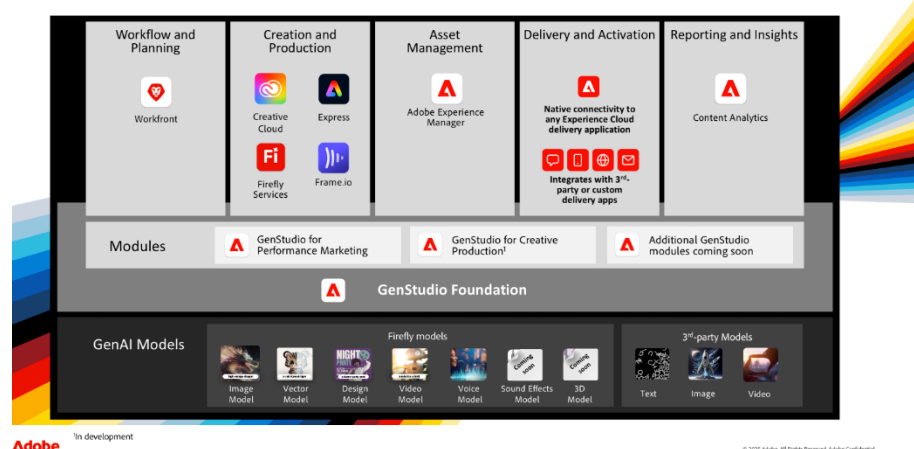
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Experience Cloud had a strong Q1, achieving revenue of \$1.41 billion for the quarter. Subscription revenue in the quarter was \$1.30 billion, representing 11 percent year-over-year growth. Our leading solutions spanning content, data and customer 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.

Adobe GenStudio transforms the content supply chain



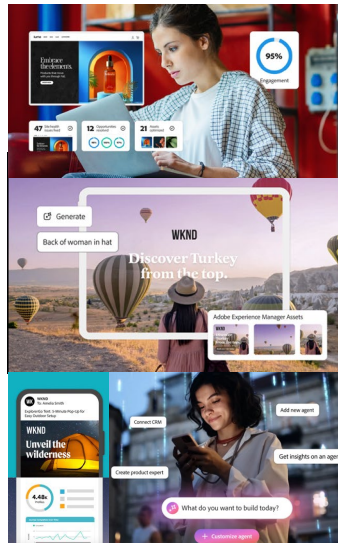
Our portfolio spans the entire content supply chain from creation and production, workflow and planning, asset management, delivery and activation through to reporting and insights. Now we are bringing together creativity and marketing with AI to help our customers realize the full potential of personalization 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.

Digital Experience

- Strong demand for AEP and native apps, with subscription revenue ~50% Y/Y;
- Release of Real-Time CDP Collaboration - purpose-built for brands to connect and collaborate on first-party data. Customers include, NBC Universal and Warner Bros. Discovery. Advertisers and agencies including Alterra Mountain Company, GroupM Wavemaker, Major League Baseball and The Coca-Cola Company;
- Launch of AEM Cloud Service accelerator with Publicis Sapient, which can reduce labor cost of migration ~35%;
- Industry analyst recognition, includes 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 partners, such as Accenture, EY, IPG, Merkle and PWC offering vertical extension apps ;
- Adobe GenStudio dentsu+ partnership brings Gen AI from playground to production; and
- Key global customer wins including Delta Airlines, Ford, IBM, M.H. Alshaya, Microsoft, PNC Financial Services and Tyson Foods.

