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FOR IMMEDIATE RELEASE

Adobe Outlines Growth Strategy at Financial Analyst Meeting

Los Angeles, Calif. – Oct. 18, 2022 - Adobe (Nasdaq:ADBE) today will host a financial analyst meeting with investors and financial analysts at its Adobe MAX Creativity Conference. Adobe's executive team will share the company's growth strategy across its creativity, digital document and customer experience management businesses.

Adobe is reaffirming its current fourth quarter fiscal year 2022 financial targets and is also providing preliminary financial targets for fiscal year 2023.

"Our strategy to empower everyone to imagine and express their ideas, create the world's best content and applications and power personalized digital experiences represents a massive market opportunity that will drive Adobe's next decade of growth," said Shantanu Narayen, chairman and CEO, Adobe. "Adobe's continued success in this uncertain macroeconomic environment underscores that our solutions are mission-critical to a growing universe of customers."

Adobe Provides Preliminary Fiscal Year 2023 Financial Targets

Adobe is providing preliminary fiscal year 2023 targets, which do not reflect the planned acquisition of Figma that is expected to close during 2023. These targets factor in current expectations for the macroeconomic environment and foreign exchange headwinds resulting from the U.S. Dollar having strengthened against foreign currencies.

Changes to foreign exchange rates are expected to:

- Result in an approximately four percent headwind to total revenue year-over-year growth rates in fiscal year 2023;
- Result in an approximately \$700 million downward revaluation to Adobe's total Digital Media annualized recurring revenue (ARR) balance. As a reminder, ARR is forecasted annually at December currency rates, and currency rates are held constant through that fiscal year for measurement purposes; end-of-year actual ARR balances are revalued at new December rates for the next fiscal year.

The following table summarizes Adobe's preliminary fiscal year 2023 targets:

Total revenue	\$19.1 billion to \$19.3 billion	
Digital Media net new ARR	~\$1.65 billion	
Digital Media segment revenue	\$13.9 billion to \$14.0 billion	
Digital Experience segment revenue	\$4.925 billion to \$5.025 billion	
Digital Experience subscription revenue	\$4.375 billion to \$4.425 billion	
Tax rate	GAAP: ~22.0%	Non-GAAP: ~18.5%
Earnings per share¹	GAAP: \$10.75 to \$11.05	Non-GAAP: \$15.15 to \$15.45

¹ Targets assume average diluted share count of ~455 million for fiscal year 2023

Adobe to Host Financial Analyst Meeting

Adobe will webcast its meeting with financial analysts and investors in attendance at Adobe MAX beginning at 2 p.m. Pacific Time today. In addition to sharing its financial outlook, Adobe's executive team will outline the company's vision, strategies and opportunities across Adobe Creative Cloud, Adobe Document Cloud and Adobe Experience Cloud. Presentation materials are posted to www.adobe.com/ADBE in advance of the meeting for reference. The live video webcast will last approximately three hours and will be archived on www.adobe.com/ADBE. There will be no phone dial-in capability.

Forward-Looking Statements, Non-GAAP and Other Disclosures

This press release contains forward-looking statements, including those related to business momentum, the effects of the COVID-19 pandemic on our business and results of operations, our market opportunity, market trends, current macroeconomic conditions, fluctuations in foreign currency exchange rates, strategic investments, customer success, revenue, operating margin, seasonality, annualized recurring revenue, tax rate on a GAAP and non-GAAP basis, earnings per share on a GAAP and non-GAAP basis, and share count, all of which involve risks and uncertainties that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to: failure to compete effectively, failure to develop, acquire, market and offer products and services that meet customer requirements; introduction of new technology, information security and privacy; potential interruptions or delays in hosted services provided by us or third parties; geopolitical and macroeconomic conditions; the Russia-Ukraine war; the economic impact of the COVID-19 pandemic; risks associated with cyber-attacks; complex sales cycles; risks related to the timing of revenue recognition from our subscription offerings; fluctuations in subscription renewal rates; failure to realize the anticipated benefits of past or future acquisitions; failure to effectively manage critical strategic third-party business relationships; changes in accounting principles and tax regulations; uncertainty in the financial markets and economic conditions in the countries where we operate; and other various risks associated with being a multinational corporation. For a discussion of these and other risks and uncertainties, please refer to Adobe's Annual Report on Form 10-K for our fiscal year 2021 ended Dec. 3, 2021, and Adobe's Quarterly Reports on Form 10-Q issued in fiscal year 2022.

The financial information set forth in this press release reflects estimates based on information available at this time. Adobe assumes no obligation to, and does not currently intend to, update these forward-looking statements.

A reconciliation between GAAP and non-GAAP financial targets is provided at the end of this press release and on Adobe's investor relations website.

About Adobe

Adobe is changing the world through digital experiences. For more information, visit www.adobe.com.

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Reconciliation of GAAP to Non-GAAP Financial Targets

The following tables show Adobe's preliminary fiscal year 2023 financial targets reconciled to non-GAAP financial targets included in this document.

(Shares in millions)	<u>Fiscal Year 2023 - Low</u>	<u>Fiscal Year 2023 - High</u>
Diluted net income per share:		
GAAP diluted net income per share	\$ 10.75	\$ 11.05
Stock-based and deferred compensation expense	3.99	3.97
Amortization of intangibles	0.82	0.82
Income tax adjustments	<u>(0.41)</u>	<u>(0.39)</u>
Non-GAAP diluted net income per share	<u>\$ 15.15</u>	<u>\$ 15.45</u>
Shares used to compute diluted net income per share	455	455

	<u>Fiscal Year 2023</u>
Effective income tax rate:	
GAAP effective income tax rate	22.0 %
Stock-based and deferred compensation expense	(1.4)
Amortization of intangibles	(0.1)
Income tax adjustments	<u>(2.0)</u>
Non-GAAP effective income tax rate	<u>18.5 %</u>

Use of Non-GAAP Financial Information

Adobe continues to provide all information required in accordance with GAAP, but believes evaluating its ongoing operating results may not be as useful if an investor is limited to reviewing only GAAP financial measures. Adobe uses non-GAAP financial information to evaluate its ongoing operations and for internal planning and forecasting purposes. Adobe's management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Adobe presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate Adobe's operating results. Adobe believes these non-GAAP financial measures are useful because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. This allows institutional investors, the analyst community and others to better understand and evaluate our operating results and future prospects in the same manner as management.

Adobe's management believes it is useful for itself and investors to review, as applicable, both GAAP information as well as non-GAAP measures, which may exclude items such as stock-based and deferred compensation expenses, amortization of intangibles, investment gains and losses, the related tax impact of all of these items, income tax adjustments, and the income tax effect of the non-GAAP pre-tax adjustments from the provision for income taxes. Adobe uses these non-GAAP measures in order to assess the performance of Adobe's business and for planning and forecasting in subsequent periods. Whenever such a non-GAAP measure is used, Adobe provides a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure as detailed above.