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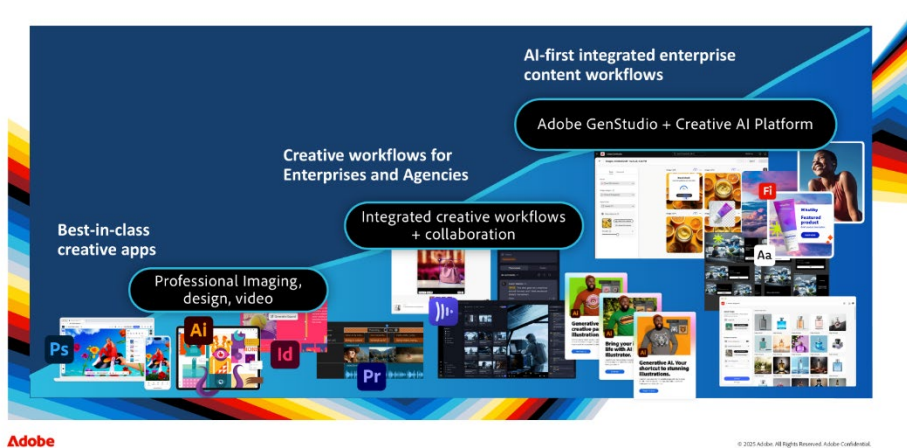


Other highlights include:

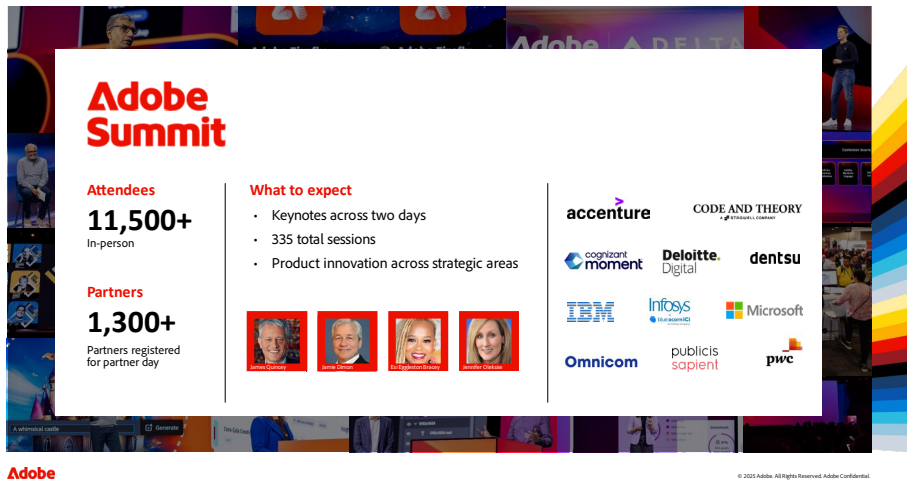
- Strong demand for Adobe Experience platform and native applications, with Q1 subscription revenue growing nearly 50 percent year-on-year.
- Release of Real-Time CDP Collaboration, delivering a secure environment for advertisers and publishers to jointly discover, activate and measure high-value audiences 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 percent.
- 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 Gen AI 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.

Content driving enterprise business



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.

Q1 FY2025 Results

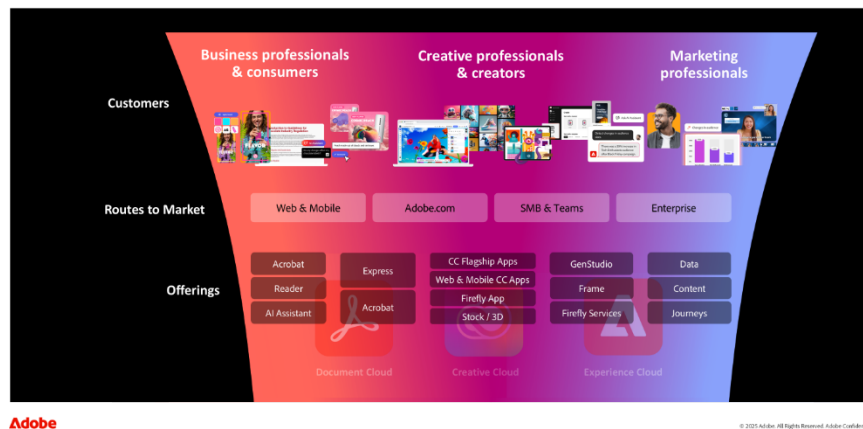
Dan Durn | EVP & CFO

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DAN DURN

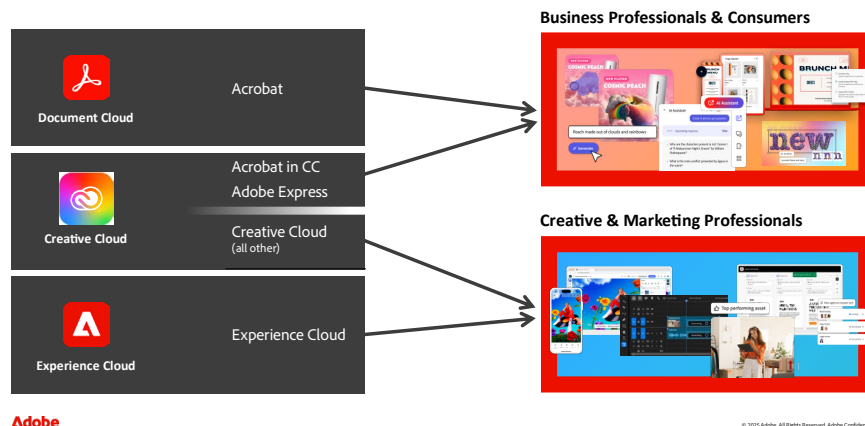
Thanks, Anil.

Adobe's success for the next decade will be driven by customer-focused innovation



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.

Customer Groups



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 FY25 results focusing on key growth drivers, financial targets, and our supplemental disclosures.

Q1 FY2025 Results

Total Revenue	\$5.71 billion	10% Y/Y growth	11% Y/Y growth ¹
Digital Media Ending ARR		12.6% Y/Y growth	
Digital Media segment revenue	\$4.23 billion	11% Y/Y growth	12% Y/Y growth ¹
Digital Experience segment revenue	\$1.41 billion	10% Y/Y growth	10% Y/Y growth ¹
Digital Experience subscription revenue	\$1.30 billion	11% Y/Y growth	11% Y/Y growth ¹
Earnings per share	GAAP: \$4.14		Non-GAAP: \$5.08

<ul style="list-style-type: none"> Generated \$2.48 billion of cash flows from operations 7.0 million shares repurchased in the quarter Remaining Performance Obligations (RPO) exiting the quarter were \$19.69 billion Current Remaining Performance Obligations (cRPO) exiting the quarter were 67%
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¹ Adjusted to show growth rates in constant currency

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Q1 FY2025

Now turning to the quarter...

In the first quarter of FY25, Adobe achieved revenue of \$5.71 billion, which represents 10 percent year-over-year growth, or 11 percent 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:

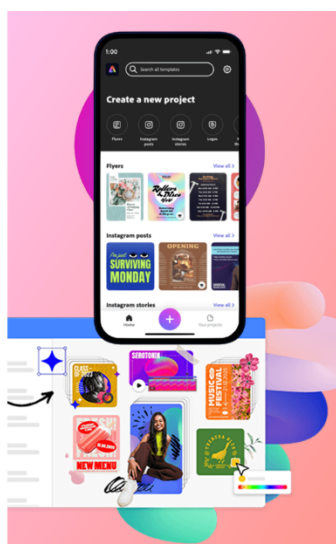
- Digital Media revenue of \$4.23 billion;
- Digital Media ending ARR of \$17.63 billion, growing 12.6 percent year over year;
- Digital Experience revenue of \$1.41 billion;
- Cash flows from operations of \$2.48 billion; and
- Exiting the quarter, Remaining Performance Obligations (RPO) were \$19.69 billion, growing 12 percent year over year and cRPO growing 11 percent.

Adobe Digital Media | Q1 FY2025 Highlights

- Revenue of \$4.23 billion growing 11% Y/Y, or 12% in constant currency. Exited the quarter with \$17.63 billion of Digital Media ARR, growing 12.6% Y/Y;
- Strong growth for Acrobat across all routes to market and geographies;
- Acrobat Web & 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 & Mobile offerings with 35% Y/Y ending paid subscription growth; and
- Strong momentum in the Enterprise, driven by Firefly Services and the continued benefit from the upsell motion of gen AI-enabled offerings.

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Digital Media

In our Digital Media segment, we achieved Q1 revenue of \$4.23 billion, which represents 11 percent year-over-year growth, or 12 percent in constant currency. We exited the quarter with \$17.63 billion of Digital Media ARR, growing our ending ARR book of business 12.6 percent 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, product-led growth 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 percent year over year ending paid subscription growth; and
- Strong momentum in the Enterprise, driven by Firefly Services and the continued

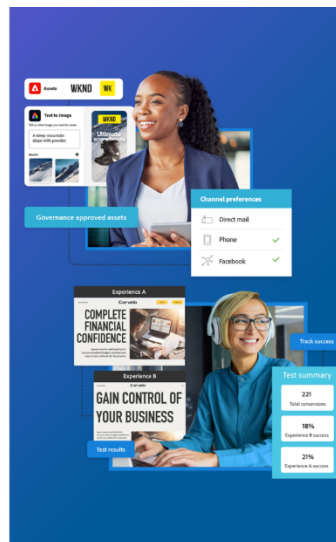
benefit from the upsell motion of generative AI-enabled offerings.

Adobe Digital Experience | Q1 FY2025 Highlights

- Revenue of \$1.41 billion growing 10% Y/Y as reported and in constant currency, with subscription revenue of \$1.30 billion, growing 11% Y/Y as reported and in constant currency
- Momentum for product offerings across Content, Data and Journeys;
- AEP and native apps subscription revenue growing ~50% Y/Y;
- GenStudio solution surpassing \$1B in ending ARR book of business;
- Early momentum in GenStudio for Performance Marketing in adoption and pipeline; and
- Improvements in overall enterprise retention.

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Digital Experience

Turning to our Digital Experience segment, in Q1 we achieved revenue of \$1.41 billion, which represents 10 percent year-over-year growth as reported and in constant currency. Digital Experience subscription revenue was \$1.30 billion, growing 11 percent 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 percent year-on-year;
- GenStudio solution surpassing \$1B in ending ARR book of business;
- Early momentum in GenStudio for Performance Marketing in adoption and pipeline; and
- Improvements in overall enterprise retention.

Customer Group Performance | Q1 FY2025 Highlights

Business Professionals & 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.

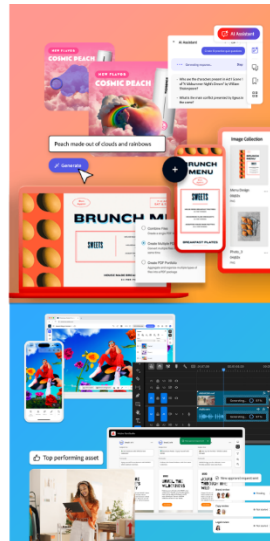
- Business Professionals & Consumers Group subscription revenue was \$1.53 billion, which represents 15% year-over-year growth.

Creative & 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.

- Creative & Marketing Professionals Group subscription revenue was \$3.92 billion, which represents 10% year-over-year growth.

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Turning now to our customer group performance:

- **Creative and Marketing Professionals Group** subscription revenue was \$3.92 billion, which represents 10 percent year-over-year growth as reported.
- **Business Professionals and Consumers Group** subscription revenue was \$1.53 billion, which represents 15 percent year-over-year growth as reported.

Q1 FY2025 Results

\$19.69B

RPO

\$7.44B

Cash and short-term investments

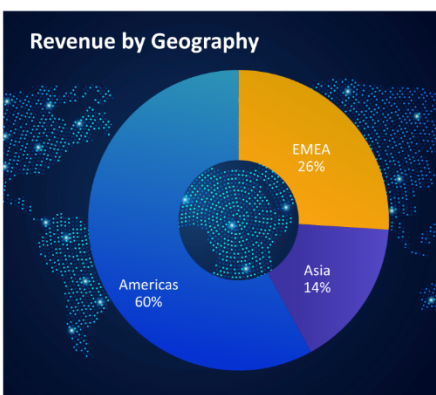
\$2.48B

Cash flows from operations

7.0M

Shares repurchased

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Income Statement and Balance Sheet

Adobe's effective tax rate in Q1 was 17.0 percent on a GAAP basis and 18.5 percent on a non-GAAP basis. RPO exiting the quarter was \$19.69 billion, growing 12 percent year over year, or 13 percent in constant currency and cRPO growing 11 percent year over year, or 12 percent 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 \$3.25B, and we currently have \$14.4 billion remaining of our \$25 billion authorization granted in March 2024.

Q2 FY2025 Financial Targets¹ | March 12, 2025

Total Revenue	\$5.77 billion to \$5.82 billion	
Digital Media segment revenue	\$4.27 billion to \$4.30 billion	
Digital Experience segment revenue	\$1.43 billion to \$1.45 billion	
Digital Experience subscription revenue	\$1.315 billion to \$1.325 billion	
Earnings per share	GAAP: \$3.80 to \$3.85	Non-GAAP: \$4.95 to \$5.00

The information on this slide contains forward looking statements that involve risk and uncertainty. Actual results may differ materially. Please review Adobe's SEC filings and/or visit the Adobe Investor Relations website for additional information.

¹ Targets assume non-GAAP operating margin of ~45%, non-GAAP tax rate of ~18.5% and diluted share count of ~432 million for second quarter fiscal year 2025.

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Targets

Let me now turn to our Q2 FY2025 financial targets.

For Q2 FY25 we are targeting:

- Total Adobe revenue of \$5.77 to \$5.82 billion;
- Digital Media segment revenue of \$4.27 to \$4.30 billion;
- Digital Experience segment revenue of \$1.43 to \$1.45 billion;
- Digital Experience subscription revenue of \$1.315 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 percent and a non-GAAP tax rate of approximately 18.5 percent.

FY2025 Financial Targets¹ | Reaffirmed March 12, 2025

Total Revenue	\$23.30 billion to \$23.55 billion	
Digital Media segment revenue	\$17.25 billion to \$17.40 billion	
Digital Media ending ARR growth	11.0% Y/Y	
Digital Experience segment revenue	\$5.80 billion to \$5.90 billion	
Digital Experience subscription revenue	\$5.375 billion to \$5.425 billion	
Earnings per share	GAAP: \$15.80 to \$16.10	Non-GAAP: \$20.20 to \$20.50

The information on this slide contains forward looking statements that involve risk and uncertainty. Actual results may differ materially. Please review Adobe's SEC filings and/or visit the Adobe Investor Relations website for additional information.

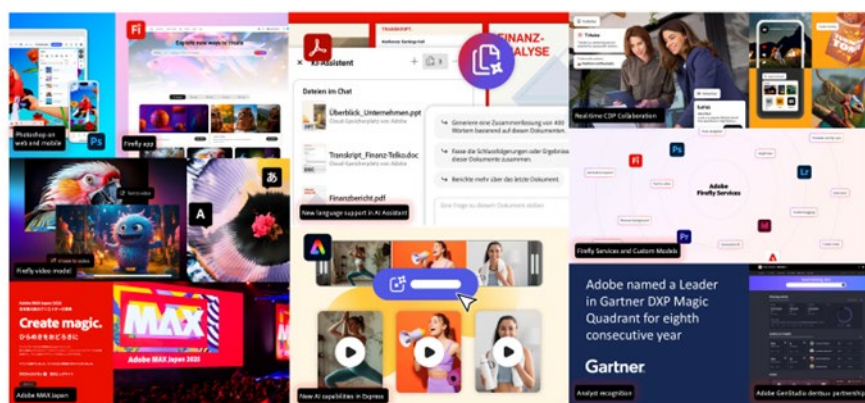
¹Targets assume non-GAAP operating margin of ~46%, non-GAAP tax rate of ~18.5% and diluted share count of ~433 million for fiscal year 2025.

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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.

Q1 FY2025 Highlights



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Summary

This quarter's strong performance reflects Adobe's long-standing 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 will now take questions.

Operator.

Q&A

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